

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
First Session - Eighteenth Legislature
5th Day

Wednesday, November 19, 1975.

The Assembly met at 2:30 o'clock p.m.

On the Orders of the Day

WELCOME TO STUDENTS

MR. J. WIEBE (Morse): — Mr. Speaker, I should like to take this opportunity to introduce to you and through you to the Members of the Legislature, approximately 54 students from the Glen Bain public school. They are chaperoned today by Mr. Kuhlman, Mrs. Gerrard, Mr. Hebner, Mrs. Hack and Mrs. Meyers. We had a little difficulty with arrangements. We were wanting to make arrangements to have them have the day the Legislature was officially opened, however, were unable to do so. I am very pleased that they were able to make it in today. They will have an opportunity to hear the Premier of the province in his reply to the Speech from the Throne. I look forward to meeting with them at 3:00 p.m. I hope they have had an enjoyable day and I wish them a good trip home.

HON. MEMBERS: — Hear, hear!

MR. WIEBE: — One comment I forgot to make, Mr. Speaker. I should like to take this opportunity as well not only to welcome them to the Legislature today but also welcome them to the new Morse constituency.

MR. P.P. MOSTOWAY (Saskatoon Centre): — Mr. Speaker, I should like to introduce to you and this House approximately 90 Grade Twelve students from Bedford Road Collegiate located in Saskatoon Centre constituency in Saskatoon. They are seated in the Speaker's gallery. They are accompanied by their principal, Mr. Ledingham and three teachers, Mr. Bowes, Mr. Hughes, and Mr. Serienko.

I understand that they will be in the House here to hear the Premier speak and possibly others. They will be met at the centre place by myself and others for possible picture taking and possibly given some pins.

I wanted to bring to your attention, Mr. Speaker, that last spring during the election campaign, I and other candidates of all political stripes had occasion to visit Bedford Road Collegiate and we found that . . .

MR. MacDONALD: — You lost the poll.

MR. MOSTOWAY: — Pardon me, Mr. Opposition Member? At any rate we found the type of questions asked, directed to all the candidates, to be of a very high calibre, and that speaks well and in tradition with Bedford Road Collegiate.

I am not too sure what they plan on doing after, but it certainly is my hope and the hope of others that you have a

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good day in the gallery watching proceedings here. We certainly hope you have an enjoyable and a safe trip home.

HON. MEMBERS: — Hear, hear!

MR. B.M. DYCK (Saskatoon Mayfair): — Mr. Speaker, I am delighted to add my well wishes to the student body of Bedford Road and the teaching staff who are accompanying them today. I had the opportunity of teaching at Bedford Road for a couple of years a few years ago. As far as I am concerned I still think that Bedford Road is still one of the top collegiates in Saskatoon.

SOME HON. MEMBERS: — Hear, hear!

MR. DYCK: — I might want to qualify that a bit in saying that there are no other collegiates in my constituency.

SOME HON. MEMBERS: — Hear, hear!

MR. DYCK: — In any case I wish you a good afternoon and a safe journey home.

HON. MEMBERS: — Hear, hear!

QUESTIONS

CONSTITUTIONAL ASPECTS OF POTASH TAKEOVER

MR. S.J. CAMERON (Regina South): — Mr. Speaker, before the Orders of the Day, I wonder if I might direct a question to the Attorney General. It is with respect to the constitutional aspects of the takeover legislation with regard to the potash industry.

I am wondering if the Attorney General would inform the House whether or not that legislation doesn't pose some very serious constitutional question. And in particular, whether in his opinion it is likely to lead to constitutional confrontation in the Supreme Court over the right of the federal government to tax Crown corporations.

HON. R.J. ROMANOW (Attorney General): — Mr. Speaker, I can answer only in this way that the law officers in my department and myself have examined the legislation very carefully. And we are certainly satisfied that the legislation is totally within the constitutional jurisdiction of the province of Saskatchewan. If I may be so bold, I call on no less a constitutional expert than Dean W.S. Schmeiser, of the University of Saskatchewan — perhaps the Hon. Member has heard of him — who has publicly also expressed the opinion that it is constitutionally within the jurisdiction of the province.

As to the second aspect of the question, namely, whether or not on the question of taxing of Crown corporation, this could lead to a constitutional problem. My only answer to the Member is that that is speculative and a hypothetical question. We shall have to see what develops from here on in.

MR. CAMERON: — A supplementary, Mr. Speaker. I am wondering if the

Attorney General has had constitutional consultations with the federal government over that aspect of the legislation; whether those consultations are going on? I am wondering particularly if he would inform the House whether in his view again, the federal government is not able to tax Crown corporations, whether it could extract from a provincial Crown corporation an equivalent amount of tax by way of an export tax?

MR. ROMANOW: — Mr. Speaker, I would advise this way that we again have not had any direct consultation with the Minister of Justice people as far as the Department of Attorney General is concerned. I believe the Premier indicated earlier in an answer to a previous question to the House that there has been some communication with both elected officials and officials in the federal government respecting the action and the Bill.

On the question of whether or not this revenue can be extracted in some other way by the federal government by the way of export tax, I suppose that is an argument legally which can be advanced and would have to be examined very carefully by us. Again I am not trying to dodge the Hon. Member, but I would say that in our judgment we will really await what action, if any, is taken by the federal people with respect to the Bill. We are hopeful that they will understand and appreciate what we think is a constitutionally and legally sound Bill.

STANDARDS FOR PRIVATE CARE HOMES

MRS. E.G. EDWARDS (Saskatoon-Sutherland): — Mr. Speaker, a national television program last Sunday revealed deplorable conditions existing in some private homes in care of the aged and the infirm in the province of Quebec. I am concerned about what guarantees we have that such conditions do not exist in Saskatchewan. Therefore, I would direct my question to the Minister of Social Services, the Hon. Member for Saskatoon Buena Vista (Mr. Rolfes). What provincial legislation sets out standards for private homes giving care to our senior citizens in Saskatchewan; how many private homes are licensed under such legislation, and how often are they inspected; and by whom?

MR. H.H. ROLFES (Minister of Social Services): — Mr. Speaker, I am certain that the Hon. Member can appreciate that I do not have these figures at my finger tips. I will take the question under advisement and if she wishes to put it on the Order paper we will answer it in due course.

SCHOOL BUS UNLOADING SIGNS

MR. R.H. BAILEY (Rosetown-Elrose): — Mr. Speaker, I should like to direct a question to the Minister of Highways (Mr. Kramer). Over the last number of years I know that there have been repeated requests come in from across this province to have placed at regular intervals on the highways of Saskatchewan, to follow the example of the overwhelming pattern in North America, to indicate that it is illegal to pass a school bus loading or unloading. I should like the Minister to explain to this House why the Department of Highways in Saskatchewan has failed to oblige the number of citizens who have asked for this installation to become a reality?

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HON. A.E. BLAKENEY (Premier): — Mr. Speaker, I will ask my colleague the acting Minister of Highways to reply. I should like to advise the House that the Hon. Member Minister of Highways (Mr. Kramer) is ill and it has been recommended by his physician that he stay in bed for a few days and that is why he was not in the House and why he is not in the House today.

HON. N.E. BYERS (Minister of Environment): — Mr. Speaker, as I am not the Minister of Highways, I am not sure that I am up-to-date on this particular issue and can give you will hear me in time. This was a legal requirement as I recall that vehicles were required to stop when a school bus was unloading school children on provincial highways. I believe this provision was changed within the last few years.

MR. BAILEY: — Mr. Speaker, perhaps I did not word the question too clearly for the acting Minister. The Department of Highways and the Saskatchewan Safety Council have in the past few years received numerous requests that at regular intervals on Saskatchewan highways there be placed a sign which simply states that it is illegal to pass a school bus loading or unloading. The question is simply this, why has the government and the Department of Highways refused to place these signs on our highways?

MR. BYERS: — I suppose, Mr. Speaker, the Hon. Member can argue that there ought to be more signs on public roads and highways indicating that it is a loading area or whatever for school buses and children. There are some signs of this nature in the province. I have seen them on public roads. You can always argue as to the number that ought to be in place. However, this is one of a great number of requests that organizations like the Highway Safety Council and other groups present to this government each year. We certainly, I think, have a very good record for meeting a large number of groups each year and find that their suggestions are often good and they receive serious consideration by the government and will be dealt with at the proper time.

MR. BAILEY: — Mr. Speaker, a supplementary question. Does the Government of Saskatchewan intend to place on the highways of Saskatchewan signs stating . . .

MR. SPEAKER: — Order! The Member for Maple Creek.

SUBMISSION OF SALES TAX AT LATER DATE

MR. W.H. STODALKA (Maple Creek): — Mr. Speaker, I should like to direct this question to the Member of Finance (Mr. Smishek). It is my understanding that the 5 per cent sales tax collected by retail merchants is to be submitted to the government by the 20th of each month. Due to the mail strike that we presently have, are any arrangements being made to submit these moneys at a later date?

HON. W.E. SMISHEK (Minister of Finance): — The answer is yes, Mr. Speaker.

MR. STODALKA: — Could the Hon. Minister outline the regulations that merchants are requested to follow?

MR. SMISHEK: — Mr. Speaker, the people who will be submitting their returns late because of the mail strike, as the mail cannot arrive here on time, they will not be penalized.

ADJOURNED DEBATES

ADDRESS-IN-REPLY

The Assembly resumed the adjourned debate on the proposed motion by Mr. J.J. Koskie (Quill Lakes) and the amendment thereto by Mr. Steuart (Leader of the Opposition).

HON. A.E. BLAKENEY (Premier): — Mr. Speaker, before I took my seat yesterday, I had tendered to you my congratulations on your election to the office of Speaker of this House and my congratulations to the mover and seconder, the Member for Quill Lakes (Mr. Koskie) and the Member for Melfort (Mr. Vickar).

In concluding my remarks yesterday, I said I would deal at length today with the resources policies of our government and with the national anti-inflation policy. I will touch on one or two other topics but since both resources and the anti-inflation policy are of such prime importance I will deal with each at some length. I beg the indulgence of the Members if I am rather more lengthy than I might otherwise be on those important topics.

As a preface to discussing our resource policy let me say that if you compare Saskatchewan with any comparable land mass anywhere, it is clear that we are very fortunate people. We have a very large area of some of the best and most productive farm land in the world. We have a substantial commercial forest area which is yet to be fully developed. Both these basic resources are renewable. Properly managed they will continue to provide a strong economic base for us and for our children for many generations to come.

We are also rich in non-renewable resources: oil, some natural gas, coal, uranium, potash, metallic minerals.

But the energy crisis, perhaps more than anything else, has brought home to all of us one simple fact, these resources will not go on forever. We in Canada believed that our oil and natural gas resources were virtually inexhaustible. We know different now. Every barrel of oil, every pound of uranium, every tone of potash which we extract and use is gone and will not be replaced.

This new awareness that we need to conserve our scarce resources — that we need to use them wisely, not only in our own interests but in the interests of the people of the world — serves to sharpen the differences between our party and some of our political opponents when it comes to resource development.

As a party and as a government, we have consistently said that our resources belong to the people of Saskatchewan: that they must be managed and developed to yield the highest and best returns to the people who own them.

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SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — When I talk about the best yield, I am not speaking only of benefits in terms of money, although money is pretty basic. I am also talking about benefits in conserving resources for our children: benefits in the form of jobs, both in extracting our resources and in processing them before they leave this province; benefits in preserving our environment; benefits in making it possible for Saskatchewan people to have a greater control over their own destiny.

We believe Saskatchewan people have the right to achieve a level of social and economic development equal to that enjoyed by people elsewhere in Canada. We believe that it is the responsibility of government to so manage the resource wealth of our province that we move towards that goal.

That's what we said in 1971 when we called for an end of the Athabasca Pulp Mill giveaway — and that is what we say today.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Members opposite, as we saw yesterday, may be prepared to defend the Athabasca Pulp Mill deal. Let them do so. I stand by our decision and this government stands by our decision.

But it doesn't follow that there is only one way to manage a resource to achieve the greatest possible public benefits. We have demonstrated that we are ready and willing to use public ownership — Crown corporations — when that method is appropriate. And in some circumstances, public ownership is the only way to fulfil our responsibility.

Mr. Speaker, but we have also assisted and promoted co-operative developments. We have sought joint ventures with private developers. We have assisted private enterprise. In fact, we have taken a very flexible approach, depending upon the circumstances in each sector. All that has remained inflexible is the goal. What approach has the best chance of bringing the best array of public benefits — now and in the future.

Take timber. The Leader of the Opposition (Mr. Stewart) mentioned timber yesterday. When we took office in 1971 virtually unlimited cutting rights in the commercial forest area has been granted to a few big operators. Valuable saw timber was being used to make pulp, a less valuable end produce. Prime spruce logs were being cut up into 2 x 4s. Jobs and dollars were being wasted.

Now, Mr. Speaker, the big operators are still there producing pulp, producing 2 x 4s. Prince Albert Pulp Company Limited remains as a joint venture with a minority government interest. And I don't think I reveal any information which will harm the company when I say that they have had pretty good years since 1971. As the mover of the Speech mentioned, new machinery is being installed and the capacity of the mill is being increased.

Simpson Timber Company continues to operate at Hudson Bay, and certainly has not curtailed its operations. It is still making 2 x 4s and so far as I know it is still making a profit.

And this has been possible while still leaving prime saw logs to be used to make saw timer and to be used to make plywood. Saskatchewan Forest Products now operates a modern plywood plant at Hudson Bay, and the big spruce logs no longer go into 2 x 4s but they go into a much higher value products, plywood, which has more jobs per cord, more value per cord.

SOME HON. MEMBERS Hear, hear!

MR. BLAKENEY: — At the same time, we have assisted a private company get started at Meadow Lake to use some of our hardwood, in sash and door products. New sawmills are being built, put on-stream at Big River and Carrot River under public ownership. Timber cutting co-operatives feed the system.

My point is that we have moved to place the timber resources under effective public management, but we have done so with a mix of private, co-operative and public ownership.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — As I have said, the private companies are still there — Prince Albert Pulp, Simpson Timber, MacMillan Bloedel and they are still prospering. And while the Leader of the Opposition would have you believe otherwise, there are more people working at good wages in Saskatchewan forests now than at any time in the last 20 years.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — These policies are working now and will work in the future.

Let me turn now to oil. When oil prices began to shoot upward, we moved decisively to capture for the people of Saskatchewan the windfall increase in value of our old oil. The oil companies didn't like it. And the federal government didn't like it. But by and large these same private oil companies are still in place, producing and marketing the old oil. And the people of Saskatchewan are receiving, and will continue to receive, very large sums of money to be used in resource development. Some say the money should be used for current expenses, and I hear this from time to time, "Why are you putting the money aside into an energy resource fund? Why aren't you using it for some current expense?" I disagree with that argument. I want to see that money, the yield from a diminishing resource, used to develop new resources, resources which will provide revenue and economic opportunity not only for this generation but for the generations yet to come.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — To assure that the search for new oil and gas will go forward, we have done two things:

1. We have created a new Crown corporation — Saskoil. It is now beginning to have an impact in exploration, in generating joint ventures, in acquiring oil reserves;

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2. We have devised new regulations which we believe will encourage further exploration by the private sector.

Following the federal budget last June, it became clear that the federal government proposed to persist in its unprecedented step of disallowing provincial royalties for federal corporate tax purposes. We disagree with that position. We have said on numerous occasions that we disagree with that position. But following last June's budget we reached the conclusion that whether or not we disagreed with it, we had to accommodate to it. We decided that we should revise our royalties to take account of that situation.

Since summer we have been working on a comprehensive revision of our royalty arrangements, which will greatly simplify the royalty structure, will increase the return to the companies for old oil and will add to exploration incentives. All these are designed to increase the level of exploration in the months ahead.

The Minister of Mineral Resources (Mr. Whelan) will be making further announcements, and I say that despite the doom and gloom of some Members opposite, there will be in the next 12 months more oil and gas activity than Saskatchewan has seen for many years.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — Now we have millions of tons of lignite coal in Saskatchewan, perhaps for 100 years. Some of it is held and mines by private companies. But the big miner and user is the Saskatchewan Power Corporation, which converts the coal into electric power. With Unite One of the Poplar River Plan now under construction, Saskatchewan Power will be increasing its coal-fired capacity by about 40 per cent.

But as energy resources get scarcer, our coal is becoming more and more valuable. Both Saskatchewan Power and the Department of Mineral Resources are right now studying the feasibility of converting Saskatchewan coal into a substitute for natural gas, for example. As the Speech from the Throne indicates, legislation will be brought in to help us conserve this valuable coal resource.

Our situation with respect to natural gas is different. This is an ideal fuel for home heating and we don't have enough reserves in Saskatchewan to meet our own needs. Saskatchewan Power has long pursued the policy of acquiring reserves both here and in Alberta to assure us an adequate future supply. In the last few years it has stepped up this policy by buying known reserves and by entering into joint ventures for the exploration or for new reserves. We have had some modest success. I may say that in the years prior to 1964 significant reserves were put in place. This is in sharp contrast to the short-sighted policy of the government which ruled this province between 1964 and 1971. They sold off reserves, proven reserves, reserves in Saskatchewan, at ridiculously low prices.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — This is one more gross error in managing our resources for which they will have to answer to the next generation. It is just another in the list of giveaways of timber, sodium sulphate, and natural gas.

I invite newer Members of this House to read the records of this House on the North Canadian Oils deal, the giveaway of natural gas already discovered and in place, or the giveaway of sodium sulphate reserves at a price of one cent a ton. You will then know the real resource policy of at least one of the parties opposite. Not what they say they will do, but what in fact they did when they were at the helm.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Now let me say a word about uranium.

We are Canada's second largest producer of uranium, but we really don't now how much we have. The search is on. And your government has said to the exploration companies: We, the public, want in on new discoveries. We'll share the risks, we'll take our fair share of the very risky business of searching for uranium, but then we want to own our pro-rata share of what is found. We have already entered into several joint ventures, and at least one looks very promising.

In uranium and hard rock minerals, we see a very active role now and in the future yes, for government participation but also for private mining companies and prospectors.

So, as I said at the outset, we have assumed a very active role in resource management. But we have been very flexible in our approach to public versus private management, public versus private ownership, depending upon the circumstances prevailing in each resource sector. We will continue to approach each resource development issue in this way.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — but, Mr. Speaker, we will have but one goal. Not to slavishly follow any ideology, whether it be the ideology of public ownership or the ideology of private ownership, they are equally false in offering one answer to a complex question. Nor will our policy be to reward our political friends, but rather to do the thing which gets the best possible return for the owners of these resources — the people of Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — In the words of New Deal 1975, it will be our policy “to defend and protect the right of Saskatchewan people to the full benefits of their heritage.”

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — I turn now, Mr. Speaker, to potash.

The Speech from the Throne announced a significant change

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in the potash policy of our government. In the words of the Speech:

Legislation will be introduced to allow the government to acquire the assets of some or all of the producing potash mines in the province.

Let me review some of the background. Let me lay out the reasons for making this critical decision now and tell you how we plan to proceed.

First, a few facts about potash and the Saskatchewan potash industry.

Among our non-renewable resources — oil, coal, uranium and the other minerals — potash stands apart. It is a resource like no other. Under our wheat fields lies one-quarter of all the known reserves in the world. With oil, it is possible that our reserves will run out in 15 or 30 years. We're working to see that that doesn't happen, but it may, not only in this province but in others. With uranium, we don't know how much we have. It looks promising, but that's not money in the bank. But with potash, we know how much we have, or at least we know we have vast quantities, we know where it is and how long it will last. We know we will be producing potash 20 years from now, and if world demand continues as every indication is that it will — 50 years from now, 150 years from now.

We can rely on potash. It's a sure resource for the future. It is truly a resource of a different order, for our generation and for many generations yet to come.

Over the past five years, for example, the demand for and the price of potash have risen dramatically. Your government has tried to get a fair return for Saskatchewan people in four ways:

1. By regulating the companies;
2. By increasing taxes/
3. By seeking government participation in future expansion of existing mines;
4. And by saying that any new mines will be largely or wholly owned by the government.

Now how did the potash industry react to our policy?

First of all, the majority of the companies have refused to provide facts and figures that the law requires them to provide. They were first requested to submit financial statements in April 1974. Nothing happened. In November of 1974 regulations were passed requiring facts and figures from each company. Most ignored the regulations.

After a number of discussions between the industry and the government in some of which I participated, a joint committee was set up in February 1975, to come to an understanding on what the financial facts were, what their investment was, what they expected the rate of return to be and the impact of our taxes on each of the companies. Some progress was made by early May. Some information had been exchanged. But still, nearly all the companies refused to provide financial and production information required by the law. They said our figures were wrong. They promulgated figures of their own as

to the impact of taxation, but they declined to tell us what they considered to be the right figures. We tried to get the joint committee going again but the companies would not have it. Then came the election. The committee never met again. Following the election the situation worsened as company after company withheld taxes due on June 20th. On that same date a legal action was launched by 11 of the companies attacking The Reserve Tax Act and the regulations on the grounds that they levy an indirect tax and they are an attempt to regulate inter-provincial trade and commerce. Later the same companies applied to have all the reserve tax paid into court rather than paid to the provincial government, with a clear view to getting the tax moneys paid back, in the event of their winning the court action.

On October 2, ten of the companies started an action to have the prorationing regulations and the prorationing fee declared beyond the power of the province. I don't propose to discuss in detail the many court actions, and I haven't referred to them all. But let me put our position simply. It is the belief of the government that the province of Saskatchewan can validly tax the potash companies to recover the sums currently being levied and claimed.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — We say that is within the constitutional jurisdiction of the province of Saskatchewan. If the companies find a loophole in the present tax laws it would be the intention of our government to attempt to plug that loophole, and put it on a retroactive basis so that the sums levied would still be legally payable. It would not be the intention of our government to allow the companies to avoid paying tens or perhaps hundreds of millions of dollars because of an error of a legal draftsman, if such an error is found. We are not anticipating that an error will be found. We believe the current laws are good and valid. But if they do contain an error we will seek to correct that error.

Let me be clear, if an error is found in the current tax laws which levy what is essentially a production tax, then the companies will have produced and sold the potash and they should not have it free and clear of any payment to the people of Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — They should not. They should be required to pay for that which they took, rightly — for that which they sold. And that's the general basis upon which we approach this dispute.

Now let me say a word about one set of regulations which is under attack — the prorationing regulations. Prorationing, of course, was a system introduced, not by us, but by the Thatcher government at the urgent request of the potash companies.

I remember very well in 1971 and 1972 how the top men in company after company came to see me, strongly urging the government to keep prorationing in effect. Without it, they said, some of the companies would not survive. We believed them.

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We kept the system in effect, against our first inclination, as the Leader of the Opposition indicated. Our first inclination was to dismantle the prorationing system. But the companies said to us, that will cause real distress, not only to the companies but to the potash companies served by those companies. So we believed them and we kept the system in effect. Now some of these same companies have taken us to court. Previously they willingly paid the prorationing fees. Now they claim those fees are unconstitutional.

I remind you, that while the companies have claimed that the taxes are too high and have published various figures about what percentage of total revenues the taxes amount to, most of the companies have declined to produce their financial statements to support their claims and they have declined to produce other more limited financial information specifically required by law to be produced.

Let me answer a couple of the specific charges of the industry. One of them is that the companies pay out in taxes to the federal and provincial governments 83 per cent of their before-tax profits. Now I don't believe that. We have asked them to supply the facts to back that up. They have not done so. I asked again for facts to back up that statement. I am not talking about facts compiled out of a group of financial statements that they will not reveal. I am talking about ordinary financial statements that they would have to file with their shareholders or with the federal government. I say, that that will not be done. Indeed, I challenge the companies to pay their financial statements before this House to prove that 85 per cent of 83 per cent of the industry's pre-tax profits are paid out in taxes. I say they don't do it, because I say they can't do it.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — Charge number two, that the companies are justified in withholding financial information from a government because we are a potential competitor. I simply don't accept that. The companies have been providing the key marketing and production information that a competitor might want most. These indeed have been the basis of the prorationing scheme which they wanted us to operate. Financial information simply showing taxable profits are of comparatively lesser use to a competitor than are details of production of marketing. You, who are businessmen over there, will know that. And anyway their proposal that they will not supply information to a government is like the CPR saying that it won't file a federal income tax return because the federal government operates the CNR. It is like Imperial Oil refusing to provide financial facts to the federal government because of the federal Crown Corporation Petrocan. No federal government would stand for that for five minutes.

The real reason, I believe, is that their allegations of the level of taxes as a percentage of true pre-tax profits are simply not true.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Let me be perfectly clear. It is entirely possible for them under certain circumstances to produce some financial

facts which might back that up. I am sure that, let us say, the CPR can make the Cominco Potash Mine make a profit or a loss depending on what they want their accountants to prove. They can mix it with Trail or they can mix it with Algoma Steel or they can mix it with their railway operations or their Marathon Realty Operations. But on any true basis of calculation, I say they cannot make their allegations stand.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — I will be skeptical, and I believe the people of Saskatchewan will be skeptical until the financial facts are made known for all to see. Most of the companies have not disclosed the facts and figures; the companies have declined to follow our laws and our regulations.

The companies have declined too to expand production. Now why do we put so much emphasis on the need to expand Saskatchewan's capacity to produce potash? Certainly one important reason is the need for potash around the world to expand food production. In many food deficient areas of the world, potassium is a key to increasing yields. So the availability of more potash from Saskatchewan has an important role to play in helping solve this critical world problem.

But, given this growing demand, our central concern and in a sense, probably our selfish concern here in Saskatchewan and in Canada, is to solidify and expand Saskatchewan's position as a supplier of high quality potash. If our industry does not expand, our present commanding position will be quickly eroded. Other sources of supply outside of Canada will be expanded and we will be the losers.

A third reason becomes apparent when we look at our own provincial economy and the need to diversity. Potash expansion can be a springboard for expanding our economic base. And by the industry's very nature, many of the jobs created directly and indirectly will be in smaller centres. Thus we can build a base which will contribute to the kind of decentralized development we all want to see in Saskatchewan. So I think you will agree, these are overwhelming reasons to see that we expand our potash production as quickly as we can.

Now then what is the logical way to expand? We have always recognized that by far the fastest and cheapest way to mine more tons of potash is to expand the capacity of existing mines. At some mines, relatively small investments can bring significant increases in productive capacity. Taken together the total increase by this method of expanding existing mines in a fairly short time would be substantial. We have encouraged the present owners to expand. We expressed a desire to participate as part owners in the expansion and not put up our money, but we haven't insisted on that. If they didn't have the cash and wanted us as partners, fine, we would put up the money. If they wanted to go it themselves, that was fine. Instead, I believe that many have attempted to use the threat of not expanding in an effort to make us back down on our attempts to get a fair share of the returns for the people of Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

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MR. BLAKENEY: — Let me give you one example of the games some corporations play.

In January of this year, Central Canada Potash announced it had decided to drop its plans for an \$8 million expansion. The manager placed the blame for the decision on the investment climate in Saskatchewan. The Star-Phoenix in an editorial said this showed how the “government greed financially kills the goose that laid the golden egg.” but a short time later the Financial Times, published in Toronto, carried an interesting item on Noranda Mines Limited which owns the controlling interest in Central Canada Potash. The Financial Times stated that Noranda was cutting back its capital spending this year by \$100 million — \$40 million in Quebec, \$20 million in British Columbia, \$21 million outside Canada and Yes, the \$8 million Saskatchewan. Why? Because Noranda would have to borrow heavily at high interest rates. That was the reason for all of the cutbacks, not a word about the investment climate in Saskatchewan or in Quebec.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Now, this is some of the background of the situation and these are some of the reasons behind our growing concern as the potash companies mounted their attack in the courts on the right to regulate and tax the industry.

The companies have a perfect right to go to court. That is self-evident and not the issue. But the provincial government has the right, indeed the duty, to respond if any action by any business enterprise or any other citizen could adversely affect the province in a very substantial way. And that’s the situation. The two prime objectives of government policy are in jeopardy; an assured fair return from the resources for our people and orderly expansion to ensure our position as a supplier of potash and to fuel our economic growth.

If the provincial government does not act our industry could stagnate for years while the court cases drag on. And meanwhile tens of millions of dollars could be lost to the provincial treasury. Mr. Speaker, that must not happen.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — From the companies’ point of view, it’s no sin to put us in a box. But from our point of view, from the people’s point of view, it is a sin for us to say in the box when we have the remedy at hand.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — Now it seems that we have three choices. One would be to tack off, to reduce taxes to something considerably below what we think is fair, accept a much lower return for our potash, and become spectators in the development of this resource. That action can be explained as a proposal to sit down and talk or to reach a compromise, but whatever the proposal, it will amount to us backing off, taking much less in taxes and being a spectator in the development. I don’t think the people of Saskatchewan will accept that.

SOME HON. MEMBERS Hear, hear!

MR. BLAKENEY: — The second would be to stay as we are, to fight in the courts to assert our right to regulate and tax the private potash producers. That appears to be attractive to some who say, “If you are confident your law is valid why don’t you stay and fight.” But I say to them, that in the meantime development and expansion could grind to a halt for years while the court cases drag on and we could, out of that lack of development, lose hundreds of millions of dollars in taxes for the people of Saskatchewan. And we cannot in good conscience accept that option.

SOME HON. MEMBERS Hear, hear!

MR. BLAKENEY: — The Bill just introduced in the Legislature will allow us to acquire some or all of Saskatchewan’s potash mines. The Potash Corporation of Saskatchewan, a Crown corporation, will be given new authority to buy mines and operate them on behalf of the people of Saskatchewan. The law when passed will allow the government to take over mines and ask arbitrators to set a fair value on the assets where this cannot be arrived at by negotiation. There will of course be a right to appeal any compensation to the courts. We will, Mr. Speaker, by owning and operating the mines, guarantee that the royalties and taxes will keep coming in and we will know that the needed expansion will take place without undue delay.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — I believe that this move will in the long term, be one of the best investments this province ever made. It will be an exciting and challenging venture, similar in scale to the Saskatchewan Power Corporation. Like all worthwhile challenges it will be fraught with some risks but it will, I believe, have very large long term benefits for the people of Saskatchewan.

We will borrow money to buy the mines just as any other business borrows money and pay back the money out of the sales of our potash. I emphasize that the cash flow is what we rely upon, not only the profit. It will be self-liquidating debt. It will make no demands on the public purse but will, we believe, soon begin to make significant contributions to the public purse.

The Leader of the Opposition worked out his financial statement yesterday in his speech that this would be a bad financial deal. His basic assumption was that a potash mine which produces 1.2 million tons KCI has a preset value of \$225 million — a value of almost \$200 per ton of capacity. This must be regarded as far too high a figure. Similarly his calculations of sale price were low, certainly considering the cost of producing extra tonnage, incremental tonnage, anywhere in the world, his price is far too low. If the price of his mine is too high and if the selling price is too low, his financial analysis is meaningless. Mr. Speaker, that’s just what it is, meaningless!

SOME HON. MEMBERS: — Hear, hear!

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MR. BLAKENEY: — I am sure that similar calculations were worked out to show that the Power Corporation wouldn't work, and that the Telephone Corporation is far too big a risk when it was taken over as a public corporation in about 1910. But the Liberals of that day in 1910 had more courage, more faith, and more vision than their modern day counterparts.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — And they went ahead and everyone in Saskatchewan is richer in every sense of the word because those people had, in those early years, the courage to go ahead.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Steps, Mr. Speaker, will be taken to protect employees. Present jobs in the industry at all levels will be secure. Superannuation plans and existing benefits to employees will be continued. And because we plan to expand production — new jobs will be created.

Municipalities will not lose tax revenues. Just as Saskatchewan Minerals has paid municipal grants in lieu of taxes for its operation at Chaplin, Bishopric and Ingebrigt Lake, so the Potash Corporation will pay grants.

There are many advantages to the people of Saskatchewan having a large stake in the fertilizer business. For example, it should be possible to minimize the layoffs and uncertainties that have plagued the potash workers and potash communities in the past. By creating a head office in Saskatchewan, we will import some hundreds of jobs which will eventually be filled by Saskatchewan people. I am talking about researchers, managers, engineers, the highly paid and skilled jobs that at present are held by other people in other places.

We will be helped to build this new dam by the experience of the top management people we have already recruited for the Potash Corporation of Saskatchewan. And that is true, whether or not the present president stays on staff. Before deciding to guarantee effective control of our potash industry through ownership, we looked at our decision from a hard-headed point of view of whether it made good business sense.

We came to the conclusion that our decision is a sound, logical and common sense decision. It will bring enormous benefits to the people of Saskatchewan. And we could not be sure of such benefits from the industry any other way.

Mr. Speaker, I don't intend to make it sound simple. It will not be simple. There are lots of problems to be solved. But I believe we have the resources in government and in the team we are developing in the Potash Corporation of Saskatchewan to make it work. I believe the people of Saskatchewan will be excited by the challenge. If this project is successful, as I am sure it will be, it will be a victory, not only for this generation but for our children and our children's children.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Mr. Speaker, when we bring it off, there will at least be one plant resource industry in Canada where the address reads, HEAD OFFICE, Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Mr. Speaker, I turn now to other topics. It has been an eventful year in new and extended health coverage for the people of Saskatchewan. The children's dental plan launched a little more than two years ago for six year olds, now is open to all Saskatchewan children born in 1968, 1969 and 1970 and is working well.

In September of this year we introduced the first universal prescription drug plan in Canada. It too is going well. In the past few months the SAIL program also came on-stream, Saskatchewan Aids to Independent Living. A new idea, a boon to the handicapped and chronically ill, providing free of direct cost, wheel chairs, limbs, braces and other special appliances.

In Social Services, Canada's first Family Income Plan completed its first full year of operation. A year not without problems, there are some problems in that plan, but nevertheless a plan providing low income families with children an income supplement which makes working more attractive than welfare.

This fall we launched, as promised, the Senior Citizens' Benefit Plan. For pensioners receiving the guaranteed income supplement this means a minimum income of about \$240 a month for a single person and \$455 a month for a couple where both are 65 or over.

In education, 1975 saw the completion of the establishment of community colleges to serve all of Saskatchewan, from La Ronge to the North, south to the United States border. The Department of Northern Saskatchewan is organizing to expand community colleges even farther into the North. Let me add that never in my experience had a new idea in continuing education received such an enthusiastic reception from people anywhere as the community college idea has in Saskatchewan. It is an unqualified success story featuring decentralized regional control, the greatest possible use of local resources and existing facilities, and very little in the way of new capital investment.

In speaking of education let me say a word about the University of Regina. John Archer has announced he will leave the post of president at the end of the year. I want to pay tribute to Dr. Archer who has done an outstanding job in guiding the University of Regina through some troubled times and launching its independent existence. He will be sorely missed.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — On the same breath, I want to welcome his distinguished successor, Dr. Lloyd Barber, who will be known to all of you both for his work at the University of Saskatchewan and in his capacity as an Indian Land Claims Commissioner and we wish him well.

A moment ago I mentioned the Department of Northern

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Saskatchewan, a favourite target of Liberal members opposite and their predecessors. I could mention in particular the former Member for Athabasca who wisely but unsuccessfully sought election in Rosthern. For seven years in office, the Liberals neglected the people of northern Saskatchewan. Yet when DNS started a program to tackle the problems of the North, to bring a new social order fro northerners, Liberals were shrill in their criticisms and still are. But the people of the North spoke, they spoke last June. They elected the New Democrats to Athabasca and Cumberland and we are proud to have men of the stature of Mr. Thompson and Mr. MacAuley in this House.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Mr. Speaker, the long battle between the people of Saskatchewan and the railways over rail line abandonment is approaching a climax.

The federal government has set up the royal commission, the Snavelly Commission dealing with the costs to the railways of grain-handling and the Hall Commission dealing with the railways' requests for wholesale rail line abandonment. The railways' proposals pose a grave threat to rural Saskatchewan, in fact to the whole Saskatchewan economy. Intertwined are the issues of the Crow's Nest rates, the shape and distribution of our grain-handling facilities, and the fate of rural communities on lines which the railways seek to abandon.

When first elected in 1971, our government acted. We set a special group under Harold Horner, a former deputy minister of Agriculture, to marshal information and arguments on the facilities. We recognized in 1971 that this problem would emerge in a major way and we staffed ourselves to meet it. We established a transportation research group to deal particularly with rail transportation. My colleague, the Attorney General, was given the additional responsibilities of spearheading and co-ordinating these efforts. Just a few weeks ago, he ably presented the government's brief to the Hall Commission on rail line abandonment. We are now concentrating our resources in a new transportation agency to carry the fight forward. The Minister of Municipal Affairs (Mr. MacMurchy), the Member for Last Mountain-Touchwood, will lead that fight.

As part of our efforts, we have appointed regional co-ordinators whose job it is to help local communities or groups prepare their briefs to the Hall Commission. This is where the action is going to be in the next few months. And I believe, Mr. Speaker, that there is no division in this House on the position which our government has adopted and on which nearly all of Saskatchewan is united. That position is that wholesale rail line abandonment must be stopped.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — I would hope that every Member of this House, particularly from rural constituencies, will join in seeing that every community affected directly or indirectly by the railways' proposals for abandonment will present its views to the Hall Commission. We want these communities to present their views, I invite all Members, I enlist their help, and I

ask them to get in touch with the Minister of Municipal Affairs and his staff if they wish any assistance in preparing briefs. Mr. Horner and his group in the last four years have marshalled a wealth of facts. They can tell you how many bushels of grain moved from every elevator in this province. They are prepared to share these facts. I invite each Member to give his help and his advice to the government and to each community to organizing and presenting the people's case.

Now this fight, Mr. Speaker, concerns us all. The abandonment scheme proposed by the railways is a scheme which, for example, would leave towns like Wakaw and Gravelbourg totally without any railways; it is a scheme to destroy rural Saskatchewan as we know it. It must be fought. It will be fought. The Hall Commission is the important battleground right now. The government will do all it can. I am counting on a united front here and across the province. I wish each Member to join in this battle to save our economy and our way of life.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — Mr. Speaker, I indicated that I would be making some comments on the fate of the Canadian economy, particularly inflation. In the last couple of years inflation in Canada has been running at rates well over 10 per cent, the familiar double digit inflation of the editorial writers. And this is dangerous. Dangerous for people whose incomes depend on selling their goods at world prices or in tough competitive markets — people like grain farmers and small businessmen. These people can't readily raise the prices of the things they sell. It is dangerous too for people on low and fixed incomes, people living on pensions, those who live on disability benefits. Now the reasons for inflation are many, there is not single cause and no single villain. It is inappropriate for those who have contributed to inflation (as I suggest all of us have), to try to find the villain and suggest that only one group in society has brought about this state of affairs.

People have acted the way they are supposed to act in a capitalist economy and the results have been bad, indeed dangerous. It cannot be denied that uncontrolled inflation poses grave dangers for Canadians. New Democrats have recognized this. In two successive federal elections we have called for selective price controls on key commodities. Three years ago that might have done the trick, it might have done it alone; I rather think it would have. But it is too late for that now. I regret that our industry in Canada is not organized so that business, public and private, could sit down with organized labor and with government and consumers and work out together how our economy could be kept operating at full speed, and generally how the fruits in that economy could be fairly divided. This, Mr. Speaker, is done in Sweden. It is done in the Netherlands. It is done in a number of the European countries, but in Canada it cannot how happen. It cannot happen because our industry is largely foreign owned and controlled, because in many ways we don't have a Canadian economy. We are simply part of the North American economy which is beyond our control.

The federal government did not act when less drastic action might have worked. But Premiers across Canada, Premiers heading Liberal, Conservative, and New Democratic governments have called for federal leadership to control inflation and have pledged to

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help in areas of provincial jurisdiction. I was one who joined in that call. And now the federal government is responding, not in the way I hoped it would, but nevertheless federal Liberals have laid out a plan of action. It may not be the plan that I would have laid out, but if we want a national plan we cannot have 11 generals and each person who has an idea will have to make some compromises to accommodate to the other person's ideas. The federal government has launched a program of national price and income restraint. Broadly speaking the program proposes that incomes can increase by 10 per cent a year with an adjustment of 2 per cent up or down, depending on whether the people had large increases in the last couple of years or only small ones. There are a number of important exceptions. I won't try to outline the guidelines here. For prices, it proposes that there be no price increases except when increases in costs can be shown.

Now that's the idea. And the idea that I think will be generally accepted by the public and in the circumstances, by our government. It is not with the general idea that we have the trouble. Our trouble is with whether the federal government is serious about controlling prices, profits and professional incomes, whether they are serious about making the idea work. We believe they are serious about restraints on wages and salaries. What we don't know is whether they are serious about controlling prices, profits and professional fees. They say they are. They say their regulations will do the job. They haven't yet disclosed their regulations. They ask for the co-operation of provincial governments. Now that is the general situation. It was the situation when the Prime Minister announced the program on October 14th and it is still the situation.

They have launched a national program. We think the program is not fair to all groups. We think it should be improved. But we believe there should be a program. I believe that, at least initially, a provincial government, every provincial government, should offer its co-operation with the program while at the same time pressing in the strongest possible terms for improvement to the program. I believe that is the course of action which accords best with the duty which we all owe to our national government, whatever party may be in power. And I don't need to explain to this House that the government at Ottawa is not there with my vote but it is, nonetheless, the government at Ottawa.

So, Mr. Speaker, we stand ready to co-operate. But let me be more specific about the changes we believe must be made. First, if wages are to be firmly controlled, and that is the proposal, then we need a better system for controlling prices, a better system than the totally inadequate system now proposed. And have you looked at what is now proposed? A company like Algoma Steel, for example, could increase the price of its product at any given time without any prior approval. The price increase would be monitored by the Anti-Inflation Board. If they felt it was too high they would report to the Administrator who is a civil servant. The Administrator would check and if he agreed he would issue an order. The order could be appealed to the Appeal Tribunal. The order of the Appeal Tribunal can be appealed to the Federal Court of Canada and on to the Supreme Court. Meanwhile, at least for much of this period, perhaps, three, six, nine months, the price increase would already have worked its way through the economy to all the steel products, the cars, and the tractors, and the coffee pots, and the fencing, and all would now have higher prices.

Suppose it is decided that the price must be rolled back, what then? How does the consumer recover. Indeed, what can he recover? Nothing! There is no way for him to get his money back. No way to undo the ripple effect of this excessive price increase as it proceeds across the whole country.

Now I concede that it is not practical to exert control in advance on all prices, to have wartime price controls. We would need a bureaucracy of a size and of a degree of complexity that I believe the public would not accept. But at minimum, companies selling a selected list of key commodities — things like steel, and lumber, and cement, and chemicals, to name a few — should be required to justify any proposed increase before the Anti-Inflation Board and have it approved before the increase goes into effect.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — Then it will be seen by those who are having their wages and salary controlled that there is some effective lid on price increases. That is the change we strongly urge the federal government to make.

Second, we believe that low-income earners are being asked to shoulder too bit a share of the burden. We urged the federal government to raise the income level which would not be subject to controls from \$6,000 a year. They have raised it now to perhaps \$7,000 a year. But that is not enough. How can you ask a family with children trying to house and feed themselves on \$600 a month to exercise any more restraint? I think they have already exercised all the restraint that is possible. It is our position that restraints would not apply to limit wage increases to less than those which would be received by someone making (say) \$10,000 a year. In short, I would suggest that we take a figure like \$12,000 a year and calculate an increase which would be permitted to that person and allow it to be received by anyone receiving \$10,000 or less.

Third, the age guidelines, with their maximum catch-up allowance of 2 per cent, are too inflexible to be fair in resolving particular situations. We face a number of these situations right here in Saskatchewan. Contracts now under negotiation where offers are already on the table in excess of the prescribed limits; the situation facing one part of an occupational group where wages are substantially below others in the same occupation within Saskatchewan; and similar situations where Saskatchewan workers are well behind their counterparts in neighboring provinces.

We are all aware, Mr. Speaker, that a number of collective bargaining agreements in the public sector are currently under negotiation. Among provincial government employees, the labor service agreement was concluded before the guidelines were announced after a work stoppage last summer, as you may recall. The government is currently bargaining with the employees covered by the main public service agreement. Some of you may have noticed there has been a work stoppage among liquor board employees. Now to resolve these transitional contract settlement fairly will require more latitude than the present guidelines permit. I think, to be fair to the federal government, they recognize that fact in their own situation and are not insisting that provinces toe the line precisely.

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Let me turn to the lack of parity within occupational groups, and I give you one from the public service but many could be given from the private sector as well.

We have in the classified service and in the labor service a classification of electricians. The qualifications are exactly the same. In the labor service that person is paid \$1,429 a month. The classified service now is paid \$1,175 a month, the difference is 20 per cent. They have always been traditionally paid exactly the same sum of money. We cannot bring the classified service up to the labor service within the guidelines.

The third Saskatchewan group I referred to, those caught with wage or salaries significantly behind their counterparts in neighboring provinces, is an important group to us. Unlike much of the country our economy is going flat out. We're competing directly with Manitoba and Alberta for skilled labor. In some cases, our wage patterns have fallen behind.

Let's look at teachers. When I say skilled labor I'm not in any sense using labour as a pejorative term. I don't know whether some of the public would use it that way or not. I do not. Let's look at teachers. Right now, in annual salary, a Class 3 teacher in Saskatchewan receives about \$200 a year less than in Manitoba and about \$1,200 a year less than in Alberta. Under the catch-up provisions we might be able to reach Manitoba, but only might, but we would remain well behind Alberta.

Or take nurses. Now in annual salary, Saskatchewan nurses at the top of the range, and I use that as a comparison, receive \$1,776 a year less than in Manitoba and Alberta.

In the building trades, the story is similar. New contracts were just negotiated in Alberta and I believe in Manitoba. The contracts do not come up for negotiation here in this province until next spring. Right now, a journeyman carpenter or electrician is at least \$1 an hour behind some of his counterparts in neighboring provinces.

Now in our view — and we have told this to the federal government — there must be enough flexibility to give us room to remove these differentials or at least to cut them down. I don't think anyone is suggesting that wages in this province should be exactly the same as those in Alberta or those in Manitoba. We're not talking about precise equivalents. Working conditions aren't the same, fringe benefits are not the same. But wages must be roughly comparable. Without the flexibility we cannot achieve fair wage and salary relationships within the province and we will lose skilled tradesmen, nurses, teachers and others to higher paid jobs in Manitoba and Alberta. Therefore, we will insist that we retain the flexibility to adapt the guidelines to achieve fair results, fair results for workers in our province and fair results so that we can retain our competitive position with Alberta and Manitoba.

The fourth area of concern relates to professional incomes. We do not see how net incomes of lawyers, engineers and other self-employed professionals can effectively be controlled by controlling fee schedules. Net incomes already vary widely among groups using the same fee schedules. Billing practices can be modified. Methods of handling expenses can be altered. Policing is virtually impossible. I have practised law and I know that the bill I might send out is only generally affected

by the fee schedule. There are many other subjective elements in sending out an account for legal services and they cannot be regulated by regulating the fee schedule.

Together with most other provinces, we have proposed that this problem be handled by the federal government through the income tax system. A surtax applied to those high-income, self-employed person who exceed the guidelines could be applied. It would have its problems. But, in our view, it would be simpler, less costly and far more effective than trying to regulate incomes through fee schedules.

Let me also mention the question of dividends. Dividends are a form of income that must be effectively controlled if other forms of income are to be controlled.

Recent moves by the federal government suggest that here too, controls will be less than really effective.

Now, everyone admits that there are problems in controlling these areas. But I emphasize again that, if this program is to be made fair to salary and wage earners who are having their incomes controlled with a high degree of precision, there must be something like the same degree of precision applied in the control of incomes of other people.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — To these problems I add the special problems of housing, where mortgage interest rates are not to be controlled. I'll have more to say about that in a few minutes. But I want to emphasize again the apparent unfairness to a wage earner who has his income controlled but does not see his mortgage payments controlled in any way.

The Premiers met with the Prime Minister in mid-October. All of the concerns I have raise today, and more, were expressed at that meeting an subsequent meetings. Federal and provincial officials have met several times since, and in fact, they are meeting today. Housing ministers and finance ministers have met, and there is another meeting of finance ministers next week.

The federal government has made some changes at the provinces' urging and I want to emphasize that it's not only our province that is raising many of these objections. Other changes, I believe are still under consideration. Other provinces along with ourselves are urging changes and improvements.

I remind you of Quebec, a Liberal province. Quebec has introduced its own legislation, and is finding it not so easy to apply he guidelines without some considerable flexibility. If I read the press correctly, Quebec has offered a wage increase to nurses of the order of 60 per cent over three years. That's to bring them back in line with what they felt were appropriate comparisons with Ontario.

Take Alberta, a Tory province. Last week the Premier of Alberta announced his government would co-operate, under certain conditions, but only for 18 months, not three years. Nor does he want controls to apply to oil and gas.

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Let me put it this way. I think all 11 governments are trying to find a combination which will meet their respective concerns. We, like others, are ready to co-operate. We, like others, think the federal program needs improving. And we, like others, are still arguing our point of view.

Federal legislation is not yet in place. That is why at this stage we are not able to outline in full all of the steps which the province will take. Contrary to the remarks from Members opposite, no province with the possible exception of Ontario has committed itself to anything very much yet. This is understandable, because the regulations are not known and the program is not known. We will, however, proceed with a number of measures.

The federal government has asked us to establish rent control. This we will do. Legislation is now in preparation and will be introduced as soon as possible. I'll say a word or two more about that in a moment.

As we announced in the Speech from the Throne, the Saskatchewan minimum wage will be increased from \$2.50 to \$2.80 effective January 1st.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — We have been asked to help monitor price increases to assist the federal Anti-Inflation Board. That's already underway, and our capability to check price changes will be expanded in the coming weeks.

In seeking wage settlements with employees in the public sector, we will be guided by the federal proposals, but with adjustments to take care of the problems I spoke of earlier, transitional contract settlements, occupational rate differences, and regional parity.

As a government, we will continue to restrain our capital spending, deferring a number of capital projects where spending could fuel inflation.

As we announced in the Speech from the Throne, growth in public service positions will be virtually halted in 1975. This does not necessarily mean there will be no new positions created, but it will mean that we will try to eliminate other positions when we create new ones. The total establishment will be held as close as we can to 1975 numbers.

Now let me point out that these restraints on capital spending, on numbers of public servants, are not restraints on government in the abstract. They will reach down into each constituency represented in this House and they will reach down to court houses and they will reach down to land titles offices and they will reach down to road construction. And I want to ask each of you, on both sides of Mr. Speaker, to give the government your solid support in restraining your demands on behalf of your constituents. That new bridge may have to wait. That new highway may not be built next year or the year after. Extensions in local services may be postponed. I took to your co-operation in restraining new demands on behalf of your constituents in the interests of keeping total expenditures down.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — Let me summarize. We are anxious to co-operate in any fair and effective program to control inflation. We have taken most of the steps we have been asked to take. We are still urging the federal government to plug some of the holes in the program and to make other parts more equitable.

Federal legislation is expected to be reported out of committee this week. Finance Ministers meet next week. As soon as possible following those two events, my colleagues and I will make known to this Assembly the further steps we plan to take.

We yield to nobody in our desire to contain inflation.

We have exercised, in this province, fiscal restraint.

We have balanced our budgets each year since 1971 and I give credit to the previous government, they balanced their budgets. But I must say that Liberal governments, federal and provincial and Conservative governments in some other provinces are rolling up huge deficits, even now. The federal government in Ottawa is looking at a \$5 billion deficit on current account. The Conservative government in Ontario is looking at a \$1 billion deficit on current account and they are calling upon others for restraint. I say that those who call upon others for restraint have a duty as well, to put their own house in order.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — But whether or not we are part of the cause of inflation, as I suggest irresponsible Liberal and Conservative governments have been, we are prepared to play our full role as part of the solution.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — I want to say a few words more about rent controls.

I have already referred to my concerns about housing as a special problem in controlling inflation. In Saskatchewan the supply of rental housing continues to be extremely short, in spite of solid improvement this year in construction of multiple family units. One of the key problems in introducing rent controls under these conditions revolves around these issues: the need to stimulate further construction, particularly rental units; and the failure of the federal government to control mortgage interest rates, the major cost component in housing construction, whether it be single family dwellings or apartment dwellings.

The federal government's answer to this problem is to recommend that rent controls not apply to new rental construction for a five-year period. We're not particularly attracted to that solution. It would be better, in our view, to direct more investment funds at controlled rates into construction of rental accommodation, to provide a system of controls that would restrain the cost of new rental housing. I think of the old limited dividend proposal which provided low interest mortgage money for developers provided they would limit their rents.

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That has worked very well over a period of many years. That apparently is not to be done.

Given the federal government's stance on mortgage interest rates, its reliance on market-related investment decisions, we have reluctantly concluded that new rental construction must be exempt from controls at this time, and our legislation will so provide. It is, I think, in many ways unfortunate, but I think the basic way to control rents is to have an excess supply.

Our details of rent control will be revealed when the legislation is tabled. I wish to make it clear at this time, however, that the effective date of controls will be retroactive to October 14 and rent increases prior to that date will be taken into account in certain instances.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — The Minister of Consumer Affairs (Mr. Shillington) will be announcing further details shortly.

Mr. Speaker, I want to say a few more words about housing because I consider it to be such an important part of the inflationary pressures as they are felt by ordinary people in this province.

When the Prime Minister called the Premiers to Ottawa on Thanksgiving day to inform us about the anti-inflation package, one of my strongest reservations was in the area of housing, because the inflation in housing prices, unlike other places, reflects a true shortage situation. Too many dollars chasing too few housing units.

The price of cars goes up every year. But nobody suggests that the price is going up because there is a shortage of cars. The price of shoes goes up, but that's not because there is a scarcity of shoes. But with housing it's different. Prices are going up because costs are going up, yes. But prices are going up too because there aren't enough houses. There is a shortage, a scarcity.

With housing there is a different kind of inflation. And no anti-inflationary program is complete that does not tackle the scarcity of housing. I said in Ottawa on October 14th that I would find it very difficult to accept a program of restraints unless it were accompanied by strong measures to increase the supply of housing and to make decent housing accessible to low and middle-income families.

We were told a new housing program was on its way. And it has since been announced. We are cautiously optimistic about the federal program. It does at least go part way.

There is something else that is special about the inflation of housing.

If you are trying to keep down the price of bread you can make real progress if you can keep down the price of, let us say, flour and sugar and keep down the wages of bakery workers. But you aren't nearly as successful in keeping down the price

of a house by keeping down the price of lumber and cement and the wages of construction workers.

Why? Because a big cost of a house to an ordinary person is the interest he has to pay on his mortgage and the rate of interest is absolutely a way to his monthly payment. It's more important than the cost of lumber or the cost of cement or the cost of construction wages. But the federal anti-inflation program does not propose to control interest rates. You can't seriously talk about controlling the cost of houses unless you are prepared to control the interest rates on house mortgages.

New Democrats have repeatedly called for the government to direct banks and investors to allocate a larger share of their funds to the mortgage markets. We were told, you can't do that. That would interfere with the allocation of capital through that most efficient of regulators, the free market.

What a great job the free market has been doing lately. Every fair-minded person and even the most devoted admirer of the free market would agree that it's not working well enough in allocating capital for housing purposes. But in any event, we are pleased that the federal government has cautiously put its toe in the water of managing the economy to achieve social objectives by asking the banks to increase their mortgage lending by 14 per cent. We approve this step, however halting it may be.

I don't want to be overly critical. The test will be whether these measures succeed. If mortgage money becomes more plentiful and cheaper the program will succeed. It will be judged a success. If this does not happen the program will be condemned. It will stand condemned. We, for our part, have been trying to tackle the housing problem here on a provincial scale, and we have been building houses at the fastest rate in the history of Saskatchewan.

During the period when the Member for Prince Albert-Duck Lake (Mr. Steuart) was Provincial Treasurer, he stood idly by while disaster struck our housing industry. He watched housing starts decline in 1968. He watched them drop again in 1969, and he didn't lift a finger. Then came 1970. And I can say that if we had just a few thousand of those houses that might have been built in 1969-70, if that government had acted, then we indeed would have had a major assist in dealing with our housing program.

Let me tell you about 1970 — that banner year of the Liberal administration. In his budget speech he did refer to housing. After budgeting almost \$150,000 for housing programs the year before, in 1970 he raised it to \$600,00 — \$140,000 for low-rental housing and \$500,000 for grants for a House Building Assistance Act. What a bold and decisive effort that was! Less than a million dollars for housing. This absence of action contributed to the worst year in housing starts in Saskatchewan's modern history. Mr. Speaker, 1,745 houses for the entire province; less than 1 per cent of the 1970 housing starts in Canada. Less than 1 per cent.

When we took office in 1971, we were appalled by the government's lack of capacity to do anything about housing. We set up the Saskatchewan Housing Corporation. We negotiated

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with CMHC to make federal programs meaningful to Saskatchewan small cities and its towns and its villages. We were successful. Small-scale, low-cost housing projects have blossomed all over this province. I invite you to go to the smaller centres of this province and you will see eight units and ten units and sixteen units in many, many smaller centres. Last year while housing starts declined in every other province, Saskatchewan established a new record, nearly 7,700 starts. This year we are confident we will establish another new record, well over 8,000 or I miss my guess.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — And let me tell you where these houses are. Let me compare this with the previous government. I'll be charitable and not take 1970 because there were so few houses it is difficult to compare. But take 1969 with 1974. In 1969, two-thirds of the housing starts were in the cities of Regina and Saskatoon. Outside our two largest cities, only 1,800 units were started. In 1974, outside these two cities, not 1,800 but 4,200 units were started. The Member for Melfort (Mr. Vickar) indicated where they are, in places like Melfort where the housing starts this year exceed 125.

This government believes that good housing must be available to all our citizens, both inside and outside the major cities. We've acted on that belief, and I believe with some success. As important as new housing is, however, it meets only part of the problem. We need also to be sure that our existing stock of houses is kept in repair. And we designed programs to assist people to make structural alterations, renovations and repairs.

For senior citizens we inaugurated the Senior Citizens Home Repair Grant — available to all senior citizens receiving the guaranteed income supplement. During 1974, more than 8,000 grants were committed.

This has been a tremendously successful program. We estimate that by the end of this year, home repair grants will have been made to 10 per cent of all the senior citizens eligible. But costs have gone up, Mr. Speaker, and homes don't stay in good repair indefinitely. So we will be introducing amendments to The Senior Citizens Home Repair Assistance Act which will do three things: increase the amount of the grants; permit re-application for a new grant after five years; raise the level of income for eligible pensioners.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — I suggest to you that this is one example of the new and imaginative approach to housing needs taken by this government: senior citizens home repair, new housing for senior citizens, housebuilding assistance grants; rehabilitation loans. In this current year, a budget of over \$11 million to direct provincial expenditures on housing. In addition \$17 million in loan capital. Total almost \$30 million.

Compare this, Mr. Speaker, with the sum of \$100,000 allotted by the previous government five years ago. We put Saskatchewan ahead in housing, Mr. Speaker, and we will move further ahead.

in 1976. On the record we have been successful. Not as successful as we should like to have been. We are not satisfied with our record but we are on the move and I believe the Saskatchewan people appreciate the effect that has been made in housing.

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: — Mr. Speaker, I have outlined our basic policies with regard to resources, our policies with respect to the anti-inflation program. I have referred to rail line abandonment, to our housing program, to other social programs of the government. I have done this in speaking to the motion to approve the Speech from the Throne. The Throne Speech outlines the progress of our province, prospering as it has never prospered before. It outlined our commitment to play our part in the battle against inflation. It proposed a bold step in the continuing struggle to develop Saskatchewan resources for Saskatchewan people.

Mr. Speaker, this Speech is a call for pride in our province, for faith in our future. It is a call to action to protect and enlarge our heritage. I will respond to that call. I will vote for Saskatchewan. I will not support the amendment. I take great pleasure in supporting the motion.

SOME HON. MEMBERS: — Hear, hear!

MR. MALONE: — Mr. Deputy Speaker, I wonder if the Premier would be prepared to answer a question. The question is: I listened with interest to remarks about the potash industry, however, at no time did I hear you make any reference at all to what the cost or approximate cost of your government's proposal in this industry would be to the people of Saskatchewan. Are you prepared to give us some indication of what the cost will be?

MR. BLAKENEY: — There is on the Order Paper a Bill entitled An Act Respecting the Development of Potash Resources in Saskatchewan. I anticipate that that Bill will have some considerable debate and during that period we hope to offer more figures for the benefit of Hon. Members.

MR. R. L. COLLVER (Leader of the Progressive Conservatives): — Mr. Speaker, I should like to congratulate Mr. Speaker on his election as the Speaker of this Assembly on behalf of the Progressive Conservative Members. May God assist and guide him in his deliberations to be fair and reasonable.

I should also like to thank the people of the Nipawin constituency for electing me to this Legislature. I hope I can succeed in representing them well.

I refer to the Member for — and if you will pardon me I will have to look it up — for Quill Lakes (Mr. Koskie), who referred to us as the Seven Dwarfs — I approve of that label. A dwarf is a little person and we are happy to represent the little people of this province. We are also very proud to be the first voice of the Progressive Conservative Party in this Legislature for some considerable time. I think we may be able to make some impact.

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What I am about to say, Mr. Speaker, is of deep and abiding concern to the Progressive Conservative Members of this Legislature. We are new to this Assembly. During the recent summer past we had conversations with the Clerk of the Assembly and he outlined to us the rules and the decorum that were to be followed in this Assembly. We believe him in his outline of these rules and the decorum that was necessary. You may say, as individual Members, that new boys in the Assembly should not be entitled to speak out. We believe that the increase in government by order-in-council is in direct proportion to the disrespect shown for the Legislature of the province of Saskatchewan. In a democracy we believe the supremacy of parliament must be sacrosanct and blatant disregard for rules and decorum has no place. There are some who suggest that comedy and wit relieves the tension of debate. I agree. But there seems to be a substantial difference between comedy, wit and farce. Relief of tension, if necessary, can be attained outside this Assembly.

Over the last number of days we have attempted by our actions and through conversations with other Members of this Assembly to suggest that certain practices of this Assembly be ended forthwith. We believe that times are serious, Mr. Speaker, and require a serious tone to the debate. Examples of the type of action which we should like to cite are: The reading of speeches and we refer you to Beauchesne's Parliamentary Rules and Forms, page 124, Rule 144. It is a rule in both House of Parliament that a Member must address the House orally and not read from a written previously prepared speech for the reasons, and we quote:

If the practice of reading speeches should prevail Members might read speeches that were written by other people and the time of the House be taken up in considering the arguments of person who are not deserving of their attention.

I go on in the item to page 125 where, and I quote:

That the growing practice in Canadian House of Commons of delivering speeches of great length, having the character of carefully and elaborately prepared written essays and indulging in voluminous and often irrelevant extracts is destructive of legitimate and pertinent debate upon public questions.

Another are of concern for us is the failure to bow to the Speaker before leaving his seat or the Assembly.

The chewing of gum.

SOME HON. MEMBERS: — Hear, hear!

MR. COLLVER: — Mr. Speaker, for those of us who smoke, it is equally difficult for us in this Assembly not to smoke.

Showing disrespect for an Opposition speaker by: leaving the House en masse; reading newspaper and other trivia in an obvious way

SOME HON. MEMBERS: — Hear, hear!

MR. COLLVER: — That's perhaps true .

Interrupting during the speech with cat calls; disrespectful comments, snide remarks, talking out loud while another speaker is in the middle of his address; slouching in the chairs; personal references to other Members' private business in a sarcastic fashion; conducting electioneering in the Assembly by expounding at great lengths about the virtue of one's own constituency. We are all citizens of the province of Saskatchewan. Boasting and bragging about how well a particular party may have conducted a government yesterday or in fact today. Playing to the press gallery by obviously changing the tone and tenor of the House between radio time and other time.

Mr. Speaker, we are concerned about these practices. We are concerned that there will be continued disrespect for this Assembly and therefore a disrespect for the Legislature of our province.

We cannot tell other Members of the Legislature how to behave, nor do we pretend we are going to. We believe in this area and also in other areas that leadership must be by example. It will be said, after four years, Mr. Speaker, that seven Progressive Conservatives in this Assembly will not behave in this fashion and we will not participate in that kind of behavior.

Now, Mr. Speaker, I should like to address myself to another comment which was passed the other day about MLA pay raises and playing politics with it. Mr. Speaker, I was in contact with the Minister of Agriculture of this province and in fact, the Attorney General about this matter and informed him that it was our position as a party that these are serious and inflationary times and that we believe strongly that we as individuals must exhibit leadership to the public. I further informed them that it was absolutely essential, as far as we were concerned that we as MLA exhibit this kind of leadership by foregoing any pay adjustments for MLAs at this time. Furthermore, I informed them that we did not want to play politics with that particular item and that if that was not raised at this point when we are trying to fight inflation and when we as Canadians should be getting together to fight inflation. That if this was not raised we wouldn't mention it and we hoped that they wouldn't either. It nevertheless was included in the Speech from the Throne.

We are not playing politics with this and this is not being mentioned during radio time. We believe very strongly that inflation is too serious a problem in our country for us as the leaders of this country who offer ourselves raises while we are expecting others to show restraint.

Mr. Speaker, we should also like to comment on a legitimate question made in a legitimate way pertaining to highways which was laughed down in the House. It is our responsibility as MLAs to report to our constituents about the state of the highways in our province. Furthermore it is our responsibility to represent our constituents in the House who suggest that the priorities of the Department of Highways in the province of Saskatchewan be organized in such a way, in other words, by each constituency in this province, and who suggest that it can be organized in such a way that we are more able to report to our constituents on the state of the highways within our constituency. This is not a laughing matter. And if, in fact, it is proved that the Department of Highways is not organized in

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such a way that priorities can be determined, we quite simply do not see how the Department of Highways can function.

I should like momentarily, Mr. Speaker, to reply to a few comments made by the Premier today.

First of all pertaining to the potash industry. He suggests at the start that there is a 200 year supply and then he says that we must retain our potash forever. I don't know what forever means. I hope that this can be defined.

I further notice that today, the Premier appeared to be all things to all people. A lawyer, politician, an accountant, an economist, a lumber man, a sawmill operator, a uranium expert, a meat packing expert, a miner, a potash expert and so on. Our suggestion, Mr. Speaker, is precisely that the Government of the province of Saskatchewan and the officials thereto are acquiring too much power unto themselves. We hope that they will not acquire any more.

There seems to be a divergence of facts today. Noranda Mines decided against an investment because it is bad business to borrow when the interest rates are high to buy to expand a capital project. Yet the province of Saskatchewan can do so.

We have a suggestion that acquisition of the potash mine is similar to that of the Saskatchewan Power Corporation. There is a substantial difference, Mr. Speaker, between obtaining a monopoly in a specific area in which you have jurisdiction and getting into a competitive business, a substantial difference in which you are not required to provide service to people.

I noticed today that the Premier suggested that he is not going to pursue an ideology. And I sincerely hope that that is true. And that he will be prepared to listen to perhaps one or two other suggestions. As I said there seems to be a divergence of facts between the potash industry and the facts presented by the Government of Saskatchewan.

We will assume for just a moment that the facts presented by the Government of Saskatchewan are correct. If in fact they are correct then perhaps the Government of Saskatchewan can and should take to another suggestion. It is our objection that the Cabinet of Saskatchewan has too much power. When then, if the government is right and I am not so sure that they are, but if the government is right in their facts about the potash industry, why then couldn't the government obtain one or two potash mines through a vehicle in which the Saskatchewan people own the potash mines directly through a share company in which the individuals of Saskatchewan own it directly.

Mr. Speaker, I am going to have more to say tomorrow on the major problems that we see in the Throne Speech. I beg leave to adjourn debate.

Debate adjourned.

MR. SPEAKER: — I might remind Members of one of the Rules of the House which I note is not being observed. This is Rule 18 dealing with decorum and it has to do with the Speaker's procession leaving the Chamber. The Members of the House shall

remain in order while the Speaker and the procession are leaving the Chamber and also the galleries shall remain in order.

The Assembly adjourned at 4:30 o'clock p.m.