

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Eighteenth Legislature

March 9, 1978.

The Assembly met at 2:00 o'clock p.m.
On the Orders of the Day.

INTRODUCTION OF GUESTS

MR. R.L. COLLVER (Leader of the Progressive Conservative Opposition):— Mr. Speaker, it is with a great deal of pleasure that I introduce to you today, and through you to the members of the Assembly, a woman who has contributed a great deal to the province of Saskatchewan. She is here today to hear her son present our party's view of the budget. Mr. Speaker, it is my honor to introduce Mrs. Ross Thatcher, seated in the east gallery and I hope all members will join with me in a very warm welcome to Mrs. Thatcher.

HON. MEMBERS: Hear, hear!

WELCOME TO STUDENTS

MR. P.P. MOSTOWAY (Saskatoon Centre):— Mr. Speaker, I would like to introduce to this House and you, a group of 29 Grade Eight Students from Brunskill School, located in Saskatoon Centre constituency in Saskatoon. They are accompanied by two of their teachers, Mrs. Burke and Mr. Ellis. I understand they visited this morning or are going to visit the conservation house in Regina and the Museum of Natural History.

Now I have some fond memories relative to Brunskill School in that I did some practice teaching there quite a number of years ago. I had a wonderful experience because the students were wonderful and I know that they still are. I will be meeting them later on this afternoon for pictures and for drinks and a little gab session. I look forward to that and I say I hope you have a good day and a very safe and pleasant journey home.

HON. MEMBERS: Hear, hear!

HON. A.S. MATSALLA (Canora):— Mr. Speaker, I would like to introduce to you and through you to the members of the House, 40 Grade 11 and 12 students of the Canora Composite School. One of the students in that group is my daughter Cheryl. Accompanying the group is their teacher, Mr. Brooman and as well as four Kiwanians, George Demchuck, Steve Kobelka, Orest Wintoniak and Mrs. Lil Crotenko.

I would like to take this opportunity to commend the Kiwanis Club for their interest in youth activity and for sponsoring this group.

I am going to be meeting with the group later this afternoon. I do hope that they have an enjoyable day here and witness the proceedings that take place in the House this afternoon, and have a fine trip home.

HON. MEMBERS: Hear, hear!

HON. W.A. ROBBINS (Saskatoon Nutana):— Mr. Speaker, I would like to introduce to you and through you to the members of the Assembly 35 students from St. Joseph's School in Saskatoon. They are located in the west gallery. They are accompanied here

today by their teacher Mr. Hudy. I believe they came down by yellow bus this morning and I presume they have already made arrangements to visit various places in Regina. I sincerely hope they will find the proceedings in the Legislature this afternoon of real interest. I will be privileged to meet with them shortly after the question period is over, along with Mr. Mostoway. They will be given an opportunity to ask us questions.

HON. MEMBERS: Hear, hear!

HON. A.E. BLAKENEY (Regina Elphinstone):— Mr. Speaker, I would like to introduce to this Legislature, and particularly you, Sir, a group of students from the St. Luke's School who are seated in the Speaker's Gallery. They are a group of about 22 Grade Eight students accompanied by their principal, Mr. John Stochmall and a teacher Mr. Kotykl. I had the pleasure of visiting at the school a few months ago on the occasion of distributing pictures of Her Majesty and Prince Philip. I had a very interesting visit with that lively group of students. I know that I will have an equally pleasant visit with them just after the question period when I hope to meet with them and give them an opportunity to ask any questions they may have with respect to this afternoon's proceedings. I hope this afternoon's proceedings will be such as to give them cause to ask only appropriate questions about the conduct of the Legislature.

HON. MEMBERS: Hear, hear!

MR. J.G. LANE (Qu'Appelle):— Mr. Speaker, I would like to join with the Minister of Revenue in welcoming the students from St. Joseph's School in Saskatoon, my old alma mater and I think exercising the right of a prerogative of a graduate to welcome the students to Regina and wish them an enjoyable and enlightening day and a safe journey home.

HON. MEMBERS: Hear, hear!

HON. N. VICKAR (Melfort):— Mr. Speaker, I would like to introduce to you and through you to the House this afternoon a group of 19 Grade Six students from the James Smith Reserve in one of the better constituencies in the province, the Melfort Constituency.

They are accompanied this afternoon by their school teacher, Christopher Ehikhmen and his wife, Linda. They are accompanied by their bus driver Albert Sanderson. These people have already toured part of Regina this morning and they are looking forward to visiting a few special places this afternoon. I will be visiting with that group right after the question period this afternoon for some pictures and dainties and what have you. I would like you all to wish these people welcome and wish them a safe journey home.

HON. MEMBERS: Hear, hear!

MR. L.E. JOHNSON (Turtleford):— Mr. Speaker, I would like to take this opportunity to introduce to you and through you to the House a group of 16 upgrading students from Shell Lake who have made a trip to the Queen city. I will be meeting with this group afterwards. Thank you.

HON. MEMBERS: Hear, hear!

MR. MOSTOWAY:— Mr. Speaker, this seems to be a great day for Saskatoon Centre. I would like to say hello to the students from St. Joseph's School and teachers. The reason for that being a number of them come from my constituency. I welcome you and

I hope that you too have a good, pleasant day. Further to that, I might mention to the hon. member who said he attended St. Joseph's School a number of years ago, I had the pleasure of attending old St. Paul's School. We used to play hockey together. And you never did win a game did you?

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER:— Order. I see we have encroached on the question period. I'll now ask for oral questions.

QUESTIONS

DEVELOPMENT OF URANIUM RESOURCES

MR. E.C. MALONE (Leader of the Liberal Opposition):— I would like to direct a question either to the Minister of Finance or to the Minister in charge of SMDC, whichever one wishes to answer. In the Budget of Tuesday there was an announcement that the sum of some \$40 million will be spent this fiscal year in the development of uranium resources in Saskatchewan. My question to either one of the ministers, is this money to be used to develop new projects, new ideas, new ventures within the province or is it money that is simply being spent to comply with existing agreements with the private sector and to comply with the amount of money that you have to give to these private outfits, or is it to be money used to finance the Esso Mineral of Canada recent find at Mid West Lake in the Wollaston Lake area of northern Saskatchewan?

HON. J.R. MESSER (Minister of Mineral Resources):— Well, Mr. Speaker, as the member knows full well and I suggest he's trying to mislead the House in his question, the money is going towards financing SMDC's activities in general. To suggest to this Legislative Assembly or to suggest to the people of Saskatchewan that it is being exclusively expended on uranium is just not true, Mr. Speaker. I suggest that the Leader of the Liberal Party knows that.

In regard to specifics in relation to that expenditure the member knows full well that the annual report has been tabled and he will have ample opportunity, as other members of this Legislative Assembly, to pursue any questioning they so desire in regard to the operations of the Saskatchewan Mining Development Corporation during Crown corporations.

MR. MALONE:— Supplementary question. Mr. Speaker, the Budget Speech if I can refer it to the minister makes it quite clear it's to be used for uranium development. In any event I take it from the answer that a certain amount of the money will be used for uranium development. My question is: can we make the assumption and can the people of Saskatchewan make the assumption that the government of Saskatchewan is going to proceed with uranium development notwithstanding the findings of the Bayda Commission and that you are going to go ahead with this development, notwithstanding that Mr. Justice Bayda has not filed his report yet, that it is possible that he could recommend against further development. Indeed there are many thousands of people in Saskatchewan which would prefer that Mr. Justice Bayda do make that recommendation.

MR. MESSER:— The answer to the member's question is No.

MR. MALONE:— In the vent that Mr. Justice Bayda does come in with a

recommendation that there be no further development of uranium resources in Saskatchewan, how is this money to be spent?

MR. MESSER:— Mr. Speaker, I think the question is a hypothetical one. We have to deliver a budget in relation to what we assume the activities of government may be in the forthcoming fiscal year. If Mr. Chief Justice Bayda comes in with a recommendation not to develop, it should not be assumed that the government necessarily will endorse that recommendation. It will be the responsibility of the government to consider it as that is the responsibility of government. I think that any commission set up to inquire in regard to development be it uranium or anything other, it may be a power plant at Coronach, it may be a hydro installation on the Saskatchewan River at Nipawin, it is the government which makes the final decision. The investigative committee will undertake to make recommendations to that government. One shouldn't conclude simply because I say that Chief Justice Bayda may make a recommendation not to proceed that the government will not listen to that recommendation and in fact, endorse that as their policy. But at this particular point in time we cannot deal with such a hypothetical situation.

MARATHON REALTY LAND PURCHASES — CPR

MR. H.W. LANE (Saskatoon-Sutherland):— A question to the hon. minister in charge of the Land Bank Commission. I have a photocopy of a press clipping from the Leader Post indicating that the Land Bank Commission has recently purchased substantial amounts of land from an arm of the CPR Railway namely, Marathon Realty. Our information is that Marathon was asking about 15 times assessment and that in fact this government, through this department, paid in excess of \$100 an acre. Is the minister aware that a citizen in Saskatoon, who purchased land from Marathon Realty, is now resisting payment in the courts of amounts in excess of \$5 an acre on the basis that the millions of acres that were originally granted free to the railway by the government of Canada could never be resold for more than \$5 an acre?

HON. E.E. KAEDING (Minister of Agriculture):— Mr. Speaker, I am not aware of the situation which the member talks about. I do know that the Land Bank Commission was successful in bidding on some of the land up in that particular area and that the prices paid by the Land Bank Commission was not an unreasonable price.

MR. LANE (Sa-Su):— Mr. Speaker, a supplementary question. This is a substantial amount of money that is involved and I am just wondering whether the matter was raised during negotiations, and if not, what concessions did the railway give to this government for the overpayment of many, many thousands of dollars and an overpayment that might be, and is probably contrary to the law, over the heads of local farmers who wished to bid on this land and would have liked to have got some of that land for themselves?

MR. KAEDING:— Mr. Speaker, all the farmers in the area had an opportunity to bid on that land, as I understand it, and the Land Bank was successful in purchasing a small percentage of the land that was available in that parcel. If, as he indicates, there is some legal problem there which we are not aware of, we will have to examine that but at this point in time we are not aware of the problem that he indicates.

MR. LANE (Sa-Su):— Mr. Speaker, surely a matter as important as this which is many thousands of dollars and, perhaps, in terms of the acquisition, literally millions of dollars and the matter comes to trial on May 23 in Saskatoon, surely your advisors

would have brought this to your attention. Now it appears that they have not. My question to you is this, you must have outbid the local farmers by a substantial amount; how much were your bids over what the local farmers were bidding? Again, I ask you, what concessions did you get the railway to give to the government to go over that \$5 an acre legal limit?

MR. KAEDING:— Mr. Speaker, I am sure that no one except the member who is discussing the matter is aware that there is any \$5 limit. If there is such a limit then, of course, we should know about it. We should know whether there is a legal obligation there. They asked for offers and the Land Bank made some offers on those particular parcels and we got less, as I recall it, somewhere in the neighborhood of 20 to 25 per cent of the land in that parcel. So the other farmers that were there had every opportunity to bid as we did.

RATE INCREASES INCURRED BY SASKATCHEWAN POWER

MR. G.H. PENNER (Saskatoon Eastview):— Mr. Speaker, I would like to direct a question to the Minister in charge of SPC.

Is it correct, Sir, that you have directed officials of SPC not to give out any information with regard to rate increases that SPC has incurred in the last four-year period?

MR. MESSER:— Mr. Speaker, I believe that such information in regard to rate increases has, in fact, been conveyed to a colleague of the member of the Liberal Party. So I would think that any allusion or any suggestion as to direction given to SPC officials in regard to such information is, perhaps, inaccurate.

MR. PENNER:— Mr. Speaker, a supplementary. The minister ought to be aware that when I attempted yesterday to get that information I was told by ministerial order the information was not to be given out. I wonder if the minister would not agree that the reason that information had been conveyed to his officials was because of the 102 per cent increase over the last four years in gas, and the 57 per cent increase in electricity, the fact that you are ashamed of those rate increases or the fact that they are directed towards the utility taxation.

MR. MESSER:— Mr. Speaker, I think the point that has to be made here is that Saskatchewan electricity and gas rate increases have been much, much more modest by comparison to other provinces. That's the point, Mr. Speaker. We don't deny that there have been electric and gas rate increases. There has been nothing secret about that, they have been announced to the public. We have in each and every instance during the increases in the last two or three years conveyed to the general public in the best ability possible the reason behind those increases and what those increases would have meant to them as consumers of electricity and gas in the province of Saskatchewan. Let me say, Mr. Speaker, that while the member says the cost of electricity in the province of Saskatchewan has increased by something in excess of 50 per cent in the last four years, the cost of producing a kilowatt hour of electricity in the province of Saskatchewan has increased by 280 per cent, and the increase to the consumer has been 50 per cent, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MARATHON REALTY — CPR

MR. COLLVER:— I would like to direct a question to the Premier. As a lawyer and a Rhodes scholar was the Premier not aware or is he not aware of the CPR Act, 1881, 44 Victoria Chapter which granting land to the Canadian Pacific Railway while since the government, Mr. Speaker — if I might digress a moment since there is so much reaction to this act — since the government has spoken at great length over the years about the CPR undoubtedly and about the tremendous concessions that have been granted to the CPR . . .

MR. SPEAKER:— Order! Order! Order! Does the member have a question?

MR. COLLVER:— My question is, is the Premier aware of an act as it relates to the Land Bank Commission buying CPR land which limited the Canadian Pacific Railway; its heirs, designates and assigns from selling any land granted to them under that particular act for an area 20 miles from the railway, \$5 an acre; for an area 30 miles from the railway, \$4 an acre; for an area 40 miles from the railway, \$3 an acre; and 50 miles from the railway, \$2 an acre and so on? Was the Premier aware of that and did he in fact, if he was aware of it, impart it to the Minister of Agriculture in an attempt to prevent the Land Bank Commission from being nailed with great claims after it had bought the land?

MR. BLAKENEY:— Mr. Speaker, I am not aware that there is any law be it the CPR Act or any other act which in any conclusive way prohibits Marathon Realty from selling land which it may have acquired from the CPR at amounts higher than \$5 per acre.

MR. COLLVER:— Supplementary, Mr. Speaker. If he is not aware of that then has he made himself aware of the action that is presently pending in the city of Saskatoon as it relates to a Saskatchewan resident who has presently claimed from Marathon Realty and from the CPR that they have no right to sell the land that they got from this grant in excess of \$5 an acre and, accordingly, if the action goes in favor of this Saskatoon resident, would prohibit the CPR through Marathon from selling the land to the government for anything more than \$5 an acre?

MR. BLAKENEY:— Mr. Speaker, I am not able to keep track of all the lawsuits in all the courts of Saskatchewan. There are many and complex and I am not able to keep up with all the details. With respect to the one dealing with Marathon, I am not personally familiar with that, but undoubtedly, if this proves to be a case where the CPR has engaged in illegal activities, if it has dealt improperly with its partners or business associates or others, then I am sure that the courts will remedy this, and on that occasion we will have a similar opportunity to enforce our rights.

SGEA CONTRACT

MR. E.F.A. MERCHANT (Regina Wascana):— A question, Mr. Speaker, to the Minister of Finance: Is it correct that in the negotiations by the government with the SGEA that the government is pressing SGEA for a two-year contract?

HON. W.E. SMISHEK (Minister of Finance):— Mr. Speaker, we have proposed to the SGEA the concept of a two-year collective bargaining agreement.

MR. MERCHANT:— I'd like to direct a supplementary to the Minister of Labour: I wonder if the Minister of Labour would not agree with me as he has indeed said in the past — that part of the problem with labour management relations in some years past

was that so many companies trapped unions into two-year contracts that it resulted in a great deal of disenchantment and displeasure in the work force because the two-year contracts proved to be unworkable and unfair, and I wonder whether the Minister of Labour would not agree with me that the reason the government, as an employer, is now trying to push SGEA into a two-year contract is that you hope to avoid the embarrassment of labour negotiations next year in an election year.

HON. G.T. SNYDER (Minister of Labour):— I expect the hon. member for Wascana can assume anything he wishes but there's nothing particularly unusual about two-year contracts. In the past a great many 24-month contracts have been the order of the day. It will be recalled that, during periods of double-digit inflation, the 24-month agreement became something of a rarity. I think at this point in time, particularly with the building in to a number of collective agreements, a COLA clause which protects employees against the ravages of inflation — probably at this point in time the 24-month agreement is an extremely appropriate device in order to allow for the following of practices that have been very much in the interests of both employers and employees in the past, giving them time to devote themselves to other matters, such as the improvement of industrial relations, not being encumbered by having to negotiate an agreement with the time of both the employees and employers taken up. With a built-in COLA clause, as has been the case, in a recent agreement between the Power Corporation and OCAW and IBEW, I think it's becoming more of a phenomenon that will be seen to occur on a regular basis in many industries, both in and outside of government.

MR. MERCHANT:— Final supplementary, Mr. Speaker: Would the Minister of Labour not agree with me that whenever one employer has different employees doing very similar tasks, but paid at different rates, that once again that causes displeasure and disharmony in the work place? Would the Minister not agree that, as a general concept, it's a good idea to pay people doing work of equal value at an equal rate, both in terms of people who are of different sexes and of the same sex? I wonder then why a minister within the Cabinet would permit different parts of the government, the Crown Corporations on the one hand and the Public Service on the other, to pay such different rates, sometimes as much as 15 and 20 per cent different, for exactly the same kind of work, depending on whether you're employed by a Crown Corporation or by the Public Service directly?

MR. SNYDER:— I don't believe that that's an appropriate question to be asking the Minister of Labour. The parties to a collective bargaining agreement make their judgments and choose their priorities. For the member to suggest, for example, that a particular category of work should be paid precisely the same. Probably there is a good sound and logical reason for that but I suggest to you that the burden rests with the parties to a collective agreement to make those things happen if they regard them as being desirable.

BREEDING COSTS IN COMMUNITY PASTURES

MR. R.H. BAILEY (Rosetown-Elrose):— Mr. Speaker, I would like to direct a question to the Minister of Agriculture. Mr. Minister, I am sure that everyone is pleased to learn that together with the federal government you have extended the travel assistance or the haul assistance for grain or feed to livestock. Mr. Minister, also I am sure that you are aware of the cattlemen's movement that farmers . . . a lot of attention has been drawn. It has been drawn to my attention too, Mr. Minister, and I would like you to answer this question: as the Minister of Agriculture for the province of Saskatchewan to a very

depressed industry at the present time, how do you, Sir, justify a 20 per cent increase that is going to be billed to the farmers who are placing cattle in the provincial pastures this spring for breeding fees? In other words, a man putting in 30 cows will now be facing a total bill of \$540 in itself just for breeding fees on 30 cows. How do you justify that 20 per cent increase?

HON. E. KAEDING (Minister of Agriculture):— Mr. Speaker, the cost of keeping bulls in a breeding pasture is substantially higher than the costs that we are charging to the customer. The cost of breeding in pastures is roughly \$25 per cow. The price we are charging is about \$18. So we are subsidizing those people who put cattle into the community pasture, into the breeding pastures by \$7 per head. The price there is still in most cases substantially lower than if they were going to buy a bull and keep him at home and breed their cattle at home. Now it seems rather unfair that we should be subsidizing people who have pasture privileges, are able to use breeding facilities in the pasture, subsidizing over and above those people who are required to keep their cattle at home and who cannot get into the pasture. We are still at this point subsidizing by about \$7 per head.

MR. BAILEY:— Supplementary question. Mr. Minister, your answer will find a great deal of argument among the people who are using those pastures to what you say. Indeed, Mr. Minister, you well know that if it were possible artificial insemination would come a lot less than what you are currently charging.

My supplementary question to you then, with this 20 per cent increase how do you justify that last year and again this year, even despite the fact that the cattle prices have increased, where you had committed yourself to this Assembly that the pasture fees would be regulated according to the market value of the cattle, that during the time when cattle were at their lowest value, you and your department had issued the highest pasture fees at the time when the cattle prices were the lowest?

MR. KAEDING:— Well, Mr. Speaker, I think that our pasture fees are very comparable with the PFRA pastures. Our rates have been very comparable and I don't know what they are charging in other provinces, but certainly the rates in community pastures are not high compared to what those same people would have to pay if they were going to put their own crop land into pasture. I know there are many people in the province who would like to get into community pastures but who are not able to be because we don't have enough capacity in community pastures. It seems to me not fair that we say to people in a community pasture, you are going to get a special break over and above the taxpayer who is helping to pay for that pasture. It just doesn't seem to make sense in my mind. I will admit that the rates have gone up a small amount. This year they have not gone up. We have maintained the rates at the same level as last year.

MR. SPEAKER:— I believe I will take a new question. The member for Wilkie.

RANCH EHRLO

MISS L. CLIFFORD (Wilkie):— Mr. Speaker, a question to the Minister of Social Services. In the Maher Report they recommended that underwriting the costs to the Ranch Ehrlo Society and I would like to know when the government is going to shoulder the responsibility for the costs that were incurred during the enquiry due to the false accusations that were made?

HON. H. ROLFES (Minister of Social Services):— Mr. Speaker, I find it rather difficult to

answer that question because it doesn't pertain to my department. It either pertains to the Department of Northern Saskatchewan or to the Attorney General's Department but I will take it under advisement and ask either the Attorney General or the Minister of Northern Saskatchewan as to what our commitments were in that regard.

MISS CLIFFORD:— A supplementary, Mr. Speaker, either to the Minister of Social Services or the Minister of the DNS. I would like to also know whether we can be assured that all of the cost due to this inquiry that were incurred by the Ranch Ehrlo Society will be covered and that you will get right to action so that these costs will be paid, so that they can get them done before their year end and can look into the budgeting for next year.

MR. ROLFES:— Mr. Speaker, again I think maybe we should also look at the possibility asking those people who made the false accusations to bear part of that cost. Maybe in the future they would back up their thoughts a little more. I will take it under advisement again and check with the Attorney General.

ADJOURNED DEBATE

BUDGET DEBATE

The Assembly resumed the adjourned debate on the proposed motion of Mr. Smishek (Minister of Finance) that this Assembly do now resolve itself into a Committee of Finance.

MR. C. THATCHER (Thunder Creek):— Mr. Speaker, it is an honor and a pleasure on behalf of the Progressive Conservative Party to respond to this Budget and present some alternatives, suggestions and criticisms that the Progressive Conservative Party will be putting forward throughout this Budget Debate.

Mr. Speaker, unlike many members in this Assembly on both sides of the House, particularly to my right, I do appreciate the problems of the Minister of Finance, any Minister of Finance, in the preparation of an annual Budget. The task of finding the correct mix and stimulation for the economy, as well as the proper procedures of preservation and consolidation resulting in the economic well-being for the people of Saskatchewan, is indeed a challenging one. Actually, Mr. Speaker, in the presentation of a Budget, the government of the day must have a clear-cut philosophy and a definitive objective in mind. In other words, it must have a sincere philosophy of what it is attempting to accomplish through budgetary expenditures.

The Progressive Conservative Party believes that one of the very stark realities facing Saskatchewan today is a realization that most provinces, particularly Saskatchewan, are reaching or have reached their revenue limits. Mr. Speaker, the Progressive Conservative Party is very concerned that the past ten years have seen a tremendous growth in the size of government at all levels. Much of the growth can be attributed to such national factors as the excessive growth of the money supply, with the resulting inflationary pressures and the accepted concept that the great benefactors of inflation are indeed governments themselves. The Progressive Conservative Party believes that these factors are true in Saskatchewan.

However, Saskatchewan differs from many provinces in that we have enjoyed record buoyancy in the agricultural sector since 1971, couple, of course, with the dramatic increase in the value of our natural resources. At that time it was an easy course to

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increase government expenditures with the resulting increase in government size because of an ever expanding revenue base. However, Mr. Speaker, about one year ago this situation came to a very dramatic end.

About one year ago the Minister of Finance delivered one of the most savage indictments the NDP government could ever receive. Coming on the heels of the most buoyant economic times Saskatchewan had ever known, the minister was forced to admit in black and white, in the most important annual document that his government presents in the course of a year, that they could not manage the financial affairs of this province. The Minister of Finance presented a deficit budget.

Mr. Speaker, in the state of Texas the presentation of a deficit budget is against the law. In other words, Mr. Speaker, if that minister had presented Tuesday's document in the Texas Legislature he would now be a fugitive and with his record I rather doubt the Texas rangers would even bother bringing him in for trial.

Even more shocking of course was the revelation. The previous year, 1976, which had been a record breaking year in Saskatchewan by an economic yardstick, had resulted in an actual deficit when the final accounting returns were in. It had been many years since the people of Saskatchewan had ever seen a deficit budget. I believe they were stunned, Mr. Speaker.

In planning the 1978 Budget the Progressive Conservative Party believes that the government's options were highly restricted. Unemployment which is usually minimal in Saskatchewan was steadily mounting. The economy was lagging and definitely in need of some form of stimulation.

The Progressive Conservative Party has always been concerned and has always espoused the need for restricting government expenditures. For the first time prior to the presentation of the Budget even the NDP government were admitting the need for such restrictions. Confirming such a need were comments from such prestigious people as the Deputy Minister of Finance that over 80 per cent of government expenditures had reached the uncontrollable stage.

Prior to the presentation of the Budget the minister was making public statements that expenditures would be controlled. Mr. Speaker, we can now judge the credibility of the government in this area. Government expenditures were up the disgraceful total of 12 per cent. For two years this government has told everyone else in this province to restrain themselves to 5, 6 or 7 per cent. You can now have a very clear decisive look at this government's credibility. Their philosophy is very simple, "Do what I say, not what I do".

Mr. Speaker, when referring to deficit budgeting the Progressive Conservative Party does find it difficult to conceal its amusement at the government's terminology for expenditures being greater than revenues. It is now known as the process of "drawing down". Now with any private individual, company or corporation that procedure is known as spending money you don't have, going in the red, or a variety of other terms. But in Saskatchewan in the Department of Finance it is "drawing down".

In Saskatchewan our Department of Finance subscribes to the philosophy of cyclical financing. In other words they claim they will balance the budget over a specified period of years, but in the intervening years, it may well be not uncommon to have substantial deficits, or in their terminology, substantial "drawing down". That

philosophy is really not very complex. Very simply it means in the good years you put the money away and in the poorer years you have the "draw downs". Regrettably, Mr. Speaker, this is the third year in a row that this province will have a "draw down". They may put whatever terminology they wish but it is a dangerous principle to become accustomed to. Mr. Speaker, by all economic yardsticks 1976 was a record year, but even in that record year when everything was going for this government, they couldn't balance the books. And they now expect the people of Saskatchewan to accept the economic theories of cyclical financing. Mr. Speaker, the Progressive Conservative Party finds this kind of talk and terminology particularly alarming since we recall a very similar logic being used rather frequently in Ottawa some 20 years ago when they began the process of constant deficit budgeting. The Progressive Conservative Party believes that most Canadians remember what has happened there — year after year after year of deficit budgeting with virtually no hope that we are going to see a balanced budget in Canada for quite some time. That was 20 years ago.

The "draw downs" in this province in 1978 will more than eliminate any surplus built up in preceding years. I note that neither the minister nor the government has made any mention of when Saskatchewan can expect to return to the days of balanced budgets and surpluses — certainly not in 1978. However, I believe the Progressive Conservative Party can answer that question. We will return to balanced budgets and surpluses right after the next provincial election when a Progressive Conservative government will present its budget.

The Progressive Conservative Party believes that it is a fair assessment of the overall economic picture in Saskatchewan to suggest the normal economic indicators do not really indicate one of the banner years for Saskatchewan. Retail trade in 1977 is estimated at \$2.63 billion — up only 4.5 per cent from 1976. Adjust this increase for inflationary advances and it is apparent that the retail trade last year in terms of 1976 dollars was down sharply. A discouraging note was recently expressed by the Conference Board of Canada. The board, a non-profit, economic, research and advisory organization said in its latest quarterly forecast that it expects Saskatchewan will turn in the weakest performance of any province this year. Such a statement from such a prestigious board is an astonishing revelation to anyone. According to the board, Saskatchewan will register Canada's slowest rate of economic growth this year, rising less than 1 per cent or to be more precise, .9 per cent.

In order to fully appreciate the numbers and assertions the Conference Board of Canada is putting forward, I believe it is necessary to look at Canada as a whole. The estimated growth rates for other provinces are as follows: Prince Edward Island, 5.2 per cent; Nova Scotia, 4.2 per cent; New Brunswick, 4.5 per cent; even Quebec, 4.5 per cent; Ontario, 5.1 per cent; Manitoba, 3.1; British Columbia, 4.8; Alberta, 5.4; Saskatchewan, less than 1 per cent. Obviously the Minister of Finance and the people associated with the preparation of this 1978 Budget have been looking at a vastly different set of economic indicators than has the Conference Board of Canada.

Perhaps the most basic fact in comparing these figures of Saskatchewan with those of our sister provinces is that Saskatchewan is the sole province with a socialist government. It is interesting to note that Manitoba which recently purged itself of an NDP government to a Conservative government is predicted to grow at the rate of 3.1 per cent — up from a 1977 figure of .5 per cent, half of 1 per cent under a Conservative administration.

The Minister of Finance has termed his Budget as the "action budget". Let's very quickly

take a look at some of the action that is being generated. The minister in his address did not appear to be overly optimistic in the expected performance of the Saskatchewan economy. He went to some length to explain that net farm income will be down, something highly significant in Saskatchewan's economy because of its spiralling effect that farming has in the entire economy. In 1977 the government anticipated individual income tax to yield \$3.10 million. This was on the basis of a 58.5 per cent provincial tax rate. On Tuesday the minister announced a 9 per cent reduction in the government tax rate from 58.5 per cent to 53 per cent. The minister told us that this action would remove 22,000 taxpayers from the tax rolls. He was emphatic that Saskatchewan taxpayers would pay \$52 million less than in 1977. Obviously, then, he was telling us that anticipated revenues from this source will be \$310 million less \$52 million which is \$258 million. Welcome news, indeed, for Saskatchewan taxpayers. However, when examining the budgetary inflow projections for 1978, the minister is projecting not for \$258 million, but rather \$324 million. In other words, Mr. Speaker, the minister is saying, 22,000 fewer taxpayers paying 9 per cent, less a tax rate, are going to yield an additional \$14 million, \$310 million in 1977 to \$324 million in 1978. Mr. Speaker, may I respectfully suggest that the minister is defying all logic and even basic mathematics. Either he has a \$52 million tax reduction reducing revenues in this area to some \$258 million or if he has not then he has padded anticipated revenues to disguise the size of this budget, or his deficit. In other words, in this action budget, somewhere we have \$64 million missing in action — 324 versus 258. Mr. Speaker, the budgetary deficit is not \$44 million as the minister would indicate, but rather \$108 million. Commonsense says it has to be.

In the corporate area the logic is equally strange. Last year on a 12 per cent tax rate the government assumed revenues of some \$82 million. By reducing the tax rate to 11 per cent, again welcome news, the minister told us the treasury would lose \$3 million on 1977 base totals. This has to mean \$79 million in anticipated revenues. However, the minister is budgeting for revenues of \$95 million from the corporate sector again on a 9 per cent less tax rate. Where does this \$16 million, \$95 million versus \$79 million come from? Certainly not from an expanding economy nor higher profits with the skyrocketing costs of a business operation. Mr. Speaker, it is another \$16 million missing in action in this action budget. Mr. Speaker, we now have a possible deficit of \$124 million not \$44 million.

Mr. Speaker, the problems being faced by Saskatchewan's economy are not unique. They are very similar to problems being faced by other provinces and the country as a whole. Problem number one is a federal problem related directly to the Liberal Government in Ottawa, that being the control of the money supply.

Since 1970 the money supply has expanded at an average rate of 16.6 per cent. Yet since 1970 our economy has grown at a rate of less than 5 per cent. Mr. Speaker, the Progressive Conservative Party suggests that one really did not require a Ph.D. in economics to appreciate that a money supply growing at a rate triple for that of its economy is in a highly inflationary position. Mr. Speaker, granted that this is a federal action beyond the control of the provincial treasury.

At this point, Mr. Speaker, it would seem appropriate that any planning body must theorize exactly how much growth it wishes to see in the economy, whether it be

We noted the First Ministers Conference last month in which the Premier for whatever reasons appeared to be attempting to take a very high profile, perhaps in anticipation of

his expected departure to federal politics. Anyway, it was presented with a federal Department of Finance background paper which suggested that Canada could and should operate at a 5 per cent annual growth rate from now until 1981. The hangup, obviously, is how to get there from where we are at this point in time, which is about 2.5, and how to get to 5.5. right away.

Towards the close of 1977, in the early weeks of 1978, the Prime Minister of Canada, Mr. Trudeau, was actively tongue-lashing Canadians as to their lack of productivity and their over expectations of what the Canadian economy should do for them.

The Prime Minister was suggesting that Canadians do not work hard enough and that they are overpaid, with productivity at a highly unsatisfactory level. He was putting forward the hypothesis that Canadians had to work harder, get lower production costs, become competitive with the rest of the world.

Mr. Speaker, we in the Progressive Conservative Party know very well, as do most western Canadians, that Mr. Trudeau has never had a great deal of understanding for western Canada. Because if he did he would know the most efficient group in Canada, today, is western Canadian agriculture. He would be aware that if the rest of society had kept pace with the productivity and the efficiency of Saskatchewan agriculture, there would be no such thing as inflation in this country. The Prime Minister has never known, appreciated nor cared about western Canada, so why should we be surprised? However, we would have to concede that he was making one valid point. It is certainly nothing new to Saskatchewan residents to find out the heavy industries of central Canada, which are so highly tariff protected, whose manufactured goods must be shipped to western Canadians at very high freight rates, are not as efficient as they would lead us to believe. I believe western Canadians know all about these things. The PC Party believes western Canadians are fully aware of when a problem faces either western Canada or the Maritimes, it is termed by the federal government and the Prime Minister as regional disparity. However, when there is a problem of an economic nature that faces central Canada, it becomes known as a national crisis.

Mr. Speaker, it is difficult to deny the accuracy of some of the Prime Minister's comments. Yet this same individual, head of a government that actively promoted the ridicule of the work ethic, helped to make it socially acceptable not to work, turned our federal government into a prime example for the world to view — inefficiency at work and allowed our public service to balloon to an uncontrollable giant. It is ironic that this same individual now decries the results of the programs he and his government not only actively participated in but actually initiated.

Mr. Speaker, the PC Party believes that many of the identical conditions that I referred to in the federal scene are equally true here in Saskatchewan. The figure of 5.5 per cent growth as suggested by the federal Department of Finance is to be acceptable, obviously some very strong stimulation must be introduced. Mr. Speaker, the PC Party feels strongly restraints on government spending must become a reality. The PCs believe the 12 per cent increase in Tuesday's Budget is a highly unsatisfactory effort to control expenditures. The PCs believe that all governments, particularly the provincial governments, should limit their spending to the growth rate of the economy, less 1 per cent. The 1978 Budget far exceeds such a guideline and is a prime example why inflation is not effectively being brought under control. Obviously this is something which the present government has failed to do for about five years running. The PCs believe that it is imperative before we have any hope of returning not only our provincial economy but our national economy to a competitive position. The PCs believe in the

area of restraint that governments must lead. They must not say, do what I say but rather, do what I do. The PCs believe it is essential we get away from the something for nothing philosophy actively promoted by this government. We believe the people of Japan and Germany have effectively demonstrated the long term approach of such a benefit.

The PCs believe that governments should balance their budget at the very minimum every five years. Mr. Speaker, the PCs believe that balanced annual budgets are in the best overall interests of the people of Saskatchewan. At the same time the PCs believe that deficit budgets in the hands of astute capable governments — and I emphasize those last few words — are not all bad. In certain circumstances the PCs can accept the concept of deficit budgets over a very minimal number of years. However, the PCs wish to emphasize that we do not consider the last three years to be the sort of economic circumstances to which I refer. The last three years have been the sort of years that deficit budgetings should not have been necessary. Basically the economy has performed sufficiently well, the Budget could and should have been balanced. We do not believe that a deficit budget was necessary for the year 1978.

The PCs believe that public service salaries should follow, not lead those in the private sector. We went through a period in the mid-1970s when settlements in the public sector in this country were averaging 22 per cent versus 14 per cent in the private sector. I wish to emphasize that the Progressive Conservative Party believes that the people of Saskatchewan need and require a top quality public service, the very best available within the means of the taxpayer. In order to accomplish this the salary scale must be competitive with those paid in other provinces and with the federal government. At the same time we believe that we do not require an excessive number of public servants than what is required to get the job done in the most expeditious manner. Obviously public servants, salaries must be competitive with the private sector in order to attract the kind of people I make reference to. However, Mr. Speaker, the Progressive Conservative Party emphasizes we feel the market place should set the pattern.

Mr. Speaker, there is nothing new or original in the last few moments of the points that I have put forward. They have been termed by some as economic Calvinism and not in touch with 1978. We don't believe in the validity of such arguments. In fact, the Progressive Conservative Party believes that it was a departure from these principles that has led us to the precarious economic circumstances which both this province and this country now find themselves. We believe in the careful management of the economy by governments by the process of selective stimulation by both public works and tax increases or decreases to be both logical and necessary but the Progressive Conservative Party does scorn the tendency among political parties in this country, typified by the New Democratic Party to bribe taxpayers with their own money and create the false illusion they are going to get something for nothing.

Mr. Speaker, the Progressive Conservative Party recognizes that it is impossible to pick up a magic wand and wave it and clear all of our country's economic ills. We are emphatic however that much more can be done to stimulate our economy than what is currently being proposed by the Minister of Finance.

Some months ago the PCs called for cuts in personal income tax in order to leave more disposable income in consumers' hands and, of course, making it available for spurring retail sales. Such a suggestion was scorned by the Minister of Finance saying that it would increase the deficit and would not stimulate anything. In fact the Minister of

Finance spent the greater portion of a press release ridiculing such a suggestion. Well, Mr. Speaker, better late than never and the PCs applaud the minister's decision to make some effort to reducing some income taxes in this province. We have always been embarrassed for the government to have had to host the highest income tax rate in Canada, 58.5, and we applaud the reduction in provincial tax down to 53 per cent.

However, Mr. Speaker, we believe that it does not go far enough and when one takes note of the tax rate in Alberta, which is only 36.7 per cent, the PCs believe in order to be in a competitive position with Alberta, we must reduce our provincial income tax rate more than what the Minister of Finance has proposed in this Budget. We had hoped the income tax rate would have been dropped closer to 50 per cent.

The PCs believe very firmly that lagging retail sales are one of the real problems faced by the Saskatchewan economy. As I indicated earlier, adjusted for retail sales were off sharply last year in terms of 1976 dollars. The PCs believe retail sales can best be stimulated by allowing our consumers, our working people, to keep more of what they earn. The cheapest and the most efficient way of accomplishing this end is simply to increase their take-home pay. Not taking it around in circles by sending it to the government and being redistributed.

The Progressive Conservative Party remains committed towards very substantial reductions in the provincial sales tax and believe that this tax must eventually be eliminated. We believe this is particularly important to Saskatchewan since more and more of the financial action in this country is slowly but surely shifting towards western Canada. It would appear that somewhere in the next decade the real action in financial circles is going to be based out of Calgary. While there are various economic reasons as to why this centre cannot be in Saskatchewan, the PCs believe we should accept it as such and prepare to capture whatever spin-off effects may become available to this province.

We do not believe there should be a sales tax in Saskatchewan. When we are in government we will remove this regressive tax. Even though this will cost the Treasury some \$200 million in lost revenue, we believe the economic spin-off effects will offset this. We consider a sales tax to be unfair to our lower income working people. The PCs believe that by adding 5 per cent to the value of most commodities, lower income people must think twice about whether they are going to make the purchase they are considering. To those with higher incomes such considerations are for the most part infrequent. The PCs believe it is economic sense that our tax structure be somewhat in line with that of our sister province of Alberta. As we are all aware there is no sales tax in Conservative Alberta.

The PCs believe the Minister of Finance reacted very unwisely when he spurned an offer from the Federal Minister of Finance, Mr. Chretien, to reimburse provinces for half of their lost revenue for any reductions in present sales tax last fall. The PCs believe the minister was not acting in the best interest of the people of Saskatchewan when he failed to respond to what appeared to be a very generous offer from the federal government.

Mr. Speaker, the PCs also believe the federal government could do considerably more to stimulate the economy than what it has been doing. The PCs believe the federal government should drop its manufacturing sales tax by one percentage point in the first step of a long term policy to eventually remove such a tax.

According to the C.D. Howe Research Institute, a highly prestigious and respected body, if a percentage point cut in the federal sales tax were matched in the retail sales front it would put more than \$1 billion into consumer hands. Mr. Speaker, I repeat that number — \$1 billion.

Allow me to break that figure just a little bit further. For every man, woman and child in this country, that is about \$45.50 in their hands. Let's break it even further into a family of four. That's \$182.00 of disposable income to that family. Most important, these are after tax dollars, which are even more important. We in the Progressive Conservative Party strongly believe that \$1 billion dollars in the hands of consumers could effectively be used to virtually eliminate unemployment and light the badly needed fire, not only under the Canadian economy, but the Western Canadian and the Saskatchewan economy.

Like many other Canadians, the Progressive Conservative Party is concerned about the ever growing public debt, both on the federal and the provincial scene. Canada, as a whole, is far and away the largest external borrower of any nation in the industrialized west. In Saskatchewan we have seen the total debt of this province come very close to quadrupling. In 1972 the total debt was \$695 million dollars. The 1978 borrowings announced on Tuesday will bring the debt to \$2.2 billion dollars. Mr. Speaker, that is a per capita debt of in excess of \$2,200 for every man, woman and child. Somewhere this debt must be serviced — whether it be by taxes, power or telephone rates — to the tune of some \$2,200 per capita every year. The PCs believe that this is a staggering debt to leave for our children.

The bulk of the borrowings have been for two public utilities, Sask Power Corporation and Sask Tel. Both of these utilities, I need not point out, are in a monopolistic position within this province. No one in this Assembly will dispute the last two to three years have caused sharp rises in energy-related projects. Obviously, Sask Power has not been alone in experiencing very high escalating capital costs in such energy-related projects as Boundary Dam, Coronach, etc.

Sask Tel has also been borrowing very heavily on the various money markets. Their use of the fund is considerably less clear than that of Sask Power, even though their needs have been considerably less.

Mr. Speaker, we like to think of these two utilities as owned by the people of Saskatchewan. I think that is a very misconceived notion. It may come as a shock to some residents of Saskatchewan to find that, in reality, they really only own less than 14 per cent of Sask Tel. The balance is debt in a variety of forms. As a matter of fact, Mr. Speaker, the remaining 86 per cent of Sask Tel which is owned elsewhere, 37.4 per cent of that is in the United States. With Sask Power, the people of Saskatchewan own considerably less than that of Sask Tel.

It is also interesting to note that the huge capital debt that Sask Power has of about \$800 million dollars at the end of 1977, 40 per cent of that is owed to the United States. 1978 borrowings will increase this total to \$950 million.

Mr. Speaker, the PCs pose the question — have these two utilities proceeded wisely in their financial dealings by turning exclusively to the money markets when it is time for capital expansion programs? There are those who would argue and I believe would argue effectively, these corporations should have been expanding more on the basis of retained earnings. In 1976 Sask Power earned a net income of \$20.4 million dollars

and Sask Tel has \$19.1. In order to achieve these profit margins both Crown corporations were forced to make huge increases in their rates for their services. Sask Tel boosted their telephone rates by 55 per cent. Sask Power raised their power rates by 47 per cent.

Obviously, Mr. Speaker, the capital expansions of these two Crown corporations have not proven to be of a savings to the people of Saskatchewan. In fact, it appears to be quite the reverse because the people of Saskatchewan are paying very dearly through rates charged both by Sask Tel and SPC in their debt servicing. If I may, I would like to examine that one a little further. At the end of 1977, Sask Tel had a total debt of about \$347 million. Of that figure, \$115 million was payable in United States funds. That is, if they came to you today they would have to be paid back in American dollars which would be on about an 88 cent dollar. Regardless, the interest on these funds must be paid out in American dollars. The argument for borrowing in the United States, in United States dollars, is, of course, very familiar to the members of this Assembly.

We have all heard the Minister say many times, that historically over a 25 year period, Canada versus US funds always works out in Canada's favor. This may very well have been true in the past but it may well be that we are now playing with a different set of rules.

The Progressive Conservative Party believes that it has considerable justification to be concerned when we find 35 per cent of Sask Tel's borrowing in US funds. Every year Sask Tel must pay very close to \$10 million in interest to American bondholders, when one is now paying on an 88 cent dollar as is the case now. That means that over \$1 million of Saskatchewan taxpayers' telephone money is going strictly on a currency conversion, \$1 million strictly for currency. This is quite a figure to be made up by billing the telephones of this province.

Let's take a very quick look at the Sask Power Corporation. At the end of 1977, Sask Power had a total capital debt of about \$800 million. Of this \$800 million very close to \$320 million is in United States funds. Again the PC Party believes it has ample justification to be concerned when 40 per cent of Sask Power's debt is in United States funds. Again the people of Saskatchewan really don't own that much of Sask Power, contrary to what the NDP will lead you to believe.

Coupled with the fact that such a large amount of these massive borrowings are in US funds, the PCs believe the financial competency of the government opposite must be called to question, because every year payments to US bondholders from Sask Power Corporation total \$25 million. Undoubtedly that figure will increase if projected 1978 borrowings are in the United States. Dealing on an 89 cent dollar this means that well over \$2.5 million are being lost in currency conversion alone. In other words that \$2.5 million must be picked up from Saskatchewan residents — hidden well away in their power bills of course which each and every resident knows have been escalating sharply in the past two years.

So between our two major Crown corporations that is \$3.5 million being lost in currency conversion in strictly the interest payments. Were we to have to redeem these bonds today the cost to the provincial economy would be staggering; fortunately we do not have to do so.

Mr. Speaker, the PCs feel strongly that before the massive borrowings of these two principal Crown corporations be allowed to continue unchecked, they have some

pretty strong accounting to do — not only to the members of this Assembly, but to the people of Saskatchewan. Of the \$438 million to be borrowed for capital expenditures, \$246 million is for these two corporations in '78. This is simply too much year after year with far too little accountability.

At present we have virtually no effective financial check on our Crown corporations outside of the ineffective Crown Corporations Committee.

The Progressive Conservatives believe it would be appropriate to greatly strengthen the office of the provincial auditor in order to increase financial accountability not only in Crown corporations, but in government as a whole.

With the huge numbers that we now talk in government, it is essential the provincial auditor's office be strengthened for a much more aggressive watchdog role. Whatever the cost may be, it will pay dividends in internal savings many times over. The Progressive Conservatives have great respect for the present provincial auditor. However, the Progressive Conservatives deplore the manner in which his office is hamstrung for funds and staff.

Mr. Speaker, I wish to contrast the financial picture of our two largest public utilities with that of the most recent highly publicized Crown corporation, that is, of course, the Potash Corporation of Saskatchewan. This Crown corporation was born amid some of the most bitter debate and controversy this province has known. It was born with some fairly extravagant points being made on its behalf by the Premier, the Attorney General and the minister in charge.

But the argument coming from government and specifically from the Premier, over and over again, was that government entry into this highly competitive business would be to set up a self-liquidating debt and it would not cost the people of Saskatchewan one cent in tax dollars. We have heard this argument countless times both during the debate on the expropriation legislation and since. Counter charges were made that the entrance into this business would not mean one new job, nor additional investment and was, in fact, a very expensive duplication of an already existing structure.

Mr. Speaker, if we are to assess the first two years of PCS, I think it is fair to say the validity of the opposition charges have been upheld. The PCs believe it is interesting to note how government planners proceeded to enter the potash business. It is a very interesting contrast with the philosophy of Sask Power and Sask Tel, which of course are monopolies.

Unlike the two utilities, the Potash Corporation of Saskatchewan is not nearly so heavily in debt. In fact, at this point in time the debt of the Potash Corporation would appear to be \$100 million. To say the least, that is quite a contrast with Sask Tel's \$357 million and SPC's \$800 million.

The initial purchase of the Potash Corporation was the Duval Mine. The price paid was \$128 million consisting of \$118 million US funds and an additional 10 million in US dollars.

The second mine, known as the Sylvite mine, was purchased for \$144 million in cash which consisted of \$108 million from existing sources and \$36 million from the proceeds of the \$75 million private placement borrowing on behalf of the Potash

Corporation by the province.

The Alwinsal mine was purchased for \$85.5 million consisting of \$76.5 million with the province assuming an additional \$9 million in back taxes.

Mr. Speaker, AMAX was purchased by the Potash Corporation for the reported sum of \$85 million. Of this \$85 million, \$50 million was put up in cash and the other \$35 million, at this point in time, is unclear.

When you total these figures it would appear that the Potash Corporation of Saskatchewan has \$338 million in equity and \$102.4 million in debt. I remind this Assembly and the people of Saskatchewan of the so often repeated assertions of the Premier, that the potash acquisition would not cost the people of Saskatchewan one red cent. I ask him to recall his remarks. The entire takeover would be in the form of a self-liquidating debt, and I ask him to remember the benefits he claimed would accrue to the taxpayers of Saskatchewan. At this point in time the PCs believe it is a valid question to ask, why was PCS structured on such a vastly different financial basis from SPC or Sask Tel? I think the answer is glaringly obvious. It's because this is a showpiece corporation, the one that under no circumstances can be allowed to fail or to give even the remotest sign that it could fail because this is the Crown corporation that stands as a cornerstone for the re-election or defeat of the Blakeney government. The equity money was placed into the Potash Corporation of Saskatchewan in order to save the tremendous interest costs which would have had to be reflected in their operating costs and had to be passed along to the eventual buyers of the product, a cost that could well have priced our potash out of the world market.

Of course this government had no compunction about placing SPC or Sask Tel in a terribly high debt position where the huge interest costs per year are picked up by the subscribers and users of telephones, natural gas and power in this province, but not for the Potash Corporation of Saskatchewan.

Let's examine this self-liquidating assertion of the Premier. To examine this question we must look at the source of the \$338 million the province has invested as equity into the Potash Corporation of Saskatchewan. The source of this \$338 million is solely and completely money from the provincial Energy Fund. Now, for one reason or another, the government has always chosen to keep the Energy Fund as mysterious as possible. It is a highly debatable point whether they have used this fund in a manner prescribed in the legislation which set it up.

During the life of the Potash Corporation, \$300 million has been taken by PCS. Taken from the Energy Fund on what basis? Government members in the past have led us to believe the money was being borrowed from the Energy Fund and the Potash Corporation was, in fact, paying interest to the Energy Fund for the use of this money. Mr. Speaker, this is simply not true. This money is advanced from the Energy Fund to the Potash Corporation as an interest-free loan. There is only the assurance that some day the Potash Corporation should, or may have to pay this money back.

Mr. Speaker, can you believe the absurdity of interest-free loans from the Energy Fund to PCS with the resulting suggestion it is not costing taxpayers of Saskatchewan millions and millions of dollars to be in the potash business? Mr. Speaker, I say to this Assembly today, the people of Saskatchewan are being cheated, robbed and exploited every year of \$34 million by the Potash Corporation of Saskatchewan. I make this

statement because the \$338 million which PCS has had advanced from the Energy Fund could be placed into any financial institution and with virtually no financial expertise received close to a yearly income of \$34 million interest alone and with any degree of financial expertise a financial return of 15 per cent would be easy — an easy \$15 million dividend. May I mention their \$890 thousand profit last year? The fact that this money is being used by PCS on an interest-free basis is a direct cost to the taxpayers of this province and perhaps, even more important, is one of the reasons that we have now evolved into substantial budgetary deficits. Think about it. \$34 million every year. I believe, Mr. Minister, that it would come pretty close to covering the deficit of 1978.

Mr. Speaker, the PCs believe the year 1977 has been one in which the merits of the Potash Corporation and the wisdom of the resulting investment have truly been called to question. I have no intention of repeating the well worn cliches of the arguments of both sides. But some pertinent observations on the year 1977 of operation are appropriate. There is a bitterness in the atmosphere of the potash industry in Saskatchewan today. There is not a single private company given the opportunity to exit with a fair value for its plant would not welcome the opportunity. There is no mistaking the attitude of the Blakeney government towards not only the remaining potash companies and private investment generally that they are simply not welcome here, or if they are, it is a very short term welcome. Because of this poisoned atmosphere exploratory operations have been set up in other parts of the world and in Canada by the potash companies. In fact as a result of the Saskatchewan government's actions it's a fair statement to say they have intensified such activities. I believe this has been a tragedy for the people of Saskatchewan. Here in Saskatchewan they had reserves of an excellent quality that probably could have supplied much of the world's needs for many, many years, yet they found it necessary to look elsewhere. The results of their intensive exploration has been highly interesting. As it turned out they really did not have to go all that far to find additional deposits. I am sure we are all aware that in New Brunswick they found a very rich grade of potash, a grade and a quality certainly comparable to that in Saskatchewan. Mr. Speaker, the PCs cannot help but wonder whether or not this vein in New Brunswick would ever have been discovered, whether anyone would have even looked for it if this government had not been so harsh with our provincial potash companies. In New Brunswick, however, they are elated. I quote one Paul W. Kingston, the industrial mineral geologist with the Mineral Resources branch who states, it is unquestionably the biggest thing to happen in New Brunswick since the lead zinc deposits of 1953. It is interesting to note how the government of New Brunswick is dealing with the companies which at this point in time are Potash Corporation of America and IMC. Both have been assured by the government they will not be taken over as has happened in Saskatchewan. But the agreement will permit the government to take up to 25 per cent equity position after five years of operation. However, the PCs believe the real concern to Saskatchewan residents who have been forced to commit \$338 million of their tax money is, what is the competitive position of Saskatchewan versus New Brunswick potash? Now potash from both Saskatchewan and New Mexico must be transported by rail a distance of about 1,000 miles. In New Brunswick, potash located at Sussex is only 40 miles from the all weather year round ports in St. John and Lorneville. Converting that into dollars it costs about \$15.50 a ton to ship potash from Saskatchewan to Vancouver compared with an estimated \$3.50 a ton to ship the same quantity from Sussex to St. John. I am sure defenders from PCS will be quick to state certainly Saskatchewan will always maintain its competitive advance with the US midwest. That's the market we want. That's the one we can protect. Mr. Speaker, I suggest that such logic is smug and ill conceived. It would appear to be very obvious that from St. John, New Brunswick potash can very easily be

carried by ship to Chicago and simply taken to market areas along the midwestern United States via the Mississippi River by using barges. It is no small wonder Dr. Kingston is jubilant when he states New Brunswick can put it on the boat for \$10 less than anyone else. It's giving us a tremendous advantage he stated. Again, Mr. Speaker, it makes interesting speculation whether these deposits in New Brunswick would ever have been discovered if it had not been for the attitude of the Blakeney government.

Mr. Speaker, the PCs submit that the investment of \$338 million of our taxpayers' money, the loss of \$34 million in interest revenue and the emergence of what will apparently be extremely stiff competition from the province of New Brunswick for the rich American market all have placed the entire potash acquisition arrangements in Saskatchewan in very shaky financial peril.

Mr. Speaker, because of the manner in which the Energy Fund has been administered we have serious reservations concerning the proposed Heritage Fund. The PCs do not believe interest free loans to Crown corporations are astute financial management but rather the opposite. The government has already indicated it will advance \$40 million to the Saskatchewan Mining and Development Corporation and PCS will undoubtedly continue its unlimited access. We believe that advances from the fund to Crown corporations should only be on the basis of shareholders loans for initial equity. The PCs believe such advances must be repaid in prescribed manners with a reasonable rate of interest charged as a legitimate expense to the company. We believe that doing otherwise is closing our eyes to financial reality. The PCs will have a great deal to add in this area when the legislation for the introduction of the Heritage Fund is introduced.

Moving to a different area, Mr. Speaker, the PC Party welcomes the government's intention to bring some form of aid to small businessmen in rural Saskatchewan. We believe that small business, as a whole, has been ravaged in Canada by the three giants, big government, the unions and big business. Certainly, our businessmen in our small rural communities have been hit even harder than their urban counterparts. Over the years in Saskatchewan it has become increasingly obvious that as a business community declines or disappears the town in which they had operated follows that course shortly afterwards. PCs feel very strongly that as much aid as is realistically possible should be made available to small businessmen in rural Saskatchewan. It is our belief that a thriving business community in rural Saskatchewan can be a cornerstone in maintaining quality of rural life.

The main reason why the country's half million small businesses are in trouble is, of course, the sluggish economy and annual inflation rate of more than 9 per cent, unemployment at 8.5 nationally. The pinch is particularly evident in the small business sector. As the market tightens, fierce competition forces most small enterprises to cut prices, shaving profit margins to the bone. In the meantime, costs continue to rise with major increases in the cost of labor, energy and taxes. Operating expenses for small business this year will probably equal the inflation rate. PCs believe government should be very concerned with the few new enterprises being formed and the less than robust prospects of those already in existence.

We base much of our concern on the indication of the very sharp increase in firms going out of business. In Saskatchewan, the number of bankruptcies among the small business community is up 25 per cent for 1977 over 1976. The PC Party applauds the government's move to at least recognize this situation in the small business community. However, PCs do question the mode of procedure being used. PCs believe that rather than outright grants to small business in rural Saskatchewan, it would be

much more efficient and economical to institute a system of provincial tax credits for small businessmen wishing to upgrade or make significant capital improvements to premises. The PCs believe that an appropriate series of tax credits to allow small businessmen to quickly write off such capital expenditures could be a valuable incentive in spurring some capital development in rural Saskatchewan.

Granted, such manoeuvres have traditionally been on the federal field but this is primarily a provincial problem unique to Saskatchewan. We feel the government would be closing a blind eye were it not to react to the situation. PCs feel strongly that provincial tax credits would be the most effective form to use and avoid the use of excessive bureaucracy and red tape evident in the government's proposals on Tuesday.

Mr. Speaker, during the last three years, residents of Saskatchewan have seen tremendous increases in their power and natural gas bills; in their telephone and communication bills and in the price of gasoline for the automobile which has become so essential in today's society. The increases in these fields have been astronomical. There is one additional huge cost that I did not mention. It is also a government related cost and that is taxes. Taxes, whether you are talking municipally, provincially, or federally have all risen very sharply in the past three years. Isn't it interesting to note the major causes of Saskatchewan and Regina, having the distinction of being the city with the highest rate of inflation due primarily to government related activities. Mr. Speaker, today the price of a gallon of gas at a self-serve in Regina is about 92 cents. Out of that amount of money is a 4.9 federal sales tax plus a 10 cent excise tax. Of course we also have what is known as a provincial motor fuel tax which is 19 cents.

Mr. Speaker, during a recent drive down through the United States, one of my sons noted the price of gasoline in the United States immediately after we had crossed the border. We had filled up at Moose Jaw at 88.9 and again at Medicine Hat at 83.9. He of course asked the question why it should be 5 cents cheaper in Medicine Hat than it was in Regina, particularly since Medicine Hat has no refineries close at hand. That was only the first of many questions to come. Upon immediately crossing the line, we stopped at Shelby, Montana and filled up at an Exxon station. We filled up for 59.9 cents per gallon. Now granted, the American gallon is 20 per cent smaller than ours. But take the Canadian price and take 20 per cent off them for size and compare them to some of the American prices I am about to give you. Now, removing 20 per cent from 92.9 cents in Regina, correlates to an American rate of 74.3 cents per gallon. At Salt Lake City I was astonished to be able to fill up at a Husky Station for the price of 53.9 cents a gallon. In Las Vegas, supposedly the city of sky high everything, the price of gasoline in an Exxon Station was 56.9 cents. Mr. Speaker, Palm Springs, California, the going price in a self-serve was 57.9 cents, it was also true at Shell and Texaco and as one worked his way over to the coast, 55.9 cents was not uncommon. Mr. Speaker, all the way down I had to answer my children's questions from the back seat, "Why is gasoline so much cheaper in the United States than it is in Canada?" Even they were aware that Americans have had to import vast volumes of oil in order to meet their energy needs on a daily basis. Supposedly Americans are short of the commodity while we in Canada have an abundance, particularly those of us in western Canada.

The chorus in the backseat kept chiming, "Rip-off, rip-off, who's ripping us off?" Mr. Speaker, how do you tell children in that age category to whom you are trying to teach respect for their governments and their institutions, that the rip-off they are referring to is coming from their own duly elected governments, both federally and provincially? Mr. Speaker, the PCs are emphatic in our refusal to accept the concept that heavy taxing of gasoline is going to reduce consumption. The PCs believe western Canada is

entitled to some benefits for its natural advantages and its proximity to oil and gas. Of course, Mr. Speaker, when western Canada has something central Canada needs, then, of course, things must be equalized for all Canadians; hasn't the federal government told us that often enough? Of course when it is vice versa then, of course, western Canada is suffering from regional disparity.

The PCs contend that the excessive taxation of gasoline is a hardship on the working people of this country and this province. In the case of corporations it is something that can be written off taxwise but to our working people, that have to drive to work, they have no such benefit. This year this government plans to derive \$82 million in revenue from gasoline taxation. The PCs believe that here was a prime area for a significant tax cut. Mr. Speaker, we assure this Assembly by means of far better financial management of our existing capital funds, genuine effort to control expenditures, the PCs will act on this rip-off by both governments on gasoline.

The PCs believe it is a disgrace that Saskatchewan imposes a diesel tax of 26 cents per gallon, the highest in Canada and the rationale completely escapes us as to why in a province such as ours where travel is so important, the government would choose to have a diesel tax which is the highest in Canada. So I suppose the term "rip-off" is appropriate.

Mr. Speaker, the PCs greeted the announced capital expenditures of 17 per cent with some reservations. The PCs had hoped the majority of these departmental capital expenditures would be in the Department of Highways. Last year capital spending in Highways was only 5.6 per cent of the total budget. It was our hope that the level would have been sharply increased for 1978.

Since 1971 our highway system has been sadly neglected because of the restricted funds available to that department. The Department of Highways is one of the better run departments in government, a tribute to the staff considering the level of competency of their minister. It is unfortunate that this excellent staff has not been afforded the opportunity to provide us with the road system we know they are capable of. Capital spending on highways will only remain 5.6 per cent of the total budget.

Mr. Speaker, the PC Party views our road system as one of our most important priorities. A transportation network for the next 100 years is now being planned and our road system obviously must be part of this process. The PCs will take action and strong action in this area when we are the government.

However, Mr. Speaker, in the area of new office buildings the PC Party takes a very negative stand. One does not require a Ph.D in economics to realize that new office buildings, government office buildings, mean more maintenance, more staff, more overhead more expenditures and more taxes. And make no mistake, Mr. Speaker, the new office buildings proposed mean absolutely nothing to the taxpayers of the future as far as extra productivity. They will provide no dividends or additions to the tax base. The long run means it is very expensive, white elephants which are not needed.

The PCs are emphatic in stating that the province of Saskatchewan has all the office space, office buildings that it could ever possibly require in the foreseeable future. To have embarked on the plan suggested by the Blakeney government is simply an unproductive drain on our economy. Building these buildings is one step, the real costs come later and they go on perpetually.

Mr. Speaker, the Progressive Conservative Party in this province, perhaps more than any other political party in this country has stressed the need for more authority and more autonomy at the local level of government, coupled with the financial means to accomplish such a goal. For us it is a fundamental philosophy of government and a basic understanding of a free society. The PCs have always warned of the dangers of centralization of power in the hands of big government, just as we fear the power of any huge corporate or labor organization. It is a basic part of our philosophy that a concentration of power in the hands of a central government will cause a deterioration in the rights of the individual and most certainly a negative effect on the dignity and the worth of this individual in his dealings with government.

The Conservative Party, in other words, was talking about the decentralization of power long before the term ever became popular. With our basic commitment to strengthen local government we were the first political party in Saskatchewan to adopt and propose the concept of provincial revenue sharing with municipal authorities.

It has been obvious for many years that in this era of high inflation, property taxation could not remain the only source of revenue under municipal control. Increasing the rate of property taxes and trying to attract new assessment has simply not been enough for municipalities to meet modern inflationary pressures.

The PCs have always felt and have never hesitated to point out to the government across the floor the present haphazard ever-changing network of grants was a poor way to alleviate the financial dilemma of municipal councils. Such a method is not conducive to autonomy in terms of municipal allocations to their own spending priorities, nor is it a stable source of revenue for proper budgetary planning.

Therefore, PCs welcome the present government's announcement, in Tuesday's Budget, that it would finally proceed toward a plan which would see the development of a formula to share revenues with the municipal levels of government. We welcome the philosophy, we challenge the mechanics.

Part of the problem is the present NDP government has never admitted, or perhaps has chosen to ignore the true extent of the financial problems of the municipalities.

In the 1977 provincial budget, the Minister of Finance announced the \$2 increase in the unconditional per capita grant saying this will ensure greater flexibility for local governments in meeting the rising costs and demands for service.

The various municipal organizations and the Conservative Party tried to point out the larger percentage increases in the costs of power, telephones, natural gas, gasoline and diesel fuel were too big for the \$2 increase to possibly cover.

In the process we also noted the government was primarily responsible for the price increases in these areas. It was obvious from all across the province this per capita grant was not adequate to meet the rising costs. The PCs believe the concept of revenue sharing with the municipalities is a gigantic step forward for the people of Saskatchewan. Realistically, there are only two possibilities as to the source of funds for such a proposed revenue pool. The first is a share in certain specific taxes collected by the province. Whether this is a dedicated tax system as in Manitoba where one or two points of personal and corporate income are set aside or whether it is a share that a variety of specific taxes which are placed into the pool, it amounts to a share in the sum

of tax revenue levied by the province. Obviously the second possibility is to pool a portion of total provincial revenue.

Mr. Speaker, the Progressive Conservative Party strongly favors the second possibility. We favor this because total revenues over the years are shown to be a much more stable basis from which to derive a formula than would be a portion of specific taxes collected. We believe it to be important that the principle be established and municipal governments share in the total revenues available to the government, not just a portion determined by the provincial government. In this way municipal authorities will have the same protection against a shrinking tax base as the provincial authorities enjoy and will consequently gauge their efforts on a true picture of economic conditions.

We believe the municipalities and local governments should be independent of government political whims. Therefore, total provincial revenue and total provincial growth adjusted on an annual basis as a yardstick that must be used to accomplish this.

The Progressive Conservative Party is convinced that revenue sharing with municipal councils is only a beginning. The PCs believe a major shift in thinking from a provincial government is required. The PCs believe that a major shift in priorities from government which over the past few years has placed grandiose business schemes and resource takeovers, ahead of the basic revenues in our communities. Unquestionably, it will require a long-term attitude on the part of any government of Saskatchewan to gradually return much of the authority over community affairs to locally elected officials. Obviously, this will require a provincial government which has faith in local government, not a paternalistic attitude on the part of the so-called senior governments towards municipalities, which has been in evidence for far too long and still in evidence after Tuesday's Budget.

How often have you heard senior bureaucrats use terms like, "municipalities will have to learn responsibilities?" We, in the PC Party are proud to say we have faith in our local governments. We have faith in their responsibilities and we believe the record speaks for itself in that area. Waste and extravagance are on a far greater scale in Regina and Ottawa than at any municipal level. The PCs have no hesitation in saying that the financial accountability of local governments in this province is vastly superior to that of either the so-called senior governments.

It was particularly interesting to note even though there has been a net increase in public goods and services provided by municipalities over the past decade, the net debenture debt has steadily declined both in absolute dollars in terms of debt per person.

The Minister of Finance, across the floor, can certainly not say that about his government. In fact, much to our sorrow the complete reverse is true.

Mr. Speaker, in closing, the PCs are astonished at the lack of consideration for our number one industry, agriculture. PCs believe that agriculture makes this province tick. PCs believe when times are good in rural Saskatchewan, times are good in all Saskatchewan. These are not good times in Saskatchewan agriculture. Agriculture needs help in these difficult times. The NDP government has seen fit to allocate to agriculture a pitiful 3.1 per cent of their expenditures. Mr. Speaker, can you believe it, 3.1 per cent of their total expenditures has been allocated to agriculture.

Mr. Speaker, there is a gentleman across the floor who has just said, "rubbish." Now I

invite that gentleman to open the Budget and turn to the page that shows budgetary outflows and look on the extreme left side of that column where it will give you the expenditures in percentage terms, precisely on page 41. I am sure that even in that member's limited capacity he can read the figure 3.1 per cent in percentage terms. I will accept his apologies for the use of the term, "rubbish", at any time. However, Mr. Speaker, this is indicative of the NDP attitude towards agriculture. Even the unproductive Department of Government Services is allocated more priority in expenditures and a larger percentage in percentage terms than agriculture. And, again, even that member in his limited capacity could perhaps look at that, on page 41, budgetary cash outflows. However, Mr. Speaker, shortly there will be a PC government in Saskatchewan.

Mr. Speaker, let me assure this Assembly and this province that under a PC government agriculture will resume its rightful place in government priorities.

Mr. Speaker, as the discussion of the Estimates proceeds along in this coming session, the PC Party hopes to make some very constructive suggestions and proposals to the government. We look forward, in the upcoming Session, to further expanding on our proposals for a better Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

Mr. G.H. PENNER (Saskatoon Eastview):— Mr. Speaker, I am delighted to have the opportunity to enter into this debate. I would like to begin by passing along our caucus customary congratulations to the Minister of Finance for the delivery of his Budget earlier this week. We were delighted to see all members of your caucus come in with the boutonniere. I am sure that you can appreciate that from our point of view anything you do to enhance your image to us is something that we very much appreciate.

I think it is fair to say, Mr. Speaker, that when one examines carefully the Budget that the Minister of Finance placed before us earlier this week, that it is fair to call that Budget a 'lipstick and powder Budget.' I suggest that it is a lipstick and powder budget, Mr. Speaker, because I think that it is basically cosmetic in nature. I suggest that it is cosmetic in nature because it represents the continuing failure of this government to control spending and it represents the failure of this government to stimulate the economy of Saskatchewan. Real growth in Saskatchewan was low in 1977 at about 1.4 per cent according to Statistics Canada. Real growth in 1978, Mr. Speaker, is expected to be in the range of 1 per cent while the national average is expected to be just under 5 per cent. This Budget will not do a thing, Mr. Speaker, to change that fact.

Growth in government spending since 1973, Mr. Speaker, has risen from \$629 million to \$1,695,000,000, an increase of a billion dollars in expenditures by this government in five years; an average government spending increase annually of 22 per cent; an increase in per capita spending of \$1,050 for every man, woman and child in Saskatchewan. What do these figures show, Mr. Speaker? They show first of all that there has been tremendous government growth in that period of time. Secondly there has been excessive government waste in that period of time. There is no way that a \$1 billion growth in spending in five years can be caused by inflation.

Mr. Speaker, the Minister of Finance gloated earlier this week over the reduction in income tax. And, I, like every other person in Saskatchewan am glad to see it. I think we have to keep in mind, Mr. Speaker, that after all we had the highest provincial income tax rate of any province in Canada. I think we have to keep in mind, Mr. Speaker, that

moneys accruing to the provincial treasury in the period from '73 to '77 increased by 245 per cent. Our income tax rate was not only the highest in Canada but it went up more quickly than any other province in Canada during that time period. I say it is about time the income tax was lowered. It is an admission as was the withdrawal of the estate tax a year ago that your taxation scheme has been excessive. Moreover it says to those of us who are in the Liberal caucus that you have for some time been engaged in fiscal mismanagement and government irresponsibility and financial planning.

We are pleased to note that level IV beds, Mr. Speaker, are to be increased. We say that it is about time. We have known for three years of the need. We are glad to see that the government has picked up upon the suggestions that we have made, although we frankly can't understand why it has taken the Minister of Social Services, the Minister of Finance so long to recognize the excessive waste in money that we have had by having to use level VI acute care beds for level IV patients.

The Minister of Finance, Mr. Speaker, has talked of job creation as an attempt to stimulate the economy. We say that anything you do to preserve the construction industry is worthwhile. Your policies with regard to diversification of the economy in the past few years were such that diversification did not occur. I will demonstrate the truth of that remark tomorrow. I think for the time being, Mr. Speaker, it is sufficient to say now that we are pleased that the construction industry is being given a boost. After all, it is virtually the only industry that we have left in Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. PENNER:— Mr. Speaker, I have a number of other comments I wish to make regarding the Budget which time won't permit me to make this afternoon. I therefore beg leave to adjourn the debate.

Debate adjourned.

QUESTION PERIOD

URANIUM DEVELOPMENT

MR. MALONE (Leader of the Liberal Opposition):— Mr. Speaker, I have something to ask. I would like to direct a question to the Minister of Finance, further to my questions of earlier today to the Minister in charge of SMDC. That particular minister seemed to indicate to me that the \$40 million being allocated to him in this year's Budget for uranium development was going to be used for something else, that it was going to be used for other exploration and other activities in northern Saskatchewan. It is quite clear in the Budget in the portion covering the Saskatchewan Heritage Fund that \$40 million is going to be allocated to SMDC for uranium development and nothing else but uranium development. I wonder if the Minister of Finance can clear up the situation and indicate to me whether he is right in his remarks as to how this money is to be used for uranium development or if the Minister in charge of SMDC is right and the money is to be used for something else.

MR. SMISHEK:— Mr. Speaker, I refer the hon. member to the printed copy of the address, page 34. It states very clearly in my Budget Speech the amount of money, \$40 million will be provided by the Saskatchewan Mining Development Corporation, no reference to uranium. In the case of the Heritage Fund
...

AN HON. MEMBER:— Page 76.

MR. SMISHEK:— That's fine, page 76. I'm not sure what particular part you are referring to, but in the case of the Saskatchewan Mining Development Corporation, a large portion of the money is used for exploration. If during the course of their exploratory work they do find uranium, that will be tagged. The question of whether uranium is going to be developed or expanded will depend to a large measure on what the Bayda Commission will have to say. The hon. member is well aware that the government has made its decision and made its position publicly known, that no development is going to be undertaken or expanded until we receive the report of the Bayda Commission.

MR. MALONE:— Mr. Speaker, I wonder if I can draw to the minister's attention, on page 76, near the middle of the page under the heading "non-budgetary transactions". In 1978-79 an advance of equity capital of \$40 million will be provided to the Saskatchewan Mining Development Corporation to further its activity in the exploration and development of Saskatchewan uranium. I would suggest, Mr. Speaker, an unequivocal statement. Now, may I suggest to the minister, may I ask the minister, can we assume from your last remarks that you don't know where the money is going that you have budgeted for the province of Saskatchewan? You tell us on Tuesday in your budget that this money is going to uranium development. The minister in charge of SMDC says today that it is not; you rise today and say there may be some doubt as to where it is going. Can I ask you at this time to clear up the whole picture for us and say one way or the other whether that money is going to be spent on uranium development, and if it is not please say so, and if it is, may I ask you why you did not put into your budget, any reference whatsoever to the Bayda Inquiry?

MR. SMISHEK:— Mr. Speaker, I think the language speaks for itself. If the hon. member needs somebody to read it and explain to him, fine. He had better hire somebody as an executive assistant who might help him.

STATEMENT

HON. R. ROMANOW (Attorney General):— Mr. Speaker, I would like to make a statement about the Pelly by-election and the questions which have been raised about the election expense returns. The writ to hold the by-election in the constituency of Pelly was issued on May 10, 1977, setting June 8, 1977 as polling day. Pursuant to The Election Act of 1971, each recognized political party and each candidate was allowed to spend \$10,000 on election expenses. That Act also requires:

1. That the candidate's business manager file a return setting out expenses and contributions within three months of the date a candidate is declared elected, and
2. That the chief official agent of a recognized political party file a return of election expenses within six months of polling day.

The returns were filed with the Chief Electoral Officer, Miss Carol Bryant, and were then reviewed by her. Miss Bryant also made some independent inquiries with respect to the returns. Because there were a number of questions arising from the returns, Miss Bryant decided to ask each of the three official agents of recognized political parties and the three candidates' business managers to meet with her. As a result of the

questions raised in the press and elsewhere, I requested that Miss Bryant provide me with a complete report on the Pelly by-election. Based on her review of the returns and meetings with party officials, Miss Bryant compiled a comprehensive report on the Pelly by-election and forwarded it to me. I then asked officials in my department to review the report and provide me with a recommendation with respect to possible charges and prosecutions.

When I complete the statement I shall be tabling copies of the report of the Chief Electoral Officer and of the Department of the Attorney General. All members will have an opportunity to read these reports.

It is the view of my department that there should be no prosecutions with respect to the alleged breaches of The Elections Act during the Pelly by-election, but rather that the act be amended and clarified as suggested in Miss Bryant's report.

After careful deliberation I have accepted the recommendations of the Chief Electoral Officer and that of my department. No charges will be laid. However, as announced in the Throne Speech, the government will introduce amendments to The Election Act at this Session of the Legislature.

I will now quote directly from the report of the Director of Criminal Justice, which report will be tabled, because I feel that the reasons he puts forward in favor of not proceeding with prosecutions are convincing. He says as follows:

In summary, even if we were to prosecute certain alleged breaches of the act, we are not in a position to prosecute those that appear to be much more substantial because of the time restriction. Therefore, if we undertook to prosecute some of the alleged offences, we would be tackling those that are of a minor nature and we would be prevented from prosecuting those that are of a substantial nature. This would not be a fair approach to take. In short it seems to me that perhaps the most sensible approach to take with this matter is to give priority to overhauling The Election Act with a view to clarifying the ambiguous areas, to correct the obvious loopholes, and to then attempt to enforce the act, once it has been re-written.

When we introduced The Election Act in 1971, we wanted to establish effective controls on elections and election expenses in this province, for the benefit of the voters, the candidates and political parties alike. Now that the act has been used it is evident that there is a need to improve some areas in order to make it more workable and, at the same time, more effective. Since we do intend to introduce some amendments, it would not seem appropriate to undertake prosecutions under the old provisions of The Elections Act.

I know that others may suggest other courses of action. However, it is my hope that all members will consider the matter of the Pelly by-election expenses closed, and will give serious consideration to the amendments proposed to clarify the situation for future elections.

In closing, I would simply note that once The Election Act has been amended, any contravention of its provisions will be considered serious and prosecutions will be undertaken whenever appropriate.

Now, Mr. Speaker, I shall table here, a copy of the report of the Director of Criminal

Justice, Mr. Del Perras a copy of the report of the Chief Electoral Officer as she has submitted to me; also give a copy to the Leader of the Liberal Party and a copy to the Leader of the Conservative Party.

MR. SPEAKER:— The member for Regina South.

MR. G. LANE (Qu'Appelle):— On a point of order, if I may. I just want it clarified, when we had the report on the Ranch Ehrlo matter that I got into some criticism by the House because I did not reply first. If the member for Regina South proceeds, I hope I am not losing my turn. That's my request.

MR. SPEAKER:— No, you're O.K.

MR. S.J. CAMERON (Regina South):— Mr. Speaker, that there are two things which emerge here beyond doubt. One is that offences were committed. That is implicit in the statement of the Attorney General. The second thing that is clear is that there was no additional investigation by the Attorney General beyond the limited investigation of the Chief Electoral Officer and the limited powers of investigation that she has under the act. I for one am left skeptical at the result of the inquiry and the statement of the Attorney General today.

Political considerations as all members know don't have the slightest place in the proper administration of justice here or elsewhere. I am not convinced that in these circumstances that that rule which has so long been with us has been faithfully adhered to. Because it is clear as I say in the statement of the Attorney General that offences did occur. No prosecutions followed. I think it has to lead one to be concerned about whether political considerations did in fact enter into these decisions about the administration of justice. Political parties and political people are no less subject to the full rigor of the law than any other individual. They have to be no less subject to the average man when it comes to considerations that aren't germane to whether or not a prosecution should follow. People have to expect political parties and political people will be subject to the same impartial and neutral application of the law untainted by any political consideration in the same way they are.

I wish that I was satisfied that in these circumstances that was the case but I say I am not. If one reviews the facts these things are clear. The party to which I belong, the Liberal Party, erred in spending more than what it was entitled to do under the law. That is clear. There is no legitimate excuse for that, clearly. One can say at least, however, and it's to its great credit that it was honest in fully disclosing in a forthright way its over expenditure.

The Conservative Party's return has to lead any reasonable person to suspect at least that there was an over expenditure there too, but was not disclosed.

AN HON. MEMBER: Nonsense!

MR. CAMERON:— Well, my friend to left says "nonsense." I won't review all of the facts that surrounded the filing of its return. Those facts are known to us all. I said it would lead any reasonable person to suspect gravely that the Conservative Party also over expended and did not disclose it. I think the facts that were before us the last time will bear that statement out.

The New Democratic Party filed two returns while the law only permits the filing of one

return. This much we all know, those of us who were in Pelly, most of us were, that during the course of that by-election the appearance at least was that no political party spent more than any other political party. The appearance in Pelly for those of us who were there was clear that each of the parties was well financed and spent a great deal of money in that by-election. What we will never know is how much exactly was spent by any party except the Liberal Party which filed its return in honesty. I say that none of the political parties in these circumstances emerges with any honor. The law was there, the law found all of us, there were offences committed, there were no prosecutions. The Liberal Party over expended, the Conservative Party at least is under grave suspicion for having over expended and suppressed the fact, the New Democratic Party filed two returns when the law permits only one. In those circumstances I say none of the parties in these circumstances emerges with any honor.

What I ask is this, how can a conclusion of this variety in the decision reached by the Attorney General engender in the common man the sort of faith in and respect for the impartial administration of the law when it is applied in these circumstances to political parties and political people. That is a serious question, almost more serious, if indeed, not more serious than the particular circumstances here. You can see that the question is, whether the political parties and the people involved were subject to the full inquiry than anyone else would be in these circumstances. Why is there no additional inquiry beyond that of the limited variety of the Chief Electoral Officer with her limited powers? What the Attorney General will understand very well in this too, and which leaves us uneasy, is that we don't know the full extent of the activities of the three political parties in that by-election. We will never, it appears fully know all the facts surrounding their activities and their expenditures when they were subject to the law, not amended, with no intention even to amend it. I don't suggest in these circumstances that the Attorney General has done anything but exercise the function of his office properly. I don't know and I won't even suggest otherwise. But what I do know is this, this situation demonstrates more clearly than any we have seen a proposition which we have been advancing in this House in the last three years and that is that the role and function and office of the Attorney General ought not to be housed with a person who is so closely aligned with a political party.

The Attorney General, as we all know plays an active leadership role in his political party and that is to his credit, it's to his credit that he is a man of vigor and obvious talent politically. He plays that active role in his party and that's good for his party and good for him. The question is whether in those circumstances he should also be exercising the function of the Attorney General because the decisions of the Attorney General have to be taken in the absence of political considerations.

MR. SPEAKER:— Order. I must advise the member to keep his remarks in keeping with the subject at hand.

MR. CAMERON:— As I say, Mr. Speaker, in conclusion, we will have an opportunity no doubt to debate the same subject when the amendments are brought before the House. We here are left uneasy, skeptical and are more convinced than ever that the office of the Attorney General and the function of the Attorney General ought not be exercised by one who is so closely aligned with the political party's activities and plays the leadership role in his political party that it does.

MR. J.G. LANE (Qu'Appelle):— Mr. Speaker, I had hoped to take the same moderate approach that the Attorney General did in his remarks but I don't think there was more

discredit brought to the electoral system in this province than the actions of the party to my right. We had today from that same member more innuendoes unproved, admittedly unproved by himself, as again he questions.

MR. SPEAKER:— I would like to take this opportunity to remind the members that responses to ministerial statements must be brief, factual and specific and that a debate cannot take place. Now the Attorney General's comments and the statement, I believe, conformed and the member for Regina South (Mr. Cameron) came close to conforming and I just want to take this opportunity to warn the member for Lumsden that he must conform too.

MR. LANE:— Thank you, Mr. Speaker.

Some areas in the statement of the Attorney General were not touched upon but alluded to by the previous speaker and there seems to be a very gaping hole in The Elections Act when it seems to be for some reason honest that you break the law. In other words . . . I commit murder but I tell you I do, so I am a nice guy and I am all right and that's a philosophy that seems to have been argued and I say a sad philosophy and a philosophy that doesn't bring credit to those opposing.

I think again that it wasn't time today for the innuendoes to be continued. I think that the report — I will have obviously more. I think the point made by the hon. member that it is time to take the electoral office out of the partisan political process — I would urge if we are going to have a full review that in fact the review be done by an all-party committee as was done in the 1960s and secondly that it be an accepted principle by all parties that the foundation of a review of The Election Expenses Act be on the basis or the premise that there be an independent Chief Electoral Officer subject to this Assembly, similar to an independent provincial Auditor. I think it would serve all parties well if that principle be accepted and that in fact what we went through last time, prior to Christmas, by one party in particular, attempting to continue the arrogant tradition of Giguere Harbortgate as a matter of fact and attempt to get by on innuendoes and keep a debate going when in fact it was time. I think the Attorney General would agree and I say this subject not having read the report but that it is time. It would serve the public and every party well if we in fact committed ourselves to an independent Chief Electoral Officer and that the changes be by an all-party committee, not from one side. I think that partisanship was not served well in the actions that took place over the last few months.

QUESTION ON THE QUESTION PERIOD

MR. ROMANOW:— Mr. Speaker, before the orders of the day, I would just like to ask a question for my own interests. I wasn't here during question period. I note that the question period today was extended by three minutes. My understanding of the rule was that question period was to begin at five minutes after the hour or earlier but never later and would run for 25 minutes or longer, depending on that first five minutes that we have with respect to introductions. Am I in error or was there some other circumstance today?

MR. SPEAKER:— I have to admit that you are perfectly correct and I am at fault for not starting the question period at the proper time and stopping it at the proper time. Occasionally, I will admit, that I am at fault and in the future if members notice that I am going past the time they would just mention it to me by saying, order, and I will probably

catch the hint and stop or start the question period at the right time. I want to thank the Attorney General for that comment.

MR. A. THIBAUT (Kinistino):— I think when we are introducing students, if we take two or three minutes more, that it is well worthwhile in the time of this House to allow the introduction of students if nobody abuses the time. I think 40 seconds is a good introduction. And, furthermore, I think while the students are in the gallery, I wish that members of this House would behave properly.

MR. SPEAKER:— While I would agree with the Attorney General's comments I cannot find myself in agreement with the member for Kinistino for the simple reason that this matter was thrashed out thoroughly in the Rules Committee and the Rules Committee Report was accepted unanimously by the House. It represents abridgment of someone's rights on radio time, etc. if we don't adhere strictly to the rules. We saw that happen today.

I might say with regard to introduction of students, today, I was certainly impressed with the members of the Assembly who want to get in and convey their best wishes to their old alma mater but that did extend the time of introductions a certain bit and I think that is not necessary at a time when we are dealing with a situation which has to meet certain time constraints. If members could restrict their introductions, to allow them to be brief. Perhaps, after this particular debate is over we can allow a little more time for introductions.

MR. P.P. MOSTOWAY (Saskatoon Centre):— Mr. Speaker, I was just going to say that your words were well chosen.

MOTION

Bylaws of the Professional Societies

MR. ROMANOW:— Mr. Speaker, before the Orders of the Day, also seconded by the Hon. Mr. Smishek, the Minister of Finance:

That the Bylaws of the Professional Societies and amendments thereto tabled as Sessional Paper No. 3, 1977/78, be referred to the special Committee on Regulations.

Motion agreed to.

The Assembly adjourned at 4:25 o'clock p.m.