

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
May 14, 1981

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

WELCOME TO STUDENTS

MR. LANE: — Mr. Speaker, it gives me a great deal of pleasure to present to you, and through you to the members of the Assembly, some 40 grade 12 students from Lumsden High School. They are accompanied by Ken Langford, and Gordon Bonokowski. Lumsden, of course, is one of Saskatchewan's most famous communities and also one of the prettiest. All members who have had the opportunity to drive to the valley will attest to that, Mr. Speaker. I look forward to meeting with them later and answer any questions that they may have. I hope all members join with me in welcoming the grade 12 students from Lumsden.

HON. MEMBERS: — Hear, hear!

MR. ROUSSEAU: — Mr. Speaker, it is my pleasure to introduce to you, and to the members of the Assembly, 22 grade 4 students from Dr. Perry School. They are accompanied by their teacher, Miss Ball, and one parent, Mrs. Graham. I want to advise them that I will be meeting with them at 3 p.m. for pictures and refreshments. I hope they enjoy their stay in the Assembly this afternoon, and enjoy the question period. I would ask all members to join with me in wishing them a pleasant afternoon.

HON. MEMBERS: — Hear, hear!

INTRODUCTION OF GUESTS

HON. MR. LONG: — Mr. Speaker, it is my pleasure to introduce to you and to this House the Canadian Ambassador to France, Mr. Dupuy. He is seated in the Speaker's gallery to my right. He was in my office for a short time this morning and we had a very pleasant visit. It is my understanding that he is travelling across the country visiting the various legislatures and the various governments across the land, before he leaves for France for his new post. I hope he has enjoyed his visit and hope he will spend an interesting time this afternoon in the legislature.

HON. MEMBERS: — Hear, hear!

MR. ROUSSEAU: — Monsieur l'Orateur, c'est un plaisir aussi pour moi de souhaiter une chaleureuse bienvenue a Monsieur Dupuy, l'Ambassadeur du Canada en France. J'espere que vous alliez jouir de votre sejour ici aujourd'hui.

HON. MEMBERS: — Hear, hear!

QUESTIONS

Provincial Sales Tax

May 14, 1981

MR. ROUSSEAU: — Mr. Speaker, a question to the Minister of Finance. Since governments are the major cause of inflation and as well one of the major beneficiaries of inflation (any time the price of anything goes up, taxes are increased, the sales tax, for example), and since you have refused to accept the opposition's proposal to remove the sales tax, will you perhaps consider a new proposal from the opposition? That would be to freeze the sales tax level at today's revenue levels. This, Mr. Minister, would provide, let's say, a disincentive to inflation by governments and, particularly, your government.

HON. MR. TCHORZEWSKI: — Mr. Speaker, I made the point yesterday in question period and I make it again today. Governments contribute in a major way to inflation when governments run deficit budgets. The Government of Saskatchewan does not have a deficit budget. It has a balanced budget this year. It had a balanced budget last year. We have had an overall balance since 1944, I think it is, except for two years, if you take into consideration the revenues that come from resources to the heritage fund. So therefore, the Government of Saskatchewan is not contributing in a major way to inflation. If the member believes that we are contributing in a major way to inflation, then obviously he's saying government should reduce its expenditure so that it would not contribute to inflation in such a way. If that's the case, I would invite him to indicate to us where he thinks we should be reducing those expenditures so that contributing factor would go away.

I can tell the member that on the education and health tax, the budget which we are considering now for the fiscal year '81-82 does not propose any increase in the rate of education and health tax or the sales tax. It is at 5 per cent and 5 per cent is the lowest sales tax in Canada along with the province of Manitoba. Alberta doesn't have one, as the member for Kindersley says, but then Alberta has a health tax which we don't have. If I have a choice between having a sales tax and a health tax which penalizes people, I'll have the sales tax, thank you.

SOME HON. MEMBERS: — Hear, hear!

MR. ROUSSEAU: — I'd like to ask the minister to explain to me how he would call four deficit budgets in a row balanced, how you would call last year's budget of \$60 million overspent as being balanced and how you would call a 13 per cent increase in this year's budget not being inflationary, as well?

HON. MR. TCHORZEWSKI: — I guess I went to the wrong school or the member went to the wrong school. I've always been of the view that a balance is when your revenues were equal to your expenditures and if your revenues were greater than your expenditures, you have a surplus and vice versa. The revenues to the provincial treasury last year were equal to our expenditures, so we had a balance. As a matter of fact, it is estimated we may very well have almost a \$5 million surplus for the last fiscal year. For this year 1981-82, Mr. Speaker, once again we will have a balanced budget. We will not borrow money for operating expenditures of the government. We will only be borrowing money on behalf of Crown corporations for capital expenditures. So therefore we do have a balanced budget.

SOME HON. MEMBERS: — Hear, hear!

MR. LANE: — We've been making suggestions to you over the last few months as to easing the inflationary pressures on the people and the taxpayers of Saskatchewan. We just argued this afternoon that governments (and your government in particular)

benefit by inflation, and there are no incentives for you to reduce inflationary pressures. There are two examples, one being sales tax, and the other being the new percentage gasoline tax. A suggestion to you, so that you don't have to cut programs: would you be prepared to freeze the revenue levels of both the sales tax and the gasoline tax at the estimated level so that there will be no future increases in those revenues, so at least that way you don't have to cut programs, and secondly, so the people of Saskatchewan will know that there is a limit to the amount of tax that the Government of Saskatchewan is going to take in terms of gasoline tax and sales tax?

HON. MR. TCHORZEWSKI: — The only way one could do that is by reducing the rate. You can't put a freeze on the sales tax revenue levels unless you reduce the rate from 5 per cent to something else. Mr. Speaker, in our budgetary blueprint for this fiscal year, we have had to make some priority judgments and decisions. We have decided that the sales tax will remain as it is at 5 per cent, but that we would provide some tax relief. Therefore, we have decreased the income tax for individuals and for small businesses to the extent that in a year the tax relief for Saskatchewan citizens, individuals and small businesses will be \$50 million. We have been thinking about inflation for some time. In the preparation of the budget which we are considering we have made some provisions to help relieve or soften the impact of inflation on Saskatchewan people.

It's not like the opposition opposite who just seem to have discovered in the last day or two that there are inflationary pressures. We're way ahead of you, fellows. We have been at it for several months.

MR. LANE: — Well, many of the proposals we're making in this session we also made a year ago. You didn't listen then, and it's obvious that you're not listening now. I'd like to give an example, Mr. Speaker: the estimated increase in revenue to the Government of Saskatchewan is approximately \$30 million this year in sales taxes and approximately \$20 million on the gasoline tax. Certainly our proposal will mean a reduction in the rate of those taxes in future years. It will be a gradual reduction. It will not affect your programming for this year, so it will give you ample lead time to be able to take into account the tax reduction. Will you not at least admit that your percentage tax, sales tax, and gasoline tax are really revenue generators that take advantage of inflation?

HON. MR. TCHORZEWSKI: — Mr. Speaker, the fact that the sales tax revenues are going up, even though the rate has not been increased, when that is not what has happened in places like British Columbia and other provinces . . . I can hardly wait for the day when the budget in Ontario is brought down later next week. I would like to discuss with the members opposite what is included in that budget. But the reason that those revenues are going up, Mr. Speaker, is that the economy of Saskatchewan is strong, because it is buoyant, because the retail sales are being maintained at a high level. I think that is a healthy sign for the Saskatchewan economy and therefore a healthy sign for anybody who lives in this province and pays taxes here.

SOME HON. MEMBERS: — Hear, hear!

MR. LANE: — By way of supplementary. We are attempting to take your argument that the economy of Saskatchewan is strong. We say that the people of Saskatchewan, as a result of that strong economy, are entitled to some significant tax savings and tax reductions as a result of the strength of that economy, and all that you're proposing to us are proposals that were made years ago when the inflation rate was 7 and 8 per cent, or the interest rate was 10 and 11 per cent. We ask you again and again, when are you

going to start bringing your programs into line with 20 per cent interest rates, and 12 and 13 per cent inflation?

HON. MR. TCHORZEWSKI: — Mr. Speaker, we agree with the member opposite that the people of Saskatchewan should benefit from the buoyancy and the strength of the Saskatchewan economy, and that is why we have made sure that is the case. That is why we have provided in this budget tax relief of \$50 million; that is why in order to counteract inflation (although we do not do it alone), we have indexed the provincial income tax (and I know the member will jump up and say that's federal, but I'm not talking about federal — I'm talking about the provincial income tax) to account for inflation, and therefore it is reduced accordingly every year. That is why, in order to have Saskatchewan people take advantage of the strength of our economy, we have provided a very substantial increase (up to \$70 per child) in the family income plan to assist low-income families, along with a lot of other measures which, if the members would care to analyse the budget fairly, are provided to Saskatchewan citizens in programs and services, some of which are unique to Saskatchewan. That's why they are provided, so that the people can benefit from the prosperity here, to a large extent because of policies which we implemented, particularly on resources, which were opposed by all of those members opposite since 1971.

MR. GARNER: — A supplementary, Mr. Speaker. Mr. Minister, yesterday I asked the minister responsible for Sask Tel and the minister responsible for Sask Power if they would guarantee that we would not have any increase in telephone and power rates in the year 1981. Will you now as Minister of Finance for the province of Saskatchewan, eliminate the 5 per cent sales tax on the power and telephone rates? Will your government at least do that for the people of Saskatchewan in order to give them a break in this high inflation and high interest rate period?

HON. MR. TCHORZEWSKI: — I have already said, Mr. Speaker, that we have made the decision on where the tax cuts would be made, and we decided that they would be made on the income tax. So we passed the bill through committee of the whole yesterday.

Our electrical rates (I'm not talking so much about the rates as about the cost to individuals) in this province are very good compared to anywhere else. If you take someone in Saskatchewan who is using 8,000 kilowatt-hours per month, the cost will be \$244; in Manitoba it would be \$271 a month; Calgary Power would charge \$377 a month; and for Alberta Power it would be \$359 a month.

We have, very consciously and very carefully monitored and controlled the rate of increase in our utility rates again — another example of how the people of Saskatchewan are benefiting from the kind of government which this NDP government is providing in this province.

Plans to Counteract Inflation and High Interest Rates

MR. TAYLOR: — Mr. Speaker, a question to the Minister of Agriculture. Although the Minister of Finance seems to think that the economy of Saskatchewan is doing well, it appears that the Minister of Agriculture does not share that position because I note that the other day in Edmonton he is quoted as saying, "Farmers and consumers are both suffering under the high interest rates." My question to you, Mr. Minister, is when are you going to stop this empty rhetoric and discussion of the problem and get around to implementing some plans that will help these people who you say are suffering in the

province of Saskatchewan?

HON. MR. MacMURCHY: — Mr. Speaker, the meeting with respect to interest rates was not held in Edmonton, but in Ottawa. The meeting was called by the federal Minister of Agriculture. I think his objective in calling the meeting (if the hon. member would listen) was to try to put the responsibility of the problem of high interest rates and inflation on the provinces.

I want to say to the hon. member that the Minister of Agriculture from Ontario joined with me to say that was not so. It was clearly a federal responsibility and they should assume their responsibilities to deal with the problem. The Ontario agriculture minister and I put forward a seven-point program for solution. Not all of the points in the presentations by each of us were the same. I emphasized the need for payment of the money owing to farmers on the prairies due to the losses of the Russian grain embargo. This is obviously a more important issue to Saskatchewan than to Ontario.

I emphasized the need for stabilization. In the Saskatchewan programs high interest rates are taken into account, as well as high feed costs and labor costs. It is interesting, Mr. Speaker, that the Ontario Minister of Agriculture put forward the same point of view, with respect to the need for stabilization, calling for national programs rather than provincial programs. I am surprised that the hon. members opposite will not join the Government of Saskatchewan and the Government of Ontario in making the argument for solutions on the national level rather than to put the responsibility on each of the provinces.

MR. TAYLOR: — I have a supplementary question. I apologize for saying you were in Edmonton, maybe you were in Ottawa. For all that came out of it, you could have been in Timbuktu.

I hear more empty rhetoric from you about you and the minister from Ontario. Why don't you come to grips with the problems here? Why don't you, as Minister of Agriculture, lower the FarmStart loans for the young farmers who are going broke in Saskatchewan? It is the interest rate on those loans that is killing them. Why do you not come to grips with the situation and reintroduce a double farm fuel rebate to help the farmers out there today who you admit are having a tough time in this province?

HON. MR. MacMURCHY: — Mr. Speaker, the hon. member for Indian Head-Wolseley well knows what the FarmStart interest rates are. They are 8 per cent, 10 per cent and 12 per cent. They have not changed as a result of national policy. I would ask the hon. member to consider positions taken by his party in Ontario and the Government of Saskatchewan and to support the stabilization legislation and the stabilization program put before this legislature which will be of assistance to the beef producers of this province. I also want to say to the hon. member that it is interesting that the Ontario government is going forward to their beef producers with a plan for stabilization and have requested Saskatchewan's legislation and Saskatchewan's plan . . . (inaudible) . . .

SOME HON. MEMBERS: — Hear, hear!

MR. THATCHER: — Supplementary question to the minister. It may have been drawn to your attention today that the prime rate in Canada reached its record level. It went up 27 points. It is nothing new to say that the young farmer has always had a difficult time getting started. This has been true for 30 or 40 years. Today it is virtually impossible.

Not only that, even the established farmer is in trouble.

In other words, agriculture in Saskatchewan is in the worst jeopardy it has been in since probably the '30s. In light of the two answers you have given to my colleague, are you, in effect, taking the same position as your federal counterpart, Mr. Whelan, and saying, "It isn't our problem. We're just going to leave it to the bank because it is making a profit. We're not going to do anything. It's up to the bank to look after this"? Is that the position of your government? You are not going to help agriculture in any fashion at this time? Are you going to take the same position as Mr. Whelan and do nothing?

HON. MR. MacMURCHY: — Mr. Speaker, in response to the hon. member for Thunder Creek, the meeting was, without question, a disappointment to the provincial ministers who were in attendance. We did not call the meeting. The federal Minister of Agriculture called the meeting. We had assumed that he would put forward to the provinces a plan of action. There was no plan of action other than to try to put the blame, as the hon. member says, on the banks (which is good fighting ground, obviously) and on the provinces. We refused to accept either one because, clearly the banks, while they're making horrendous profits, are locked into the problem of having their interest rates set by the Bank of Canada. That's federal government policy.

Mr. Speaker, we did not go to the meeting empty-handed. I want to make that clear. We did put forward to Ottawa some policies for implementation. I want to take the opportunity now to quickly go through the seven points which we put forward. Two of them are long term. I think you need to do some long-term program development on a national level to take care of the problems. If you assume that the interest rates are tied to Washington, and because they're tied to Washington we don't have control of our economy, then we must seek to get control of our economy in this country. To do that we think there are two ways to start:

1. Arrive at an energy, pricing and development agreement with the producing province. We can sit down with Alberta and Saskatchewan and get an energy development and pricing agreement.
2. Commit investments in transportation to ensure exports to strengthen Canada's balance of payments. Certainly, that affects western Canada. I'm sure the hon. member can support that. That's a long-term program.
3. In the short term, as I indicated to the hon. member for Indian Head-Wolseley, pay out the \$117 million owing farmers to the government's participation in the Russian grain embargo. That's \$117 million in the farmers' hands which they would not have to borrow. It would put cash in their hands.
4. Announce immediately the initial prices for the 1981-82 crop year so the farmers will know where they stand.
5. Respond to the provinces' 10-point proposal for a long-term drought assistance agreement.
6. Implement national marketing and stabilization for hogs and beef.
7. Lower interest rates and, if necessary, accept a lower value of the Canadian dollar. Mr. Speaker, I noted that the Premier, in his press conference, made a comment yesterday with respect to the lowering of the interest rates and the lowering of the

Canadian dollar being a better situation than a high interest rate and a relatively low Canadian dollar.

SOME HON. MEMBERS: — Hear, hear!

MR. SPEAKER: — Order, order! I think the members of the Assembly, on reflection or later on, possibly can check the record of the questions and the answers in this series of questions. A fair analysis of that situation would say that there is an awful lot of debate there. That's not permitted in question period. The questions are debatable and the answers are debatable. I would ask the members to curb their desire to get into debate on an issue without having a substantive motion before the House. There will be a lot of time between now and the end of May to bring in more resolutions. We can discuss this on the basis of a substantive motion, rather than in the question period. The member for Thunder Creek.

MR. THATCHER: — I have a question for the Minister of Agriculture — and that's a point well taken, Mr. Speaker. Mr. Minister, in light of the answer which you gave me in the previous supplementary a moment ago, it's an interesting note, as a preamble, to say that all of those were actions to be taken by somebody else. You didn't enunciate once the course of action on the part of your government. Mr. Minister, I have a non-debatable question for you. Your government has lots of money to advertise your Crown corporation. You have lots of money to advertise your government programs. You've lots of money to buy potash mines. You have lots of money to go into the uranium business. You have lots of money, except to help agriculture at its most critical time. When are you going to take some action to help our farmers?

SOME HON. MEMBERS: — Hear, hear!

MR. SPEAKER: — Order, order! I note that the member for Thunder Creek didn't take my comments to heart, and I'm not surprised. I would encourage the Minister of Agriculture, as a responsible minister for the department, to take my points of order to heart in giving his response.

HON. MR. MacMURCHY: — Mr. Speaker, I will attempt to respond to the rules of the Assembly, and your rules, with respect to this question period. May I say, Mr. Speaker, that I had planned to make a ministerial statement with respect to the outcome of the meeting at Ottawa, and the position that we put forward. I have now done that through question period and I apologize, but I felt that I had to respond to the question asked by the hon. members opposite.

The hon. member for Thunder Creek says that Saskatchewan isn't doing anything within this seven-point program that we put forward. I say that it is very much the opposite. Two of the points we have embarked on, with or without federal assistance, are first, the drought assistance program for 1981 (and we have no assurance at all of any federal government assistance in any way to this point); second, we are embarking on a beef stabilization program, and we already have in place a provincial hog marketing commission and hog stabilization plan.

Judicial Inquiry at Kamsack

MR. BERNTSON: — Mr. Speaker, it's more than apparent that the government has come up with nothing new — in two days of questions they have come up with nothing new

— to deal with the inflation that's killing the people of Saskatchewan. So we're going to change topics just for a minute and I address my question to the Attorney General. Last Monday night in the town of Kamsack there was a resolution passed, under section 423, I believe, of The Urban Municipality Act, asking for a judicial inquiry. The resolution was to be forwarded to the Attorney General's department. The Premier has indicated that it looks as if there will, in fact, be a judicial inquiry in the town of Kamsack. Has your department yet received the resolution, and what action have you taken to date?

HON. MR. ROMANOW: — Mr. Speaker, I saw a copy of the letter, I believe, for the first time this morning. It arrived either this morning or late yesterday. I have not had an opportunity to study it and, accordingly, I'm in no position to respond on this matter until I've looked at the letter and considered all the aspects surrounding it. I will be making an announcement or a statement in due course.

MR. BERNTSON: — Would the Attorney General sometime today get himself abreast of that particular issue, so we can debate it, if necessary, tomorrow?

HON. MR. ROMANOW: — No, I am afraid I cannot promise that to the hon. member. I suspect that this will take several days. I want to receive the review of the information from my colleague, the Minister of Urban Affairs. I would also like to have the lawyer or lawyers, who have been looking at this matter in my department, advise me. I just don't expect that that can take place in the next 24 or 48 hours. I don't expect it, frankly, until sometime next week.

MINISTERIAL STATEMENTS

HON. MR. ROLFES: — Mr. Speaker, I have a very short statement to make. In the fall of 1979, the Saskatchewan Department of Health took the lead in developing a health program strategy for the 1980s. The aim was to significantly improve the collective state of public health in Saskatchewan. The prevention of disease and the promotion of healthy lifestyles were the overriding themes. The task forces set up by a central planning committee, or thrust group, consisted of a wide-ranging membership from within and without government.

Some of the reports deal with geriatric services, rural health, smoking, alcohol, mental health, volunteer services, rehabilitation and child and youth services, to name only a few. These reports have been released to provide information and receive public input. A process of assessing these recommendations involved many people in a challenging and productive exercise. It is my intension to study these reports in more detail in the near future, in order to make suggestions to the government in the health care field.

Many of the recommendations, Mr. Speaker, are very valuable and will form the basis of future government policy. However, some of the recommendations are unacceptable and therefore will not be considered.

On that basis, I am pleased to table these reports today in the Assembly.

SOME HON. MEMBERS: — Hear, hear!

REPORTS OF COMMITTEES

Select Standing Committee on Public Accounts and Printing

THE CLERK: — Before orders of the day, Mr. Swan, from the select standing committee on public accounts and printing, presents the first report of the said committee which is as follows:

1. Your committee met for organization on December 9, 1980 and appointed Mr. Andrew as its chairman and Mr. Skoberg as its vice-chairman on April 7, 1981. Mr. Nelson was appointed vice-chairman, and on April 26, 1981, the committee appointed Mr. Swan as chairman.
2. Your committee held 20 meetings and examined the provincial auditor's report to the *Public Accounts* for the year ended March 31, 1980 with the provincial auditor, Mr. Lutz, two of his officers (Mr. Wendel and Mr. Hunt); the comptroller, Mr. Kraus; and two of his officers (Mr. Reinhardt and Mr. Allen) and other officials of the Department of Finance in attendance.
3. During the course of its deliberations, your committee met with officials of the following departments: Department of the Attorney General; Department of Finance; Department of Health; Department of Industry and Commerce; Department of Mineral Resources; Department of Northern Saskatchewan; protocol office, Department of Revenue, Supply and Services; Department of Social Services.
4. Your committee has considered the matter of sessional printing and recommends as follows:
 - (a) That 375 copies of the *Journals* be printed, including therewith the questions and answers as an appendix.
 - (b) That 800 copies of the *Debates and Proceedings* be printed daily, one copy each to be supplied to members of the Assembly.
 - (c) That 120 copies of the minutes and verbatim report of the proceedings of the public accounts committee be printed, one copy each to be supplied to members of the Assembly.
 - (d) That 175 copies of the minutes and verbatim report of the proceedings of the Crown corporations committee be printed, one copy each to be supplied to members of the Assembly.
5. That the committee authorizes under section 54 of The Legislative Assembly Act the chairman, vice-chairman, or their designates from the 1980-81 public accounts committee and a representative from the Clerk's office to attend the Ninth Annual Conference of Legislative Auditors to be held in New Brunswick, July 6-8, 1981.
6. Pursuant to the comptroller's supplementary report, this committee recommends that the dollar limits below which individual expenditures are not reported in *Public Accounts* be changed as follows:
 - (1) wages and salaries be listed when in excess of \$20,000 rather than \$10,000;

(2) payments to suppliers be listed when in excess of \$10,000 rather than \$5,000.

7. Your committee notes the concern expressed by the provincial auditor as it relates to the home care program and the collection of user fees from funded agencies. Your committee reviewed the process used by the department, as it relates to the voluntary or involuntary method of collection of the user fees from the agencies. Letters on file with the department left the committee in a position of being unable to establish that the funds were collected on a voluntary basis. Your committee would encourage the department to pay out the user fees to the home care boards when they are in place, and discontinue the trust account when this process is completed. Your committee strongly recommends that the clear intent of the department be transmitted to all responsible employees before programs proceed.

8. Your committee notes the concern of the provincial auditor related to the funding of projects under the employment support program. Your committee accepts the explanation of the department for the apparent difficulties in this program, and would encourage the department to improve its project records, and to adhere to the methods of financing set out by statute and regulations.

9. Your committee notes the concern expressed by the provincial auditor regarding inadequate support documentation for expenditure of grants made to volunteer agencies through the Department of Social Services. Your committee recommends that adequate records of expenditures must be maintained to allow for a thorough annual audit in all volunteer agencies.

10. Your committee notes the concern expressed by the provincial auditor regarding the absence of annual accounting from a number of Saskatchewan Assistance Plan trustees. Your committee recommends that efforts be made by the Department of Social Services, to ensure that all trustees file an annual accounting.

11. Your committee notes the concern expressed by the provincial auditor regarding improper payments of salaries out of special purpose funds by an agency of the Department of Social Services. Your committee notes that the Department of Social Services is putting in place methods to ensure that such a situation will not recur.

12. Your committee notes the number of management letters dealing with a variety of areas of concern in the Department of Social Services. Your committee thanks the department for the information provided and looks forward to a better operation within the department in the coming year.

13. Your committee notes that there are a number of problems remaining in the Department of Northern Saskatchewan. Your committee notes that in the last report of the public accounts committee the comptroller was to fully investigate this department with a view to developing better control and management procedures. A report from the comptroller's branch has not been reviewed by the committee. Your committee looks forward to receipt of

a report from the comptroller's branch on their study. This report should assist the department in improving many of its managerial difficulties. On the whole, it would appear the Department of Northern Saskatchewan is maturing and that better department operations will be forthcoming.

14. The committee notes concerns based on management letters showing the Department of Northern Saskatchewan's problems with properly interpreting the extent of their authority in statutes, regulations and orders.

15. Your committee notes the concern expressed by the provincial auditor regarding the lack of income tax deductions taken from recipients of grants from the Options North program of the Department of Northern Saskatchewan. Your committee notes that the provincial auditor has, by letter dated January 23, 1981, received confirmation from Revenue Canada that these allowances are taxable and therefore, the committee recommends that the Department of Northern Saskatchewan correct this situation by beginning to deduct income tax from these allowances.

16. Your committee notes concerns expressed by the provincial auditor regarding conditional grants and loans provided by the Department of Industry and Commerce in which insufficient documentation exists to indicate whether the grantees are living up to the conditions of the grants. Your committee notes improvements made by the Department of Industry and Commerce to ensure adequate follow-up for loan and grant administration.

17. Your committee notes the concerns raised by the provincial auditor regarding the administration of trust funds for patients in the care of the Department of Health. Your committee recognizes the improved administrative methods introduced by the department regarding trust funds and is optimistic that the current problems can be eliminated.

18. Your committee notes the concern expressed by the provincial auditor regarding the inability to have seven community legal aid service clinics audited. This has been an ongoing problem and your committee notes that the Department of the Attorney General has now put in place a system of auditing for the eligibility of clients and will be looking forward to seeing this problem resolved.

19. Your committee further notes the concern expressed by the provincial auditor that the native court worker program, under the Department of the Attorney General, did not have established procedures in place to satisfactorily ensure that the terms and conditions of the contracts were fulfilled.

20. Your committee notes that once again the provincial auditor has raised the concern that the Department of the Attorney General has, through the tariff on land title fees, raised \$1,516,681 while only being required to pay out \$9,650. Your committee is pleased to note that the department plans to change the tariff structure to provide for the elimination of the assurance fund fees.

21. Your committee notes the concern expressed by the provincial auditor

regarding virements. The auditor has obtained a legal opinion advising him that virements may not, in every case, be the appropriate means for providing authority for additional grant payments since specific provisions of an act may overrule the general provisions of The Appropriation Act. The Department of Finance has received a legal opinion which disputes the aforementioned opinion. Your committee recommends that the Department of Finance, with the assistance of the Department of the Attorney General, review the virement procedure to clarify the misunderstandings.

22. Your committee was instructed by the legislature, during the 1979-80 session, to give consideration to the desirability of separate legislation governing the office of the provincial auditor. The committee noted in its discussions the possibility of considering separate legislation to apply to the provincial auditor and recommends that the Minister of Finance give this further study.

23. Your committee was instructed by the legislature, during the 1979-80 session, to review during the 1980-81 session, in detail, the concept of comprehensive auditing and present a report to the legislature this session. Your committee restricted the review to the Department of Finance and the provincial auditor, but because of a difference of opinion related to the calling of witnesses, your committee reached no conclusions regarding comprehensive auditing and recommends further intensive study.

24. Your committee advised that copies of the *Minutes and Verbatim Report of Proceedings of the Public Accounts Committee* will be tabled as a sessional paper.

25. Your committee extends its appreciation to the Deputy Clerk of the Legislative Assembly and her staff, the provincial auditor and his staff, the comptroller and his staff for their support services.

MR. SWAN: — Mr. Speaker, I would like to make a few remarks in introducing this report. As the report stated, I came in as chairman of the committee late in the session and, I believe, at a time when the committee was under a fair bit of stress. I am sorry to report that the two major items allocated to the committee, dealing with the provincial auditor and comprehensive audit, were not really dealt with satisfactorily during this year. I believe it's a serious situation when a committee is given a responsibility by this legislature and does not fulfil the obligation that was placed upon it.

It would be my hope that the committee in the coming year would take a very serious look at the comprehensive audit position of this province and it would be advisable that the legislature give permission to the committee to call outside witnesses. I don't believe the expertise is here in the province to adequately deal with the subject. Now we did address this to a minor extent this year, but because of a difference of opinion, the committee broke down at that point in time and did not call outside witnesses. So, if the legislature were to give that direction, it would make quite a difference in the operation of the committee in another year.

As it relates to the separate legislation for the provincial auditor, we have recommended that this go to the Minister of Finance. I would hope that he takes the indication fairly seriously and that the provincial auditor would move to an act that

would not in any way appear to stifle his operation as an auditor. He feels that he is controlled and that he is not entirely a free agent at this point and in his own statements that he has made in other forums outside of the province, he has stated openly that is his feeling. I think we need to do something to clear up that kind of a situation if the provincial auditor is to be an effective person in that position.

Last year, we had asked the comptroller's department to do a study and we did not receive any report from that department. They said that they were working on it and would likely have one in the coming year. Then, for that reason, we have reported that we look forward to improvements in DNS (Department of Northern Saskatchewan), but I would hope that report is going to be tabled soon and that the committee can deal with it in another year.

With those few comments, I move, seconded by the member for Yorkton:

That the first report of the select standing committee on public accounts and printing be now concurred in.

MR. NELSON: — Mr. Speaker, I, too, would like to make a few brief comments on the report of the public accounts committee. I would first like to reiterate the expression of appreciation to the Deputy Clerk and her staff, the auditor and his staff, and the comptroller and his staff for the great assistance that they gave to the committee in their work. I would also like to express a word of thanks to the deputy ministers and their staffs for their co-operation throughout this whole exercise. It's through their co-operation that we, as a committee, can effectively scrutinize the work of the government to see that the money is spent in the interests of the people of Saskatchewan.

I would like the House to note, too, that the report was a balanced report, an indication of failures in some places and constructive criticism, and praise for work where the various departments have worked to clear up mistakes of the past.

I would like to say too, Mr. Speaker, that this is a hard-working committee, and as such, feelings are bound to run high. I think, when people feel strongly about a subject the work is often better done than if people simply sit back and drift through the examination of such an important work as the *Public Accounts* of the province of Saskatchewan. I am sure the government appreciate the good job which has been done by the public accounts committee, as a good service to the people which we all represent. With that, Mr. Speaker, I would like to conclude the remarks.

SOME HON. MEMBERS: — Hear, hear!

MR. KATZMAN: — Mr. Speaker, as a member of the committee, and as we are tabling the report today, I would like to note, that in my opinion, the committee is hamstrung by some of the rules it has to live under. It is unfortunate that the committee is told quite often that those documents are internal and, therefore, the members cannot see them. I think, if we stopped playing a lot of games and got down to the job the way we should that there would be no reason the media couldn't be in there as well. That way maybe we could get down to the issues and get them done. Mr. Speaker, it is either that, or that this committee should start to forget about party lines. As in the quote, "Departments seem to want to furnish information to the government members, but don't want to furnish the same information to the whole committee," it would indicate partisan politics have developed very strongly in that committee.

May 14, 1981

Mr. Speaker, it is unfortunate that by the rules one member is not allowed to bring in a report in which he disagrees with the report of the committee. Minority reports are not allowed and, therefore, a member cannot bring in a minority report. All he can do is stand on his feet and speak in the House when the report is tabled, on his disappointment in the inability of a committee to function and do the job it was appointed to do, because of the breakdown upon political lines, as has this committee this year.

I would suggest that the last time I was on public accounts, you would see members from both sides agreeing on certain issues or disagreeing on certain issues, but not always on party lines. It was unfortunate that the government members decided to use the majority within the committee to break down on party lines when it came time for a final report. Mr. Speaker, all I can say is that we should change the rules of the public accounts committee to the modern stage that the people, who are doing the work on this committee, and feel they have done some just work, rather than rehashing what we saw two years ago. Secondly, it is about time this committee came out of the backroom and sat out in front like the Crown corporations meetings do. Thirdly, it is time we decided if we are getting value for our money when we spend it or if we are going after strictly political partisanship and, therefore, the public review committee is not allowed to decide if we are getting value for our money.

Let me suggest, Mr. Speaker, that it's time this committee's rules should be updated to the modern ages; let's get the thing turned around. Those are my comments.

MR. CHAPMAN: — Mr. Speaker, I want to rise and speak on the report, and reply to some of the remarks by the hon. member who just spoke. As a new member on the committee, I had a fair amount of difficulty in assessing my role as an individual member. I chose (and I think it would be well for a number of members of this Assembly to do this) to read again the outline that was stated by a special committee, struck by this Assembly back in 1963. There were some very respected members — Mrs. Strum, and the Messrs. Johnson, Brockelbank, Thiessen, Berezowsky, Thatcher, McDonald and Gardiner — who constituted a special committee. They outlined to me the purpose of the public accounts committee for future years. I believe that the public accounts committee got into the kind of trouble mentioned by the member because it forgot its purpose. I am quoting from page 11 of that particular report of the special committee on public accounts procedures:

When a public accounts committee is effective, it is a committee of the legislature rather than a committee of parties. It must have the free opportunity to investigate the transactions of the government systematically, thoroughly, and with the expert assistance of the legislative auditor. It cannot determine whether given expenditures should be made, for this has been determined at two earlier stages. First during the examination, criticism and approval of a program when the act authorizing it is passed by this legislature; and secondly, during the annual examination, criticism and approval of the appropriations for the program. (That's the place.)

The function of the public accounts committee is to examine the expenditures that were made to determining whether they were made in accordance with the principles of our system of responsible parliamentary government, and to establish how the legislature can ensure that the

expenditures will conform with these principles in the future.

I also examined very carefully the role of the provincial auditor, and referring to his report to this Assembly this year, for the year ending March 31, 1980, he outlined to this Assembly and to the public accounts committee that his function was to report annually to the Legislative Assembly the results of his examinations, and to call attention to every case he observed. I only refer to the last comment:

. . . any other case that the provincial auditor considers should be brought to the notice of this Assembly.

Let me say that I saw everything and anything before the public accounts committee, and heard of no case where the provincial auditor was denied any access to any department to examine any program of the province of Saskatchewan. If the committee would have done its business and had adhered to the terms of reference that it had, we would have had a very successful and smooth operation, because we saw nothing but co-operation. There was information we didn't even deliberate on, which was requested and placed before the committee.

I say, Mr. Speaker, that the committee did not break on party lines. It broke on party lines only when it exceeded its terms of reference. Consequently, it's been a pleasant experience. It's been a very informative experience for a new member, and I truly have learned the purpose of a public accounts committee, and what it should do and what it should not do.

SOME HON. MEMBERS: — Hear, hear!

MR. ANDREW: — I just want to make a few short comments, Mr. Speaker, with regard to the public accounts committee as it relates to what I think was the question of the breakdown referred to in the report presented and unanimously agreed upon by the committee. There was a reference from this legislature, last year, to the committee to do an in-depth investigation into the question of comprehensive audit. That was the reference unanimously agreed in this House that the committee should do that. So as part of the in-depth investigation, we sought not only the advice of the Department of Finance, not only the advice of the provincial auditor, but the advice of some of the people who were fairly expert in this particular question.

What we sought to do was to get a balance, and the balance we sought was Robert Andras, who was the president of the treasury board in the Liberal government in Ottawa in 1975 when the whole concept of comprehensive audit was introduced into the federal parliament. On the other hand, we thought we would obtain the man who is recognized not only nationally but internationally in the field of comprehensive audit, J.J. Macdonell, who has retired from the provincial audit and is a member of the Canadian Auditing Foundation. He is also being consulted by the people in Great Britain with regard to their public accounts and with regard to the office of comptroller and auditor general in Great Britain. He has also been involved in setting up similar programs in the United Nations with regard to the question of value for money within the United Nations. This guy is recognized around the world as an expert in this field.

What we sought, then, was to bring that evidence before the committee and that was not going to cost us a great deal of money. It was going to cost us the expense of putting him up for the night and that type of thing. That's really where the problem came. It was not a question of whether or not you accepted the position of Macdonell, whether you

May 14, 1981

accepted the position of the Department of Finance, or whether you accepted this compromise position of Robert Andras. The question is why were we not prepared, as a committee, to hear that evidence? Surely that is the point to be made. You have to have the evidence and the advice before you, before you can make the decision.

When a committee of government is instructed to do something and it restricts that based on the simple fact that it really doesn't want to hear what this person has to say while recognizing him as an expert, then I suggest you have serious problems within a committee. And that is the problem you have to grapple with; it's not the question of comprehensive audit. It's a question of whether you are prepared to listen to the evidence of all sides and, if you are not, you're not going to accomplish a very great deal in that committee. For that reason I left the committee and that was a decision on my part.

I hope for success for that committee in the future. I hope they address the question of comprehensive audit, because I think it is very important. I would recommend to the committee next year that they address that question, look at it from all sides, hear all evidence and then they make their decision as to whether or not it's a good idea or a poor idea.

MR. MINER: — Mr. Speaker, I, too, was a member of the public accounts committee. It, as well, was my first year on the committee because I was just elected last November 26.

When I arrived in this House I anticipated that we would have free and open debate on questions of difference, that we would spend a great deal of time and effort looking dutifully into the expenditures of the government to see whether or not they had been properly entered into — particularly in the public accounts committee, and that we would spend a great deal of time doing what I understood to be the role of the public accounts, and that was to examine whether the intent of the legislature in authorizing those expenditures was being adhered to by the administration of this government.

I believe, as Mr. Chapman has already said, that as far as the departments are concerned they were indeed very co-operative. They were prepared to supply whatever information was requested of them, with the odd exception where they would say that they were not sure whether it was an internal working document or whether it was a document which presents a final position that supports or defends or outlines the expenditure being questioned. I think that was a legitimate position for any department member to take in trying to respond to questions of the members of the committee, whether they were opposition members in the House or whether they were members on this side, the government side of the Legislative Assembly.

I must say that I was somewhat disappointed in the performance of the committee, not because the tools are not there to do the job, not because there are restrictive rules that prohibit the ability of those members who sincerely and honestly want to look into, with a great deal of care and attention, the expenditures that this Legislative Assembly has authorized and the government through its departmental structure has entered into to find out whether or not they are consistent with the intent of the Legislative Assembly or not, because members did not appear to have that in mind as the most principal function of that committee.

Indeed it seemed to me, and it became clear early in the deliberations of this committee . . . The committee met on December 9, 1980 for the first time. Unfortunately I was

unable to attend that meeting, but I attended all but one meeting following that. At the first meeting, the question of comprehensive auditing was addressed. The procedure whereby we would proceed with that question was addressed. It was not at any time a question of whether or not that committee was prepared to address the question, but the process to which it was prepared to do so.

Now the member for Kindersley has expressed his disappointment in the manner in which we proceeded and expressed, in his view (and I must emphasize that it is his own view which is perfectly all right), that the breakdown came as a result of certain member's reluctance to address the issue at all and to bring in what he considers to be expert witnesses.

I invite the members of this Legislative Assembly to examine the verbatim which will be tabled I understand, and see whether or not that was the position the members of that committee took. I think you will find on careful examination that at no time, that I am aware of, did any member say, "I am not prepared to look at comprehensive auditing." At no time did any member say "I am not prepared to call witnesses." At no time did any member say he had made an absolute conclusion. I think the strongest position may very well have been my own when I said that I needed to have it shown to me that comprehensive auditing was needed in this province. Why do I say that? I say that simply because I believe there are a number of checks and balances within the structure of the financial administration in this government that allows very close control.

Now, the recommendations of the committee report that were referred to by Mr. Chapman were virtually all, and I believe completely, implemented.

The member for Rosthern indicated that he believes we should wake up to the times and update the rules. One of the things he implied is that we should open the meetings so they would not longer be in camera, and that we should have the press in attendance.

I refer to a comment in the report that the member for Estevan referred to. The report is dated February 1964. Professor Norman Ward states that he does not believe there is any advantage to be gained from opening the public accounts committee to an open public forum. He believes that political debating will take place, and it will not be a sincere examination on a non-partisan basis of the affairs of the government, with respect to the expenditures of public accounts.

It is my opinion, Mr. Speaker, that the member for Kindersley may very well be expressing his point of view — that the reason communications, or the committee broke down . . . Frankly, I don't think that the committee did break down. I don't think there was a time when the committee ever indicated it was not prepared to continue with its work. I think it was prepared to continue with its work at any time that all of the members, making up a quorum, were prepared to sit down and examine the accounts of the Government of Saskatchewan. This was the role we were asked to fulfil. That wasn't the case.

Instead of that, the member for Kindersley, when he found out that it was unlikely that we would complete a thorough examination of comprehensive auditing, picked up his ball and bat and went home. He refused to play the game any more. Now, tell me whether that is a sincere commitment to an examination of the expenditures of the government. Frankly, I do not believe that that is so. I don't believe that it was a sincere commitment to do anything but to bring in the one party to which he referred in his

May 14, 1981

address, Mr. Macdonell, in order to be able to make a presentation (a very biased presentation, I might add) in support of comprehensive auditing.

If he does not believe that Mr. Macdonell's presentation would be biased, I would like the *Saskatoon Star-Phoenix* of August 13, 1980, in which the province of Manitoba which was originally one of the provinces that had opted for comprehensive auditing, decided with the support of the opposition, that they would not proceed with it. Their statement says quite plainly:

Mr. Jim Walding, chairman of the Manitoba accounts committee, set a plan to allow the provincial auditor, W.K. Ziprick, to comment on spending efficiency. This was withdrawn by the provincial government last year with the support of the opposition. We felt it would be improper for the auditor to comment on political decisions.

Frankly, that was one of the concerns we had. What we suggested should happen, Mr. Speaker (and I want this to be on the public record; I want everyone to understand that this is the process which took place) was that we wanted to examine the papers that were before the committee, before we moved to call in outside witnesses. That meant we wanted to examine the report of the auditor and the report of the Department of Finance. We wanted to complete the examination of the public accounts before we started calling in outside witnesses. We wanted to take a little time in deliberations.

For some reason, members of that committee who sit opposite in this Assembly were not prepared to take their time. They had some deadlines to meet. I am not prepared to accept the deadlines imposed on that committee, which they imposed by taking their ball and bat and going home. I will not accept their walking out before the meeting was over — at 11:03 a.m. instead of 11:30 a.m., which is the normal adjournment time.

Mr. Speaker, the point I am making is simply this: it is my understanding, and I think I am right, that the purpose of that committee, its first and foremost and primary function is to examine the expenditures of the public accounts of this government, to find out if they are in keeping with the intent of the Legislative Assembly. That is our first priority. We are then to examine, as the legislature said that we should, comprehensive auditing in detail. It didn't say we were supposed to examine comprehensive auditing in detail by a specified date, nor did it say that we were supposed to have Mr. Macdonell in Saskatchewan by April 14. It said that we would examine it in detail and we were prepared to do that, but on a time schedule that did not meet with the approval of some of the members of the committee.

So, Mr. Speaker, I think there has been too much emphasis placed upon that particular point within the report, and there has been insufficient emphasis placed upon the fact that the report of the auditor was dealt with in detail. If that seemed to be an exercise in futility by some of the members opposite, it was because the report shows that the expenditures of the government are very consistent with the intent of the Legislative Assembly and, with very few exceptions, abused in any significant way the authority which was granted by the Government of Saskatchewan and the subsequent department through those expenditures.

Mr. Speaker, I regret that we are not dwelling on this report. I regret that we are spending too much time on that particular point which was cited I think, correctly; I would not criticize the member for Rosetown-Elrose, the chairman of the committee. I do suggest that it has been overemphasized by the members opposite, so I felt

compelled to respond in this manner.

MR. THATCHER: — In contrast to my predecessor on the floor, I shall be brief. Mr. Speaker, I am not going to delve very much into the specifics of this year's public accounts. I do speak, however, from having been the chairman of the public accounts committee two or three years ago. (I have forgotten the exact year) . . . (inaudible interjection) . . . Well, I would thank the Minister of Social Services for his perceptive observation. Oh, they dumped him. I'm sorry. If he had been as perceptive in everything else as he was just a moment ago, he would probably be moving up the ladder instead of down.

To quickly return to the report of the public accounts committee, I think some of the comments that have been made by the member for Kindersley are well taken and very well founded. I have listened to the member for North Battleford refer to checks and balances with the financial structure of present day government. I sincerely hope that he is right and those checks and balances are there, but how would we know? All we have to go by is what you people tell us. We have never seen these checks and balances. We can't get to the nub and find out what these checks and balances are.

If things are so wonderful in the public accounts committee, and if everything is working so well, I will never understand why you insist on holding the meetings in camera, excluding the press. I noted the comment of the member for The Battlefords about the observation of Professor Norman Ward. Isn't it wonderful that Norman Ward thinks that the public accounts committee should be held in camera? That's coming from someone who has probably never met a pay roll in his life, someone who has probably never managed any money in his life. And he is going to be the expert on the public accounts committee, saying, "Let's keep it in camera because there might be some political posturing." Isn't that wonderful from someone who has never had real hard-line responsibility? I reject that comment as being a strictly personal opinion from someone who hasn't had that type of experience and I say that there is no concrete foundation as to why it should be held in camera presently.

Mr. Speaker, we on this side of the House believe very strongly in the public's right to know. This is where we differ from you, very strongly, philosophically. We believe that the public's right to know supersedes the well-being of any government agency, any Crown corporation, or any government department. We believe that if you're going to play with public money, the public has the right to know anything about the use, expenditure and intention of that money. Now that's obviously where we part company. You believe the opposite. You believe that the Crown corporations and government agencies supersede the right of the individual to know. I guess that's where you can draw the line in this Assembly. We disagree with you sharply. We believe the right of the individual is paramount, particularly when it pertains to his money.

The public accounts committee, potentially, can be a very useful committee in its present structure. It has some real possibilities as a useful vehicle. But first it has to become public. I would like the concept where you can talk directly to public servants — to deputy ministers and to department heads.

You can put forward the argument that it simply is not satisfactory to have an elected individual talking to a public servant when the press is listening. I suggest to this Assembly that deputy ministers are here to account to this Assembly. I suggest to you that department heads are here to account to this Assembly. I believe that they should

May 14, 1981

be required, in given circumstances, to account directly to this Assembly. So what if the *Leader-Post*, the *Star-Phoenix* or CKCK television is listening in? So what? These people are well paid. Your deputy ministers are making \$50,000 or \$60,000 a year and probably deservedly so. They're capable people. I assume they're quite capable of answering for their departments in a totally detached fashion.

I find it very difficult to believe that someone like Rob Douglas couldn't sit there and answer the questions which we would pose to him in the public accounts committee, and look after himself in a very adequate fashion. In fact, I'm trying to think of a deputy minister who couldn't do that. I don't see why they shouldn't.

Furthermore, I believe that it should extend to the Crown corporations committee. I believe it's ridiculous that we talk to ministers. They ask the head of the Crown corporation. He then passes it back to us. I guess it's fair to say that quite a bit gets lost in the translation.

Mr. Speaker, we believe strongly in the public's right to know. We believe that every department head, every deputy minister, and every head of Crown corporation, under the proper circumstances, should be answerable to the Assembly. The public accounts committee is one vehicle which, used properly, has some potential. I say that in contrast to my comments about the Crown corporations committee which, I think, in its present form, is useless, a waste of time and a joke. That's the best one yet — a joke. It's something which, if you swept it off the order paper as it's presently structured, no one would lose anything. We don't get anything from it. The public doesn't get anything from it. All we do is simply give an extra job to somebody on the government's side to be the chairman of the Crown corporations committee.

The potential philosophy of it is excellent. We should have a Crown corporations committee in a specific forum, but not in this one. The public accounts committee, in contrast, has some real possibilities. I think it's unfortunate that the outside people who were suggested, by some members on this side of the House, to be called for constructive non-political input couldn't have been called.

I noted with interest the comment made by the member for North Battleford — I have forgotten the word he used to describe Mr. Macdonell — “biased.” “Mr. Macdonell is biased.”

Would the member for Regina Rosemont think the Liberals would call Mr. Macdonell biased? As I recall, he tacked the Liberal government to the cross over the Bonaventure.

AN HON. MEMBER: — That was Henderson.

MR. THATCHER: — That was Henderson — okay. I guess I have my issues mixed up. But do you recall Mr. Macdonell raising the dickens for a Liberal government? Do you recall Mr. Macdonell raising the dickens for a Diefenbaker government? Now, do you think the Conservatives would call Mr. Macdonell a Liberal? Probably they would have at that time. I suggest to you that the Liberals would probably have called him a Conservative. Call Mr. Macdonell whatever you want, but biased he is not. I guess you could call him anti-government, if you want to call him biased. But I don't think he is politically.

Mr. Speaker, I indicated I was going to be brief. I apologize to this Assembly that I wasn't. Again, I suggest to this Assembly that the public accounts committee has the potential to be a very useful vehicle in the protection of the public purse. It is regrettable

that this government won't upgrade it or update it into 1981 standards. It is a useful vehicle. I would much prefer to see the committee upgraded and put into its proper perspective, even at the expense of throwing Crown corporations (where it might as well go in its present form) into that ashcan.

Motion agreed to.

Report of Select Standing Committee on Crown Corporations

ASSISTANT CLERK: -- Mr. White, from the select standing committee on Crown corporations, presents the report of the said committee which is as follows:

Having duly examined the annual reports and financial statements for the last completed fiscal year of the various Crown corporations and related agencies, as referred to it by the Assembly, your committee has satisfied itself that they reflect the state of the corporations and agencies to which they severally relate. The following corporations were called before the committee: Agricultural Development Corporation of Saskatchewan, Crown Investments Corporation, Municipal Financing Corporation of Saskatchewan, Potash Corporation of Saskatchewan, Saskatchewan Computer Utility Corporation, Saskatchewan Crop Insurance Corporation, Saskatchewan Development Fund Corporation, Saskatchewan Diamond Jubilee Corporation, Saskatchewan Economic Development Corporation, Saskatchewan Forest Products Corporation, Saskatchewan Fur Marketing Service, Saskatchewan Government Insurance, Saskatchewan Government Printing Company, Saskatchewan Grain Car Corporation, Saskatchewan Housing Corporation, Saskatchewan Minerals, Saskatchewan Mining Development Corporation, Saskatchewan Oil and Gas Corporation, Saskatchewan Power Corporation, Saskatchewan Telecommunications, Saskatchewan Transportation Company, Saskatchewan Water Supply Board.

In conducting its examinations, your committee questioned the responsible ministers, who attended with the chief officers of the respective corporations and agencies. No restrictions were placed upon questions asked within the order of reference, save and except questions the answers to which, in the opinion of the responsible ministers, might disclose information not in the public interest, or prejudicial to the commercial position of the corporation or agency concerned.

During its 27 meetings your committee worked diligently in dealing with many important matters relating to the Crown corporations of the province of Saskatchewan.

MR. WHITE: — I move, seconded by the hon. member for Redberry:

That the report of the select standing committee on Crown corporations be now concurred in.

MR. LANE: — The standard motion of report, I think, in the future will have to be amended significantly to take into account the new defence of "no comment," or "it's before the courts." It is not a traditional defence in the Crown corporations committee, as one can read from the standard report, but certainly it is a defence that was used to

the extreme, particularly in the SGI (Saskatchewan Government Insurance) Crown corporation review.

It is increasingly clear, Mr. Speaker, that the practice of reviewing Crown corporations is becoming less and less adequate. I think all members would be prepared to agree with that. When that Crown corporations committee was established in its present form, I believe the number of Crown corporations was less than one-half what it is today. The committee is not designed simply to review the complexities of the transactions of a Crown investment corporation. The Crown corporations committee is no longer able to deal with the complexities of the purchase and sale of assets of subsidiaries and I refer to matters like the Prince Albert pulp mill, and the acquisition of assets by one Crown corporation from another. If the objective is accountability, then the committee falls far short. I think that given the present framework, a fairly healthy review was given of many of the Crown corporations in this particular committee. As I say, the form itself, the report form, is now obsolete given the defence of the minister responsible for SGI.

The interesting thing about the defence that we can't comment on this because the matter is before the courts is that it was, in every case, designed not to protect the individual litigant; in every case the defence was made to protect the Crown corporation itself. That is not the defence that we got in this Assembly last year on why we couldn't have an investigation into the Department of Northern Saskatchewan, because the matter was before the courts. That, and the argument made by the Attorney General and the minister responsible for Northern Saskatchewan, was to protect the individual — not the government, the individual. But it's interesting that in Crown corporations the defence that the matter was before the courts was in each and every case designed to protect the Crown corporation. I think it is an aberration — yes, it certainly was successful — of the traditional use of that restriction by which all members are bound.

So, I think, Mr. Speaker, that there was a very unique Crown corporations committee this year. I think it was unique in its defences. I think it was unique in that. I believe some 57 times, the minister responsible for Saskatchewan Government Insurance said, "No comment." That had to be a parliamentary record on one particular Crown corporations. So it was unique in that regard.

Again, Mr. Speaker, this is not the forum or the time to debate the effectiveness of the Crown corporations committee, but I simply urge that everyone should be aware of the inadequacies of the committee. Perhaps it is time for a new approach to review the expenditures and activities of Crown corporations. I am sure that all hon. members will agree with the thought that perhaps it's time to review how Crown corporations work and how they are to report to the committee. It may be time to do like public accounts and have the officials report and not the ministers. The complexity was obvious to all. The inadequacies of the forum, I think, were also obvious to all.

Mr. Speaker, I hope that at some time this Assembly will recognize the changes in the Crown corporations structure in this province and will begin to recognize the effect on the economy of this province the Crown corporations have and above all, begin to recognize the financial complexities of the operations of Crown corporations and will take the appropriate measures to allow a full public review of the operations of our Crown corporations.

MR. THATCHER: — Mr. Speaker, I would like to make some comments on Crown

corporations. I do it every year. I've already made a few of them on the public accounts. I couldn't agree more fully with my colleague for Qu'Appelle and I believe it is time that members of the committee can talk directly to the heads of the Crown corporations. I think it is ludicrous theatrics to address our questions to the minister who consults with the head of the Crown corporation and then answers the question.

I am mystified by this attitude on the part of the government as to this great fear of what some of their officials may say. After we win the next election this is a privilege that you are going to get. You'll get that. You will be able to talk to the heads of the Crown corporations. If you trip him up, if you can show some place where this highly paid manager is inadequate, or that he has done a lousy job or has been incompetent, if I were minister in charge, I wouldn't bat one eyelash; he'd be gone tomorrow. I am mystified why you don't take that attitude because many a time these Crown corporations get a government into trouble and I don't know why you have to stand behind the guy that got you into trouble. It's very seldom the head of the Crown corporation has made the mistake. If you could talk to the head of that Crown corporation and say, "Why did you make the decision?" probably the answer would be, "I was instructed by my minister to do so." That's what the answer would invariably be. That's probably why you take this attitude.

Mr. Speaker, Crown corporations more and more are dominating our lives in this province. Crown corporations have taken over almost every aspect of the investment sector; there is no room left for the small private investor in Saskatchewan to even make an investment. There are very few public corporations in Saskatchewan. Mr. Speaker, I would suggest to you that these Crown corporations in their present form, in their present structure, are accountable to no one other than the minister in charge. They are not accountable to this Assembly via their annual reports or via the Crown corporations committee. Make no mistake about this. They are responsible only to their minister, not to this Assembly. For Crown corporations to take in and disburse money, which makes the provincial budget look small in comparison, I think is a dangerous situation we are orbiting to. I think we are up to above 30 Crown corporations now?

AN HON. MEMBER: — Twenty-six.

MR. THATCHER: — All right. We are approaching 30. Many of them are getting larger and larger. I suggest to you that something like SPC (Saskatchewan Power Corporation) presently has a lack of accountability to the people of Saskatchewan. Theoretically, SPC is accountable to the people of Saskatchewan through this Assembly. Well, obviously, it is not accounting to anybody because we can't find out about SPC. We can't really get into the guts of the Potash Corporation of Saskatchewan. I don't know whether your profit is obtained by holding back on inventory, taking an inflating price, throwing it into the asset column, and getting a profit that way. I don't know whether you are doing that. It used to be a very common practice.

When the minister sitting in the big chair (the member for Biggar) was head of the Potash Corporation of Saskatchewan, he got a profit his first year that way. You most certainly did, and you admitted it. One of the few ministers who ever admitted anything damning in Crown corporations was you. That was when you admitted to holding back the inventory to get a profit. Now you didn't say it quite like that. I had to phrase it for you, but that is how it came out. Anyway, the point is, these Crown corporations are not responsible. More dangerously, there are some Crown corporation s which I would love to get into and see what's there.

May 14, 1981

Sask Housing Corporation was one which was controversial when I was very involved in Crown corporations committee. I maintain today that Sask Housing Corporation is corrupt, ripe with kickbacks, pay-offs, and goodness knows what else is there. I suggest to you (I have said it before and I will repeat it again for you) that when there is a change in government, the next day the RCMP is going to guard the files at Sask Housing Corporation. The same is true of Sedco (Saskatchewan Economic Development Corporation). These are the sort of things which the public has the right to know and they don't know . . . (inaudible interjection) . . . Well, that's a pretty good start. It is a situation which has to be changed. It is a situation which I guess is going to require a change in government to enable the people of Saskatchewan to know how their own money is being spent in these Crown corporations. I suggest to you that if we can't find out, obviously they can't find out. It will be interesting to see the changes that will be made after this fall's election because at this time next year when you people are reviewing the Crown corporations, you're going to have all the freedom in the world to go right at these people and get right to the bottom. In fact, we'll be throwing the files at you.

HON. MR. COWLEY: — Mr. Speaker, just a couple of brief comments. I listened with interest to the comments of the member for Thunder Creek with respect to the housing corporation. I think some of his comments were, "rife with kickbacks and corruption." He also used that kind of allegation with respect to Sedco. I want to say that if the member for Thunder Creek wants to be sued, I certainly wish he would step outside of the House and make those comments. I think he would see how fast he can be sued.

If he has any kind of evidence to back up those allegations, he has an obligation as a member to make that evidence public and to bring it before responsible people so that action can be taken. I don't believe there is any shred of truth to what the member has to say. He is simply searching for a headline in the paper, which the press will undoubtedly give him, with no basis in fact for what he has said. I think that is a sad commentary both on our system and on the member opposite.

MR. THATCHER: — On a point of order, Mr. Speaker, is it not a rule of procedure when you are challenged to do something? I merely wish to respond to the minister, to his challenge, not verbally, but I was going to give him something very concrete.

MR. SPEAKER: — I am afraid the member doesn't have a point of order. If he wanted to respond to that member, he should have waited until that member spoke, then responded to him.

Motion agreed to.

ORDERS OF THE DAY

GOVERNMENT ORDERS

ADJOURNED DEBATES

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Romanow that Bill No. 21 — **An Act respecting Representation in the Legislative Assembly** be now read a second time.

Motion agreed to, bill read a second time, and by leave of the Assembly referred to a committee of the whole later this day.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Romanow that Bill No. 102 — **An Act to amend The Saskatchewan Human Rights Code (No. 4)** be now read a second time.

MR. LANE: — My only comment on the particular bill (and I had the opportunity to discuss it with officials of the Department of the Attorney General) is that we certainly don't have any objections. I have some concerns with regard to the class action power in this case, as I have indicated to the Attorney General. It may be good practice to let the commission which does have the power to institute class actions to carry on that practice for a year or two before we open it up, in light of the Queen's bench decision. That is my only suggestion in that regard. I am not sure where the provision is going to take us right now, although it has been in regulations since 1979. My suggestion, as I say, was simply to let the commission commence the class actions for a year or two to see if a body of practice does develop, then change the legislation at that time. However, the Attorney General wants to proceed and we won't object.

Motion agreed to, bill read a second time and by leave of the Assembly referred to a committee of the whole later this day.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Koskie that Bill No. 117 — **An Act to amend The Statute Law** be now read a second time.

MR. LANE: — Mr. Minister, would you explain the changes under The Vehicles Act (I believe it is) in subclause 7, amending certain statutory conditions? If he does it in second reading, committee of the whole, that's fine.

Motion agreed to, bill read a second time and by leave of the Assembly referred to a committee of the whole later this day.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Koskie that Bill No. 118 — **An Act to amend The Executions Act (No. 2)** be now read a second time.

MR. LANE: — I won't go into it. We debated the particular matter and my view on the substantive amendments to The Personal Property Security Act. Again, I just hope it's not an annual practice and we discussed it last night.

Motion agreed to, bill read a second time and by leave of the Assembly referred to a committee of the whole later this day.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Vickar that Bill No. 107 — **An Act respecting the Economic Development Foundation of Saskatchewan** be now read a second time.

MR. McLEOD: — Mr. Speaker, just some very brief comments on this. My colleague for Regina South yesterday made several remarks regarding this bill and expressed his concern regarding the accountability factor in terms of the amount of money that would be appropriated and so on. Some of those details aren't in here. Notwithstanding those remarks, Mr. Speaker, I would say that the objectives of the bill are certainly commendable. I think it is well known by the minister introducing this bill, as well as by

May 14, 1981

the Minister of Northern Saskatchewan and others that I have a strong feeling that something certainly has to be done for people described in this bill according to the regulations as Northerners and as native people in this province. Certainly something has to be done.

I have a couple of concerns in terms of the methods of going about it. I think we have had some bad examples, and we made reference to them in DNS (Department of Northern Saskatchewan) estimates the other night, of the way in which governments at all levels have a tendency to throw good money after bad and to just throw money at problems that are more far-reaching than that. Hopefully this bill (and I will give it some credit there) will address itself to some of the problems that these people have with the development of managerial skills and entrepreneurial skills and some of the training for accountability that they so badly need. So certainly I think this could be a step in the right direction.

I would say to the minister that in support of the bill what we'll really be doing is giving him the opportunity to show accountability (which hasn't been demonstrated in the past with Sedco, for example and with other agencies). So I would say to you that I'll support the bill. I support the idea of it. I would say be very, very careful with the accountability factor because certainly you can kill a good program by not requiring the people in the projects, who are the recipients of some of these large sums of money, to be accountable. You cast aspersions on all of the people that you are trying to help by not requiring this accountability. So, I would say that I'll be supporting the bill and I'll be watching very carefully for the accountability factor.

Motion agreed to, bill read a second time and by leave of the Assembly referred to a committee of the whole later this day.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. MacMurchy that Bill No. 113 — **An Act to amend The Agricultural Implements Act** be now read a second time.

MR. THATCHER: — Mr. Speaker, we agree fully with the intent of this bill. I'm not going to go very long, but there are a couple of things about the bill that I put forward as food for thought. I've discussed this with some agricultural implement dealers and they agree with the intent of the bill fully. Their question, as they put it forward to me, is: what is the point of the second letter? And when the minister is closing debate perhaps he could . . . I would hope that would be something that could perhaps be considered . . . Why the second letter? Is it really necessary? The second point that has been brought forward to me by some dealers is that there may very well be some ramifications which aren't clear right now as to the operation of interest-free loans where the company is carrying the paper themselves. Now, I'm talking about the big ones: Sperry New Holland, John Deere, Case, etc.

When times are tough for agricultural implements, such as last fall and this winter, the companies were offering interest-free deals where you could give trade-in and consider that your down payment. Then there would be four to five months where there were no payments, interest-free until, let's say, March 1 or April 1, at which time the thing became due and payable, and your financing started. The comment made to me by a variety of dealers (and I'm merely passing this on; I'm not giving this to you as an opinion) was: what are some of these big dealerships going to do? What's their reaction going to be? Are they going to hold back a bigger reserve from the dealer?

There is some concern among the dealers that they may very well do so — perhaps as high as 2 per cent. What that reserve means is that the company will hold that back from the dealer. It doesn't affect the farmer, but that they will hold it back from the dealer until the financing on that particular machine is paid out. With today's interest rates, needless to say, that could be a hardship on some dealers. I put these two points to you. The dealers that I have talked to (and I have talked to a variety of them, as well as to the association in Moose Jaw) agree fully with the intent of the bill, and I put these two things forward to you as it would come to the industry. They support it, and we support it. In committee of the whole, I would like you to draw that to the minister's attention. Perhaps we could sort some of that out. Other than that, I'm done.

Motion agreed to, bill read a second time and by leave of the Assembly referred to a committee of the whole later this day.

COMMITTEE OF THE WHOLE

Bill No. 103 — An Act to amend The Meewasin Valley Authority Act

Section 1

MR. KATZMAN: — Mr. Chairman, before we get going on this particular area, I would like to ask the minister if he is going to introduce his officials. If not, I would like to thank “Bridge” as he's normally called — the gentleman sitting behind the Attorney General — for spending Sunday night with me and the reeve of Corman Park going through Bill 103 and making sure that everything was the way it should be. Most of the changes that we're going to see as House amendments today are because of that meeting. I thank the Attorney General for bringing them all in. I would also thank the Attorney General for making sure I received a copy of them this morning so that I could recheck them all and make corrections again where he missed out again. All the amendments have been checked and I am glad to see that the Attorney General is listening to this side and taking our recommendations.

Section 1 agreed.

Section 2

MR. KATZMAN: — I would like to make two comments, Mr. Attorney General. I understand that all the amendments and everything in this bill are basically . . . There is no private land left. All land that is left is Crown land or city of Saskatoon land. Am I correct?

HON. MR. ROMANOW: — Excuse me. I'm fighting a little disturbance on this side which I think I'll solve very easily. Mr. Chairman, the only lands in the Corman Park area, regrettably, now under the Meewasin Valley amendments which are before you, are (I'll translate it in my way) the river, the shoreline, the publicly owned land — not all of it but some of it . . . (inaudible interjection) . . . Crown owned land. Well, there is Crown, city and university land which is not Crown so it's publicly owned land and that's it. There is no private land in these. No private land, unfortunately.

Section 2 agreed.

Section 3 as amended agreed.

May 14, 1981

Sections 4 to 7 agreed.

Section 8

MR. KATZMAN: — On section 8, rather than going through an amendment and having you vote it down, will you consider an amendment taking out the word “consult” and putting in the word “agreement”?

HON. MR. ROMANOW: — No.

Section 8 agreed.

Sections 9 to 44 agreed.

Section 45 as amended agreed.

Section 46 agreed.

HON. MR. ROMANOW: — Mr. Chairman, before I move that the committee report the bill, I want to introduce to the House the executive director of the authority, Mr. Wes Bolstad. To his right (dare I say it?) the director of planning and programs, Mr. Rich Mather(?). He is the master in charge of the master plan. Also, Mr. Garnet Holtzman, from my department. I move that the committee report the bill.

The committee agreed to report the bill as amended.

Bill No. 112 — An Act to amend The Crown Corporations Act

Section 1

MR. ANDREW: -- I have a couple of questions for the minister, and they are the same questions that I raised before. The Crown corporations committee is introducing an amendment which allows you to have an outside auditor replace the provincial auditor as the auditor of Crown corporations. Is it the intention of the minister to change the audit position with CIC (Crown investments corporation) and assign it to an outside auditor?

HON. MR. COWLEY: — We haven’t made any decision on that.

MR. ANDREW: — Well, obviously, you are intending to look at that as an option, though?

HON. MR. COWLEY: — That’s correct.

MR. ANDREW: — Could you advise me as to why you are doing that? Is it cheaper? What is the rationale?

HON. MR. COWLEY: — I think what we want to do, basically, is to look at the options open to us with respect to auditing (one of which is the provincial auditor) to see which ones of those can provide the widest range of services, etc., to the Crown investments corporation and which one is most suited and can do the job most efficiently. I don’t think it’s a question of which is the cheapest. I have no reason to believe that it would be

any cheaper (perhaps it may be even more expensive) to go to an outside auditor. I don't believe that would be the rationale, but I think what we would do in the event that we decided to go elsewhere, is to ask auditing firms (one of which could be the provincial auditor) to give us some proposals with respect to auditing and we would then take a look at them.

Certainly, in some areas, because of their involvement in other activities, outside auditors might be able to offer us some expertise or some experience that is not necessarily available from the provincial auditor because they do a lot of other audits of conglomerates and companies with similar problems to those of CIC. So, those are the kinds of reasons we would look at. From the point of view of the members and the legislature, it is my contention that firms such as Clarkson, Gordon (or you pick your name) are certainly competent and credible as auditors of a Crown corporation. There is no reason to suggest that the province (the people of the province) would get any less objective auditing with an outside auditor than they do with the provincial auditor. Those are the kinds of things we would look at.

MR. ANDREW: — My question to you, Mr. Minister, is would there be anything wrong with having the provincial auditor make that choice, rather than you? In other words, let's suppose your argument is correct, and you say, "We have to go to outside auditors; we don't have the expertise." Would it not be more appropriate that choice to farm out would be done by the auditor and not by the government? Would that not sound like a logical thing to do?

HON. MR. COWLEY: — I don't know. I would want to think about that. The provincial auditor, in the course of his duties with outside auditors, accepts their audits, etc. If he found them unacceptable as auditors, that would certainly impose great difficulties on the Crown corporations.

We could live with the system where he may say, "That auditor is simply not competent." So, he has a veto but not the authority, if you like, to choose. Perhaps there could be some consultative process with the provincial auditor. I don't know whether his choosing between outside auditors would present him with any difficulties or not. I would want to think about that for some time and get some advice. Auditing isn't one of my strong areas of personal expertise. That is one area I would want to think about. It is an interesting comment. I don't rule it out, out of hand.

MR. ANDREW: — As I understand it, that is how the matter was resolved with the legal aid clinics that objected to that particular office doing the auditing. As a result, the auditor contracts out to local audit firms the audit on those particular legal aid clinics. In so doing, what happens is that the chain of command is still there. Everything streams through the provincial auditor. He can contract out to the private auditor. I agree with you. The private auditors are obviously professional people. They then report to the provincial auditor and therefore accomplish the function of that office, representing the legislature as opposed to the government. It seems to me that there is a logical way of doing it. It is a way that is done in many other jurisdictions, including the federal jurisdiction, where the contract out is through the office of the auditor general of Canada, for two outside auditors.

HON. MR. COWLEY: — It is a rather complicated area. Another group of people who have a very important role in this is, of course, the board of directors. One of the Crown corporations with which I am involved, SMDC (Saskatchewan Mining Development Corporation), has an audit committee of the board. That audit committee of the board

May 14, 1981

meets with management and with the auditor, and meets separately from management with the auditor. The audit committee to the board makes the recommendation to the board as to whether or not the auditor should be retained, in other words, whether they have done satisfactory work, etc.

On that particular board we put a fair amount of emphasis on our audit committee and on the choice of the auditor, which is the audit committee's responsibility to recommend to the board. I would again want to think about the implications from the board's point of view of taking away in that circumstance the right to recommend and appoint the auditor. It seems to me that there is some advantage from both the public's point of view and certainly from the government's and minister's point of view in placing the onus on the board to be accountable for the auditing process.

I agree there are different ways of skinning a cat. The member suggested one of them. It may be that that is an appropriate way and one we should take a look at.

MR. ANDREW: — The only point I would make in closing would be this. I think the function of the provincial auditor in the legislative system is an important one to preserve. If you trade that off against, let's say, your board of directors of a Crown corporation, you're drawing a pretty long bow when you refer to the board of directors which, for all intents and purposes, is going to be controlled by you. You are quite well aware of that, as, let's say, compared to the private sector, and in control of the board of directors of our Crown corporations are the cabinet of the province of Saskatchewan. That's the reality of where it's at. So all I would say is that when you trade one off against the other, I think it's far more important to protect the office and the institution of the provincial auditor, which I am afraid is being eroded year after year in this province.

Section 1 agreed.

Sections 2 to 10 inclusive agreed.

The committee agreed to report the bill.

Bill No. 110 — An Act to amend The Vehicles Act (No. 3)

Sections 1 to 6 inclusive agreed.

Section 7

MR. GARNER: — This was one of our concerns regarding this. I'm using the example of only one car in a family (if I'm not correct, please correct me) and you suspend registration on that vehicle. I'll use myself as an example. If I lost my licence and the registration on that vehicle, my wife would have no vehicle with which to move around. This was our primary concern. Could you just give a breakdown on this section 247, Mr. Minister?

HON. MR. LONG: — Essentially, what happens under that amendment is that the court has the discretion, if there is a case of hardship, to return the registration to the spouse. It may be the male side of the family or the female side of the family.

The other point which I would make is that if the court does not do that, the highway traffic board has that option, too. They then may make an appeal to the highway traffic board. In the case of the hardship, the highway traffic board may return the registration

to the spouse.

MR. GARNER: — Anytime we're dealing with the courts (and I'm not condemning the highway traffic board) there would be a time factor in there which would be of concern. What length of time are we looking at? Okay. If Jim Garner lost it tomorrow and it was taken away, how long would it be before his wife could obtain this vehicle back again? It would be a very undue hardship and could cause some serious problems.

HON. MR. LONG: — In the event that he is charged and taken to court, the judge would immediately have that prerogative to return the registration. In the case of the registration being lifted by the highway traffic board, that would not be done until he or she had a chance to appeal to the highway traffic board. So we don't really foresee any time lapse there when they would be experiencing a problem for not having a registration on a vehicle.

MR. GARNER: — I think you can see my concern, Mr. Minister. For people living in rural Saskatchewan, some of whom live 10 or 12 miles from town, taking someone to schools, hospitals, etc., could have caused quite a problem. I'm very glad to see you bring that House amendment in. Otherwise, it would have been not too good of a deal.

Section 7 as amended agreed.

Section 8

MR. SWAN: — I would just like to have the minister clarify for me why that portion of this new act will come into force retroactive for 27 years. You know, that's a fair bit of retroactivity. We could be imposing a penalty on somebody who has been dead for many years.

HON. MR. LONG: — The section of the act that we're talking about here has to do with trucking authorities. The legal advice that we received was that we should make it retroactive, as the initial piece of legislation was. That's the legal advice we received, and it would be more effective in that manner.

MR. SWAN: — You said, "Be more effective." Can your officials give you any more concrete reason than that? That's not very specific. I'd like to know why the need to go back that far; that just seems unreasonable.

HON. MR. LONG: — Mr. Chairman, I am informed that the section of the act that we are amending had that kind of retroactivity in it. Apparently in 1954 there was a court decision that ruled trucking to be in a federal jurisdiction and the legal advice we received was that we should put that same kind of retroactivity into this amendment.

Section 8 agreed.

The committee agreed to report the bill as amended.

Bill No. 95 — An Act respecting the Stabilization of Returns to Beef Producers in Saskatchewan

Section 1

MR. SWAN: — Mr. Chairman, I have some concerns with this particular bill. I believe that some of the areas this bill is moving into are going to not be a benefit to the agriculture industry and to livestock producers in particular but are going to be a detriment to them. I have talked to a number of people in the livestock industry. Their concern is that, indeed we may see the closing of the American border because of the subsidization of beef in the province of Saskatchewan. They are also concerned that if people are not happy with the plan, they'll be able to move cattle into Alberta and into Manitoba to slaughter, and this would have a detrimental effect on the slaughtering of beef in the province. We don't have much of it now and we'll have even less of it with this bill.

The industry is concerned that you're going to subsidize beef which, in turn, has a tendency to increase the price of feed grain. As a producer of feed grain, for me that may be a benefit, but it won't be, over the long haul, to the industry. So they are registering that concern that this is one of the backlashes they expect to occur from this type of legislation.

I would suggest, Mr. Minister, that there may be a need for a very serious look at some of the problems that are being faced.

Now, the other concern which they talk about is that there is a need to not have a provincial stabilization plan, but if we are going to move into stabilization, that it needs to be a national plan. To jump the gun as one province will likely cause more difficulties in the industry than it will correct issues and problems for the livestock producer. You are seeing some of the largest producers telling you, as a government, that indeed they have that concern. You also see the National Farmers' Union opposed to a provincial stabilization plan. Yet the minister saw fit to move ahead. I am a bit surprised by his move. I would really encourage the minister to take a second look at what is happening here because, I believe, you are going to do more harm than good to the beef producing industry in the province of Saskatchewan.

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member raised a number of issues with respect to some of the concerns which have come forward with respect to the legislation. I think the hon. member will agree that it is a mixed situation in terms of farm organization response. I think there is no question about that. You have the Saskatchewan Stock Growers' Association that (which we appreciate) participated in our efforts to get this legislation forward. They have not seen fit to support it. I think I indicated in my second reading remarks that that was the position they presented to us privately. Of course, it is now public.

I indicated also that the NFU takes, I don't think, a totally negative position, but it says that the legislation doesn't go far enough. In between there is a fairly significant sector of our agriculture farm organizations which support the bill. That sector argues, as the hon. member argues, that it should be a national kind of program.

If anything came out of the meeting on Tuesday with the federal Minister of Agriculture, it was the call for national programming in the area of pork and beef. But I tell the hon. member that all ministers, as I left the meeting, went home empty.

In fact, Alberta is moving with a hog stabilization program almost identical to the Saskatchewan plan. In fact, the Ontario government is talking about beef stabilization. They have, in a sense, a hog program in place now in the weanling area. They are discussing now with their beef producers beef stabilization. You know there is a beef stabilization plan in effect now in the province of British Columbia. You know the efforts which are taking place in Quebec and in the maritime provinces.

Why are provinces doing this? They know all of the arguments of the differences which take place between provinces, but they are still doing it in response, as best they can, to the problems which the farmers, in their particular provinces, face. That is why they are doing it. While they argue, in total agreement, the need for national programs, they have been forced to consider, forced not only to consider, but to implement provincial programs. That is in fact what is taking place.

Hopefully, out of the efforts in the provinces, you will see national programs get under way. That hasn't been the case with hogs, unfortunately, where we nearly have all the provinces involved in marketing and now moving into stabilization. It has not been the case with hogs, but perhaps it will someday have an impact, and I think the start is being made with respect to beef.

The hon. member can argue about the problems of the border the federal Minister of Agriculture, who talks about supply management as the solution to the beef industry and the hog industry, also at the meeting raised the problem of the border. But I want to say to the hon. member, the provincial agriculture ministers who were there facing problems of support for their particular producers did not listen with great attention to the words of the federal Minister of Agriculture, because of those problems.

I don't say this is perfect; certainly we have a lot of work to do, and we will be doing that work with the producer board that we are going to put in place. And we are making plans to spend the month of June talking to producers about the plan before we get into a position where the producer is enrolled. So, we really want to spend some time with it. But I think it's worthy of an effort, and I think it's a very, very necessary effort.

MR. GARNER: — Mr. Minister, regarding this bill, we can regulate and we can regulate the livestock producers in Saskatchewan just to death. You are going to put in \$5 million; it's just simple mathematics that with 1 million cows in the province and an 85 per cent calf crop, it's not going to be a great big payout. So there needs to be more money from it. But we keep hearing from the government opposite that there is no money.

I am going to give you two examples. They are kind of light-hearted examples, but they are typical of why there isn't money for the beef producers in Saskatchewan, and typical of how this government tries to direct and puts propaganda out to the farmers and cattlemen of Saskatchewan. I refer, number one, to this little book you sent out — and if you want to be meaner than a junkyard dog go out of here. I'm talking about the beef producers in Saskatchewan.

Mr. Minister, *Program Directory from Saskatchewan Agriculture* — 75,000 of them sent out to all the farmers of Saskatchewan. We go to page 9. You are talking to the cattle producers in Saskatchewan; you are informing them of land bank, crop insurance — we go to the top:

May 14, 1981

Coyote control policy: specialists from animal industries branch provide technical and professional help to farmers to control coyotes. There are various control procedures used: poison bait, trapping and snaring, destroy coyote offspring.

Mr. Minister, \$75,000 — that's a lot of dollars for those same people that don't have the dollars. A book like this is nothing more than NDP political propaganda. It is garbage, and upsets the producers in Saskatchewan.

Now we go to another one — *Farm Report*, "Control Magpies Now."

I don't know what you are paying this Jim Jowsey of the animal industries branch. I am going to read some of it, Mr. Chairman, for you. I mean this is just something else. This is what you're doing to help the beef industry and help the farmers in Saskatchewan. This does relate, especially to the livestock. I can just imagine some rancher sitting at home and getting something like this in the mail or reading this in the paper, and how happy he's going to be.

The best way to prevent magpies from injuring cattle is to take time in the spring to control them.

I mean, don't check if the cows are calving; go looking for magpies.

Now is when farmers should be watching for magpie activity and searching for nests.

I can see all the ranchers in Saskatchewan searching for magpie nests in the spring. Do you think they have nothing better to do? We're just starting into this, Mr. Chairman.

Once the activity has been noted and the nest found (now he's found the nest), farmers should check the nest at dusk (you've got to go out there at dusk to check the nest) to see if a bird is incubating eggs.

Now, you tell me how the farmers . . . Well, it's just so ridiculous!

If the nest contains eggs (he has to make sure he doesn't find an empty nest) and if a bird is incubating them (here we're getting back to incubating — you're pretty hung up on that incubating), the farmer should wait a week to 10 days.

Now, I know he's not busy in the spring. It's not calving time. He marks it on the calendar; he's found this nest and it's supposed to be incubating eggs. He marks it on the calendar and a week to 10 days later he has to return at dusk and then pull out a 12-gauge shotgun and discharge it into the nest.

Mr. Minister, right now I'm upset. Can you imagine what that rancher is going to be doing? It's snowing and raining and there are scours and there are calves hitting the ground and he's out there at dusk with that 12-gauge shotgun, shooting up magpie nests!

We're going to continue on a little further:

After destroying the nest, make sure the nest is knocked down and destroyed, to ensure any young birds left alive are not now left to die of cold and starvation.

Mr. Minister, you should be ashamed that you have a man working in your department, paying him taxpayers' dollars to put out garbage like this to the ranchers of Saskatchewan.

We're going to go into it a little bit further. We'll get to the Easter eggs in a minute. Now they're going to tell the rancher how the magpie builds a nest.

Magpies build large, covered, stick nests in low trees. (God help him if it's a high tree.) Nests look like a double crow's nest (I can see this leading us into shooting crows next) and can be as high as one metre. (No I suppose you've had a study to study how high these magpie nests are). Farm shelter belts are common sites for magpie nests in areas where trees are scarce.

Now we do a count on magpie eggs.

Magpies normally lay seven eggs but sometimes they may lay as many as 10 or 11. Incubation begins after the last egg is laid. (Now, are you telling me that rancher has to check when the last egg is laid before he shoots that nest out of the trees?)

AN HON. MEMBER: — At dark.

MR. GARNER: — At dark, that's right. He can't do it in the morning; he has to do it at dark.

While magpies are useful birds for cleaning up road kills and other carrion, they can injure cattle by picking at brand scars and other open sores.

That's the only truthful piece of information in the whole thing.

Mr. Minister, you are basically a pretty fair minister. You have a little something on your shoulders, but I'm beginning to doubt it when I see something like this.

Then we have the other one, on the Easter eggs. I don't like to bring all these things up but it has to be brought out.

After the kids have finished coloring the Easter eggs, don't throw them away.

MR. CHAIRMAN: — Order, order! This story is so interesting I would like to hear it go on, but I wonder if, once in a while, you might kind of refer it to the bill before us.

MR. GARNER: — I'm trying to point out, Mr. Chairman, to the minister opposite and to the members that there is money — taxpayers' money — being spent to send out garbage propaganda like this, instead of taking that money and putting it into a bigger program which the farmers want. But the farmers don't want it.

MR. CHAIRMAN: — You know you could make that argument on any bill. You have to try and reflect a little bit on the . . .

May 14, 1981

MR. GARNER: — We're trying to save dollars.

MR. CHAIRMAN: — You should do that in the budget debate and not on this bill.

MR. GARNER: — This is on bills and it still ties in.

MR. CHAIRMAN: — See if you can get back to the bill.

MR. GARNER: — Back to the bill, Mr. Chairman. The people of Saskatchewan, and that rancher, are concerned about cattle prices. He is concerned about anything the government does to regulate him. Why does the government opposite have to continue to spend taxpayers' dollars like this, instead of listening to the farmers and ranchers of Saskatchewan?

I have one other question for you. I'll give you an example. Along the west side of the border, there are 9,500 head of cattle being fed out in Alberta that belong to approximately 56 producers who live in Saskatchewan. Are they going to be in the program? Are they going to be eligible for stabilization? Could you just answer that one for me? We're not talking about 100 or 200 head, but about 9,500 head of cattle owned by about 56 producers. Could you just tell me if they will be eligible for this stabilization?

HON. MR. MacMURCHY: — Mr. Chairman, I feel badly that the hon. member for Wilkie wasn't here for the estimates of the Department of Agriculture because he seems intent on debating the issues. He wishes to debate the issues. I'm sorry that he wasn't here to debate them, Mr. Chairman.

With respect to the program directory which was sent out by the Saskatchewan Department of Agriculture, I congratulate the department for sending it out to all farmers. I discovered that a lot of farmers, on receiving this, were making calls saying, "thank you, very much." Getting a booklet containing all of the programs provided by the Department of Agriculture, I think was very, very valuable. If the hon. member believes that this is a political document, I have difficulty finding that. I think if it had been a political document, it might have had my picture on the front or on the inside page.

Mr. Chairman, with respect to the beef stabilization program, the hon. member raised two points. One was in regard to the value of the program in terms of the dollars which are going to be provided. If the hon. member will check the debates of the legislature during the second reading, he will see where the benefits would accrue with this program in place, especially if the program would have been in place from the period 1975 to 1977 when the beef industry was suffering major losses. At that time, if 250,000 head had been enrolled, the payments during that period would have been \$80 million. If all of the cattle would have been enrolled during that period, the payment from the fund would have been in excess of \$300 million. So the industry is in trouble. That's what stabilization programs are for — to respond to an industry in trouble in the marketplace and to pay significant dollars to beef producers who were enrolled in the plan. The hon. member knows that it is a voluntary plan. Only those who wish to enrol will enrol.

I apologize to the hon. member for getting him upset.

With respect to the hon. member's last question, we can't answer yet. There are a number of questions with respect to this program, that we can't answer yet. I think I indicated during second reading on this legislation that there were a number of issues which we want the board, which we hope to establish by June 1, to examine and recommend to the government. These will form part of the plan through regulation. That is one of the issues we want the board to look at and make recommendations on. Clearly, he is putting forward a circumstance that requires examination. The question is: who should make the examination? In our opinion, the best ones to examine a situation like that are clearly producers who are given responsibility for the administration of the plan. That, Mr. Chairman, is what we would attempt to do with the situation the hon. member puts forward.

MR. THATCHER: — I'm going to start out at the point where you described the dollar figures that would have been put out in 1975-77. I'm going to start right there. Perhaps I should start before I move into the nuts and bolts . . . I am pleased that finally at least one minister has been honest and candid enough to say, "When you see my picture, it's a political document." I'm glad that at least one minister has been honest and candid enough to acknowledge that when it's a political diatribe philosophy and propaganda, it will be his picture in the department of such and such. I am glad that the Minister of Agriculture has admitted in this Assembly that his picture, which has been appearing frequently in every newspaper in Saskatchewan about "Let's keep the crow," or "Gordon MacMurchy speaks out — Department of Agriculture," is pure, unadulterated political propaganda.

What I want to see happen is this. I want to see the minister take that advertising (what has been used in the Department of Agriculture advertising for this propaganda) . . . I want to see that declared as NDP electioneering. I want to see that as a part of political expenses, a political contribution to the New Democratic Party. I thank the minister for his very frank admission and candidness. It confirms what I guess we have all known for the past couple of years — that the Department of Agriculture and the hierarchy within the Department of Agriculture is just simply an extension of the NDP philosophy. The hierarchy would be in considerable jeopardy under certain circumstances.

Mr. Minister, going back to the dollar figure you put out for the period 1975 to 1977., there is the most logical answer against your program. I think you used the figure \$80 million. I'm not sure what the other figure was; I think it was over \$100 million.

There, in effect, is the biggest argument against this philosophy and why this philosophy will not work. You removed market conditions from the decision-making process of the producer. Let's say that that plan had been in place as you described. Let's say those dollars had been paid out. What would have happened in that time period of 1975 to 1977? You remember the conditions. The cow population was up about 15 per cent in Canada. It was up about 20 per cent in the United States. It was up about 13 per cent all over the world. Why did market conditions improve? We had a blazes of a time during that period. The minister is right on that score. But why did conditions improve? Producers reacted to that glut, that oversupply; they cut their herds in other words. A lot of cows went to the packing house. And what's what had to happen, because every time a cow went to the packing house you killed two, assuming she was pregnant. You took her and you took her calf from next spring; they were off the market.

Suppose they had received all the money you were talking about. Do you think those

May 14, 1981

cows would have gone? How would the producer have rationalized it? He may have said, "Well, all right, if the taxpayers are going to pay me to keep too many cows around, why the heck should I be content to run 100 cows? I'll build myself an extra corral. I'll buy some feed. I'll do a little intensive feeding, and I'll move myself up to 200 cows." And it can be done with intensive feeding, easily. If the taxpayers are going to foot the bill, what do they care if the market is down and the packing house is only picking up 60 per cent of the cost? If they can make a profit, with you chipping in the other 40 per cent, why would they react to market conditions? I suggest to the minister, had that program been in place, that oversupply would have continued.

Conversely, Mr. Minister, what did happen? With considerable discomfort, producers reacted to that oversupply, and sent many of the cows into the packing house. This was a painful process, but one that had to happen. It was the most effective way for the situation to be sorted out. What happened? Well, you went into 1978-79 when the business was quite tolerable. You know what the cattle business is like. Even when times are good, it's a tough buck. Even in the glory days, cattle business is a tough dollar. You know that. Some of your city friends over there don't, but you know it's a tough buck at the best of times. But all right. '78 and '79 were not all that bad, and the only reason they were reasonably good was that that oversupply was taken care of in the only practical way.

Mr. Minister, I ask you to look at the Canadian Wheat Board. Really, how many farmers look at world market conditions when they are making planting decisions? They don't look at them. They think, "What can the wheat board absorb? What am I going to be able to sell? What does it look like I can move?" That's what the consideration is — not how much I'm going to get for it. What can I move? What can I market? What can I get through? Mr. Minister, interestingly enough the bill which we have before us does not even come remotely close to the situation that you described in '75 and '76 if this bill had been in place. I suggest that what you are suggesting could have been done in '75 or '77. You couldn't do it for \$200 million today, and you are talking five.

Mr. Minister, this bill is typical of so many other government programs. We lay into the cattle industry (the beef industry) patchwork, not coming to grips with anything but interfering with the normal market process. I suggest to you that much of the glut that we had in the cattle business in the mid-'70s was caused by artificial incentives put forward by government.

Mr. Minister, I don't know why governments like yours (and I include the federal Liberal government in this) are afraid to use the word "profit" in agriculture. I don't know why you're afraid to say, "let the guy who is raising agriculture produce have a profit." You know how you talk? "We'll guarantee them this and we'll guarantee them that, and then we'll give them a return on it later." Did you ever think of using the word "profit"? You know, Mr. Minister, no one is going out at 2 o'clock in the morning to calve the state cow. No one is going to set up and do that, but I'll tell you that every rancher will head out to his corral at 2 o'clock in the morning to calve his cow. To calve the state cow, he's going to sleep right through.

Mr. Minister, your philosophy around the world of adding controls and regimentation simply hasn't worked in the places where it has been tried. Look at many of the East European countries. They've better land than we ever thought of having over here. In Poland there is a food crisis right now — food lines, starvation. The kind of land that we have on the Regina plains with six inches, they have for six feet down there. And they can't feed themselves, because people just simply don't perform for the state. They go

through their eight hours or whatever it is, but they don't perform. Look at the Soviet Union. Three per cent of the agricultural land is privately owned. Did you know that? Did you know that 3 per cent of the privately owned land in the Soviet Union has 30 per cent of the production? Did you get those numbers? Mr. Minister, 3 per cent of the privately owned land produces 30 per cent of the food in the Soviet Union. Those may be CIA (Central Intelligence Agency) figures; I don't know.

I see that we are at 5 p.m. I have a great deal more to say on this bill. I have great hopes that I can conclude my remarks in committee some time by the middle of next week. I may as well call it 5 p.m.

The Assembly recessed until 7 p.m.