

The Assembly met at 10 a.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**Hon. Mr. Hepworth:** — Mr. Speaker, I'd like to introduce to you, and through you to the members of the Legislative Assembly, 14 social studies teachers here from across the province. They are seated in the Speaker's gallery, and are in Regina to attend an accreditation seminar. Mr. Martin Wechel from Regina in the co-ordinator for the seminar, and I would ask all members of the Assembly to join me in welcoming them here to the proceedings this morning.

**Hon. Members:** — Hear, hear!

**Mr. Tchorzewski:** — Thank you, Mr. Speaker. I want to join with the Minister of Education in extending a welcome to the teachers who are here for the accreditation seminar with Mr. Wechel, and also point out that a former member of this Legislative Assembly is also in the gallery with the teachers, Mr. Bill Allen, the former member for the Rosemont constituency in Regina.

**Hon. Members:** — Hear, hear!

### ORAL QUESTIONS

#### Policy Regarding Prescription Drug Plan

**Mr. Calvert:** — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Premier, and it has to do with your government's long awaited announcement on how you plan to help people who face catastrophic drug bills because of your change to the prescription drug plan. Mr. Premier, will you confirm that under your plan only a very limited number of people are going to qualify, and even those who do qualify will still be faced with a 20 per cent up front drug cost?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Well, Mr. Speaker, the Minister of Health will be making a statement after question period with respect to the program. And the intention of the statement — and he will cover it in some detail — is to provide assurances for unique circumstances for individuals or families so that they know that they can be protected. And we will have a unique mechanism to deal with that, a professional mechanism, to make sure that no individual or no family will face a unique situation, and unique is just that. I mean, in some cases it will be because of very high drug costs; for other cases it will be because of other unique circumstances, and they should be dealt with in a unique fashion.

As the hon. member knows, the people on welfare are completely covered; people in nursing homes are completely covered; senior citizens, it's \$50. So you look at their unique situations, and as they are presented to a professional body, we will be able to have the flexibility to deal with those individuals or families in the unique

situation.

**Mr. Calvert:** — Supplementary, Mr. Speaker. Mr. Premier, in my judgement every citizen of this province is unique and has unique needs.

**Some Hon. Members:** — Hear, hear!

**Mr. Calvert:** — Mr. Premier, the people of Saskatchewan have waited long enough for this plan. I simply ask: — what kind of catastrophic plan have you come up with? Will it cover 100 per cent of the prescription drug costs minus the dispensing fee for those who qualify, or will they still be required to put up 20 per cent of the drug costs?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Mr. Speaker, if I could respond to the hon. member, we have the best and most comprehensive drug plan in Canada today. Secondly, Mr. Speaker, for very unique circumstances, and to give the hon. member an example, if you had people that were making, or a family that had a very high income, but they had a unique problem because they had to spend \$1,000 or \$2,000 on a particular drug in a short period of time, that's unique. They have a great deal of money, but it's unique. In another case you may find a new drug comes in and it's expensive and somebody may need that for a 10-month period and the family couldn't cover it for several reasons.

We want to take the individual cases because we have provided a comprehensive plan now so low income people on welfare are completely covered, so it's not that category. It's not those in nursing homes because that's covered. It's not senior citizens because they are well enough protected. So it is these unique circumstances with unique drugs that have been brought forward that can be reviewed by a professional panel that could provide the assistance and the protection for those people.

**Hon. Mr. Blakeney:** — Mr. Speaker, I'd like to direct a question to the Premier, and it is along the same lines as those of my colleague from Moose Jaw South.

The Premier speaks of unique circumstances. That has a ring about it, Mr. Speaker, of saying that he will decide what the unique circumstances are. What I want to know, Mr. Premier, is this: — will you outline criteria that the citizens of Saskatchewan can meet or not meet, objectively decided, or are these unique circumstances to be decided by you, your ministers, and your MLAs, without making public the basis upon which you are deciding?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Well, Mr. Speaker, the Minister of Health will be making a statement after question period with respect to the package. Let me just say, with respect to the rigidity that you are talking about, it tends to be a philosophical difference where your party, for whatever reasons, wants very rigid guide-lines to deal with a wide range of families and individuals that have unique

circumstances.

We want to make sure that with our professional guidance — professional guidance from the medical profession, from the pharmaceutical profession, and others — that we can cover all circumstances, and made sure that they're covered, with professional guidance. We need that flexibility to cover unique individuals that don't fit into the rigid guide-lines that you're asking for.

Now we know, for low income people on welfare we have said we'll cover it. For people in nursing homes we've said we'll cover it. For senior citizens it's very well covered. For people in hospitals it's very well covered.

Now you're looking at unique circumstances where we want to have professional capacity to deal with those, to be fair. If you want to have a rigid, rigid program, then obviously you can come back and say, from time to time, well you've missed somebody. You've created a barrier for this person and a barrier for this person.

We don't want barriers for people; we want to be able to look after each and every individual family and each and every individual case, that will allow us to protect them because, in fact, they are unique. And I believe that's the intent of the program.

**Mr. Speaker:** — I believe the Premier has made his point very well.

**Hon. Mr. Blakeney:** — Supplementary, Mr. Speaker. Mr. Premier, I think we all know that secret guide-lines, secretly applied, and that's what you're suggesting, are open to abuse.

My question to you is very simple: — whatever the guide-lines you may come up with, however flexible, will you set them out in writing so that people may know whether they are being dealt with in the same way as their neighbour is being dealt with, or whether they're being dealt with on the basis of knowing you or your ministers or your MLAs?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Mr. Speaker, I . . . I believe, Mr. Speaker, I believe that the hon. member, I say in all respect, knows better than to allege that you will only be protected if you happen to know the Premier of the province or you happen to know an MLA or something else. Now that's a pretty difficult allegation, Mr. Speaker. It's a pretty difficult allegation. I won't take it . . . I won't take it any farther except to say I believe, at a minimum, it's unfair.

I said at the outset we are going to be flexible to include every single solitary case where we believe that it's unique. And professionals provide us with the categories that it is unique, Mr. Speaker. And to be fair . . . to be fair, we know that we have to look after low income, and we've dealt with that. And to be fair, we have to look after people in nursing homes and hospitals, and we have. But if there are unique drug problems or unique circumstances for families, we want the help of professionals for us to do that.

So I would just say to the hon. member to . . . Well I ask for his sense of fairness in putting together a package and a program that will indeed deal with individual families and individual citizens as they require.

### Waiting Lists in Saskatoon Hospitals

**Mr. Rolfes:** — Mr. Speaker, I'd like to address a question to the Premier. Mr. Premier, my question deals with your lack of leadership in the health care field, and more specifically it deals with the long waiting list in the Saskatoon . . . three Saskatoon hospitals.

Mr. Premier, in this House on July 9 you told the House that the waiting list in Saskatoon was being addressed, and is being addressed by the Minister of Health. And I wish to quote you, Mr. Premier, where you said:

. . . the unique situation in the city of Saskatoon is addressed, and is being addressed by the Minister of Health.

You promised us, Mr. Premier, that the waiting list would be reduced. But since that time, Mr. Premier, the waiting list in Saskatoon has gone up by an additional 255 people. We now are very close to 11,000 people in the city of Saskatoon waiting to get a hospital bed. Mr. Premier, I ask you: — when are you going to start dealing with this problem in Saskatoon on the long waiting list and have that waiting list reduced? When are you going to deal with that?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Mr. Speaker, as the hon. member knows, in the summer-time it is the most difficult when it comes to the administration of hospital beds in the province of Saskatchewan, and probably other jurisdictions as well.

We are, Mr. Speaker, addressing the line-up question and the waiting lines for patients in hospitals in a unique situation in Saskatoon. It is much larger than it is in any other urban market, and much larger than we think that it could be, and in fact we believe there's some things we can do in co-operation with hospitals and the medical profession to make sure that we can.

I mean, I know the hon. member has been the minister of Health. And I know that the hon. member in his own frustration, in his own frustration in the middle of summer and the middle of spring and various times would say, line-ups are a sign of efficiency. Because in his own frustration he knows that this is a long-run problem. It's been going on for years and years and years. Well, Mr. Speaker . . .

**Mr. Speaker:** — Order, please. Order, please!

**Mr. Rolfes:** — Mr. Premier, never in the history in the province of Saskatchewan have we seen waiting lists of 11,000 in any city in this province. Mr. Premier, since you addressed this problem and assured us on July 9, we have had an increase of 255 people.

My question to you is: — why did you not act last month to reopen those beds, those 300 beds that are closed for the entire summer? Why did you not act then to reduce that waiting list and show the people of Saskatoon that you have some sympathy and some sensitivity to their cares? Why did you not open those beds?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Well, Mr. Speaker, I can advise the hon. member that the volume of surgery has been increasing each year, and increasing, Mr. Speaker, and I make the point. The hon. member talks about history, Mr. Speaker. Two observations that we could make — never in the history of Saskatchewan has a Minister of Health, as you my hon. friend has said, is it an efficient sign of health care to have long waiting lines. Never in history has anybody ever said that, but you're on the record of saying it, and you knew the frustration of that.

Secondly, Mr. Speaker, I would say, never in the history of the province has there been the removal of extra billing to help people accommodate their health care needs, and we have done just that, Mr. Speaker.

So when he wants to talk about history, never in the history of the province have we ever spent so much money on health. The budget is up 63 per cent since 1982, and the hon. member knows that. The combination of things that we must do to address the Saskatoon question is complicated and it is deep-rooted and it is historic — the hon. member is accurate there. We are addressing it in a long-run fashion to make sure we can make moves now and well into the future, Mr. Speaker.

**Mr. Rolfes:** — Mr. Speaker, could I ask a new question? Mr. Speaker, I want to ask a new question to the Premier.

**Mr. Speaker:** — Order, please. Order, please. The hon. member rose on a supplementary. I thought I heard that. And I would ask him to either ask a supplementary, or I'm afraid I'll have to move on the next question.

**Mr. Rolfes:** — Mr. Speaker, supplementary question. Mr. Premier, my supplementary question deals again with health care, and now it deals with the hurt and suffering that your lack of care is inflicting on cancer patients in Saskatoon — cancer patients in Saskatoon. And, Mr. Speaker, in light of the fact that the Premier has not dealt with the closure of the beds, we have a . . . You recently received a letter from a man in Saskatoon who has cancer of the jaw. His doctor told him that there would be a 50-50 chance of complete removal if there were immediate surgery. His doctor applied for a bed and was told that he could not get a bed for urgent surgery until August 27. Mr. Premier, I ask you, are cancer patients expected to now accept a six-week wait for urgent surgery on cancer because of the lack of leadership that you show in the health care system?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Mr. Speaker, I'm advised that cancer patients are a priority — are a priority — among the medical profession . . .

**Mr. Speaker:** — Order. Order. Order, please. Order. Order, please. Order. Order, please. From both sides of the House. The Premier is attempting to answer the question. Let us co-operate and allow him to answer the question.

**Hon. Mr. Devine:** — I'll just reiterate, Mr. Speaker. I am advised that the medical profession is treating cancer patients as a priority, and as far as I know, that's the case. Now notwithstanding that, we would like to see no line-ups at all, and I'm sure the hon. member knows that, and he has been through the frustrating experience of trying to reduce the line-ups himself at the same time when they held a health care budget about half of what ours is today, Mr. Speaker. The health care budget was half of what it was today with the line-ups, and the hon. member knows that it is difficult. So we are addressing that, and as far as I know, the medical profession is saying that the cancer patients are a priority in Saskatoon hospitals.

**Mr. Rolfes:** — Mr. Premier, from your own words, you were telling the cancer patients of Saskatoon that six-week waiting list is urgent. That's what you're saying. They must wait for six weeks to get surgery.

I ask you, Mr. Premier, again. You have ample money for your friends, the George Hills, the Pocklingtons, and to waste money in mismanagement. I ask you, Mr. Premier, will you today come to grips with those unique situations as you call them?

You are aware of the situation. A man had to wait six . . .

**Mr. Speaker:** — Order. Order, please! Order, please. Order. The hon. member's preamble is wandering. I'm sure he is aware of that. I'm not sure that the Premier caught the actual question, so I will give him the opportunity to just put the question, please.

**Mr. Rolfes:** — Mr. Premier, will you please now find ample money to open up some of those beds in Saskatoon so cancer patients can receive immediate urgent surgery when it is required?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — The hon. member raises, I take as an assumption, his concern about cancer patients, and then, Mr. Speaker, he drifts on into personalities which shows that he really doesn't care at all; he's more interested in the politics of the situation.

You know yourself — you know yourself, sir, that George Hill has got nothing at all to do with cancer patients in Saskatoon. All you do is grandstand for the public. I'll tell you, people like George Hill will raise more money in the province of Saskatchewan to create more health care funds to build more hospitals, to have a larger health care budget, and that's precisely why, Mr. Speaker, the budget is up 63 per cent since 1982. You get off track because you don't understand, one, how to make money, and you don't understand how to spend money.

**Mr. Speaker:** — Order, please.

**Some Hon. Members:** — Hear, hear!

### Saskatchewan Housing Program

**Mr. Goodale:** — Thank you, Mr. Speaker. My question is for the Premier, and it has to do with his so-called housing program — the pre-election gimmick for the \$1,500 freebie grants.

Mr. Premier, I have recently received a letter from a prominent Saskatoon business man, one Mr. Joe Butzelaar, who writes to me about this subject, and I will quote just one short sentence:

I find it obscene that people like me will obtain over \$100 million in a cynical vote-buying exercise when the truly disadvantaged in our community are suffering as never before.

Mr. Premier, will you not take that message from Mr. Butzelaar to heart — cancel this profligate program, eliminate the unfairness and the cost, and as Mr. Butzelaar suggests in his letter, devote the government's resources instead to the handicapped, the mentally retarded, education for young people, and our health care system?

**Hon. Mr. Devine:** — Mr. Speaker, I will respond a couple of ways. Firstly, the hon. member knows that it is a voluntary program. People do not have to participate in it.

Secondly, Mr. Speaker, it's a matching program, which means that individuals are asked to dig into their pockets for \$1,500 at a minimum, and then the government will match, and it's the combination of those two that have created a great deal of economic activity.

And 19,000 jobs in the province of Saskatchewan are attributed to this program. Often the members opposite ask about jobs and opportunities for people across the piece in the province, in towns and villages and farms and other places. This program applies universally, across the community in Saskatchewan — all communities.

So we have the second or third lowest unemployment. It's a voluntary program. And what's most responsible, which is the opposite to what the members opposite . . . the opposition provided in the election, is that you have to dig out of your pocket to see a matching program, which means that we can have economic activity coming from the people of Saskatchewan, and not just — not just from the taxpayer.

**Mr. Goodale:** — Mr. Speaker, supplementary. Mr. Butzelaar is one of those who puts his money where his mouth is. He did apply for the program; he did get the \$1,500; he sent it to me and asked that I pass it along to food banks in Saskatoon and Regina because he thinks that more appropriate.

Mr. Premier, my question for you is . . .

**An Hon. Member:** — All right, can you prove that, Ralph?

**Mr. Goodale:** — Pardon me?

**An Hon. Member:** — Can you prove that?

**Mr. Goodale:** — Pardon me. There's the cheque.

**Mr. Speaker:** — Order. Order. Order. Order, please. Order. Order. Order, please. We seem to be entering into debate. Would the member from Assiniboia-Gravelbourg detour that or divert it by please putting his question.

**An. Hon. Member:** — Is he going to put it down as a charitable donation too, Ralph?

**Mr. Goodale:** — I don't imagine he did, no. But, Mr. Speaker, my question despite the minister's . . .

**Mr. Speaker:** — Order, please. Order, please. Order, please. I'm having difficulty hearing the member from Assiniboia-Gravelbourg, and I'm certain other members must also be. So I ask your co-operation once more to allow him to put his question.

**Mr. Goodale:** — Mr. Speaker, the members opposite will not be able to demean Mr. Butzelaar.

My question for the Premier is this: — how he can defend the program the way he has done when professors at the University of Saskatchewan say that it's a failure, economically, when even the Fraser Institute has said that it's blatantly bad policy. It's a policy, Mr. Premier, that is.

**Mr. Speaker:** — Order, please. Order, please. The member's going on and on and please wrap up your question if you have a question, otherwise we'll . . . Okay.

**Mr. Goodale:** — Mr. Speaker, my supplementary is simply this: in the face of criticism from the University of Saskatchewan, criticism from the Fraser Institute and many others about this policy, how can the Premier continue to defend a program that is so unfair and expensive?

**Hon. Mr. Devine:** — Well, Mr. Speaker, I just say to the hon. member that I, as I did to the Leader of the Opposition, I think to be fair we have to recognize that the individual did take the government grant. He took it. Then, Mr. Speaker, to be fair, he didn't just give it to a charity, he obviously had to have it raised here in the legislature, which if you're sincere about the charity and you're sincere about the program, I would question the procedure with which it's gone through.

And third, Mr. Speaker . . . I would say, Mr. Speaker . . . Third, Mr. Speaker, if you want the judge of the program, the judgement, the general judgement, you just look at whether the people believe that it's a good idea. And the people are participating. They say they are prepared to improve their homes, and they are prepared to come out with the money, and they're doing it.

And fourth, Mr. Speaker, the economic results are what the whole thing is about, is the creation of jobs. And it's been one of the best job creators that we've seen in some time in the history of Saskatchewan.

### Rising Inflation Rate in Saskatchewan

**Mr. Tchorzewski:** — Thank you. Mr. Speaker, I too have a question for the Premier.

Mr. Premier, Statistics Canada has confirmed this morning that your government's policies are driving up the rate of inflation and the cost of living in an unprecedented way because of your policies. And we've been saying that o you for several months now.

The consumer price index which was released showed that in Regina the annual inflation rate is 6.1 per cent and in Saskatoon it's 6.2 per cent, while in Canada it's only 4.7 per cent. Are you aware that the inflation rate in Saskatchewan, Mr. Premier, is the highest in Canada due to your government's policies, and how do you justify that to Saskatchewan families, hard-pressed Saskatchewan families, on whom you have imposed the highest tax increases in the history of this province?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Well, Mr. Speaker, a couple of observations with respect to the statistical analysis. The first is, to make accurate comparisons, we can note that the city of Toronto was 6.1 per cent, and it's in a boom. And people were looking at comparisons between other jurisdictions — Toronto, 6.1 and Regina is 6.1.

Secondly, Mr. Speaker, if I could point out that the calculations do not include, Mr. Speaker, the rebate on the drug program. They do not include that, which is very, very significant. So if you look at the rebate on the gas tax, or if you look at the rebate on the drug program, which is obviously part and parcel of the index and particularly on the drug program, Mr. Speaker, what the index has done is saying there is no drug program at all, they've got to pay for it all.

Now if you include . . . (inaudible interjection) . . . Well it is. If you include the rebate — I'm advised, Mr. Speaker, that if you include the rebate, as you should, then you will see a significant difference in the results.

So let me finally say, Mr. Speaker, that when you look at other jurisdictions, when their particular tax revenue measures kicked in, that particular month you're going to have a percentage increase. That's exactly what you see here in the province of Saskatchewan.

**Mr. Tchorzewski:** — Mr. Premier, in Ontario where there is a boom, one would expect inflation; in Saskatchewan where there is a bust, one should not expect inflation to be happening at all.

**Some Hon. Members:** — Hear, hear!

**Mr. Tchorzewski:** — Now, Mr. Premier, that inflation report, which I have here, which is your publication, does not include the 7 cent a litre gas tax, and that more than offsets what you refer to in the prescription drug plan. If anything, that report, Mr. Premier, understates the . . .

**Mr. Speaker:** — Order. Order. Order. I believe that the hon. member's preamble is getting a little long, and I would ask him to please get to his question.

**Mr. Tchorzewski:** — I was about to do that, Mr. Chairman, and I want to say that this report understates the inflationary impact of the government's policies. And I ask the Premier: — how can you justify this huge increase in the cost of living for Saskatchewan families, all directly attributable to your government's policies, while at the same time you have imposed a two-year wage freeze on thousands of Saskatchewan families?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Devine:** — Mr. Speaker, I point out, and statisticians will find out who is correct in this. And I will . . . (inaudible interjection) . . . Okay. Well in my . . . in the paper I'm advised . . . I just want to make sure . . . I'm advised, and we can go back and check it for sure, but I'm advised that the rebate on the drug program is not included in that index, which would make a significant difference. Now if that's not the case, then the hon. member has a point that it is that much larger than it should be.

I also want to point out to the hon. member, is that when we are looking at economic development in the province of Saskatchewan and we're protecting low income, and at the same time as the hon. member wants to see growing economic activity, and at the same time he wants to see balanced budget and more money for health, he stands up in the legislature and says, but you can't get more revenue.

Well obviously, Mr. Speaker, and the media knows this, you can't have it both ways. You can't offer a \$1.2 billion housing program at one point, turn around and say that you're going to have more money for health care at the same time and, Mr. Speaker, say that they're going to cut taxes at the same time . . .

**Mr. Speaker:** — Order. Order, please. Order, please. Order. I would ask for your co-operation. Question period is ended, and I now recognize the Minister of Finance.

## MINISTERIAL STATEMENTS

### Legal Proceedings Regarding Collapse of Investment Firms

**Hon. Mr. Lane:** — Mr. Speaker, with regard to one action being taken by the government with regard to the financial situation in the Principal Group of companies, legal proceedings are ongoing in Alberta in relation to the difficulties recently encountered by members of the Principal Group of companies. These proceedings include actions relating to First Investors Corporation and in Associated Investors of Canada Ltd. pursuant to The Companies' Creditors Arrangement Act, and a bankruptcy proceeding resulting from a petition filed by Principal Group Ltd. Further, we are advised by the Canada Deposit Insurance Corporation that it intends to proceed on Monday, August 17, to seek an order under The (federal) Winding-up Act in relation to Principal Savings and Trust.

I digress quickly so that the public may understand that, I

believe, it's accepted that an action under The Winding-up Act will anticipate that assets are at least equal to liabilities, as opposed to an action under The Bankruptcy Act, which would indicate that liabilities exceed assets.

Saskatchewan officials have closely monitored the progress of these proceedings. They will result, among other things, in an investigation of the financial circumstances of the companies involved. That financial inquiry in Alberta has recently been expanded by court order. In order to ensure that the Government of Saskatchewan receives full, accurate and timely information, and is in a position to make any representations that may be necessary in those proceedings where the province is permitted to appear by the court, we now intend to, as a first step, retain private counsel in Alberta to represent the province of Saskatchewan's interest.

**Some Hon. Members:** — Hear, hear!

**Mr. Speaker:** — Order, please. Order, please.

**Hon. Mr. Blakeney:** — Mr. Speaker, I want to reply to this rather remarkable statement. We have a situation, Mr. Speaker, where many thousands of people have lost money through the Principal Group, through First Investors, Associated Investors, and perhaps Principal Savings and Trust Company. We have urgent requests by these thousands of people that the government act, and that they have now announced that they're going to hire a lawyer in Alberta.

Mr. Speaker, in the face of investigations by the Government of Alberta, the Government of British Columbia, the Government of Nova Scotia, this government announces they're going to hire a lawyer in Alberta. Now, Mr. Speaker, this situation requires two things of this government. Once, that we have a thorough and complete investigation of activities in Saskatchewan . . .

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Blakeney:** — . . . so that Saskatchewan people may know the loss and the hurt which has been suffered by Saskatchewan people because of the policies of deregulation of the government opposite, policies which, they freely admit, have meant that they have done next to no regulation with respect to either Associated Investors or First Investors or Principal Savings and Trust.

And the second thing that needs to be done is that this government commit itself to assist in every way it can, those people that — it's not fair to call them investors, they are essentially depositors — people who lost their money because they put money into First Investors or Associated Investors or Principal Savings and Trust, all three of which were regulated, or should have been regulated, by this government, and were not.

And because of that negligence, and because of the overt policies of deregulation of the government opposite, these people have lost tens and hundreds of thousands of dollars, millions of dollars. We should have had action.

What we have, Mr. Speaker, is an announcement that they're going to hire a lawyer in Alberta. It's not good enough, and it will be seen to be not good enough by the people of Saskatchewan.

**Some Hon. Members:** — Hear, hear!

**Mr. Speaker:** — Order, please.

#### Additional Protection Offered by Drug Plan

**Hon. Mr. McLeod:** — Mr. Speaker, I rise in the House this morning to explain how the provincial government is responding, and will continue to respond to those small numbers of people who, because of unique circumstances, may require additional protection.

However, let me begin by outlining how the drug plan is already designed to protect all of us, and even now, Mr. Speaker, how it is designed to meet the special needs of Saskatchewan people.

Firstly, Mr. Speaker, I'll comment on the deductible levels. These levels, which are \$50 per year for single seniors, \$75 per year for senior families, and \$125 per year for other families, have been designed with a sensitivity to the differing needs of Saskatchewan people. Among drug plans in Canada, these deductibles are the most generous. I cite the example of Manitoba where deductibles are \$75 for single seniors, as opposed to \$50 here. As well as, I remind the members that deductibles in British Columbia are \$275 for families, compared to \$125 here.

Mr. Speaker, I will not comment on the refunds that people are eligible to receive from the drug plan. These refunds in the amount of 80 per cent . . . or I will now comment, I'm sorry.

These refunds in the amount of 80 per cent of costs above the deductible are indeed most generous, Mr. Speaker. The drug plan has already refunded hundreds of residents for claims sent in — some in as fast as 14 days, and all in less than 30 days.

Mr. Speaker, members opposite, again peddling fear, and we saw some of that here yesterday, try to create an image of drug plan changes as harsh and cruel. Allow me then to provide an outline of the special benefits and considerations that are already in place.

For people receiving social assistance, the drug plan has not changed at all. Benefit drugs continue to be available to these people for only \$2 per prescription, and in many cases for not cost — protection just as before Mr. Speaker.

And Mr. Speaker, for residents of licensed special care homes the drug plan has not changed at all. These people continue to pay only the minimal amount of \$3.95, just as they did before.

In addition, Mr. Speaker, we have over 1,600 people who are registered under special programs of the health department. These people who have chronic renal disease, conditions of paraplegia, or cystic fibrosis receive their prescriptions at no cost, just as they did

before. I repeat, that for these groups of people like the others I've just mentioned, the drug plan has not changed.

Mr. Speaker, it is important for all Saskatchewan people to know how we have responded to the desperate situation of people enduring the final stages of terminal illness. Through the drug plan, these palliative care patients now receive their prescription drugs free of charge. This is an improvement in benefits. Under the old plan these people were paying \$3.95 for prescriptions. Now, Mr. Speaker, they pay nothing.

There are also some specific drugs that, because of such extraordinary expense — sometime as much as \$20,000 per year to use an extreme example — are provided free of charge to Saskatchewan people. I cite the example of cyclosporin — a drug used to counteract the rejection of tissue transplants — payment for this drug and a number of others have been reduced, Mr. Speaker, from \$3.95 to zero. We have also continued the special consideration given to people when they obtain insulin and testing agents for diabetes.

You will see from the comments I've outlined, Mr. Speaker, that this government did indeed show sympathy and caring while making the necessary changes to the drug plan. And yes, Mr. Speaker, we intend to do even more — even more to ensure that no Saskatchewan person is excessively burdened by changes to the drug plan.

Mr. Speaker, in spite of all the action we've already taken in recognition of the special needs of people, we have further recognized that there may still be a few individuals who will not be fully able to deal with the changes.

Over the period of the last few weeks, we have been assessing the correspondence and information these people have brought forward. These cases, Mr. Speaker, are currently being handled. In some of these, I've asked the drug plan to follow up and obtain more detailed information in order to see if further consideration is indeed warranted.

Other people, Mr. Speaker, about 25 in all thus far, are now being contacted by drug plan officials and are being provided with ways to reduce their up-front costs immediately, and for a sufficient time to allow them also to provide additional information which may be required for further evaluation.

These cases, along with any others that come to our attention, will be assessed by a review panel which I have established. This panel will be composed of representatives of the College of Physicians and Surgeons, the Saskatchewan Pharmaceutical Association, and people who work within the drug plan. In some of these cases, Mr. Speaker, payment of only 20 per cent of total costs will be required, and therefore no claims need be made. Sometimes this will apply to the whole family, sometimes to specific individuals.

In still other instances, certain of a person's drugs may be exempted from full, up-front payment and be available for only the 20 per cent. Other provisions may simply but

importantly involve the priority processing of claims.

Mr. Speaker, different circumstances may therefore lead to different solutions. Assessments will be based on such factors as level and type of drug use, cost of the drugs, disease condition, number of family members with chronic disease, brands of drugs used, and any number of other factors which make it impossible to broadly apply some specific criteria.

Correspondence to date confirms my belief that these cases are few in number. Because each may have unique characteristics, they will each be considered separately, and not as part of some set of criteria that is cast in stone and cannot be flexible.

Mr. Speaker, I recognize and sympathize with the concerns that have been brought forward. Accordingly I have, and this government has, taken action — action, Mr. Speaker, that will continue to support our belief in fair, consistent, and responsible protection, and, Mr. Speaker, action which will help us to further our long-term commitment to health care in this province of Saskatchewan

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Blakeney:** — Mr. Speaker, we see here, Mr. Speaker, a government which is in some disarray. And we see a modest but important victory for the people of Saskatchewan. Over the past several months, the PC government has been deliberately undermining medicare in Saskatchewan. And for thousands of people they have effectively destroyed the prescription drug plan.

The changes are causing great hardship to a goodly number of people in Saskatchewan. The PC plans, the PC drug plan which they just put in, is certainly a betrayal of their election promises — assuredly that — and, I say, a betrayal of medicare.

When the government first announced its attack on medicare, when they first placed their expensive radio and television ads and newspaper ads, there was no mention of any special arrangements — none whatever, no mention of any special assistance or unique cases. But the public have risen up in wrath and they have forced the minister to make some changes.

**An Hon. Member:** — Small as they are.

**Hon. Mr. Blakeney:** — Small as they are, and inadequate as they are.

This minister insists that he must do it in . . . by the dark of night. He says he has a review panel, but he doesn't say the panel will be making those decisions. And I invite anyone to read his statement. They will be looking at them, but the decisions will be made by the minister and his staff. And I certainly question their impartiality. Yes, indeed.

If the panel had been going to make the decision, you could be assured that the minister would have said so. But he does not say so. He says they will be subject to review

by the panel, but not decision by the panel, and that, I think, is key. One further point, Mr. Speaker, before I take my seat. The minister suggests that somehow he cannot have any rigid rules.

**An Hon. Member:** — You suggest it's somehow no better than the professionals.

(1045)

**Hon. Mr. Blakeney:** — Mr. Speaker, the member for Weyburn will undoubtedly have an opportunity to enter into the debate at some appropriate time. I am now replying to a ministerial statement, which was uninterrupted from this side of the House.

**Mr. Speaker:** — Order. Order. Order, please. Order, please. Order, please. Allow the Leader of the Opposition to continue his remarks.

**Hon. Mr. Blakeney:** — One final point, Mr. Speaker. The minister is suggesting that there is no way that he can set out rules because everything is unique — he is, obviously, after having outlined about five or six specific rules which he has for everything from cystic fibrosis to something else.

Mr. Speaker, there have in the past been programs in this province — something popularly called medical social aid — where people who had low incomes — not low enough to be able to get public assistance, but with a low income and with substantial medical costs. There were rules; there was a program; they got a card; they could get free drugs. Somebody then could make up rules, could have rules that were there and available for the public to see, so that we knew there wasn't favouritism.

The government opposite says that's beyond them. They must now deal with each person, send them begging — begging because there are no rules. And when there are no rules, what else do you call it but saying: — here is my specific situation; I know that I don't qualify for any help; would you please give me some help? I call that begging.

And I say to the minister, even if you will not set up such a system now, will you, as your system operates, examine the basis upon which you are granting assistance, and then set out some rules so that people will know that they are being fairly dealt with. And they are not being dealt with according to the caprice of the Minister of Health and his officials — a minister and a department which has, at least in my judgement, shown a fair amount of caprice in administering programs in the past, and for whom the public of Saskatchewan does not have implicit confidence.

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Blakeney:** — Mr. Minister, I ask you. We welcome this small addition — this small but useful improvement. We welcome this retreat on your part. We wish that you would make it a more formal structure so that the public of Saskatchewan will know that they are being dealt with fairly, and in the same way their neighbour is being dealt with, and not according to some hidden rules which you are unwilling to disclose.

**Some Hon. Members:** — Hear, hear!

## TABLING OF DOCUMENTS

**Mr. Goodale:** — Mr. Speaker, before order of the day, in order to deal with any innuendoes that may have been left from question period, and to make the record absolutely clear, I would like to table a copy of the letter that I referred to in my question during question period. It is dated July 30, 1987, addressed to me, and it is signed by Mr. J. P. Butzelaar of Saskatoon.

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

### COMMITTEE OF FINANCE

#### Consolidated Fund Budgetary Expenditure Energy and Mines Ordinary Expenditure — Vote 23

#### Item 1 (continued)

**Hon. Mrs. Smith:** — Thank you, Mr. Chairman. It has been some time since we have been back on the estimates for Energy and Mines, and I would like to take the opportunity to reintroduce the officials. To my immediate right is the deputy minister, Mr. Bob Reid; to my immediate left is Mr. Bruce Wilson; behind me I have Mr. Les Beck, and Mr. John Reid, the associate deputy.

Mr. Chairman, we had dealt with several questions that I had given a commitment to the critic for Energy to come back with, and I would like to deal with those, beginning with the estimates today.

The member from Saskatoon South had spoken to me yesterday in regards to a question on the NewGrade legal fees, and I believe it had also been raised in the previous estimates for Energy and Mines. The question had been what does Saskatchewan . . . What have we paid for legal fees in getting NewGrade and the upgrader up and running? Mr. Chairman, the legal fees paid by, or on behalf of Saskatchewan, over the four and a half years since April, 1983, for the NewGrade project are \$390,000. The law firm paid to is MacPherson Leslie & Tyerman. And, Mr. Chairman, any of the fees paid by Saskatchewan are reimbursed by NewGrade, which I believe I had relayed to the member at that time.

Other questions that we were asked to bring information back, and I believe I sent the member a fairly healthy package of information, healthy in terms of its size. There are two other areas that he has not received yet, and I would like to table the information, plus send some across to him.

Mr. Chairman, the issue that I am dealing with had to do with the question, not only from the member from Saskatoon South but the Leader of the Opposition, and would we table all the agreements that the government has as it relates to the NewGrade upgrader, or the Co-op upgrader.



I believe at that time I had indicated that I could not do that because of the confidentiality clauses. However, I did give a commitment to the opposition that I would speak to the parties involved, and that included the Co-op Refinery and the federal government.

Mr. Chairman, we undertook to do that. We contacted verbally and with a letter, and the answer that I received from Federated Co-operatives Ltd. I would like to quote one line, and it simply says:

The disclosure of these agreements would have significant commercial prejudice to both NewGrade and CCRL (Consumers' Co-operative Refineries Ltd.)

Mr. Chairman, I didn't find the response surprising. As we stated earlier, we believe that it was good and sound business practice to keep certain commercial information confidential. Not all, but certain.

We also stated, and we still do, that confidentiality is necessary to protect the upgrader and the Co-op Refinery. And we also, Mr. Chairman, believed that we owed it to the people of Saskatchewan to protect and promote the success of these ventures. Mr. Chairman, confidentiality of commercial documents is a long-standing and prudent practice of government.

Allow me to quote from *Hansard* on this topic, and I quote:

If we are in a competitive business, we expect to reveal to the public the same information that our competitors reveal to the public. If our responsibility is to operate those industries for the benefit of the Saskatchewan people, to get the best possible return for them, we will give to the public the same information that our competitors give. And we will not give our competitors any advantages that they are unwilling to give us. That seems to me to be a straight matter of prudence, if in fact we are to discharge our responsibilities to the people of Saskatchewan.

Now the statement should sound quite familiar, at the very minimum, to the Leader of the Opposition, but I would also hope, perhaps, to the member from Saskatoon South. The member from Regina Centre, perhaps he remembers. The member from Regina North.

That statement was made by the Leader of the Opposition in April 4, 1979, when the Leader of the Opposition was the premier. And it relates to a project that the government of the day had going at that time.

Mr. Chairman, I can only conclude that apparently confidentiality of commercial arrangements is important when you were in government, but when you are in opposition, it is not. Quite frankly, I don't understand that.

Mr. Chairman, the Leader of the Opposition received a copy of a letter that was sent to me by the president of Federated Co-operatives, and I trust that he and his colleagues opposite will acknowledge that our stance on

the confidentiality was a proper one.

Mr. Chairman, I'm pleased to table in this House the letter from NewGrade. But before doing so, I would like to read from a clause within the letter. And it states, Mr. Chairman:

Any disclosure of this agreement . . .

And we are talking about the operating agreement — not the guaranteed loans agreement, but the operating.

Any disclosure of this agreement would result in a disclosure of the pricing and other operating arrangements between NewGrade and CCRL. We do not feel it is reasonable to expect us to disclose operational information to competitors which competitors are not required to disclose to us.

Additionally, the upgrader process itself has been provided to NewGrade under a licensing agreement with Union Oil Company of California. NewGrade and CCRL have each signed a confidentiality agreement with Union Oil to keep the operating information relating to this process confidential.

For these reasons, CCRL respectfully requests that the government does not make the project agreement or the operating agreement a public document which would be available to our competitors.

They go on to say, Mr. Chairman, that they are extremely sensitive to the need for government to provide information to the legislature, that the disclosure of these agreements would have significant commercial prejudice to both NewGrade and CCRL.

The Federated Co-op has no objection, and supports the provision of such financial information to the legislature as may be provided to disclose the expected economics of the project, the financial structuring, the financial arrangements at the appropriate time.

Mr. Chairman, I would hope that it is to the satisfaction of the member from Saskatoon South, that he would now agree that there was nothing to hide. We were stating what was a common practice, not only within this government's time, but within the opposition time.

(1100)

I invite the member to go back and read April 4, 1979 in terms of what the premier of the day, his leader, had to say. Basically, he has said the same thing that I have said, and he's gone one step further and he basically said at that time the same thing what the Federated Co-operatives Ltd. is saying.

Mr. Chairman, I want to table the letter that was sent to Mr. Masse, Mr. Wayne Thompson, the chief executive officer of the Federated Co-operatives Ltd., along with

their letter that was sent to me in return.

Mr. Chairman, there is another area much more complex, much more extensive than the member from Saskatoon South had raised. And I believe the main context of the question was something like: — draw for me what it would be if the policies had not changed after 1982. Where would we be today? Not quite, but thereabouts. He may clarify it if he wants.

I believe that the hon. member from Saskatoon South asked what revenues would have accrued over the past five years if the NDP policies had remained in place. The impact of keeping the NDP policies, Mr. Chairman, would have not . . . in my mind would have been disastrous. They would have not done what the member from across the way has insinuated.

Mr. Chairman, in relation to what has happened under the policies of this government, the NDP policies would have resulted in — I'm talking about prior to 1982 — about 5,900 fewer oil wells being drilled; about \$1.4 billion less in investment; 2.4 billion less in the value of the oil production; and over that period of time you could estimate approximately 27,000 fewer direct and indirect person-years in jobs.

Mr. Chairman, when we took a look at what the member wanted, and when he posed his question, I guess it came to my mind that perhaps there was a lack of knowledge and understanding, and I believe that that's reasonable to expect because the area is complex and you're dealing with many factors and many figures. Basically, there was a lack of knowledge, of understanding within the oil industry itself.

Mr. Chairman, the member from Saskatoon South said to assume that there would have been 800 wells drilled per year. He left the impression with that assumption that the drilling levels are independent of factors such as economic conditions . . .

**An Hon. Member:** — Did Imperial Oil write that speech for you in sound-track?

**Hon. Mrs. Smith:** — Not quite.

Nevertheless, Mr. Chairman, under the NDP policies there's one thing that I do agree. And that is, that it is highly unlikely that drilling would've exceeded 800 wells. So with that figure of 800 wells, the member and I agree on.

He also asked us to assume that oil production remained at 9.3 million cubic metres. Production in 1982, Mr. Chairman, was 8.1 cubic metres, not 9.3. With only 800 wells drilled per year, there is no way that production would've continued at that level each year, due to the depletion of recoverable reserves. And that's a natural depletion.

He also suggested the royalty rate, when we do our calculations, be 54 or 59 per cent. Now I'm willing to do only so many things in terms of hypothetical, but there is a point where you have to be realistic. Mr. Chairman, the average royalty tax rate for the first half of 1982 was less

than 30 per cent after accounting for the grants under the NDP incentive program. And he asked that all the factors be taken into place.

Mr. Chairman, the member specified in an array of assumptions in asking his questions, but we took them and we assembled the data based on what he suggested the best that we could. The bottom line, the member asks for, the bottom line is that we have 5,000 more wells in production today than we would have had if the NDP policy has remained in place.

Those wells are producing oil, Mr. Chairman. Jobs were created in the drilling of those wells. Jobs continue because of the need to maintain those wells in the service and supply sector and, of course, to move the oil to market. Those wells are paying royalties, Mr. Chairman, royalties that wouldn't have been there. And they are assisting in financing such as health and education and other government programs.

Mr. Chairman, over 1982 to 1986 period, \$566 million more in net royalty and tax revenue was produced than if the NDP policy had remained in place. Let me put it another way when the member asks for the bottom line. We would've had, under the NDP policies with all the assumptions built in that the member has asked for, \$566 million less.

Mr. Chairman, I want to touch on a few of the figures and the assumptions — what went into it — before I table the information and give it to the member. I could give it to the member and leave it at that and let him raise it as he wishes, which he will probably do so anyway. And that's fair. But I think it's important that it be stated in this House and on record. And I also think it's important for the members that sit in here.

Mr. Chairman, on some of the assumptions that we're asked to do, for instance, the 800 oil wells, he said take each year, 1982 to 1985, 800 oil wells drilled each year. We did that in doing the calculations. But, Mr. Chairman, in taking the assumptions in 1986, they would have had only 200 wells drilled. The decrease in drilling due to decline in oil prices from '85 to '86 was assumed to be proportional to that which actually occurred. We also put the assumption in, when the member for his benefit is looking at the figures, that 80 per cent of the oil wells drilled are actually completed. For every hole you drill, you don't necessarily come up with an oil well.

On the category that will be in the document, Mr. Chairman, is oil industry investment. There is an assumption built in there, Mr. Chairman, the same cost per well drilled, through the oil industry investment, divided by the oil wells drilled, as in actual case. We did not include any upgrader expenditures in this analysis.

On the third category, to do with the direct and indirect employment, with the figures that the member will see, there was temporary employment direct that is determined from drilling. And then we took an average factor of 0.65 person-years per well drilled. That was the figure used. The permanent employment, the direct related to the operation of a well, is based on an average of 0.3 jobs per producing oil well. For any given year,

additional employment due to the new wells is added on. An employment loss due to the abandoned producers in the shut-in wells is subtracted off. We also used a factor of 2.1, Mr. Chairman, and applied it to the direct employment to determine the total employment. And by total, I mean direct and indirect.

On the oil production, Mr. Chairman, in doing the calculations, the actual production for the first half of 1982 amounted to 21.9 million barrels — that's the actual production — approximately 75 per cent of capacity. There was a decline rate of 10 per cent per year, and it was assumed for the old and new production. The EOR (enhanced oil recovery) production was assumed to be equivalent to that which was actually observed over the five-year period. Mr. Chairman, there are shut-in levels related to unfavourable operating economics, and were assumed, based on the capacity of the production levels.

One category, Mr. Chairman, that the member will be interested in is the Crown royalty and the freehold production tax revenue. January 1982 the royalty tax formulas were assumed to be maintained throughout the forecast period for conventional production. There was an EOR royalty tax regime announced in April of 1982 by the NDP; I believe it was just before the election. And we made the assumption, Mr. Chairman, that that was to have been implemented July 1, 1982, given the scene from the member from Saskatoon South.

The actual average royalty tax rates for the first half of 1982, by the old and the new categories, were 37.4 per cent, 23.5 percent, and 30.3 per cent, respectively. The average royalty tax rates for these categories were reduced each year to reflect the normal decline in the productivity of the wells.

Mr. Chairman, we had to take a look, and we made an assumption on the NDP incentive program. It was assumed that programs under the oil and gas incentive regulations from 1978 would have been continued without change. That was his question.

Our policies, what would happen with our policies? Well, Mr. Chairman, 1982, it would be the same as the actual payments; 1983, Mr. Chairman, would be \$1 million higher than the actual payments to account for some catch-up because of a growing lag in the payment schedule; 1984-86, Mr. Chairman, it was based on 80 cents per barrel of oil production.

Mr. Chairman, on the net Crown royalty and the freehold production tax revenue, what we took was the Crown royalty and the freehold production tax revenue, less the NDP incentive program payments.

Mr. Chairman, there's about four other categories that the member will be looking at, but the last one, last two actually, the total net revenue in the NDP incentive program liability — for it's something that the member never chooses to raise, and I suppose if I were him I may not either — the net Crown royalty and the freehold production tax plus the bonus . . . (inaudible) . . . revenue plus the export tax flow-back revenue. And while all of that is technical jargon, I believe that if the member is to be fair and realistic in what he's going to be looking at, he

must recognize the technicalities of the questions that he's asked.

Mr. Chairman, the actual incentive liability under the program — and I'm talking about the NDP program — was \$303 million by the end of 1982. And just to refresh the member's memory, the program we're talking about is the NDP incentive program that paid 75 per cent of the actual cost of drilling a well. Didn't matter if oil was found or if it was dry, they paid the cost. Unfortunately, Mr. Chairman, they left a liability in 1982. And that liability is on the books to the taxpayers to this day, of \$300 million.

Mr. Chairman, all these factors were taken in, in addressing the member's question of: — what would the figures look like under the NDP program? And I will send a copy of this over to the member, and I would like to table one in the House.

Mr. Chairman, I've heard several figures thrown around over the last couple of days again. I heard a member in the House stand up the other day and said it was 200 million per year that is given to the oil companies; yes. Then I heard the figure three by another member. I've heard the figure of a billion. I've heard the figure of 800 million and 900 million.

Mr. Chairman, if the members are going to do their job in terms of being opposition and scrutinizing government figures, I believe that they have to do their homework and they have to look at the actual figures as opposed to their resolutions and their philosophies and what happened in the past. They can't ignore it in total. Obviously, they can't ignore it in total if there's a \$300 million liability on the books today from an NDP program.

(1115)

Mr. Chairman, it is still obvious, the program that has been put into place, and the policies under the PC government since 1982, have been extremely successful.

And I challenge the member — I challenge the member to go out and to consult, not only with the industry, but the communities, to find out if, in fact, that's true. We have faced over the last few years, some tough times within the oil sector, such as agriculture, and potash is also facing some tough times.

Mr. Chairman, we recognize that we are dealing with a world commodity. We do not control the price, but we do have a certain degree of ability to try and make things work in Saskatchewan within the world market itself.

The NDP, Mr. Chairman, have taken the view that the deficit has been created by the give-aways to the oil companies. And yesterday I did an open line show, and one of the phone calls had the suggestion that this deficit wouldn't have been here without this give-away. And there's nothing further from the truth. You only have to go through the records over the past few years to see what has happened in terms of oil revenues, and the gas revenues — oil wells/gas wells — Mr. Chairman, and the jobs that come with it.

The reality is that there are 5,000 more wells pumping in

this province today because of that program, paying royalties, than what there was under the NDP . . . (inaudible interjection) . . .

Now he ways, what are we getting?

He is so totally ignorant of the concept that there is a world price set for oil. It falls and it moves up. Of course when it goes up, the revenues are going to be higher.

Now I'm not sure what the member from Saskatoon South would like to see us do. Perhaps he thinks we have the ability . . . that we have the ability to set the price of oil at \$30. I would suggest that's what he believes we can do. He knows that's wrong, and he would do a better service to the people of Saskatchewan, and to the industry itself, in getting his facts straight, Mr. Chairman.

**Mr. Rolfes:** — Thank you, Mr. Chairman. Mr. Chairman I want it to be noted that the minister went on for 23 minutes, and I don't know how many days we've been in the estimates. I'd expected that she would make that opening statement when we started our estimates, and not when we're in after about two or three weeks.

But it took her a while to get her facts together. But I want to say to the minister when she said that about ability — I never accused the minister of having any ability at all, Mr. Chairman. I want that on the record. I did not accuse her of that.

Madam Minister, I told you a little while ago that I was not going to pursue the NewGrade upgrader any longer. But I did, in private discussions with you, indicated to you my personal concern, my personal concern about governments being too secretive. I really think that not only in Saskatchewan, but across Canada, it is about time that governments are much more open. I know, as I indicated to you also, that it is easier when you're in opposition — much easier in opposition than when you are in government — but I do believe that we must make extra effort when we put at risk \$700 million, or close to \$700 million, of public money. We must make certain, as a government . . . You, as a government, must make certain that you do not put into the agreements, or into the contract, any materials that the public should have a right to know.

I think it would have been possible for you, and in discussing this with the people from NewGrade, and others who I will not mention . . . and others, they clearly indicated to me that the contracts could have been signed in such a way that the confidential material, which would hurt CCRL's (Consumers Co-operative Refinery Ltd.) competitive position, could have been excluded from the agreement if you so had desired, or so had demanded, or if the federal government had so demanded.

And I'm not going to belabour the point, but Madam Minister, I want to make it very clear and put it on the record that you cannot lay the blame on the third party, or on the federal government, because I don't think you made one ounce of an effort to exclude that confidentiality material from the record, or from the agreement, because I believe that you didn't want to make it public.

And, Madam Minister, I think some of your statements that you have made on the difference between heavy oil and conventional oil, and whether or not the upgrader will be successful, are completely out of line with what you decided in the agreement. You told me that the break-even point for the NewGrade upgrader was \$5. That is simply not the fact — that is simply not the fact.

As I said before, I'm not going to belabour this point because there are other issues I want to get into today, but I will leave that. But I do not think that you do the public any service whatsoever as a minister of the Crown by not insisting, with the other partners, that we try and make as much public as we can, so it can be discussed in this legislature, and so that the people of the province of Saskatchewan will know that the investment that they have made is a sound investment.

And I don't want you going around saying that the opposition wasn't concerned about the CCRL's competitive position, because we are. But I do want to tell you that you have an obligation as a minister of the Crown to try and make available to the people of Saskatchewan — and that is in this legislature to the opposition — all the information that you can, to make certain that the public knows whether or not a good decision has been made on their behalf. That is all that I want to say about the NewGrade upgrader. I want other areas that I want to get into today, and it looks like maybe next week.

Madam Minister, I'm not going to go through the materials that you presented, because you didn't take my assumptions, you simply took other assumptions, and therefore we could go into those arguments that you have made, and we'd be in an entirely new debate already.

What I want to say to you, Madam Minister, is this: — that in 1982 and previous to that, from 1971 to 1982 — I believe my figures are correct — the price of oil averaged about \$10.79 a barrel. From 1982 to 1985 the average well-head price of oil was 27.9 or \$27.90 — I believe those were the figures you gave me.

And I'm saying to you, Madam Minister, that the production increased and your revenue dropped dramatically. Your production increased, your price was more than two and a half times than what it was from 1971 to 1982, and your revenues decreased substantially. One has to ask the question: — where did those revenues go? From 1982 to 1985, when the price of oil went up by two and a half times, your production increased, but your revenues went down. What did you do with the money?

And it's clear, Madam Minister, that you gave that money away in decreasing your royalties. And Madam Minister, it is no secret . . . it is clearly no secret when we go to the oil company profits, and I have a list here. I have a list here. Who made the money? Did the people of Saskatchewan get this money? Of course not. Here it is, a headline: — "Imperial profits up 84 per cent." "Oil industry profits 3.7 billion." "Gulf avoided 1 billion in taxes." Turner says — who's Turner? — Turner says, "Texaco profit rises by 28 per cent in third quarter." "Oil profits recover sharply." "Four majors make 1.42 billion." And

on and on it goes.

Madam Minister, last February or March, I believe the federal minister, Marcel Masse, again made some concessions to the oil industry of \$350 million, and I indicated to the press at the time that I was not opposed to concessions being made, as long as those concessions went to the small oil companies — as long as it went to the small oil companies. And I made the same statement about your concessions that you made last January. As long as the concessions went to the small oil companies, and as long as it went for developmental wells, I was not opposed to concessions being made.

**An Hon. Member:** — Do you know what he's talking about?

**An Hon. Member:** — I'm awful slow.

**Mr. Rolfes:** — I'm terribly disappointed that the member from Weyburn has intervened again, not from his seat, but from the floor of the House — but not in his seat either.

Madam Minister, Bill Whelan, the Saskatchewan manager of the Canadian Petroleum Association, said this of the federal incentives. He said the program will benefit the large companies represented by this organization. They were not getting concessions to the small oil companies.

Madam Minister, I think you have a real problem from your political perspective. And that . . .

**An Hon. Member:** — I think your party has a read problem.

**Mr. Rolfes:** — I see where the Deputy Premier wants to get into this debate, and I gladly will permit him to do so, but if he wishes to, I would appreciate if he would stand up and make those suggestions. Otherwise, I wish he would abide by the rules, Mr. Chairman.

Mr. Chairman, and Madam Minister, I believe that you have a problem because you are dependent on your political contributions from the major oil companies and the major companies here. And I have here: — "Grits and Tories corner the big money despite NDP popularity surge." And here we have, Madam Minister, I think the real reason why concessions are made. It says the big banks, the biggest corporations, the investment dealers, accountants, land developers, and, Madam Minister, the energy companies made large contributions to the governing Progressive Conservative Party, and, in many cases, similar amounts to the Liberals. Madam Minister, I think that is the problem . . . that is the real problem that you have.

It has nothing to do . . . your reduction in royalties has absolutely nothing to do with the oil companies being able, or their ability to drill wells in this province. They drilled wells when we were the government. They're drilling wells when you are the government.

Certainly, Madam Minister, I can't argue with you that in some of your years the oil companies drilled more wells

than they did under our government. Who wouldn't? With the huge tax incentives that you gave them, and tax concessions, who wouldn't want to drill wells? And in many instances, Madam Minister, they weren't developmental wells. They were in-fill wells. Because you changed the rules. They knew where the oil was, and they simply went and drilled for the concessions that you gave them, for the incentives that were there. Not because they were looking for new oil, but they could make money on the royalty concessions that you made.

So what happened, Madam Minister, is simply this. You pumped out more oil out of known wells, limited oil supply . . . limited oil supply was pumped out, out of known wells, known oil wells. And what have we got? What did the people of Saskatchewan get for that? We have less oil, and we probably will run out of oil, conventional oil, in the next 10 to 15 years — very limited supply. And secondly, your revenues went way down, and the oil companies walked away with the profits. That's the situation that we have.

And, Madam Minister, we could go on and on and on in this debate. The bottom line is that had you even kept the royalties, had you even kept the royalties in place that you had in place in 1983, this province would have been much better off — much better off.

(1130)

And I can tell you, Madam Minister, that it doesn't make any difference how you argue the point. You gave away 1.5 to \$1.7 billion in incentives which should have accrued to the treasury, and that is one of the reasons why you have this huge deficit. It is not the only reason. Some of the other reasons is mismanagement in many other areas. You gave away money to Pocklington, and through your patronage you have given away 10 to \$20 billions. But those are minor compared to the huge concessions that you made and that you did not get the revenues that you should have for the oil.

Madam Minister, I'm not the only one that's saying this. I want to read to you from John Lloyd Price who works for a brokerage house of Gordon Capital Corporation. And this is what John Lloyd Price says. Lloyd Price says:

Cash is pouring into the oil patch at an unprecedented rate.

I won't read the whole article, but he goes on to say:

The analyst (referring to John Price Lloyd) says when oil company budgets were prepared last fall, virtually every company in the industry based its 1987 spending on an international price of U.S. \$15 a barrel.

Fifteen dollars a barrel. I want you to note that Madam Minister.

However, crude prices are likely to average more than U.S. \$18 a barrel this year.

Now listen to the next line:

Since each U.S. \$1 barrel price increase adds \$700 million to the industries pretax flow at U.S. \$18 a barrel, the industry will have an extra \$2 billion.

Says Lloyd Price:

Combined with grants estimated at 300 million, the industry could end up this year with 3.5 billion more than it budgeted on last fall.

Madam Minister, that is based on \$18 a barrel. Today the price, I believe is 21 or \$22 a barrel. Let us say that it averages \$5 a barrel higher than . . . pardon me, let's say it averages \$20 a barrel. That's \$5 more than the oil companies had anticipated. That means, Madam Minister, that the oil companies will have an additional \$5.66 billion — \$5.66 billion.

Is it any wonder, Madam Minister, that we read headlines of the kinds of profits that are made by the oil companies, by the big oil companies, when Imperial says their profits have gone up by 84 per cent. That wouldn't be so bad, Madam Minister, if those profits and that money was used for investment purposes. But much of that money, Madam Minister, if those profits and that money was used for investment purposes. But much of that money, Madam Minister, is being used to pay off huge debts that oil companies and energy companies have incurred in take-overs, producing not one single job, not one single job, but consolidating the companies that are available into fewer and fewer hands and into bigger and bigger corporations.

That's what some of your concessions have done. That's what the concessions have done of Alberta, and that's what concessions have done of the federal government. And that's why, Madam Minister, I am so opposed to the royalty changes that you have made, because much of that money is being used to pay off huge debts that foreign companies have incurred by huge take-overs, not in the energy field, but in the diverse fields that they have invested in. And that, Madam Minister, is of absolutely no benefit to the people of this province — absolutely no benefit.

Madam Minister, I do want to give an opportunity to some of my people on this side who have questions that they would like to ask. And I would like to see if we can get through the oil part of these estimates within the next half hour or so. And so I will now turn it over to my colleague, the member from North Battleford.

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Smith:** — I would like to respond to what the member from Saskatoon South has had to comment on.

Just briefly on the upgrader. Though he wishes not to deal with it any more, I think it deserves a further statement. I, quite frankly, am amazed at the position that he takes.

He speaks out of both sides of his mouth. When he's in government, he fully supports, as laid out in Hansard in April 4 of 1979, the reasons why some commercial aspects of an agreement cannot be tabled. He speaks, Mr. Chairman, out of both sides of his mouth.

Now that, in my mind, raises an issue of his motives and his credibility within the questioning of these estimates. Mr. Chairman, clearly we do not, did not, and do not want to jeopardize the position of the Co-op Refinery. The member has said he does not want to do that either.

The rate of return that I have given the member, I had said to him . . . or the differential, that it was \$7, based on a rate of return for the refinery. If you wanted a break-even point, it was \$5. But for the . . .

**An Hon. Member:** — That's not true.

**Hon. Mrs. Smith:** — He says it's not true. Then I ask the member to table the information, that whatever he might have that indicates that that is not true. Sooner or later, Mr. Chairman, the opposition and their allegations must stand behind them and must be held accountable for them.

Mr. Chairman, the differential to make the upgrader a success is \$7. That includes a rate of return. A break-even point is \$5. I challenge the member, when he says that is not true, to lay his figures on the table, and why it isn't true.

I believe, when he's talking about oil and the oil companies, that he is dealing with a lot of rhetoric, a lot of NDP philosophy, and a lot of incorrect figures.

Mr. Chairman, I think we all — you know, when it comes to oil companies, and I'm no different than anybody else when I drive up to the pumps to fill my car up with gasoline — I think everybody at one time or another would like to get out and perhaps give the pump a good kick. It's the type of an expenditure that we constantly do. We know we need it if we are going to be travelling, and yet we begrudge it when we have to pay for it. That is precisely how we think of the oil companies — connected to the gas pumps every day or every week when we have to fill up our cars.

But, Mr. Chairman, I want to tell you that in Saskatchewan the oil industry consists more of the small companies, as the member says he's in favour of, than the majors. I think the member would find it interesting to the numbers of investors and players in the oil patch — small, not the large corporations that you are talking about — has increased by 30 per cent under this government, under this government.

**An Hon. Member:** — We congratulate you for that.

**Hon. Mrs. Smith:** — That's good. I'm glad you do. So let's not confuse the issues as to who's running the oil industry in this province when you are up on your feet and talking about it.

**An Hon. Member:** — I want you to get the best deal for the people of this province.

**Hon. Mrs. Smith:** — He wants me to get the best deal, Mr. Chairman, for the people of this province, and I believe that is exactly what we have done, for these reasons, Mr. Chairman. I think the member would agree that to invest

in the oil industry is very risky — high risk. Should you be doing it with taxpayers dollars? That's a question I have. Should you take the taxpayer dollar, that the plumber and the welder and the waitress have worked very hard for and pay to government, and invest it into an industry that is extremely high risk and very costly?

He's talked about some of the profits that come back. That level of profits is also an indicator of the types of money that are required to go back in. I would suggest that the average well in Saskatchewan probably costs about a quarter of a million dollars to drill, with absolutely no guarantee that you're going to get a drop of oil or a drop of gas. No guarantee.

So I ask the member . . . he says the best deal for the people of the province. I'm going to ask him to compare, for just a minute again, an incentive program. Both parties agree that there is a need, when it comes to the oil industry, for some kind of an incentive program. And the reason I say that is because I took that quote from the Leader of the Opposition. They agree. So the question becomes: — which incentives . . . what kind of an incentive works the best? The next question becomes: — what kind of an incentive is the best deal for the taxpayers?

Now you have some options. You can take government dollars, actual cash dollars, and give a cash grant to the oil industry. You could perhaps do a system of tax credit where you're not giving actual tax dollars, or perhaps you could do what we did. And we simply said, if you drill and you find oil, the royalty structure does not kick in for a year. Now that's very simple, Mr. Chairman. No taxpayer's dollar was put at risk, as it was under the NDP program. And you have only to look at the \$300 million liability that is owing on the books today. That's taxpayers' dollars. And interestingly enough, when you look at the breakdown as to who that money is owed to, it's the major oil companies — the big guys.

There's no doubt, and I will find a quote from his leader, that the NDP incentive program worked to the betterment of the bigger oil companies — there is not doubt about that, and that's a quote from the Leader of the Opposition — because it encouraged the transferring and buying and selling off of credits under the program.

The other thing that program did, besides giving actual cash to an oil company, was: — they didn't have to produce any oil before they got the money. If you drilled a dry hole, the NDP gave you 75 per cent of the cost of drilling the dry hole — the money that the taxpayers gave the NDP. Now what's the best deal for the people of the province? I suggest, under this program, the best deal has been done.

Mr. Chairman, we did not need to take taxpayers' dollars to put into a very high-risk industry. Over a period of time, we received 5,000 more wells that are paying royalties today, regardless of what the price of oil is. Low or high, it's paying royalties today — wells that will be paying more royalties when the price goes up, because of a price-sensitive royalty structure that we put into place.

I also suggest it has been successful, in terms of its employment, with a price-sensitive royalty structure. It's

given an element of stability which, in fact, encourages more service and supply companies to consider coming into this province. The scheme itself has also given greater incentive to the smaller guy than the big guy that all of us like to kick around the block.

What's the best deal? I would suggest, if the member, the Energy critic, the hon. member from Saskatoon South were to put out the facts of the NDP program and the PC program, the people would judge for themselves. And I know that is precisely what he does not want to do.

The member alludes to all these in-fill wells — all these in-fill wells. I want to inform the member, and it's open — the books in the Department of Energy and Mines. He can go and he can look, and he will find less than 10 per cent — less than 10 per cent, Mr. Chairman — was on in-fill wells.

I also want to inform him, so that he gets a good sound look at the total picture, that in-fill wells are only drilled for specific reasons. Not anybody can get a permit to drill an in-fill well. There has to be a reason. And they have to demonstrate, before getting that permit, that the oil that will be recovered from that well would've not otherwise been recovered. And there are some technical reasons for that that the member could go over with some of the officials out of the Department of Energy.

(1145)

Mr. Chairman, I am amazed when I heard the member talk about the royalties that were given away and changed. You know, Mr. Member, that royalty structure was not changed until December of 1986, but you were quoting me figures from 1983. Now how do you square that off? The royalty structure . . . (inaudible interjection) . . . no, listen now. The royalty structure did not change — did not change until December of 1986. Mr. Chairman, at that time there was a price sensitive structure put into place, and while he may not like to hear it, and he says I have everything mixed up, I would suggest perhaps that's in reverse.

I want to talk for a minute about what the member from Saskatoon South was referring to about the cash flowing in — the \$15 a barrel, the \$20 a barrel. I'm glad the cash is flowing into the industry because it alleviates certain problems, not only on government, but on people in producing provinces in this country. We all know that when any important, large industry like agriculture, oil, potash, whatever, gets into great difficulty, that the pressures are put on government, and in fact, Mr. Chairman, those pressures, in turn, become the taxpayers' pressures.

So if the cash is flowing in from the private sector, I think that's good, and I think it's probably needed because we went through a year where it wasn't flowing in. And when the cash does not flow into the industry, Mr. Chairman, what you see happening is no drilling. You see the reserves gradually depleting, and there comes a point when you can no longer feel that you were even close to being self-sufficient in trying to guarantee any kind of oil supplies.

More importantly, Mr. Chairman, we know what it does to our revenue base. We know what it does to the communities. I look at a community like Oxbow. I even go to the east of the province, out in the Moosomin, Rocanville area. I go to a place like Kindersley, and I see businesses in 1986 that were having a tough go, some closing up — certainly businesses within the industry itself, closing up, and some on unemployment. People — welders for instance — getting no work. That spin-off is greater than just to the service and supply sector directed to the industry itself. You take a city like Weyburn — their hotels feel it, their coffee shops, grocery stores, real estate. The spin-off is immense.

Now while we may not have the benefit of oil industry activity and money in every community in this province, I would suggest to the member from Saskatoon South that the spin-off even reaches into his beautiful city of Saskatoon — into his beautiful city of Saskatoon. If he would go around his city and take a look at some of the commercial ventures and the businesses, whether it's Custom Trucks or some other industry, he will find out that there are jobs created. I ask him to go to Custom Truck in Saskatoon, and he will find that they in fact have jobs in there because of the oil industry. So I ask him to do that. That in turn, Mr. Chairman, creates a tax base within that particular community itself.

Whether the price of oil is \$15 a barrel or 20, Mr. Chairman, in putting in a price-sensitive royalty structure, we have in fact allowed the province to take its fair share and yet still leave enough that the industry will remain viable. And that's the key, without a viable industry it gradually shuts in, and your revenues will drop off to nothing, to absolutely nothing.

The member says the industry has an extra 2 billion from some report. Now, Mr. Chairman, I'm not about to comment on Texaco or anybody else who operate world-wide on their kinds of profits. But I do know when he says that the industry will have an extra 2 billion that he will see most of that 2 billion put right back into the industry.

**An Hon. Member:** — That's not true.

**Hon. Mrs. Smith:** — Well, that is true, Mr. Member. If you think what it costs to drill one well . . . Mr. Member, if you think what it costs to drill one well, about a quarter of a million dollars, quarter of a million dollars, you know that you only have about four wells in \$1 million. Take a look at the total number of wells that are drilled across Canada, and you will soon find that that will not meet that \$2 billion dollars.

Mr. Chairman, when the industry has a cash flow, a reasonable cash flow, it is put back into reinvestment within the industry itself. And he has only to look at the wells being drilled into Saskatchewan to know that in fact that is true. He says that they'll probably pay their used debts with that. I don't know what they will do with their used debts. It seems to me a debt is a debt, whether it's used or not, and perhaps the word "used" is redundant.

He also suggested that . . . (inaudible interjection) . . . Yes, that's what you said . . . that perhaps they would pay it on

a debt in buying out another company. He will still find that it will be reinvested back into the industry sooner or later.

You're always going to have some companies that close up and get out of the oil industry, but for the most part, Mr. Chairman, the Saskatchewan companies that we are talking about, they reinvest back into the industry itself. That's the only way it can keep growing.

Mr. Chairman, I want to make one further comment on it in terms of the best deal for the people of this province. I want to go back: — that 5,000 more wells were drilled — \$1.4 billion investment into this province; overall there was probably 27,000 more jobs that what would have been under your program over that same period of time.

And, Mr. Chairman, I want to underline the fact that there was not a dollar, not one dollar of the taxpayers that was taken and put at risk in a high risk industry. Now that is a sign of a very successful incentive program when you look at the track record of the oil and gas industry within this province.

**Mr. Rolfes:** — Madam Minister, you say that some of that spin-off effect of the oil activity has come to the city of Saskatoon. Boy, I wish we had the good old days back again. We got 11 per cent of our people in Saskatoon unemployed, Madam Minister. That didn't happen under the NDP — didn't happen under the NDP, Madam Minister.

And let me tell you, Madam Minister, in Saskatoon we didn't have 11,000 people on the waiting list for our hospitals, to try and get into our hospitals. And we didn't have our cancer patients waiting for six weeks to get urgent operations. If you call that a success of your oil royalty activities or your scheme, well the people of Saskatchewan will gladly tell you to put it back to what it was under the NDP.

Madam Minister, I want to tell you that you say you created 27,000 jobs. Why, by your own statistics, why did we have 24,000 people last year leaving this province? — 24,000 people. And most of those, Madam Minister, were people between the age of 20 and 35. Look at your own statistics; I looked at them this morning. And you're telling me that you're creating jobs.

Our unemployment rate today should be zero.

**An Hon. Member:** — What was it when you left office, Herman?

**Mr. Rolfes:** — I'll tell you what the unemployment rate . . . I'm glad that the member asked; I'm glad that the member asked. Because 4.7 per cent, 4.7 per cent was the unemployment rate when we left the office in 1982 — 4.7 per cent. And I'll tell you, Madam Minister . . . (inaudible interjection) . . . if the member from Morse wants to get into this debate, he's quite welcome to stand up and enter this debate.

I'm telling the minister that your royalty scheme just simply hasn't worked. And by the way, Madam Minister, the word is huge — h-u-g-e — huge debts incurred by the



big companies. And that's what they are paying off.

Madam Minister, these companies have received \$5.6 billion in extra money that they hadn't anticipated. If all that money was invested in the oil fields, as you claim, as you claim most of it is being reinvested, why then haven't we got the activity in Canada, in Alberta and in Saskatchewan and in Manitoba, that you claim we have? Why isn't it there? And I'll tell you, Madam Minister, if you get your head out of the sand and look at what's happening, the large proportion of that money is being used to take over other companies, other companies. And secondly, it's being used to pay off debts that these companies have incurred.

Thirdly, I'll concede, Madam Minister, some of that money is being invested in the oil industry. And why shouldn't it be? You say that the people didn't risk \$1 in a risky venture. Let me ask the minister: — what's the difference if you forego \$1.5 billion to a royalty scheme that you've put in place and therefore don't collect the revenues that you would have if you hadn't changed it, or in the people themselves, through Saskoil, would have invested the money? What's the difference? All I'm saying is that if Saskoil would spend its money that it has made in Saskatchewan rather than in Alberta, yes, maybe we would have more activity, and maybe the people would get some returns on those royalties that you have put in place.

Madam Minister, I think we'll have to leave this field, because obviously you and I are not going to agree. All I'm saying to you is I believe that the people did not get the best deal. We should have collected another 1.5 billion, and we didn't. You say that you created all this activity. I'm saying to you, by all these statistics that we have, that your government puts out, that the federal government puts out, we don't have those activities; we're not creating the jobs. People have to leave this province to find jobs elsewhere. We don't have the money to finance our health care and social service and education. And what I'm saying to you is that it hasn't worked. It hasn't worked.

Madam Minister, you can respond if you wish. Otherwise, I'm going to turn it over to the member from The Battlefords.

**Hon. Mrs. Smith:** — Yes, I do want to respond. Mr. Chairman, I take great exception when the member says, get my head out of the sand.

I'm going to read to this House, and it's a news release from the Petroleum Monitoring Agency details industry on the financial performance in 1986. And it's a very sophisticated agency, and agency that deals with all the data and the statistics and everything that goes into, within to the industry:

In 1986 (Mr. Chairman), the Canadian petroleum industry experienced the worst financial downturn of its 40-year history as a result of the dramatic decline in crude oil prices, from an average of \$33 a barrel in January to an average of 14.60 a barrel in July, stabilizing in the range of \$20 to \$22 a barrel by the end of the year.

Mr. Chairman, it goes on to say:

All the major financial performance indicators for the oil and gas industry were down substantially. Net income dropped 190 per cent or 5.5 billion to a loss (Mr. Member from Saskatoon South) of 2.6 billion. Cash flow (you were talking about cash flow) from operations declined 34 per cent to 7.5 billion, and net capital expenditures were down 33 per cent to 6.7.

Mr. Chairman, this was based on 124 companies which account for some 90 per cent of the total petroleum industry revenues. Now somewhere there is a responsibility to this Assembly and to the people of the province in what you present as being factual and what isn't, what either comes out of the bowels of the party machinery, or the party rhetoric. And somewhere there is a point where that has to end.

(1200)

Mr. Chairman, the bottom line is that over 1982, our term of government, this province has received \$566 million more, all things considered, with 5,000 wells more. And I want to remind the member across the way, the royalty rates did not change until December of 1986. He doesn't seem to understand that; however, he does know there was an announcement made and that, in fact, is so. His give-away argument is nothing more than rhetoric and wishful thinking, and it's for political expediency and nothing more, unfortunately, Mr. Chairman.

**Mr. Rolfes:** — Mr. Chairman, I just want to comment that it's not worth while making a comment on those remarks.

**Mr. Anguish:** — Thank you, Mr. Chairman. Through you and to Madam Minister, I would like to make a very brief intervention, and I particularly am concerned about heavy oil developments in the province of Saskatchewan.

And I am wondering if the minister would tell me what the departmental language is that you use for classification of oils. I know that sweet . . .

**Mr. Chairman:** — Order, please. Order. We're having difficulty hearing the member from The Battlefords.

**Mr. Anguish:** — Common language refers to sweet crude, heavy oil, and what I'd like to know is what the departmental language is, and how many different classifications of oils that you have?

**Hon. Mrs. Smith:** — For royalty purposes, there is basically two categories: — non-heavy, which would be the sweet and the sour; and the heavy category. For physical descriptions, there is three, there is the light, the medium and the heavy.

**Mr. Anguish:** — What is the criteria of classification for heavy oil?

**Hon. Mrs. Smith:** — Would you ask that again?

**Mr. Anguish:** — What is the criteria for oil to qualify as heavy oil?

**Hon. Mrs. Smith:** — It is the API (American Petroleum Institute) gravity was 15 or less.

**Mr. Anguish:** — Could the minister now tell me what the incentives are, if any, for development of heavy oil reserves?

**Hon. Mrs. Smith:** — Mr. Chairman, I appreciate the member's questions, as heavy oil is one of the key components to the oil industry within the province of Saskatchewan, and particularly up in his area and over to the Lloydminster area and down to Kindersley. It's also no doubt, in terms of the predictions of where oil is going in reserves and the length of time, that heavy oil has a fairly bright picture for the future of Saskatchewan.

The incentives that are in place . . . The royalty holiday on the drilling program is the same right across the board for all categories. On the royalty structure, the royalty rate for heavy oil is lower than light.

We also have a research and a technology program in place, both from the research lab and at the field level, that companies get into. Plus, again on the royalty regime, there is a special category for enhanced oil recovery projects. And most of those, if not all, take place dealing with heavy oil.

**Mr. Anguish:** — Under the . . . I don't know that you referred to it exactly as research and development, but basically it is research and development money that is available for enhanced oil recovery projects. I'm wondering if you could explain to me if there was money provided by the province of Saskatchewan for the enhanced oil recovery project in the Meota area, and I believe the operator was Canterra oil, or Canterra Resources.

**Hon. Mrs. Smith:** — I am informed that, yes, there was. That was started some years ago, and I do not have any detailed information with me on it today.

**Mr. Anguish:** — Well, I would appreciate it if the minister would give me here commitment that you will provide that to me. I'm very concerned that the Canterra project is no longer operating up in the Meota area. And I think that we need to take a very close look at enhanced oil recovery projects because it is an area that will take a long time to develop adequate technologies so that we're able to get the highest possible recovery of heavy oil out of the ground. And I think it's important in terms of our future energy security.

Could the minister tell me how many enhanced oil recovery projects there are in the province of Saskatchewan today, and if the province of Saskatchewan is participating in those enhanced oil recovery projects, and if so, to what degree? Is it Saskoil that's participating in them or is it research and development money that's provided through your department to the enhanced oil recovery projects?

**Hon. Mrs. Smith:** — Mr. Chairman, the projects presently

in the province — there are seven in the Lloydminster area and there are four in the Swift Current area. The dollars spent — last year we spend approximately \$4.7 million. We expect to spend somewhat less than that this year. However, we believe that there is a need to increase in the future, some activity in this area. And we had made representation through the western diversification plan to have it included as a category. As the member will know, that has been done. And we will be looking at that area also.

I want to come back to Canterra for a moment because it is important. And as the member will know, the project was shut down last year. And I would like for him to know why. The project was sustaining a lot of losses through its lifetime, and obviously the experimental project that was being tried on it was not working. It would be my hope, and we have been continuing discussions with Canterra that perhaps something else be considered for that method was not working and that perhaps they will look at something else to be tried out at the field level.

**Mr. Anguish:** — So basically what the minister is telling me is that the Canterra operation in the Meota area is shut down because of the heavy losses. It wasn't that the method of enhanced oil recovery was shown to be not very feasible. Is that what you're saying?

**Hon. Mrs. Smith:** — Let me use this as an example. It's one of those cases, you know, where they say the operation is a success but the technical part of it, I'm informed, was successful but it was not successful from an economic point of view.

**Mr. Anguish:** — The seven projects, the seven other projects that you mentioned that are operating in the province, are they using the same method? And if they're not using the same method, what types of methods are being used in enhanced oil recovery? Are they fire flood? Are they steam injection? What is the case?

**Hon. Mrs. Smith:** — I assume you're talking of only seven . . . the seven in the Lloydminster area. There is a combination of the fire floods and the steam floods that are within those seven projects.

**Mr. Anguish:** — Would the minister refresh my memory as to what the method was on the Canterra operation?

(1215)

**Hon. Mrs. Smith:** — The method was steam flood.

**Mr. Anguish:** — Does the department have any estimate or guesstimate in terms of what the return on it has to be per barrel to make, say, the Canterra operation successful, but as you mentioned it, to meet the economic considerations?

**Hon. Mrs. Smith:** — It was around the range of \$12 when it was shut down, and they believe that in today's world you would probably need about \$25 at the well-head before anybody would undertake it again.

**Mr. Anguish:** — I assume that applies just to the Canterra operation, and I see the Minister shaking here head in the

affirmative. Could you tell us, very briefly, what the estimated percentage of recovery is now on the enhanced oil recovery projects? Is there an average as to what the percentage of recovery might be?

**Hon. Mrs. Smith:** — In keeping again with just the Lloydminster area, the recovery rate is about 5 per cent. With a successful EOR it moves up to 30 per cent, which is one indication as to why it's so vitally necessary to ensure that the proper EOR projects go ahead.

**Mr. Anguish:** — It seems to me that in the Lloydminster area, in the north-west corner of the province, there are extensive reserves of heavy oil, and I do agree it's important to proceed with the enhanced oil recovery projects, and I think it's something, as you have already said, that there should be increased participation or increased developments in those areas. And I'm wondering if your department or you, Madam Minister, have any new thoughts or could report on the current status of the heavy oil upgrader that has been proposed from time to time for the Lloydminster area?

**Hon. Mrs. Smith:** — As the member knows, the Husky negotiations or discussions have been going on for some time. And I'm sure, coming from that area of the north-west corner, he feels some of the frustrations that I feel with the discussions.

We are still presently negotiating and in fact will be meeting with Husky and the Alberta government on Monday. It is my understanding, at that time Husky will be presenting a proposal that will be dealing with the concept of a utility to both levels of government. We will sit down, the three of us, at that time, to see if we can come to an agreement that within the contents of the proposal that there is a possibility for the project. And by possibility I mean that it will be viable and it will be sound economics to go ahead with it. That decision will be made shortly after there is an agreement between the three on the proposal come Monday.

**Mr. Anguish:** — I don't want to unduly delay these proceedings, so I have one final question. I'd like the minister, first off, to tell me what the system is for gathering heavy oil, and following that, the transportation of heavy oil to the NewGrade upgrader here in Regina, as to whether or not it's going to be totally trucked, whether it's partially trucked and pipelined, or whether there's a mixture of light crude and heavy crude to get it through the pipeline. So I'm basically asking the gathering and the transportation system of oil to the NewGrade upgrader here in Regina.

I have one other question that has no relationship to this. As I said, I want to be very brief. I have a number of concerns and questions about alternate energy, and at the same time as you're answering my first question, I was wondering if you could provide me with the name of a person that I could communicate within your department, the Department of Energy and Mines, to communicate about alternate energy as it applies to the province of Saskatchewan.

**Hon. Mrs. Smith:** — The gathering system is the pipeline, interprovincial, for the upgrader in Regina. I would

suggest that you call John Reid, the associate deputy minister, in dealing with alternate energy. My office is always open also, if you would like to sit down and talk with me. John's number is 787-2494.

**Mr. Lyons:** — Thank you very much, Mr. Chairman. We briefly enter the estimates in regards to Energy and Mines. I have a few questions to pose to the minister in terms of a subject with which he has been dealing with over the last while in regards to a company called Star Valley oil reclaimers. And I know that the minister is familiar with the operation of Star Valley oil reclaimers. And this related to a company in south-eastern Saskatchewan set up with the help of economic development money which was received from the Saskatchewan Economic Development Corporation, and which was set up for the purpose of reclaiming used oil from the oil wells and from the so-called ecology pits, and the excess dumpage that's taken out of the oil production.

And, Madam Minister, my question is to you. The people at Star Valley oil reclaimers have contacted you numerous times in regards to some slight changes to the regulations in the province of Saskatchewan that would change the way in which used oil — oil that is presently being dumped into ecology pits and dumped into open pits throughout the province — that they would allow this oil to be reclaimed and to put back into the pipelines and sent out of the province, and thereby gain extra revenue for both the province and for the oil producers of this province.

My question to you is, Madam Minister: — in the light of the fact that you have consistently refused to change the regulations to demand that oil producers in this province use the services of oil reclaimers — and not necessarily just Star Valley, but those oil reclaimers in the province — will you justify before the House now, why is it that you won't require oil companies to recycle their oil so that we get rid of a potential and developing pollution problem in south-eastern Saskatchewan?

**Hon. Mrs. Smith:** — Yes, Mr. Chairman, I'm aware, as the member from Regina Rosemont has suggested, as the Kinder operation, and plus some of the issues. I'm also aware that the member from Regina Rosemont I believe spent two hours in the Weyburn area one day in going over the issue. And I commend him for taking the initiative to get out and see what's actually happening in the field. However, with all due respect, I would also suggest that perhaps he needs to spend more than a couple of hours, and that it would be worthwhile talking to more than simply one area of the industry in order to get the total picture.

Before getting into the question, Mr. Member, I want to say that I have never said that I refuse to change the regulations. That has never been a statement. What I have said is I am willing to look at the regulations. I am willing to look at the regulations, but to date, given the statistics that we have, there has not been an indication that in fact there is a great crying need for any change in the regulations.

I also want to send over to you, for your reading, a letter that was sent out on oil salt water spills, and it was a

notice that was sent to all operators. I believe the allegation has been put out that we don't bring the hammer down on the operators, and I want you to know that that allegation is simply that — an allegation without anything to back it up.

Companies, Mr. Chairman, in this province, oil companies, are in fact required by law to clean up any spills that they have, or recycle. Now what is in regulations is that they can do this within their own facility. No, it does not state specifically that they should take it to a plant, a reclamation plant. It does not state that. But it is very clear, Mr. Chairman, that if they cannot handle it within their own facilities, they are still required to ensure that the clean-up and the recycling takes place. Now most of them know, Mr. Chairman, if they cannot handle it within their own facilities, they are going to have to find a facility that can. They would have some options on that, perhaps somebody else's facility or a reclamation plant as the member has suggested.

I would also like to point out to the member the difference because he has suggested that the Alberta regulations are much tighter. In fact, Mr. Chairman, they're very similar. The only difference is that the Alberta legislation gives the option of reclaiming, recycling, at your own facility — by "own" I mean the industry. But it does mention you have the option of taking it to a reclamation plant. Yes, that's in the Alberta legislation, but it does not require the company to do that. That is an option.

(1230)

The Saskatchewan legislation or regulations is one of doing it in your own facility. If you can't do it, you must ensure that it is done somehow. That's the only difference on them.

I would also like the member from Regina Rosemont to know that in Alberta about 5 per cent — and this was a couple of years ago — about 5 per cent of the industries actually used the reclamation plants, and the other 95 per cent, Mr. Chairman, had their own facilities on site that they could do that.

**Mr. Lyons:** — Well, Mr. Chairman, I want to correct a couple of impressions that were left by the minister.

First of all was the impression that I spent a total of two hours . . . I want to tell the minister I've spent a total of five days in south-eastern Saskatchewan, at my own expense, dealing with farmers and dealing with people involved in the oil industry . . . (inaudible interjection) . . .

And I notice that the deputy minister's made a comment from his feet. And if he'd spend more time fixing the road from the border to Carievale, and spend more time fixing Highway 13 down there, and if he'd spend a little time in his constituency, some things may happen.

Madam Minister . . . Madam Minister, I've spent five days dealing with this — five days of my own time dealing with this problem, to look into it, because I don't believe that it's necessarily a partisan political issue. I'm glad to see that there's an indication of change of direction on your part, because you wrote the people from Star Valley

Reclaimers. In a letter from yourself to the people from Star Valley you have said, and I will be prepared to table this letter later, you have told them that the regulations in Alberta and the regulations in Saskatchewan are identical. And I believe the word "identical" was your own words.

Now the second impression that you have left is a wrong impression. Oil companies in Saskatchewan are not required to go through a reclaiming process in their own facility or at any other facility. In Alberta, oil companies are required to. You go through a reclaiming procedure, which is why, given the fact that most of the major oil corporations or big oil corporations operating in Alberta have on-site facilities, that 90 per cent, or 80 — I think it's actually 87 per cent of oil which is reclaimed in Alberta is done on site and the 13 per cent is reclaimed outside of site.

And that's the difference, Madam Minister. In Alberta, the oil is required to be reclaimed; in Saskatchewan, it is not. That is why, Madam Minister, that is why we have supposed on-site facilities such as this.

**Mr. Chairman:** — Order. Order. Order. I must remind members they are not allowed to use displays in the legislature.

**Mr. Lyons:** — Mr. Chairman, I intended to table it as an example. The minister has . . .

**Mr. Chairman:** — Order. Order. You can table it.

**Mr. Lyons:** — I intend to table it after I finish speaking, Mr. Chairman.

**Mr. Chairman:** — The member is not allowed to use displays in the legislature. Order. If the member wants to table it, he can do so now.

**Mr. Lyons:** — Thank you very much, Mr. Chairman. I will table now the picture of one of the so-called . . .

**Mr. Chairman:** — Order. Order.

**Mr. Lyons:** — Listen. I have the right to describe what I'm tabling.

**Mr. Chairman:** — Order.

**Mr. Lyons:** — I rise on a point of order.

**Mr. Chairman:** — State your point of order.

**Mr. Lyons:** — Mr. Chairman, every member has the right to describe what it is they are tabling in this House. Are you saying that they don't?

**Mr. Chairman:** — The member is allowed to describe it, but he's not allowed to hold it up and use it as an exhibit.

**Mr. Lyons:** — Good. Thank you very much, Mr. Chairman. I'll leave it on my desk. Mr. Chairman, I'm going to table one of the pictures that I've taken on my trips to south-eastern Saskatchewan. It is a picture of an ecology pit, a so-called ecology pit which is one of the

on-site facilities that the Minister of Energy talked about. It consists of a large earthen square dug out of the ground, filled with oil and used oil, which have caused environmental hazards to the province. I will table that picture now, at this time.

Madam Minister, as I've said before, it is obviously that you have made a change in direction and have not changed the regulations to do so, or that in fact you're not familiar with the regulations and the differences in the regulations between Alberta and Saskatchewan. If you are now telling the House that you are going to require oil operators in this province to reclaim their oil either on site or through an oil facility, then I congratulate you on that change of direction. And it looks like the five days I spent in south-east Saskatchewan may have, may have in fact had some . . . bear some fruit. If on the other hand you're not saying that . . . if on the other hand you're not saying that and are trying to deceive the people of this province, they you're not to be commended. Would you please tell us: — are you changing the regulations to require oil companies to process their oil through reclaiming facilities, either on site or off site?

**Hon. Mrs. Smith:** — Mr. Chairman, just briefly. I thought I had made it very clear to the member what the legislation or regulations were, and I think perhaps there is a misunderstanding on the word "reclaim." In fact, Saskatchewan producers are required to reclaim — to use your word — their oil. That's in regulations.

Mr. Chairman, I will take the liberty of sending over . . . or sending to the member's office a copy of the regulations, along with Alberta's regulations. I will tell him: — we do not in regulations use the specific word reclaim, nor does Alberta. All right? So I think perhaps there's a misunderstanding in terms of what word is used and what it means.

I want the member to know that companies are required to clean up and to reclaim, or recycle, to use his word on the reclaim. The picture that you've referred to, I believe, as I've met with . . . of the Kinder Brothers, a couple of times and have gone through the pictures that they have taken. We have discussed the issue of . . . the picture in particular, I believe, that you had is an old picture.

I want you to know that it is illegal . . . it is illegal, my friend, in this province, to store oil in earthen pits. And if in fact you have information and locations where that is happening, I would ask you to submit it to my office, or to the deputy minister of Energy and Mines, because it is illegal. And we will endeavour to look after it immediately, if you would do that.

**Mr. Shillington:** — Thank you very much, Madam Minister. Madam Minister, I heard you describe, for my friend from Saskatoon, financial difficulties experienced by oil companies over the last year. The fact is, Madam Minister, that the balance statements of the oil industry have improved very considerably this year. They're making a buck, and they're making a good buck in 1987.

I wonder, Madam Minister, if the time has not come when your department should be considering reinstating some level of royalties so that the people of this province

get a fair return on their resource.

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Smith:** — Mr. Member, I agree with the member, the oil companies are in fact . . . but if you look closer, you will see that it is on the retail and the refinery end where the profits are coming from, not the . . .

**An Hon. Member:** — Not true.

**Hon. Mrs. Smith:** — Yes, my friend, that is true. You have a look at it.

The royalty structure that is in place will take care of what you have suggested because it is price sensitive. When the price of oil goes up, the people of Saskatchewan get a greater share of the royalty.

**Mr. Shillington:** — Well, Mr. Speaker, anticipating that the minister would have her remarks prepared for her by Texaco and Imperial, I brought along some statistics which I'd like to share with you.

Madam Minister, it is true that the integrated oils made a profit which we as a society ought to be ashamed of over the last year. They did that because, when the price of their feed stock went down, the price of the retail product remained the same, and they raked off the difference. But, Madam Minister, the oil producers which we are talking about are also back making a dollar, Madam Minister.

Madam Minister, anticipating, as I say, that you would take your information straight from the Canadian Petroleum Association, I brought with me some statistics quoted in the August 3 edition of *The Financial Post*. I point, Madam Minister, to companies such as Bahan Resources — not in Integrated Oil; Canadian Occidental — not in Integrated Oil; PanCanadian Petroleum — not in Integrated Oil; Suncor — not in Integrated Oil; and Kildonan Petroleum is not.

These companies, Madam Minister, are all in the black; they're all making a dollar. The Integrated, I admit, have made an obscene dollar over the past year, and you and the Minister of Consumer Affairs take some responsibility for that. But the oil producers are making a dollar right now, Madam Minister.

Madam Minister, I suppose the question might be asked as to where the oil industry is going? I think the best judge of where the oil industry is going is what the investment community is saying about it. Madam Minister, the prices of the stocks of oil producers has been rising continuously. The index on the Toronto Stock Exchange of the oil producers — and that excludes, Madam Minister, Integrated Oils — the index for oil producers is higher now than it has been at any time in the past three years.

**An Hon. Member:** — What about the market generally then?

**Mr. Shillington:** — The market generally; all right, our mutual friend asked about the market generally. Let me, for the benefit then of members opposite — I happen to

come with that as well — give you some statistics about the market generally. While this may strike you as coming straight from the Commonwealth, this happens to come from The Financial Post as well. Over the . . . (inaudible interjection) . . . Well I don't know what the minister is call . . . the Minister of Education is calling a socialist paper; that's not what The Financial Post has been thought of in recent times.

**Some Hon. Members:** — Hear, hear!

**Mr. Shillington:** — this is all taken from The Financial Post. Canadian industrials, over the past year, are up by 79 per cent, that's a very healthy increase. What's happened to oil? The producing oils, over the same period, it's up by 333 per cent, almost five times as much as the index. So when you say what's happened to the market? it's up, but oil has increased a lot more. The index, Madam Minister . . .

**Mr. Chairman:** — Order. All members get as much opportunity as they want to ask questions in Committee of Finance. I would ask that the member . . . to let the member on his feet ask his question to the minister.

**Mr. Shillington:** — Madam Minister, I'll end this and leave the question shortly. Suffice it to say that in the document which I gave you is a representative group of companies from the dozen different industries. The highest return, the highest profit margin is not the mines; not the forest products, for all that they've done; not chemicals; not steel. The highest profit margin of any industry is the oil industry. And this, Madam Minister, is coming out of a bad year. The time has come, Madam Minister, to reinstitute oil royalties. This industry is making a good dollar and it's time they began to pay their fair share of taxes in this country.

**Hon. Mrs. Smith:** — I assume this is the document you're talking about. When I look at this, Mr. Member, I quite frankly am not too sure where you get your figures from, except that it's very clear that you are extremely selective. I don't want to spend a lot of time on the major oil companies. There's obviously a difference in philosophy between what makes the oil industry in Saskatchewan go, between you and I.

We believe, in Saskatchewan it's been the small companies and the small investors. You obviously put an emphasis on the bigger companies. I believe that the statistics will show you that we've been relatively successful, particularly as it pertains to the small investor and the small oil companies because they're up by about 30 per cent in this province in accounting for the oil activity.

I take a look at the sheet that you've given me, for example, the oil and gas, and I see change from 1986. You know, there's a minus three in here; plus 1 per cent; plus 2 per cent; yes, there's a plus 19. If I look at the net income in the change from 1986, all I find is one company, and that's Shell Canada, with the kind of increase that you've suggested — 256 per cent. I will remind you that Shell Canada is an integrated company. Shell Canada is an integrated company. Mr. Chairman, considering what happened in 1986, I think any kind of

increase for any company — small, medium, or large — in 1987 would have shown a substantial increase from where they were in 1986.

Mr. Chairman, the member says, you know, now that prices are going up, change the royalty structure so that we get more royalties. I will remind the member again that what was put in place for January 1 was a price-sensitive royalty structure. When the price goes up, the royalty goes up. If the price of oil goes up tomorrow, we will in fact see a greater share of the royalty come in to us. If that price, however, goes a way down, back to the \$10 as it was at one time, then yes, you will take a lower portion. But as it's going up, Saskatchewan is receiving more royalties, and that system is already in place.

(1245)

**Mr. Shillington:** — Madam Minister, I'm going to leave it at this. Suffice it so say that the . . . Since you refer to it, I want to read this to you. The increase in net income, the average, is 2,256 per cent.

Madam Minister, you know and I know that the price of oil isn't going to go up. But you know and I know that the oil producers have good balance sheets; they're making a good dollar. And it's time, Madam Minister, that you and your government began to extract a fair return on this resource so that the people of this province might have a decent health care system and a decent level of services.

Madam Minister, you have increased taxes for virtually everybody else, but you somehow or other feel that if the oil industry pays a nickel in taxes, the world is going to split in two.

Madam Minister, it is time the oil industry began to carry their fair share. And I suggest to you, at this point in time, in August of 1987, they're well able to do it.

**Hon. Mrs. Smith:** — Mr. Chairman, I would agree. And as I indicated to the member, with the price of oil going up, the royalty structure that is presently in place will take care of that.

**Mr. Prebble:** — Thank you, Mr. Chairman. Madam Minister, you've known for at least the last two years that the large majority of Saskatchewan uranium that is exported to the United States is being sold to the United States and is not making its way into electrical utilities for use in nuclear power generation, but is rather making its way directly into the U.S. nuclear weapon arsenal.

You've known, Madam Minister, for at least the last two years, that Saskatchewan uranium exports are being used by the U.S. Department of Energy, which takes ownership of them after 90 days, for breeding plutonium for MX missiles. You've known, Madam Minister, that Saskatchewan depleted uranium is being used by the U.S. Department of Energy for manufacturing hydrogen bombs. And you've known that Saskatchewan uranium is being used by the U.S. Department of Energy for manufacturing heavy bullets to penetrate armoured tanks.

Madam Minister, you have been fully aware for the last

two years that when Saskatchewan uranium goes into those enrichment facilities in the United States, all three enrichment plants are run by the U.S. military. Their primary function is for nuclear weapons. Their civilian function is only secondary, and that enrichment for military and civilian purposes is taking place simultaneously.

Now, Madam Minister, my question to you is this: — why have you not taken any action in the last two years to stop Saskatchewan uranium going into U.S. nuclear weaponry? Why have you not blown the whistle on a flagrant violation of the treaty that exists between Canada and the United States that says not a single molecule of uranium from Canada will go into U.S. nuclear weapons? It's obvious that that treaty is being flagrantly violated. Why have you not blown the whistle on that flagrant violation?

Will you now, Madam Minister, put a stop to a situation in which there is literally a little bit of Saskatchewan uranium in almost every U.S. nuclear warhead that's being manufactured today? Will you put a stop to that, Madam Minister?

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Smith:** — I am rather pleased, Mr. Chairman, to hear the thrust of the hon. member from Saskatoon University. I take it that he has somewhat modified his position, and his concern now is only in the monitoring of the selling of uranium, as opposed to shutting down the industry entirely.

Mr. Chairman, there's no doubt that there's a general concern when it comes to selling a product that has potential to be very damaging to human beings and to the environment. And I believe that it was with thought in mind that the policy in Canada changed in 1965. Mr. Chairman, since 1965, Canada has permitted the exports of uranium only for peaceful purposes, and only where the importing country has signed an appropriate agreement ensuring that verification measures are in place. That must be done first.

Mr. Chairman, because of this Canadian export policy and because of the verification processes administered under the auspices of the United Nations, Saskatchewan uranium is used only for peaceful purposes, with all the checks and balances in place.

Mr. Chairman, under the agreement that Canada has signed, a nuclear co-operation agreement, all the uranium is tracked through the nuclear fuel cycle of the customer countries. And I believe the member knows that. In fact, I would consider the member to be a relatively good expert when it comes to uranium and its processes. I would admit, Mr. Chairman, that it's probably not possible to trace every molecule that goes through there. However, I would say that Canada, or the Canadian safeguards policy, ensures that those nuclear materials are monitored fully as they move through the various stages of the fuel cycle.

Mr. Chairman, I would suggest that if the member has information that is contrary to the agreements that

Canada has signed, that he has an obligation to give specifics to the proper authorities at the national level, to ensure that in fact the agreements are being upheld.

**Mr. Prebble:** — Madam Minister, you know that Saskatchewan depleted uranium, five-sixths of the uranium that we end up sending to the U.S. is not subject to any non-proliferation treaty safeguards at all.

And you've heard for the last two years, Madam Minister, officials of the U.S. Department of Energy telling all North Americans that, in fact, large amounts of Canadian uranium are being used for military purposes. And you, Madam Minister, have chosen to ignore those facts, as has the Government of Canada. And I ask you today: — will you at the very least make a commitment to this legislature to undertake a public inquiry into the use of Saskatchewan uranium in U.S. nuclear weapons?

**Hon. Mrs. Smith:** — Mr. Chairman, no I will not do this. but I will add a rider to it. If the member has some specific details in the allegations that he has made, let us see them and then perhaps it will be considered.

**Mr. Rolfes:** — Mr. Chairman, Madam Minister, there are a number of topics that I would like to have covered. I would like to ask you at this time whether you would be prepared to undertake for me, if I sent to your office in written form, a number of questions on various topics — whether I can expect that they would be sent to me in written form some time in, let's say, in the next month or two? Would you do that?

**Hon. Mrs. Smith:** — Yes. I will endeavour to respond to whatever information you may want, keeping in mind that I will tell you if some information is impossible.

**Mr. Rolfes:** — Okay, Madam Minister, that's fine. I want to now leave this Energy topic and a number of questions I wanted to ask on oil.

But I want to turn very quickly to coal. Madam Minister, as you know, Canada imports a lot of coal, in fact about 16 million tonnes, I believe. And it costs Canada approximately \$1 billion for importing that coal. My question simply is, and I will put some more questions in written form, but: — have you had any discussions at all with the federal government in trying to get an agreement with the federal government whereby we could subsidize the transportation of coal from the West to eastern Canada?

My understanding is that that could create approximately 30,000 new jobs in the coal industry, if we could supply all the coal that Ontario requires. All I'm asking is a very simple question: — have you had discussions with the federal ministry in this regard? And if you have had, could you make any presentations that you've made to him or to her, could you make those available to me and what was his response in this regard?

**Hon. Mrs. Smith:** — I can inform the member from Saskatoon South that there has been an action committee struck. I can inform the member from Saskatoon South that there has been an action committee struck on the initiative of the Premier of Saskatchewan. The action

committee includes the Premier of Alberta, the Premier of Ontario, and the Deputy Premier of the federal government . . . or Deputy Prime Minister, I'm sorry, Deputy Prime Minister.

Along with that we have a committee of officials that have been working on the issue of transportation and some other issues, including research in terms of upgrading the coal. The reason for the committees — we agree that it's job-oriented and that there is some room to move in terms of western Canada being able to supply eastern Canada with a greater supply of coal. And that is the purpose for the action committee that has been initiated by the Premier.

**Mr. Rolfes:** — Yes, Madam Minister, I did ask if there are any presentations that have been made, would you make those available for me. If they're not of a confidential nature, would you make those available to me?

**Hon. Mrs. Smith:** — Yes.

**Mr. Rolfes:** — Madam Minister, I want to turn very quickly to natural gas. You have indicated that you want to deregulate and have deregulated some portions of the natural gas. Can you tell me, for example, in your deregulation, you've also talked about deregulation, you've also talked about self-sufficiency in Canada. Do you still think you're going to meet your deadline of about 1990 of self-sufficiency in natural gas? What studies have you done in this particular area and could you tell me, very quickly, is that still a reasonable date for self-sufficiency, 1990?

**Hon. Mrs. Smith:** — Mr. Chairman, we have done better than that. We are capable of supplying all our own needs right now, and if you would like, we will supply you with some information to indicate the capacity and the reserves.

**Mr. Rolfes:** — Madam Minister, I want to quick . . . just return very quickly to the oil. You indicated last January that you anticipated about 11 or 1,200 wells to be drilled. I want to be very clear on that. Were you talking only of oil, or oil and natural gas?

And secondly, what impact has the federal minister, Masse's, incentives been. My understanding is at the time you said that you expected another 500 wells to be drilled. And do you anticipate that we are going to be drilling the number of wells you said, plus what we expected from Marcel Masse? And can you very quickly tell me how many gas and oil wells were drilled as of today, or the last indication that you had?

**Hon. Mrs. Smith:** — The 11 or 1,200 . . . I believe it was 1,100 wells that I had estimated — that's oil wells. In reference to the federal program that Mr. Masse brought down, I believe that you will probably have a better monitoring system or an idea of the uptake on that program into September and October, because it was really not up and running, the office in Calgary, I believe, until the end of June or mid-July.

I think, for instance, our June land sales being what they were, they were well over what we had estimated, is one indication of the success of the program, or the potential

success. The September sale will be another indicator.

And your other question was . . . the total number of wells is 303 oil, 103 gas wells.

**An Hon. Member:** — Do you still anticipate to meet your target?

**Hon. Mrs. Smith:** — Yes . . .

**Mr. Chairman:** — Order. Order. I'd ask the members to ask their questions from their feet.

**Mr. Rolfes:** — Madam Minister, do you still anticipate to meet your target?

**Hon. Mrs. Smith:** — Yes, we hope to. As I said, by the end of September or October we'll have a better idea if we, in fact, are going to be close on that number.

**Mr. Rolfes:** — One more question. Madam Minister, the Provincial Auditor made a statement in his report where he says that, given the importance of the file, the petroleum master file, he indicates that you are four months behind. This is a very important file because it verifies the revenues and the royalties paid in petroleum and natural gas to your department. And in order for you to verify this, you must have it up to date. He's very concerned about the four month delay. Can you tell me, have you rectified the situation, or where are we at the present time?

**Hon. Mrs. Smith:** — Yes, Mr. Chairman, we have rectified the situation. We are within a month of bringing it totally up to date. And I think, for the member's benefit, it is one indicator of the success of the incentive program because of the number of wells, and the increase that came on the records, and the department having to deal with it. But we are dealing with the auditor's report.

**Mr. Rolfes:** — Minister, I don't want to prolong it. It could also be for lack of staff, as we found in some other areas, but I don't want to get into the argument today. Madam Minister, I do have to ask one further question. can you tell me where the phantom upgrader is at — the Lloydminster upgrader? Are we on stream with it? Where are we at? Do you expect to make an announcement on it soon, or are the people that are involved in it, are they still insisting on a floor price, or where are we at with the upgrader?

**Hon. Mrs. Smith:** — Well, let me say this, if it's quickly: — I gave the answer to the member from North Battleford, and it will be in Hansard tomorrow. Is that quick enough?

Item 1 agreed to.

Items 2 to 7 inclusive agreed to.

Vote 23 agreed to.

**Supplementary Estimates 1988  
Consolidated Fund Budgetary Expenditure  
Energy and Mines  
Ordinary Expenditure — Vote 23**



Vote 23 agreed to.

**Supplementary Estimates 1987  
Consolidated Fund Budgetary Expenditure  
Energy and Mines  
Ordinary Expenditure — Vote 23**

**Mr. Chairman:** — Order.

**Mr. Shillington:** — Madam Minister, the figure for mineral revenues is awfully low. It's . . . just appears inordinarily low. Am I . . . Is there some explanation for that?

**Hon. Mrs. Smith:** — I just want to clarify so we're talking about the same thing. Page 6, mineral revenues — is that what you're on?

**An Hon. Member:** — Yes. Yes, that's what we're on.

**Hon. Mrs. Smith:** — That's extra money for auditing under the mineral revenues. this is supplementary.

Vote 23 agreed to.

**Saskatchewan Heritage Fund Budgetary Expenditure  
Resources Division  
Energy and Mines  
Ordinary Expenditure — Vote 1**

Items 1 to 4 inclusive agreed to.

Vote 1 agreed to.

**Saskatchewan Heritage Fund Budgetary Expenditure  
Energy Security Division  
Energy and Mines  
Ordinary Expenditure — Vote 47**

Items 1 to 4 inclusive agreed to.

Vote 47 agreed to.

**Saskatchewan Heritage Fund Loans, Advances and  
Investments  
Energy Security Division  
Energy and Mines  
Vote 63**

Vote 63 agreed to.

**Supplementary Estimates 1988  
Saskatchewan Heritage Fund Budgetary Expenditure  
Resources Division  
Energy and Mines  
Ordinary Expenditure — Vote 1**

**Mr. Chairman:** — Carried.

**Supplementary Estimates 1988  
Saskatchewan Heritage Fund Budgetary Expenditure  
Energy Security Division  
Energy and Mines  
Ordinary Expenditure — Vote 47**

**Mr. Chairman:** — Carried.

**Supplementary Estimates 1987  
Saskatchewan Heritage Fund Loans, Advances and  
Investments  
Energy Security Division  
Energy and Mines  
Vote 63**

Item 1 agreed to.

Vote 63 agreed to.

**Supplementary Estimates 1987  
Consolidated Fund Budgetary Expenditure  
Energy and Mines  
Ordinary Expenditure — Vote 23**

Vote 23 agreed to.

**Mr. Chairman:** — I'd now like to thank the officials.

**Mr. Rolfes:** — Mr. Chairman, I just want to express my thanks to the officials for bearing with us through these estimates, and I also want to take this opportunity to thank the minister. I know we haven't always agreed on the way we should deal with the resource issues, and no doubt we never will. But I think that's what this forum is all about. I want to thank the minister and thank her officials.

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Smith:** — Mr. Chairman, I, too, would like to thank this Assembly for its co-operation, and a special thank you to the officials. We have been through a year where there has been some very important issues facing us, and some in the very near future. And I think of questions in terms of potash and uranium, being able to export our raw resources, are very important questions for the people of this province; also the issue of deregulation of natural gas and the effort to try and build an industry within this province. And the officials in the entire department have responded, indeed, in the best manner that they possibly could for the Saskatchewan people.

I also want to thank my critic who often gives me forewarning about questions coming forward, and that gives us an opportunity to find some answers for him. We may have our political and our philosophical differences when it comes to the management of the resources in this province, but if there's one thing that we both agree on, it is that this province is rich in resources. And those resources are necessary for the development, in an orderly fashion, for the benefit of workers and jobs in this province. Thank you.

**Some Hon. Members:** — Hear, hear!

The committee reported progress.

The Assembly adjourned at 1:14 p.m.