

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
First Session - Sixteenth Legislature
30th Day

Wednesday, March 27, 1968

The Assembly met at 2:30 o'clock p.m.
On the Orders of the Day.

WELCOME TO STUDENTS

Hon. W.S. Lloyd (Leader of the Opposition): — Mr. Speaker, may I ask the House through you to recognize some visitors in the Speaker's gallery. They are from the McNab Park school in Saskatoon. If Members wonder why I am rising to welcome a group of students from Saskatoon, a word of explanation. We've had a lot of discussion in the House recently with respect to constituency boundaries, the difficulties of drawing, finding, locating and keeping track of, and one of the problem is evident here. McNab Park school while it is in the city of Saskatoon school system, is in fact in the constituency of Biggar. I am sure that the Members will want to welcome them here. They are accompanied by their teacher, Mr. Toews. We will wish that they have a pleasant day in the capital city, in our Legislature and wish them a very safe trip home indeed.

Some Hon. Members: — Hear, hear!

Mr. W.G. Davies (Moose Jaw South): — Mr. Speaker, we have two fine student groups from Moose Jaw South here this afternoon which I would like through you to introduce to the other Members of the House. One group is from the International Bible College. I think there are some 17 students from that body. The others are from St. Margaret school and I believe, Mr. Ainsworth, the principal is with that group of students. They are in the Speaker's gallery. I'm sure we would all wish them the most possible interesting time while they are in Regina and particularly this afternoon. We'll wish them an interesting and helpful time here as well as a safe journey home.

Some Hon. Members: — Hear, hear!

INTRODUCTION OF MISS CHRISTIE

Mr. J. Messer (Kelsey): — Mr. Speaker, I too have an introduction to make. In the Speaker's gallery there is a young lady, a very talented young lady that is known to many Canadians, indeed most Canadians. She is probably best known to the Members of this Assembly from her association with the late and controversial program, "This Hour Has Seven Days." Mr. Speaker, to you and through you to this Assembly, Miss Dinah Christie.

Some Hon. Members: — Hear, hear!

Mr. H.H.P. Baker (Regina South East): — Mr. Speaker, I would like also at this time to introduce a group of fine students from the St. Augustine school in my constituency seated in the east gallery accompanied by their teacher, Mr. Kennedy. The school is located about two and one-half blocks from where I live, a very large school and one that has gained wonderful recognition in our community. We hope their visit here this afternoon will be fruitful and that they will enjoy the deliberations that take place this afternoon.

I too, would like to welcome Miss Dinah Christie on behalf of the city, if I may, Mr. Speaker. I had the privilege of meeting her last year when she took part in the Spring Thaw program which went over so well at the Capital Theatre in 1967. With that, again through you, welcome to the school and to Miss Christie.

Some Hon. Members: — Hear, hear!

ANNOUNCEMENT

FINAL WHEAT PAYMENT

Hon. W.R. Thatcher (Premier): — Mr. Speaker, I am sure all Hon. Members heard the remarks either on the radio or otherwise which the Minister of Trade and Commerce made an hour ago on the final wheat payment. In case they did not, may I just take a moment to echo his words. The total wheat sold last year was in excess of 627 million bushels, 43 million more than a year ago. The average final payment is 49.7 cents on ordinary wheat, 63.3 on durum wheat, making an overall average of 50.27 cents. This is substantially the largest participation payment ever made in the history of the province.

Some Hon. Members: — Hear, hear!

Hon. Mr. Thatcher: — As Mr. Winters announced, the payments will commence tomorrow. I may say that the Provincial Treasurer is very elated at this fact, and we hope that the farmers will use some of this money to buy some more Provincial bonds.

Some Hon. Members: — Hear, hear!

Mr. Lloyd: — Mr. Speaker, may I take it that the Premier's announcement means that he is now definitely supporting Mr. Winters as the Leader for Canada . . .

Mr. Thatcher: — I always said he was a fine outstanding man and we would have liked these payments a couple of weeks ago . . .

QUESTIONS

Return Nos. 34 & 35

Mr. F.A. Dewhurst (Wadena): — I wonder if the Provincial Secretary would try and check up on Return Nos. 34 and 35. They've been asked for now for a month; they would have facilitated in Estimates.

Return No. 1

Mr. W.E. Smishek (Regina North East): — Mr. Speaker, I wonder if I can direct a question to the Hon. Provincial Secretary as to when I can expect Return No. 1, that was the first one that was on here, respecting the number of persons who were denied the opportunity to attend technical schools for lack of space.

MOTIONS

ADDITIONAL HOUSE SITTINGS

Mr. Thatcher moved, seconded by the Hon. Provincial Treasurer (Mr. Steuart):

That notwithstanding Standing Order 2, this House shall, commencing Thursday, March 28, 1968, meet at 10 o'clock a.m. each sitting day, and there shall be a recess from 12:30 o'clock p.m. until 2:30 o'clock p.m.

Mr. Lloyd: — Mr. Speaker, this does present a bit of a problem which the Premier and I had discussed briefly previously. That problem is whether or not Committees of the Legislature which includes a substantial number of the Members will have completed their meetings at that time. I know that the Crown Corporations Committee has as yet not completed their meetings and there was some suggestion that it meet on Thursday morning. I know that the Private Bills Committee has not completed its meeting and I am not sure when it is going to meet, but I understood the Premier to say that we would not try to have the Legislature and the Committees meeting at the same time. Indeed I would express the hope that that not be tried. The Committees I have spoken of are fairly large in number and it would seem to me rather impossible to carry on both at the same time. I would hope that we might be able to make some arrangements which all of us feel we could live with and still do our work before we are ordered, as this Resolution will do unless it is qualified by some comment, that we sit tomorrow morning at 10 o'clock. We're happy to sit in the morning but we don't want to see conflict between the Committees.

Mr. Thatcher: — Mr. Speaker, we had contemplated sitting Saturday this

week. But because the Committees have not finished all their work we do not propose to proceed with Saturday sittings. We have four or five more Government Bills to be introduced for first reading. We still have all the Estimates to deal with, with the exception of the Department of Co-operatives. We still have a number of Private Members Resolutions on the Order Paper. In view of the fact that we are adjourning for the Leadership Convention next week and in view of the fact that we will be adjourning during a period for Easter, the Government feels that we should proceed with morning sittings. We will make every endeavor to finish the Committee work at times other than when the House is sitting. We would like to try our experience in past years, calling Committee work between 9 and 10 or even 8:30 in the morning. We might try sittings in the noon hours, some in the evenings. But if we are not finished up by Saturday, I will suggest to my colleagues that we call all Committees for this Saturday and finish them up. In view of these facts I would hope that Hon. Members might feel it advisable with morning sittings commencing tomorrow morning.

Motion agreed to.

ADJOURNMENT OF HOUSE APRIL 2 — APRIL 8.

Mr. Thatcher moved, seconded by the Hon. Provincial Treasurer (Mr. Steuart):

That when this House adjourns on Tuesday, April 2, 1968, it do stand adjourned until Monday, April 8, 1968 at 10 o'clock a.m.

Mr. Lloyd: — I stated previously we wouldn't oppose this move. Indeed we have no intention of doing so now. I can appreciate the fact that there are contingencies outside the normal controls which it is proper, I think, to recognize. I may say, Mr. Speaker, however, if we had known the way in which the Government was going to propose the arrangements for the rest of the business of the House at the time we made that agreement, we might not have been nearly as good-natured about it. I must express some disappointment at the procedures for finishing the work of the House which the Premier expressed a minute ago. I am out of order, Mr. Speaker, he was out of order in commenting on them when he replied as well. So perhaps we're even on that point. I do want to say again that we are not going to oppose the Motion before us. We hope the Members opposite are successful in their various searches. While we don't really anticipate it, we hope the results will be for the good of Canada.

Mr. Speaker: — I call the attention of the House that the mover of the Motion is about to close the debate. If anybody wishes to speak he must do so now.

Mr. Thatcher: — I would only say, Mr. Speaker,

that a similar Motion was moved some years ago, so that Hon. Members opposite could attend the NDP convention. We of course went along with it. We are pleased that the Opposition can do likewise today. I must say that I hope our convention will be much more successful than theirs was.

Motion agreed to.

SECOND READINGS

Hon. A.C. Cameron (Minister of Mineral Resources) moved second reading of Bill No. 37 — **An Act respecting the Acquisition of Surface Rights to Land and the Determination and Payment of Compensation therefor.**

He said: Mr. Speaker, this is what I would consider one of the major pieces of legislation which we are bringing in this session. For that reason I will probably speak a little longer than I ordinarily would on second reading in order to inform the Members of the House of the import of this particular Bill.

Before I deal with the Bill itself I think I should take a few moments to outline the reasons for introducing this legislation at this time. Members may recall about 1953 the former Government established what might be termed certain ground rules governing the working relationship between the oil industry and the surface-owner or the farmer. These ground rules provided for a standard surface-lease form approved by the Government. This standard-lease form was to be used by all oil companies in securing surface-leases from a farmer. In the matter of compensation for land acquired for well-sites and roadways, certain yardsticks were set out to be used in arriving at the compensation for the farmer. Yardsticks were further clarified and interpreted by a formula termed the “ready reckoner formula” which was the suggested formula in arriving at compensation. Under this ready reckoner formula, compensation to the farmer bore a direct relationship to the assessed value of the land. Disputes which arose between the farmer and the oil operator in regard to compensation were referred to an Arbitration Board composed of three members. One member was appointed by the Minister of Agriculture, one by the Attorney General, and one by the Minister of Mineral Resources. Now the compensation awarded by this Board was binding on both parties to the dispute and there was no appeal from the decision of this Board. Shortly after assuming office, farm organizations expressed to the Government grave concern about the relationship that had developed between the farmers and the oil operator. They expressed strong dissatisfaction with the “ready reckoner formula” and with the number of option clauses that had found their way into the Government-approved lease. They expressed opposition to what they termed a Government Arbitration Board and in particular to a Government Board from which there was no appeal to the court. The farm organizations likewise pointed out that, in many areas of damages suffered by the farmer in his operations, there was no provision to assess the damage except by way of taking his grievance to the

court. Farm organizations felt that the formula for compensation of well-sites and roadways and other installations was completely inadequate in view of the changing pattern of farming and the rising cost of farm production. In fact, Mr. Speaker, the complaints were so numerous that the Government felt it warranted the review by a Royal Commission.

As Members know, Judge Friesen was appointed as a One-Man-Commission to review the working relationship between the surface-owner and the oil industry. Judge Friesen in due course submitted a report of his findings together with specific recommendations. In fact the Judge went so far as to draft a bill he considered would give effect to his recommendations and he attached the bill as part of his report. It would appear, looking at Royal Commissions over the years, that Governments, if they took any action at all on Royal Commission Reports, treated the findings of these Reports more as guidelines in search of a practical resolution to the problem at hand. This Government, Mr. Speaker, I would point out took action on the report rather than pigeon-hole the report as has so often happened with Royal Commission Reports. I believed, however, that the Friesen Report was of such that it warranted a study in depth before attempting to implement any of its recommendations. For this reason the Report was given wide distribution in the province among both farm organizations and the oil industry. Following a period of study, I as Minister of Mineral Resources invited representatives of both the farm organizations and the oil industry to sit down with me and representatives of my Department to formulate a practical resolution to the problem.

Our objective in doing so was to provide through regulation and law a vehicle to resolve the conflicts which may arise between the surface-owner and the oil operator. Our concern was that the principles applied should assure fair and equitable treatment to both the surface-owner and the oil operator. Keeping in mind the surface-owner's rights and the surface-owner's privileges and yet being mindful of the essential role the oil industry must play in developing the people's resources of the province, I think that the House will be interested to know that the following organizations participated in these conferences: Saskatchewan Farmers' Union, Saskatchewan Wheat Pool, Saskatchewan Association of Rural Municipalities, the Farmers' Surface-Rights Association, representatives of the oil industry, the pipeline companies, and representatives of the Saskatchewan Power Corporation.

I would like here to publicly commend the representatives of these groups for the manner in which they set about to resolve what I consider was the most difficult and a most complex issue. I believe that these conferences were unique in that it was the first time that interested parties to a dispute sat around a table and together drafted legislation designed to resolve their differences. Setting forth the surface-owner's rights in legislation rather than by Government regulations under The Mineral Resources Act is something for which farmers of Saskatchewan have been battling for years to attain.

I should like to turn to the principles of the Bill itself. The Act provides a comprehensive procedure for acquiring surface rights for producing or recovering oil or gas or any other mineral that may be designated from time to time under the Act and for payments of just and equitable compensation for surface rights. Option clauses in existing surface leases and agreements now can be exercised only in accordance with the Act, unless such option is exercised prior to the coming into force of this Act. The Act provides for an independent Board of Arbitration. This Board will have the necessary authority to hear any and all disputes that may develop between a farmer and the oil operator.

There are many areas of disputes which cannot presently be heard by the present Board, but must rather be heard by the courts. The independent Board will have jurisdiction to hear these disputes. The decisions of the Board and their reasons therefore must be put forth in writing and be available to the interested parties on request. The Act divides the acquisition of surface rights into two parts: surface rights required for well-sites, roadways and battery sites; and secondly, surface rights required for flow lines and service lines. The compensation to be paid in the two cases is not identical. Though the method of acquiring the surface is essentially the same, in acquiring the surface no operator can enter upon or use the surface without the consent of both the owner and the occupant, or failing this by an order of the Board. In brief, entry cannot be made on the farmer's land without his knowledge and without his consent.

Every operator whether he obtains a surface right under agreement or by an order of the Board, must pay compensation in compliance with the provisions as set out in the Act. The owner or the occupant of the surface may consent to immediate right of entry and have compensation determined by the Board at a later hearing. If the owner or occupant does not consent to right of entry, the operator may serve notice of intention to have the matter go before the Board. The farmer or occupant then has seven days in which to file an objection to the granting of the right of entry. If no objection is received within those seven days, the Board may grant immediate right of entry and upon such terms and conditions it deems advisable. If however, an objection is filed by the owner or the occupant, the Board must then, within 21 days of the notice from the operator of his application for a hearing, hold a hearing of the Board and determine whether right of entry should be granted or not. Now, in essence, right of entry will be held up originally for seven days and maybe as long as 21 days. If the dispute is in regard to compensation only, and not in regard to right of entry, the Board may issue right of entry immediately and hold a hearing to decide compensation some later time. If the Board finds that the owner and also the occupant are entitled to compensation, the Board shall determine the compensation to be awarded to each. This I believe is a new but important departure in that it permits both the occupant or renter and the owner to share the compensation.

The compensation, however, must not be such as to make the oil operator pay double compensation. Orders respecting compensation for well-sites and roadways and battery sites may be reviewed every five years upon application of any interested party in that agreement.

The compensation for flow lines and service lines is treated differently than that for well-sites, roadways, and battery sites. In this regard, compensation must be paid for the right of entry upon the land for making surveys, separate and apart from the compensation for the lines. In this regard the farmer must be paid compensation by the operator for entering upon his land and to make surveys before his pipeline is designed and laid.

On the easements which the operator obtains for low lines and service lines, additional compensation may be paid by way of an annual rental for three years, together with compensation for each subsequent disturbance of the surface. Members may recall that the present regulations provide for compensation only for the first disturbance of the soil. This provides that, in the event the operator comes in to lay a second line on his easement or to repair a line that is presently there, he must then compensate the farmer for the second and subsequent disturbances as well. Upon surrender or abandonment of the surface rights by the operator, the land must be restored as nearly as possible to its original position.

There are one or two other aspects that I think I should mention. We suspended the operations of the present Board when we established the Friesen Commission. There have been no arbitration awards granted since the setting up of the Friesen Commission. We have a considerable backlog of applications awaiting the hearing of the Board and every application now pending will be heard by the new Board. Any order that the Board may make under this legislation may be appealed to the District Court. If either party is not in agreement with the award which the Board assesses they may have it appealed to the District Court and further appeal with leave to the Court of Appeal if they so wish.

The Act does not provide for a formula for determination of the compensation. In other words, the ready reckoner formula goes out the window. Nor does it provide for standard or model lease form. That goes out the window. Provision is made, however, for such to be done by the Lieutenant Governor in Council at some later date, if it is mutually agreed between the industry and the farmer that they would like to have a formula or a model lease form.

Under the Act as it now stands, the farmer is completely free to negotiate for every deal that he cares to do so with the oil operators. It is only in instances, where the oil operator and the farmer are unable to negotiate an agreement satisfactory to both, that one or the other may place the matter before the Arbitration Board.

I believe that this Bill is a major step forward in freeing the farmer from government regulations and government controls. As the Bill now stands, the farmer is removed from a great number of these regulations and controls which reached him in his operations with the oil industry. The Bill, I think, is important because it sets out by statute, by law of the Province, the farmer's rights, the farmer's privileges and the farmer's obligations, rather than by being subject to change by Cabinet from time to time as the Cabinet so wishes or rather than by regulations. I believe in this regard this Bill will be looked upon by many as the farmer's charter in the acquisition of surface rights for the production of minerals.

Some Hon. Members: — Hear, hear!

Mr. R. Romanow (Saskatoon Riversdale): — Mr. Speaker, I wonder if I might ask the Minister a number of questions before he takes his chair. First of all, has the Minister received any inquiries from owners with respect to leases that they may have entered into prior to the Friesen Commission Report or during the time that the Friesen Commission inquiry was taking place? Have you received any information on this?

Mr. Cameron: — No, we have not. It was dealt with in a very thorough manner by the Friesen Commission which heard all complaints regarding farmers and the industry.

Mr. Romanow: — Mr. Speaker, perhaps maybe the Minister didn't understand and I am sorry that I didn't phrase my question quite properly. What I meant to ask the Minister was this: did the Minister or has the Minister received any representations from owners requesting the Government to take the appropriate steps for reviewing of old leases? Forgetting about what the Commission might have heard, have you yourself, Sir, received any direct representation?

Mr. Cameron: — Mr. Speaker, may I put it once again, the whole manner in which this Bill was drafted and presented was by a series of conferences between farm representatives and the oil industry. They sat down and they drafted it clause by clause, they revised and went through it with a fine-toothed comb. This is the Bill drafted by the interested parties to the dispute and approved by the Government and brought in for your consideration.

Mr. Romanow: — Mr. Speaker, I am again sorry to be . . .

Mr. Speaker: — Order, order! The Member for Riversdale has had two questions and this is his third one. And really a debate in the House isn't a question and answer period. This takes place

in Committee and these questions can be asked in Committee or the Member can speak on the motion and others can reply as they see fit. Now if the Member wishes to speak to the motion, he is perfectly welcome to go ahead and do so.

Mr. Romanow: — Mr. Speaker, I will be speaking to the motion, but again if I . . .

Mr. Speaker: — Do it now. I warn you about it.

Mr. Romanow: — Well, Mr. Speaker, I am wondering if I might respectfully put a question to the Minister, a further supplementary question. Now am I ruled out of order on that, Mr. Speaker, or not?

Mr. Speaker: — Well, we simply can't just have a question-and-answer period in any formal debate. Now it is customary for Members when a Minister or another Member takes his seat, to ask a question and have it answered, but this is the third one and just can't go on indefinitely. Now if the Minister wishes to answer the question he will indicate and if he wants to, go ahead.

Mr. Cameron: — Mr. Speaker, I think that these questions could be better answered in Committee of the Whole.

Mr. J.A. Pepper (Weyburn): — Mr. Speaker, I too, believe that this is one of the most important Bills that will be passed in this Legislature during this session. My comments on this Bill, before it has passed second reading, will be quite brief, because I think that some of the points that will be questioned and that we want a more and greater detailed explanation of, can be dealt with better in Committee of the Whole.

In principle, I must commend the Government for the contents of the Bill. It does cover, it provides and assures, a greater degree of protection in many areas for the surface-rights owners. I believe, Mr. Speaker, that Judge Friesen's Report has certainly enlightened a lot of people as to the inconveniences that industry does cause to the surface owners in the areas where industry is situated. I believe that it is only through the practical experience of our farmers living and working under these conditions during the past 10 years that we are now able to benefit from their experience and are able to change our legislation on this issue on surface rights. This will in turn give them, the farmers, more protection and a greater opportunity to have a greater voice in their own handling of the surface-rights negotiations.

As one who has had a considerable practical experience in

this field of operating and working a farm in the centre of one of the largest oil fields in the province, where every quarter section has been drilled to the extent of two wells per quarter, in a division in a municipality which I had the honor of serving as councillor for 12 years. I not only was able to obtain firsthand knowledge of the problems of the farmer, but also those of a municipality under industrial development. I have seen five bridges broken through in one year in one division of a municipality due to heavy equipment moving in to develop this oil industry. I am very pleased to say that the Government of the day, Mr. Speaker, which was the former CCF Government, sent bridge crews out within that year and had them all replaced and repaired at Government expense. I've seen miles of telephone lines broken down by oil rigs in moving from one location to another. I have seen municipal roads and good grid-roads trenched across, causing farmers to change or re-route their means of going to work or of going to town to secure their needs, until pipelines were laid and trenches were backfilled again. Any of you who had similar experiences realize quite fully how long it takes for a road which has had a trench put through it to return to normal driving conditions again. I have seen the same thing happen in many a farmer's fields where he has either laid or he was forced to trample down much of his grain and change his method of operating the field to try and cope with the inconveniences the pipeline is causing. Then after the pipeline is buried, Mr. Speaker, I have seen implements break through the backfill and sit there stuck in the cave-in until he could secure help from a neighboring farmer. And when a farmer breaks through one of these cave-ins with a loaded truck and breaks an axle in the middle of harvest, you could well know his feelings and the money that he has also lost because of losing his time in the middle of a good harvest day.

I have witnessed pipeline breaks, where the pressure of oil builds up and then penetrates the farmer's land and runs off into the lowest level of his field, which is perhaps the best hay slough that he owns on his farm. I have seen a well-head burst and from pressure one mile below the surface of the land blow or spray oil, sulphur and salt all over his swathed grain for a radius of 60 rods from the well-head. Then there is the damage done to the farmer's barbed wire fencing from the acid or fumes given off by the flare pits on most farmer's battery sites in the area. This also damages aluminum siding on homes or home dwellings. These are only, Mr. Speaker, a few of the inconveniences that a farmer has to endure if he is farming within an industrial area.

I could mention many more. And these are the things that no one realizes will happen until he has had this practical experience with it. Mr. Speaker, I do not blame oil companies or industry for these inconveniences that are caused. I welcome industry and oil companies and have found them reasonable to work with. But I do think, Mr. Speaker, it is only proper that we readjust our thinking and our legislation on surface-rights negotiations for the farmer because of the reasons that I have

just given, because of the great increase in land value and land assessment in the last four or five years, and also because of the higher price of machinery which a farmer has to purchase to work his land. And in working around these many inconveniences within his fields which requires many more man hours of time, I would like to mention the vast number of power poles that run through a farmer's property, not to assist him in his farming operations. To him they are a hindrance. Every time he goes out to work his land, they are placed there to aid the operator of the industrial development which brings great revenue to him but nothing but inconvenience and hardship to the man who tills the soil.

There have been many changes that have taken place during this period of 10 years that have necessitated a second look at this problem. Mr. Speaker, I venture to say that this is not the end of the provisions or changes that we will be required to make as time goes on. As industry modernizes its means of production, we as a Government must be prepared to make changes to cope with the industrial changes and must provide adequate returns to our surface-owners who, in my way of thinking, certainly have in the past and no doubt will in the future suffer the brunt of the inconvenience that is caused by industry in securing its mineral, whatever the mineral might be.

Therefore, Mr. Speaker, as I stated earlier, more of the detailed problems and questions I feel can be dealt with in Committee of the Whole and should certainly be considered seriously at that time.

With these few comments and with a few recommendations later in the Committee, I certainly support this Bill.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — Mr. Speaker, at the outset I want to apologize to you . . .

Mr. T.M. Weatherald (Cannington): — Mr. Speaker, I believe that I was recognized on a point of order.

Mr. Speaker: — Now in the normal way of debate, it is customary to see Members on the Opposition side of the House at one time or another, unless that Member be the seconder of the Motion. And accordingly I say the Member for Cannington. If the Members want to alter that the remedy lies in their own hands.

Mr. Weatherald: — Mr. Speaker, I want to just make a very few brief remarks about this Bill. I have one of the constituencies in Saskatchewan that has a large percentage of oil development, particularly the Steelman oil and gas fields, the Parkman field, the one at Moose Mountain Provincial Park and several other smaller

ones. I want to first compliment the Minister, Mr. Speaker, on bringing legislation into this House that has been needed for many, many years. When this Government first took over, the Minister went to work immediately in the first year of office and put together the Friesen Commission who was appointed to investigate this matter and bring in its report.

Shortly after this, there was a great amount of work also done by various organizations in representing their organizations so that all points of view might be well heard. Saskatchewan Wheat Pool, municipal organizations, surface-owners organizations and so on. Again, Mr. Speaker, I want to make it plain that the present Minister of Mineral Resources (Mr. Cameron) deserves a great deal of credit for the work that he has done.

Some Hon. Members: — Hear, hear!

Mr. Weatherald: — The previous speaker outlined some of the problems that had been associated with farmers. And myself being a farmer, I concur in practically all the remarks that he has said. I might say that the compensation and the provisions that are in this Bill will certainly make it a great deal easier for land owners to receive what is fairly and justly theirs. This is basically what their complaint has been. On the other hand the provision of allowing oil companies to enter upon land with seven days' notice will certainly be of great assistance to them. We hope to live in harmony with the oil industry as farmers, Mr. Speaker, and this is certainly going to make it much easier to be able to do just that.

The provision for compensation and particularly the provision now that the surface-rights holder will be able to go before a Board, that it isn't going to be of great cost to him by appearing in court himself and that he is now able to appear before a Board at very little cost, if any, would certainly expedite the business of settling and giving fair compensation to the surface-rights holders. Previously I had long believed that the only way, that surface rights could be cleared when an injustice had been done, the only real provision the owner had, was to go to the company and hope for justice from them or else to appear in court. Now court cases, as we all know, can be exceptionally costly, Mr. Speaker, and many farmers and surface-rights owners took a dim view and rightly so of expediting long, legal proceedings against industries that were involved in gas and oil exploration.

I know that as a surface-rights owner and as a farmer we now can expect a fair and reasonably just compensation from the companies. If we feel that this is not being done then we have somewhere to go without costing us a lot of money to be able to get a fair and just hearing.

I think, from my personal point of view, that this is the biggest and most important factor in this Bill. The increase in compensation which is expected is also certainly welcome as has

been mentioned, due to the increase in land value. As one who represents or attempts to represent both surface rights of people and the oil industry in my constituency, the oil industry is very important to the creation of jobs in my part of Saskatchewan. It has resulted in a large payroll in many communities such as Carlyle and Lampman. We look forward to living in a great deal more harmony now that this Bill is being brought in. I might say that previous to 1964 there had been a great number of injustices done in the oil industry (and I don't want to go into this today), but I can't help but lay a good deal of the responsibility on the Members and the Government of that particular day. Many people had unjustly lost their mineral rights, simply because of lack of due care and the fact that the previous Administration at that time had given little or no warning about the various people that were floating around the country with various oil deals. The Government of that day had done absolutely nothing, Mr. Speaker, to protect the mineral-rights owners and the result was that many people in Saskatchewan have now lost their mineral rights, receiving little or no revenue from oil and gas developments. The people of New York, Chicago and so forth ended up with many of these mineral rights that could otherwise be bringing revenue to the people of Saskatchewan. Mr. Speaker, I as the Member for my part of Saskatchewan, as I have said previously, wholeheartedly support this legislation and I am very pleased to be a Member of the Government that is putting it forward.

Some Hon. Members: — Hear, hear!

Mr. R. Romanow (Saskatoon Riversdale): — Mr. Speaker, I want to say at the outset that I wholeheartedly concur with the remarks made by my colleague from Weyburn (Mr. Pepper). There are, however, three areas of concern that I would commend to the attention of the Hon. Minister and his Government with respect to the Surface Rights Bill. I think that they are three important reservations, notwithstanding the very flowery praises given by the Hon. Member from Cannington (Mr. Weatherald) for the Minister of Mineral Resources (Mr. Cameron). These are three areas that may lead to additional complications and future continuation of some of the problems that those who have surface rights have talked about very briefly in this House.

If I might, Mr. Speaker, the first area of concern is this. In perusing the Act, I feel that there is a pressing need for the Government to immediately introduce legislation, statutory and regulatory, which would bring into line the provisions of The Pipe Lines Act, Chapter 413 of the Revised Statutes, with the proposed Bill that is before you this afternoon, Sir, and the recommendations of Judge Friesen. Now although there is reference in the proposed legislation that the new Act would have precedence with respect to The Pipe Lines Act or other Acts where there is an area of conflict, it appears to me that The Pipe Lines Act especially needs amendment to curtail what I may refer to as some of the overwhelming powers that have been

given to it by the Minister. Now the Minister in charge has powers under this Act which are extraordinarily wide and powerful, and, Mr. Speaker, Judge Friesen, in discussing this whole problem, reviewed this particular aspect indicating, if we are moving in the area of surface rights, we must also move in the area of regulating proper use of pipelines and the like. Those Members who have the practical experience I am sure will agree with me that it is very difficult to divorce the activities of the two particular statutes that are concerned here. Now under The Pipe Lines Act, Mr. Speaker, a refusal on the part of the Minister (Mr. Cameron) to exercise any or one or more of his powers could cause deep conflict with Government policy, or deep conflict with this proposed Bill that has been placed before the Members of this House. I think, because of the powers placed in the hands of the Minister of Mineral Resources, the pressures on him surely must be extensive and I think that in order to make sure that his powers do not go into the area of individual owners' rights to use and occupy and to enjoy their lands, there ought to be, as Judge Friesen says, some sort of statutory move on the part of this Government to bring The Pipe Lines Act into conformity with the provisions of the Friesen Commission. I would hope that the Minister would give some indication to Members of this House that the Government is so going to move as quickly and as expeditiously as possible in this area. As Judge Friesen says, Saskatchewan is the only province of the western provinces where such powers are vested in the Minister, referring to the vast strength of the Minister (Mr. Cameron) under The Pipe Lines Act.

Secondly, Mr. Speaker, my perusal of the proposed Bill does not reveal provision for what I consider to be an important area of concern for the individual owners. That is the area of tortious claims. I stand to be corrected by the Minister or the Attorney General (Mr. Heald) or other law officers, but there is no provision in this Act for tortious claims. Now briefly tortious claims are those made incident to breaches with respected terms or conditions of a surface lease. An example may be trespass on a particular right of way which has been granted as a result of the signing of a particular lease. Often, Mr. Speaker, these claims may arise as a result of negligence on the part of the crews that are working on the fields, or perhaps just indifference. I don't think we can impute any ill-motive to the company involved.

The problem for the farmer and the problem for the owner is that there is often great difficulty establishing a change of relationship between the workmen involved and the operator who is in charge of the over-all operations. I am told from people who have had some practical experience in this matter that tortious claims and particularly those of the \$200 variety and under are rather numerous. It is only natural that when we have an extensive operation on a particular farmer's site from time to time there will be a situation arising where tortious claims will arise. According to many of the owners, if a claim is made directly to the operator — and I am sorry the Act doesn't propose to remedy this — the farmer is usually met with the

statement by the operator that the matter will be investigated. In the end, after a long and lengthy investigation, the farmer's claim is either forgotten or neglected or lost somewhere in the course of the company's consideration of it. I would urge the Minister and this Government to consider suggestions from this side that Judge Friesen's recommendation in the Report be accepted, that is, we urge the Government to adopt the recommendation that there should be a remedy to the owner of farm lands for the expeditious and inexpensive enforcement of claims say up to the amount of \$200, claims that are relating to the area of tortious causes.

Now, thirdly, Mr. Speaker, I feel the Government must move now to remedy certain injustices that have occurred under the old Acts that are presently in existence. I welcome the indication by the Minister (Mr. Cameron) and the provision in the present Bill that there will be a right of review every five years. Now under chapter three of the Friesen Report — for those Members who have read it — there is an extensive survey of the inequities that farmers have suffered from time to time. I think we can agree with the Hon. Member from Cannington (Mr. Weatherald) who indicated that in this area the oil industry is more rapidly advanced in Saskatchewan. It would only be natural to assume that more often the inequities and the claims would crop up. I think it's a credit to the Government to try to make some effort in a small way to keep up with the pace in the development in the field of oil here. But often in this area, Mr. Speaker, the owner, while he is in the process of negotiating, is met for example on a tractor by a land man or some other representative of an oil company who wants this person to sign up an oil lease. The leases are sought to be obtained often just before the approach or entry of the drilling crews, so I think the seven-day provision here by the Minister and by the proposed Bill is to be commended. I am talking now primarily about the practice that has gone on in the past. The land man would often tell you that they wanted to start drilling immediately. The result was that a farmer that was either harassed in the course of harvesting or seeding or doing farm chores, went ahead and signed the lease, which happened to be very conveniently typed and prepared with all the provisions, special clauses and the like, for his signature. If he objected he was often told, and Judge Friesen found the same in his Report, he was often met with the argument, "Well if you take it to the Board of Compensation you might even end up paying costs." So it is easy to see that out of circumstances of this nature that a great deal of inequities could crop up.

Now, Mr. Speaker, I am fearful that some surface-rights people in Saskatchewan may have been lulled into thinking that the Report of Judge Friesen would help them to circumvent their problems of some 5, 10, 15 or even more years' duration.

I am sorry, Mr. Speaker, and send a personal apology to you if I in any way breached the rules of the House in endeavoring to ask questions of the Hon. Minister of Mineral Resources (Mr. Cameron) in this regard, but this is the point that I was trying

to get at. I had hoped that the Minister would give this House some indication as to whether or not the amount of inquiries, the number of inquiries, that were received by surface-owners so affected by past dealings was extensive or not. I say this, Mr. Speaker, that this legislation seems to neglect the rights, and I would submit they are rights, of the people who had these dealings with respect to the old legislation. I think that in many cases, as a result of the announcement of the Friesen Commission, these people accepted what appeared to be assurances from the Premier and the Minister that the Friesen proposed Act and the recommendations of the Report would be in fact totally implemented and in fact that their problems under leases signed prior to the implementation of the Report would be met. Now for example on May 4, 1967, according to the Regina Leader-Post, the President of the Southeast Surface Rights Association, Mr. Harry Floding had a meeting with the Government and is reported to have said:

We accept the assurance of Premier Thatcher and latterly the Minister of Mineral Resources that they will bring in the Act.

He is referring here to the complete total provisions of Judge Friesen's Report. Mr. Speaker, there seems to be no relief in this Act for those who long before this new proposed Bill have entered into leases in circumstances that I think it's proper for the Hon. Member for Cannington (Mr. Weatherald) to make reference to the circumstances that were inequitable. Lulled or negligent, or otherwise, many of these surface-rights owners, I fear, may have lost their rights and a chance should be made for them to have this reviewed as quickly as possible rather than waiting for a five-year review period or some sort of similar provision. Now Judge Friesen described the problem and he said on page 15, just briefly, Mr. Speaker, I quote:

The Commissioner is not satisfied that the owners and a very substantial number of them ever fully understood the true meaning of the effect of the documents that they were asked to sign or did sign.

And he also concluded that:

arm's length negotiations did not take place in many of these cases.

It's in the public interest, as Judge Friesen said, Mr. Speaker, that provisions should be made, whereby the rights and the remedies of these people should be better served in this Legislature at the same time that we are dealing with the rights and the privileges of the surface-rights owners of the future.

Now, on August 11, 1967, according to the Regina Leader-Post, the Minister of Mineral Resources (Mr. Cameron) is quoted as saying that it would be a dangerous principle to invade the sanctity of a contract freely entered into. I presume he was talking about the contract freely entered into prior to the

Friesen Commission Report and the period that I am talking about now. Judge Friesen said, Mr. Speaker, that many such contracts were in fact not freely entered into because some of the parties or at least one of the parties at any rate to the negotiations did not fully understand what was going on. I find, in my submission, that this is certainly a serious gap and I stand again to be corrected on any provision that may allow the Government to remedy this. But I join those who call on the Government to make the necessary adjustments to review all of the old contracts between the owners and the oil firms that have been entered over the last 20 years, perhaps even before this Board of Arbitration. I say simply this, notwithstanding the rather cavalier and off-handed attitude sometimes of the Minister of Mineral Resources (Mr. Cameron), that any wrong, Sir, at any time should be righted.

Before the Member for Cannington (Mr. Weatherald) or the Minister of Mineral Resources again proceeds to lecture Members on this side of the House of what we did or didn't do in 20 years or what this Government is doing, I say that he can stop now and start by going ahead and trying to remedy this particular inequity for the people that have been hurt in the past.

In closing I want to say that the provisions in respect to appeal, Mr. Minister, are commendable. I hope that complaints that the Arbitration Board is merely a Government board will not arise in this case and that the appointments that are made by the Cabinet will be just, fair and truly representative of all the interests of the people of Saskatchewan. Mr. Speaker, I am going to support second reading of the Bill. It's the first swath of the jungle of regulations that have befuddled farmers in this area. I hope the Government takes the necessary remedial steps in other areas and with those reservations, I support second reading.

Some Hon. Members: — Hear, hear!

Mr. E.I. Wood (Swift Current): — Mr. Speaker, I would like to add just a few comments in regard to the Bill which we have before us. I believe that this Bill is basically sound and will be received with approval by most of the surface-rights owners of the Province of Saskatchewan.

This matter of surface rights as envisaged in the taking of land for the production of oil in the Province of Saskatchewan, is one we have had with us for quite some time. I became first interested in it back in 1953 or late 1952, when there was development in our area in this matter. We formed a Surface Rights Association out there of which Mr. Tom Garland was the President and I was the Secretary-Treasurer. We held meetings up and down throughout the country and signed up members, and put on a very good effort to do what we could to have the surface-rights regulations brought more in line with what we thought was desirable for the people of the area. In this regard, Mr. Speaker, I would like to at this time compliment the Surface Rights Associations

on their work that has been done in the Province of Saskatchewan over the last 15 years. I do believe that there were some quite good regulations and changes in the law made some 15 years ago in this field. I believe that it was a direct result of the effort put forward by the Surface Rights Associations. I am not prepared to detract from what the Government is doing at this time, but I respectfully submit that the Surface Rights Associations of the province and possibly especially the Surface Rights Association of the southeast portion of the province are the reasons that we have this Bill before us today. A lot of these men have gone out and spent a good deal of their time; they have spent a good many thousands of dollars in presenting their cases before the Friesen Commission and in presenting their case in other ways. I think that the Surface Rights Associations have done a great deal for the people of Saskatchewan, for which they don't always get the credit that they should it seems to me.

At that time, back in 1953, when this matter was before us, we felt that the oil people were coming in paying altogether too little attention to the rights of the farmers and that the compensation which was being paid was entirely too small. We set up our association and made contact also with the SARM. As you all know, Mr. Garland at that time was a director of the SARM and we worked in close harmony with the SARM in this regard and brought these matters to the attention of the Government. The Hon. Minister of Mineral Resources (Mr. Cameron) has said that the meetings that were held on this present Bill were unique in the Province of Saskatchewan. I wouldn't say he is not right because we did not sit down and discuss legislation as such, but we did in early 1953 hold several meetings with the Government officials and the oil company men, sitting down around the same table and discussing the problems which we had before us. I think, in fact, it was very much the same situation that the Minister was speaking of with regard to this Bill. As a result of these meetings and other meetings which our Association later held with the Cabinet — our association I may say also in conjunction with the Lloydminster people and at that time rather a small Southeast Association. The southeast people at that time were just coming into the development of oil and they had rather a small representation from there at that time. But we met with the Government and the oil people, and as a result, that fall, new regulations were brought out which we considered were a vast improvement on the situation that had prevailed earlier. It is easy in looking back, hindsight is always much better than foresight, and it is really easy at this time to criticize and say that these laws and regulations were not satisfactory, they weren't good enough. But at that time we felt that they were quite in line with the general picture of the oil production in the parts of Saskatchewan where oil was being produced. It was widely accepted by the people of the area as good and sound legislation. In fact I can say truthfully that I got very little complaint in regard to this through the years, as a Member of the Legislature in that area and in other parts of the province where I might go.

I will say, and I think I have said this before in the House, that when I was speaking at a political meeting down in the southeast part of the province in the 1964 election campaign, one man got up in the meeting and asked me a question concerning mineral rights. After the meeting I had an opportunity to speak with him and I found that he was interested particularly in regard to surface rights. I hadn't realized before that there was the antipathy and the dissatisfaction with the present regulations as there was in the southeastern part of the province. I assured the gentleman that as soon as we had the opportunity I would do my utmost to bring this matter before my colleagues. As it turned out I didn't have the opportunity because we were no longer the Government after that election.

But I am honest in saying, Mr. Speaker, that there was a situation here in the southeast of the province particularly that personally I had been unaware of. I think the Government is to be commended in taking the action that it did to see what could be done about helping the situation. Now the Hon. Member from Cannington (Mr. Weatherald) said that within the year the Government took steps. Well, I don't want to contradict him too severely on that, because not too long after the first year I noticed that the Order in Council appointing Judge Friesen was not finally completed until September 5, 1965. But I think it was after the first year that it started to roll on this. I think that a year went by before anything very much was done along this line. But I do commend it for taking the steps that it did.

Through the years, Mr. Speaker, there has been a large change come over the whole picture of oil development in the province. There are so many new procedures coming in that just weren't there 15 years ago when we were first looking at this problem. In our part of the country they didn't have oil lines, flow lines and service lines, the way they have now. The size and the cost of machinery was a great deal smaller then than what it is now. We'll all have to admit, Mr. Speaker, that the price of wheat hasn't gone up a great deal, but the whole cost of farming and the whole tempo of farming have increased since that time, and the price of land has skyrocketed as compared to what it was when these regulations were drawn up. I do certainly believe that it was time something was done to bring them more in line with the present-day facts of life. And I think that the Government did the right thing when it did set up a commission to look into it.

I can't commend them entirely for the speed with which it has acted. As I say it was a year before it got around to working on it, but I can't criticize too much on that. But now it is getting on to three years since this Commission, it's 2½ years since the Commission, was first set up and I think it hasn't moved quite as quickly as it might have in some regards. I think this could have been made law a little earlier than what it was. However, I am not nattering about that, I think it is to be commended on what it has done here. I think it did well appointing Judge Friesen. He is a man who I have known for a good many

years as he practised law in Swift Current for a good many years. I think that he did a workman-like job on this Report that he has brought in. I know he received very good consideration throughout the province. There were many briefs presented to this man and the findings that he arrived at must be conceded to be a very profound and a very extensive Report after extensive examination. I do think that his findings are very valuable in that regard. It can't be said that it was done by someone who just took a cursory look at the problems and brought in a Report. He gave a very good study to the problems and he brought in a very good Report.

Now this Report, Mr. Speaker, has been largely approved by the Surface Rights Association of the province. There was some disagreement on that in the first place. Some people from our area, some people from the Lloydminster area, thought there should have been a retention of the formula. But Judge Friesen when looking at the whole picture came to the conclusion that it would be better not to have a formula but to have a board which would pass on each case without a formula. And in the interest of unanimity the Surface Rights Association decided to go along with this Report, and I think basically they are quite well satisfied with the Report that Mr. Friesen brought down. Now it is my understanding that the Bill that we have before us is to a large extent what was agreed upon in meetings with the Government. I think it has to be agreed, as the Hon. Member from Saskatoon Riversdale (Mr. Romanow), has pointed out that there is some wide divergence here in certain things that have not been brought in. The matter of tortious claims, the matter of review of releases are two.

I think that the one in regard to tortious claims is quite an important one. The surface-owner or the farmer find that some damage has been done in regard to his crop. Maybe his telephone line has been torn down and maybe his fences have been ripped down, and he finds himself in certain difficulties. He doesn't know who has done this. He knows quite well in most instances that it is done by someone working in the oil business. It is quite apparent that this is so but there are so many contractors and subcontractors that it is difficult for him to approach the right subcontractor. I think that some law should be brought forward to make the basic operators in regard to any oil operation responsible for the people that they hire, whether it is by direct employment or by way of subcontract. This would greatly simplify the ability with which a farmer could lay claim for damages. I think this is possibly something which should have been given a little more consideration in the Bill you have before us.

I have said, Mr. Speaker, that I do believe that the people at large, the Surface Rights people throughout the province are quite happy with what they have here. There are quite a few points I believe that can be raised in our discussion in Committee, and I think, Mr. Speaker, with these few words, that I would say that I will be prepared to support the Bill at this

time.

Some Hon. Members: — Hear, hear!

Motion agreed to and Bill read a second time.

Hon. .D.G. Steuart (Provincial Treasurer) moved second reading of Bill No. 63 — **An Act to amend The Education and Health Tax Act.**

He said: Mr. Speaker, as I stated in my Budget Speech, the proposed increase in expenditures on education must be met and cannot be met on our present tax-base. So if we are to keep pace with the demands of education, we have no choice but to widen the tax-base and increase the rate of taxation. I announced that effective March 2, 1968, the tax rate would be increased from 4 per cent to 5 per cent. Incidentally at 5 per cent, our sales tax will still be lower than Quebec's at 8 per cent, lower than Newfoundland's and New Brunswick's at 6 per cent, and the same as in Manitoba, Prince Edward Island, Nova Scotia, Ontario and British Columbia. We estimate that in 1968-69 we will receive an additional \$10 million from this increase in the rate. Members opposite have questioned this estimate, but they have failed to take into account the fact that the sales tax on liquor will remain at 5 per cent and that two-thirds of the first quarterly return which is due April 20, 1968 will still be at the 4 per cent rate covering sales in the months of January, February in 1968.

Secondly, effective April 1, 1968 the base of the sales tax will be extended to include (a) lodging in hotels, motels, hostels, apartment houses, lodging houses, cabins, cottages, clubs, and other similar types of commercial accommodations, except lodging let for a continuous period of one month or more. Incidentally, Manitoba and Quebec have been levying a sales tax on lodgings; New Brunswick recently announced that it will extend the 6 per cent sales tax to hotel and motel bills. The Province of Prince Edward Island proposes to broaden its sales tax base and this will probably include lodgings. We estimate that we will receive about \$300,000 during the 1968-69 fiscal year; (b) the 5 per cent education and health tax will be charged on meals sold at prices of \$2 and more. The sales tax will be charged on meals consumed at drive-in restaurants and on meals obtained by take-out or delivery service when the amount of the transaction is \$2 or more. If a meal is served to a party or a group, it will be considered as one transaction, even though the cost of the individual meal may be less than \$2, unless each individual receives and pays a separate bill for the meal. We intend to exempt from the sales tax meals served by boarding houses, educational, charitable or hospital institutions and religious organizations, provided that these institutions and organizations are not in the business of selling meals on a competitive commercial basis, and also meals supplied by an employer to an employee as part of his employment contract. We estimate we will receive about \$1/4 million from meals for the

1968-69 fiscal year. The Province of Manitoba taxes meals of \$2 and more, Ontario taxes meals over \$1.50, Quebec levies sales tax on meals costing \$1.25 and over; New Brunswick, Nova Scotia and Prince Edward Island tax meals over \$1.00; and Newfoundland taxes meals of 17 cents and over. Commencing April 1, the 5 per cent sales tax will be charged on all forms of telecommunications which will include telephones, telegrams, teletype and private wire. The 5 per cent sales tax will be levied not only on telecommunication service between points within the province but will also include telecommunication service between one or more points within the province and one or more points outside the province where the charges for the services are charged to and payable by a person residing in Saskatchewan. For example, a long-distance call between Regina and Montreal made by a Saskatchewan resident will be charged the 5 per cent sales tax on his long-distance billing. The user of a private telecommunication channel between a point within the province to a point outside the province will be assessed the tax and the value of the service prorated on the basis of the mileage within the province to the total length of the telecommunication channel. We estimate an additional \$1.7 million in revenue from this source during 1968-69. Manitoba, Ontario and Quebec tax this service in one form or another. New Brunswick has recently announced that its sales tax base will be broadened to include telecommunication services. Prince Edward Island has announced that it will broaden its sales tax base and probably will include telecommunication services also.

The Provincial Treasurer will be authorized to enter into reciprocal agreements with other provinces to eliminate double taxation. This is an area which did not concern the Provincial Government until recently after the Government of Manitoba introduced its 5 per cent sales tax. The officials of the Treasury Department have attended several meetings with the other Provinces which levy a sales tax and are working out details of an agreement and procedures which are intended to eliminate double taxation of transportation equipment used in interprovincial trucking operations. A similar agreement may be worked out to eliminate double taxation on air craft. A uniform basis or formula to tax equipment brought into the province by out-of-province contractors is also under consideration.

The definition of value is being transferred from the regulations and re-defined in the Act. In essence it will ensure that the sales tax will be payable on all charges including freight, custom duties, etc., when they form part of the charge to the user or consumer on purchases of tangible personal property. This definition has been challenged on the grounds that we are legislating by regulation and that freight and other charges should not be subject to tax. This new definition in the Act will remove any doubt that these items are subject to the tax.

Section 6 of the Act contains a list of tangible, personal property exempt from the tax imposed by the Act. Through the power given to the Lieutenant Governor in Council in Section 38,

Regulations have been made in the past to define any expression used in Section 6. A recent judgment of the Saskatchewan Court of Queen's Bench holds that the power to define any expression in the regulations pursuant to Section 38 did not allow the Lieutenant Governor in Council to restrict or limit an exemption provided for in Section 6. In view of this judgment which may have the effect of nullifying many definitions given in the regulations over the years, it is considered necessary to amend Section 6 by specifically empowering the Lieutenant Governor in Council to ratify the definitions provided for in the regulations over the years and to enlarge or restrict the meaning of any exempted items contained under this section.

Mr. Speaker, I have attempted to outline during this second reading the major changes proposed in the Bill to amend the Education and Health Tax Act. I will be prepared to explain each paragraph of the Bill, clause by clause when we are in Committee.

Mr. A.E. Blakeney (Regina Centre): — Mr. Speaker, this is yet another one of the many tax Bills introduced by the Provincial Treasurer during this session. This differs from the other ones primarily by the fact that its second reading was not on a Friday but a Wednesday. Other than that it is in all other respects as unfortunate for the people of Saskatchewan as the other Bills. It is a part of a pattern of taxes which the people of Saskatchewan are having to bear which they had no right to expect they would be asked to bear.

The objection by Members on this side will be twofold. Firstly, we will have some objections with respect to the particular tax provisions themselves but secondly, and much more strongly, we will object to this Bill, not because of its inherent characteristics but because it imposes taxation by a Government which was elected only recently on its firm promise to reduce taxes.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Mr. Speaker, I don't need to remind this House that the papers in Saskatchewan in September and October were replete with advertisements put out by the Liberal party promising not increased taxation, but reduced taxation. I don't need to say that when this Government was elected in 1964, it was on a promise that it would lower the sales tax from 5 per cent to 4 per cent, which it did, and that it would look at the sales tax again; look at it again, not with the idea of increasing it from 4 per cent to 5 per cent, but by decreasing it from 4 per cent to 3 per cent. And referring to the Provincial Treasurer (Mr. Steuart), among the many epithets which have been hurled at him, may I add another one as "Wrong Way Corrigan." He got going the wrong way. He should have been reducing this tax from 4 per cent to 3 per cent whereas he is in fact now increasing it from 4 per cent to 5 per cent.

An Hon. Member: — He got his saddle on backwards.

Mr. Blakeney: — I think that much later than 1964, indeed in 1967, the party opposite campaigned on the promise that they would lower taxes. In fact the Member for Regina South (Mr. Grant) and the Member for Regina South West (Mr. McPherson), on election day itself, had an advertisement placed in the Regina Leader-Post which was designed among other things to secure their election and which had, as one of its prime attractions or supposed attractions for the electors, a promise as follows: "If you want more jobs and lower taxes, vote for your Liberal candidates." It should have read, if you want more taxes and fewer jobs, vote for your Liberal candidates, as that seems to be the result. But certainly that's what these candidates said, "If you want more jobs and lower taxes, vote for your Liberal candidates."

Well, Mr. Speaker, I know that all of us have been guilty during election campaigns of a little bit of puffery, a little bit of gilding the lily. But I think that at least the Member for Regina South (Mr. Grant) will have known that that promise not only would not be carried out but, having a regard to the financial conditions of the Province, could not be carried out. He knew that taxes would not be lowered; he knew in fact that the Government would have to increase them. He knew that at the first session after he was elected, by publishing advertisements of this type, he would have to be a Member of a Cabinet — if their Government was returned — which would introduce into this House one tax increase after another, of which this increase in the E & H tax is one. He knew or must have known that the financial condition of the Province was such that the only movement in the E & H tax would be upward and that any promise of lower taxes was a hollow promise.

Mr. Speaker, this particular Bill will have some very unfortunate consequences for a considerable number of classes of people in our province and I simply want to mention a few of those. We earlier today considered the Estimates for the Department of Industry and considered the Estimates for the Tourist Branch of that department. I ask Hon. Members to ask what this Bill which is before us will do for the tourist industry. We have already mentioned that this is one of a parcel of Bills which will bring about an increase in gasoline taxes, but this Bill itself will increase the cost of accommodations in hotels and motels by 5 per cent, will increase the cost of meals except modestly-priced meals by 5 per cent and will increase the general cost of tourism by increasing the cost of motoring, increasing the cost of motoring by increasing the price of cars by 1 per cent of the total cost, increasing the price of tires, increasing the price of repairs . . .

Mr. Coderre: — Spark plugs.

Mr. Blakeney: — Spark plugs, and if you get

caught in one of the many holes in the road which the Minister of Highways (Mr. Boldt) hasn't yet found time to correct — and I've been around the province and can point out some to him — and if you have to phone the next town to get a towing truck, even that call is going to cost you more. I am wondering, Mr. Speaker, what the Government feels this Bill will do for tourism? I have had occasion on another debate to mention what this Bill will do for commercial travellers and everything it will do for commercial travellers is bad. I won't take the time of the House to repeat the many additional imposts which are being heaped upon people who must use their car to earn their living.

I have mentioned on another occasion the fact that this Bill and the Bills which accompany it will bear particularly heavily on our municipal governments, and I commend this to the Hon. Member for Nutana Centre, the Minister of Municipal Affairs (Mr. Estey). It is estimated by the city administration of the city of Regina that the several taxes which are being imposed will cost them additional expense in the order of \$40,000 to \$50,000 and by far the largest amount of that is brought about by the Education and Health Tax Bill which is before us. I wonder if the Government opposite thinks that the municipalities are in a position to bear additional expenses? It may be represented that some of the municipalities are getting additional grants from the Government. If that be true of rural municipalities, it certainly is not true of many urban municipalities. The health program of the city of Regina will cost more because of this Bill. There is no provision in the Estimates for an increase in the health grants to the city of Regina. This is equally true for the city of Saskatoon. And it is true not only of the health program — I use that as a simple example — but of all of the other activities in which our municipal governments engage. It will be true for our school boards who will have additional expenses. Every bus they buy will cost more, every piece of chalk or school desk or school building will cost more. There is no indication certainly that the school grants are going to be increased to compensate for these additional costs.

Mr. Speaker, there are a number of other items that I want to comment upon with respect to this Bill and with an eye on the clock, I would beg leave to adjourn the debate.

The Assembly adjourned at 5:28 o'clock p.m.