

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session – Seventeenth Legislature
58th Day

Monday, April 16, 1973.

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

WELCOME TO STUDENTS

Mr. B. M. Dyck: — (Saskatoon City Park) Mr. Speaker, I am very pleased to introduce to you and to this Assembly, 36 Grade Seven students from the North Park School in Saskatoon City Park Constituency. I understand that these students are accompanied by Mr. Cook. I should like to welcome them to this Assembly and I hope they have an interesting and worthwhile afternoon. I trust that they will come back again.

Hon. Members: — Hear, hear!

Mr. D. L. Faris: — (Arm River) Mr. Speaker, it is with pleasure that I introduce to you and through you to the Members of the Assembly, 18 Grade Twelve students from Craik High School. The students are accompanied by their teacher Mr. Reid and by their bus driver Mr. Reich. I hope that they will find this afternoon's deliberations both interesting and educational and I hope that they will have a safe journey home.

Hon. Members: — Hear, hear!

Mr. H. Owens: — (Elrose) Mr. Speaker, I should like to introduce to you and through you to this Assembly, 38 Grade Eight students from the town of Kyle. They are accompanied here this afternoon by their teacher Mr. Rice, who is also driving bus for them. They have toured the building this afternoon and I would hope to meet with them about 3:00 o'clock. I ask you and the rest of the Members of this Assembly to join with me in wishing them a pleasant day in Regina and a safe journey home.

Hon. Members: — Hear, hear!

QUESTIONS

Price of Milk

Mr. D. G. Steuart: — (Leader of the Opposition) Mr. Speaker, before the Orders of the Day I should like to direct a question to the Minister of Agriculture (Mr. Messer).

In discussing the price of milk with some of the members of the Saskatchewan Milk Producers' Association, I have been informed that they, after negotiation with the Milk Control Board, had a meeting on March 21st at which time it was agreed there would be an increase in the price of milk paid to the producer. And that this price increase was to take place early in April.

I am further informed that the Minister of Agriculture stepped in and ordered the Milk Control Board not to grant the price increase. I wonder if the Minister could inform us about this.

Hon. J. R. Messer: — (Minister of Agriculture) Mr. Speaker, in response to the Leader of the Opposition's question. It is true that a meeting was held on March 21st. The information was not passed to me until only hours before the proposed price increase was to take place. I said that I had not had an opportunity to look at the legitimacy of the increase, not to say the increase may not be legitimate. But my Department was not in any formal way informed of it, so I asked that a delay take place until we had an opportunity to take a look at the request. And we hope that we shall be able to have a meeting with the people involved so that if an increase is to take place, it would take place one month late starting the 1st of May.

Mr. Steuart: — Mr. Speaker, a supplementary question. First I should like to know if the Minister has the legal right to delay such an implementation. And if he does have this right then in exercising it what he is saying in affect is that if there is to be a cheap milk price then the burden will be carried by the farmers. And what does this mean for the future of things like the Hog Market Commission and so on, if the Minister can walk in arbitrarily and reverse or hold back a decision by the Milk Control Board? What right has he got to do that?

Mr. Messer: — Mr. Speaker, the Leader of the Opposition knows full well that when there is an increase in milk price that it doesn't mean that it all goes to the producer or that any portion of it may go to the producer. It is divided up between the processors, the handlers, the distributors and the producers.

Because I did not know what the division was going to be and the price that was going to take place, an increase in price was going to take place within hours, after it was conveyed to me, I said that I wanted to see whether or what share the producer was getting from the increase in the price.

Because of that, as the Minister, I ordered that we have some further time to consider the legitimacy of the price increase.

It has been, I think, common practice for the Milk Board to convey to the Minister of Agriculture, some weeks if not months before proposed price increases. In this particular instance I don't know for what reasons but it was not conveyed to me until only shortly before the price increase was to take place, so I asked for a delaying action to take place.

Mr. Steuart: — Mr. Speaker, he didn't answer my question. Have you got the right to make that an order so that it has to be delayed? Have you got the legal right?

Mr. Messer: — There has been a delay, has there not. So I assume that the Minister has the right to do that.

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Mr. Steuart: — . . . it means that you used your power to do that . . .

Mr. Speaker: — Order, order! We can't have a debate on that.

Mr. Steuart: — Mr. Speaker, I just wanted the question answered. He didn't answer it. The fact that he did it doesn't mean that he had the legal right to do it at all.

Mr. Messer: — Mr. Speaker, the Minister signs the order and I did not sign the order, so the delay.

Mr. Steuart: — That is what I wanted to find out.

Further Legislation to Come Before the House

Mr. J. C. McIsaac: — (Wilkie) Mr. Speaker, before the Orders of the Day I should like to direct a question to the House leader, the Attorney General (Mr. Romanow).

Just looking briefly at the Order Paper before us today, it is day 58 and we are setting records daily here. I am not sure on what, but one looks at 30 odd Bills by my calculations that are either in first reading or second reading or in some form of Legislative Committee.

Can the House leader give us any indication as to when we can expect to see the full legislation menu in front of us for purposes of House planning, for the purpose of expediting the work of the House? I ask that because we look at a Bill like The University Act which just came in after the record was established, I think on the 55th day, and we see some other key Bills coming in. Can he give us any indication of what is yet to come in this regard?

Hon. R. Romanow: — (Attorney General) Mr. Speaker, this is in the most general terms. I expect that there will be anywhere from seven to ten more pieces of legislation coming into the House. We hope to have yet a Snowmobile Act which may or may not be controversial. There will be several Bills, which just looking at it here, I think will be fairly routine, but again, it depends on which the Opposition and how they react to them. So I say that I would guess seven to ten more Bills yet to come forward.

Mr. McIsaac: — I trust I can take the Attorney General's word for routine, but I do think that we have two major Bills that just came in after the record was set. They were contained in the Throne Speech and I can only urge and request, for the sake of the Legislature, that he get all the Bills in front of us as soon as possible.

Mr. Romanow: — Mr. Speaker, I will certainly try to get the Bills in front of the House as quickly as possible. Our position has been, as a Government, throughout, that we want more time for careful consideration of legislation and Estimates. Of course there

is no obligation on anyone to wrap up the House by any given time. Although we are all anxious to get the matter properly considered and out, all I can say is that we will try to get them as quickly as we can.

Valuation of \$37 Million on Intercon

Mr. G. B. Grant: — (Regina Whitmore Park) Mr. Speaker, before the Orders of the Day I should like to direct a question to the Minister of Health (Mr. Smishek).

It seems that over the weekend he was credited with putting a valuation on the Intercontinental operation, of \$37 million, I believe was the figure. We now have it from \$5 million to \$25 million to \$37 million. We had the formula for the previous valuations. I was wondering if the Minister would care to tell us, in a few well chosen words, what formula he used to get \$37 million?

Hon. W. E. Smishek: — (Minister of Health) Mr. Speaker, I used the facts.

MOTION

Leave of Absence

Hon. R. Romanow: — (Attorney General) Mr. Speaker, before the Orders of the Day, I wonder if I might move, seconded by the Hon. Minister of Health (Mr. Smishek):

By leave of the Assembly, that leave of absence be granted to the Hon. Member from Qu'Appelle-Wolseley Mr. Terry Hanson, on and from March 26, 1973 until prorogation of this Session of the Legislative Assembly due to illness within his family.

Mr. Speaker, just a brief word on this. Mr. Hanson has a very young son who has been undergoing some very serious surgery in other parts of Canada and obviously this necessitates a lot of time away for the Member for Qu'Appelle-Wolseley. I would delay introducing that motion to see exactly how long it would be but we are not sure now. So I think that we have to bring that in and I would ask concurrence and acceptance by all Members of the House.

Motion agreed to.

SECOND READINGS

Hon. E. L. Cowley (Minister of Finance) moved second readings of Bill No. 78 – An Act to amend The Department of Finance Act.

He said: Mr. Speaker, this won't take very long. As Members of the House are likely aware the auditor's salary is set by statute and is contained in The Department of Finance Act. In order to authorize the auditor's increase in salary it is necessary to amend the Act, and that is the Act which is before us.

Therefore, Mr. Speaker, I would move that Bill No. 78 – An Act to amend The Department of Finance Act, be now read a

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second time.

Mr. K. R. MacLeod: — (Regina Albert Park) Mr. Speaker, just a word to this.

We support the Bill. I must move to mention that the man referred to, the Provincial Auditor, in fact is performing an extremely good service. I have had something to do with this in connection with other members of the Public Accounts Committee and we are impressed with the high quality of his endeavors and the fact that he is in fact independent and reports to the Legislature rather than to the Government.

We regard this function as very important in our democratic institution and while I do not wish in any way to consider this as a merit rating, in the sense that I do not think that salary should be increased or withheld on the basis of whether we think that he is doing a good job; we think that if he isn't doing a good job he shouldn't have the job in the first place.

We think that this gentleman is doing a good job. We think that the position itself warrants the kind of increase that is suggested and we support the Bill.

Motion agreed to and Bill read a second time.

MR. Cowley (Minister of Finance) moved second reading of Bill No. 81 — An Act to amend The Tobacco Tax Act.

He said: Mr. Speaker, in rising to move second reading on this Bill to amend The Tobacco Tax Act, I should like to point out that the proposed amendments do not constitute any major change in The Tobacco Act. Rather they may be regarded as administrative amendments designed to eliminate some of the anomalies which are to be found in the present Act.

In the last session of this House the Treasury Department Act was amended and the Department was renamed The Department of Finance. The amendments to The Tobacco Act as outlined in Section 2 and 4 of the Bill now under consideration simply give effect to the change in the name of the Department. The important element in this Bill is the minor changes that have been made in the application of The Tobacco Tax Act to cigars and cigarettes.

In 1968 the previous administration amended The Tobacco Tax Act to establish a dual rate of tax to be applied to cigarettes according to their length. Cigarettes exceeding 85 millimetres in length were taxed at 9/25th of a cent per cigarette while all other cigarettes were taxed at 8/25th or a cent.

What the rationale was for that change is difficult to ascertain. Was it an effort by the Provincial Treasurer of the day to augment the revenues of the province? If so, Mr. Speaker, it was a dismal failure. This tax differential \$1,580 in 1969-70; \$1,250 in 1970-71; \$1,700 in 1971-72.

You will recall, Mr. Speaker, that in 1965 the Party opposite presented a budget in which they proudly announced the elimination of a variety of nuisance taxes. Some of the

noteworthy items on that list were the brand fee on poultry, the taxidermists' licence fee, the Land Title's rejection fee, the fee for the establishment of non-profit cemeteries.

That was in 1965, but in 1968, after they had successfully come through the election, they introduced a tax differential on cigarettes, a tax which has enriched the consolidated fund by the staggering amount of about \$1,500 per year.

Mr. Speaker, this tax differential was nuisance to pay, was a nuisance to collect and we intend and we have announced, in effect, that it has been eliminated. As announced in the Budget Speech the effective tax rate on all cigarettes is 9/25ths of 1 cent per cigarette. This means that the provincial tax on cigarettes in Saskatchewan is the second lowest in Canada.

The effective tax is 9 cents on a package of 25. Only Alberta and British Columbia with the rate of 8 cents per package are lower. Elsewhere the rates on a package of 25 cigarettes range from 10 cents in Quebec and the Maritimes, to 11 ½ cents in Ontario and for smokers in Newfoundland it is 25 cents per package or 1 cent per cigarette.

Mr. Speaker, a similar situation existed in the formula for applying to the tax to cigars. As the Act is presently constituted there are six categories in that formula with a tax rate ranging from 1 cent to 10 cents, depending upon the price of the cigar.

The impact of this tax structure on a normal price adjustment has in some instances resulted in a disproportionate tax increase. For example, if a manufacturer increases the price of a seven cent cigar by one cent, the tax increase would also be one cent, or 100 per cent of the price increase. Similarly an increase of one cent in the price of a 15 cent cigar would result in a tax increase of two cents.

We believe that it is desirable to establish a formula which would achieve some measure of administrative simplicity and which is equitable in relation to the tax rate applied to other tobacco products. On this basis we are presenting in this Bill, a formula with three categories which will effectively apply a uniform tax rate to the vast majority of cigars consumed in this province.

Mr. Speaker, as I indicated initially, the amendments contemplated by this Bill are not of a major nature. They will not have a profound effect on the revenues of the province. They will, however, provide Saskatchewan with the simplest and most easily administered tobacco tax legislation in Canada.

Mr. Speaker, I would just read from a couple of letters which I will table, from cigar companies. One of them says:

May I congratulate and thank you and your colleagues on behalf of our company and our customers for developing Canada's most simple cigar tax rate. We wish every province would adopt such an easily administered cigar tax structure.

And the other one says:

Just a note to let you know that we feel the recent

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change in your Provincial tax structure for cigars is a progressive step. Our company, for once, would certainly like to see other provinces follow your lead.

Mr. Speaker, I would move that Bill No. 81 – an Act to Amend The Tobacco Tax Act, be now read a second time.

Mr. MacLeod: — Mr. Speaker, I had not intended to speak at all on this one because the general intent of the Act is one which I favor and support.

After the political harangue given by the Minister though I am moved to remark that whenever this Government does any simplifying it is always at the higher cost to the taxpayer. And whenever they round off figures, I observe for example, that the rates of 8/25ths have been rounded off to 9/25ths. So whenever the opportunity arises to give a break to the taxpayer or to the Government, it seems that the Government always ends up with the break.

This, is as my colleague mentioned, the New Deal for People, new and higher taxes. I hope that the Hon. Minister will use the taxes wisely that he seems to be collecting so simply.

Mr. Cowley: — Mr. Speaker, just a brief comment. I note that the Member for Albert Park (Mr. MacLeod is wrong as usual. The changes in the cigar rate will mean a small loss in revenue to the province. And obviously we have rounded them off downwards.

Motion agreed to and Bill read second time.

Mr. Cowley (Minister of Finance) moved second reading of Bill No. 87 – An Act respecting Saskatchewan Computer Utility Corporation.

He said: Mr. Speaker, the information explosion which has been so well publicized in the last 10 years has had a significant impact on Government operations and I think the Saskatchewan experience has been typical. Over the past 15 years computers have been introduced in government and academic circles in Saskatchewan to cope with this information problem. The introduction of computer technology has been painful and disrupting. There has been difficulty in developing and capitalizing on the great potential of this new method of information handling. Again, the Saskatchewan experience has been typical.

The information explosion is not new. The use of computer technology is not new. And the recognition of inefficiencies in the handling of computer resources in Saskatchewan is not new. The Johnson Commission, with which most Members of the House will be familiar, recognized it in 1965. The Gillman Report recognized it in 1969. Our Government recognizes it as well and we are doing something about it.

The Johnson Commission emphasized that the computer resource must be planned and developed into an integrated system throughout government departments, corporations and agencies. It recommended particularly that a separate computer facilities division be organized to have responsibility for ownership and

operation of all Government and Crown Corporation computing facilities.

The Gillman Report recommended that one centre be responsible for providing computing services to all government departments through a combination of centralized and decentralized computers all owned by the one centre.

Both reports recommend the unified ownership and control of computer hardware in government operations. Both reports advocate the separation of the systems development functions from the operation of the hardware. Both reports provide a basic rationale for co-ordinating our computer resources.

Mr. Speaker, in the spring of 1972 this Government appointed a new committee to look at our computer resources. The committee had the advantage of the two previous studies. The committee's objectives were straightforward, to determine the organization of facilities which would achieve the greatest benefit for the dollars spent on computer operations and to provide an organization with the potential for delivering computer services of an improved nature at the same cost or the same services at a lower cost. This committee was comprised of senior representatives of the major computer users, SaskTel, SPC, the University of Saskatchewan, SGIO, the Systems Centre, and other Government departments. Those people, Mr. Speaker, who would shoulder the responsibility for ensuring that any recommendations made by the committee would, in fact, work.

Mr. Speaker, I and my colleague would like to thank those who worked on the committee and contributed their time and knowledge to the formation of this recommendation. Without the fine effort and co-operation of the committee members and their organizations we would still be awaiting recommendations on computer operators.

This committee first met in June of 1972. I come to this Assembly ten months later with the unanimous committee recommendation, a realistic implementation plan, and the first building block of that plan in place, the appointment of a General Manager. Mr. Speaker, it was the recommendation of this Committee that the Saskatchewan Computer Utility Corporation be formed and this Bill provides for the establishment of that corporation. The major objective in forming the Saskatchewan Computer Utility Corporation will be to achieve the greatest benefit per dollar spent on computer operations by the Government. In addition, the computer Utility will be asked to direct its effort toward the achievement of five other objectives.

1. To expand the range of computer capabilities in the province through the elimination of expensive duplications substituting them with needed capabilities.
2. To develop a computer service that is responsible to the special needs of the variety of users.
3. To provide a co-ordinating force to initiate the development of advance systems that will be of benefit to the people of Saskatchewan.
4. To expand the availability of computer services within the province through the provision of a reasonable cost service.

5. To develop a computer service and a computer expertise in Saskatchewan that is competitive in Canada and capable of exporting services and ideas.

Mr. Speaker, to achieve these objectives this Government is forming the Saskatchewan Computer Utility Corporation which will supply computer equipment and operate the data processing facilities required by Government departments, agencies, corporations, the university and other Government funded operations. It is our intention that the computer utility will own or lease all existing computer and data processing equipment for these users. It will acquire the operations staff of each current facility and it will develop detailed plans for the integration and better utilization of these computer facilities.

The utility will initially be concerned with integrating and optimizing the computer services available to its users. But we have made provision for the benefits of this aggregation of knowledge and size to be passed directly to the people of the province. As the demand for computer capacity grown the utility will form a base for orderly development of a system to service the needs of all levels of Government, both provincial and local. Co-operative arrangements with federal agencies will, no doubt, develop. There will be some application in the private sector, not so much with the larger companies but with small organizations. Ultimately, the utility will be in a position to provide computer services to any private individual who might request them. The expected improvement in capability of an integrated computer network will eventually reduce the outflow of funds beyond the boundaries of Saskatchewan for computer services. The capabilities developed by the computer utility will place Saskatchewan in a better bargaining position with respect to similar computer organizations outside our boundaries. The computer network will provide better career opportunities with the result that our, qualified and innovative computer personnel will be able to find jobs within the province.

Mr. Speaker, the objectives and benefits expected from this computer utility will not be achieved overnight. Nor will they be achieved without a lot of effort and co-operation from those charged with carrying out this task.

It is expected that initially costs will increase. This will occur for two reasons. First, the satisfaction of existing requirements will not utilize current excess capacities. This will occur because additional requirements are from those organizations currently with inadequate systems. Utilization of the excess capacity existing in other organizations will require development of the computer network. Second, the creation of the computer utility will place a new overhead on our computer operations which will not be compensated for until the process of optimization is well under way. The increased costs in the first two years of operation are likely to be in the range of a quarter of a million dollars. The estimated annual saving by 1977 is between a half a million and a million dollars. It is reasonable to expect major and accelerating benefits to flow from this unified and co-operative approach to the development of computer facilities. The idea is more forward looking than either the Johnson or Gillman concepts because it encompasses government agencies, Crown corporations and the University of Saskatchewan and the people of Saskatchewan.

Mr. Speaker, I am very pleased to move that Bill No. 87 an Act respecting the Saskatchewan Computer Utility Corporation be now read a second time.

Some Hon. Members: — Hear, hear!

Mr. K. R. MacLeod: — (Regina Albert Park) Mr. Speaker, I observe that among other things, this computer facility will have a board which has the right to provide charges to the users of its service. The primary and perhaps the only real user for the foreseeable future will be the Government of Saskatchewan. I had hoped that the Minister would clarify some of these things but the words he used, while they took a few minutes, tended to be unspecific. I should like to have an opportunity to study the words of the Minister and therefore beg leave to adjourn the debate.

Debate adjourned.

Mr. Cowley (Minister of Finance) moved second reading of Bill No. 97 – An Act to amend The Income Tax Act.

He said: Mr. Speaker, this Bill is a direct result of the Budget. We indicated last December, I believe, that this Bill would be moving forward in the House. As I indicated to this Legislature in my Budget Speech of February 9, we are implementing a major tax shift. This is in response to the inequities which this Government sees in the provincial-municipal tax structure. We are shifting a part of the burden borne by property taxpayers onto the more progressive income tax. The measure before us today is an integral part of that tax shift. We are proposing that the corporate profits' tax rate be increased to 12 per cent from 11 per cent, and that the personal income tax rate be increased to 40 points from 37 points. Much concern has been expressed over what these increases mean to the taxpayer. I might say that the grossly irresponsible statements made by the Opposition have caused considerable misunderstanding among taxpayers as to the true impact of these rate changes.

What do these changes mean to the taxpayer? The corporation may expect to pay one per cent more of its taxable income in taxes than it otherwise would have. Individuals may expect to pay even less than one per cent more of their taxable income in taxes. Let me give you some precise figures. For a married person with two children, claiming the standard deductions for 1973, if his earnings are \$6,000, he will pay an additional \$10.8 per annum in taxes and this is considerably less than one per cent of his taxable income. Even if the individual earns \$15,000 he will still pay less than one per cent. The tax increase for this individual will be \$73.44 which is about three-quarters of one per cent of his taxable income.

There is another way to demonstrate the effect of this increase. The second way is perhaps more appropriate from a provincial revenue point of view. From the corporation tax we expect to receive an additional one point in eleven for a total 9.1 per cent increase in revenue to the province. From individuals we expect to receive an additional three points in 37 which is less than one-twelfth.

The total of additional revenue for both taxes will be

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approximately \$8.7 million. In summary, the income tax increase side of this tax shift will have slightly greater impact on corporation income than on personal income, and yet in neither case will the increase exceed one per cent of taxable income.

But this is only one side of the tax shift. The other side is the reduction and the impact of property taxes. This reduction is to be achieved by two measures which this Government has placed before this legislature for its approval. Firstly, school grants will be increased this year by over \$10 million.

Some Hon. Members: — Hear, hear!

Mr. Cowley: — This will pick up the total increase in operating costs we estimated related to the recognized school program, thereby relieving the property taxpayer from otherwise inevitable mill rate increases. And I might say, I was home this weekend and was pleased to see that the Biggar School Unit has reduced its mill rate two mills.

Some Hon. Members: — Hear, hear!

Mr. Cowley: — Secondly, with school costs to the property taxpayer now stabilized, we are further reducing his burden by increasing direct grants to him from the Property Improvement Grant Program. These two measures will substantially reduce the property tax burden on householders, farmers and small businessmen.

We have now dealt with both sides of the tax shift. What does it look like when we put them together? The most striking effect of this tax shift can be illustrated by comparing two figures. One is 48 per cent and the other is 30 per cent. In 1970-71 under the previous administration the local ratepayer carried the excessive burden of 48 per cent of school board expenditures. The remaining 52 per cent was covered by grants to local school boards and by the local homeowner grant. This year with the major increases announced in grants to local school boards and in Property Improvement Grants the local ratepayer will bear only 30 per cent of school board expenditures, 18 per cent less.

Mr. Speaker, if we offset the income tax increase against only the increase in Property Improvement Grants over the Homeowners Grant, we can demonstrate part of the impact since it does not show the additional benefits to the property taxpayer resulting from increased grants to local school boards. I'll give you a couple of examples. A farmer with \$15,000 of assessment, a wife and two children, his increase in provincial income tax if his net income is \$10,000 would be \$35.46. The increase in the Property Improvement Grant over the Homeowner Grant would be \$200. The net benefit to this farmer would be \$164.54. Mr. Speaker, the householder with two children with total local taxes in excess of \$288, with an income of \$10,000, would get \$35.46 additional income tax, an increase in his Property Improvement Grant over the Homeowner Grant of \$74.00, for a net benefit of \$38.54.

Mr. Speaker, I submit that this is a very progressive tax shift. It will benefit the majority of Saskatchewan residents,

the farmers, the small businessmen and the householders in the low and middle income brackets. It's a significant step in the reform of our tax structure. It's a positive attempt to bring fairness and equity to the provincial tax structure. Mr. Speaker, in the last two years this Government has provided something in the way of an additional \$20 million for school grants. It has put an additional \$18 million into the Property Improvement Grant over what the previous Government spent in direct assistance to local ratepayers. It has put in an additional \$39 million. The additional taxes spoken about here to pay for this \$38 million is something in the neighborhood of \$8.7 million. That's a very fair tax shift from the point of view of the taxpayers in Saskatchewan.

Mr. Speaker, I want to take a minute or two to contrast this with what was done by the previous Government. The previous Government was first elected in 1964. From 1964 to the fall of 1967, they made some decreases in the taxes, they reduced the sales tax from five per cent to four per cent. They made some other tax reductions in 1965. They removed the tax on turkey saddles and a few things like that. They went to the people in the fall of 1967 knowing full well that because of the tax reductions they had brought in and because of the money they were spending they were going to have to increase their taxes in the next budget. They knew it, but were they honest with the people of Saskatchewan? Did they tell the people of Saskatchewan what it was going to cost them? Did they tell the people of Saskatchewan what it was going to cost them? Did they tell the people of Saskatchewan, "We're coming to you, we've reduced the taxes and we've spent more money but now we can't pay for it, we're going to have to increase taxes?" No! They went to the people early, they called a snap election so that didn't have to come before this House and present a budget. They called an election and they told the people everything is rosy. The new Saskatchewan, everything is rosy. Mr. Speaker, they were re-elected, and in 1968 came Black Friday and up went all the taxes. Four or five months before everything was rosy. Then all of a sudden came the Budget and they had to admit to the people of Saskatchewan what they wouldn't admit prior to the election, that they were going to have to increase taxes to pay for the programs they had. Mr. Speaker, those sitting opposite can criticize this Government all they want to, but we said before the election we would shift taxes away from the property taxes. I said, and you can read it in the Biggar Independent, you can read it in the speeches that I gave prior to the election when I was asked how would you reduce the property taxes for education purposes. I said, we'll have to put the burden on other taxes and my preference was income tax. We said we'd do it. We were elected. We did fulfil our commitment to reduce the cost for education purposes to 25 mills, an average of 25 mills across the province.

Some Hon. Members: — Hear, hear!

Mr. Cowley: — And we did it above board, Mr. Speaker. We said we'd have to find the revenue from some other place to enable us to do this and we are now increasing the income tax and the corporation tax to bring this about. The Members opposite can criticize us for whatever they want. But I just ask the Members opposite at least to recognize that we told the people of Saskatchewan what we were going to do. We increased the income tax at the time to pay for the increased Property Improvement Grants and the increased school grants. And that's a far cry

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from the kind of deception that was practiced by the Members opposite when they were the Government.

Some Hon. Members: — Hear, hear!

Mr. Cowley: — Mr. Speaker, I move that Bill No. 97, an Act to amend The Income Tax Act be now read a second time.

Mr. W. A. Robbins: — (Saskatoon Nutana Centre) Mr. Speaker, I should like to make two brief comments. I just looked back in the record and I find the Members opposite are criticizing the present Government for increasing the income tax rates. From 1964 to 1971 when they were in power, they raised income tax rates by 11 points in 1965; two points in 1966; four points in 1967-68 and one point in 1970-1971. If you take the seven years and divide it into 11 you find the percentage increase is even greater than has occurred in the approximately two years since this Government came to power. Also I should like to point out, as I have done before and I think it bears repetition; the fact that the Members opposite are inclined to say that the Government has raised the income tax rate from 34 to 40 points, when they know full well that the first increase from 34 to 37 came about solely because of the changes in exemptions in the Federal Act which raised exemptions for single persons from \$1,000 to \$1,500 and for married people from \$2,000 to \$2,850. They know that and that is another form of deception when they try to keep telling the public that in fact the Government has raised it six points. The actual increase is three points and they know it, Mr. Speaker.

Some Hon. Members: — Hear, hear!

Mr. K. R. MacLeod: — (Regina Albert Park) Mr. Speaker, the Madison Avenue Minister of Finance has been at it again. He talks about a tax shift and indeed it is a tax shift, it is a tax shift away from the benefits that might otherwise have gone to the cities and municipalities. The entire benefit that he proposes to pass onto the home owner, to the businessman, is done at the expense of the very people who would have benefited properly by increased grants to cities and municipalities. Now what he has done is a straight political manoeuvre. He is telling us that a man with \$10,000 of income, under the examples he has cited, will end up with a \$35 increase in taxes, but then he spends the rest of his speech ranting and raving about how much benefit this man gets from other Government programs but what he does not tell, is the fact that these Government programs have been slanted to put a dollar in the pocket of an individual without really giving any real benefit to that individual. The fact is that during the Liberal years the Liberal Government operated with an average of about \$25 million in equalization payments from the Federal Government during the entire period. This Government has received more than \$100 million per year in equalization payments from the Federal Government and the result is that if there is a tax shift it has been created not because of the munificence of the Provincial Treasurer or because of this Government, it is because of the Federal Government. The Hon. Member who spoke last is quite right in talking about the change from 34 to 36

per cent in the personal income tax rates. That was an adjustment and he need not mention any misrepresentation because I have never referred to it as anything else than an adjustment and he knows it.

An Hon. Member: — What about Gary Lane?

Mr. MacLeod: — I speak about the remarks that I have made and it is clearly a change from 34 to 37 per cent created because the Provincial Government despite the greatest payments in the history of Saskatchewan from the Federal Government was not prepared to pay those moneys on or allow the same benefit to the taxpayer of Saskatchewan. The reason for the change from 34 to 37 per cent is because the Federal Government chose to reduce taxes and the Provincial Government chose not to.

Now what has happened is that we have three Bills here today, Mr. Speaker. The first one, the Minister of Finance (Mr. Cowley) very calmly, coolly, presents a very reasonable Bill which meets with the support of the Members on this side of the House. Because it was a reasonable Bill he didn't have to use any histrionics. He didn't have to go back over seven or twelve years. He knew that he would get support because it was a good Bill. He was not quite so frank with the second Bill and he had to do a little bit of rambling and he closed with a little misrepresentation. Of course, I hope he has the courage to bring that Bill on for Committee stage later in the day. But when it comes to this Bill, the Minister's voice rose higher and higher, he spoke very little about Bill 97 as well he should because when you increase the taxes upon a man it is very hard to get him to accept it unless you talk about everything else. I suggest that if the Hon. Minister were trying to get licence to sell real estate he should be denied the licence because I don't know how anybody could ever buy anything through him and know exactly what they are getting. Surely he would never tell you the truth about the building. If it had a weak basement he would tell you what a fine roof it had. That's exactly what he is doing with this Bill.

This Bill has a tremendously weak foundation. This Government, at a time when it is receiving massive injections of money from the Federal Government, at a time when it is increasing taxes across the board, increasing its assessments and rates and charges, at a time when it has a \$10 million surplus from last year, finds it necessary to increase taxes on the individual wage earner of Saskatchewan. Now he thinks this is a benefit. Well he didn't talk about the people who are living in suites over in Albert Park. More than half the people who live in Albert Park actually reside as tenant dwellers. Many of them are in the vicinity of \$8,000 to \$12,000 incomes. Everyone of them will pay more tax. Many of them are in apartments because they can't afford housing or because they choose not to afford housing. The fact is they will all pay increased taxes. The Hon. Minister delicately and conveniently avoids mentioning them. He delicately, but conveniently, avoids mentioning all the programs that could be extended but were not extended by this Government. But he does say, what we have done is to attempt to bribe the individual voter with his own money.

Mr. Speaker, the biggest share of all income tax moneys now paid by Saskatchewan people goes back one way or another into the hands of the Provincial Government. This is a tax shift and

the people who are shafted are the voters and the people who earn money, the wage earners of Saskatchewan. This is a very serious matter. This Bill does not receive my support. It is an unnecessary tax, it is an unnecessary increase and it has been fraudulently brought to this House. The remarks of the Minister are not accurate any more than they were accurate in his closing remarks on the last Bill. Mr. Speaker, this requires further study. I don't blame the Hon. Minister despite the fact that he announced this Bill back in December. He announced to the world back in December that this was going to occur but this Bill was not brought on near the early stages of the House and for good reason. They have every reason to wish to hide their heads about this Bill and they should hide their hides. As a result thereof it needs further study and I beg leave to adjourn the debate.

Debate adjourned.

Mr. Cowley (Minister of Finance) moved second reading of Bill No. 98 – An Act to amend The Crown Corporations Act.

He said: Mr. Speaker, I shall be brief this time and non-controversial so that the Member for Albert Park won't have to adjourn this one as well. He hasn't known about this one since December so he may have some problems.

Mr. Speaker, significant changes have taken place in recent years institutional relationship between the public and private sectors; joint government – private ventures are becoming more and more common. Governments have been increasingly unwilling to assume to entire risk of a venture through provision of loan capital when little or no opportunity is provided for the people of the province to share in the profits of the enterprise. The Government feels that it is more appropriate for the province to share in the fruits of these enterprises in some fairly direct relationship to its contribution of capital and other resources which may be essential to the success of the enterprise. To achieve this objective, however, it is not always necessary or desirable for the Government to hold the controlling interest in the company or in the corporation. The present legislation is restrictive in the sense that the Government Finance Office may purchase shares only in circumstances where such purchases would give it control of the enterprise or where it is intended the subsequent purchases would be made so that control would be achieved. The amendments of Sections 8 or 21 removes this requirement and enables the Government Finance Office to purchase shares in circumstances where control is not desired or intended. The Government has concluded, Mr. Speaker, that the Government Finance Office is an appropriate vehicle for participation with the private sector in developing our resources or in maintaining existing industries on a sound basis.

SEDCO is another such vehicle but it is not always the most appropriate. In some circumstances, for example, a joint venture may not require debt capital or if moneys are required they may be available from another source. In other circumstances a joint venture may be undertaken to relate to or do business with an established Crown corporation and in these situations the Government Finance Office is a more appropriate device than SEDCO.

The remaining two amendments, Mr. Speaker, are proposed for administrative convenience. The amendment to Section 10 will permit employees of Government Finance Office to participate in the Public Service Superannuation Plan, The current legislation forbids such participation, probably because it was assumed that the Government Finance Office, like other Crown corporations, would establish its own superannuation scheme. This is practical, however, only with a staff many times the size of that of the Government Finance Office. The amendment, therefore, in effect, provides a superannuation plan for these persons which is presently not available to them.

Section 27 currently requires that Government Finance Office table its annual report within 15 days of commencement of the first legislation session following the end of its fiscal year, which is December 31st. This deadline is extremely difficult to meet in years when the Legislature opens early and hence the 90 day deadline which applies to most other corporations will, as a result of this amendment also apply to the Government Finance Office.

Mr. Speaker, I move that Bill No. 98 be now read a second time.

Mr. G. B. Grant: — (Regina Whitmore Park) Mr. Speaker, I believe the Minister mentioned several Crown corporations with varying year ends and I was just trying to recall, but I believe the new Saskatchewan Oil Corporation has the year ending March 31st. If I am correct we are getting into a position where quite a number of these corporations will not be filing their reports until some time after a session has wound up and I am just puzzled as to why some corporations can manage on a calendar year and it seems that some have to be on the fiscal year of the Government.

I noticed in dealing with these reports on Crown corporations that we are dealing with business that wound up in some cases a year ago and this isn't too satisfactory. My own opinion is that we are worsening the situation rather than improving it by this particular Section of the Act. I don't have any objection to the rest of it but Section 5 certainly is going to cause trouble in dealing with reports in this House when those Crown corporations' year end is March 31st.

Mr. T. M. Weatherald: — (Cannington) Mr. Speaker, I just wish to say a few words. My colleague has mentioned the closing of the year end as March 31st. What this will likely mean is that by the time the report is compiled it will be impossible for us in the session to consider the Crown corporation report. We will then be over a year behind by the time we can consider that report, whereas as of now, generally speaking, we get it considered in February or March and the year end is the 31st of December. So we are considering the report approximately three months late. This is going to make us a year late on the consideration. In fact there will be another report due by the time we consider it and I think that this is an extremely bad situation for the conduct of the Crown corporations' committee to have to work under and I can really see no particular reason at all that the Minister appears to require this type of change. It doesn't seem to me that it would be much more difficult to provide an accounting year end at December 31st which has been done

for many, many years and done for many, many corporations. It seems to me that the Government may have some ulterior motives in this regard because there are some corporations which they may not be very excited in producing a report before the next election. I think that this will be a very nice way around it for them because I think that some of the corporations, for example, that we will presumably be getting a report on and that are being set up such as the Oil Corporation that we won't receive a report until approximately after or about the time of the next election. I think that this is a very convenient arrangement for themselves and I am very suspicious as to why they are particularly doing it. For example, we have a new Oil Corporation being set up, if their year end is not until the 31st of March, Mr. Speaker . . .

Mr. Cowley: — Point of Order, Mr. Speaker. I don't know why we are discussing the new Oil Corporation which does not come under the jurisdiction of the Government Finance Office and certainly this amendment has nothing at all to do with either the new Oil Corporation or any of Crown corporations with Government Finance Office but only . . .

Mr. Speaker: — That's not a Point of Order.

Mr. Weatherald: — Mr. Speaker, I have no way of knowing which corporation will be coming under the Government Finance Office. I have no knowledge whatsoever. I don't need to read the Bill. There is nothing to prohibit you providing financing from the Government Finance Office, you have done it for many other corporations. You can provide financing from wherever you like you haven't told us where the money is coming from necessarily. I think, Mr. Speaker, that it will be proven that there is a real valid reason for the change in, the year end on Crown corporations and that reason will be that they don't want the Assembly to get that type of report for scrutinizing before the next election, at least in some cases.

Mr. A. R. Guy: — (Athabasca) Mr. Speaker, I should like the Minister, when he is closing debate, to advise us whether — suppose for instance that the end of the year is March 31st — would there be an opportunity if it is the intention of the Government to call a fall session, that the Crown committee would meeting during the fall session. Or would it necessarily have to wait until the spring session? I think if we were assured that the Crown Corporation Committee could meet during the fall session then the problem would not be as severe as what my colleague has suggested. However, if it is a case where it would not meet until the spring session, then I think the comments of the Member from Cannington are well taken and it could well be more than a year after the year end of the company before we were able to discuss it in Crown Corporations and I don't think that that is in the best interests of the public.

Mr. Cowley: — Mr. Speaker, just with respect to this Bill, which is the one that is before us, the difficulty which the Government Finance Office faces is that the way that the Act now reads the Government Finance Office must, within 15 days after the opening of session, lay a report before the House. Let's take the most extreme example, that being the House opening on

the 2nd of January and in that case the Government Finance Office with a year end of December 31st would have to lay its report before the House on the 17th of January. It's a particular problem for the Government Finance Office because as you will realize some of the Crown corporations, under the Government Finance Office, have year ends of December 31st and if you want to include that information you must wait until they complete their year end and put it in the year end for the Government Finance Office. The Act, as I read it, applies just to the Government Finance Office. What the Act will do is that in cases where the House meets prior to March 15th, roughly speaking, the Government Finance Office has up to 90 days after December 31st to do it or 15 days after the Legislature opens. For example, if the Legislature opened on the 1st of April, then it would have to lay its report before the House on April 16th; if the Legislature opened on, as it did this year, it would have until March 31st. I would hope that it wouldn't take that long, but that was the purpose. We ran into some real difficulty this year with the Government Finance Office. I am not in a position to speak for the Oil Corporation and why they have their year end as March 31st. I think it is a very appropriate question to ask the Minister when the Bill is before the House.

In closing, Mr. Speaker, that was the reason for this particular amendment in the case of the Government Finance Office. I think the questions about the meeting of Crown Corporations and so on would be directed towards the Premier or the House leader during their Estimates or some other appropriate time.

Mr. Guy: — Before the Hon. Minister takes his seat, could I ask a question? Is he saying under this legislation that the reports of the Crown corporations under the Government Finance Office would be tabled not more than 90 days after — you are amending it so that it won't have to be tabled within 15 days of the start of the Legislature, but are you also saying that it must be tabled within 90 days of the end of the fiscal year? Because my reading is that you have amended it to read that it must be tabled not less than 90, but it doesn't say how far past the 90 days. If you included it like some of the other Crown corporations within 15 days of the Legislature or within 90 days of the end of the fiscal year. I think then that would be very acceptable both to your office and to the Legislature.

Mr. Cowley: — My understanding is that that is the intent of the legislation. If it doesn't say that, I'll examine it and we can take it up in Committee and we are willing to amend it, as long it is clear that they have 90 days clear after the year end.

Motion agreed to and Bill read a second time.

Mr. Cowley (Minister of Finance) moved second reading of Bill No. 99 — And Act to amend The Education and Health Tax Act.

He said: Mr. Speaker, before presenting the motion for second reading of the Bill to amend The Education and Health Tax Act, I should like to make a few introductory comments for the benefit of Members of the House.

When this province entered into the sales tax field, provision was made for payment and collection of the tax based on the simple form of a sales transaction. You went into a store to make a purchase, if it was taxable, the merchant collected the tax and remitted it to the tax branch. It was a straight forward transaction, everyone knew what was taxable, how much the tax was and to whom it should be paid. In recent years, however, there has been a marked change in the purchasing pattern in the province. With the increased industrial activity in the province there has been a significant increase in the purchases of taxable commodities by manufacturers, contractors, oil drilling companies and industrial organizations. Many of these purchases are made outside the province from vendors who are not licensed to collect the tax. Consequently it has been necessary to amend the Act to ensure that the tax payable on these purchases has been paid into the revenue of the province.

A step in this direction was taken in 1970 when the provisions of the E&H Tax Act were extended to manufacturers and contractors but unfortunately these provisions didn't go far enough. For a number of years vendors have been required to maintain records in a prescribed manner to collect and remit the tax and file returns on a regular basis. The intent of the proposed amendment as outlined in Sections 4 and 7 of this Bill is to impose the same requirement on manufacturers, consumers and industries who bring into the province tangible personal property for their own use or consumption. It is not intended to harass individuals who in the course of a vacation trip make casual purchases outside the province. Rather it is aimed at persons or companies which bring into the province large items of equipment or which make out-of-province purchases on a regular basis for their own use and not for resale. It is designed to ensure that the revenues of this province are adequately protected.

The amendment in clause 6 of this Bill is an additional measure to safeguard revenues. Sections 18 to 21 of The Education and Health Tax Act outline the course of action which may be followed to collect moneys owing the course of action which may be followed to collect moneys owing to the province. Section 22 extends these provisions to consumers.

In 1970 when the Act was amended the application of this section to manufacturers and contractors was inadvertently overlooked. In recent years we have experienced considerable difficulty in enforcing the provisions of this Act in those instances where a trade-in is used as part of the consideration for the sale. There are numerous instances where the vendor has maintained two sets of records, one which details the price and the amount of tax which the purchaser paid and another set for the purposes of remitting the tax to the department. The net effect of this arrangement is that the purchaser does not always know precisely how much tax he is paying on his purchase and the amount of tax remitted by the vendor does not necessarily correspond to the amount of the tax collected.

The Act presently provides that the Minister or his appointee may make a valuation of any tangible personal property that passes at a sale. The amendments as provided for in subclause (2) of clause 2 in this Bill and clause 5 will permit the valuation to stand even when there is a discrepancy between the customer's invoice and the seller's internal records. The amendments to which I have already alluded are primarily

administrative in character designed to make the Act more effective in this light of changing conditions.

However, one proposed amendment is of considerable importance. I refer now to clause 3 of the Bill, an amendment to repeal paragraph 39 of subsection (1) of Section 6. Paragraph 39 presently exempts from tax railway rolling stock ties and steel rails. Clause 16 of the contract between the Dominion of Canada and the CPR as ratified by the Statutes of Canada (1881) purports to exempt the CPR from tax on rails and rolling stock on their main line. The exemption presently provided by the Act is considerably broader than that envisaged by the agreement entered into at the time the railway was built. For a number of years both the CPR and CNR paid tax on a number of items other than materials and rolling stock on their main line or railway rolling stock ties and steel rails which were exempted by The Education and Health Tax Act. More recently both railways have taken the position that they will not pay tax on railway rolling stock used either on the main line or on branch lines and have refused to pay tax on a whole range of materials which do not come within the definition of any existing exemption. Mr. Speaker, I do not believe the people of Saskatchewan are prepared to accept the kind of treatment which we have received at the hands of the railways.

Farmers have suffered for many years from discriminatory freight rates. Efforts to develop industry in this province have been consistently hampered by these same discriminatory rates. At the same time we have experienced a decline in both the quality and the quantity of service provided by the railways. The abandonment of branch lines in some areas, the closing of stations in others, has had a serious impact on the quality of life in rural Saskatchewan.

Mr. Speaker, we find that these two large corporations have been subsidized at every turn by the Canadian taxpayer and they are now refusing to pay the taxes which are legitimately owing to the people of this province. Mr. Speaker, this is a situation which exists not only in Saskatchewan but also in other provinces. This amendment will enable use, in conjunction with the other provinces, to attempt to change the situation which now exists in the case of the railways.

Mr. Speaker, I would move that Bill No. 99, an Act to Amend The Education and Health Tax Act be now read a second time.

Mr. MacLeod: — Mr. Speaker, the Government obviously counts that day lost, which is any day that they have not attacked a railway or some corporation or some other similar . . . one of their traditional whipping boys. Perhaps there are those of us here on this side of the House who contribute to that.

I was rather hoping the Minister would tell us what kind of money he anticipated receiving from the elimination of Item 39 presently exempt. I am not sure what rolling stock it encompasses, if it is everything that moves, then that is certainly rolling stock; if it never leaves the main line. I presume that it will certainly be exempt but if it ever travels off the main line it may well find itself subject to a burden of tax. I fully recognize that there are problems constitutionally in this section and in the other section relating to the bringing into the province the good purchased elsewhere. Nonetheless there

are clearly areas in the two that require the kind of amendment that the Minister proposes today. The problems of constitutionality will certainly have to be faced. I agree with the Minister that there are occasions when people have brought goods into the province that ought properly to have been purchased here and tax ought to have been paid on it, if they have in the past avoided tax by not doing that.

Without examining this whole question in detail I hope the Minister in closing debate will give us one or two comments about precisely what he proposes to catch by these tax changes – just the major one, I don't want a total outline. I should like him to give some estimate of what he proposes to do, how much he proposes to tax and how many dollars may result there-from. I also wonder if they have examined the constitutionality of it and if they anticipate any court battles. If so, I think we should be informed of that. With that I have other comments that will be made in Committee.

Mr. G. B. Grant: — (Regina Whitmore Park) Mr. Speaker, I wonder if the Minister in closing debate would comment on the title of this Act. It has always bothered me a bit, I presume that originally there was some relationship between the revenue received from this and what it was used for. I believe now it goes into the consolidated revenue account and it is paid out to the various costs of running the Government, not necessarily education and health. There may be a political reason for the retention of it but it seems to me it is a plain ordinary sales tax. I would appreciate if he would give us his comments on that matter.

Mr. Cowley: — Mr. Speaker, I am afraid that some of the questions asked by the Member for Albert Park I am not able at this time to answer as to the anticipated revenues that we will receive. In the case of the manufacturers or contractors bringing things into the province, I think it will be how much we won't lose. Certainly during Committee, when I have the Director of the Tax Branch here, I will endeavor to see that he has this information available if you wish to ask the questions at that time.

With respect to the railways, I think it is fair to say that our tightening up of our particular Act will not guarantee that we will receive additional revenues from the railways. I suppose we could stop the trains at the border, but that does leave us with a few problems. Really it is an attempt to put our legislative House in order so that we can, in conjunction with the other provinces, bring pressure to bear on the Federal Government and the railways to accept the position that the provinces have taken. How it would be taxed, would be, I imagine, on the basis of now many miles various types of rolling stock travels on other than main lines in Saskatchewan in a year and in other provinces and how much the equipment costs and so on and pro-rated on a provincial basis and they would make the payment on that particular basis. Again, if you have some additional question in Committee I can try and give you some estimate on the basis of our information of how much revenue this would mean to the province.

In terms of the title of the Act, the only answer I can give the Member from Regina Whitmore Park, is that it is a historic one. Frankly I haven't thought about changing it to

anything else. The Member is quite correct that the money goes into the consolidated fund. I might also point out that The Fuel Petroleum Act tax on fuel goes in there the same way and virtually all of our taxes do. My only answer to this can be that it is a historical reason and I guess no one has seen fit to change it, although the times and circumstances perhaps have.

Motion agreed to and Bill read a second time.

Hon. R. Romanow (Attorney General) moved second reading of Bill No. 95 – An Act to amend The Jury Act.

He said: Mr. Speaker, this is a very simple amendment to The Jury Act. At present Section 5 of The Jury Act allows a woman who is served with a summons under The Jury Act and who does not desire to serve as a juror within three days after her service to claim an exemption in writing under form D. Such exemption shall be in effect for a period of one year from the date of the notice. The repeal of this Section will do away with the right in law for a woman to avoid jury duty without reason where she has been served with the original summons to serve on a jury. In four provinces, Prince Edward Island, Newfoundland, Ontario and Manitoba, women can always avoid serving on a jury without reason. In New Brunswick women are not qualified to serve on a jury. Now primarily, Mr. Speaker, we are motivated here by recent amendments to the Criminal Code of Canada. New subsection (3) of Section 554 of the Criminal Code says as follows:

Notwithstanding subsection (1) no person may be disqualified, exempted, or excused from serving on a grand or petty jury in criminal proceedings on the grounds of his or her sex.

The repeal of clause (v) of Section 23(2) will put women in the same position as men with respect to jury service in Saskatchewan. That is to say that they will be liable to serve on jury whenever their name is properly chosen to do so. They will, of course, be exempt on one of the following provisions: (1) They are exempt if they belong to one of the classes of people who are specifically exempted by the Act from jury duty; (2) They can be exempt if the judge in his discretion exempts them for any one of the following grounds (a) incapacitation by virtue of illness; (b) that they have been called away on an important job; (c) that attendance would cause them a serious loss or (d) for any other reason that the judge deems sufficient. Mr. Speaker, I believe that certainly under these headings (a), (b), and (c) with respect to grounds for exemption there is adequate discretion for the judge to exempt a woman from jury duty, specifically with respect to illness or say other reason of the judge in his wisdom deems to be appropriate.

With those few words, Mr. Speaker, I move second reading. Motion agreed to and Bill read a second time.

ADJOURNED DEBATES

Second Readings

The Assembly resumed the adjourned debate on the proposed motion by Hon. Mr. Thorson that Bill No. 92 – An Act respecting Saskatchewan Oil and Gas Corporation be now read a second time.

Mr. A. R. Guy: — (Athabasca) Mr. Speaker, before adjourning debate the other day on the Bill to establish a Saskatchewan Oil and Gas Corporation I pointed out that the principle of the Bill was no surprise but the broad scope of the Bill certainly was. I stated that the NDP Government had been threatening the oil industry since its election with higher royalties and taxes and with the Government entry into the petroleum industry — both have now come to pass. Taxes and royalties have been increased by as much as 80 per cent in some cases and now this Bill allows the Government to establish its own completely integrated oil company. I mentioned that the Government had misled the oil industry and the people of Saskatchewan. Until this Bill had been presented, the Government had been very careful in their pronouncements to emphasize that they were going only into the exploration field.

The feeling of the oil industry was expressed clearly by Mr. Leberge of Imperial Oil and chairman of the Government Division of the Canadian Petroleum Association when he said, in the Saturday issue of the *Leader-Post*:

The scope of the Saskatchewan Oil and Gas Corporation to be set up by the Provincial Government took the Canadian Petroleum Association by surprise. Mr. Leberge said the Association had thought the corporation would be set up for exploration purposes only. He said officials of the Association met with Industry Minister Thorson, and he gave no indication that he would be beyond that phase of industry. It makes us wonder what is next. The Government has given no indications of encouragement to the industry and we wonder what the future holds for it. When the industry was told the corporation would be only for exploration purposes, the industry took the attitude that that was fine as long as both the Government and the private companies had to play by the same rules and that the private industry be informed in advance of those rules.

As far as we are concerned, they have already broken the rules because the Government has proceeded to bring in much broader legislation than had been indicated.

I think that is an example, Mr. Speaker, of what we will be seeing in the months ahead as far as the oil industry in this province is concerned. The Government will be breaking the rules as they bring this new Crown corporation into being.

I also want to say that this Bill is an obvious sellout to the Waffle wing of the NDP. The Wafflers protested loudly when the Government said it was only going to enter the exploration field. And that their protest was successful was borne out by the news release where John Richards, MLA Saskatoon University said:

Sask Oil was a sop to the left leaning NDP (and further admitted) it was a threat to the oil industry.

Finally before adjourning debate an argument developed as to whether this legislation gave the Government the power to pass regulations or orders in council to add to the power and procedures already outlined in this Bill.

Even the Premier indignantly joined the Minister in denying that there was a section in this Bill that would allow for additional powers or any regulations to be passed. I want to quote

from Hansard, page 2,616 of that day what the Minister said. He said:

There is no provision whatever anywhere in this Bill for passing regulations.

Later he said again:

If I said anything to suggest that everything is not in this Bill or that this Bill empowers the passing of regulations, I did not intend to make that statement and I withdraw it entirely.

I am not sure whether he is trying to mislead the Legislature and the oil industry or whether he and the Premier don't really know the extent of the Government's powers as outlined in this legislation.

I want to refer to Section 6(e). In the earlier sub-sections it outlines that the corporation, "may develop, explore, participate" and so on. Then this sub-section, 6(e), is the catch-all one.

The corporation may exercise such other powers as may be prescribed by the Lieutenant-Governor-in-Council having regard to the efficient operation of its business for the public good.

Now this gives the Government through Orders-in-Council and without any debate in this Legislature unlimited additional powers to add to the powers of this corporation in any area whatsoever.

There is no point in trying to play on the word regulation. The fact is that Section 6(e) is the most dangerous Section of this Bill. Because it gives the Cabinet at any time the right to change the rules of the game regarding any activities of this company.

This has to be a major concern to the oil and gas industry who must make their decisions months in advance. Today I wish to continue and point out further the significance of this Bill to the oil industry and particularly to the taxpayers of our province.

You know one of the first questions the people of Saskatchewan must ask is whether the Government is justified in going into the oil industry at this time.

The two points on which the Minister while giving second reading claimed justification for going into the oil industry was the current state of the oil industry in the province and the activities of other government throughout the world related to the oil industry. Let us place these arguments in their proper perspectives they apply to Saskatchewan rather than as they apply to other provinces or countries.

The Minister has stated that the industry has spent \$2 billion in this province and taken \$2.6 billion out. This means that over a 25 to 30 year period they have made \$600,000,000 and this profit, of course, worries the socialist Minister to whom all profits are sacrilege. It worries the Premier also who in January accused the oil industry of not pulling its

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weight in Saskatchewan. His main concern was that the oil industry revenue from Saskatchewan production of oil and gas is about \$230 million a year compared with expenditures of only about \$130 million. It shows he says – and this is the reasoning of the Premier:

It shows the resulting \$100 million excess of revenue over expenditure for Saskatchewan is being used by the industry to finance its development elsewhere.

Now, Mr. Speaker, it is statements like that that show the narrow myopic approach to resource development by the socialists. Let us look at some facts shown by the Government's own graph of expenditures and revenues which was presented to us the other day. By 1953 after 10 years in our province the industry had spent \$150 million with little or no revenue. By 1957 the oil industry had spent \$.5 billion with revenues of less than \$150 million. Did T. C. Douglas and Mr. Brockelbank and the CCF Government at that time say that you are spending a lot more than you are making so we will help you? N, they did not nor should they have. But where does Premier Blakeney believe that the \$.5 billion came from, if it wasn't from money made from development in other provinces and countries. Did these provinces and countries threaten the oil companies because some industry had spent over a billion dollars and they were just reaching the break-even point after more than 20 years of investing money made in other areas in development of Saskatchewan petroleum resources.

The CCF didn't complain then about money from elsewhere being used to develop the oil and gas industry in Saskatchewan. But today the Premier selfishly cries because some of the money made here goes to develop new areas for the benefit of all mankind.

Because they had made money for six or seven years after spending more than \$2 billion and losing money for 20 years, the Premier and Minister of Mineral Resources say the industry has failed to pull its weight in Saskatchewan. That they make decisions only in their own self-interest, and they can't be trusted to work for the benefit of Saskatchewan people.

I suggest, Mr. Speaker, the facts prove the oil industry has made a major contribution to Saskatchewan over the years. And it is the narrow provincial socialist bias of the Premier and Minister of Mineral Resources that cannot be trusted to work for the benefit of Saskatchewan people.

The Minister says further in justification of this bill that in spite of making a profit the industry has virtually abandoned the province as far as exploration and development is concerned. And it is true that exploration did decrease for the past several years, not only in Saskatchewan, I would remind you, but across western Canada. And the reason was obvious to those who wish to see it.

Oil exploration is a tough high risk competitive industry where instant action is required a good deal of the time.

Now when the Arctic, East Coast and off-shore oil play started, companies had to move quickly if they wished to acquire land. And this meant leaving established areas for a few years.

And this is what happened in Saskatchewan in the late 1960s.

But in spite of that, Mr. Speaker, the year-end report of December 28, 1971 issued by the then Minister, Mr. Bowerman, showed that 756 drilling licences were issued during the year. And this number was confirmed the other day by Mr. Thorson. The report also went on to say that two new discovery areas were found during the year 1971. And then the year-end review for this year showed that the total number of licences issued during 1972 reached 685 to date. Not down that much from a year earlier, in fact, I think you can probably say that the decrease was due to the fact that there was a socialist Government for the full year more than for any other reason.

The report went on to say the industry completed 320 oil wells, 80 gas wells, while 275 oil and 40 gas wells were brought into production. The last two years may not have been peak years but certainly far from the virtual abandonment that the Minister referred to in trying to justify this legislation.

The Minister, in fact, in his Throne Speech debate of February 2, 1973 said:

In the opinion of the industry the outlook for oil and gas exploration is better now than any time in the last three or four years.

Receipts from the sale of Crown petroleum and natural gas rights in 1972 reached \$4.5 million and total expenditures by the oil industry for oil and gas exploration was \$47 million. And the total expenditure was \$124 million in 1971.

Surely this does not signify the virtual abandonment the Minister referred to in justifying the introduction of this legislation.

Since then another Crown sale of mineral rights was held on March 15, 1973. Oil companies paid \$996,954, almost \$1 million in bids. Not bad for the first sale of the year. And at the end of that sale the Mineral Resources Department said:

The interest showed in the leases offered in gas prone regions reflected the industry's concern that gas reserves be increased.

But according to the Minister, the other day, the oil and gas industry have no concern for the people of Saskatchewan.

As you know tax and royalty hikes for oil and gas were imposed by the Government recently which will bring additional revenue to \$6 to \$7 million more per year to a total of some \$22 million. Not bad contribution by an industry the Premier says is not pulling its weight, or interested in Saskatchewan people.

Mr. Speaker, we believe that these facts show that there is absolutely no justification for the Government of Saskatchewan entering this high risk and competitive industry at this time on the basis that the industry is not pulling its own weight in our province.

The second reason given for justification was that Canada,

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other countries and the provinces of Quebec and Alberta were entering the oil industry.

Now let's see if that argument is valid for Saskatchewan. One can't compare Sask Oil to Pan Arctic, BP in the United Kingdom, Espaniola Oil in Spain, SAS Oil in South America and so on and the other ones that were mentioned the other day, for two main reasons.

National companies have the full and complete financial resources of their country behind them and they are exploring in areas and countries that are largely undeveloped at this time. The areas open to them are large enough that a failure in one area can be offset by success in another area thousands of miles away. One of the main principles of oil companies is the principles of diversification where they acquire land and interests in as many different potential areas as possible.

A good example of that occurred recently when Gulf Oil traded a one-half interest in a holding in the Arctic to Mobile Oil for a half interest in a holding Mobile had in the Maritime off-shore area.

Anyone following the success of Pan Arctic with its huge holdings know that they are having difficulty today because they are finding only gas and no oil.

Sask Oil will have neither of the benefits of the complete resources of the country nor areas that are largely unexplored. In fact, just the opposite applies. They will be operating in a very restricted area where a great deal of exploration work has been done and with the resources of a province with less than one million people.

Saskatchewan is one area of Canada that has had extensive exploration and development. More than \$2 billion. All the major and obvious oil and gas finds have already been discovered. Everyone who knows about the geology of the region acknowledges the best potential left is in the deep drilling in the lower horizons which have the highest costs, the highest risks and the highest difficulty of being able to find them. And this is what Sask Oil, is up against and will be risking the taxpayers' money in.

Numerous references were made to SOQUIT, the Quebec provincial oil company set up three years ago and the success it has had.

First of all remember the resources of Quebec with its six million people is far different than Saskatchewan with 910,000 people. Again, they have six sedimentary areas which as the article referred to by the Minister says, are virtually virgin territory.

The key to their entry into the exploration field was that there has been none or very little oil exploration or development in Quebec.

The Canada Mineral Year Book shows that in 1970 Saskatchewan drilled 930 wells to Quebec's four. And that Saskatchewan contributes 20 per cent of the national total of oil and gas compared to nil for Quebec. The record of the private oil industry in Saskatchewan and Quebec are completely dissimilar.

Today after three years SOQUIT has been concerned mainly with acquiring land, carrying out geophysical, geological and geochemical surveys which have already been done in Saskatchewan. It is interesting to note, Mr. Premier, that SOQUIT has participated in drilling four wells and all four have been abandoned. SOQUIT also has a fixed budget of \$15 million over 15 years which is far different from the financing of Sask Oil.

The reference made to Alberta by the Minister, of course, needs little comment. A report has been placed before the Alberta Government outlining three alternatives regarding the oil industry, one of which is a provincial Crown corporation.

The Minister admitted that no decision had been made. But if Premier Lougheed is as smart as I think he is, he will not be stupid enough to set up a Crown corporation to bite the hand of an industry that has made such a contribution to the development of Alberta.

One should also remember, Mr. Speaker, that in the early 1960s Federated Co-op went into the exploration and development field in Alberta and Saskatchewan, but soon withdrew due to the expense, the high risk and the restricted area in which they were trying to operate. This should be a warning to Sask Oil of the difficulties involved in their particular situation.

It is clear from what I have said that Sask Oil is an entirely different situation than Pan Arctic and other national corporations and of SOQUIT. Thus this argument falls as flat as the first one, for their justification of establishing this Crown corporation.

With these two arguments proven invalid, one must ask: What is the true intention of the socialist Government of Premier Blakeney towards the oil industry? I am afraid I cannot agree with the chairman of the Saskatchewan Division of the Canadian Petroleum Association when he said, he thought it was unlikely the Sask Oil corporation will expand into other phases of the industry besides exploration and development because of the difficulties involved.

I hope the industry will not be lulled to sleep believing this because I predict, Mr. Speaker, that just the opposite will occur. I can see Sask Oil spending millions of dollars in an exploration program that because of the risks and the high costs involved will have limited, if any success at all. Then the Government will be faced with three alternatives, Mr. Speaker.

One, to continue spending millions of dollars of the taxpayers' money to try and save face.

Two, dissolve the corporation, lose their money and admit defeat.

Three, move into the processing, refining, managing, storing, transporting, purchasing, wholesaling and retailing business which holds out more chance for financial success.

I predict to you, Mr. Speaker, that if the Government opposite is re-elected in 1975, that the NDP Government will try and recoup their losses by forcing current and future producers to sell all their productions to Sask Oil where it will be processed, refined, transported, wholesaled and retired through

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facilities owned and operated by Sask Oil under a monopoly situation which the Government will create. This would result, of course, in major cost increases to farmers and consumers and the destruction of the private petroleum industry and gas industry in this province. This approach would be in keeping with socialist philosophy and program.

You can go right back through the years. The first manifesto in 1933 stated that the state must own all means of production and distribution of our natural resources. The New Deal for People in 1971 said 'priority to the public ownership of industry and resources.' The Wafflers have always advocated taking over the oil industry and it was the Wafflers that elected Blakeney as leader. In 1971 and 1972 the NDP annual conventions called for the nationalization of the oil industry and this was not only the Wafflers but the whole NDP supported that resolution. In 1972 and 1973 the Premier speaking at the Canadian Petroleum Association Convention threatened the industry on both occasions. In fact, his words on January 12, 1973 were, as I have already mentioned: "Pull your Own Weight the Oil Industry Warned."

Premier said Saskatchewan must find ways to process its raw materials and become an exporter of finished commodities particularly petroleum, plastic, fibreglass, rubber, fertilizer and sulphur.

Then he said:

There are no pat answers but these are the alternatives.

And the first alternative he mentioned was public ownership of all parts of the industry. So there's no question in the minds of the industry what lies as the first priority in the mind of the Premier of this province.

Now this Bill has been introduced after the oil industry was misled, giving it full powers over every aspect of the oil industry. If only exploration was intended there were ample powers provided in The SPC Act.

Then finally the speech of the Minister when introducing this Bill. You will notice on page 2,606 he kept saying we are interested in exploration but he couldn't leave these words out.

We intend that the Government should have some direct participation in the commercial activities of the oil industry in the Province of Saskatchewan in the 1970s and in decades afterwards.

Well, Mr. Speaker, you don't have a direct role in the commercial activities through exploration. You have it by controlling the processing, distribution and selling processes. There is no question that the actions and statements by the Premier and his Government have not diverged from their stated aims to publicly own our oil and gas resources.

Now I have stated what I believe the long-term objectives of this legislation will be. Now I should like to look for a few moments at what immediate effects this Bill will have on the oil industry and the people of Saskatchewan, should the objectives of exploration and development as stated by the Minister

be the first priority. First of all the people of Saskatchewan must remember that no revenue can be derived by the province until risks are taken and taxpayers' money is spent and oil is discovered. The people of the province must recognize that a government exploration program alone will not affect any of the present production by other companies. Production will not be increased nor will revenues. The taxpayers' money will have to be spent before production or revenue will be increased.

I showed that by 1952 after 10 years of exploration more than one hundred million dollars had been spent by the industry and no revenues generated. I ask you, Mr. Speaker, are the people of Saskatchewan prepared to gamble \$100 million today under a socialist Government? In 1952 exploration was just starting, but today all the major oil fields and easy to find oil has been found and the best lands have been taken up. The cost of exploration is higher, risks are much greater, potential is less, so chances for success after spending \$100 million is much less than 20 years ago.

The Minister says we will enter joint ventures with other companies. This is not probable with larger companies because if they have the land potential they also have the financial resources to test or develop their property. Small companies with promising land holdings and no money could very well be interested in a joint venture with Sask Oil because as long as the taxpayers put up the money they have nothing to lose. But the taxpayers will be putting up most of the money and accepting the risk for only a percentage of the profit. Another deal like Intercon, good for the company but not for the people of Saskatchewan.

Now outside of joint ventures the other alternative is for the Government to go it alone and the first question of concern to the oil industry is how is Sask Oil going to acquire their land? If they acquire it in the normal manner by competitive bidding then the industry won't mind. But it will still be costly to the taxpayer. If Sask Oil bids \$300,000 for the rights to a piece of land, this would be from one pocket of government to the other. And no revenue to the province would be created. But if an oil company bid the \$300,000 for the land, that would be \$300,000 of revenue to the province. If the Government does not bid competitively then the oil industry, I am sure, would be gone from the province overnight as they don't have to tolerate that kind of treatment with so many areas where they can spend their money today. So in either case, it will cost the taxpayer money.

The industry is justifiably concerned of how Sask Oil will behave in regard to acquiring land because the record of the socialists is not good. They remember the late 1940s and '50s when the CCF Government hurt the young oil industry by giving co-ops and other friends of the CCF land at reduced rates. Other questions that private industry will want to know will be, will proven leases be given to Sask oil at a set price and will the best potential land be withheld from future sales and turned over to Sask Oil? Another concern of the industry regards the confidentiality of exploration and drilling reports submitted to the Department of Mineral Resources. With the same Minister and possibly other officials acting for both the department and Sask Oil, it will be tempting to use confidential information not available to other companies for the benefit of Sask Oil. There are many ways, Mr. Speaker, in which favoritism can be

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shown by the Government to Sask Oil. And at the first sign, the private companies will leave.

An Hon. Member: — Good!

Mr. Guy: — Somebody over there said, “Good.” He’d like to see all of these private companies out of the province. The fellow from Watrous (Mr. Cody) I think. The same way that he likes to have control of the liquor stores, he wants to have control of the oil industry. But I understand he’s got a filter factory out there.

An Hon. Member: — They are selling pop.

Mr. Guy: — Oh, they are selling pop! Probably pop with a little oil in it.

Mr. Bowerman: — Can we sell you a filter?

Mr. Guy: — I understand there aren’t any filters in it. Somebody was in there the other day and there were three bottles of pop and a pair of slippers. Well, there are many ways, Mr. Speaker, in which favoritism can be shown by the Government to Sask Oil and at the first sign, regardless of what Members opposite say is good or bad for the province, these companies will leave. In fact, there will probably be a slowdown of expenditures until they see whether Sask Oil is going to act in an honest and competitive way.

For the Government to enter the oil and gas exploration business it will need a large, highly trained expert staff on a long-term basis. This will be expensive for the taxpayers. And the cost of the staff will go on whether there is any success in the field or not.

Another area of concern for the people of Saskatchewan must be of the potential conflict of interest between Sask Oil and the SPC which could prevent SPC from doing its job properly. SPC, it is true, has similar powers to Sask Oil, but to date we must note they have been using them in a very narrow sense in the interests of Saskatchewan Power Corporation creating reserves for their own system. Now other alternatives could arise. Where either SPC financially supports Sask Oil under the table or reserves of gas of SPC are used to help provide a more favorable balance sheet for Sask Oil. In either case, it would jeopardize the operations of SPC in the provision of services to the general public of Saskatchewan.

Mr. Speaker, I hope I have provided this Legislature with sufficient information to clearly show that it is not in the best interests of Saskatchewan people for the Government to establish an integrated Crown corporation to enter the oil industry of this province. I have shown that the oil industry, over the last 25 years or 30 years, has pulled its weight in Saskatchewan, contrary to what Premier Blakeney and Minister Thorson say. And they are continuing to do so. They have done an excellent job in the exploration and development of an oil and gas industry in Saskatchewan. They have shown they are prepared to spend millions and millions of dollars more for future exploration and development, through increased royalties

and taxes to which they have not objected, they will contribute directly more than \$22 million a year every year to the province. In addition they will pay much more through corporation, sales and other taxes. And above all, they are providing thousands of jobs for Saskatchewan people directly and in related service industries. All this could be jeopardized by Sask Oil entering the oil industry and creating an unfavorable atmosphere, using compulsion and following unfair competitive practices against the industry. I have also shown that the risks and costs to the taxpayer would be extremely high. Administrative costs would be large and purchases expensive, the risks enormous and the chance for success limited. One major weakness of this Bill is that it does not limit the amount that Sask Oil can spend in any one year. Instead, it provides an unlimited gambling fund for Premier Blakeney and his socialism cabinet entrepreneurs where all the risks lie on the backs of the taxpayers. Nowhere has the Government said how much they will spend. In one breath the Minister says he doesn't expect funds to be a problem because Saskatchewan has a good credit rating. In another he says when the industry spent \$47 million a year, he said, "We are not satisfied that private corporations are doing or will be doing enough. The probability of discovery increases with the amount of money invested in exploration." Does this mean, Mr. Speaker, that since \$47 million is not enough that Sask Oil will spend \$50 million, \$75 million, \$100 million? Who knows? There is nothing in the Act to prevent them spending that kind of money. We do know that \$3, \$4 or \$5 million won't pay the administration costs and the acquisition of land let alone do any actual drilling.

The truth is that the taxpayers of Saskatchewan will not know how much of their money their Government will gamble and risk through this corporation because this Bill gives them a blank cheque, signed by the people of Saskatchewan. In addition, this Bill could jeopardize the jobs and affect the families of every person in our province involved in the oil industry, from the geologist and driller down to the owner and service station attendant on the corner, as well as for every farmer and consumer of petroleum products in this province.

For these reasons, Mr. Speaker, we ask the Government to reconsider their motives, put their socialist desire for state control of the oil industry aside in the best interests of Saskatchewan people. Because if you won't we on this side of the House, cannot condone this blind and blatant thirst for power so we will oppose second reading of this Bill.

Some Hon. Members: — Hear, hear!

Mr. J. G. Richards: — (Saskatoon University) Mr. Speaker, the Member who has just taken his seat, the Hon. Member from Athabasca (Mr. Guy) used, during the course of his discourse, the expression, "a narrow provincialism". The speaker implied that any Government which concerns itself with trying to arrest the pattern of development being imposed upon us by the oil companies was guilty of a narrow provincialism. Mr. Speaker, it is precisely that narrow provincialism of which I plead guilty. If somebody is not prepared to stand up politically for the economic development of this province, there won't be any province to stand up for.

Some Hon. Members: — Hear, hear!

Mr. Richards: — The multi-national oil corporations have displayed evidently their lack of concern for any kind of economic development within this province. They are unconcerned about our needs for regional development, our needs for secondary manufacturing. This complete cavalier disregard for the planning in Saskatchewan we hear via a Press conference in Toronto of the announcement of Imperial Oil to close its refinery in Regina. And that, of course, is just one among many. The closure of the refineries in Moose Jaw, two of them; the closure of the refinery in Saskatoon; and the sad little story of the closure of the refinery in Kamsack. Direct job loss, at least 400 jobs. To be opposed to this, the Hon. Member says is narrow provincialism.

I would argue, Mr. Speaker, that it is precisely such narrow provincialism, if that's the appropriate word to use, which is going to be the only savior of this province. Given the complete bankruptcy of the Federal Liberals in dealing with the oil corporations, the complete bankruptcy of the Federal Government in regional development policy, it falls upon the provincial governments to take the lead in devising economic development strategies to get us off the constant tread mill of declining population, an eroding agricultural base, stagnant manufacturing, which has been the economic lot in Saskatchewan in the last decade.

Mr. Speaker, to return to the substance of my speech and what I want, basically, to say. There are three approaches as I think I have said before that can be taken with respect to this industry, all of which have some merit, all of which deserve to be considered in due course.

The first I have labelled somewhat facetiously as honest colonialism of the Members opposite. The idea here is that the oil industry is so powerful and we are so insignificant in terms of the size of our markets and the political club that we as a province can muster, that all we can do is to sit quietly down like good little boys and ask for a few crumbs here and there. And I think that precisely is what the Member opposite was saying. We should not be socialist entrepreneurs, we can't do anything, we must accept the fate that has been dealt out to us by Mr. Twaits of Imperial Oil, by Gulf, by Shell, by Texaco and we should passively accept our fate.

The second position is one of liberal reform. It is the argument that there are abuses in the industry, there are specific problems which need to be regressed and that via specific measures we can remedy these errors. I think this is where the Government falls, the Government falls into this category and it assumes that via specific measures we can solve the problems of too low royalties, insufficient oil exploration, problems in relationships between the service station operators and the company. I would argue, Mr. Speaker, that ultimately such a course is doomed to failure. I think we have to give credit to the honest colonialist. The oil industry is supremely powerful and I very much doubt that by any series of specific reforms, including the Sask Oil legislation as proposed today, we are going to be able to change the balance of direction of economics in the oil industry.

I would therefore argue for, as I have many times repeatedly in the last year and a half, that we pursue a thorough course of socialism and nationalize the entire oil industry within the

province.

Mr. Speaker, what will this Bill do, the Bill we have before us, Bill 92, at this Legislative Session? Is this Bill going to amount to business as usual? Or is this going to be a new beginning for resource development policy in Saskatchewan and even hopefully in the country at large. If one took the Minister at his word, one could argue that this is just business as usual, that all we are going to do is explore around the edges, we are going to undertake some joint ventures with some companies and do a bit more oil exploration to solve the problem of declining oil exploration in recent years. The Minister was at pains to draw the parallel between Sask Oil as he conceived it and Pan Arctic Oils, the Federal Government's joint venture in the North for exploration purposes. He was also at pains to draw parallels between this venture and SOQUIT in Quebec and British Petroleum in England and ENI in Italy and various joint ventures in Spain, Turkey, Finland, the Middle Eastern Countries, etc.

Now, Mr. Speaker, if that is what this Government intends to do in this Bill, to proceed along with business as usual, the Government is doomed to failure and I hope that that is not what we plan to do. I hope instead that this is going to be a new beginning in resource development policy and I hope that a new dawn is coming to Canada with respect to these problems. To talk about historical parallels, it was just such a price increase as the Imperial Oil announced this last winter which was a spark to inspire farmers in the 1930s to launch the successful venture into the Co-op Refineries. Maybe the spark of the oil price increases this last winter, the problems about declining reserves, the concern over lost jobs in the industry, maybe these are going to bring sufficient public pressure that we shall have a new beginning with this Bill.

Now, Mr. Speaker, one can certainly be most optimistic if one was to refer to Section 5(a) and I should like to quote in case any of the Members have failed to read the Bill. The powers of the corporation are:

- (a) explore for, develop, produce, process, refine, manage, utilize, conserve, store, transport, purchase, sell or otherwise dispose of petroleum, natural gas or any product thereof or any product produced in association with the production of petroleum and natural gas.

Mr. Speaker, I endorse wholeheartedly that clause of the Bill. I am pleased that that clause is there and I trust that the people of Saskatchewan will take it to heart, that the Government will take it to heart and that we will be using the enabling powers which we here have in order to create, as was requested by the 1971 NDP provincial convention, an entirely integrated public owned oil corporation in Saskatchewan.

Mr. Speaker, in order to show that this is no single partisan concern for the oil industry, I should like to quote some more intelligent comments from Members of the Liberal Party than those they have been privileged to hear this afternoon. I quote from Mr. Mel Hurtig, Chairman of Committee for an Independent Canada, Liberal candidate in the last Federal election. What did Mel Hurtig have to say about his oil industry which the Members opposite are so concerned about?

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The more I look into the activities of the oil and gas industry in this country, the angrier I become.

In a Press release Friday, March 30th, Mel Hurtig calls the current export of Canada's oil and gas reserves, quote:

The most colossal give-away in the history of a country (and note this), a country already regarded around the world as the ultimate example of colonialized 19th Century resource development.

That's no Waffler speaking – that's not any ideological socialist; paid-up Member of the Liberal Party, Chairman of the Committee for an Independent Canada.

An Hon. Member: — Not for long, John.

Mr. Speaker: — Order! The Hon. Member will keep quite please. He's not in his own seat.

Mr. Richards: — Thank you, Mr. Speaker, thank you.

Mr. Speaker, a realization about the sins of the oil industry is managing to seep even into the Liberal Party. It's only the few scattered remnants of that ideological right wing band over there, Mr. Speaker, who have failed to realize that the oil industry, perhaps a typical example of the multi-national corporation which has exploited people around the world from Mexico to Africa to Saskatchewan is not perhaps in the best interests of the Saskatchewan people. Perhaps it falls upon provincial Legislatures and popular movements such as ours to take a stand and to fight.

Now, Mr. Speaker, I don't want to review in detail the case against the oil industry. If Members are so interested I should be glad to refer them to my Throne Speech contribution, this year, and the previous year, which documented the case in some detail. However, since making that speech, there are some new figures which have been published, which I think Members should be made aware of and I refer again, not to any radical Waffle document, but to Oil Week, Trade Journal of the oil industry, published in Calgary, friend of the Canadian Petroleum Association.

What do they say, Mr. Speaker, are the costs to be attributed for a barrel of crude oil in the Province of Saskatchewan? These are figures averaged 1967 to 1971, published in the February 19th issue of this Journal. Mr. Speaker, for exploration per barrel, pro-rated – 21 cents; Development drilling – 15 cents; Land acquisition and rental – 19 cents; producing facilities – 20 cents. Total exploration and drilling cost per barrel in Saskatchewan, 1967 to 1971 averaged 75 cents. Producing costs – 40 cents; royalties – 28 cents; other taxes – 8 cents. Total producing costs 76 cents. The total cost according to Oil Week per barrel of oil in Saskatchewan — \$1.51. Now, Mr. Speaker, taking this figure of \$1.51 as cost, what is the price, what price does the oil industry get? Well, in 1972 the average price was approximately \$2.45. Approximately the same in 1971. But since then, of course, we've had a 30 cent per barrel increase, which has meant that the current price is now in the order of \$2.75 per barrel. We have obviously an

industry which is earning per barrel, over \$1 profit in Saskatchewan. Not bad to earn in the order of 40 per cent profit on sales, not talking about any of the profits earned at the refining level, any of the profits earned at the retail level, restricting ourselves totally to the argument 'at the crude level'.

Now, Mr. Speaker, these are undeniable facts which I trust can penetrate even the Member from Athabasca (Mr. Guy).

Mr. Speaker, we have the question of the profits. We've got the question of declining exploration; we've got the loss of refining jobs as the industry, without any concern for our provincial needs, centralizes all of this refining in Alberta. We've got the foreign control of this industry – over 80 per cent of oil and gas wells foreign-owned – the only non-foreign controlled refinery being the Co-op Refinery here in Regina. Mr. Speaker, what more need be made to document the case that taints the oil industry – an oil industry which is indifferent to the needs of people.

Therefore, I submit that on the political agenda for Saskatchewan it must be placed four-square the issue of the provincial government taking a lead in establishing a publicly-owned, integrated from exploration through crude production, refining and retailing, a publicly-owned oil corporation. Sask Oil must be conceived in that framework. Sask Oil must not be conceived 'as business as usual', as exploring around the edges. Sask Oil must be the beginning of the creation of such a wholly owned public monopoly in the oil industry.

There are many arguments, Mr. Speaker, I would submit against the general policy of joint ventures. What so often happens, and I think we may even have seen it with the Intercon deal, is that with mushy bargaining on the part of the Government we merely have, via joint ventures, the private industry capitalizing all the future profits it expects to earn and none of the benefits significantly accruing to the public. We must not engage in mushy bargaining, this must not be a question of what the oil industry is willing to sell part, joint equity for, it must be a question of what the people of Saskatchewan are prepared to pay.

Now, Mr. Speaker, if Saskatchewan Oil, even if it were a state monopoly, if it did not proceed significantly to change the parameters of the industry, it would be a failure. If it does not change export policy, curtail exports to the United States, if it does not change the policy of leases between itself and lessee operators it will be a failure. If it does not self and lessee operators it will be a failure. If it does not change the sales gimmicks which foolishly try and encourage the consumption more and more and more of a non-renewable resource, if it fails to change this kind of gimmickry it will be a failure. If it does not significantly change the location of investment so that it can serve as one source of capital development within the province it will be a failure. And if Sask Oil fails to change the distribution of wealth between the oil companies and the people of Saskatchewan, it will be a failure. Let me make that point crystal clear, Mr. Speaker.

The oil industry has expended, according to its own figures, in the order of \$2.1 billion. It has earned revenue in the order of \$2.6 billion, plus it has stored up in the order of 900,000,000 barrels of oil. If the oil industry realizes a

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profit on the sale of that 900,000,000 barrels of \$1 per barrel that would mean another \$900 million of profit to the oil industry, which given its record, will not stay in the Province of Saskatchewan.

Mr. MacDonald: — Do they pay taxes?

Mr. Richards: — \$900 million after taxes, Hon. Member.

Mr. Speaker, what is involved if Sask Oil is to be a success will be the expropriation of that crucial reserve which belongs to the people of Saskatchewan and does not belong to Imperial, Standard or any of the other people who happen to hold leases.

Sask Oil is a test, Mr. Speaker. Sask Oil is going to be a test of the provincial powers versus federal powers. I could take a long legal discussion about this subject, Mr. Speaker, but I could summarize it most simply by reference to yet another distinguished Member of the Liberal Party, Eric Kierans.

An Hon. Member: — Good man.

Mr. Richards: — When the Members opposite start denigrating their own Federal Cabinet Ministers, times have come to a sorry state within that Party, Mr. Speaker. And Mr. Kierans is insistent, and I think quite rightly, that no provincial government can wait upon the vagaries of federal politics before it tackles this problem. Before it tackles the problem of getting a decent return for the provincial government and the people of our country from resource industry. If it is a test of provincial powers, Mr. Speaker, it is also a test of the NDP. The CCF, in its day, made its name because of its pioneering in social welfare reforms and primarily in hospitalization and medicare. We have accomplished the welfare state, although there remain many things to patch up, including the introduction of a drug program, but the primary political job before us if socialism is to be relevant in the 1970s is to achieve public control of major resource development and major industry in the country. And it is precisely the precedent in that direction that Sask Oil is a test for the NDP. If Sask Oil is merely a pen yardstick, it's a failure. Sask Oil is a failure and the NDP will fail with it, unless I submit, Mr. Speaker, the NDP can pass this test, and I believe it will increasingly come to be seen as a test, the NDP will lose its right to claim to be the representative of socialism in Canada.

Mr. Speaker, the Members on this side of the House must realize the significance of this venture into which they are moving and the precedent which they are hopefully creating for the country as a whole. Developing a policy for public ownership of resource industries, we must be prepared to tackle. The Waffle, of course, has been publicly involved in the campaign for the last two months, asking for, demanding, organizing for Sask Oil as the completely publicly owned oil company, under the slogan, "It Can Be Done."

The Hon. Member for Athabasca (Mr. Guy) was most kind in his references to us in the success to which we've had. It would be presumptuous for me to claim that it was entirely due to the Waffle that we have this piece of legislation before us. I

think credit should be passed to a fair number of other groups in society who see the wisdom of public ownership of the oil industry. But if some credit should fall to the Waffle I would not be averse to taking up that.

Mr. Speaker, to return to this slogan that we have been using to Sask Oil, "It Can Be Done", let me invert it and ask: Can it be done? I think that is the question which is now being asked by the people of Saskatchewan. I think the majority of the people in this province are convinced, despite the Neanderthal mouthings of the Members opposite, that the oil industry is one of the leeches in our province which is sucking our wealth out. The question which people are asking is: Can it be done? They are asking technical questions – can we muster the technical expertise which is necessary in order to undertake exploration, refining, etc. I think the simplest answer to that question is to refer back to the Co-op Refinery venture. If, in the midst of a depression, having raised in the order of \$35,000 with times far harder than they are now, with the major companies having a far tougher control over the industry than they now do; if the Co-op can succeed at that juncture in putting together a technically efficient refinery, I see no reason that we cannot put together the necessary technical expertise to explore, to refine, to manufacture, to process and retail oil.

Mr. Speaker, the doom sayers opposite, of course, they will always wish failure upon any public venture. To return to my initial comments (and now provincialism) they accuse us because we are trying to do our utmost within the financial, political and legal constraints of Saskatchewan. They accuse us of being narrowly provincial because of that and they presumably have a worldly cosmopolitanism. They appreciate the value and the significance and the accomplishments of major corporations and the Carl Landeggers and the Thomas Wares of International Minerals and Chemicals and they assume that we, in Saskatchewan, are incapable of mounting any venture of any size. It is the sorry state of the forest industry and the sorry state of the potash industry that any comment on the brilliance of international, multi-national corporations that God forbid we have to rely upon them for our future economic development. What is absolutely necessary obviously, Mr. Speaker, is that we be prepared to be public entrepreneurs in this province; that we be prepared as a Government to be socialist and to take entrepreneurial risks on behalf of the people of Saskatchewan.

To return to the economic aspects of this, Mr. Speaker, we do, fortunately, with a market of 70,000 barrels per day in Saskatchewan, have a sufficient internal market to sustain at least one medium large refinery in the province. We could produce approximately three times that figure – we could produce in the order of 240,000 barrels per day. Obviously we are not exporters of crude oil; we need one-third of that for our domestic needs.

One other point which must be emphasized here. One of the reasons that we want Sask Oil is in order to assure secondary manufacturing jobs in refining within the province. We must simultaneously be prepared to guarantee employment at the service end of the industry. I don't think anybody would deny that the current marketing practices of petroleum are one of the more irrational bits of capitalism; the gimmicks, the Spanish cookware, the gold coins, etc.

The Alberta Government's MacKenzie Report in 1968 indicated that there is at least 50 per cent overcapacity in this industry. However, Mr. Speaker, it is not for us merely, on the one hand to create refining jobs and turn around and in the next breath take away jobs at the retail end of the business. We must be prepared to guarantee employment at that level. Therefore, I come to what I think is going to be a necessary prerequisite for any successful plan and that is that the Government nationalize all the assets of the industry in the province, including the retail assets, and that includes every service station in Saskatchewan. I think that is going to be an absolute prerequisite if we are going to avoid price wars and all the other dodges and devices of which the oil industry is capable in trying to destroy attempts by people to control its avarice.

Turn to the legal aspects, Mr. Speaker. I don't pretend to be a lawyer, but I think that the legal complexities here are such that it would challenge the best of minds. I have in my brief case a 70 page document which is a term paper produced by two law students of the University of Saskatchewan. If any Members would like to read it I would be happy to lend it to them. The net conclusion from these two students, who I think have done more detailed work than anybody I know if in this subject, is that we are within our provincial jurisdictions given our right over property and civil rights, we are within our jurisdiction to nationalize the assets of these companies, and although it would be a long legal fight, we should win it. We should win it not only on behalf of the people of Saskatchewan in general, we should be winning it on behalf of a large number of individual people who have been destroyed and manipulated by the oil industry, given its legal manipulations down through the years. The relationship which exists between service station operators and the major oil companies is the relationship between serf and feudal master. I have received letters in the past month from service station operators calling for test cases against the company giving documented evidence of the kind of manipulations of which the companies have been guilty and calling for the expropriation of the oil companies and the owners and the desire that there be new lease relationships between themselves and the Government as owner of these assets.

And another legal question is the question of compensation, Mr. Speaker. Members opposite will be quick to jump to the defence of the oil industry like puppets on a string and talk about the rights of the oil industry to any compensation should we be so bold as to take over the assets of this industry. With 900 million barrels under the earth in Saskatchewan, which in some sense is one of the natural inheritances from God for our province, they will be quick to jump up and talk about the rights of property and the rights of the oil companies for compensation. They won't mention that the oil companies have paid all of their exploration costs out of current revenue, that all of these capital costs for exploration have been paid for plus \$500 million in the kitty already. They will scream and yell about expropriation.

But to go back to an earlier point I made, Mr. Speaker, if Sask Oil is to be a success, it must result in a redistribution of wealth and therefore compensation to be paid to the oil company is a political question. Probably to avoid a coup d'état we are going to have to pay something. Hon. Members opposite would doubtless be helping to organize it. But if we pay, say 65 cents per barrel, which is what the oil companies

claim to be the cost of discovering a barrel of oil in the province, 65 cents times 900 million barrels is a lot of money, \$600 million, if we pay that kind of money to the oil industry, we would still be able to run Sask Oil at a large annual profit but the oil industry has got no justification to that compensation. They have recovered all of these costs in the past and what right have they to insist that they be paid again.

Mr. Guy: — That's cheaper than building railroads.

Mr. Richards: — If the Hon. Member would like to refer to the railroads, that surely is rather a delicate point on his side. As the Hon. Member from Albert Park (Mr. MacLeod) said, the Members on this side would never let a day go by without reminding the Hon. Members opposite of their role in subsidizing the eastern financiers and the railways about their sins with respect to transportation rights. I think it would be more decorous of the Member from Athabasca if he just kept his mouth closed if he wants to defend his case by reference to the railroads.

Some Hon. Members: — Hear, hear!

Mr. Richards: — If the only argument against Sask Oil is that there are certain parallels with the railroads and we have to compensate the oil companies in the way we compensated the railroad tycoons, I think the Hon. Member has a rather weak case.

What is the agenda, Mr. Speaker, what is the politically reasonable agenda in order to undertake this kind of an undertaking? I would be the last person to argue, do it tomorrow. A venture of this size requires the backing of the people of Saskatchewan, If the people of Saskatchewan have not considered this issue, if they have not talked about it, if they are not convinced that Sask Oil can be done, then Sask Oil will fail. After having discussed the technical problems, the legal problems, the economic problems, all of these can be solved, all of these are within the feasibility and with the jurisdictional competence of the provincial government. The one over-arching question which no Government can resolve is, what do the people want? Do the people of Saskatchewan really want to fight Shell, Esso, Texaco, Gulf, because if they want Sask Oil to be a success they must be prepared to fight them, Mr. Speaker. There is no way that we can sneak it through at the end of the Legislative Session in the hope that nobody realizes what's going on. The oil industry has got the financial muscle and the political clout to defeat the Provincial Government which does not have the popular backing of the people of Saskatchewan. Therefore, I call upon Members here and I call upon the people of Saskatchewan to argue the case through by the time of the next provincial election and in 1975 that election can be openly fought between the honest colonialism of the Members opposite and the socialist policy of complete nationalization of the oil industry. And if only that issue becomes a public issue and people have talked about it and people argue about it and people vote about it, can we hope to succeed.

Therefore, as I take my seat, I am glad to support the principle of this Bill and I think we have come a long way, Mr. Speaker, in realizing this cannot be business as usual, this

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must not be just exploring around the edges, this must be the beginning of a new socialist policy for resource development.

Some Hon. Members: — Hear, hear!

Mr. G. B. Grant: — (Regina Whitmore Park) Mr. Speaker, I don't think anyone in this House can suggest that the Hon. Member from Saskatoon University (Mr. Richards) and I have much in common except that we are in the same room and I guess we are both human beings.

Mr. Guy: — You're not sure about him.

Mr. Grant: — After that speech I have a few reservations but one thing I am sure of is that if the Government really wants to make a success of Sask Oil they should make the Hon. Member from Saskatoon University the Minister in charge, because there is no doubt about it, he is the most dedicated one over there. And one thing that I did learn this afternoon was that he is the only really true socialist. I have often wondered about the origin and definition of Waffler and I know it has been applied to him. But from here on in I am going to apply it to everybody else over on that side of the House except the Hon. Member from Saskatoon University because he is the only really true socialist. He knows what he wants, he knows where he wants to go and he has thrown out a challenge that this is what we should be fighting the next election on and I am not saying I'll be a candidate, but if I should be a candidate, I would be very happy indeed to fight the next election on that one issue.

Mr. Guy: — Roy said he would too.

Mr. Grant: — But the other Members over on that side of the House, they Waffle back and forth. They're not too sure whether they should go quite as far and socialize all these things, nationalize them as them as the Hon. Member just suggested. So they are the true Wafflers and he is the true socialist.

Now if industry isn't pulling it's load, as the Premier has suggested and others, there is an easy way of correcting it. They can merely change the rules of the game. They don't have to get in and play the game, but that seems to be the trend of the socialists, to want to not only change the rules, but to get in a play the present game.

I had occasion, last week, to meet with some businessmen associated with the mining business and they said they could deal with almost any government providing they knew the rules that they had to work under in advance and the rules were not change too frequently. But here we are with a Government introducing a Bill, making a major change in the rules, and making a major participation or getting into a major participation in playing the game with the private sector. If they are so anxious to get more exploration, and I think basically that's what they claim this Bill is intended to do, although there is no limitation on its scope, there are ways and means of doing that without getting into the oil, exploration, refining, marketing and transportation. There's just no doubt about it, it's just another indication of their trend toward a semi-socialized state, and this won't please the Member from

Saskatoon University. But when you see what is happening in the farm economy and now in the oil business, they'd love to do it in the machinery business. I expect when the Romanians do finally arrive here that the Government will be large participants. I believe this has been indicated. So that they will have a large role to play in the machinery business. We know where they are heading for in the hog business. We know where they are heading for in the hog business. What puzzles me a bit though is why they are going this far with the oil industry when it would be so much more simple to do it with the potash industry, which is pretty well restricted to our own province here and doesn't have many of the ramifications that the oil business has. But there is no doubt if the Members opposite support this Bill that they won't have much choice but to support the Hon. Member's motion dealing with potash.

Mr. Speaker, I know there are several who have some more to say on this and I certainly have some other views I would like to express and I ask leave to adjourn the debate.

Debate adjourned.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. MacMurchy that Bill No. 80 – An Act respecting the Negotiation of Collective Bargaining Agreements for Teachers be now read a second time.

Mr. A. E. Blakeney: — (Premier) Mr. Speaker, I very much appreciate the warm welcome accorded to me by Members on both sides of the House. I have just had the occasion to visit with the representatives who are from Queen's private staff and who are passing through Canada to discuss the arrangements concerning the Queen's visit to our province on July 3, 4 and 5. I was required to be out of the House to meet with them.

I wanted to direct a few remarks to the House on the Teachers' Collective Bargaining Bill. Before I asked leave to adjourn the debate I indicated that I wanted to reply to a few comments made by the Member for Athabasca. I have had the opportunity to review his remarks and I think that I will not detain the House very long by replying to them.

During the time of the 1968 debate on the area bargaining legislation, I took the position that we should try to stimulate local autonomy by having as much local bargaining as possible and it was on that account that I felt that a number of the provisions of the area bargaining legislation were unfortunate. I have remained an unreconstructed advocate of local bargaining and I have said this on many, many occasions to teachers' groups, to trustees' groups and to this Legislature. I realize the difficulties which surround the concept of local bargaining and, in fact, fear that the concept of local bargaining with respect to the salary grid has now been lost. In my remarks earlier in this debate, I referred to the fact that because of patterns of negotiation developed across the province as a result of the Saskatchewan Teachers' Federation and the Saskatchewan School Trustees' Association directing the bargaining at the local level and at the area level towards a salary grid that was province-wide in scope – because of these developments it was perhaps no longer possible to believe that local bargaining with respect to a salary grid is possible in an effective sense. I think that this is the situation that we are now faced with.

Based on the belief that local bargaining is nonetheless desirable with respect to other things which are possible to be negotiated at the local level, the Bill before us does provide, firstly, for the negotiation of the salary grid at the provincial level. In this I think we do nothing more than recognize an existing fact. And, secondly, it specifically provides for local bargaining on a number of other conditions of employment. And in that regard I think it is a positive addition to the number of items which will be determined at the local level and accordingly as a positive addition not only to local autonomy but also to ensuring that our educational system retains a measure of flexibility. I have on other occasions suggested that it is not entirely desirable to have a system whereby all of the conditions of employment between teachers and trustees at widely varying points in this province are uniform across province.

I have felt that there is merit in having a system which has sufficient flexibility so that innovation can be introduced, innovation with respect to how schools are operated, innovation with respect to the relationship between – let us say – teachers and principals, innovation with respect to methods of instruction which might be affected by a salary schedule. All of these things which might be affected by a salary schedule. All of these things I think can benefit from a system which permits innovation and change. Innovation and change is more difficult if we are laboring under a system of the bargaining of conditions of employment that requires that the conditions arrived at cover a large area. Innovation becomes less difficult and is stimulated by a system which permits variations at the local level on a number of matters affecting conditions of employment.

I want now to reiterate what I said when I last spoke in this debate about the constitutionality of the legislation before us. I want to say that the Attorney General of the province may have an opportunity to address this House more fully on the constitutionality of the Bill before us and I have not yet had an opportunity to examine into the constitutionality in detail. I have spent a short time on the matter. And based upon a relatively superficial examination, I am convinced that the Bill is intra vires. I am further convinced that the Party of which I am a member will take the position that the Bill is intra vires.

And if it is the position of the Liberal Party that separate schools are not governed by the ordinary school law of this province, I think they should say so. It is not the position taken by the Government. We believe that the law is and the law should be that separate schools should be governed by ordinary school law except, of course, for the firm protections with respect to religious education.

We believe that separate schools are and should be covered by the ordinary law with respect to the hiring of teachers, with respect to the dismissal of teachers, with respect to the tenure of teachers, with respect to the qualification of teachers, with respect to the membership of teachers in the Teachers' Federation. We say that that is the law and we say it should be the law. And we will defend the right of the province to make laws of that nature. If the law which we are proposing is challenged in the courts we will defend it. Not only will we defend it but we will call upon the Liberal Party in this province to join with us in defending it.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — We will call upon the STF to join with us in defending it. We will call upon the SSTA to join with us in defending it. We will invite other provincial governments across this country to join with us in defending it.

We believe that our position as a province requires us to defend the legislative jurisdiction of this province and every province to deal with primary and secondary education.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Quite frankly, I am surprised that the Liberal Party would suggest that a province of Canada does not have the power to legislate with respect to primary and secondary education — does not have the power to determine the conditions of employment, the qualifications, the rules with respect to hiring and firing of teachers in primary and secondary schools.

Because I say if the Liberal Party or if anybody else in this province says that the Province of Saskatchewan or the Province of Alberta does not have the power to set these rules, to make these regulations with respect to primary and secondary education, they are saying that these two provinces and perhaps other provinces, are in a very real sense second-class provinces in this country. I take the view that we are not a second-class province. I take the view that we have the same rights to legislate with respect to primary and secondary education, subject only to the acknowledged rights of religious education, that other provinces have. I say that as a matter of law, The Saskatchewan Act is meant to be an almost precise take-off from Section 93 of the BNA Act. I say that if we are inhibited, if we are inhibited in making laws in the manner suggested by the Leader of the Opposition (Mr. Steuart), then I suggest that other provinces in Canada are inhibited by the same combination of Section 93 of the BNA Act and the ordinances and laws which were in effect when they entered Confederation.

I say that is not the law of Canada, it ought not to be the law of Canada and I am surprised that the Liberal Party would suggest that it might be the law of Canada.

I want to say that we do not share their view. We will not be dissuaded from acting as we have proposed to act by that view. We propose to take the position that the people of Saskatchewan can and do have the right to deal with all matters respecting the employment of teachers in all public schools in this province, whether they be separate schools or not. We propose to take that view; we propose to act on that view and we ask all Members of the House to join with us in defending the legislative jurisdiction of the Province of Saskatchewan in that regard.

Some Hon. Members: — Hear, hear!

Mr. A. R. Guy: — (Athabasca) Mr. Speaker, I just want to confine my comments today to the remarks of the Premier.

I think it is rather strange that he has taken the attitude

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that he has. After all . . .

Mr. Blakeney: — Mr. Speaker, on a Point of Order. Has the Member of Athabasca spoken on this Bill?

Mr. Speaker: — He adjourned the debate but didn't pick it up when he was next called.

Mr. Guy: — I want to confine my remarks to the issue that was raised the other day by the Leader of the Opposition regarding the constitutionality of Bill No. 80 and the reply by the Premier both the other day and today.

First of all I must say that the reply by the Premier was completely inadequate, to say the least. The Leader of the Opposition made a very simple request. That request was whether the question of this Bill being ultra vires of the Legislature had been raised and should be considered. It wasn't raised by the Liberal Party as is being suggested by . . .

An Hon. Member: — Ohhh.

Mr. Guy: — It had been brought to the attention of the Leader of the Opposition and certainly as a responsible member of any political party and any responsible leader and any responsible Member of the Legislature, when an issue is raised and he is being asked to put forth that particular idea or thought to this Legislature, it is his responsibility to do so.

But for the Premier to go around saying that the Liberal Party is trying to destroy the rights that the province has is absolute nonsense. He is doing nothing but trying to drag a red herring across the trail.

The Leader of the Opposition made a very legitimate request bringing to the attention of this Legislature a question that had been raised to him. And he asked that the Government take another look at the Bill with the possibility that perhaps it was ultra vires.

Mr. Blakeney: — He asked us not to proceed with it.

Mr. Guy: — And he asked you not to proceed until such time as you had adequate legal advice and the Premier I don't think is the final and absolute legal authority on the constitution in this country and I hope that he would be the first one to recognize that.

But the Premier charged to his feet the other day as if the very integrity of his Government was at stake because this Bill had been questioned in the Legislature. That wasn't the case at all.

His main argument, if he had one, and it was difficult at that time to see it, appeared to be that if the Act was ultra vires, so was The Teachers Negotiating Act of 1968 and a whole series of education Acts would be affected. This could well be

the case. There have been many occasions over the history of the provinces in Canada where legislation going back 20 or 30 years has been found to be ultra vires when the question was raised. If the question is never raised it is never tested in the courts. So there is nothing so devastating about the fact that some of these Acts that had been passed 20 years ago might be ultra vires of this Legislature, it has happened before. I am sure that when the Minister of the former CCF-NDP Government introduced amendments to The School Act and The Salary Act in 1953, that they took a cursory look as to the constitutionality of it, I would be surprised if they didn't. But I would also be very surprised if they got the authorities on the constitution to delve into it in any great depth. I am sure that in 1968 when The Salary Negotiating Act was brought in by our Government that the Attorney General and the Minister of Education at that time looked into the constitutionality of it, but again, not with the depth that is perhaps necessary if you are going to get a final decision in that regard.

It isn't until the question is raised that a full indepth study on it is considered. So I don't think that the argument that if it was found to be ultra vires it would affect other Acts has any rationality at all.

All that the Leader of the Opposition did the other day was to bring to the attention of this Legislature, as was his right, in fact it was his responsibility, the possibility that had been brought to his attention, that this Act could be ultra vires because of the ordinances of the North West Territories and The Saskatchewan Act of 1905. And the Premier's suggestion that if this legislation is ultra vires that the same thing would happen in other provinces is not necessarily true. The other provinces of Canada, as he well knows, four of them came in under the BNA Act directly, the other provinces came in under completely different Acts like in the Province of British Columbia, for example, the North West Territory ordinances did not apply to that province before it came in, so you can't use that as an argument why the supposition that was put forth by the Leader of the Opposition might be wrong.

I want to make it very clear before taking my seat that it is not the Liberals who have raised this issue. It is not the Liberals who are against the province having control of education. It is not the Liberals who are trying to raise this as a herring to prevent the passing of this Act.

All we are saying is that the possibility does exist, the possibility has been raised and it was the responsibility of the Leader of the Opposition to bring it to the attention of this House. What the Government does in this regard, I guess the Premier has made very clear today. But at least we have raised the possible problem. It is on the books of the Legislature and that was the purpose of the speech of the Leader of the Opposition.

Some Hon. Members: — Hear, hear!

Mr. D. L. Faris: — (Arm River) Mr. Speaker, I was very entertained by the comments from the Member for Athabasca (Mr. Guy). It reminded me of a performance of a trained bear on a unicycle in the circus, going around and around in circles but mainly pedalling backwards. It was very interesting because the comments from the Leader of

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the Opposition were probably amongst the most mischievous and divisive that we have heard in the House this Session. And to say that it wasn't the Liberals that raised this question is blatantly false and the people of Saskatchewan know that it was the Leader of the Opposition who raised this issue in this House.

But I want to go on now to refer to Bill 80 and the very sad background in regard to teacher collective bargaining which we have had in this province under area bargaining.

I want to say this, that the parents of Saskatchewan are fed up with the squabbling between trustees and teachers in this province. They want a bargaining system that will work.

Some Hon. Members: — Hear, hear!

Mr. Faris: — From 1949 to 1968 there was unit bargaining. In that 20 year period there were 1,500 teacher days lost due to strikes etc. An average of 75 teacher days per year. In 1968 the Liberals were asked by the trustees to try one area or provincial bargaining. Instead the Liberals brought in area bargaining. From 1968 to 1972 there were over 6,000 teacher days lost due to strikes. An average of over 1,500 teacher days per year.

Area bargaining created 20 times the number of teacher days lost per year as under unit bargaining. In addition it created hard feelings by taking up to 18 months to finalize negotiations. We believe that trustees, teachers, parents and children will all benefit from a system that works.

Parents in Alberta are looking with envy at Saskatchewan. They have area bargaining in Alberta. In 1971 they had a 11-day strike in the northern area and a 3-week strike in the Calgary area. This year they had a 3-week strike in the Lethbridge area. This strike affected 1,350 teachers and 27,000 students. And I want to say one of the remarkable things about this strike is how little coverage it received in the newspapers in Saskatchewan.

In this year alone, 1973, this Alberta strike meant over 20,000 teacher days lost and over 400,000 student days lost.

The situation was so bad that the Conservative Government imposed a Press blackout in Alberta. And then they forced the teachers back to work. The Calgary Herald, in reporting the strike said:

Protest meetings by parents highlighted strike activities during the last week. One of the liveliest was at Pincher Creek where ratepayers, Thursday, called for law suits against both sides.

Mr. Speaker, the parents called for law suits against both sides, against trustees and teachers. That is because parents want a system that will work. It is up to the trustees, the teachers and the Government of Saskatchewan to sit down and make Bill 80 work. Parents will hold them responsible.

Mr. Speaker, I am pleased to support Bill 80.

Some Hon. Members: — Hear, hear!

Mr. H. H. P. Baker: — (Regina Wascana) Mr. Speaker, I notice it is getting quite close to the 5:30 hour. I have a few remarks to make and I don't think I can complete them before 5:30 and I ask that you would call 5:30 at this time.

The Assembly recessed until 7:00 o'clock p.m.

Mr. Baker: — Well, Mr. Speaker, after that delightful dinner downstairs I don't feel like speaking now at all. But I want to make a few remarks and particularly I wanted to direct a few words to the Member for Athabasca (Mr. Guy). Seeing he is not here, all I can say about his talk this afternoon is that he created a new dance trying to get out from a thorny question and problem they created last week. A well-known dance being the fox-trot, I think that his could be called the back trot, with what he said today and what was brought up last week. I am not very happy in having that brought before this House. You know it is a thorny problem and could create a lot of trouble.

However, I am not here to direct my remarks to the Member for Athabasca. I will leave that for another day. Mr. Speaker, I want to go on record as supporting Bill No. 80, because I believe that it is a good Bill. I commend the Minister and my colleagues on this side of the House for coming up with a sound working document which I am sure in time will appeal to parents, students, trustees and teachers.

Outside of the salary grid, superannuation, principals' and vice-principals' allowances and group insurance, this Bill, as I see it, gives back most of the decision-making once again to local unit boards.

The Minister deserves credit in working out the document. It once again restores local autonomy and this is as it should be. When area bargaining was introduced local autonomy and bargaining rights were taken away on most matters. The former Government, through area bargaining, was on the right track in negotiating salaries on a more centralized basis, but it seems it didn't go far enough. It pitted one district or area against the other. It also took away local autonomy on most matters.

The trend, or course, was towards more centralized bargaining even by using areas for salaries.

This Bill now puts the salary grid bargaining right where it belongs, on a centralized overall provincial basis. A sort of a triumvirate body using the Teachers' Association, the trustees and the Government. Equal representation on this negotiations group with the STF and the SSTA is a fair and just decision. Five members from the Government side makes sense, too.

I say this because it is the Government who puts up most of the educational money and it should have some say in now it should be spent, particularly for teachers' salaries.

When we see that around 75 per cent of education costs are borne by the province now, it makes good sense to participate in the spending of it. 53 per cent is paid out directly and if we would consider the \$144 Property Improvement Grant it would come to that figure of 70 per cent or more. The \$144 for property

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taxes, no matter in what category we put it, still applies to our assessment and property system.

If the teachers and trustees went together they can easily outvote the Government representatives under this legislation. In other words, complete control can still be achieved locally through trustees and teachers. The Bill makes good sense. It will stop creating the same kind of confrontations between parents, teachers and students at the local level, particularly when their salaries are in dispute.

Everyone becomes involved locally when there are strikes or threat of strikes. Parents and students didn't really want to be that closely involved. It usually created a lot of bitterness between staff, students and parents. This bitterness to the same extent can now be avoided through this Bill.

As I see it, this Bill will once again, give back the dignity and complete respect to the teaching profession, which this fine profession deserves. They deserve this sort of recognition and honor because our youth are entrusted to them for direction and guidance more than ever before.

Today, in many instances, they act as parents as well. We need, and must have, the best in the teaching profession. This Bill will continue to help attract the best teachers in the field. This Bill will enhance the principle of equal pay for equal work. This Bill will encourage our teachers at all times to keep abreast with higher standards of education. In it they will see security in the continuance of good salaries and secured fringe benefits. This Bill will also give the respect to the trustees in being equal partners in the negotiations.

Trustees and parents at all times must be involved in producing better curricula for educational purposes. This complete local responsibility is now restored in school matters.

Our way of life for teachers, trustees and parents has come a long way since the little red schoolhouse days. Negotiations, when we think back to 30 or 40 years ago, were not permitted before the CCF got in in 1944. Perhaps it existed in the odd pocket area on a hit and miss basis.

Wages of \$30 to \$50 a month were the order of the day. The teacher had absolutely no voice in trying to get a change. There was practically a complete collapse of the kind of respect needed in the teaching profession to maintain a proper role in the community. Teachers were stripped of their rightful place in community matters. The teaching profession lost that something needed in the district when teachers had to be pushed around like an unwanted child, to board from place to place in order to make ends meet for the school district and themselves.

It was common to see teachers on relief and on salary at the same time. Most salaries paid were made through promissory notes that were not negotiable. I vowed then as a teacher in the late '30s and early '40s that if I someday had any say in the arranging of the payment of teacher salaries I would go all the way.

Yes, teachers deserve the best. I said, when I was in Opposition, and I say it again today, that the time is not far

off that through negotiations, salary cheques will be mailed directly to teachers from the Department of Education. This is coming and I hope it does, because I don't ever again want to see a teacher subjected to the denigration they had to go through in years gone by.

That is why this is an excellent Bill, because it restores completely some of the things lost over the years in this fine profession. Likewise, it also gives that necessary involvement and respect to trustees who also lost a lot of their community recognition, because of some of the things that they had to do, which I am sure they didn't like doing either.

And so, Mr. Speaker, we have this bi-level bargaining. Matters of local concern, will be bargained locally, matters of provincial concern will be bargained provincially. No aspect of one will hamper the other. I can see no possible objection to the concept of bi-level bargaining. I believe it is a system which will work to the benefit of our teachers, of our students and of our trustees.

Mr. Speaker, I wholeheartedly support the Bill.

Some Hon. Members: — Hear, hear!

Mr. C. P. MacDonald: — (Milestone) Mr. Speaker, I just want to add a few words to this debate before it closes and I have no intention of prolonging the debate. It has had a fairly good discussion in the House but I want to make the position of the Liberal Party very clear. We oppose this Bill, and oppose it very emphatically, for several basic reasons.

Number 1 is the fact that the Government of Saskatchewan has taken over from the school trustees the authority to negotiate teachers' salaries. There has, without question, been an erosion of local autonomy and the responsibility of school boards.

School boards are elected in the Province of Saskatchewan because they are the representatives of the parents. The parents traditionally and constitutionally in every way have been given the right to have the responsibility for the education of their children.

With this Act 65 to 75 per cent of their budget has been removed. I want clearly to point out that the Government is not the employer of teachers. The school boards of the Province of Saskatchewan are the employers of teachers.

I know of no other Act, or of any other group of employees in the Dominion of Canada, where someone who is not the employer has taken over the responsibility of negotiating salaries on behalf of somebody else who is the employer and those people, under strong objection, from the actual employer himself.

2. We feel that this legislation is bad legislation. As I indicated earlier in this debate, the reason that it is bad legislation is because it does not reduce conflict but enhances the opportunity for conflict.

Mr. Speaker, surely one of the basic principles of any negotiating process, of the machinery for negotiation of any

type of dispute, should be to reduce the amount or the opportunity for confrontation.

Now we have, Mr. Speaker, confrontation at the provincial level, we have confrontation with three parties at that provincial level, we then have confrontation at the local level in 100 or so different negotiations.

3. The separation of the contract into local and provincial will fracture the negotiations and the principle of bi-level negotiations is certainly not a good one. Salary negotiations have always been considered a package. One year a negotiating team might come in and insist that this year we will take a small reduction in the grid with the hope that we can expand the fringe benefits. Another year they may feel that superannuation or sick benefits are the key issue in negotiations and, therefore, we will satisfy or sacrifice part of a portion of the grid, or be satisfied with a lower amount in the grid.

On other occasions it may be important that the grid is the most important single item and there may be little or no fringe benefits or demands. But in this particular Act we find that the grid and the principal allowances are separated; they are fractured from fringe benefits. And anybody who can suggest that fringe benefits are not a part and parcel of a salary negotiation or a salary contract I think is barking up the wrong tree.

The Premier, of course, said that it was a good idea to have some flexibility, some deferential between negotiation of contracts and fringe benefits at the local level. It provides an opportunity for innovation.

I would suggest that this is not the history. When one unit is able to succeed in a demand in fringe benefits then it immediately becomes the wedge for every other single contract that is being negotiated in the province, either the same year or the following year.

The Toombs Report, the Minister's own committee, emphasized the importance of one level negotiations in order not to fracture negotiations and to separate the whole or the total package, which certainly is the most fundamental and basic principle of any good negotiating contract.

4. The Toombs Report made a very specific recommendation to de-politicize the negotiations between trustees and teacher. It recommended that the Government stay out of it. It recommended that it was about time that politics were eliminated from The Teacher Salary Negotiation Act or from any negotiations between teachers and trustees.

This has done exactly the opposite. It has put the Government right smack in the middle of the negotiating table. And if anybody can suggest that politics cannot play a very important and fundamental part in the negotiations in the future of teacher salary negotiations in Saskatchewan, I say they are blind or they refuse to accept reality. Whether it be the Government itself, at the moment of an election, or perhaps it is the teachers or the trustees at the moment of an election, or perhaps the Government immediately following an election, no one can separate the salaries of public servants or civil servants from politics and now we find that now the exact same

thing has happened in The Teachers' Collective Bargaining Act.

I should also like to ask the Minister when closing his remarks if he could answer a couple of questions. How is it possible to negotiate superannuation benefits into the provincial level when the superannuation benefits are contained in statute?

We have before this Assembly now The Superannuation Act of the teachers of the Province of Saskatchewan. We are bringing forth amendments which change the benefits. And when that Superannuation Act is passed in this Legislature it becomes a statute of the Province of Saskatchewan. It is no longer negotiable. The only way that it can be changed is to bring back, into this House, an amendment to that Superannuation Act. Yet, the Minister suggests that superannuation benefits are going to be negotiated at the provincial level.

Is he really saying that they are going to be discussed; that consultation is going to take place; does he intend to repeal The Superannuation Act; does he intend to remove the statutory guarantees of The Superannuation Act, or just how is he going to negotiate superannuation benefits at the provincial level when they are guaranteed by statute and the only way in which they can be changed is an amendment to the statute.

This, to me, is a very puzzling one. Another thing that does concern me is the fact that principals' allowances are being negotiated at the provincial level. The Act says that you cannot negotiate the conditions of employment. But how is it possible, how can you negotiate principals' salaries without negotiating function?

I ask the teachers on the other side of the House: How can you negotiate a principal's allowance without negotiating the function of that principal? There are no two schools in the Province of Saskatchewan, I suggest, where the teachers' responsibilities are identical. In other words, how are they identical?

In some schools principals teach 90 per cent of the time. In some schools they teach 50 per cent of the time. In some schools they teach 25 per cent of the time. How is it possible to negotiate a principal's allowance on a provincial basis where there is absolutely no relationship to the function or responsibilities of that particular principal?

I only want to make another small comment on the constitutional issue, which the Leader of the Opposition brought up.

I was very discouraged and almost disappointed in the remarks of the Premier this afternoon, when he turned around and accused the Liberal Party of bringing up a constitutional issue that he would be willing to fight. And all I am saying is, of course, you are willing to fight it or you wouldn't have the Act before you. On a constitutional issue it is not a question of whether the Bill is a good or bad one, the question is whether it is a legal one; whether this Assembly has the right and the responsibility to pass those amendments. That is the important thing, whether this Act does or does not, infringe upon the constitutional right of separate schools. That is the issue. Whether it has the legal right to do it, not whether this Act is a good one or whether this Act is a bad one.

It is certainly the responsibility of the Attorney General of this Government, is the responsibility of this Government as a whole, to ensure that any Act which they bring before this Assembly is constitutionally intra vires. I should like to point out that I am not disputing the fact that there may have been other Acts that were ultra vires. That in all probability if this Act is ultra vires I would suggest that area bargaining is also. I don't dispute that. But in no way does it remove the responsibility of this Government from ensuring that this Act is a legal Act or whether it is not.

I also want to say that I have been rather disappointed. I had hoped that the discussions on this Act would have been an educational discussion. I would suggest that it has been nothing but a political discussion. I don't think there have been two Members on that side of the House who have stood up and talked about the Act itself, including the Minister when he introduced the Bill.

The only thing that I can recall of any real substance that the Minister said other than his attack on area bargaining, was the fact that his reasoning for introducing this Act and placing the Government at the bargaining table, was the integrity of finance. Now I hope the Minister will explain what he means by the integrity of finance, when he closes his remarks, a little better than he did when he introduced the Bill. Because if he is suggesting that the Government of Saskatchewan is the only organ or the only administrative jurisdiction in the Province of Saskatchewan that can spend public funds with integrity or not, I would suggest that he is talking nonsense. Because all the jurisdiction in the Province of Saskatchewan have demonstrated that they have some integrity in local government. Whether it be SARM or the urban municipalities or the school boards, I should also like to suggest to the Minister that the record of his Government on the integrity of finance hasn't been that good. Whether it be the purchase of Intercon, the purchase of shares in IPSCO, the cancellation of the pulp mill and so forth. We could go on and on and talk about the integrity of finance. I suggest that the school boards in this province have done a fantastic job in managing the finances of the local ratepayers in the school business of this province.

Over the years they have built a school system that without question is the most difficult to have built in Canada. No other province in Canada has a scattered community every five or seven miles because of the grain industry and we are called the Bread Basket of the world. There is no question about it, we have the most difficult and the most expensive school system in Canada to manage, to build and to develop and certainly the school boards of the Province of Saskatchewan deserve nothing but plaudits for their efforts in managing, not only the growth and development of a school system from an educational standpoint, but also from a financial one. I would hope that the Minister might discuss what he means by 'integrity of finance'. If he is referring to the fact that the Government contributes 53 per cent as against 47 per cent, I find that difficult to be called integrity.

The only other thing that the Members opposite discussed was area bargaining. They began with a straight political debate. They suggested that area bargaining didn't work. That area bargaining only brought hostility and confrontation. I should like to suggest to them that it is not the mechanism of

negotiation but the spirit of negotiators that make the success or failure of the negotiations. I should also like to tell you that I believe that area bargaining has worked, for one reason it has brought less confrontation, less strikes, less dispute than perhaps any province in Canada. The Member from Arm River (Mr. Faris) just stood up and gave us a brief summation of what has gone on in the Province of Alberta in the past year. It is not all area bargaining. Go into the Province of British Columbia and look at their record. Go to the Provinces of Ontario and Quebec and look at their record in confrontation and dispute. The only thing that we can say about area bargaining in the Province of Saskatchewan is this, that some of the settlements took a long time and perhaps that was because we have two good hard-nosed negotiators, but that in no way disputes the merit or the demerit of the settlement involved. That's the only argument Members opposite have put up. They don't believe that area bargaining has worked and I say that is a political argument. One that they started and originated way back in 1968.

I want to repeat, that when I spoke on second reading at the beginning of this debate, I indicated that I wasn't here to protect area bargaining or to defend it. I believed in it. I think that most of the Members on this side of the House do. We are willing to accept a Bill that works. We don't believe that this Bill will work. I believe that the first two sets of negotiations '73 and '74, oh, they will be pretty amiable. If they don't make it work in 1974, until after that 1975 election, they are in real trouble. But I suggest in the years ahead, the conflict and confrontation available in this Act will provide the basis for hostility far greater than in area bargaining.

Mr. Speaker, I hope that they will look at what has happened in area, local and provincial bargaining across Canada. What the real difficulty is that all of a sudden, for years during the depression in the early '30s, 40s and '50s, teachers' salaries fell far behind other areas of equal competence and other professional groups. Therefore, as they grew in strength in their organization and the Saskatchewan School Trustees grew in strength in its organization, the teachers legitimately raised the standards of salaries, there was a real battle that took place and real hard and tough negotiations. That pattern is not related to Saskatchewan alone. The Minister of Education knows that. That is a national problem. It goes on in all our neighboring provinces and as I suggested with far more difficulty than in the Province of Saskatchewan.

Now, Mr. Speaker, I hope the Minister is intending to bring in some amendments. I hope he will indicate what those amendments are so that we, in the Opposition, will have an opportunity to assess them. If he doesn't bring in some amendments we certainly will be and we will support amendments that will improve the legislation. But I want to repeat, we will not support this Bill in second reading because we think it is a bad Bill. We object most emphatically to one principle more than any other, that the Government has in every other Act that has been brought in practically in this Session with any substance, the Government is grasping more and more control over the social, the economic, the educational life of the people of Saskatchewan. For that reason and for that reason alone, primarily, we will not support this Bill on second reading.

Mr. H. H. Rolfes: — (Saskatoon Nutana South) Mr. Speaker, I want to say a few words on Bill 80. I can't help but make a few remarks on Bill 80 because I can remember well 1968 when area bargaining was brought in. Let me say from the outset, Mr. Speaker, that I firmly believe that the Members opposite felt that area bargaining was the way to solve the teacher-trustee confrontation. I have no reason to believe otherwise. But to say today that area bargaining was a success, when you look back on the last five years, is simply not to face reality. The Member from Milestone knows full well that negotiations took longer, they were more costly during area bargaining than we had previously. Those are facts. To say that this particular Bill takes away from local autonomy, again, does not face reality. I have a few clippings here from various newspapers. I have one dated January 12, 1968 from the Star-Phoenix and it says:

Trustees see lost autonomy for gain in efficiency.

And the people opposite will well remember the man who said this, he goes by the name of L. C. Duddridge. All right, loss of autonomy for gain of efficiency. And again, Mr. Byrnes stated in December of 1972, that trustees sacrificed their role for efficiency and that they sacrificed this when area bargaining came in.

Now when the Members opposite say that this particular Bill is going to erode local autonomy, how could they possibly in 1968 even advocate that agents ought to do the bargaining for local trustees? That Bill provided for agents to do the bargaining for trustees and teachers. I can remember in 1969 when we had an agent for area six and we constantly waited for the agent to find time to negotiate. There were weeks on end when we never negotiated.

I was talking to a trustee on Saturday last in Saskatoon. He said, "Look, when negotiations have gone on for 12 or 14 months and they bring in a settlement, you'd be ridiculous to say that you wouldn't accept that. After 14 months of negotiations, as a trustee, you are not going to say that you are not going to accept it." He informed me that he had very little to say about what was negotiated and what was settled.

What did a trustee from Maple Creek feel like about area bargaining? What did a trustee from Humboldt feel like in area bargaining? They never had a real say in the negotiations.

I agree with Members opposite when they say that certainly there were some trustees who did most of the negotiations, who were strong in their viewpoints and had strong personalities and they did the negotiations. When the Member from Milestone said (I think he did that in second reading on his first speech some weeks ago) area bargaining worked because it closed the gap between rural and city teachers. With that fact I can't argue. But ask the city teachers if area bargaining worked. Certainly when you give teachers in the city two per cent or three per cent and give the rural people seven or eight per cent you close the gap. That might be a laudable objective but it certainly wasn't acceptable to the city teachers.

I want to say that one of the reasons that area bargaining didn't work is because there were no consultations before

implementation. I have many clippings to show that in 1968 there were no consultations with the teaching group of this province. In January or February of 1968 the teaching group met with either the caucus or Cabinet. At that time they were handed a copy of the Bill. They were told, here it is.

The previous Minister of Education said that he endorsed the Moore Committee Report and yet in 1968 he opposed free collective bargaining. He said he could not understand how voluntary bargaining was going to work. He says that compulsory arbitration was needed, which was not in keeping with the Moore Report. The Member from Wilkie (Mr. McIsaac) and the Member from Milestone (Mr. MacDonald) accused the Government of taking over negotiations. That is absolute nonsense. From 1968 to 1970 what did you people opposite do? You said six per cent, no more. How can you negotiate when you set a guideline of six per cent and if you exceed that threaten the trustee with cutting off grants or lowering of grants? How can you possibly negotiate under those circumstances?

The former Education Minister, the Member from Wilkie, indicated that we really set guidelines too. I emphatically disagree with that. There are no guidelines set. If boards feel they want to pay eight or nine or ten per cent they certainly can do that but it is up to the local board, as it was last year, to raise the mill rate if they so desire. I really don't understand the logic of the Members opposite when the former Minister said, "There will be no official bargaining at the local level." We provide in Bill 80, that certain items must be negotiated at the local level and you people say that we erode local autonomy. What kind of logic is this, gentlemen? It just doesn't seem to make sense.

The Member from Milestone said that you cannot negotiate a principal's allowance at the provincial level without negotiating working conditions. I know he wasn't serious, he can't be serious. He was a former teacher but I don't know if he was a former principal but if he was, then he knows that you can negotiate your salary at one level and negotiate the number of days off from your principal's duties, the number of special teachers that you have on staff with the board at the local level. You know that. Under special allowances in Bill 80, boards can negotiate more allowances for teachers. We, on this side, still consider principals and vice-principals as teachers. Why can't you negotiate special allowances for principals there? You can do that, you don't want to face reality. That's exactly what the Act says, special allowances for teachers can be negotiated at the local level.

Mr. MacDonald: — . . . negotiate at both levels.

Mr. Rolfes: — Yes, they can and what is wrong with that?

Mr. Speaker, the Member for Milestone said that he could not support this Bill because it did not reduce the areas of conflict. I think that statement really categorizes the Member for Milestone. Because if you take that to its ultimate conclusion, what he is really saying is that he is against free collective bargaining, because in free collective bargaining there is always confrontation, there is always conflict and what I have to assume from that is that he will want the opposite and that is no negotiations. That is what he wants and that is

exactly what they did from 1968 to 1970. They gave us leeway from zero to six per cent but that was it and even then the six per cent was in doubt. So I would say to the Member opposite that when he speaks about Members on this side of the House only giving political arguments for this Bill, this is absolute nonsense. If he reviews his first speech that he made on this Bill what did he call this particular Bill – an abortion. I know, Mr. Speaker, that he will someday regret those words. If he studies this Bill carefully, which gives back to the trustees at the local level some of their autonomy that was taken away from them in 1968, he would not call it an abortion. I think the people of this province, and certainly the trustees and teachers, will not forget it.

Mr. MacDonald: — . . . trustees won't be happy.

Mr. Rolfes: — That's right, they won't, and many of the trustees already have accepted the Bill. They are not happy with the Bill in its entirety, neither are the teachers happy with the Bill in its entirety. But the objective of the Bill was to bring in something that would replace area bargaining and something that would work. That was the objective of the Bill. I think in doing so this Government looked at the reality that existed and said, all right what do we have today and in what direction should we move. I agree, however, with the Member opposite when he said, "It will only work if the spirit of the negotiators is right." Certainly, we as teachers, did not accept area bargaining, that doesn't mean we didn't try to make it work.

Mr. MacDonald: — (Moose Jaw North) It didn't work.

Mr. Rolfes: — Well, the Member from Moose Jaw I don't think that he would be considered as an expert on education at this particular time. I would even place more faith in the Member from Milestone and that's getting well . . .

An Hon. Member: — Was he alone?

Mr. Rolfes: — No, he took somebody with him, he wouldn't dare go alone. But you know he misleads this House by saying that he was welcomed with open arms at the teachers' convention.

Mr. Speaker, I will not criticize the Members opposite from bringing in last Thursday, the fact that this Bill might be ultra vires. But to simply say now that they possibly recognize that area bargaining was ultra vires, is it true that maybe it just dawned upon them Thursday that area bargaining might be ultra vires. I want to give credit to a leading trustee who over the weekend commented that he would not fight this Bill on the fact that it was ultra vires. He would much sooner fight this Bill on the merits of whether it is good for

education. I am not saying that we should go ahead with the Bill if it is ultra vires. From what I have been given to understand it is not and we should therefore proceed with it.

Mr. Speaker, I should just like to finish by saying that I believe if both sides, the teachers and the trustees truly accept the Bill in the spirit in which it was introduced in this House – that is on the principle of workability and on the principle of trying to take out of negotiations those things at the local level that really belong on the provincial scene – it will be successful. If trustees and teachers accept it in that spirit I do believe we have a Bill that is workable. This Bill will give trustees the opportunity to spend more time on those problems that trustees were really meant to work on and that is program, developing new ideas in the curriculum and trying to get parents involved into the educational program as much as possible. I really do not see how anybody can say that because we negotiate salaries at the provincial level that this takes away any of the authority that the trustees have had from 1968 to 1973. The only way that we could possibly restore the full autonomy that they had was to resort back to local bargaining. I want to say that in my maiden speech in 1971 I urged this Legislature and I urged this Government to return to local bargaining. However, I also said that if this were not possible, or were not acceptable, that I should like to see the major items negotiated at the provincial level and the rest returned to the local level. I think this Act does that.

Before I sit down, I should like, however, to ask the Minister to bring in an amendment. I should like to have some clarity on the definition of teacher. I should like to make absolutely certain that this Bill does not include any more personnel than were included under area bargaining. I should like to refer to such people as the director of education, superintendents of education that work at the central school board offices. I don't read it in the Act that this definition of teacher includes, them, but in talking to some of the trustees they would like us to come up with a different definition to make absolutely certain that it will exclude these people. With this, Mr. Speaker, I would again like to say that I support this Bill for two reasons.

First of all, I think it is workable and secondly, it does restore some of the autonomy that the trustees should have at the local level. It will permit school boards to become as flexible as is possible under the present circumstances.

Some Hon. Members: — Hear, hear!

Hon. G. MacMurchy: — (Minister of Education) Mr. Speaker, in closing debate on The Teacher Collective Bargaining Act let me say that initially I'll talk about the Bill. There was a great deal of comment on the other side of the House about the fact that I didn't talk about the Bill when I introduced second reading. I'll talk about the Bill once again, very, very briefly.

The Teacher Collective Bargaining Act itself contains a number of innovations that are unique to educational bargaining in Canada. Bi-level bargaining recognizes the partnership of the province, school boards and education. It permits access to the decision makers at the level that they make their

decisions. That applies to the Government, it applies to school boards and applies to teachers. A bargaining system must reflect the true pattern of decisions if it is going to work. Bi-level bargaining does reflect that pattern.

Another unique feature of the Bill is the two-route choice of negotiating methods. Two alternatives are set out. One of them is the so-called negotiation arbitration route. The arbitration route provides that either side may call for binding arbitration of any issue at any time after negotiations have started. Upon such call being made, arbitration would be used regardless of the wishes of the other side. A second route is the so-called free bargaining or conciliation route. This alternative permits either side to call for conciliation of any issue after bargaining starts. Conciliation may or may not be instituted, that would be the choice of the educational relations boards, depending on whether the board thought conciliation would be productive at that stage. Also under the second route there is provision for arbitration. The difference between arbitration under this route and arbitration under the first route is that this time its use would require the agreement of both sides. Because the surrender of free bargaining tends to weigh more heavily on the employee than on the employer it would be up to the teachers to choose which route they wanted to follow at any given set of negotiations.

A third feature of the Bill that makes it unique is the Educational Relations Board, the board is basically a modification of the Teacher Relations Board proposed by the Toombs Committee with referee powers. It will be made up of two teachers appointed by the STF and two trustees appointed by the SSTA. The four appointees will choose a fifth member to be the chairman or if they cannot agree the Chief Justice of Queen's Bench Court will make that choice. The board's powers lie in appointing arbitrators, mediators and conciliators.

Another unique feature is that provision is made for two-year contracts; the reason being that with wider scope, negotiations will have to be more detailed. They will take more time. The two-year contract avoids the lengthy annual hassle that has occurred in each of the last five years and which has been so damaging to the image of education.

It has been suggested that there should be some amendments put forth to the legislation during Committee of the Whole. I agree. There have been suggested amendments from the other side of the House about sick leave, Mr. Speaker. The Member for Nutana South (Mr. Rolfes) talked about an amendment relating to the definition of teacher. I have here a memo from the SSTA which suggests some amendments to the legislation. We have from the STF council some suggested amendments. May I say to the Member for Milestone (Mr. MacDonald) the Opposition education critic that we are looking at these amendments. As I did in the case of the House amendments to The School Assessment Act, I will make them available to him before we go into Committee of the Whole and we can discuss them then.

We have had a very, very quiet debate on The Teacher Collective Bargaining Act when I thought it was going to be interesting and lively, for on one winter day the Member for Milestone came into the House and he exploded on the changes in The Teacher Collective Bargaining Act. I have been blamed, and blamed fairly severely, for talking about the history of

area bargaining. I find that very interesting. It is certainly the way the Members opposite would like to operate because they would rather have it that we don't talk about the history of area bargaining. They would want to say that the trustees were at fault because of area bargaining not working, they would want to say that the teachers were at fault because area bargaining was not working. In fact neither is true. Neither the teachers nor the trustees were at fault so far as area bargaining was concerned. It was the kind of legislation that was brought forward by the Members opposite in 1968.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — Now this Bill is the result of 18 months of discussion and consultation. The Member for Milestone – and someone the other day said 'Millstone', I think that's true with respect of this legislation because he did tie a millstone around the necks of the Opposition on this legislation that winter day – notice the consistency of the Member! He talked that day, as I remember, about the powers of the Teacher Relations Board taking over the whole of the teacher salary negotiations, the whole of education in fact. Then when he talked about the Bill after second reading in this House before the galleries full of people, he said the Teacher Relations Board doesn't have enough power. Now isn't that interesting! The Opposition critic liked referring to the 18-month discussion and consultation and the hour long speech that I made – I thought it was a good speech.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — He said that I labored like an elephant and I brought forth an abortion. Others said we should set the Bill aside and we should have some more discussion. Do they have a more satisfactory Bill? They refused to talk about area bargaining. As a matter of fact the Leader of the Opposition said, "I guess it didn't work. I guess it didn't work!"

If there is a better piece of legislation than Bill 80 I should like to see it.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — We can listen to their complaints, and we have had plenty complaints, but now is the time it seems to me and seems to this Government for constructive action and this is constructive action.

Now the Members opposite asked a question: Will the new (I think it was the Member from Athabasca) – will the new legislation improve the relationship between trustees and teachers? I say that the relationship between trustees and teachers is better now after the 18 months of discussion with the Government than it was before.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — I say that the fact of the Government sitting down with trustees and teachers discussing and negotiating things that are of provincial nature will improve that relationship.

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I say also that trustee and teachers sitting down together at the board level is bound to improve that relationship.

One of the charges being made against the Government is that our participation opens the door to so-called power politics in negotiations. Now this is an interesting charge considering where it comes from. I have listened to the Members being so pure and so pious and saying, "We didn't get involved in negotiations," saying that the pupil ratio didn't hurt negotiations, it didn't move things centrally. Is there anyone who can pretend that politics had no effect on area bargaining because of the pupil-teacher ration? If the 6 per cent guideline was no political interference then there is no such thing as political interference.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — The province is putting up 53 per cent of school operating costs in direct grants. If you add the Property Improvement Grant, the total is 70 per cent. The Government controls then the portion of the money that really determines the settlements, namely the margin of increase. We all know of our commitment to the average 25 mill plank for educational costs. Obviously the Government is involved. The real question is, how to handle that involvement. This Government believes it is much better to recognize the facts of life in this situation. It is much better that the Government, the trustees and the teachers sit down at the bargaining table and work things out than to pretend that we are not involved. That is the whole thrust of new legislation, to accept the realities and to meet them honestly.

Another charge made against bi-level bargaining is that it somehow erodes parental control of education. I think that is a silly charge that is almost meaningless. We heard the Member for Nutana South quote from a speech of L. C. Duddridge. How much difference will this present legislation make at the old board table at Govan that I sat at, than area bargaining legislation? I say it makes a lot of difference because under the old legislation no negotiations took place at the table at Govan. Now, there will be negotiation taking place at the bargaining table at Govan.

If we really want to be truthful the lack of participation by parents is one of the major defects of the school system today. We must seek new ways of restoring the good relationship of school and community, of parent and teachers. We are going to do something about that.

There is a renewed interest which we recognize in the development of local central boards. You have heard us talking on this side of the House about school councils which means some kind of parental involvement at the school level.

Now another charge being made against the Government role in bargaining is that it has not worked elsewhere. There has been a good deal of comment about what has been happening in other provinces. Critics of the system cite Quebec as an example. Let's consider the situation in that province. Quebec does have a provincial bargaining mechanism, it does have its problems. Let us remember that until 1962 Quebec did not even have a provincial school system and no department of education.

The growing pains take on different proportions. Furthermore Quebec education is very highly controversial, it is the centre of an intense cultural debate. These add further to the fire. I do not believe that the situation in a relatively stable unified province such as Saskatchewan can possibly be compared to what goes on in Quebec. You heard the Member for Arm River (Mr. Faris) talking about the situation in Alberta and how the parents in Alberta are looking with envy to Saskatchewan and this new legislation. I would inform Members that the Minister of Education from British Columbia has already asked for and has been sent a copy of the new Teacher Collective Bargaining Act. A week and a half ago, I had a call from the Hon. Mr. Tom Wells, the Minister of Education in Ontario. He said, "I have a problem and I have heard about your new Bill, bi-level bargaining, Education Relations Board, two-route process for negotiation. Send me a copy of the legislation."

Mr. Speaker, the Member for Wilkie (Mr. McIsaac) and the Member for Milestone (Mr. MacDonald) talked about the Toombs Report. The Member for Milestone talked about it very briefly, the Member for Wilkie talked about it at some great length. I want to ask the Members of this House who was in favor of the Toombs Report? The Toombs Report was not government policy. Much of the Report and the ideas that were in the Report are contained in this Bill – but by no means was it government policy. In presenting the Toombs proposal to trustees and teachers, what kind of a reaction did we get? The teachers said, no, because the Teacher Relations Board as proposed in that Report had too much power. The trustees said, no, to the Toombs Report. They said, no, because they wanted area bargaining; they said, no, because the Teacher Relations Board, as the teachers said, had too much power. And really the Government said, no, to the Toombs Report because it didn't recognize the economic realities that exist today in this province. It didn't recognize the facts of life; it didn't recognize the partnership between the Government and the school boards; it didn't recognize the uniqueness of school systems where some negotiations should take place. So who was in favor of Toombs? Toombs and the Member for Wilkie and the Member for Milestone. These are all of the people that are in favor of Toombs.

Now the Leader of the Opposition (Mr. Steuart) and the Member for Athabasca (Mr. Guy) and to some limited extent, the Member from Milestone (Mr. MacDonald), suggested action in the courts. They said the Bill is unconstitutional but may I say the Attorney General's Department say it is constitutional. There is no question about that.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — They have suggested action in the courts. How does this kind of action in the court, relate to this legislation; how does it relate to The Larger Units Act and The School Act, The Foundation Grants Act? Are they suggesting that there be two Teachers' Federations in the province? Are they suggesting that there needs to be two bargaining laws – one for the public schools and one for the separate schools?

Mr. Speaker, school legislation in this province, including The School Act, and The Larger Units Act, The Teacher Tenure Act and The Teachers' Federation Act, has gone considerably further in respecting rights of religious groups, in respecting

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rights of minorities than is required under the BNA Act, or The Saskatchewan Act.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — If the Members opposite, including the Leader of the Opposition, is saying the rights of religious groups, the rights of minorities are frozen as of 1901, it is a good question as to whether the religious groups or the minorities themselves would be happy with that kind of limitation.

Mr. Speaker, to select one technical point, with no real certainty of its merit and its validity, seems to be playing fast and loose with the much larger question of religious rights and minority rights and the normal evolution of legislation in keeping with the changing times to give expression to more enlightened treatment of groups and individuals where cultural, ethnic and other considerations are relevant.

It would be regrettable if the Leader of the Opposition fails to set, or to take into account, lessons of history and the development of legislation in this province in this regard over the last 70 years, and especially the last 25 years, Mr. Speaker. It is interesting that the Leader of the Opposition has overlooked the great debates and the tensions of the period between 1915 and 1918 and those of the late '20s and the early '30s. My assessment, Mr. Speaker, of the history of the last 40 years is that since about 1930 the people of this province decided that they wanted no more of the debates and the controversy over issues of religion and language and so on, which divides people, which cannot be resolved by tests of strength, which only impose artificial limits on co-operative development and, Mr. Speaker, it is only in co-operative development where all can be winners in this province.

Mr. Speaker, the Government is interested in a system that will work. This means a system that corresponds to the economic realities of education; a system that can recognize free collective bargaining; a system in which the participants are able and prepared to shoulder responsibility for their actions and most of all a system in which the participants can honestly place their confidence. There is no question in the principle of this Bill, in which the teachers have placed their confidence. As I hear reports from branch meetings of trustees, the trustees too are becoming prepared to place their confidence in this legislation.

Some Hon. Members: — Hear, hear!

Mr. MacMurchy: — The introduction of such a new structure is bound to be controversial, because it does involve change. Change in a familiar area, must be traded for power in an unknown area, and there is bound to be a resistance, it's natural and we can believe it sincerely, given a year or two under the new legislation all parties, including the Members opposite – and I ask them to think about this when they vote – all parties will agree that the cause of education will have been well served by the introduction of Bill 80.

Some Hon. Members: — Hear, hear!

Motion agreed to on the following Recorded Division.

YEAS — 37
Messieurs

Blakeney
Dyck
Meakes
Wood
Smishek
Romanow
Messer
Bowerman
Thibault
Larson
Kowalchuk
Baker
Brockelbank

MacMurchy
Pepper
Byers
Whelan
Kwasnica
Carlson
Engel
Owens
Robbins
Tchorzewski
Cowley
Taylor

Matsalla
Richards
Faris
Cody
Gross
Feduniak
Mostoway
Comer
Rolfes
Oliver
Feschuk
Kaeding

NAYS — 14
Messieurs

Coupland
Loken
Guy
Grant
Boldt

MacDonald (Milestone)
McIsaac
Gardner
Weatherald
MacLeod

Lane
McPherson
Wiebe
MacDonald
(Moose Jaw No.)

The Assembly adjourned at 10:04 o'clock p.m.