

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fourth Session — Seventeenth Legislature
10th Day

Wednesday December 12, 1973.

The Assembly met at 2:30 o'clock p.m.

On the Orders of the Day.

WELCOME TO STUDENTS

MR. H.H. ROLFES: (Saskatoon Nutana South) — Mr. Speaker, indeed it is a pleasure for me to introduce to you, 79 Grade Twelve students from Aden Bowman Collegiate in Saskatoon. They are sitting in the West gallery and they are accompanied by three teachers, Mr. Washenfelter, Mr. Barber and Miss Zombathy. My colleague Wes Robbins and myself met with the students for about one-half hour just before the House opened and we were very pleased with the questions that the students had. One of the topics most on their minds, of course, was the topic of energy so we know that they will enjoy this afternoon as the Minister will give second reading to the Bill on energy.

Mr. Speaker, Aden Bowman Collegiate is one of the many excellent collegiates that we have in Saskatoon. Aden Bowman has just had a new addition put on. It has a very good academic record and it is certainly known for its success in football, although sometimes we at Holy Cross don't want to acknowledge that. Thirdly, Mr. Speaker, I should certainly like to commend Aden Bowman's success in the area of drama under the successful direction of Mr. Hinitt. I hope the students enjoy themselves this afternoon and under the adverse weather conditions that they have a safe trip back to Saskatoon.

HON. MEMBERS: Hear, hear!

MR. W.A. ROBBINS: (Saskatoon Nutana Centre) — Mr. Speaker, I might wish to just add a word or two with respect to the comments of my colleague, Mr. Rolfes, from Nutana South. Perhaps it is proper that I do since they built that new addition on, the school now borders the Saskatoon Nutana Centre constituency which runs along Taylor Street.

I appreciated the opportunity of meeting with the students and very much appreciated the questions they were asking just before the House sat. I sincerely hope they will enjoy the proceedings this afternoon in the Assembly and I wish them a safe journey home.

HON. MEMBERS: Hear, hear!

QUESTIONS

SAVING OF CRUDE OIL

MR. E.F. GARDNER: (Moosomin) — Mr. Speaker, before the Orders of the Day I should like to direct a question to either the Premier or the Minister of Industry (Mr. Thorson). In view of the Premier's statement that he is saving our crude oil for our own people and so our

own farmers can put the crops in and so on, about what percentage of the diesel fuel and gasoline now being used in Saskatchewan come from Saskatchewan crude oil?

HON. K. THORSON: (Minister of Industry and Commerce) — Mr. Speaker, the fuels which are refined in Saskatchewan from crude oil are done on the basis of crude oil which comes into Saskatchewan from Alberta and not from Saskatchewan.

MR. GARDNER: — Mr. Speaker, I don't think the Minister answered my question as to the percentage. Did he say that it all comes in from Alberta? Also would the Minister then agree that if Alberta keeps its oil for its own people that we would be out of diesel fuel and gasoline almost immediately?

MR. THORSON: — Mr. Speaker, I would expect that before Alberta runs out of oil and before the National Energy Board permits them to continue exporting to the United States some consideration might be given to the interests of people of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

STUDY ON FOOD STORES

MR. J.G. LANE: (Lumsden) — Mr. Speaker, before the Orders of the Day I should like to direct a question to the Minister of Consumer Affairs (Mr. Tchorzewski).

I note that there was a study, I understand at the request of the Government of Saskatchewan, it was a matter of pricing of food stores. I understand from the study that only chain stores were studied and that only three chain stores were studied. Am I correct in assuming that the criteria established by the Government were that only chain stores were to be studied or were co-operative pricing studied, also?

HON. E.L. TCHORZEWSKI: (Minister of Consumer Affairs) — In reply to the question, initially in this study which was done under the Youth Employment Service Program, the three major chain stores of Saskatchewan were studied and the pricing patterns in those stores were considered in that study.

MR. LANE: — Mr. Speaker, I have never heard of a greater abuse of the summer employment program in my life.

MR. SPEAKER: — Order! The Member realizes he can't debate an answer.

MR. LANE: — I asked a supplementary question, of why did the Minister of Consumer Affairs purposely avoid studying the matter of co-operative food pricing. Was it really to justify and cover up the Government's failure to fight inflation or were they merely looking for, a scapegoat in pricing? Is that the Government's intent, Sir!

MR. TCHORZEWSKI: — The comments, Mr. Speaker, by the Hon. Member opposite are on the fringe of nonsense. The study was made to determine the degree of integration of the food industry in Saskatchewan from the point of view of the major food stores, food chains and to determine what their share of the Saskatchewan market was. It was never indicated by myself or anyone else that that was a final study. It is an initial study and there may be further studies in the future on the whole aspect of the food retail marketing in the Province of Saskatchewan.

NEGOTIATIONS ON ROUMANIAN TRACTOR PLANT

Mr. A.R. GUY: (Athabasca) — Mr. Speaker, before the Orders of the Day I should like to direct a question to the Minister of Industry (Mr. Thorson) and it is an appropriate question considering there are students from Saskatoon here today. What stage are the negotiations between the Government and Roumanians regarding the tractor plant that is being established in Saskatoon?

MR. THORSON: — Mr. Speaker, the negotiations between the Government of Saskatchewan and the Government of Roumania or at least the commercial companies owned by the Government of Roumania with respect to the possibilities of marketing tractors and assembling tractors in Saskatchewan were carried on very vigorously in Roumania last March. At that time some understanding was reached between the two parties. Late in the summer of 1973 the Roumanians came to Saskatchewan and informed us that they would not be able to proceed on the basis of the agreements and understandings entered into last March. They now said that instead of having a market area for an assembly plant all across North America the market area would have to be confined to Canada. They said also that instead of them assuming the major financial responsibility for bringing in the parts and carrying the inventory that we would have to do that. We told them that on that basis since all of our studies about the market potential had been based on a North American market not just the Canadian market, and in view of that kind of financial risk which we would be asked to take, we would be unable to proceed on the basis of the understanding we had in March unless they would proceed also. They said they would not and negotiations were discontinued on a very cordial note on that basis.

MR. GUY: — A supplementary question. Could the Minister inform us of what use is being made of the old Fyfe Equipment site that was purchased by SEDCO for the Roumanian Tractor Company, as reported in the newspaper? What use is being made of that site today?

MR. THORSON — Mr. Speaker, with respect to that building I am not sure that the title has actually been acquired at this stage -by SEDCO but certainly we have an option to purchase it. We took that option for the express purpose of providing space and accommodation to a Roumanian distribution company. They have organized their own company to do that. They had a distributor located in Alberta. I understand that arrangement is being brought to an end and they are looking to establish their own distribution agency and we have accommodated them by purchasing this building and offering to rent it

to them for a time at least.

SECOND READINGS

HON. K. THORSON (Minister of Industry and Commerce) moved second reading of Bill No. 42 — *An Act respecting the Conservation, Stabilization and Development of Oil and Gas in Saskatchewan*.

He said: Mr. Speaker, I rise to move second reading to Bill 42. This will be, I think, an historic occasion in the Province of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — The Members will be asked to vote on the principles contained in Bill 42. Now essentially, Mr. Speaker, regardless of all of the various facts and opinions that may be spoken about in respect to energy, world wide, in North America or in this province, in this Bill we are going to have to consider three fundamental issues. One issue is financial. What will be done with the profits from oil? What will Canadian consumers have to pay for oil products? The second issue has to do with federal-provincial relations in this Confederation of Canada. What are the rights of a province in resource development? How can we develop a national energy policy in Canada? The third and most important issue of all is one of fundamental political philosophy. That is this — will energy from oil, be treated as a public utility or will it not?

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Mr. Speaker, those are the three issues we have to decide on. Those are the fundamental principles of this Bill. We will determine where people stand on the basis of how they vote on each one of those issues.

Let me move quickly to outline to the House the provisions in this Bill. I will go over them in outline form. The Bill is in six parts. Part I which becomes effective on January 1, 1974 imposes a 100 per cent provincial charge by way of mineral income tax and Crown royalty surcharge on windfall profits obtained from the production of crude oil and natural gas in Saskatchewan if the prices exceed average 1973 levels. That is defined in the Bill as the basic well-head price.

Let me make it clear that an owner of 1,280 acres, that is of two sections of land or less, of producing oil and gas lands is exempt from this new provincial charge and therefore he will be able to continue to collect royalties on the bases of future prices even if they are higher than average 1973 levels.

Where the extra income obtained is the difference between the basic well-head price, that is the average 1973 price, and the premium well-head price which is the 1973 year end price, a difference of about 30 cents per barrel on the average, and where this extra income is spent on research, or exploration and development, or processing facilities in Saskatchewan with respect to the oil and gas industry, then such expenditures are exempt from the income tax and royalty surcharge.

For expenditures on exploration after a producer has made the deduction of 30 cents per barrel he may claim up to 50 per cent of additional exploration when approved by the Minister in an agreement to be entered into with the Minister.

Every six months a review of production costs can be made by the Minister upon application to him and he can pay back to the producer sufficient to cover these increased production costs, that is over and above the average 1973 prices, which are approved of by the Minister.

Now, Mr. Speaker, what will happen to these funds to be collected by this 100 per cent tax on future increases obtained from rising oil prices. The revenues will go into a special oil and gas development fund and they will be used for the following purposes:

1. They will be available to reduce wholesale prices of refined petroleum products in Saskatchewan.
2. They will be used to fund the activities of Saskoil or any company collaborating with Saskoil in the exploration and development of oil and gas resources.
3. They can be used to improve energy supplies for Saskatchewan whether it is in the form of research or investigation into yet unused sources of energy in the province.
4. The funds can be used to encourage and assist research in oil and gas production methods.
5. To assist and encourage persons other than Saskoil to explore for oil and gas.
6. And, finally, of course, the funds will be available to improve the general revenues of the province.

Part II of the Bill raises the acreage tax on privately-owned non-producing mineral lands from the present level of 20 cents per acre to 50 cents per acre. In that respect I want to emphasize the exemption from this mineral acreage tax for individuals owning 3,200 acres or less of undeveloped mineral rights will still apply.

Mr. Speaker, this increase in the mineral acreage tax is being established in order to encourage large mineral owners to explore and develop them or if they continue to sit as speculators they must pay the Crown the new rate of tax for that privilege.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Part III of the Bill becomes effective on the proclamation of it only, that is this part which empowers the Minister of Mineral Resources, to set wholesale prices for refined petroleum products within Saskatchewan. Whether that will have to be used or not and how extensively it will have to be used will depend to a large extent on what the Federal Government does about retail prices for petroleum products. Presently they are frozen and there will be no need to proclaim this Act, so long as that federal price freeze remains in effect.

Part IV of the Bill which becomes effective on December 10, 1973, that's last Monday when the Bill was introduced, takes from certain companies, which are listed in Schedule IV, and vests in the Provincial Government the oil and gas rights to proven reserves situated in producing tracts in the province.

The following will be exempt and will continue to hold their oil and gas rights. First, the owners who have 1,280 acres or less of producing lands; secondly, beneficiaries under a trust whose beneficial interest is 1,280 or less of producing lands and thirdly, owners who have mineral rights below existing producing horizons.

Now, of course, Mr. Speaker, when the Crown takes title, that title will remain subject to any existing lease and thus the lessee operator will be able to continue operations under virtually the same conditions as he has done in the past.

Compensation to the title holder shall be made by allowing the company to retain its royalty interest on the basis of prevailing prices for crude oil and natural gas at the well-head in Saskatchewan on December 10, 1973.

The company may also be paid by another option, and the option is up to it to exercise if it wishes to do so and if it can enter into an agreement with the Minister. The company may be paid a discounted lump sum which is based on the remaining proven reserves and Bank of Canada prime lending rates at December 10, 1973.

Now in some cases the owner and the operator will be the same company and consequently there will be no lease in existence. In that case the owner shall retain a royalty interest based on the appropriate rate under existing Crown royalties for such wells and it shall have a lease from the Crown under which production shall continue.

Let me point out for special attention Sections 36 and 37 of the Bill, Mr. Speaker. Under Section 36 the Crown may acquire mineral rights by purchase and may acquire liens by purchase as well. Now there will be an amendment to that Section, a House amendment, to clarify that the Crown's authority to purchase mineral lands is universal in the province and is not confined as the present wording would suggest 'only to those minerals not otherwise affected by this Act'.

Section 37 contains an error in the wording, which is misleading and is not intended. Section 37 will be amended to substitute the word 'surrender' for the word 'cancellation' so that the Crown may acquire a lease by purchase or by surrender from the present lease holder.

Part V of the Bill, which becomes effective on the day it is passed, amends The Oil and Gas Conservation Act by broadening its scope and enlarging the powers of the Provincial Government to control the production of oil and gas in Saskatchewan.

Henceforth our conservation principles, which will apply, will be based on wider concerns than simply technical matters of maximum production over the life of the field. It will be concerned with such matters as long term supplies and reserves for the province and with some economic considerations.

Part VI also becomes effective when the Bill is passed. It authorizes the Cabinet to make regulations to carry out the Act, consistent with its spirit and intent and it also forbids oil operators from stopping the production which would cause damage or loss to proven recoverable reserves.

There are also four Schedules to the Act.

Schedule I amends the Petroleum and Natural Gas Regulation of 1969, to provide for the surcharge on Crown royalties which I spoke of when I began to outline the provisions of the Bill.

Schedule 2 establishes basic well-head prices and as I have mentioned those are average 1973 prices for Saskatchewan crude oil.

Schedule 3 establishes premium well-head prices and those other prices related to current, that is this month's (December 1973) prices for Saskatchewan crude oil.

And, finally of course, Schedule 4, lists the companies whose producing oil and gas rights will be taken into public ownership subject to existing leases and subject to the right of the company to maintain its royalty interests that it has now, based on the basic well-head prices for 1973.

Now, Mr. Speaker, let me turn to some of the background which preceded the introduction of this Bill. Particularly, let me draw the attention of the Members to price increases and profits of oil companies. They have risen sharply in recent months. The trend is likely to continue. All are a combination of various factors at work. There is world-wide inflation. There are ever-increasing rates of energy consumption, especially in the United States, which creates increasing demand. The oil producing states, especially those in the Middle East, are deliberately raising prices and holding back supplies. Shortages of oil are showing up in various places and those feeling the pinch are bidding up prices. These factors have had a spectacular effect on crude oil prices in Saskatchewan. Using a weighted average, the price of Saskatchewan crude during 1972 was about \$2.43 per barrel. The average for 1973 is about \$3.08 per barrel. The present 1973 year-end price averages about \$3.38 per barrel. How did this come about?

Well there have been a series of crude oil price increases for Saskatchewan producers and they are as follows: On November 6, 1972 up 10 cents a barrel; on January 9, 1973 up 20 cents a barrel; on May 1, 1973 up 25 cents per barrel; on August 1, 1973 up 40 cents per barrel. That's a total increase in nine months of 95 cents a barrel.

So, the oil producers in Saskatchewan in August 1973 were getting 95 cents per barrel more on the average than they were in October, 1972. That's an increase from \$2.43 to \$3.38 in nine months. It's about 40 per cent higher in 1973 than the average of 1972.

After allowing for varying times for price increases, the average for 1973 is going to be, as I said, about \$3.08 per barrel. That's an increase of 65 cents per barrel higher than the average of \$2.43 in 1972.

Now, obviously, this had the effect of increasing revenues

for crude oil producers in the province. Those revenues, when gas production is included, were about \$224 million in 1972. They will probably be \$276 million in 1973. That's an increase in revenues of \$52 million. Now to be fair the costs have gone up as well. One item of cost increase for the industry, but of benefit for all of Saskatchewan, was the increase in Crown Royalty from the previous average of 10.6 per cent to an average of 15.8 per cent commencing April 1, 1973. The expenditures or costs to the producers in 1972 were \$126 million and are expected to be \$143 million or \$111/1 million in 1973. That's an increase of \$16 million. But the revenues will go up \$52 million. So the oil producers will be better off by \$36 million this year than they were last year as a result of their Saskatchewan operations.

Let's just look at the significance of these changes. Way back in 1954 the oil producers spent \$45 million in Saskatchewan and received in revenues only \$8 million. By 1964 the industry started to break even, so that by the end of the year the gross revenues received from 1947 to 1964 were equal to the total expenditures in the province. In 1964 revenues were \$192 million and expenditures were \$130 million. A profitable difference of \$62 million. The profit in 1972 alone was \$98 million and this year as I said, that will increase by \$36 million, so that revenues will exceed expenditures by \$134 million.

In the 25 years ending in 1973, the oil and gas industry will have spent in Saskatchewan \$2.3 billion. But its revenues have been \$3.1 billion. So, it has taken \$800 million from its activities in this province in two and one-half decades.

Now, Mr. Speaker, that's the background which takes us up to the current year, just before the introduction of the export tax by the Federal Government on all crude oil exports going out of Canada to the United States.

As I said, the price of crude went up 40 cents per barrel on August 1, 1973. The following September 4th the Government of Canada announced it would impose an export tax of 40 cents per barrel on all shipments to the United States commencing October 1, 1973, and also the Federal Government called for a freeze on domestic prices. According to the announcement these were temporary measures and would end by the 1st of February 1974.

But the outbreak of hostilities in October in the recurring Arab-Israeli war and its aftermath has had the result of reducing oil supplies available to eastern Canada which is almost wholly dependent on non-Canadian sources. It has also resulted in a jump in international prices for crude oil.

To keep pace with these price increases the Federal Government's export tax was raised to \$1.90 per barrel on December 1, 1973.

On Thursday, December 7th of this year, the Prime Minister announced that the domestic price freeze will continue until the end of this winter and the export tax is to be continued after February 1st next year. The rate and expiry date were not announced.

What do these export taxes mean in terms of revenue on exports of crude from Saskatchewan to the United States? Well,

we export about half of our total annual production of 85 million barrels, so when the tax was 40 cents per barrel, the Federal Government would have collected \$17 million per year on Saskatchewan crude oil exports. At the rate of \$1.90 per barrel, the tax by Ottawa on our oil production which is exported will be at the rate of \$82 million per year.

Now, from the time of its imposition the Saskatchewan Government has supported the export tax as an efficient way to keep in Canada the revenue which results from the sale of our depleting oil reserves to United States' customers. Without the export tax or an alternative the extra money would go to the oil producing companies. We think these windfall profits should accrue to the Canadian public.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — That is to the governments in Canada.

However, we have insisted that the producing provinces have first claim on these extra revenues. I wrote to the Federal Minister of Energy, Mines and Resources to that effect on September 21, 1973. I repeated our request to him at the Mines Ministers' Conference in Victoria on October 1st and I wrote him again on October 17, 1973. I followed that with a telegram to him on November 7th. I attended on him in his office in Ottawa on November 9th and again repeated the Saskatchewan position. The most recent occasion when this question was discussed was on November 23 in Toronto when all provincial governments were represented at a meeting with the Federal Minister.

So far, the Government of Saskatchewan has nothing but press reports and verbal statements from Ottawa which suggests to us that we will get a share of these revenues. I was told verbally by the Federal Minister that Saskatchewan would get 40 per cent of the revenues but would receive some reduction in equalization payments as a consequence. Since the Prime Minister's statement in Parliament last Thursday, I understand the percentage has been raised from 40 to 50. Again, I expect Ottawa still wishes to reduce the equalization payment to Saskatchewan.

Mr. Speaker, this is clearly not satisfactory. And all of us have to ask ourselves what can be done? Well, it is obvious to us in the Government of Saskatchewan that we have to impose some form of tax which we have the authority to do under our constitution. Otherwise this province will not receive the maximum benefit from the production and export of our oil.

As a province we cannot impose an export tax or do anything else which would amount to legislation dealing with trade and commerce. That's an area of exclusive federal jurisdiction under our constitution as it is found in the British North America Act.

However, we can legislate to deal with property in the province and to impose direct taxes in the province. That is what we intend to do by passing Bill 42. When it is passed there will no longer be any necessity to impose the federal export tax on crude oil leaving Saskatchewan for United States markets. Should we do this, Mr. Speaker? I say under our

constitution we can and we should.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — In support of that position I call to witness none other than the Hon. Donald Macdonald, Minister of Energy, Mines and Resources in the Federal Government. In the House of Commons on October 25, 1973 the Minister was speaking about the appropriate division of revenues which accrue from the rising crude oil prices. He made it clear in his statements (as indeed his export tax has made it clear) that he did not think the oil companies should get the windfall. But on the position of the producing provinces he had this to say as reported on page 7222 of Hansard:

It seems to me that if the province has chosen to protect a particular level of royalty as being the best and equitable return to that province from the resource, then we should take their word for it.

Mr. Speaker, that is a statement from the Federal Minister of Energy, Mines and Resources in October of this year.

Now if the Saskatchewan Liberals are going to support the Federal Liberals I would expect them to take heed to what the Federal Liberal Minister said about the right of the province.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — The right of the province to collect what it deems to be, as the Minister said, “The best and equitable return to that province from the resource.” Indeed, Mr. Speaker, both the Governments of Saskatchewan and of Alberta have been told by the Federal Minister that we should be capturing these windfall profits for the public. In Saskatchewan, Bill 42 will do just that.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Now what will be the financial consequences for this province? As I said, this legislation gives to the Minister powers to collect additional revenues. It will be done by defining the international price for oil as either the price at Chicago or at some other place in the USA less the transportation charges from Saskatchewan and, of course, it allows the Minister to define that international price at a lower figure. The revenues we collect will be the difference between that international price and the lower basic price, the average 1973 price in the province.

Now obviously, Mr. Speaker, we can vary the international price from time to time and from place to place. Exports can be based on Chicago prices. Sales in Canada can be based on alternatives which apply in Canada, let us say for instance, the Montreal price.

How much revenue is likely to be available? Well let me give the House two examples based on current sales of 85 million barrels per year going half to the USA and half to Canada. I wish to emphasize that these are examples only, and while

they could be reality, they are not intended to be the current situation nor necessarily a precisely accurate prediction of what may apply in the future. In the first example, let us suppose that the price at Chicago is \$4.98 per barrel, that would be the basic price of \$3.08 plus \$1.90. Let us suppose that the domestic price is \$4.03 per barrel, 95 cents less than Chicago. Then Saskatchewan should receive either \$120 million per year, if we tax everything over the basic well-head price, or \$95 million per year if we tax everything above the premium well-head price. The difference is \$25 million per year. That's the sum that would be left with the industry provided it spent the money on research, exploration or processing facilities in Saskatchewan.

Let me give a second example by way of illustration of what could happen. Suppose the price at Chicago is \$5.28 per barrel, that would be \$3.09 plus \$2.20. Let us suppose the domestic price is \$4.33 per barrel, still 95 cents less than Chicago; then Saskatchewan should receive either \$145 million per year if we tax everything over the basic well-head price or \$120 million per year if we tax everything above the premium well-head price. Again the difference is \$25 million per year, if the industry spends that sum in Saskatchewan on research, exploration, or processing facilities.

Now, Mr. Speaker, I emphasize that these examples are based on what could happen in the future. Revenues in the hundreds of millions of dollars will be available to us if prices for crude exports either remain as they are about \$1.90 per barrel above domestic prices or go up another 30 cents per barrel and if domestic sales realize only 95 cents per barrel more than the present price for oil. The domestic price, as I said, is now held down by the Federal Government's temporary freeze on prices, so that freeze which we are told will end at the end of the current heating season, could easily mean that prices for Saskatchewan crude on the Canadian market would rise by at least 95 cents when you consider that that would still be way below the international price.

Please note, Mr. Speaker, that these anticipated provincial revenues will still leave the industry making profits at current levels. In other words the industry will still have the benefit of the price rises that occurred in the last year or so to the commencement of the federal export tax on October 1, 1973. That will mean that the industry will be taking out of Saskatchewan about \$130 million more per year than it spends here.

No one can say that that is a bad deal for the industry in Saskatchewan. No doubt they would like to have more money. Who wouldn't? But they have no right to more.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — The future windfalls should come to the people of Saskatchewan. The people have a right to demand that for public benefits. Under our legislation they are going to get it.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Mr. Speaker, there will remain a useful role for the private sector in the oil industry in Saskatchewan. No one in

that sector will be worse off in the future. Each will have full advantage of price increases to the average 1973 level. There are going to be incentives to expand. If there are expenditures on research, development and processing facilities that incentive will be at the rate of 30 cents per barrel which will be exempted from the new tax, provided the money is spent here. Further exploration costs can be exempted up to 50 per cent of the level of expenditure.

Rising production costs will be recognized as a legitimate deduction from tax.

If some say that better geological prospects and greater financial incentives will attract capital investment elsewhere then that strengthens the argument in favor of retaining more future oil revenues in public hands to expand Saskoil's activities so that exploration and research in Saskatchewan is given some priority.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — As the exploration and research expands by the private sector and by Saskoil there will be increased opportunities for work by consultants, drillers, service personnel and all others who are needed in the oil industry. We need to increase our long term supply position as well as hold down wholesale prices, but, Mr. Speaker, we can't do either without the additional revenues which the measures in this Bill will provide

I turn now from financial matters to the rights of the province in Confederation. As I have always understood the position we have the right to control and reap the benefits from the development of our natural resources. For Saskatchewan that was surely the situation at least after 1930 with the transfer of these resources to the province by the Federal Government of the day. We all understood that to be the situation. But in the third week of October of this year we were shocked to find the Federal Government challenging that fundamental principle. The Minister of Justice, Otto Lang, is applying to be joined as a plaintiff in action started by a company opposing the Province's potash conservation regulations. From January 1970 to June 1971 under a Liberal Government in Saskatchewan no challenge by Ottawa. In fact the present regulations on potash were worked out in 1969 in consultation with the then Minister of Justice, John Turner. Why the change of attitude? Mr. Speaker, it must be the Liberal Party, in Ottawa and apparently in Saskatchewan. The Liberals are trying to prevent this province from controlling development of its natural resources as it sees best.

Fortunately the British North America Act affords us some protection from this assault on provincial rights. We can legislate on property. Therefore we must gain legal title to the oil in the province in order to protect ourselves from further attacks by Ottawa.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Now it is true, of course, that a simple imposition of tax would be easier but it would not be safer is we are to

accomplish our objective of determining who gets the windfall profits from future increases in oil prices. Mr. Speaker, those who vote for the Bill are supporting the principle of provincial rights to control resource development in the province.

This Government, Mr. Speaker, looks forward to participating in a federal-provincial conference on energy by first Ministers early in 1974. We think that will speed up the development of a sound comprehensive national energy policy. There is an urgent need for such a policy. We want to play our part. When we attend the conference the position of Saskatchewan should be clearly understood. The passage of this Bill will tell other provinces and the Federal Government where we stand.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — We assert our rights under the Constitution. We want the benefits available from the development of our resources. We are willing to negotiate on such matters as the price of our crude oil sold in Canada but concessions on our part should bring reciprocal benefits in the form of redress, of freight rate inequities, stability for our agricultural economy, more rapid industrialization of the prairie region of Canada.

We want a truly national policy so that the term Canadian unity has a significance and value for our children that it has so far not had for us or our fathers before us.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Mr. Speaker, that is not a parochial or provincial attitude. Quite the contrary. We have always been proud to be Canadians and we, in the West, have always paid the price for being Canadians.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Sometimes that has been a very high price indeed. We have had freight rates which discriminate against us; we have had tariff walls that keep up the prices of the things we buy. We have been, on international markets, often forced to sell at low prices the products of our labor here in Saskatchewan and in Western Canada. But, Mr. Speaker, we have paid.

Now others will share with us the burdens as well as the benefits of being Canadians. Surely the spirit of sharing does not suggest that people in eastern Canada will pay foreigners a high price for oil but will only be willing to pay us a lower price. What kind of Canadianism would that be? Let me be clear. Saskatchewan is prepared to co-operate in maintaining a price for energy in Canada that is related to Canadian conditions and Canadian costs.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — But that has to recognize all our conditions and all our costs in western Canada. It is in that truly Canadian spirit that we look forward to a national conference on energy. We need the support of this Legislature and the passage of this

Bill when we go to that Conference.

Mr. Speaker, let me conclude by setting out our position on the most fundamental issue of all. This Bill affords every Member an opportunity to vote according to his fundamental political convictions. More important than financial matters or federal-provincial relations is the question of the right of every citizen to have his government serve him and at the same time be responsible to him. That is the kind of government we try to be. That is why we have brought forward this Bill at this time. It is a Bill that puts the public interest first. We are not inhibited by any other doctrine and we are not restricted by any masters except the people of this province.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — We do not hesitate to have the Government take an active role in the economic activity. After all the job created in the public sector and a service rendered by a Crown corporation is no less valuable than if it was in the private sector. Nor do we think it necessary for the Government to own and have title to all productive assets in order to make them serve the public interest. Insofar as Bill 42 takes public ownership of oil it is only because that method is now necessary when the rights of a province in resource development are under attack by the Federal Government.

In the energy industries we are convinced of one thing. The so-called market economy will not satisfactorily allocate resources or distribute benefits. All energy industries are characterized by the monopolistic positions of producers. Therefore their prices and profits must be regulated in the public interest by democratically elected governments. Decisions about what to spend and where to spend investments in energy require public participation which seeks a greater good for all individuals in society than the narrow view of private investors or corporate managers who are not answerable in a truly democratic sense to the public.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — For those who say that public funds should not be used in risky matters like searching for oil, I remind them that the public is already providing the money. Mr. Speaker, there is no classical, economic competition of the Adam. Smith type in the oil industry. And, indeed, there cannot be. We should not deceive ourselves by a myth that has no reality but which can only allow private greed, armed by corporate economic power, to overcome the public good.

We know, in Saskatchewan, how we should proceed in energy matters. The history of the Saskatchewan Power Corporation affords us an outstanding example of how the public utility concept can be of service. I ask the Members to remember the features that are so outstanding about the Saskatchewan Power Corporation. First let's look at the expansion of the corporation in the electric system, in the gas system. That expansion over the last 25 years would not have been possible if we had not had one system which can cross subsidize between various areas and various consumers and which has a deliberate policy of universal service. And, Mr. Speaker, in that expansion,

particularly in the last two years, we have been extending our gas reserves by exploration undertaken by a publicly owned Crown corporation.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — I ask the Members to look at the cost to customers for the SPC. It's a well-run corporation. We get full value for the rates we pay. These low rates would not likely have been possible under private enterprise.

Thirdly, I ask Members to look at the effect of the Saskatchewan Power Corporation on our economy. We need low cost energy which is essential to industry. There is a place in that for outside contractors, particularly in matters of construction and in coal mining, to contribute to the work of the Saskatchewan Power Corporation.

Because of the expansion and the position of the Power Corporation, many service industries have expanded, the electricians, people in appliance stores and the like. In Saskatchewan our farmers are well served by having more power available to them because of our publicly owned Saskatchewan Power Corporation.

Fourthly, I ask the Members to look at how easily we are able to borrow money for the Saskatchewan Power Corporation to invest in capital expansion for present and future generations.

Mr. Speaker, in Canada, in Saskatchewan, we have to apply the same principle to oil that we have applied to electricity. These are not matters for private profit. The energy we need is too important to be left in private hands alone.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Those who incur costs and render service in the energy industry must be paid and should be paid well. But after that is done, the surplus funds, which are now available in the oil industry belong to the public and not to private corporation or interest groups.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — I do not mean by this that the structure and organization of the oil industry must follow in every particular and detail what has been done in the various provinces in electricity. But the principle of public interest before private profit has to be established and institutionalized.

Mr. Speaker, Bill 42 declares that principle and provides the means to make that principle effective here and now in Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — I urge Members to support the Bill on the vote.

SOME HON. MEMBERS: Hear, hear!

MR. THORSON: — Mr. Speaker, I move that Bill 42 be now read a second time.

SOME HON. MEMBERS: Hear, hear!

MR. D.G. STEUART: (Leader of the Opposition) — Mr. Speaker, it was two days ago that the Blakeney Government presented to the Legislative Assembly a new law which they claim will conserve, develop and stabilize the supply and price of natural gas and oil in the Province of Saskatchewan. This Act will give the NDP Government almost total control over every aspect of the oil industry from the oil well to the service station. This law that the Blakeney Government intends to bulldoze through the Assembly with no consultation, no open hearings and no honest opportunity for public discussion, will also allow them to literally confiscate and seize leases now owned by private individuals and companies in the Province of Saskatchewan.

Everyone, everyone, Mr. Speaker, should be clear and should clearly understand that this law is the beginning of the takeover of another industry by the NDP Government.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Using the oil crisis in eastern Canada and other parts of the world as an excuse, the Blakeney Government is moving in to nationalize this vital industry. To accomplish this, they will break long standing agreements, they will confiscate other assets. The NDP will decide themselves, no one else, exactly how much will be paid for the leases thus seized with no negotiations or no opportunity to appeal their decision to any board or to any court.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Mr. Speaker, common decency and common justice would allow any individual, or company, to at least a hearing before a price is set on the value of their private property before it is seized by any government. But, this, Mr. Speaker, is not the NDP way, as we have seen in their treatment of the timber industry just a year ago; of the hearing aid dealers, just a few months ago; and of the hog producers over one year ago.

Mr. Speaker, let us look at the crisis that set the stage for this power play by the NDP Government.

The Arab countries, in an effort to apply pressure to Israelis and their friends, have sharply reduced the flow of oil to some western nations and sharply increased their prices. This has resulted in a serious oil shortage in the United States, in other countries and in eastern Canada. The reduction in oil supplies has caused industry to curtail production and lay off workers in some cases. In fact, many of the western nations affected by the Arab oil boycott are in the midst of a recession. Eastern Canada has not been hit this hard as yet, but a long cold winter could put Canadians in that part of the country in a most difficult predicament. What about the Province of Saskatchewan?

We, Mr. Speaker, in the Province of Saskatchewan, we have all the oil we need now and for a long time in the future as long as the Province of Alberta does not cut us off. Let's make that very clear. Thanks to the Federal Government, to their price freeze, we have not faced any exceptional price increase in the cost of oil and gas to the public. In fact, the only price increase which we have had to pay here in Saskatchewan was caused in part by the NDP Government when they raised oil royalties, thus adding to the cost which was passed on, in some cases, to the consumers.

So, Mr. Speaker, we have no immediate crisis here in Saskatchewan, but we do have a problem and this problem should be dealt with by the Provincial Government. It is, of course, the responsibility of the Blakeney Government to take whatever steps are necessary to guarantee reasonable prices to our people for oil products and an assured supply for as long into the future as is possible.

Mr. Speaker, in this regard, we in the Liberal Party, would and will support any measure brought in by the Government to keep prices at proper levels and to conserve our energy resources for our own use, now and in the future as well.

How would we go about this if we were the Government? Well, first we would tell the people the truth about our own oil and that is that we have very little of it that we use for our own selves here in Saskatchewan. Most of our crude oil is either too heavy or too sour to be refined in our present Saskatchewan refineries. As a matter of fact, we sell it to eastern Canada, or to the United States, where they have constructed refineries especially to handle Saskatchewan crude. So the first thing we should be doing if we want really to ensure our farmers and other citizens of an adequate supply of gas and oil for the next 20 or 30 years, is either to get guaranteed contracts from Alberta, or change our refineries so that they can, in fact, refine Saskatchewan crude oil or both.

Now, Mr. Speaker, if we do this we had better hope that the Government of Alberta is prepared to honor leases and contracts better than our own NDP administration.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Or the deal won't be worth the paper it is written on. Ninety-six per cent of the oil used in Saskatchewan comes from Alberta, and if the Alberta Government took the same attitude as the Province of Saskatchewan, the economy of this province would be in danger of coming to a standstill. I don't think that the NDP Government should forget this when they take the very narrow, narrow regional view that they are taking in regard to our oil resources at the present time.

Mr. Speaker, something else. The NDP Government had better quit spending millions on part interests in meat packing plants and steel industries which don't need or want their money and start looking at our present refinery capacity. Anything less than this, giving us a guaranteed supply from Alberta, or doing something about our refining capacity in this province, is just play acting and is doing nothing to ensure either price or supply stability for the people of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Mr. Speaker, as far as price is concerned, we in the Liberal Party, do not, and I repeat, do not believe that our oil and gas prices should be set by an Arab power play or by international oil companies or anyone else over whom we have no control.

SOME HON. MEMBERS: Hear, hear!

We, in Canada, are the only industrial nation that is actually self-sufficient, in oil and gas as well as in hydro power and nuclear energy. So we can, and must, control both the price and the supply of all forms of energy. This means governments at all levels should use their power to control the production and the price of both oil and gas. But, Mr. Speaker, it does not mean the confiscation or the nationalization of the oil industry.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — It means that proper and reasonable controls to safeguard the best interests of our people and at the same time encourage the development of more oil and gas reserves by independent companies, by the government, by themselves through incentives, or through joint ventures. This does not mean that we in the Liberal Party would stand idly by watching oil companies reap fantastic profits because of the present artificially created world shortage.

In fact, it was the Federal Liberal Government that moved in to control prices with the export tax and price freeze months ago.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — I want to repeat that so the people of this province clearly understand that it was the Federal Liberal Government that moved in to control prices with the export tax and the price freeze months ago.

In the meantime, Mr. Speaker, Premier Blakeney has done nothing. He sat in stunned silence while international oil prices climbed and these large oil companies he complains about today, stood to make, and in some cases did make, huge fantastic windfall profits.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Let the people of this province remember that it was the NDP Government of the Province of Saskatchewan that sat idly by, doing nothing about profits, about supply, until the Federal Liberal Government moved in and put on export tax and put on the price freeze.

SOME HON. MEMBERS: Hear, hear!

Now, Mr. Speaker, why did the Blakeney Government fail to act? Was he too busy playing games with the breweries, giving away our money to Mr. Mendel and the Intercontinental

Packers, to recognize the real crisis developing in the oil industry? I don't know the answer. Maybe he wanted oil prices to skyrocket and supplies to become short so that he could move in to take over the industry claiming he was saving our farmers and car drivers from the clutches of the great giant oil monopoly.

Mr. Speaker, if this was the case, his plan backfired because the Federal Government acted with speed, decisiveness, and they stopped runaway prices before they began.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — I can tell you — they ask me who writes this — well they have a little trouble understanding the truth, if they believe what we heard from the Premier last night and the Minister today. Let me make it clear that we in the Liberal Party will support proper government legislation to control the oil prices and make sure our people have their needs looked after, now and in the years ahead. But just as emphatically, we will oppose this NDP move to break agreements, seize leases and take over the oil industry.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — We will oppose it because it is another example of the Blakeney Government failing to honor its contracts, breaking Government commitments, driving investment, men and brains out of the Province of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — We would oppose it further, Mr. Speaker, because it will in the long run result in less oil and gas discoveries in Saskatchewan and will mean eventually higher prices for all forms of energy for our people and make no mistake about that. This has already happened with our hard rock mineral resources.

Since the Blakeney Government came to power, there has been little or no mining exploration and not one new mineral discovery made anywhere in the Province of Saskatchewan. The two uranium mines that are coming on stream - Gulf Minerals, Rabbit Lake and the Mottka Mine south of Athabasca Lake, came in when we were the Government and as a direct result of our incentive program.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — The timber industry have had every contract and every lease broken by Mr. Blakeney and his Government, the man who will soon unveil his plans for a great number, I understand, of Government owned sawmills and veneer plants, all of which I predict will eventually fail, costing the taxpayers millions of dollars.

But, Mr. Speaker, the real harm in this Bill is what it is doing and will do to our reputation as a province. Seize control, grab power, break contracts, take away property, put people out of business, are actions one would expect from a

banana republic in South America.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — But, Mr. Speaker, seizing control, grabbing power, breaking contracts, taking away property, put people out of business are fast becoming the hallmark of the Blakeney regime.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — I have said before that the NDP Government declared war on business as soon as they came to power. This vicious law proves it beyond a shadow of any doubt.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Mr. Speaker, this Bill does something else. It is blackmail to eastern Canada, including the Maritime Provinces. Not just Ontario and Quebec, but the Atlantic Provinces as well are to be held up to ransom by the Blakeney Government if they want our oil.

The Premier said last night — Oh, they can have our oil, but someone, someone must pay us the full world price. What I say today — and someone says Hear, Hear! What you people in the NDP are saying to other Canadians is this — and remember you don't really have that much oil — but what you are saying is exactly this: Whatever the Arabs can gouge out of the Yankees, Blakeney will gouge out of eastern Canadians.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — You know, Mr. Speaker, I looked over at the NDP benches and I saw some of them applaud. They may applaud this but I will point out that this knife cuts two ways. We just got, after years and years of fighting, the two-price system for our wheat after many years of fighting and negotiations. This means now that when the world price of wheat drops below \$3 per bushel, and it will unfortunately, our farmers will still be paid \$3 for every bushel of wheat consumed in Canada and the Federal Treasury will make up the difference. That was put in by a Federal Liberal Government and negotiated by many western Canadians of all political stripes.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — That two-price system has already meant millions of dollars to Saskatchewan farmers and I say it will mean hundreds of millions of dollars in the years ahead. Most of it will be paid by eastern Canadians.

Now, of course, Mr. Speaker, we have many complaints and have had ever since we came into Confederation about unfair treatment from the East from successive federal governments about freight rates, about financial matters and about tariffs. I say that we are beginning to make some progress. I say to the NDP and to the people of this province that this cheap 'dog in the manger' attitude will balkanize this country, will

set East against West and will set back our fight for equity and will help to pull this country apart, not to unify it.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — I found the Minister's statement that he and the NDP were acting as Canadians, the most blatant piece of hypocrisy I have ever heard in this House. What they are actually doing is blackmailing everyone in eastern Canada because now at this moment in time they think they have some little advantage.

Mr. Speaker, let it be remembered that the amount of oil that we in Saskatchewan supply to Ontario and the Maritimes and the rest of the eastern Canada is relatively a small amount of their total needs. And for this small immediate little gain, I say the Premier is acting in a very irresponsible manner in the face of all the other important negotiations that he, as the head of our Government for all our people will be facing as long as he sits there as Premier.

I say if we do this, if we blackmail eastern Canada, we will be paid back many fold and we will deserve it. Sure we have been treated unfairly in the past, but again we are making some progress. I believe that the Premier should at this time, because this advantage won't last that long, I believe our Premier should set an example and act as a Canadian and not heap fuel on the problem of Canadian unity to gain a few cheap votes that he thinks he might gain by this policy.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Mr. Speaker, why is the Blakeney Government really taking this action to nationalize the oil industry and to gouge the rest of Canada for every cent we can wring out of them during this short-lived crisis?

First, the NDP have promised to nationalize or socialize, yes socialize, our resource development. They started last year with our timber industry. This year with the oil industry. Next year I suggest it will be the potash industry. However, let me say this, to those farmers, for example, who think the NDP will stop with the big fellows, the resource development. Let me remind them of the Land Bank and the compulsory Hog Commission.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Let me remind the farmers listening in that this Government, the only government in the history of this country that has already launched a program to acquire more and more of our farm land, in fact, they have now bought something like \$30 million of prime farm land. They have not, I repeat, have not sold one acre nor do they intend to.

I say how can anyone, any farmer with a lease, for example, with the Blakeney Government who openly boast of breaking contracts. They did it here to our people who came from the North the other day. The Premier boasted, yes, we have in fact, broken every contract with every timber industry, large and

small in the Province of Saskatchewan. I say how can any farmer or anyone else feel safe when they have signed a lease with that outfit, the NDP, the Blakeney Government.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — Why else have they done it? Saskoil, and as has been mentioned Saskoil has been a failure, Saskoil was laid in front of this Legislative Assembly in an attempt, I guess, to appease the left wing of the Party. Saskoil has been a failure. I think the Blakeney Government hopes by grabbing some land with great oil potential that they still might make Saskoil some kind of a success before the next provincial election.

I say to the people of this province, who is next on the list of NDP takeovers? I would say our number one industry, agriculture will be next if this Blakeney Government survives the next election.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — I say again, with already \$30 million of farm land already bought up and not one acre returned, I warn our farmers that they, the major industry in this province with our single greatest resource, our farm land, will be next if the NDP Government survive the next election.

What about the money grab? Why has this Government moved in to take advantage or joust with the Federal Government? Of course they are entitled to most if not all of the taxes from oil. And, of course, he should negotiate and, of course, the Federal Government will give some of it to him and we will support him in his negotiations to get all that is coming to the people of Saskatchewan from our oil industry. Why this money grab? I think it is to pay to begin with for the so-called free hospitalization, so-called free medicare; the meat packing plant, more welfare, Cabinet world travel and a host of new Government employees.

Mr. Speaker, the tragedy of this is that after the oil crisis is over, and it will pass, we will have kicked our best customers when they were down. We will have guaranteed an end to serious new investment in our province. We will stand, in fact, they the NDP, the Blakeney Government and he is Premier, we will stand for all to see as a Premier and as a Government whose word and whose contract mean absolutely nothing.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — You, Mr. Premier and your NDP Government will have, consigned us, the people of Saskatchewan, to continue as a third rate province not to be trusted by anyone as long as you are in power.

This has been described as a vicious Bill and it is. It will have the most serious repercussions now and in the future. Not even your supporters deny that. The Government is going to rush this through with no chance for anyone in the industry for anyone in the public to be heard or to make suggestions. This Session was called to present to the people serious

legislation and then give them time to consider it. This is the only really controversial Bill we have seen and they say they are not going to rush it. Well, you didn't watch your Premier on television last night, he said we will sit here until we pass it. And with 45 to 15 you will be able to steamroller it through in a short time. But I challenge you if you are serious about democracy, if you are serious about listening to the public as you say, refer this Bill to a committee. It wouldn't hold it up, you could still have your meeting in January, with your Bill in your pocket. Refer it to a committee. What's the rush? What's the mad rush for a week or two? Refer this Bill to a committee, have hearings even if they only last three or four days. I tell you there will be people who support you, there will be people who oppose you and there will be people in the public that neither support or oppose you, but really want to know. And it is just possible, Mr. Premier and your Members of your NDP Government that there are people in this province and outside this province who might come forward with good well intentioned, sincere suggestions that would help you do what you say you want to do. If, in fact, you say you want to control prices, and we applaud that, if in fact, you say you want to really conserve our oil, our gas, for the best and long term use of our farmers and other people in this province, we applaud that and so do all people in this province, then take the public into your confidence. Give the public a chance to say what they really feel about this Bill and to offer suggestions.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — I say to you, Mr. Premier, don't use your huge majority to steamroller this Bill through, a bill that will change the direction, not just of the oil industry, I am not talking about the oil people, they can look after themselves.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — It won't mean anything to the oil industry if they leave this province and it won't mean anything to our party. But I say to you, what you are doing now will affect the development and the future of people in this province, not just now but for decades ahead. So I say, give the people a chance for at least two or three days to come before you, make their case, listen to them and by some chance you may find that someone might have some intelligence beside you. You know you are not the possessors of all the intelligence, you are not the people, just because you got elected with 45 Members, who have all the knowledge or all the good will, or all the desire to make this a better province, you are not. So I say, I challenge you to listen to the people. In two or three days they would flock here, they would put their case for and against and neutral, then bring the Bill in and I guarantee you if you do that we will do everything to assist in the passage of the Bill, even if we don't agree with it.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: — I challenge you to do that. As the Bill now stands your arrogant dictatorial attitude now stands, we, in fact, will oppose the Bill with everything we got.

MR. K.R. MacLEOD: (Regina Albert Park) — Mr. Speaker, the Hon. Minister in presenting his case to the Legislature a few minutes ago, seemed very impressed that the oil industry had spent \$2.3 billion and have taken out \$3.1 billion in a little over a quarter of a century. I can reflect that this \$800,000 profit taken by the oil industry in a quarter of a century . . .

AN HON. MEMBER: — . . . \$800 million.

MR. MacLEOD: — I am sorry, this \$800 million taken by the oil industry in just over a quarter of a century is just about double what the New Democratic Party cost the farmers of Western Canada in two years by their attack upon the Grain Stabilization Bill brought in by Otto Lang.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — Mr. Speaker, I listened to the Premier on television last night. I have listened to the Minister in the House today, I do not accept their interpretation of the Bill, I do not accept their facts in support of the need of the Bill. I do suggest, Mr. Speaker, that the total principle of this Bill is whether or not you believe in federalism in Canada today. A vote in favor of this Bill by any Member of this House is a vote against federalism. It is a vote against Canada in Confederation as we now know it.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — In case there be anyone in doubt about where I stand in this House, I can assure the Members that as this Bill is now structured with the hodgepodge that it now is, of the various claims and the various items in the Bill, I will not support the Bill.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — I can assure the Members that there should be no mistaken view that this is any conflict with the oil companies. It is not.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — If it were simply a conflict with the oil companies, if that is all it was, then of course, this Bill would simply be a question of ideology, it would find rapid traffic through this House with comments from this side and that is all. But I can assure you that it is our intention to oppose this Bill every step of the way, simply because it is an attack upon Canada.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — I can assure you that what has happened here will not go unnoticed across Canada and I can assure you that the fate

of the NDP in other parts of Canada may well stand in the balance.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — To begin with, there is some talk about windfall profits. Well, these windfall profits occurred because world prices of oil rose. But they did not rise in Canada. The so-called windfall profits are excess purchase prices paid by Americans to Canadians. But that excess profit is taken by the Government of Canada as a tax, a tax which was supported in Ottawa by David Lewis. This windfall profit is created because the Americans are going to pay more for crude oil coming from western Canada and other parts of the world. But the price in Canada has been held down by Federal Government action. The extra price that Americans pay is an extra amount of money from our natural resources which goes into the Federal Treasury for the benefit of the Canadian people and large amounts of that have been offered to the Province of Saskatchewan.

The fact of the matter, Mr. Speaker, is that this Bill proposes, to do two things. First of all it wants to jack up the price of oil so that the rest of Canada pays the same amount foreigners and United States people pay and, secondly, having created that artificial windfall, the Government of Saskatchewan proposes to take it.

Mr. Speaker, last night on television the Hon. Allan Blakeney said the following — while he supported many of the measures, in fact, all the measures put in by the Federal Liberal Government with respect to the energy crisis, he said as follows:

We do not, however, accept the Federal Government's division of proceeds from the export tax, which gives to the producing provinces only half of the windfall profits on exported oil.

Further he said:

Shortly, our policy is to capture for the people of Saskatchewan the full benefit of all future windfall profits.

What he meant by that, Mr. Speaker, was simply that he wanted to create windfall profits out of the pockets of other people in Canada and put that into the hands of the Provincial Treasury. Mr. Speaker, he said further:

We intend to see that all future windfall profits go entirely to the people of Saskatchewan.

Now, Mr. Speaker, if they simply were taking money out of the pockets of the oil companies and putting it into the Treasury, it would be a matter of taxation well within the power and perhaps well within the desired policy of the Province of Saskatchewan. But that isn't what he is doing. That isn't what the Minister is doing and that isn't what the Government is doing.

What is happening today is that the Government of Saskatchewan is putting itself in direct confrontation and playing

confrontation politics with the Dominion of Canada. It is a conflict with the Federal Government. And I can suggest also that it is a conflict with David Lewis. Because I can assure you that David Lewis will have some fine time to explain to the people of Ontario and Quebec and the Maritimes and British Columbia and other parts of Canada, why the price of their fuel has doubled and why it was done by the NDP. In fact, the only two governments in Canada that are taking this narrow and dangerous attitude are the Government of Saskatchewan and the Government of Alberta.

Now, Mr. Speaker, this was therefore designed to create a windfall and then take that windfall. We do not agree with the efforts of the New Democratic Party to balkanize Canada, to split Saskatchewan off as a separate state and I can assure you that the conduct of the Province of Saskatchewan, of that Government, has never been duplicated in confederation before. No other province in Canada has attempted to gouge another province the way the Province of Saskatchewan is now attempting to gouge its fellow provinces.

Mr. Speaker, it takes a good deal of courage to present the kind of case that was presented by the Minister of Mineral Resources (Mr. Thorson). He said that the revenue must go to Canada. He is now speaking of the export tax, but the provinces must have first claim. Not only must they have first claim but they want it all. Not only do they want it all they want every nickel of the equalization payments that they have been getting up until now. Not only that, in this House and in the Throne Speech, the Government indicates that it is continuing to demand from the Federal Government further equalization payments, further payments for projects such as the Qu'Appelle River Basin. I can assure the Government of Saskatchewan that it will have a very little amount of sympathy from the rest of Canada the next time it appears at the bargaining table with the Dominion of Canada, with provinces elsewhere in Canada. If this Government gets Saskatchewan a good severe kick in the pants it will be just exactly what the New Democratic Party deserves.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — What is really happening is this. The Minister of Mineral Resources says that they are putting on a 100 per cent tax. He is not pretending that he is entitled to do this because of The British North America Act. He has rightly said that the Federal Government has the right to deal with trade and commerce. He has rightly said that the Province of Saskatchewan has the right to deal with mineral resources, all of its natural resources. But what the Province of Saskatchewan is attempting to do is to take away from the Dominion of Canada its rightful powers in trade and commerce by means of a trick. The Province of Saskatchewan is saying that although the Federal Government does have, for the benefit of all of Canada, the right to regulate trade and commerce under the pretence of regulating natural resources, the Province of Saskatchewan will take away a federal right which the Dominion of Canada has.

I can assure him that in my opinion the courts will look very carefully at this and I suggest that they might declare this ultra vires because it is simply a trick by the Province

of Saskatchewan to do what it ought not to do, and what in confederation it can't do if we are to have a confederation.

What was said by the Minister was this. He quoted the Hon. Mr. Don Macdonald, the Federal Minister, saying that the province should do what is best and equitable for a return to the province. In fact the province should take its best in equitable return from its natural resources.

Surely to goodness no one in his right mind would consider a 100 per cent tax as equitable. A 100 per cent tax is not equity, it is confiscation.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — Mr. Speaker, this Bill does not do some of the things that it might have done. What about the oil leases and the oil titles a few years ago that were taken from farmers in Saskatchewan by unscrupulous brokers. In the late '40s and '50s many of the farmers in Saskatchewan lost their minerals because of the travelling around Saskatchewan of these unscrupulous people. Usually they were not legitimate, national or multinational corporations, they were just simply unscrupulous people who walked around Saskatchewan, taking away the farmers' mineral rights during the time that the CCF Government was in power.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — The CCF Government at the time and the Minister the Attorney General of the day, made a number of noises. They said how sad it was, they passed a Bill which wasn't really a Bill; they passed a Bill which urged some renegotiation, but the fact of the matter is this — that at no time in history, at no time has the CCF Government done anything to rectify the wrong they permitted upon the farmers of Saskatchewan.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — And nothing in this Bill proposes to return to the people of Saskatchewan or to the farmers, their rightful share of mineral rights which were taken away from them, so wrongfully, so many years ago at the time when the CCF Government was in power.

Mr. Speaker, what bothers me so much about this Bill, besides its obvious attack on confederation, is the credibility, the image creation that it attaches to the Province of Saskatchewan. It convinces the rest of the world — and if it convinces everyone else it should convince every person in Saskatchewan — that a deal with the Government of Saskatchewan is not worth the paper that it is written on.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — No agreement which is made by anyone with the New Democratic Party in power is of any real value. Not only have they torn up the timber regulations and the timber agreements and the Athabasca Pulp Mill agreement, they have now destroyed

the very basis upon which trust is normally built. The urging of the CCF Government in the '50s brought many of these companies to Saskatchewan. At the urging of Tommy Douglas, then the Premier, at the urging of the Minister, these companies came to Saskatchewan and in all sincerity and honesty they developed the province, as requested by the province.

These people at the behest of the Minister of Mineral Resources in those days, bid upon Crown lands. These companies got permits from the Province of Saskatchewan to drill wells. These companies actually spent millions and millions of dollars at the request of the CCF Government and brought some prosperity to Saskatchewan. That deal is now over. It has been totally cancelled by the present Government. It has been totally cancelled and brings shame upon the province. I don't care but if you make a bad deal and don't have the courage to live with it you shouldn't be in power and you shouldn't be allowed to make a deal.

What is happening very simply is this, that the Government is confiscating. It is paying to the oil industry — what you now have you may keep, but we will confiscate all surplus values in the future. And, because of this, because today's value is below what the future value is, we won't pay you for it. The Minister said that all future values are going to be subject to a 100 per cent tax.

When I was about the province a year or two ago with the Foreign Ownership Committee, a number of New Democrats brought briefs to the committee. A number of them spoke privately about it and they were of the view that the province should take and keep all future values that accrued to anyone in Saskatchewan, including the farmers. And they said that if a farm was in existence in Saskatchewan and the value was \$100 per acre, there was no reason why the farmer couldn't continue to farm that land, but if it went beyond \$100 in value that the increase in value should belong to the Government and not to the farmer.

Now that is the very kind of confiscation which this Government is now bringing about to the producing oil lands in Saskatchewan. This is larceny! Now, true, there may be larceny in the soul of more than one person and may be a little larceny in the souls of some people in this Legislature, but let us not pretend that it is anything else. We have given these people contracts and they had every right to expect, that over the years, values would accrue to them. They had every right to expect that oil would go up in value. They did not have the right to expect that the Province of Saskatchewan would say, we set the value today, all future values will belong to us.

Now quite frankly that is not an honorable position for this Province of Saskatchewan to be in. Of course, the Government is not, in any way, daring to put its money where its mouth is. This Government, very wisely, chooses not to take over the operation of the oil industry. Now I admit that it is a very clever plan to say to them that the value that you have today you keep but all future values belong to us. But more than that, you must continue to operate the fields. You must continue to operate the fields or you don't get your own value out. You must continue to operate the fields or you will be punished by a fine up to \$1,000 a day.

Now what the Government of Saskatchewan has done is that

it has said to the oil industry, having come to Saskatchewan at our request, having in good faith put money into the ground in Saskatchewan, having discovered oil and having commenced to operate these fields, you will now be punished if you dare to leave. We have created a captive slave in the oil industry. We will fine them if they do not continue to operate on our behalf and on behalf of themselves.

Surely to goodness the day of slavery would have been passed. Now you can shake your heads all you like, if you shake your heads at your conduct, you are at last coming to some form of conscience. But I can tell you that you gentlemen have no conscience or you wouldn't be doing what you are doing.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — The courage of the Government of Saskatchewan, with 44 Members out of 60, is very clear. They don't trust to have this deal put before the courts. They don't trust to have a fair-minded independent individual say what the real and fair market value of this oil business is today. They have deliberately said that The Expropriation Act of Saskatchewan shall not apply to this, consequently the courage rests with members but not with an impartial arbitrator. The Government of Saskatchewan, if it had any courage at all, if it believed it was doing the right thing, it would do two things.

First of all, it would take over the oil industry and it would pay a fair price for it. And if it took over the oil industry and paid a fair price, it would be prepared to let some independent party decide what that fair price is. But the buyer of the business is setting the price and forcing the price upon the industry. That takes a lot of courage when you have 44 trained sheep over there.

I wish the Hon. Member for Rosthern (Mr. Boldt) were in here because he might well agree with me that some of the Members who attend church the oftenest are the most larcenist when it comes to taking from someone else. And that is exactly what is happening in this House. The Hon. Members over there who go to church the oftenest, are the most eager to steal from the people they enticed to come to Saskatchewan in the first place. And if you had any courage at all, you would allow this thing to go to the courts; you would allow the value today, not tomorrow's value, not some other year's value, but today's value to be determined in the courts. And then you would make a fair deal with the oil industry if you wanted them to keep on operating the fields and you would make a fair deal with them to allow them to do so as operators. And I can assure you that many of them would be very pleased to carry on just as operators and not as owners.

The Government, not only does it not dare to have the value fixed by an independent party, it forces by fine and threat the companies. It will not allow them to go from Saskatchewan even if they should choose to do so.

I can assure you, Mr. Speaker, that some of the remarks made by the Government are totally intended to fool the public. I now believe, Mr. Speaker, that some of the comments made by the Premier and by the Minister of Mineral Resources (Mr. Thorson) were also intended to deceive and confuse some of the

Members of the House opposite.

For example, Mr. Speaker, in his remarks the other day the Hon. Premier said the following and I should like to quote some of his remarks, very briefly. He said:

The Federal Government is before the courts contending that we, in Saskatchewan, have no right to control our potash production through a potash conservation board, that we must leave all decisions on how much potash is produced solely to the private companies.

Mr. Speaker, I know that is false. The Premier knows that is false, he is a lawyer. The Hon. Attorney General (Mr. Romanow) knows that is false and the Minister of Mineral Resources knows that that is false.

Now, Mr. Speaker, if he wants to confuse the public, perhaps while I regard it as inappropriate politics, while we don't think that it is the kind of thing that we should see in this day and age, it is obvious, Mr. Speaker, and bad enough that it is, it is obvious that the Premier is using that to fool the other Members of the New Democratic Party.

The fact of the matter is that the Federal Government is merely attempting to restate its position that it has the right to control trade and commerce within Canada.

MR. ROLFES: — Why didn't you do it?

MR. MacLEOD: — Mr. Speaker, to answer the Member, the reason that the Government did not go to court is because at the moment it was not before the courts and the Federal Government had made up its mind that it would not go to court, it would only go to court as an intervener if someone else took it to court. If the Hon. Member for Nutana (Mr. Rolfes) knows anything at all about law he would spend a little time checking his facts before making ridiculous remarks.

The fact of the matter, Mr. Speaker, is that this was brought to court by one of the potash companies, which is attacking the very program which was brought in by the Liberal Government of Saskatchewan, which was attacked by the New Democrats when they were out of office, which is supported by the New Democrats now that they are in office, which is the kind of flip flop which I don't mind, because if you admit that you are wrong, say now we are wrong and we are going to change our position. At least I can respect you. The fact of the matter is that that potash pro-rationing program is now being supported by the New Democratic Party. And the fact of the matter is that one of the potash companies is attacking it in the courts. And, because it is attacking it in the courts, the Federal Government must make sure that the position of the Federal Government, as to trade and commerce, is properly presented to the Supreme Court of Canada. That is the long and the short of it and if any Member over there has the courage to look at the case he will find out that what I am saying is totally correct. If you nod your head it is because you don't have the courage to go and find out what the facts are. The matter is a public document, it is in the courts. It is not necessary for any one of you to take my word for it. All you have to do is go and look at the court records and you will find out.

The fact of the matter is that the Premier knows that very few people, including the Members of the New Democratic Party, will go to check it out. As a result, Mr. Speaker, the Premier perpetrates this kind of nonsense on the air and his caucus and it just, frankly, isn't true. The fact of the matter is that the Federal Government is protecting its marketing position under the British North America Act and does not at any time attempt to attack the position of the Provincial Government on conservation boards and, in fact, that is a matter accepted by us, by the Government of Alberta, all the provinces in Canada and by the Federal Government of Canada. The right of the province to regulate production is not under attack. It is not under attack by the Federal Government and it is not under attack by the Opposition because we supported it all along when in Government and will continue to do so in 1975 when we get back on that side of the House.

SOME HON. MEMBERS: Hear, hear!

MR. MacLEOD: — I can assure the Hon. Members, if they have any courage at all, and aren't so blinded by their ideology, the fact of the matter is this, that conservation boards are now and have been supported by all governments of Canada. The fact of the matter is this, that the Premier is telling a total untruth when he suggests that the purpose of the Federal Government is to attack conservation boards, because it just isn't the fact.

Mr. Speaker, I must confess that the Hon. Minister of Mineral Resources, in presenting the Bill to the House today, in moving second reading, did touch very firmly upon the kind of problem we face. He talked about the question of federal and provincial relations. I appreciate that because that is in fact what this whole problem is about. The Minister of Mineral Resources actually allowed me to tear up the first three pages of my speech because he, in fact, clearly to the House laid it on the line that it was a question of Saskatchewan versus other provinces of Canada, Saskatchewan versus the Dominion of Canada.

When we deal with that, we deal squarely on the real fundamental policy and the very fundamental issues. The New Democrats will vote one way and we will vote the other, because I believe that a vote in favor of this Bill is an attack upon confederation. That is where the debate must and will rest. Any effort to bring it anywhere else is not an accurate presentation of the Bill.

We can argue about such things as Section 15. The Government says that this Bill will increase the development of Saskatchewan. I say, it will not. That is a matter of fair and reasonable debate. I say that the Government of Saskatchewan will find that the Milk River reserves of natural gas, for example, will not be developed unless the price rises. The Minister himself said so one year ago. This is a matter of fair and reasonable debate. But I can assure the House that what the Government is probably doing is killing the goose that laid the golden egg. They are going to try to hold prices down, they will thereby make further developments particularly of such reserves as the Milk River gas reserves — and I give that only as an example — they will continue to have them uneconomic and as long as they are not economic they will not be developed. In my view what will happen as a result of this Bill is that there

will be less rather than more development in Saskatchewan. Now that is a matter of debate, it is not a question of policy so much as the fact, we think what you are doing is wrong. It isn't a question of ideology however. We think you can not have development when you put a 100 per cent tax upon the company or upon anyone else and that is a matter of ideology.

Now, we support a national policy. I enunciated it the other day and with every respect to our good friends in the news media, when I read my speech in the House and then read it in the newspaper I was not sure that it was the same speech, but I am not in any way accusing the newspapers of bad faith.

AN HON. MEMBER: — . . . socialist Press.

MR. MacLEOD: — No, it isn't a socialist Press. The Hon. Attorney General can not persuade me that it's a socialist Press. Surely they've got more sense than that.

What I do suggest, Mr. Speaker, that sometimes these words do get out to the public in a way that we wonder about, but certainly no bad faith was involved, it's just that my national policy statement didn't come out in the paper as clearly as I had hoped.

AN HON. MEMBER: — We need a Press Council.

MR. MacLEOD: — No, we don't need a Press Council. I would sooner have the human failing of good faith than a Press Council which may avoid errors except the deliberate ones.

Now, I can assure you that a national oil policy does not involve the 100 per cent taxation of the profits of an industry. It does not involve the kind of conduct we have here today, where one province sets itself against all other provinces.

If the Province of Quebec with its huge steel resources decides to take the same action, if tractors double in price for our Saskatchewan farmers, there will be the greatest scream from that side of the House you ever saw. It will be an eastern attack upon the West. We will go through all the same arguments we have had before. When we have a chance to build a new Canada, when we have a chance to act as responsible citizens in Canada, the Government of the day leads us down into the path of narrow selfishness.

Now, Mr. Speaker, I want to suggest that there is no reason for hurry, there is no reason for haste in this Bill. The export tax will remain in place, prices of gas and oil in Canada will remain at a stable level, thanks to the actions of the Federal Liberal Government. There is no reason why this should be hurried through the House unless it is in the furtherance of a design by the Government to attack the Federal Government.

I have a few more remarks to make to this Bill, Mr. Speaker, I beg leave to adjourn the debate. No, I withdraw that motion. While I did beg leave I withdraw my request, Mr. Speaker, and I wish to suggest to the House that we will, before closing debate on this, make a motion to the House that this be set over until the resumption of the Session in the new year. I think it goes without saying that because of the federalist principle

involved in this Bill, I will not support the Bill.

SOME HON. MEMBERS: Hear, hear!

MR. J.G. RICHARDS: (Saskatoon University) — Mr. Speaker, whenever I have to sit in this House and listen to the energy policy of the Members to my right my heart fails me.

Quite seriously I challenge the Members on this side of the House that when they start criticizing Government policies they at least make an effort to get the facts right.

SOME HON. MEMBERS: Hear, hear!

MR. RICHARDS: — It's all right, I'll be getting at you in a minute Roy. I'll be getting at you in a minute.

When the Member on this side of the House talks about 100 per cent tax on the profits of an industry, that's the most drivelling misrepresentation of the facts pertaining to the oil industry that I have heard today.

The profits of the oil industry in western Canada doubled between 1972 and 1973 due to price increases. The legislation which the Government has introduced plans to leave those past windfall profits in place and the Member from Regina Albert Park talks about 100 per cent tax on profits. I challenge the Members that when they start criticizing this Bill, when they start talking about energy they take the trouble to get their facts at least moderately correct.

Now, Mr. Speaker, I congratulate the Government for having belatedly recognized the problem of profiteering in the oil industry. I'd like to undertake a very slight, very quick review.

In 1972 according to Canadian Petroleum Association of Canada the industry had spent a total of \$1.28 billion to discover approximately two billion barrels of oil, making an actual average capital cost of discovery of oil in Saskatchewan of 64 cents. Again, according to the Canadian Petroleum Association the operating costs of producing a barrel of oil in 1972, including provincial royalties, was 86 cents, for a sum total of \$1.50. That, Mr. Speaker, is based upon figures coming out of the Canadian Petroleum Association and there could be lots to challenge about double accounting and whether the figures are generous or not, but they are not liable to be accused of being something originating in Next Year Country. Here are some hard concrete estimates of costs in that industry of \$1.50. The average price of oil sold in 1972 from Saskatchewan — \$2.44 making a 94 cents per barrel profit for the industry, given the 87 million production last year, 82 million in profits.

Then, November came and then came the 10 cent oil increase. January 1973 came and there came a 20 cents per barrel oil increase. May of 1973 came and a 25 cents per barrel oil increase. August came and there was a 40 cent per barrel increase. And now, Mr. Speaker the question has to be asked, those figures which I quoted about 94 cents per barrel corresponded with the figures which the Government was using at the time, they knew as well as I did that there was this 95 cent per barrel increase,

announced in four successive stages and by August of 1973 they knew what had gone on, they knew what had happened to profits in that industry and yet the Government had done nothing, Far from attacking the situation, in August 1973, it bears repeating, what were the comments of the Minister at the time of the last increase? I quote:

The Hon. Kim Thorson, Minister of Mineral Resources commenting on the latest price increase for Saskatchewan crude said the latest increase of 40 cents per barrel will mean an extra \$2 million in provincial revenues from royalties on Crown oil produced in the next eight months of this fiscal year. Further benefit will accrue to the Treasury next year from mineral taxes on free-hold oil production, which will be based on the increased value of the 1973 crude.

As late as August of 1973, Mr. Speaker, far from attacking the problem of corporate profiteering in oil, the Government was being bought out because of a mere \$2 million increase in royalty.

Mr. Speaker, it is not a situation which inspires confidence and it's the kind of evidence I alluded to in my previous speech, talk about the existence of energy schizophrenia on the part of the Government.

Nothing was done. Nothing was done by Regina to stop corporate profiteering in August 1973, in May 1973, in January 1973, in November 1973. The first action that came of any type to try and control the situation was the belated and half-hearted moves from Ottawa. Ottawa imposed in September, a price freeze, and Ottawa imposed a tax on exports of \$1.90 a barrel which is to be increased to \$2.20 a barrel starting next year.

Mr. Speaker, those were the initial attempts, belated, half-hearted measures, I'm the first to agree, to try and deal with the industry. And now in December of 1973 we finally have a provincial response in the form of the Bill which was tabled in the House on Monday. I would argue, Mr. Speaker, that one can't understand this Bill, unless one puts it in the context, that this is a provincial response to the Federal Government's moves of the price freeze and the export tax.

The argument is that oil under the British North America Act comes under the definition of local properties under the jurisdiction of the Provincial Government and accordingly the provincial argument is that the Federal Government should not be imposing the export tax or all revenues from that tax should accrue to the province and, secondly, that there should not be an implied, implicit subsidy to the remainder of the country by under pricing Saskatchewan oil relative to the international price.

Mr. Speaker, that is the thrust. The thrust is that this is — to use the analogy with the union negotiation — this is the initial offer of the Provincial Government to the Federal Government in an attempt to bargain over who is going to get the money from that export tax and who is going to pay the subsidy involved in holding the prices down.

I could quote the Throne Speech, Mr. Speaker. The Throne Speech alluded to the intent that future unearned increments in

crude oil prices over and above the level of prices which have prevailed during the immediate past period must be retained for the people of Saskatchewan.

The clear indication from the Throne Speech, from the comments of the Minister today, upon introducing second reading of this Bill, was that this Bill was not aimed at the oil companies. The oil companies were to be allowed to maintain the profit that they have unjustifiably earned, given the price increases in the previous 12 months. The whole thrust of the Bill is directed at Ottawa.

On the one hand, the Minister said he would leave the profits for Ottawa for the oil companies that they had earned in the past, that this was not a punitive measure and he was at pains to elaborate this is not punitive legislation against the oil industry. Surely the profits of \$130 to \$150 million, which they are earning currently, given the price increases in the last 12 months, do not indicate penury. On the other hand at the end of his speech the Minister talked about the need for private ownership, talked about the need for public control, talked about the fact that we must develop the oil in the interest of the public and not the corporation.

Mr. Speaker, again we have this problem of the energy schizophrenia. On one hand, the Bill which allows the profits of the corporations to remain in place, on the other hand a great deal of elevated rhetoric about the need for public control and public benefit from the energy industry.

Now, Mr. Speaker, I should like to make it perfectly clear that I do find myself in agreement with the Premier and the Minister of Mineral Resources (Mr. Thorson) about the argument that this resource is essentially under provincial jurisdiction and I think that the argument can well be made and it should be made well. But let's back up just a minute. How in the past has provincial jurisdiction been used with respect to resources? The Member from Regina Albert Park made reference to the Potash Conservation Board. I think he'd be most unwise to make such references. Because if ever there was a conservation board which was designed to increase prices in one fell swoop, that was it. It increased the price, which was then prevailing at \$20 a ton to \$33.75 a ton floor. If ever there was a Bill aimed against the little guy that was it. Forcing up, nearly doubling the price of potash as an essential ingredient in fertilizer which was used in eastern Canada and the United States.

That has been the history of the Potash Conservation Board and given that history of the use of that board, the use of provincial jurisdiction in order to ensure the profit of the potash companies there is some justification, I must begrudgingly admit, for Otto Lang getting in there on the side of Central Canada Potash and arguing that something should be changed.

Also if we look at what Alberta is doing. What's Alberta doing? They are arguing exactly the same case with respect to provincial rights. They are establishing an energy commission. I'd like to quote from the Calgary Herald, Friday December 7th, the Minister of Mines and Minerals, Mr. Dickie.

The oil will be sold by the Alberta Commission at the highest prices that it may reasonably negotiate, having

regard to market conditions prevailing at the time of the sale. The producer will get the entire proceeds of the sale and the Commission will make no money on this oil.

Let me repeat that:

The producer will get the entire proceeds of the sale and the Commission will make no money at all.

In other words, Alberta is using the argument for provincial rights in order to be the agent of the oil corporations in getting back any tax money from Ottawa to give it to the oil companies. I think the appropriate analogy there is to say that the Alberta Government is very roughly speaking as the pimp of the oil industry. But we can carry on.

If we want to use provincial rights, if we want to use provincial rights in order to argue a case with respect to energy policy, let us be crystal clear that we are not doing it in a narrow selfish sense of merely enriching ourselves. Let us be sure that we have a sense of socialist vision about what we would do with the revenue. What we could gain if we did publicly own this industry. I think that in that context it's totally unbefitting any socialist government, Section 15 of the Bill, which specifies that the funds which will be garnered perhaps by this tax will be spent within the domain of the oil industry. That section talks about reducing the wholesale price of refined petroleum products. Surely from an environmental perspective, we should not be arguing for cheap fuel. We should make exceptions for farmers, for heating fuel, but in general we should be arguing the case for higher energy costs, in order to serve as an effective barrier to wasteful use of a wasting resource.

Again, the fund could be used to encourage and assist persons to explore and develop the oil. The Premier has talked about it, I have talked about it, everybody in the New Democratic Party has talked about the boondoggle involved in subsidies to pursue exploration. Here again we have a subsidy to exploration.

If we are going to make a credible case to the public for provincial rights in oil, it is not good enough to make reference back to the British North America Act. We have to say what we are going to do which makes a significant change in society in order that the people should be prepared to support our struggle to get the rights and the profits from the oil industry.

We should be prepared to state that these funds will be used to end poverty in northern Saskatchewan, to buy back our most important resource, the land, or various other imaginative schemes which could be thought of. The money should not be siphoned aside and said that it belongs to the oil industry and should be used in some selfish manner to keep down our gasoline prices or to finance exploration in Saskatchewan.

Mr. Speaker, I must at this time request the attention of Members. I am going to engage in some very elementary arithmetic and if Members have not had their grade four arithmetic they are going to find it very hard to follow. So I invite all Members to wake up and take their pencils and if need be, make notes about these appropriate numbers.

At the beginning I mentioned the costs in 1972. Capital costs 64 cents a barrel, operating costs 86 cents a barrel, total cost \$1.50 a barrel.

Now, Mr. Speaker, a very elementary calculation might be made to say there are approximately 800 million barrels of oil left in reserves in Saskatchewan. It costs historically the companies approximately 64 cents on average to discover their oil, that oil in place, we shall say is approximately worth \$500 million. All right, \$500 million we are going to save the historical cost of discovering the reserves which remain in place. The profits, as I said, in 1972 at the price then prevailing of \$2.44 a barrel was 94 cents a barrel — \$2.44 less \$1.50 — 94 cents a barrel times 87 million barrels for a total profit of \$82 million. 1973 — let's allow a certain inflation cost, let's allow the cost per barrel has gone up to \$1.63, being quite generous here not wanting in any way to halt the argument by failing to take account of inflation, let's say \$1.63 is a reasonable estimate for 1973 costs. I would say it's high but I am willing to use these Canadian Petroleum Association figures to emphasize the argument. The average price according to the figures released by the Premier (Mr. Blakeney) for 1973, \$3.08 for the year — that's not the current price, the current average is \$3.38, I'll come to that later. The average price was \$3.08, that leaves a profit per barrel on average in 1973 of \$1.45. Now using that figure \$1.45 a barrel, total profits this year are \$125 million and taking that on \$500 million capital to be the rate on return on capital of 31 per cent. In other words by leaving the present situation in place there is a 31 per cent rate of return on the capital invested by the oil industry in Saskatchewan.

Now, Mr. Speaker, I must demand the attention of Members for a few more figures. I took the liberty of phoning the National Energy Board this morning in order to get from them — right from the horse's mouth — what is the international price of oil on average laid down in Chicago. The Minister, during his speech, made reference to figures like \$4.98. That's out, Mr. Speaker, by \$2. The average laid-down price of oil in Chicago of Arab oil, light, which is somewhat inferior to Saskatchewan on average. The average was \$6.80 laid-down price in Chicago, Middle East Arab oil. The cost per barrel through the pipe line from Saskatchewan to Chicago is 42 cents a barrel. So net, the price for Saskatchewan oil on average, the international value of it and deducting from that transportation cost to Chicago is \$6.38. Now had the oil industry been able to increase their prices to the international level of \$6.38 this year and assuming again this \$1.63 cost figure, they would have had the most incredible situation of \$4.75 per barrel profit, multiplying by 86 million barrels, giving a total of \$408 million in profit for a rate of return on capital of 84 per cent. Now obviously they couldn't do that, obviously they didn't manage to do that. Another point which must be realized here is that the price laid down in Chicago of Canadian oil, an average \$3.38 plus \$1.90 making \$5.28, is nowhere near the international price. What the international companies have obviously done is they are taking in the States, through their refineries and retail operations part of the profit by keeping down in some sense the Canadian price.

Now, Mr. Speaker, another piece of very elementary calculation I did, when I said let's assume that we are going to allow the oil industry a fair rate of return and that word 'fair'

is obviously a dicey concept to play with, and I won't use the socialist definition of it, we'll use what the average was in mining as reported in Corporation Financial Statistics 61207. The average rate of return on mining in Canada in 1970 was 9 per cent. Assuming that there should be a 9 per cent of return on assets, not on equity, not on shareholder equity that would be a higher figure, there should be 51 cents per barrel profit over and above the \$1.63. Therefore the maximum price which the oil companies should be allowed to earn in Saskatchewan on their oil is \$2.14, \$1.53 plus 51 cents, if we were prepared to force them down to a 'fair' rate of return. I want people to realize the dimensions of these figures; \$2.14 a barrel provides the oil companies a fair rate of return defined as the average for mining in Canada, not \$3.08 as is provided in the Act under the base-price system, not \$3.38 as is provided in the premium level, but \$2.14 provides a fair rate of return, including all costs.

Now, Mr. Speaker, what is the Bill supposed to do if we take it at face value. If we take it at face value and we calculate the tax based upon the difference between the international price, which I quoted \$6.38 less \$3.08 average base price, you've obviously got a very large sum. You've got a sum \$6.38 less \$3.08 which is \$3.30 and if that tax were levied on the oil companies it would result in them losing all but 8 cents of any revenue they gained. Clearly the Bill is not intended to be taken at face value if the Minister's comments about leaving past profits in place are to be taken seriously. The point to be made is, as I said at the beginning, this Bill constitutes an initial offer in a bargaining process with Ottawa. But let's assume the Bill, for the sake of argument, Mr. Speaker, were to be taken at face value and there was to be the imposition of this kind of taxation — there are many, many places in this Bill, Mr. Speaker, which would stand a good deal of second thought. In the definition under Part 2 of what is to be the international price, the Minister has got complete discretion and can obviously reduce it.

When we come to look at Section 6, Mr. Speaker, the Minister can increase the base price where there is a cost increase every six months. Surely giving the analysis which I went through previously about \$2.14 providing a fair rate of return, we don't need to legislate into the Bill, increases, allowing for cost.

Section 10 of this Bill, Mr. Speaker, allows for the Lieutenant-Governor-in-Council to exempt anybody from the taxation. Section 14, allows for deduction from the tax payable for exploration. Back into the old boon-doggie of subsidizing exploration which we have all berated so many times in other administrations. Now let's make it perfectly clear what Section 14 is about. Section 14 states that for exploration purposes the industry can get a rebate on the difference between the \$3.08 figure and the \$3.38 figure, the difference between the prime and base level. And if you multiply that difference of 30 cents by 86 million barrels, the total potential rebate if all rebates were made, merely amounts to about \$26 million. Since the oil industry is already conducting about \$40 million in exploration and development activities in the province it is a fairly safe bet that the province would, under this clause, return the full \$26 million in subsidies. In other words the base level becomes a kind of an arbitrary and useless set of figures which was thrown in for the sake of the public,

I assume.

If you turn to Section 15 (3), I made earlier reference to Section 15, Mr. Speaker, as unbecoming a socialist administration in implying that all the funds which were earned by this oil industry had to be plowed back into it. But Section 15(3) is even worse because it allows the Lieutenant-Governor-in-Council to make rebates out of the fund, or make such exemptions from the tax imposed by Sections 3 and 4, as the Lieutenant-Governor-in-Council wants to do. In other words this Section allows the funds to be used to subsidize the oil companies.

Back in Section 5, Mr. Speaker, it refers to exemptions from nationalization of freehold rights of up to 1,280 acres. Now this figure of 1,280 acres intrigues me because I was interested in precisely what that meant in terms of potential oil under the ground to be exempted. Obviously the lower level is zero and obviously under any given acre which is held under the freehold there can be little, none or a lot of oil. If we use some of the mere high density oil planes in Saskatchewan in the Weyburn-Estevan area and the various thicknesses and the various calculations about recovery, it means up to 2.5 million barrels of oil may be exempted under this 1,280 clause. Do we seriously want to leave in private hands that kind of oil.

Mr. Speaker, I trust that I have made the point that the Bill is fraught with loopholes if one is interpreting at face value, but that the Bill should essentially be viewed as a bargaining tool with Ottawa. The Bill, given the statements of the Government and the Throne Speech and the Minister in introducing second reading, explicitly states that the Bill should not be interpreted as punitive on the oil industry in terms of extracting profits which have been earned in the past but that the Bill is expressly designed as a back up to the federal legislation and regulation which limits price increases. One realizes that the thrust of the Bill is against Ottawa.

Mr. Speaker, let me make passing mention about the freehold issue. The Bill, in its appropriate sections which refers to bringing freehold rights of certain 25 companies under public control. I think the basic reason for doing that is to strengthen the constitutional position of the province in laying claims to 90 per cent of the oil which would then be Crown oil should that nationalization be effective. I am fully in agreement as far as it goes. However, why are we exempting those under 1,280 acres provided we provide the kind of compensation allowed for in this Bill which is the most generous of compensation based upon immediate cost prices. Hardly any of the freehold oil people, oil right owners, can complain if they receive the compensation spelled out in this Bill based on the premium prices of \$3.38 on average. But when it comes to the corporations that are listed at the end of this Bill, Mr. Speaker, why do they deserve any compensation at all? I would argue that the logical position for any socialist government to argue with respect to these corporate villains at the end of this Act — it's a fine black list that they have got there on pages 20 and 21 — such great contributors to Canadian prosperity as Hudson's Bay Company, Canadian Pacific Railway and its subsidiaries. These people have long since received in the form of royalties far more than they ever invested to get these freehold rights and in many cases they never paid a penny for these freehold rights.

Let's go back to the Canadian Pacific Railway for a minute. The Canadian Pacific Railway in 1881, it might be interesting to refresh the memories of Members opposite, under the agreement which was then signed by the Federal Government, showed that the largess of the Canadian people was almost without limit. The Canadian Pacific Railway was to receive as a direct subsidy from the Government \$25 million in cash and 25 million acres of land. Those sections of the railway already completed by the Government would be handed over to the company without charge. All material required for construction of the operation of the railways and the entire capital were exempt from taxation. Freight rates charged by the company were to be free from parliamentary regulations until a 10 per cent profit had been earned. Mr. Speaker, under the largess of 19th century capitalist governments in Ottawa, Canadian Pacific Railway, just to cite one example, got itself cash grants, railway stocks, railway lines and land which was to be in alternate sections and it was to be fit for settlement. They achieved the freehold rights which later turned out to have oil on them for nothing. How much land have they got? Well the Canadian Pacific Railway — 2.8 million acres, Canadian National 3.1 million, Hudson's Bay 2.3 million. Very roughly I would estimate that that means that there is about \$1.8 million in freehold income being earned by the Canadian Pacific annually, \$2 million for the CNR, \$1.6 million for Hudson's Bay, just to cite these three companies. Why should we, the Saskatchewan taxpayer, pay anything further to these companies unless they can prove that they have not under freehold income earned more than they have paid.

Mr. Speaker, having at some length discussed what I think to be failures of this Bill inasmuch as it is directed at Ottawa and not at the oil companies, the proposition that I should like to make is that what the Government could do given the time I know it took them to do this, it didn't take that long, would be to come back to this House with enabling legislation not designed solely at Ottawa but aimed also at the oil companies. Come back to this House with enabling legislation which would allow Saskoil, although Saskoil under its previous Act does in general terms have broad powers, but with specifics about how Saskoil could become a nationalized oil industry in Saskatchewan with a monopoly on provincial oil activity. The Bill should provide for the nationalizing of all freehold rights, the revoking of Crown leases. Compensation should be paid for those who can show they have not yet earned a fair rate of return on their investment. For others there should be no compensation because they have already been compensated by the petroleum purchasing public of Canada for years and years and years. The Bill should come back and provide for negotiations to be entered into with the Regina Co-op Refinery for the establishment of a refinery in Saskatchewan to provide sufficient refining capacity for the Saskatchewan market. The Bill should come back with a new deal for the retail service station operator which would allow him to get relieved of the drudgery and the slavery and the uncertainty under which he labors in the present situation. As I said previously, being a service station operator is almost as uncertain as being a farmer. The mortality rate of service station operators is in the order of 25 per cent a year. They are locked in with the oil companies in various punitive arrangements which regulate times of opening and with products they can sell, etc.

Mr. Speaker, if the Government came forward with that kind

of legislation it could do what it is trying to do now in terms of arguing provincial rights; it could do what it is trying to do in getting a commitment from Ottawa that the oil is basically a provincial resource; that returns from it should flow to the provincial government and it could simultaneously spell out how it intended to run the oil industry as a publicly owned industry to the benefit of the people of Canada and it could also spell forth an imaginative program whereby how it proposed to use the great surpluses which could inevitably be generated from such an activity. If the Government were prepared to come forward with that kind of legislation as its initial offer to Ottawa I would feel quite happy about supporting it. That kind of an opening gambit would show to the people of Canada that the Government in Saskatchewan is prepared to take a lead in establishing as a precedent the need for nationalizing the energy industry across the country. It would show how we envision using the profits which, to date, have been flowing to the foreign shareholders of the multinational oil companies, we could show how we propose to use these funds to end poverty in Saskatchewan to do wondrous things which would really in some sense make this the new Jerusalem.

But, Mr. Speaker, we don't have that. What we have before us is a clever piece of legislation whereby the Provincial Government stakes its claims for the taxation revenue which Ottawa is earning and demands a subsidization for the frozen price of petroleum. The great danger is that there is no imagination to that, Mr. Speaker. It merely can sound like two fish wives haggling over the price of cod; Ottawa and Regina haggling over who is going to get the profits which are going to be earned from having frozen the oil industry prices. It doesn't challenge the basic power of the oil companies to determine the energy industry in Canada. It doesn't challenge the profits they have made in the last 12 months and for years past

Mr. Speaker, this is not a sufficient challenge for a socialist response to the energy industry. With reluctance, Mr. Speaker, I cannot support this in second reading. I shall oppose this Bill in principle because it does not provide the guiding light which Canada needs at this time of confused jurisdiction both at federal and provincial levels. It doesn't provide the guiding light that is needed. I give notice to the House that I shall introduce a number of House amendments assuming that it will obviously pass, in order to try to make it a better piece of legislation. There is no way that one can turn a sow's ear into a silk purse. With regrets, Mr. Speaker, as I take my seat, I state that I shall oppose on second reading this piece of legislation.

SOME HON. MEMBERS: Hear, hear!

MR. H. OWENS: (Elrose) — Mr. Speaker, I take part in this debate on Bill No. 42 and I shall have a different approach than the previous speakers.

Bill 42 faces the so-called energy crisis head on and I am pleased to support this Government on this very important action for the people of Saskatchewan. Energy covers a much broader field than this Bill covers, as this refers only to the conservation, stabilization and development of oil and gas in Saskatchewan.

This Bill is designed to protect this one energy resource of Saskatchewan for ourselves and future generations. But further, Mr. Speaker, it is also a protection for the corporations that presently have investments in gas and oil production in Saskatchewan.

I cannot weep crocodile tears for ruthless industry that has sapped our non-renewable resources making millions in the process without thought or concern for the present or future generations. Now that the cream has been skimmed off they withdraw and gradually slow down their development programs just in case the profits they are so accustomed to pocket are not there. Much has been said about these industrial corporations losing some of their rights and privileges, implying that they never have or never would do any wrong and probably they do stay within the limits of the law. Their operations begin by the drilling of the well and end when the finished product is delivered to the retail buyer.

There is no need for me to remind the Members of this House as to when gas and oil exploration started in Saskatchewan. There is also no need for me to remind you of the lack of legislation at that time adequately to protect the landowner by compensation for damage to his property when the drilling rig moved on to explore for liquid gold. Or to remind you of the cost of road maintenance experienced by some of the rural municipalities and often urban municipalities as a result of the movement of equipment. Did these super industrialists show concern for the rights of the property owner? Not until group action was taken and in some cases court action. No, Mr. Speaker, these great industrialists poured large sums of money into the industry simply because and only because they realized a bonanza for themselves. Little did they care about Saskatchewan or Saskatchewan people or the conservation of the resources as long as profits flowed into the shareholders' accounts.

Certainly the Province of Saskatchewan profited by the oil and gas exploration programs, but only by a small percentage in comparison to those enjoyed by the corporations. Let us remind ourselves of the great service we enjoy in the use of natural gas. Were our friends prepared to invest in this service for the people of Saskatchewan. In no way. We can still hear the resounding echoes that it cannot be done. Mr. Speaker, the people of Saskatchewan decided that it could be done. Under a mandate by them to the then CCF government, they set up the Saskatchewan Power Corporation and did the job. The network of natural gas distribution in Saskatchewan is a memorial for the people of Saskatchewan who had the foresight, the courage and the determination to do the impossible.

According to the judgment of profit oriented people, the people of Saskatchewan enjoy the benefits of better living and the profits accruing from this great corporation, not many magnates living in luxury in other parts of the world have it better.

Mr. Speaker, allow me to say a word about retailing of petroleum products. It would be an interesting and educational activity to make a detailed study of this distribution system. As motorists approach any urban centre and especially our larger cities, they see service station after service station, most of them quite fancy and luxurious establishments vying

with each other for the privilege of filling your tank with gas and checking engine crankcase oil and almost all of them are courteous and efficient. But that is only part of their job or responsibility. Accessories of all kinds are on display. Motorists' needs and gadgets are on the forefront with bargains you cannot afford to pass up. Mr. Speaker, this is all part of the deal. There is a deal between the operator and supplier, with the supplier-owner or overseer of the operation and the operator in most cases a lessee under contract to handle and sell the products of the supplier. Most of us can remember many, many changes of operators and in most cases they did not retire to the Bahamas. The profusion of filling stations leaves me with the feeling that the oil companies are concerned with only one thing and that is the profits of the corporation. If the individual operators fail either from poor management or lack of business it seems a small concern to them. I ask: do these companies care about persons or person as merely statistics? Mr. Speaker, feelings are pretty faulty when write-offs for depreciation are more important than write-offs of people. I feel governments have a responsibility to take action under such circumstances.

Bill 42 is designed to correct some of these injustices and retain for the people of Saskatchewan some say in the future over our gas and oil resources. Big business represented by the Liberal Party Members opposite are decrying the fact that this Government is taking action that is unpopular with corporations and suggesting that these businesses will collapse from need or withdraw from active participation in petroleum production in Saskatchewan. It might be more correct to say, further withdraw, as they are already doing so.

I will admit that my interpretation of some of the lawyers' legal jargon in much of our legislation may not always be exactly correct, but in this particular Bill I can see no reason for the screams of robbery and all the other phraseology we hear from the Opposition.

May I compare what I hear now about this Bill to what we have heard even in this Session about the Farm Income Stabilization Bill proposed by the Liberal Government in Ottawa that was not accepted by the western farmers, not accepted because it stabilized the farm income at, or below, the poverty level. Our friends opposite call that non-acceptance a disaster for our farmers. Well it would have been to be stabilized into poverty.

What does Bill 42 do? Mr. Speaker, Bill 42 stabilizes the income of the field petroleum producers at a price to be established, and as I understand it this price will be based on the average well-head price of 1973 along with other factors. Accordingly, the prices would include the recent increase in prices made by producers. In effect then, the producers can continue to enjoy the fairly handsome returns that are now theirs and in addition adjustments may be made periodically in January and July to cover the increased costs of production according to returns filed by the producer to justify the increased costs. There are also other incentives in the Act in favor of the producer.

Mr. Speaker, I know of no other sector in our economy that has a guaranteed stabilized income with a built in escalation clause; stabilized at the present profit level which has been

quoted by the Minister and others and which is certainly considerably above the poverty level. How can anyone suggest the petroleum producers in Saskatchewan are getting a bad deal. Some say the people of Saskatchewan should be getting a better deal. Saskatchewan will be getting the best deal, Mr. Speaker, ever from the oil and gas industry from its own natural non-renewable resource. This Act will give the individual producers a guaranteed and profitable industry, but more than that the people of Saskatchewan will be in control of this very important resource and will receive a fair and justifiable revenue from it.

Mr. Speaker, there are still people living in this great Province of Saskatchewan with foresight, courage and determination. Generally, Saskatchewan people are imbued with a strong pioneering spirit as has been demonstrated so many times since the CCF Government took office in 1944. Bill 42 will be another first for Saskatchewan under our New Democratic Party Government. Bill 42 points out our desire to co-operate with industrialists. However, we were elected to oversee and conserve Saskatchewan resources for Saskatchewan people.

This Bill, Mr. Speaker, will be accepted enthusiastically by our people and will be praised by many more thousands across Canada. I urge all Members to support this legislation.

SOME HON. MEMBERS: Hear, hear!

MR. T.M. WEATHERALD: (Cannington) — Mr. Speaker, I enter this debate with considerable concern; I enter it with concern because it is one more step in the erosion of the freedoms and the democratic principles that Saskatchewan has enjoyed for many years in the past.

Mr. Speaker, I want to make it very clear that we in this side as our Leader said today, support the export tax that has been employed by the Federal Government. We agree that the windfall profits that are being enjoyed in the oil industry today should be a part of the Canadian public domain and, indeed, should be part of our province's financial means. However, Mr. Speaker, I was absolutely and outrightly amazed today at the narrow parochial point of view that the Government opposite has taken. I was surprised and amazed because I expected better from a Premier for in the past I had respect for and thought that he had a somewhat greater vision for Canada than just within our own provincial borders. Mr. Speaker, this was an attitude that I think will be deplored by all the people of Saskatchewan. I honestly believe that the people of Saskatchewan look at our country as much more than just ten countries unto themselves, I think they will rebuke the party opposite very, very strongly for the taking of that attitude.

Mr. Speaker, that has been the attitude and the philosophy put forth in this whole Bill. It is a pity and much less meets the aspirations of the people of our province.

MR. MESSER: — All in the input from the East.

MR. WEATHERALD: — Well, I can assure my friend that the cost will be much higher if he imposes the highest price he can possibly get in Ontario. The price of machinery is going up along with a lot of other things. If he thinks the high costs are going

to stop by charging Ontario the full price for oil he is very wrong.

I want to review just for a few moments the Government's record in this field because it is their past record, I think, now is of much more concern than anything else. There is a certain degree of unanimity between ourselves and the Party opposite regarding the pricing policy and windfall profits. That has made clear today and it was borne out long before the party opposite made their intentions known to Ottawa. It was long borne out by the Federal Liberal Party in Ottawa that they did not allow the private oil companies to be able to possess all the profits that come from the world problems in oil.

MR. ROMANOW: — Only after the NDP did something about it!

MR. WEATHERALD: — Oh, a long time before the NDP even started thinking about it.

Mr. Speaker, this added together with the Land Bank in the Government's buying of substantial quantities of our land in an extremely short period of time, this added with the Government's attitude in breaking of contracts in our forest industry, the Government's known and well known attitude towards Intercontinental Packers, the purchasing of part of this packing house, the Government's investment in Interprovincial Steel; the Government's action in such a wide range of activities that I might add are indicative of the socialist philosophy of government ownership of practically everything you can lay your hands on. This, Mr. Speaker, being the background of the situation existing today must be a concern to all of the people of Saskatchewan and I think is a major issue.

Mr. Speaker, I have said at the outset that we definitely support the province receiving its fair share of windfall profits that are being accumulated by the Federal Government. At the same time we should show some concern for the other provinces of Canada. I might say that I have personally been in favor of the Federal Government's attitude towards the oil rights, the mineral rights off our Atlantic Coast. I think we have been supported by other governments of the Provinces of Saskatchewan and Manitoba in the past when the Federal Government has said that they were part owners, at least part owners, of other mineral rights off our Atlantic provinces. I think that anything of the magnitude of oil, where large quantities of money are involved, certainly must be distributed more than just to ourselves but it should be distributed at least partly to all Canadians. I think, Mr. Speaker, that our federal provincial relations are hitting an all time low because of the attitude of the provincial government of Alberta and the provincial government of Saskatchewan.

MR. COWLEY: — . . . about nickel?

MR. WEATHERALD: — Well, I'll tell you about nickel. We get 50 per cent of everything International Nickel earns and that is distributed across Canada in equalization payments. If you don't know that, you are the stupidest Finance Minister Saskatchewan has ever had.

MR. SPEAKER: — Order, order!

MR. WEATHERALD: — I want to talk for a few moments about the utility aspects the Government opposite like to use. The Government opposite, they want to talk about the correlation between Saskoil and the development of energy resources in Saskatchewan. There is a tremendous difference in this analogy, Mr. Speaker, because it is obvious to anyone who puts any thought into the matter.

First of all, when you develop electrical energy, it is very easily predictable as to what the on-stream power production will be. Engineers are easily able to calculate what the profits or what the potential from electrical development is and in actual fact this is extremely well calculated before the production facility is built.

Then, Mr. Speaker, we have the technology in engineering services to be able to provide the development of such electrical energy. So the electrical energy field is one that the Province of Saskatchewan can and does easily operate and should be operated and is supported by all of us through Saskatchewan Power.

However, Mr. Speaker, Saskatchewan oil doesn't fall into that category. Saskatchewan oil falls into a category of requiring substantial numbers of technicians which are not available to the Province of Saskatchewan. They have made little headway in being able to obtain this type of employee to develop and make Saskoil work. Saskoil will require extremely large mounts of money, for which there is no guaranty of return and in all likelihood given our record of the past few years, that even given a widespread exploration program, the likelihood of any substantial oil finds in Saskatchewan is very small. The development of our oil resources by the Government of Saskatchewan and the expenditure of large amounts of funds, is much, much more difficult from a financial point of view than is the electrical power development.

In other words, Mr. Speaker, through Saskoil the Province of Saskatchewan is taking widespread risks that are not necessarily taken when you develop electrical energy.

I want to say just a few words, Mr. Speaker, about why I think that the oil industry should be regulated, which is the Liberals' way, and why we do not need to own all of the oil and mineral rights in our province.

I want to point out to the Government, that the Government thinks that they have cleverly eliminated the individual from any problems so far as the oil production is concerned. For example, they make a great case in saying that individual oil rights are not disturbed, but I can assure them that this is not the case whatsoever. By raising the tax from 20 cents to 50 cents on private oil leases, Mr. Speaker, there are many oil leases in our province that have been signed and the individual owning the mineral rights will be a participant with the company for say 10, 12, 15 or 20 years. That individual, in signing, is also the recipient of possibly \$1 an acre per year from the company over this period of years. The Government, in raising the tax from 20 to 50 cents, altering all the rules of the game will make it extremely likely that many

private oil companies that are now paying that individual \$1 per acre and in some cases higher revenues that those leases will be terminated. So in actual fact we have many individuals . . .

MR. CODY: — Your friends are breaking leases.

MR. WEATHERALD: — They are not breaking leases because it is the option in the clause which is in each of the contracts signed. An option in the contract which gives the company the right to terminate at any particular time and what the recipient is usually receiving over a period of time maybe \$1 per acre per year. As an example, the companies will, in many individual cases, throw up these leases because of the Government's increased tax and there will be many individuals in Saskatchewan who will not be receiving that revenue they have been receiving each year in the past number of years.

Mr. Speaker, I intend to say considerably more about this matter today and I now beg leave to adjourn debate.

Debate adjourned.

The Assembly adjourned at 5:25 o'clock p.m.