

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fourth Session - Seventeenth Legislature
52nd Day

Wednesday, April 17, 1974.

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

WELCOME TO STUDENTS

HON. W.A. ROBBINS (Saskatoon Nutana Centre): — Mr. Speaker, I should like to introduce to you and to Members of the Assembly some 38 Grade Seven and Eight students who are in the Speaker's Gallery. They are from Buena Vista School in Saskatoon. I understand they came down by Yellow Bus Lines this morning. I sincerely hope they will have an interesting day in Regina. I hope their experience in the Legislature will be an educational and entertaining one and I hope they have a safe trip back home.

HON. MEMBERS : — Hear, hear!

MR. B.M. DYCK (Saskatoon City Park): — Mr. Speaker, I should like to introduce a group of students from King Edward School in Saskatoon. I understand they are here with their teachers, Mr. Redekopp and Mr. Tatham. I want to welcome them to this Assembly and I hope that they have an informative and interesting afternoon here in the Legislature and a safe journey home later on.

HON. MEMBERS:: — Hear, hear!

MR. A. THIBAUT (Melfort-Kinistino): — Mr. Speaker, it gives me great pleasure to introduce a fine group of students from Kinistino High School. They are 19 in number led here by their teacher, Mrs. Patty Coates and a chaperon Mrs. Louis MacFarlane, a bus driver, Mr. Gordon Lawrence. Kinistino has been a regular visitor to our Legislature. I hope the Members of the Legislature will welcome them by providing a very good example in the Chamber today. I hope that their trip to Regina is an educational one and I also want to wish them a safe journey home and come back again next year Kinistino.

HON. MEMBERS:: — Hear, hear!

QUESTIONS

FOREST DEVELOPMENT IN NORTHERN SASKATCHEWAN

MR. C.P. MacDONALD (Milestone): — Mr. Speaker, before the Orders of the Day, I should like to ask if the Premier is prepared to make a statement on the very significant announcement revealed by the Minister of Natural Resources yesterday concerning forest development in northern Saskatchewan?

HON. A.E. BLAKENEY (Premier): — Mr. Speaker, I am not aware of any announcement made by the Minister of Natural Resources. I read a press

report which I think unfortunately did not state the position either of the Government or of the Minister of Natural Resources. I think it is probably worthwhile under those circumstances that I make a brief comment.

In line with our policy of increasing economic development and activity in the province we have examined a number of resource sectors with a view to seeing how we can develop the resources in a rational and logical way. The forest resources are one of these. We have in the course of attempting to develop policies of forest development pursued a number of alternatives. The document which was tabled represents a discussion paper which was drafted with a view to identifying one possible manner in which we could develop forest resources. The background of the paper was a presupposition that we would attempt to use all the forests there and it dealt with the matter of staging which would be required in order to achieve total use of forest species and waste products.

The paper filed outlined one approach by which the existing forest reserve can be developed on a sustained yield basis. It is not in any sense a commitment to develop the resource through these specific projects.

To re-emphasize, the document is an attempt to identify the employment creation possibilities and the approximate capital requirements that would be associated with one possible approach to integrated forest development.

It does not represent a plan of Government action, and perhaps I should specifically say that there are no firm proposals to proceed with most of the projects referred to — any of the projects I think, except those which have been announced. This is not to suggest that work is not proceeding on some projects, not necessarily of the nature outlined, but not necessarily dissimilar.

But we have no announcements to make and when announcements are to be made, they will be made by the Government in due course and not in response to documents tabled in the Legislature by the Member for Saskatoon University (Mr. Richards).

MR. MacDONALD: — Mr. Speaker, I just want to respond briefly. It would appear that that very shy virgin, the forests of northern Saskatchewan, that was being raped so viciously in 1971 by the Liberals, has all of a sudden become the contented maiden or matron of Premier Allan Blakeney.

SOME HON. MEMBERS: — Hear, hear!

MR. MacDONALD: — I am going to respond — I am making a statement in response to the Premier's statement.

Mr. Speaker, all the people in Saskatchewan . .

HON. R. ROMANOW (Attorney General): — Mr. Speaker, on a Point of Order. The Member for Milestone asked the Premier a question about Government intentions as a result of a newspaper story. The Hon. Premier answered that question fully. What in the rules, permits the Hon. Member to make a statement? If he has a supplementary

question, Mr. Speaker, of course, I am sure the Premier and others would welcome it. But to make a statement because an answer has been given to a question, surely, Mr. Speaker, is an extension of the rules. I would ask that you call the Hon. Member to order.

MR. J.C. McISAAC (Wilkie): — Mr. Speaker, on the Point of Order, if I may, may I correct the Attorney General. The Hon. Member for Milestone did not ask a question of the Premier, he merely asked if the Premier was going to comment or make a statement on a very major announcement in the Press this morning. The Premier did so and the Hon. Member for Milestone in the absence of the Leader of the Opposition was commenting in turn upon the Premier's statement. So there has been no question as yet asked as far as questions are concerned today.

MR. ROMANOW: — Mr. Speaker, just on the Point of Order, I sometimes wonder where my learned friend from Wilkie gets his legal advice but that is a distinction with absolutely no difference to the point of issue. The Member for Milestone asked a question of the Government, the Hon. Premier made the answer. I say with respect, Mr. Speaker, I think the question period is a very valuable period for Government and for Opposition. I should like to see it expanded personally, but I honestly believe with all due respect that the Member for Milestone's intention to make a comment when the Premier or any other Member answers the question is a violation of the rule. We have seen it repeatedly this Session. I would ask, Mr. Speaker, on this point that you make a ruling.

MR. T. WEATHERALD (Cannington): — Mr. Speaker, on the Point of Order. I listened very carefully to what the Premier said and he began his remarks by saying he thought it was appropriate to make a statement on the matter.

MR. SPEAKER: — These are the type of questions which do lead to border line cases. I think the Member for Milestone phrased his question asking the Premier if he was going to comment on the Press report. As I understand, the Premier said that he wasn't prepared to accept or deny that he didn't think that was a Government statement or Government policy that the Minister had made. I do think he said that he should make a short statement on the general thinking.

I would ask the Member for Milestone to keep strictly to that point and not wander afield because I think we have got to be fair on it.

MR. MacDONALD: — Thank you, Mr. Speaker, very much. I want to say that all the people who believed the NDP promises in 1971 to protect the forests, to preserve the wild life, to defend the tourist industry, to protect the environment, must have received this information with a great deal of dismay and shock.

The truth comes out. The Blakeney Government will be remembered long after it is gone for its cynicism. Its duplicity and lack of integrity towards northern Saskatchewan. The

Blakeney Government accused the Liberals in the development of the Prince Albert Pulp Mill of over-cutting the forest, of polluting the rivers and selling out to American interests.

Today he is handing over most of the hardwood in the Prince Albert area to that same American company and in the deal will almost double the allowable cutting area.

The interesting part of the deal is this: it was part of the original package and part of the long range planning. It was offered to the Premier some 18 months ago. The Meadow Lake project is even more hypocritical. The

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MR. SPEAKER: — I believe the Premier said this was a working paper yet not under Government policy; just under study. So I don't think we can take things for granted on the statement from the Press.

MR. MacDONALD: — Mr. Speaker, I will agree that the working paper is certainly hypothetical. First of all the Meadow Lake Pulp Mill was even more ridiculous. They paid \$6 million to cancel it. Now they want to put it back into operation.

MR. BLAKENEY: — Mr. Speaker, on a Point of Order, I think the Member for Milestone is not permitted, when I state that something is not Government policy, to make a comment which states that it is.

MR. SPEAKER: — I think the Member for Milestone is straying away from answering the comments of the Premier and I would ask him to stick strictly to them and not bring in suppositions of what may or may not be the case.

MR. MacDONALD: — Mr. Speaker, I will keep to the working paper and I will say that it is a working paper. But the Premier also stated that the working paper is one of those alternatives being seriously considered and not necessarily diverging from it very far. I will try to stay to it. But I want to ask that if this working paper is accepted, what possible explanation can the Premier have for wasting \$6 million, three years productions and thousands of jobs? What possible explanation can the Government have for complete about face in this regard? The east side development of course is even more of a concern to the people of Saskatchewan. It is well known that in the forests of this province the available supply of timber is being taxed to the maximum. Additional cutting and development could seriously threaten the existing people.

MR. SPEAKER: — Order, order! I think the Hon. Member is getting too far away from the reply to the Premier's comments.

MR. MacDONALD: — Mr. Speaker, I have only one more comment and I will make it directly related to the Premier's comments. The most interesting part is the way in which it was announced. Because it would be most embarrassing for the Blakeney Government to have had to make that announcement before the next election. Because it would have seriously challenged their

credibility and their sincerity. I would hope that the Premier and the Government would lay on the table a full disclosure of all the feasibility studies, all the surveys, and all the environment impact studies that have progressed with this kind of a working paper so that the people of Saskatchewan will be able to judge whether or not the forests of Saskatchewan could be developed along the lines that the Premier has indicated.

MR. BLAKENEY: — Mr. Speaker, I am happy to reply to the statement.

First I want to make it perfectly clear . .

MR. MacDONALD: — Mr. Speaker, on a Point of Order.

MR. BLAKENEY: — Mr. Speaker, I listened with a good deal of care and listened to the questions which he directed to the Premier.

MR. SPEAKER: — I believe that the Hon. Member in answering the statement did raise other questions and I will permit the Premier to answer them and there will be no further debate on it, because other questions were raised.

SOME HON. MEMBERS:: — Hear, hear!

MR. BLAKENEY: — Mr. Speaker, I made clear as clear as it could possibly be to anyone who wanted to listen fairly, that there has been no statement of Government policy on the development of northern forests and when there is it will be made clearly so that Members opposite will not have to speculate on the basis of press reports.

Secondly, in specific answer to the question, there is not any suggestion even in the working paper that any rape of the forests like the Athabasca forest products would proceed.

SOME HON. MEMBERS:: — Hear, hear!

MR. BLAKENEY: — There is no proposal even in that working paper for a mill of 1,400 tons per day. There is no proposal even in the working paper for any pollution of the Beaver River to make it a stinking mass of half affluent and half water that your proposal had.

SOME HON. MEMBERS:: — Hear, hear!

MR. BLAKENEY: — I invite any one to study the working paper. It is clear that the Member for Milestone has not done so. But even if he had done so, he would see that there is no proposal for developing a large pulp mill using any substantial quantity of soft pulp wood on the west side. That is not in there. There is not — in any sense — any affinity between any of those proposals and the Athabasca Pulp Mill. I am very proud that we said no to the Athabasca Pulp Mill . .

SOME HON. MEMBERS:: — Hear, hear!

MR. BLAKENEY: — . . and with every passing day that looks to be a better decision. The only reason we can possibly consider a proposal for developing of northern forests in a way which would provide employment for northern people, is the fact that we shut off that pulp mill project and we are no longer committed to Parsons and Whittemore.

SOME HON. MEMBERS: — Hear, hear!

STATEMENT

GOVERNMENT MEMBERS BEING SQUASHED

MR. P. MOSTOWAY (Hanley): — Mr. Speaker, I want to rise on a Point of Personal Privilege.

I wish to draw to the attention of you and Members of this House an article which appeared in today's issue of the Regina Leader-Post. The article says that in an interview with the Hon. Member for Saskatoon University (Mr. Richards) that Hon. Member claimed that I and three other Government backbenchers were not allowed to second one or more of his resolutions in this House.

Mr. Speaker, the Member for Saskatoon University did not state the truth. His comment on me is absolutely false. Mr. Speaker, I am my own man and do not like the slur cast on me by the Hon. Member . .

SOME HON. MEMBERS: — Hear, hear!

MR. MOSTOWAY: — . . for Saskatoon University who depicts me as a fly under the hand of caucus. At no time has the NDP caucus ever attempted to prevent me from acting in the best interests of the people of Saskatoon and area.

SOME HON. MEMBERS: — Hear, hear!

MR. MOSTOWAY: — I hope the news media will make right the erroneous information concerning me given them by that Member.

SOME HON. MEMBERS: — Hear, hear!

MR. J. RICHARDS (Saskatoon University): — Mr. Speaker, if I could be permitted to comment upon the statement of the Member for Hanley . .

MR. SPEAKER: — No, because he rose on a Point of Personal Privilege. And a Member's word must be taken on a Point of Personal Privilege.

MR. RICHARDS: — I also would like to make a Point of Personal Privilege — I would agree with the sentiments made by the Member for Hanley. I did not intend in the interview I gave to the Press yesterday to imply that the Member was a 'fly' to be squashed. I have not read the story in the newspaper, but I would disown any implication in that story that the Member is a 'fly' to be squashed.

QUESTIONS

FOREST DEVELOPMENT

MR. T.M. WEATHERALD (Cannington): — Mr. Speaker, before Orders of the Day, I wish to direct a question to the Minister of Natural Resources. In today's paper under the headline, "\$180 Million Forest Program", "developments in Saskatchewan forest industry worth an estimated \$180 million are scheduled to begin in the next two years, the Minister of Natural Resources, Mr. Kowalchuk confirmed Tuesday."

Mr. Speaker, does the Government opposite not consider that a definite statement of policy?

MR. J.R. KOWALCHUK (Minister of Natural Resources): — Mr. Speaker, I am very glad that I will have the opportunity to answer that. I have not seen the article but if that is the way the article stated, then that is an absolute bunch of gibberish! I wasn't in the House yesterday afternoon when the Hon. Member for Saskatoon University presented this in the House, therefore, I didn't even know that it was tabled in the House. Last night when I was called out by a reporter from the Leader-Post, and this reporter showed me this report, showed me this bit of information that was tabled, I told him in the first place that I had never seen this before, I had never placed my eyes on it and I didn't know what it contained. I paged through it and I said, "I don't know what it is all about." I said I have heard of proposals being made of new industries going into northern Saskatchewan but I did not say, when I was asked the question, how much money is going to be expended in the North, is it \$180 million? I said possibly it will be in the next so many number of years. But I did not specify any figure, neither did I say that it will be going into there in the next two years or anything of that sort. I reject that kind of attack in this House upon myself. I am a new Minister, admittedly, but I will not accept this kind of an attack by anybody. Because this is an absolute falsehood. I did not make that statement to the Press. I simply stated that I hadn't seen it and that I didn't even know there was such a paper in existence.

SOME HON. MEMBERS:: — Hear, hear!

STATEMENT

GOVERNMENT MEMBERS BEING SQUASHED

MR. J.K. COMER (Nipawin): — Mr. Speaker, I also rise on a Point of Personal Privilege regarding this newspaper article which appeared in this morning's Leader Post. This article attributes statements to Mr. Richards saying that I would like to second his motions but have not been allowed to by the NDP caucus. Mr. Speaker, I have never been asked to second any motion by the Hon. Member for Saskatoon University or by any other Member. Further the Member for University wouldn't ask me to second any of his motions because he knows that I would say, no, loud and clear and how he can assume that I want to is beyond me. Mr. Speaker, he further states that I have not been allowed to. If I didn't want to I doubt that it would matter whether I was allowed to

or not and I know of no other Member who has not been allowed to support any or second any of his motions. Mr. Speaker, I am capable of exercising my own judgment on moving, seconding or supporting any motion.

SOME HON. MEMBERS: — Hear, hear!

MR. COMER: — And, Mr. Speaker, what the Member for University says is his responsibility but when he runs to the Press and talks about me I would appreciate if he would say the truth.

SOME HON. MEMBERS: — Hear, hear!

ANNOUNCEMENT

NEW REGULATIONS UNDER OIL & GAS CONSERVATION, STABILIZATION AND DEVELOPMENT ACT

HON. E.L. COWLEY (Minister of Mineral Resources): — Mr. Speaker, before the Orders of the Day I have a brief announcement to make respecting the new regulations under The Oil and Gas Conservation, Stabilization and Development Act, 1973. As Members opposite will undoubtedly be aware, in March regulations were passed with respect to the terms under which the oil companies producing oil in Saskatchewan could earn the difference between the basic and the premium well-head price, the 30 cents as it has often been referred to. Regulations were also passed which granted reductions in the royalty surcharge on mineral income tax for marginal wells. Prior to that time and since that time I have had numerous discussions, myself and Departmental officials, with people in the oil industry, and the oil supply and service industry. Today we have proclaimed some regulations which do roughly the following: under drilling incentives there will be credits against the mineral income tax royalty surcharge on exploratory wells. An oil company drilling a certified exploratory well will be able to earn up to 50 per cent of the drilling costs for approved exploratory wells.

For someone who drills an exploratory well in the province who has no production and therefore would not qualify for a reduction or a rebate on the royalty surcharge or mineral income tax, grants will be available from the Oil and Gas Conservation, Stabilization and Development Fund.

With respect to new oil and incremental oil, we will be moving to effect a separate price for new oil and a separate price for incremental oil. This will be accomplished by a reduction in the mineral income tax and the royalty surcharge payable for new oil or incremental oil whether it be by water flood or by thermal methods. For new oil there will be for the first four years of production a 60 per cent reduction in the royalty surcharge payable up to \$6.50. As the price of oil rises to a higher level from \$6.50 to \$8.50 per barrel there will be a 35 per cent reduction in the royalty surcharge or mineral income tax. After the price goes beyond \$8.50 a barrel the reduction will be 20 per cent. After a four year period the reduction in the royalty surcharge payable or mineral income tax will be a flat 20 per cent. This will mean that for a barrel of new oil found in Saskatchewan in the Weyburn-Estevan

area, light crude oil selling at a price of \$6.50 a barrel, the price to the producer on his share of oil will be approximately \$5.25 a barrel. There will be an additional 30 cents a barrel which can be earned by certain expenditures under the regulations under Bill 42. The price or the return to the producer, of course, will vary with the type of oil and with the price received.

The reason we have gone to a sliding scale which goes beyond the present price of \$6.50 is that, as Members opposite will know, the agreement with the Federal Government lasts for 15 months. One of the things which the industry has requested is some idea of what will happen after that period so we built in a sliding scale to show the industry the way in which we will calculate the royalty surcharge payable after next June, assuming the price rises about \$6.50 a barrel.

For incremental oil, for oil under water flood, there will be a three year reduction of 35 per cent of the royalty surcharge to \$6.50 a barrel, 25 per cent if it goes up over \$6.50 to \$8.50 a barrel and 15 per cent over \$8.50 a barrel in the event that the price went that high. This will be for three years. It will come into effect one year after the water flood starts because it takes a year for the water flood to take effect.

With respect to thermal recovery, this would be either by fire floods or by using steam, the period will be three years also and the reduction in terms of percentages will be the same as for new oil. The difference between thermal oil and new oil will be a three year period instead of a four year period.

I want to say that with respect to the oil which is already in place in Saskatchewan, the proven reserves in this province, the royalty surcharge will remain the same, the mineral income tax will remain the same. This new policy applies to new oil and to incremental oil, plus drilling incentives.

I want also to say that the next land sale will be held on the 11th of June, 1974. There will be new regulations covering land sales. Our objective in these is to shorten the terms of leases and permits and to increase the amount of work that must be done on them. The details of these will be announced after we have had a chance to discuss them with the industry. I would expect this in about two weeks.

I want to say that we have had very good discussions with some of the members of the industry in particular. I think the reason for the decision to move to a two-price system with respect to new oil and incremental oil was the recognition on our part and on the part of the industry that the costs of finding new oil in Saskatchewan are going to be considerably higher than the costs of finding the oil that is already in place. This is partly because of very much increased costs and also because of the fact that the geology is less favorable than it was 20 years ago when the first oil was found in the province.

SOME HON. MEMBERS: — Hear, hear!

MR. C.P. MacDONALD (Milestone): — Mr. Speaker, I want to be the first to applaud the Minister in what he has really done, successfully repeal Bill 42. It has been the biggest admission of the mess that this

Government put the oil industry in and, you know, Mr. Minister, if you just go back to what we said in December, if you go back to what I said and to what the Member for Albert Park (Mr. MacLeod) said, about the importance of a graduated mineral tax. The unfortunate thing about it, it has come too late. All of a sudden now you go to Estevan and Swift Current and Weyburn and there is nobody to take advantage of it. My only hope, and I'm sure I speak for the Members on this side of the House and the people of Saskatchewan, that the recognition by this Government of the stupidity of Bill 42 and its stringent provisions which failed to recognize the replacement costs of the discovery of new oil in the Province of Saskatchewan in 1974 as compared to 1955, are now finally coming into place. I hope the oil industry will come back. I hope that this will also be a recognition that Saskoil can't do the job by itself, that the people of Saskatchewan cannot pour tax dollars into holes in the ground that may or may not be successful. I want to tell the Minister I am glad also that he has recognized the high cost of recovery of marginal wells in the Province of Saskatchewan. We approved 100 per cent the concept of incremental return and staging it over a three year, four year or five year period. I hope that this will be successful. I regret very much that the Minister didn't take this attitude in December because the uncertainty in the minds of the oil industry may take three, four or five years to recover.

We will all be interested in watching the land sale in the month of June and I hope and I am sure that the Members of the Opposition will go out and tell the oil companies, the NDP have repented their sins, they have recognized their mistakes and they are willing now to sit down and talk to you and I hope it will be successful in bringing the oil industry back to Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

QUESTION

RATIONAL FOREST DEVELOPMENT

MR. J.G. RICHARDS (Saskatoon University): — Mr. Speaker, could I ask a third question, I should like a question to the Minister of Natural Resources?

MR. SPEAKER: — No, there has been . .

MR. RICHARDS: — We only had two questions in oral questions before the Orders of the Day. One from the Member for Milestone and one from the Member for Cannington.

MR. SPEAKER: — You're wishing to ask a separate question? Proceed.

MR. RICHARDS: — The question I should like to address to the Minister of Natural Resources (Mr. Kowalchuk) is the following. In a covering memo to the document I tabled yesterday there is the following statement:

This document represents the Government, i.e. Saskatchewan Forest Products, in the Department of Natural Resources, consider rational forest development.

This would imply that this is a good deal more substance than the Premier has implied in terms of just a working document. The question, Mr. Speaker, is, does the Minister of Natural Resources still consider that the tabled memoranda does constitute what the Department of Natural Resources conceives to be rational forest development?

HON. A.E. BLAKENEY (Premier): — I'm going to answer the question on behalf of the Government. (I can answer on behalf of the Government, there is no question of that, I trust.) The point that I perhaps should have made was that this document is some months old and as the Minister made clear it predates his period at the Department of Natural Resources and was not prepared by him or I think by his Department. I doubt whether any of us can comment on what is in a so-called covering memo when we don't know from whom and to whom it went. I don't think the Member is saying that the memo is from the Department of Natural Resources, I think he is not saying that, because I think that is not the case. Under all those circumstances since I think we don't know from whom the memo comes or to whom it was directed and as I believe it did not come from the Department of Natural Resources to anybody, it is, I think, inappropriate for us to attempt to answer whether or not it represents the current views of the Department of Natural Resources.

SOME HON. MEMBERS: — Hear, hear!

MR. RICHARDS: — A supplementary question, Mr. Speaker, Table four of the tabled material . .

MR. SPEAKER: — You can't debate the issue.

MR. RICHARDS: — I was not wanting to debate the issue, it was a supplementary question to my original question. The question is, what status do the development priorities as outlined in table four have, inasmuch as these development priorities indicate that by the end of 1975 the intention at that time was for completion of virtually all the projects outlined with the exception of the Meadow Lake sawmill expansion and the Meadow Lake newsprint plant?

MR. BLAKENEY: — I think I would need to make clear as I attempted to do earlier that this is somebody's proposal of what might be one possible development. I would think it in the highest degree unlikely that all of these projects would proceed or perhaps even most of them would proceed and I think it in the highest degree unlikely that they would proceed in the time frames outlined and accordingly it is not relevant to comment on the priorities or order of priorities. I need only advise the House that the developments, so-called, in this discussion paper are not proceeding on the schedule outlined in the paper as I think would be reasonably obvious from some of the dates that are in the paper and, accordingly, it is not meaningful to talk about priorities and when the projects will come to fruition.

ANNOUNCEMENTS

REGULATIONS TO THE INDUSTRY AND COMMERCE DEVELOPMENT ACT

HON. K. THORSON (Minister of Industry and Commerce): — Mr. Speaker, before the Orders of the Day I should like to make an announcement about regulations which have been passed under The Industry and Commerce Development Act, 1972. These regulations will have application to the Oil Fields Supply and Service Industry in Saskatchewan. The regulations will consist of a program to be called the Disruptive Circumstances Assistance Program. The basic thrust of the program is to provide financial assistance to business firms in Saskatchewan engaged in the oil field supply and service industry on the basis of their experience for the total year, 1974 as compared to three previous years. That is to say, Mr. Speaker, that if the people in this industry experience in 1974 a loss of income as a result of the slow down in oil exploration and oil maintenance activity in oil producing fields, then there will be financial assistance available. It can be in the form of guaranteed loans; it can also be in the form of an outright payment if any particular applicant qualifies for such assistance.

Mr. Speaker, the payment, if indeed it is made, will be paid out of the Oil and Gas Stabilization Fund which has been accumulating as a result of the imposition of the new royalty and surcharge taxes under what has become known as Bill 42.

Mr. Speaker, this program under the legislation which was passed two years ago will first of all be preceded by a statement of intent and conditions. And indeed I may say, Mr. Speaker, we anticipate that this may be interpreted as a kind of precedent in other circumstances, in other situations where any business firms have been interrupted for various reasons in the normal course of their business. The statement of intention will apply, as I say, in this case to the Oil Field Supply and Service Industry. The people in that industry who are interested in taking part in the program will be able to apply directly to the Business Assistance Branch of the Department of Industry and Commerce.

May I just say, Mr. Speaker, that this program has been worked out primarily in consultation with people in that particular industry and we believe it meets their requirements for temporary assistance, we believe that the difficulty which many of these people who are independent contractors have experienced is a temporary one. Obviously the production of oil in Saskatchewan will continue and the business that they get from that production will continue in Saskatchewan. The reduction in business for them is the result of a reduction in exploration activity which we believe will also recover. But in the meantime, Mr. Speaker, some of them may need actual cash in hand and they will be able to get advances on outright payments if indeed they qualify for outright payments, after an evaluation at the end of the year. We anticipate that the administration of the program will be in place so that applications can be received this week. If it is necessary to pay cash before the end of April for people who have payrolls to meet or who have licences to buy for vehicles or payments to be made on equipment, that will be in hand before the end of this month.

Mr. Speaker, obviously the intention of this program is to preserve the Oil Field Supply and Service Industry, its equipment, its staff, particularly, are highly qualified personnel, for the oil production industry in Saskatchewan in the future.

MR. C.P. MacDONALD (Milestone): — Mr. Speaker, I'd like to make a comment on that.

MR. SPEAKER: — I'll permit one comment on that.

MR. ROBBINS: — Just a Point of Personal Privilege . .

MR. MacDONALD: — Mr. Speaker, I just want to say that this is the most interesting day I have ever spent in the Legislative Assembly of Saskatchewan. We might well term this day, Eat Crow Day for the NDP. Never has there been a greater indictment against the NDP socialist philosophy of Bill 42. What really has happened, Mr. Speaker, is they have closed the chicken coop door after the chickens have flown the coop. And why doesn't the Minister be honest? What he is doing is subsidizing business in the Province of Saskatchewan for a loss of profit because of the stupidity of his own Government. And the interesting part of it is, is that the Bill is designed for his own constituency. I don't know of any other Government in North America or the world that has subsidized business for a loss of profit. You know, I wonder if this will be available to businesses outside those indicated by the Minister, because I wonder if it will be available to the hotel men. I wonder if it will be available to the hearing aid operators and to the cattlemen and to the druggists, whom now the Minister of Health is going to drive out of business. Is this help going to be available to all of the people because of the policy of this Government that it infringes upon the right of a businessman to make a living, or is it just in Estevan? I hope the Minister will clarify that and we will make sure that we will clarify it for the people, the businessmen of Saskatchewan, during his Estimates.

I want to tell the Minister that these people, I have talked to them, they don't want a handout. They are not the 'corporate bums' of David Lewis. These people want work. They want you to bring in policies and positive policies that will bring in the oil companies and return them to exploration and development in the Province of Saskatchewan, so that they can earn an honest dollar with the skills and the technology that they possess, and not from a government handout because of your own stupidity and the stupidity of your Government.

SOME HON. MEMBERS:: — Hear, hear!

FIRE SAFETY

HON. G.T. SNYDER (Minister of Labour): — Mr. Speaker, I know that all Members on both sides of the House have a significant interest in the whole question of fire prevention and fire protection, and I want to take this opportunity to announce to Members of the Assembly that Orders-in-Council have been adopted that will improve fire safety in schools, hospitals, apartment buildings and hotels.

The regulations which I draw attention to under The Fire Prevention Act will clearly spell out the requirements for submission of plans for new construction or renovation to hospitals and schools and will increase the requirement for fire resistant construction in those buildings while at the same time allowing for certain modifications to the construction when sprinkling systems are used.

Entirely new regulations now make the installation of automatic sprinkler systems in certain buildings mandatory. A mandatory requirement will cover new construction in hotels and apartment buildings over five storeys in height, and hospitals and institutional buildings over three storeys.

An extensive study has been carried out by my Department to find means to improve life safety in these classes of buildings. It will be known that the national building code has been adopted by a number of municipalities as the building bylaw of those municipalities, and although it is a good one, it doesn't go far enough for the protection of life of high occupancy buildings. Mandatory sprinkling systems will do a great deal to increase life safety features in these buildings, we believe.

Another area of great concern to the Government is the improvement of fire protection measures in Special Care Homes. By their very nature Special Care Homes created particular and unusual problems not encountered in other buildings and officials of my Department are still studying all of the implications of the protection systems available, including sprinkling systems. I expect this study will be concluded very shortly and that regulations relating to the fire safety in Special Care Homes will be forthcoming in the near future.

I should add that Saskatchewan is not the first to adopt regulations requiring sprinklers. They have been in extensive use for some time in Australia, New Zealand and have shown conclusively their effectiveness in extinguishing and controlling fires.

Forty-one States in the United States have regulations requiring sprinklers in nursing homes and buildings of a similar type occupancy. The Federal Government has recently made regulations requiring automatic sprinklers to be installed in new highrise Government office buildings.

I think it is fair to say, Mr. Speaker, that in our time of advanced technology it is incomprehensible that we should not make an effort to use automatic sprinkler systems to control fires. We are convinced that automatic sprinklers will bridge the gap and sprinklers will not only greatly improve life safety of building occupants, but by controlling fires they will greatly reduce the hazards of fighting it and thus, reduce the injuries suffered by fire fighters.

This regulation, I suggest then, represents a giant step forward in the protection of life in a fire and I am sure it will be welcome by all Members of the House.

MR. G.B. GRANT (Regina Whitmore Park): — Mr. Speaker, I am sure that we on this side of the House welcome the moves to try and protect and safeguard health and property.

I should like to have the Minister comment, if he wouldn't mind, about what is going to happen to the apartment buildings and the likes of that under five storeys in height. Because as far as I know we haven't had a loss of life in Regina, in any block over five storeys; the loss of life took place in buildings five storeys and under. Also I should like to have his comment as to what is being done by way of warnings for smoke hazards. The sprinkler system is fine but it is of little help in fires such as occurred on Rose Street in the 20 block, where the fire was small but the smoke was very dense. The sprinkler system wouldn't have helped there at all and I would appreciate his comments on this.

MR. SNYDER: — Well, I think first of all I want to comment with respect to the question raised by the Member for Whitmore Park with respect to those apartment buildings under five storeys. You know that Prince Albert, Estevan and Regina have recently adopted the National Fire Code as their bible, and accordingly, the provisions of the National Fire Code will apply throughout and whatever provisions are mandatory under the National Fire Code then will apply in those cities where the National Fire Code does become their rule of law.

I think the reason for adopting the sprinkler system for those apartment buildings over five storeys, is fundamentally because of the fact that fire fighting equipment under normal circumstances is usually unable to reach above and beyond the fifth storey or somewhere in that general area. And this is why, at this time, keeping in mind the experiences elsewhere it was considered, while the matter is still constantly under review, that five storeys was an adequate starting place and accordingly it was determined when we drew the regulations that five storeys for those types of buildings would be a place for us to begin. Accordingly, this is the direction in which we have decided to travel.

With respect to the smoke detector systems, we have made no particular regulation in that respect except to say, once again, that the provisions of the National Fire Code apply and if provisions in the National Fire Code, which incidentally I am not well acquainted with, make provisions alternately for smoke detector systems, then these will apply in the three cities where the National Fire Code applies.

ERROR IN LEADER-POST AND STAR-PHOENIX

HON. W.A. ROBBINS (Minister of Finance): — Mr. Speaker, on a Point of Personal Privilege. I hope it won't be as difficult to get a correction in the Press as it is to get up in this House to get this personal privilege across.

In the April 16th issue of the Leader-Post and also the Star-Phoenix, quotes me as saying in the debate on the Succession Duties and Gift Taxes as follows:

Mr. Robbins argued family businesses are often monopoly types of enterprises.

I said no such thing. I said, monopoly type businesses are a much greater threat to family-type businesses than are

succession duties and gift taxes.

I hope the Press will correct that.

SECOND READINGS

HON. W.E. SMISHEK (Minister of Public Health) moved second reading of Bill No. 102 — **An Act relating to the Acquisition, Distribution and Sale of Certain Drugs.**

He said: Mr. Speaker, for a while I was beginning to wonder whether we were going to get to this debate today.

In considering what I would say on Second Reading of this important Bill I couldn't help thinking back over the history making health legislation which has been introduced in this Legislature. There are The Saskatchewan Hospitalization Act in 1946; The Saskatchewan Medical Care Insurance Act in 1961, and more recently, The Dental Care Act, in December of last year.

We have developed a tradition of humanitarian health legislation in this province, a tradition unmatched by any other political jurisdiction on this continent.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, that is a tradition we are proud of. We are also proud of the men who fostered and encouraged this tradition — men like Tommy Douglas, Woodrow Lloyd and our present Premier, the Hon. Allan Blakeney.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — I mention these three because of their close association with the health legislation in this province and my personal close association with these three outstanding Canadians.

When our Premier asked me to take the health portfolio in those unforgettable and exciting days in the last week of June of 1971, I was frankly thunderstruck. After all, my background was that of a union representative. The Health Department was then, as now, the largest and perhaps the most complex Department of Government, an awesome and frightening task for someone who had never been a Cabinet Minister before. I simply hadn't thought of being asked to be a Health Minister. I accepted that post, after a good deal of thought, and after consultation with my good friend the late Woodrow Lloyd.

Woodrow Lloyd's advice to me was simple and direct. He suggested that though the job of Health Minister was onerous, it was also deeply rewarding, for it involved one in services to people, which meet some of their most basic needs. As he said in 1961, in the debate on the Medical Care legislation, let me quote:

The development of these services is a measurement of the extent of public responsibility — this in turn is a measurement of the extent of sensitivity which we have developed to the rights and needs of others.

Mr. Speaker, no man exhibited that sensitivity more than did Woodrow Lloyd.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — As I thought about what my response to the Premier should be I also recalled Tommy Douglas, who had appointed me to the Saskatchewan Advisory Planning Committee on Medical Care in 1960.

Tommy Douglas' commitment to meeting the health needs of the people of Saskatchewan was one that he held with passion and deep conviction. His contribution to hospital and medical care particularly, has made him a living legend in the hearts and minds of Saskatchewan people, and yes, the people of Canada.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — I recalled the contribution Premier Blakeney made as Health Minister in the early days of Medicare, days fraught with difficult political, administrative and policy decisions. Mr. Speaker, I confess that I accepted the challenge of the Health portfolio with a good deal of trepidation. I accepted because I share the Premier's conviction that our health services are very important priorities. I accepted because I was confident that I would have his active support in meeting the many commitments our party has made in the health field.

Mr. Speaker, the support that the Premier, my Cabinet and caucus colleagues has given me in bringing forward our new health care programs has been gratifying and encouraging.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, when I consider what has been accomplished by this Government in less than three years in office, not only in the health field, but in social services, education, labour, agriculture and human rights, just to name a few, it is an impressive list of achievements.

So what this Government has done is a credit to the Premier's leadership. It reflects his deep concern for the people of this province; his commitment to their needs. In a very real sense, he is the servant of the people. This reflects his philosophy of Government programs generally, including the many new health programs we have introduced.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, his guidance and influence is reflected in these programs which have attempted to create equality of opportunity of giving all citizens equal access to good health. For without good health, there is little opportunity for developing one's potential.

My own task has been made easier by his support and encouragement and this fact I want to acknowledge today. I want also to acknowledge another source of support which I have had in the development of our health program. In the fall of 1971,

I set up in the Department of Health what was called the 'Thrust Group'. Under its oversight, I appointed a number of probes, small task forces to inquire into the various health subjects. I can still recall the skepticism and scorn with which the Opposition greeted that news.

The programs which I have brought before this House in the months that have passed since the establishment of 'Thrust', programs like the Dental Care Plan, the Saskatchewan Hearing Aid Plan, the Nurse practitioners Project and the Drug Plan today. Mr. Speaker, these programs vindicated the position that I took at that time.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — They are also a tribute to the dedication and human concern of our public service. I want to acknowledge that contribution.

The Prescription Drug Bill is in some measure a monument to the historic commitment of the NDP and CCF Governments in Saskatchewan to improve the quality of life for all people on an equal basis. It follows in the tradition of hospitalization and medicare.

When I reflect upon a long list of achievements in the health field, initiated by NDP and CCF Governments, I could not help but look for some small thing which the Saskatchewan Liberals have done for health in the last 30 years. Mr. Speaker, I must say I wasted a lot of time looking because there is not much to find. About the only notable piece of legislation on health passed by a Saskatchewan Liberal Government in the past 35 years, was a Bill to provide financial aid to hospitals in the early 1940s. But the tragedy of this legislation was that the Liberal Government of that day did not provide one additional nickel of financial aid to hospitals. The legislation obviously was intended simply to gain some votes in the 1944 election. Mr. Speaker, that trick did not work.

When the voters threw out the Liberals, the CCF Government provided the funds that were necessary and established the finest hospital plan in North America.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — In the 1940s and 1950s we developed the Cancer Control Program into one of the finest of its kind. We pioneered the Health Regions and substantial public participation in these programs, a fact which is usually forgotten by contemporary planners and historians. We provided the most enlightened mental health service in North America, which even today with its problems, is still said to be the best in Canada. We implemented a comprehensive Medical Care Program over the outrage of the Liberal Opposition, and this program became a model for all of Canada, in just a few short years. We are implementing a Children's Dental Care Program, and already several other provincial governments are beginning to follow our lead.

Mr. Speaker, without a doubt, a Children's Dental Program will be a national scheme before the end of this decade. We implemented a Hearing Aid Program, and already five other

provincial governments have expressed interest in adopting a similar scheme for their own province.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Now, Mr. Speaker, we are now introducing a comprehensive Prescription Drug Program in Saskatchewan. I want to point out that our NDP Government is not merely fulfilling election commitments. We are responding to the legitimate needs and expectations of our Saskatchewan people.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — We are recognizing that the strength of our province lies in its people — people who want to improve their health, their education, social, economic and personal capabilities. These human capabilities are then available for further enrichment of our province, and the fulfilment of personal and individual aspirations. Health programs are a major contribution to the full development of the human potential.

Mr. Speaker, the need for a prescription drug program in Canada has been recognized by many individuals and groups for a long time. More recently, some governments have begun to acknowledge this need. After a long and careful assessment the Hall Royal Commission on Health Services made a national plea for a prescription drug program. I quote from the Royal Commission Report:

In view of the high cost of many of the new life-saving, life-sustaining, pain-killing, and disease-preventing drugs, the Commission has concluded that prescribed drugs should be introduced as a benefit of the health services program.

The Royal Commission took note of the great many special investigations and studies being made into the cost of prescription drugs in Canada and the drug industry at large.

The Royal Commission expressed concern about some of the pricing methods of the drug industry and the protection that is provided for the industry and for drug prices under certain patent laws.

After making a number of recommendations to examine some of these unusual industry practices, the Royal Commission concluded, and let me quote again:

We have no hesitation in stating that the public interest is dominant. When we speak of the availability of a large number of specific drugs, we are talking in terms of lives and the health of people.

And further in the report, the Royal Commission states:

Either the industry will itself make these drugs available at the lowest possible cost, or it will be necessary for agencies and devices of government to do so.

Mr. Speaker, in Saskatchewan the industry has not taken effective steps to reduce the cost of prescription drugs to

consumers, nor have they done so in the rest of Canada.

On the contrary we have evidence that the industry has found an increasing number of ways to sustain the cost of drugs, to obtain excessive profits for the drug industry, and to diversify its products and increase its advertising promotion. The result is to confuse the physician, the pharmacist and the public as to the therapeutic value of drugs — particularly new drugs or old drugs with new names, and almost always with higher prices, Mr. Speaker.

We are concerned about the unusual pricing policies of the drug industry. And we are concerned that the Canadian consumer who in the end has to pay the price from his own pocket for all the faults, tricks, gimmicks, and unusual pricing arrangements which are in use throughout the international and national drug scene.

Mr. Speaker, in Saskatchewan, we are concerned about the very great price ranges which occur for the same drug depending upon where an individual may live in Saskatchewan or upon the stores where he buys his drugs.

We are concerned further, that many people cannot afford to buy the medically necessary prescriptions which are given to them by physicians because of the high prices of drugs.

The need for a drug program is supported by mounting evidence, Mr. Speaker, accumulated throughout Canada, the United States and Western Europe. The need is reinforced by two recent studies undertaken in Saskatchewan.

In 1966 the Department of Health in co-operation with the Saskatchewan Pharmaceutical Association undertook a study of family expenditures on prescriptions in the Weyburn area. This study revealed some startling facts. For instance, it demonstrated that two per cent of the families in that area bore almost 20 per cent of all drug expenditures. Five per cent of the families in the Weyburn area bore almost a third of all drug expenditures. And ten per cent of the families bore one-half of all of the drug expenditures.

Mr. Speaker, clearly the cost burden of prescription drugs is distributed unfairly across the population. Yet the people who must face these high prescription drug expenditures are often the people who are least able to afford the high cost — the sick, the injured, the chronically ill, and the elderly.

Mr. Speaker, the second drug study, which has come to be known as 'Operation Sunrise' was completed in the summer of 1973. It showed that prescription drug prices vary widely in Saskatchewan. The 'Sunrise' study showed conclusively that prices for the same drug differ between communities and even differ between outlets in the same chain store.

For example, for identical prescriptions of a new synthetic penicillin ranged from \$3.75 to \$9.15; for identical prescriptions of another brand of penicillin from \$1.68 to \$5.90; for one of the older antibiotics from \$1.85 to \$7.35; and for another, from \$2.20 to \$8.00.

Some fairly large price variations were observed on identical prescriptions filled at different outlets of the same chain or drug section of a department store. In Pinder's the surveyors paid from \$4.35 to \$6.10 for the synthetic penicillin; in White Cross pharmacies, the surveyors paid from \$4.29 to \$6.00 for another brand of synthetic penicillin; in Co-op pharmacies, a range of \$3.80 to \$9.10 for the same brand of penicillin was observed.

Mr. Speaker, the 'Operation Sunrise' study also compared the prices that were paid for drug supplies by the ordinary pharmacy, and the prices of drug supplies available to high volume buyers. The study was able to show that the very large savings are made by those who purchase in large volumes.

Mr. Speaker, our Government recognizes that drug therapy is an integral part of the treatment of many patients. As a part of the psychiatric services program we now provide psychotherapeutic drugs at no charge to patients. The Saskatchewan Anti-tuberculosis League provides drugs necessary for the treatment of TB patients.

Free drugs are also provided to patients who have certain kinds of diseases which require an enormous amount of drug therapy — patients who have diseases like cystic fibrosis, rheumatic fever, and certain other chronic ailments.

We also provide drugs and medication for patients with renal disease up to a maximum of \$1,000 per patient per year. This program was introduced by our Government just last year. We also pay for the cost of drugs prescribed for patients in our hospitals.

Where drug therapy for out-patients is necessary, as a part of the treatment of certain disease, we are concerned that the high cost of drugs may prevent some patients from purchasing drugs which have been prescribed by their physicians. In other instances, we believe that there has been a delay in filling a prescription because individuals cannot pay the drug bill — and yet in other instances, we believe that some individuals do not visit their physicians for fear of receiving a prescription they cannot afford.

Mr. Speaker, we believe that good health is a right and not a privilege — and that individuals should not be denied access to health care because of financial costs.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, for this reason alone it is necessary to attack the high cost of drugs.

Like a number of other provincial governments, the Saskatchewan Government has taken steps in the past to reduce drug costs to consumers in public institutions. Aside from the program to provide for free drugs to patients with certain diseases, the Saskatchewan Government bulk purchases drugs for psychiatric hospitals and other provincial institutions. In addition, general hospitals use approximately 30 per cent of all drugs sold in the province. In most provinces, bulk purchasing procedures for hospital drugs enable hospitals to obtain substantial discounts on drug products.

In 1971, The Pharmacy Act was amended to permit pharmacists in Saskatchewan to substitute an equivalent drug product for the brand prescribed by the physician, unless the physician has written on the prescription 'no substitution'. Unfortunately, the substitution legislation has not had a substantial effect in lowering the cost of drugs to the consumer. Pharmacists seem unwilling to substitute without a manual of guaranteed equivalent products.

The Ontario experience indicates that voluntary substitution even with an explicit list of interchangeable products, is not likely to be widely adopted by pharmacists. The pharmacist's power to substitute will be clarified by further amendments to The Pharmacy Act which I propose to introduce later this day.

Substitution is of major importance to a drug program. Many physicians prescribe by brand name, thereby eliminating competition among firms providing similar products, unless the pharmacist is able and willing to substitute lower priced products.

Brand name prescribing is reinforced by the drug manufacturers in their promotional activities which they aim primarily at physicians. These promotional activities in Canada are estimated to cost about 25 per cent of drug manufacturers' gross revenue. And, of course, the consumer pays in the form of higher prices.

Mr. Speaker, at the present time, the average prescription cost in Saskatchewan is about \$4.25. About half of this average cost of \$4.25 is the pharmacist's dispensing fee and the other half is the actual cost of the drug material

Of course, the annual drug cost for some families in Saskatchewan are very large indeed. And the cost of a single prescription may be much higher than \$4.25 in some cases.

The elderly and the chronically ill are particularly hard hit with drug costs because some individuals may be medically required to consume several types of drugs each day — every day of their lives.

Mr. Speaker, the New Democratic Party is committed to substantially reduce this prescription drug cost bill. I have indicated that the bulk purchasing feature of this program will substantially reduce the price of drug materials to the retailer — and these cost reductions should therefore be passed on to the consumer. It is expected that in many cases the cost of drugs to the retailer will be reduced by as much as fifty per cent, Mr. Speaker.

SOME HON. MEMBERS:: — Hear, hear!

MR. SMISHEK: — Nevertheless, our Government does not believe that this cost reduction is yet low enough.

We are proposing that the Government absorb the entire cost of all drug materials dispensed from the provincial formulary.

SOME HON. MEMBERS:: — Hear, hear!

MR. SMISHEK: — Let me repeat this point so that there is no misunderstanding about the proposal.

The cost to the consumer of a prescription is composed of two parts. One, he pays for the drug materials — that is the pills, the liquid, or whatever is dispensed. Mr. Speaker, I might add that included in the cost of drug materials is the cost of advertising and profit. And two, he pays for the professional fee of the pharmacist in preparing the drug materials dispensed.

Mr. Speaker, our Government's proposal is to absorb through the provincial program the cost of all those drug materials which are dispensed by the pharmacist and which have been prescribed through the provincial formulary.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, the consumer will then pay for some or all of the pharmacist's dispensing fee.

Mr. Speaker, we are aware that this proposal could lead to considerable inequity across the province because some small retail pharmacies might charge a higher dispensing fee in order to keep their doors open — while large chain stores which have a large volume of business could lower the professional dispensing fee and still make a healthy profit.

For Saskatchewan consumers in cities, one would only have to shop around to find out where the lowest dispensing fee was charged. But for consumers in rural Saskatchewan there might be no choice of pharmacies and they would therefore have to pay whatever the local pharmacist determined his dispensing fee would be.

Mr. Speaker, to overcome this potential inequity, we propose that there should be one standard charge to the consumer no matter where the consumer lives, no matter what store he buys his prescription in, and no matter how large or how small the pharmacy.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, as I indicated earlier, discussions are already under way with the Saskatchewan Pharmaceutical Association, and these discussions will include the matter of the dispensing fee. If the negotiated dispensing fee exceeds the standardized charge to consumers, the prescription drug agency will make up the difference.

Mr. Speaker, I should also like to reassure the Saskatchewan public that there will be no premiums for this program. The cost of the drug materials which we propose to absorb on behalf of the consumer, will be paid for by the general provincial revenues.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, the precise cost of the proposed program

cannot be stated at this time.

We know that Saskatchewan consumers and the public institutions spent about \$18 million on drugs in 1972. Almost \$5 million was spent by the Provincial Government on drugs for hospitals and other health institutions and programs. The remaining \$13 million was spent by the public.

We believe that there will be an absolute reduction in the cost of drug materials for Saskatchewan and there will probably be an increase in utilization of some medically required drugs because the people will be able to afford them. Nevertheless the exact nature of cost reduction in drug materials wouldn't be known until the provincial drug agency is able to negotiate with the drug manufacturing companies for bulk purchase prices.

In addition, until negotiations with the Saskatchewan Pharmaceutical Association are completed, it will not be known what the dispensing fee charges will amount to.

I can assure the Members of this House, however, that there will be a very substantial reduction in the average cost of prescriptions to the consumer. It is expected that the price of drugs to the consumer will decline by at least fifty per cent.

SOME HON. MEMBERS:: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, I am pleased to be able to report that the Government and the Saskatchewan Pharmaceutical Association are substantially in agreement about the main principles of the Saskatchewan Prescription Drug Program.

When the Department of Public Health began to examine the various options for a prescription drug program, the Saskatchewan Pharmaceutical Association was asked for its views. It put forward a number of principles to the Department in 1973. They embraced a broadly responsible approach both to the public and to the health professions, an approach which this program recognizes.

I was, therefore, pleased to be able to inform the Saskatchewan Pharmaceutical Association that I could accept many of its useful suggestions.

Mr. Speaker, I should like to review the main principles:

1. The Prescription Drug Plan should be universal for all Saskatchewan residents.
2. The Prescription drug benefits under the plan should be comprehensive.
3. A drug formulary should be developed and used much like the drug formularies which have worked so well in hospitals for many years.
4. A drug program should develop ways to assure the quality and comparability of prescription drugs.
5. Prescription drug costs to consumers should be reduced.

With respect to the method of paying retail pharmacists, the Saskatchewan Pharmaceutical Association has urged that the fee-for-service system be retained.

Mr. Speaker, while I would think that this method is the one which most pharmacists would want to adopt, I am aware that some pharmacists might wish to experiment with different forms of payment. I would be willing to consider suggestions from individual pharmacists or groups of pharmacists who wish to experiment with a different method of paying for the professional component of drug services.

Mr. Speaker, the Pharmaceutical Association has also urged the Government to give the existing wholesale suppliers an opportunity to demonstrate their ability to properly provide a reasonably priced service. Mr. Speaker, as I have said many times before, the intention of our Government is to provide drugs to the consumer at a greatly reduced cost. If the wholesale suppliers are willing and able to contribute to this Government objective, we most certainly will want to give the existing wholesalers an opportunity to work with our Saskatchewan pharmacists and the Saskatchewan Government in this program.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, the Prescription Drug Bill is quite different in some respects from other major pieces of health legislation which we have implemented in the past 30 years. In 1971 the New Democratic Party did not promise to insure all prescription drugs. It did promise to provide drugs at greatly reduced cost. You should note, therefore, Mr. Speaker, that this Bill is not a drug insurance plan. It is not like the Medical Care Insurance scheme. It is not a grant program like the hospitalization scheme.

This Prescription Drug Bill is designed to co-operate with the existing retail pharmacists in Saskatchewan and to provide the tools by which drug costs to the consumer can be reduced. This Bill has provisions which will enable the Government to stabilize pharmacies in Saskatchewan which are facing difficulties. I am particularly concerned about the many rural pharmacies which are finding it increasingly difficult to survive.

This Bill and the drug program which will flow from it, will help us reduce the cost of prescription drugs to consumers everywhere in Saskatchewan. The program will enable the Government to reduce the cost of drugs so that any citizen who is in need of prescribed medication will be able to afford the medication and at the same time be assured that he is obtaining high quality drugs.

This Prescription Drug Bill is based on two main principles: co-operation and negotiation.

Let me give you an example of how these principles will work in the Prescription Drug Program. It is the intention of the Provincial Government to use its full weight in the market to negotiate large bulk purchase contracts for prescription drugs with the manufacturers. The Government will also negotiate distribution agreements with wholesalers.

Contracts will be negotiated with the manufacturers for the provision of drugs at fixed prices for an agreed period of time. The successful implementation of this arrangement will mean that the Government will not have to become directly involved in the ordering or receiving of drugs. We will continue, however, to purchase drugs for our own agencies.

Orders will be placed by wholesalers, hospitals or retail pharmacies, at the price negotiated by the Government. Products will be shipped from the manufacturer directly to the wholesaler, hospital or pharmacy. Some of these bulk purchase contracts will amount to hundreds of thousands of dollars, or even millions of dollars, Mr. Speaker. With this kind of purchasing power, the Government is in a solid position to obtain the very best price for Saskatchewan pharmacies and consumers.

Mr. Speaker, the lower cost drugs obtained through these negotiations will be available to the retail pharmacies in Saskatchewan which are working in co-operation with the Government scheme. Negotiations with the pharmacists will ensure that these savings are passed along to the consumer. The savings will also be available to all of the other health agencies and institutions which operate in Saskatchewan.

Mr. Speaker, this is only one example of the spirit of this Bill, but it serves to illustrate the intention of the Government to act on behalf of the people of Saskatchewan and the pharmacists of our province.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Speaker, the Saskatchewan Prescription Drug Program will be administered by an agency established within the Department of Public Health. This agency will arrange and negotiate the bulk purchasing of drugs from the formulary. The Saskatchewan Government already has some experience with the bulk purchasing of pharmaceutical products.

The Department of Government Services purchases drug supplies in bulk for certain provincial institutions. As well, the Department of Health is participating in an experiment sponsored by the Federal Government to bulk purchase certain drugs required by provincial governments.

The Saskatchewan Prescription Drug Agency will also negotiate suitable dispensing fees with pharmacists in Saskatchewan, and reimburse pharmacies for services provided under the plan. It is not the intention of the program to reimburse consumers directly except where Saskatchewan residents have found it necessary to purchase drugs outside of the province.

My Departmental officials have recently entered into discussions with the Saskatchewan Pharmaceutical Association regarding the details of how this approach can be implemented. The Saskatchewan Pharmaceutical Association has indicated its willingness to co-operate with this type of program, and I am hopeful it will be offering suggestions to improve upon the general outline of the program and also find ways to make the implementation as smooth as possible.

So that there will be no delay in establishing the machinery for this prescription drug program after the legislation is

approved by this House, I have made enquiries about a director for the program who would have outstanding and recognized credentials in the eyes of the Saskatchewan public, the pharmacists and the physicians. I believe we have found such a candidate from within Saskatchewan.

The Director of this program will be Professor Jack Summers, from the College of Pharmacy of the University of Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — I believe he is with us this afternoon, Mr. Speaker. Professor Summers was born in Saskatchewan, received his pharmacy degree in our province and completed post-graduate studies in the United States. Jack Summers has been known in Saskatchewan for both his contributions to the health field and also for his administrative talents. We are also pleased Professor Summers has agreed to head up this major new program. No doubt this House will be concerned about the response of drug wholesalers to this program.

As I have stated before, I hope that the drug wholesalers will co-operate with this drug program in the same way that the Saskatchewan Pharmaceutical Association presently is. The largest drug wholesaler in Saskatchewan has previously indicated its willingness to co-operate with the Government bulk purchasing program. I expect that discussions will begin soon with the wholesalers and they, too, will see the opportunities in this program for them.

Mr. Speaker, I have a letter that I just received the other day from the largest distributor in Saskatchewan, and if I may I would like to read this letter in part:

As your plans further progress, I want to assure you of a ready availability (he mentions the name of their local managers) to work with you and your committee in the most economical way for the distribution of drugs in the Province of Saskatchewan. If my office or that of my general manager can be of further assistance to your discussions please feel free to call us.

Mr. Speaker, that communication is indeed welcome, it comes from a major wholesaler.

There are over 8,000 drugs on the open market in Canada today. Many of these drugs have essentially the same therapeutic value, but because they are called by different names, prices vary widely. In addition, many drugs on the market today have not been properly tested and some are of highly questionable quality. Physicians are very busy men who are rarely in a position to assess each new drug as it comes on the market.

Drug companies, on the other hand, spend millions of dollars each year advertising new products in order to convince physicians that there is a new and better product available for medical use. While these problems have been known in Canada for many years, very little has been done about it.

As recently as February 16, 1974 in the publication called 'The Economist' there is a report that Senator Edward Kennedy's sub-committee which is now investigating the American drug

industry has received testimony that a number of drug companies are playing a trick on consumers which is costing the consumers hundreds of millions of dollars each year. The testimony states that drug companies have been allowed large profit margins for many years on their claim that these profit margins are required in order to fund research programs to find new products. But, in fact, Mr. Speaker, these profits have not been directed to research into new drugs which might cure leukaemia or such other kinds of diseases, rather the profits have been used mainly to make minor changes in existing drugs and then re-patent the drugs under a new name which will prevent a competitor from making a cheap successor to an existing drug when its original patent expires.

Mr. Speaker, the testimony before the Kennedy sub-committee claims that 87 per cent of all international patents involved this little racket. Mr. Speaker, perhaps that's putting it too mildly, maybe I should have said this major racket. But what does this all mean for us in Saskatchewan?

It means that Saskatchewan consumers, like all other Canadians, are denied the benefit of the development of lower cost drugs which would have the same medical value as their more expensive counterparts. It means that a great deal of money is spent by the drug industry on advertising so-called new products, which really aren't new, and the consumer must pay the cost of this advertising in his own drug bill. It means that physicians are flooded with information about new drugs and most physicians have very little time and very few days of assessing the claims made by the drug companies.

It means in Saskatchewan, that if physicians prescribe any of these new drugs, then pharmacies must stock the drugs even though they might not be used very often. This drives up the costs of trying to run the pharmacies.

Mr. Speaker, it also means that in the end, all consumers of prescription drugs pay more and will continue to pay more, and more, Mr. Speaker. Hospitals across the western world, have found a way to control this system. They have created a listing of drugs called a 'Drug Formulary'.

A formulary lists those drugs which have proven quality. The formulary includes drugs which physicians and pharmacologists recognize to be the most commonly needed drugs and those where the therapeutic value of the drug and its side effects on the patient are known.

Most often, in larger hospitals, the drug formulary does not include more than a thousand to fifteen hundred drugs, and often less, as opposed to the eight thousand or more drugs which are on the market today. Hospitals have found that physicians are satisfied in prescribing within the formulary, because physicians help to create the formulary. Hospitals have also found that the use of the formulary can cut their purchasing costs. It can reduce their inventory costs and it can improve the quality of drugs dispensed to patients.

The Saskatchewan Prescription Drugs Program proposes to use a similar system for the province as a whole.

Mr. Speaker, some years ago when I served on the Thompson Committee, I had an opportunity to talk to Dr. Carl Evang of

Norway on this subject. Dr. Evang is a world renowned authority in the field of health. His position is equal to that of Deputy Minister in our country. He is a special advisor to the World Health Organization of the United Nations. He told me that while Norway uses a formulary of some 1,600 products, this list was much longer than necessary. He suggested that a formulary of 100 products would cover 90 per cent of their needs.

Mr. Speaker, our officials have told me that a formulary of 250 drugs would cover 80 to 90 percent of the drugs prescribed by the physicians. Mr. Speaker, one of the key provisions of The Prescription Drug Bill is the creation of a drug formulary which will include all those drugs which will be covered under this plan. We propose to establish a Saskatchewan Drug Therapeutics and Formulary Committee immediately.

This Committee will prepare a drug formulary which will contain therapeutically effective drug products of acceptable quality. It will be used to assist those who prescribe medication and those who dispense prescription drugs. It will also be a safeguard for the Saskatchewan public.

I have had discussions with the Saskatchewan Medical Association and the Saskatchewan Pharmaceutical Association respecting this Provincial Drug Formulary. Both of these organizations agree that a formulary can be a very helpful tool to a physician and a pharmacist. Both organizations have agreed to co-operate in the construction of this formulary.

The Government, the Saskatchewan Medical Association and the Saskatchewan Pharmaceutical Association have stressed and we all agree, that the question of drug quality must be of utmost importance in the drawing up of such a formulary. We agree that this formulary must be a definitive statement of what drug products are both therapeutically effective and of acceptable quality for use in Saskatchewan. The Formulary Committee will be assisted by information provided by the Federal Government's quality assessment of drug program known as Quad.

The Quad program will provide the Saskatchewan Provincial Drug Plan with the detailed analytical results of their drug lists and with evaluations of drug manufacturing and distributing facilities. Other drug quality assessment agencies in Canada will also be used in our Saskatchewan plan.

Mr. Speaker, in order that there will be no delay in the establishment of this formulary, I have invited a number of organizations in Saskatchewan to name representatives and experts to the Formulary Committee.

I expect outstanding scientists and practitioners to be named from the following organizations, The College of Medicine of the University of Saskatchewan, The College of Pharmacy of the University of Saskatchewan, The Saskatchewan Hospital Association, The Saskatchewan Medical Association, The Saskatchewan Pharmaceutical Association. In addition to this membership there will be representatives from the Department of Public Health and consumers on this Committee. A non-government Chairman will be appointed.

Because I expect that discussion on this Formulary Committee will be vigorous, I have decided that the Chairman of the Committee should be someone who knows the Saskatchewan health

scene well, but is not aligned with any particular group of physicians or pharmacists.

I have therefore asked Dr. J.G. Clarkson to chair this important Formulary Committee and he has accepted.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Let me reiterate, Mr. Speaker, that this is a prescription drug program. It is not a program which is intended to make available at reduced cost all of the various patent medicines and other preparations which can be purchased over the counter in drug stores across the province.

The Government intends to absorb the cost of those drug materials which are purchased after a prescription has been written by a physician who chooses to prescribe a drug which is included in the provincial formulary. The provincial formulary will identify those drugs which are therapeutically necessary, effective and of acceptable quality.

I am not able to announce the exact date on which this program will be implemented — but I can say that we are moving as quickly as possible and with maximum co-operation from those organizations which can help to establish this program in the shortest possible time. An executive director has been hired and supportive staff is being put in place.

Mr. Speaker, in concluding let me review the advantages which the Saskatchewan Prescription Drug Program will provide to the people of Saskatchewan.

1. The drug formulary should substantially improve the quality of drugs that are prescribed in the province.
2. The cost of drugs will be substantially reduced to the consumer.
3. The program involves a minimum of disruption of the present drug industry in Saskatchewan.
4. The cost of drug supplies will be equalized to all pharmacies. This will enable the small independent retailer to compete with the large chain stores, by extending to the small retailer the bulk purchasing power of the Government.
5. This program will help to maintain the viability of the small independent retail pharmacy.
6. All Saskatchewan citizens will pay the same standard charge to their pharmacists no matter where the Saskatchewan citizen lives.

Mr. Speaker, I want to emphasize that this plan is being put forward in response to an expressed need by the people of Saskatchewan. That need was expressed in the resolutions that have been forwarded or adopted at our conventions of the New Democratic Party over the last two years. The people of this province affirmed that need when they voted overwhelmingly in 1971 for the New Deal for People.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Which included a commitment to reduce the cost of prescription drugs.

This Legislature, Mr. Speaker, unanimously affirmed that need when it supported in May of 1972, a resolution presented in this House calling for a program to reduce the price of pharmaceutical drugs to the Saskatchewan public.

You may recall, Mr. Speaker, that the resolution called for an agency capable of preparing a formulary or core drugs in co-operation with pharmacists and physicians, and capable of purchasing drugs in bulk. The legislation before you embraces those principles.

And finally that need has been expressed by individual citizens of this province who have written and phoned to tell of the financial burden placed on them by the high cost of prescription drugs. Mr. Speaker, a pensioner from Tisdale wrote to tell me about his drug bill. He had just paid \$18.05 for three prescriptions. He said, and let me quote:

These charges are not only once, but to me, it seems like a charge that will last for one's lifetime.

He urged the Government to do something to help him.

A Regina lady was upset. She wrote:

I think it is absolutely ridiculous to be charged such exorbitant prices for drugs. How can the poor ever buy them? I am afraid that being sick is a luxury for the wealthy. I know that you have been approached on this subject before and that you are the person that can do something about it. So I am appealing to your sense of justice and fairness to take steps towards correcting such actions.

Mr. Speaker, let me quote from just one more letter. This was from a lady in Biggar. She wrote thanking us for the free medical and hospital card, then she went on:

MR. LANE: — Will you table them?

MR. SMISHEK: — Yes, I am prepared to table them.

I was wondering if anything could be done for persons like myself. I have a heart condition, and have been taking pills for the last twelve years, which cost me an average of \$20 a month.

She wanted help, Mr. Speaker. Such letters speak for themselves.

I urge the Members of this House to support this Bill unanimously, as they supported the resolution calling for such legislation in 1972.

Mr. Speaker, some people have talked about a just society — this Government under the leadership of Premier Blakeney is building it.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — This is another plank in the New Deal for People being fulfilled — another first for Saskatchewan — it is a major leap forward toward the day of a truly comprehensive health service for the people of Saskatchewan. That day is almost within our grasp, Mr. Speaker. I am confident that other provinces will follow us again with prescription drug plans as they did with hospitalization and medical care plans.

Mr. Speaker, it is with a sense of pride and humility that I move second reading of this important piece of social legislation, The Prescription Drugs Act.

SOME HON. MEMBERS:: — Hear, hear!

MR. D.F. MacDONALD (Moose Jaw North): — Mr. Speaker, I don't intend to speak at any length at this particular time. The Bill that we have before us does not give us much information, its a very broad Bill that enables many things to happen. So the first opportunity we have had to understand the program is in the information that the Minister has just given. He has given us a considerable amount of information and it has been mixed with a little bit of history, I think for the benefit of the young Member for Gravelbourg (Mr. Gross) possibly, I don't know. It was mixed with history, and facts and so on. So I should like to consider them and then make some points.

There is no question that there are a great many ramifications to Bill 102 and a good many things that could take place. These have to be of some concern to us. Just because of the very record of the NDP we have to be concerned. We know the attitude of the Government opposite towards the business community. We know, for example, that they identify the problem with hearing aids and after having identified the problem they solved it by putting the hearing aid people out of business.

I think the pharmacy industry in Saskatchewan also has to be alarmed and concerned about this.

I notice that the Minister said he received co-operation from the pharmacists, I would say that I would certainly expect the pharmacists to give them complete co-operation. There is no doubt that they are scared to death. They know the type of thing that can happen — what this Government is willing to do with the Operation Sunrise, for example last year, when they went around spying on them. They know that this Government has no intention of letting the pharmaceutical industry stand in the way of what the NDP wants to do. So they either have to go along with it wholeheartedly or be destroyed. They recognize this. And make no mistake that this Bill before us would allow for Government dispensaries, or Government drug stores. And we know that Members opposite, many of them, would like to see Government dispensaries followed very much along the same lines as liquor stores and liquor vendors could be licensed around the country and so on. We know that this is the type of thing that the NDP would like to do. You bet the pharmacies in the province will go along with it.

The one thing that rather amused me was that if I understand what the Minister said, that the Government will enter into bulk purchasing and then will thereby reduce the cost of drugs. Then they will make these available to the drug stores and that the

Government would pay the entire amount of the medical part of the drug bill. But then the person buying the prescription would be responsible for the service or for the dispensing fee, that is the way I understood it.

I suppose you could take for a very rough figure a dispensing fee of \$2 and the Minister indicated that the average cost of prescriptions was \$4 so I think that he is quite right when he says this is not a plan like the medicare and so on. We now are going to have a \$2 deterrent fee on a \$4 purchase. Not a \$2.50 deterrent fee on a \$50 a day hospital bed, we are going to have a \$2 deterrent fee on a \$4 purchase.

SOME HON. MEMBERS: — Hear, hear!

MR. MacDONALD: — This rather surprised me and I will agree that it is not in line with Medicare.

I think the dispensing fee part of it will soon become known as the deterrent fee part of the drug plan. There is no question about this.

I was very surprised . .

MR. SNYDER: — . . suggest it.

MR. MacDONALD: — Well possibly the deterrent fee is the right thing, it is not up to me to suggest it, it is what the Government is bringing in, a \$2 deterrent fee on drugs. How is this going to work for example in the case of the person who buys one or two prescriptions a year and will pay the \$2 deterrent fee each time he needs a prescription? What about the person who is chronically ill or the aged who needs a great deal of medication and as the Sunrise Report said, some of them spend up to \$500 a year? Will they now have to pay the \$2 every time they come in, or will they be encouraged to come in and get a year's supply of tablets so that they will only have to pay the deterrent fees on a one time occasion? These are questions that just come to mind and will have to be answered.

By and large I think that going into a drug plan we must first of all make sure that the professional judgment of the medical profession is not restricted, that is one very important thing that we must be assured of. As the Minister has touched on, we must make sure that distribution and wholesaling of drugs other than those that will be included in the index is not interfered with so that the cost of these other drugs will go up very substantially. We must make sure of one other very important thing and that is that the committee selecting drugs must be completely free of any kind of control; and that they must have the confidence of the profession.

I think these are three very important things that we must be assured of before entering into the drug plan.

Mr. Speaker, I will have much more to say after going through the remarks of the Minister of Health (Mr. Smishek), I should like to ask leave to adjourn the debate.

Debate adjourned.

HON. W.E. SMISHEK (Minister of Health) moved second reading of Bill No. 103 — **An Act to amend The Pharmacy Act, 1971.**

He said: Mr. Speaker, the amendments to The Pharmacy Act, 1971 are intended to bring this Act into conformity with the new Prescription Drug Act as well as to make other minor changes.

The major amendments to the Act as proposed in section 104, which deals with dispensing generic equivalents of drugs. This is the so-called substitution provision which had been enacted in 1971. The original section 104 made it permissible for a pharmacist to substitute the generic equivalent of the prescribed drug only if such substitution was expressly indicated by the prescribing physician, dentist or veterinary surgeon.

It was hoped that this substitution provision would be used by the pharmacists where appropriate to reduce the cost of prescription drugs to the consumers.

For a number of reasons this provision has not been used to any significant extent by the pharmacists in Saskatchewan. Certainly generic substitution involves a break in the traditional practice for some pharmacists and so for some physicians. There has also been some question as to whether or not a particular generic substitution was an equivalent to the prescribed drug. These difficulties have been experienced in other provinces as I have stated earlier where generic substitution has been provided.

Mr. Speaker, we have attempted to overcome some of the reluctance to change by making provision for an "interchangeable drug index". This index will be "a list of pharmaceutical preparations arranged in groups with the preparations listed in each group having similar active ingredients, similar amounts of those ingredients and a similar dosage form."

Mr. Speaker, the list will be prepared and distributed within the province to pharmacists and to those who prescribe drugs. We hope that by establishing an authoritative list for interchangeable product generic substitution will be encouraged.

The index will fit in the formulary concept in a new prescription drug act. I want to assure the House that the interchangeable drug index provided for in this Bill and the formulary provided for in The Prescription Drug Act will be amended from time to time to keep both lists up to date.

We have also provided that physicians may order no substitution be made in particular instances. This maintains a similar position found in the old Act, Mr. Speaker.

The Bill also provides protection from claims of damage against pharmacists and physicians arising from the substitution provision. If the reason for the damage claim is that the pharmacist dispensed an interchangeable pharmaceutical product listed in the index under the provisions of this Act, then the Act provides legal protection for both the pharmacists and the person prescribing the drug. I should mention, Mr. Speaker, that Alberta and Manitoba legislation both provide this kind of protection for the pharmacist and the physician.

We also propose an amendment to section 63 which would allow both incorporated co-operative associations, as well as the associations incorporated under The Mutual Medical and Hospital Benefit Associations Act to establish and operate pharmacies.

There is also a technical amendment to section 95 to correct what appeared to have been an error in the Act when it was initially drafted. The amendment provides that records of refills of prescriptions be retained for a period of two years following the most recent entry. The Act at present reads "two years from the date of the first entry."

Mr. Speaker, with those few remarks, I move second reading of the Bill to amend The Pharmacy Act, 1971.

SOME HON. MEMBERS:: — Hear, hear!

MR. D.F. MacDONALD (Moose Jaw North): — Mr. Speaker, this in large part, is a companion Bill to the one, to Bill 102. It does create some confusion in my mind and it wasn't quite cleared up by the Minister of Health (Mr. Smishek).

The present Pharmacy Act makes provision for dispensing of generic equivalent drugs and it seemed to me that in some ways this Bill 103 puts limits on the substitution of generic drugs and I'm not sure why it should be felt necessary that these limits should be placed on this substitution.

The amendment sets up in the index groups, it groups together pharmaceuticals that are similar, I don't know exactly the advantage of putting together drugs which are similar. I can see making groups of drugs that are considered the same, but the index is a group of similar drugs and I am a little confused about this.

Then it gives the pharmacist the right to dispense an interchangeable pharmaceutical product which must be the same as the one which is prescribed by a physician.

Then it goes on to say that there should be no action against a pharmacist because the pharmacist has dispensed an interchangeable pharmaceutical product, as long as it is within the index, in other words, as long as it is within a similar group. To me it creates some confusion. I would think that the very fact that there is confusion might mean that even less drugs are substituted for because of some fear that a similar drug might be substituted rather than the same drug, generically same drug. So I think there is some confusion.

As it is a companion Bill, I would ask leave to adjourn this Bill with 102.

Debate adjourned.

The Assembly adjourned at 5:30 o'clock p.m.