

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Fourth Session - Seventeenth Legislature**  
**66th Day**

Tuesday, May 7, 1974.

The Assembly met at 10:00 o'clock a.m.  
On the Orders of the Day.

**WELCOME TO STUDENTS**

**MR. E.C. MALONE** (Regina Lakeview): — Mr. Speaker, it is my pleasure to introduce to you and through you to other Members of the House, 37 Grade Eight students from Holy Rosary School. They are seated in the east gallery and they are accompanied by their teachers, Mr. LaBelle and Mr. Hall.

They have had a short tour of the buildings and I hope to meet with them later this morning. I trust they will find the proceedings this morning both educational and enjoyable.

**HON. MEMBERS:** — Hear, hear!

**QUESTIONS**

**FEDERAL BUDGET — OIL AND MINERAL COMPANIES**

**MR. J.G. RICHARDS** (Saskatoon University): — Mr. Speaker, if I may I should like to address a question to the Minister of Finance (Mr. Robbins) in connection with the Federal Budget read last night.

One of the provisions in the Federal Budget concerns that oil and mineral companies will no longer be able to deduct from their federal taxable income royalties paid to provincial governments. Now inasmuch as most of the mining industries pay very little royalty, under 10 per cent, on ordinary mineral production this is not going to be very significant. However, in the real of oil given the inordinate profitability and profiteering of the oil industry, there have been some moves, although inadequate, on the Saskatchewan Government's part which are certainly commendable in trying to get some of this rent into the public treasury on a provincial basis. Depending upon how one calculates and I am not aware of the latest intricacies in the Department of Mineral Resources, there may be as much as \$3 per barrel on oil.

My question to the Minister of Finance is: What impact does he predict upon provincial revenues from the oil industry will the new provisions in the Federal Budget have? Can he give a guarantee that there will not be a loss of provincial revenue from the federal action last night?

**HON. A.E. BLAKENEY** (Premier): — Mr. Speaker, perhaps I can answer that question, because it is really general in nature.

The Federal Government Budget says clearly that provincial governments are not entitled to levy resource royalties. That is the clear import of it since it makes clear that the Federal Treasury proposes to tax the yield from resource royalties.

Now if the Federal Government proposes to tax the yield from resource royalties that is their decision, not ours. It is an attack on the federal system.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BLAKENEY:** — There has, up to the last several months, been no doubt at all in Canada that resources belong to the provinces, that the provinces were entitled to get the yield from those resources and . . .

**MR. STEUART:** — On a Point of Order. Since the Premier is making a statement, a little hysterical, may we be allowed to answer in our usual calm manner?

**MR. SPEAKER:** — I think one of the problems we get into when a question is asked and prefaced by a long statement, it gets a long statement for an answer. I wish questions would be concise and then answers would be also. I can't rule one out when the other one goes ahead.

**MR. BLAKENEY:** — Mr. Speaker, I know that the Liberal Party would wish to interrupt this statement but I am going to say it again.

Up until the Federal Liberals challenged this doctrine a few short months ago, it was settled law in Canada and a settled constitutional practice, first that the resources belonged to the provinces, second that the provinces were entitled to the yield from those resources and third, that the provinces were entitled to set the level of that yield. Now that, in our view, is the appropriate relationship between the Federal Government and the Provincial Government and we say that any departure from that by the Federal Government is a breach of faith of the agreements which were made with them.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BLAKENEY:** — Mr. Speaker, telling the resource companies that they cannot deduct a provincial royalty, is precisely the same as telling the farmers of this country that they are unable to deduct municipal taxes in calculating their tax returns. I suppose that's the next one.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BLAKENEY:** — This, Mr. Speaker, is a serious blow to the resource industries in this country.

**MR. STEUART:** — A serious blow to the New Democratic Party.

**MR. BLAKENEY:** — We will see whether it is a serious blow to the New Democratic Party because I want to tell you, Mr. Speaker, that we on this side of the House take the view that our resource royalties are proper royalties, we intend to levy them and we intend to say to the resource companies that if there are taxes

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levied by another government and they think these taxes are unjust those companies had better talk to that other government or get rid of that other government.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. RICHARDS:** — As a supplementary question, can I take it that the Provincial Government has no intention of yielding any of the revenue which has been negotiated via Bill 42 given the Federal move last night?

**MR. BLAKENEY:** — Not at this point.

**MR. J.C. McISAAC (Wilkie):** — Mr. Speaker, is the Premier and the Finance Minister telling us that the Federal Government shouldn't be involved in excess profit taxation or any profiteering taxation? Is that what the Premier and the Finance Minister were trying to say? Are they saying that the Federal Government has no right to move in and stop the corporate rip-off that these fellows have talked about for so long. Is that what they are telling us?

**MR. BLAKENEY:** — Mr. Speaker, I'll be happy to reply to the question. In our judgment once a resource company, or an oil company in this province, has paid the royalties which we have applied and which Members opposite have criticized bitterly as being too high, once that is true, then there is no excessive corporate rip-off. And in our judgment there is no justification for the Federal Government taxing the royalties in the hands of the oil companies which they pay to the Provincial Crown. There has never been an instance of this in Canada's history that I am aware of. It is wholly unjustified, it is an attack on federalism, it has nothing to do with corporate rip-off. We took measures, as we think, to prevent the windfall profits from accruing to the oil companies. Maybe the measure weren't adequate, they were, in the judgement of Members opposite, far too strong.

**MR. MacDONALD (Milestone):** — A steal!

**MR. BLAKENEY:** — Maybe they were a steal as the Members opposite declare but they hardly can say when we have, in their judgment, applied royalties which are too high but that further measures were necessary to avoid excess profiteering. That seems to be their position.

Our position is that the Provincial Government has the right and, indeed, the obligation to levy appropriate royalties. We believe we have done this and we think it wholly unjustified for the Federal Government to take the position that those royalties properly paid by an oil company to the Provincial Crown are not an appropriate deduction and accordingly the Federal Government should not tax those royalties.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. McISAAC:** — Mr. Speaker, just a supplementary. Isn't it true that the NDP Government opposite and the NDP in Ottawa have

for years been hollering about the great tax soft deal the oil companies had. Their depletion allowances weren't great enough, that they shouldn't be able to write off all those royalty payments and so on. Mr. Speaker, my supplementary is: Has the Party opposite and David Lewis completely changed their policy overnight? Secondly, would they give consideration to changing the word or the definition of their own tax from a royalty to what it really is — an excess profits tax that they have been levying here provincially.

**MR. BLAKENEY:** — Well, Mr. Speaker, firstly we on this side of the House welcome the other provisions in the Budget dealing with the change in depletion allowances, which provisions are inadequate but at least some response to the efforts of the New Democratic Party, both federally and provincially, to get a fairer tax on oil companies. What bothers me, Mr. Speaker, is that this Budget does not attempt to tax those corporations which are making high profits and keeping them, it attempts to tax those corporations which are making substantial returns but who are called upon by some provincial governments, including our own to pay appropriate royalties to their provincial governments.

The Liberal Government at Ottawa does not have the courage to tax money in the hands of the oil companies and the manufacturing companies when the companies keep that money. Rather the Federal Government wishes to tax the money out of the provincial governments of Alberta and Saskatchewan and the other provincial governments which have significant resource revenues. It is an attempt to get the money from the provinces and still leave adequate returns in the hands of their corporate friends in the Liberal Party.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. STEUART:** — Mr. Speaker, I should like to direct a question for the Premier. Now that the Federal Government is moving in even a little further on the question of taxing resources, does the Premier now regret the fact that before he went to Ottawa back last December, when he was making all those brave statements about the resources belonging to the people of the province, which we agree with, but when he was making all those brave statements and was a little hero there for a day or two, and then got to the conference, went out to lunch and then collapsed like a deck of cards and admitted and has passively admitted since then, the Federal Government is right to tax the oil resources and thus the mineral resources, which we disagreed with. I still disagree. The Premier didn't have the guts to take it to the Supreme Court or wherever he should have taken it and the result of his appeasement is now becoming more and more apparent. The Federal Government moved in, you didn't stop them. You went down to Ottawa the second time and you agreed to — they took him to lunch again, he is not very good on lunches — now they are taking . . .

**MR. SPEAKER:** — Order! Your questions are getting to be pretty lengthy.

**MR. STEUART:** — Very well, Mr. Speaker, my question is: is the Premier now prepared to stand up for the people of Saskatchewan, and if

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he does we'll support him and take the Federal Government all the way to the Supreme Government or wherever he has to take them, to prove and to establish our rights as a province to all the resource revenue either in the domestic field or in the international field. Because up to this point he has already given them away and now he whines like a puppy dog when they take it away.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BLAKENEY:** — Mr. Speaker, the Member for Prince Albert West constantly amazes us in this House. We remember in December when we took measures to introduce these royalties, how he called it an assault on the Federal Government — far too tough a line, and all of the other things he said.

**MR. STEUART:** — No, I didn't.

**MR. BLAKENEY:** — We all remember. It doesn't matter what he says now, we can remember it.

**AN HON. MEMBER:** — Balkanize Canada.

**MR. BLAKENEY:** — Balkanize Canada, remember that? We went to Ottawa in January and we went to Ottawa in March and we made the best deal which, in our judgment was possible within the framework of federalism.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BLAKENEY:** — Members opposite may assert now a position which their federal party in this province denies and continues to deny, they may take this two-face lineup in Saskatoon where members of the provincial party take one line and the federal Member for Saskatoon-Humboldt takes another line. But I tell you, Mr. Speaker, you and this House, that that sort of line is not going to wash. People know where the New Democratic Party stand. We have stated our position with clarity. The New Democratic Party throughout, both federally and provincially — and this is a great deal more than the Liberal Party has done — had defended the right of the provinces to have their piece of the resources. The New Democratic Party and not the Liberal Party gave to the provinces a portion of the export tax during November, December, January, February and March. The Liberal Party opposed. It is perfectly clear, Mr. Speaker, that our position which says that the resources belong to the provinces, that we should . . .

**MR. SPEAKER:** — Order! There is one man on his feet speaking and I wish other Members would listen and quit roaming around.

**MR. BLAKENEY:** — Do I have the floor, Mr. Speaker, or does the Member for Lumsden?

Mr. Speaker, let me make this point abundantly clear. Members opposite are trying to state both positions; that we are being too tough, that we are being un-Canadian, that we are

attacking the Federal Government and now conversely saying that we are not getting enough, that the return from our royalties is not enough. Note that, Mr. Speaker, they are saying that this Federal Government Budget is wrong and I hope in the next few months they will continue to say it is wrong and say that the people who perpetrate it ought to be out of office. Because if those people opposite are running around the country saying that the Federal Government does not have the right to get any share of the resource revenue they surely must be the very people who say that that Federal Government ought to go. And if they don't say that in the next two months, they stand convicted of the hypocrisy of which we know they are all guilty.

**MR. STEUART:** — Mr. Speaker, just a supplementary question. I would ask the Premier again — he didn't answer my question. I remind him that I attack what the Federal Government did to the oil industry and I will continue to attack them. I think this part of their Budget is wrong. Again, I will remind the Premier and ask him if he just didn't make the answer earlier, if there are some parts of the Budget they agree with?

**MR. SPEAKER:** — What is your question?

**MR. STEUART:** — My question is, if the Premier agrees with me, their total performance, of course, is such that they should be re-elected. But in the instance of the oil revenue and in the instance of their raid on provincial resources, I say they are wrong and I say that you backed down in the face of it and you did a great disservice to the people of this province.

**MR. BLAKENEY:** — There is no response to that because there was no question. May I say, however, that we welcome the assurance of the Liberal Leader that he thinks that this is wrong and I hope that he will stand up in public and say that this provision of the Federal Budget is wrong and ought to be changed and we will support him wholeheartedly in making representations to the Federal Government. Perhaps we can send a common wire today saying that this ought not to be part of the law of Canada.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SPEAKER:** — Order, order!

### **WELCOME TO STUDENTS**

**MR. T.M. WEATHERALD** (Cannington): — Mr. Speaker, before the Orders of the Day I should like to introduce a group of Grade Twelve students from Maryfield High School and they are accompanied by their teacher, Mr. Bodnar. I believe this is the first group that has attended the Assembly from this school and they came on a very exciting morning, this morning.

**HON. MEMBERS:** : — Hear, hear!

### **ADJOURNED DEBATES**

### **RETURN NO. 186**

The Assembly resumed the adjourned debate on the proposed motion

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by Mr. K. MacLeod (Regina Albert Park) for Return No. 186 showing:

For the period July, 1971 to March 31, 1974, the persons under contract to supply personal or other services to any government department, branch, commission, agency or crown corporation, giving in each case: - (1) the name of the individual or corporation; (2) the department, branch, commission, agency or crown corporation to whom or with whom the contract was made; (3) the period of commencement; (4) the time of termination or if not completed, anticipated date of termination; (5) the purpose; (6) the cost, or if not completed, the estimated total cost.

**HON. R. ROMANOW** (Attorney General): — Mr. Speaker, I think I gave all the remarks that I could on this particular Motion for Return the last time that it was up. The thrust of my remarks at that time was to the effect that the Motion was so worded that it was virtually impossible for the Government to answer it. The Motion calls for a return of all contracts supplied, personal and other services, and goes on for every department, branch, commission or agency. You can see that this is, as I have described it, so massively wide and so massively all encompassing that it is impossible to answer this question.

The Department of Highways has advised me that, for example, they have gravel hauling contracts with hundreds of operators during this almost three year period. The Department of Agriculture, hundreds of construction contracts per year are entered into. The Government Services Department has hundreds of construction contracts under their activities as well.

What about the other very important aspect of this question, Mr. Speaker, which bothers most of us and that is the business of doctors contracting for services under the Medical Care Insurance Commission? This is a contract — the MCIC contracting with the doctors. The Member asks for a copy of the contract or the names of the persons who have entered into such a contract, costs and a whole bunch of other questions related to that.

What about the Cancer Commission? What about the Department of the Attorney General? And contracts for the myriad of Crown prosecutors and other lawyers who have been engaged on agency works.

Mr. Speaker, this question as you will see from my remarks is impossible to answer. I have thought of ways and means to send it but I think the amendments would really do the Hon. Member a disservice because they, too, would be such as to render the entire question meaningless.

I am going to invite the Members of the House to defeat this Motion and invite the Member to submit on individual cases and this Government will supply the answers as we have and all the other cases where similar types of individual questions have been asked.

But on the basis of the information before us, it is just not reasonable to expect that any government could answer the questions that have been raised here without jeopardizing the position of Crown corporations and Medicare and the Cancer Commission and contracts with individuals, Highways, Government Services and so forth and others, that we haven't even given any thought to.

So, Mr. Speaker, I would urge that Members of this House would defeat the Motion.

**MR. K.R. MacLEOD** (Regina Albert Park): — Mr. Speaker, the Hon. Attorney General when he spoke to this the other day indicated that it was the desire of the Government, if possible, to comply with the spirit of the Motion. They were apparently considering an amendment which I would have been glad to consider. Quite frankly, I think the remarks today are a bit of a red herring. The Government well knows that I am not interested in the doctors who are contracting with the Government. But equally, it is impossible for us reasonably to submit requests on individual cases. Quite frankly, I was totally unaware that, Mr. Ralph Danchilla had been under contract to the Department of Agriculture. I was, quite frankly, personally unaware that his services had been terminated, as obviously they had. If they had not been terminated, I doubt that we would have heard anything about Mr. Danchilla. Nonetheless, it is quite obvious that the prime purpose of Mr. Danchilla's contract with the Government wasn't to supply "advice on policy matters". It was, in fact, he was contracted to the Government for the purpose of working in a particular general election that was going on at the time and he was to make himself available to the New Democratic Party candidate. This is the kind of thing that we have complained about in this House before.

We believe that the Government is being very difficult to deal with in this respect. They are hiding people all over the Civil Service or in contracts for party purposes, and I much regret that we have not been able to get something together on this.

I will make a further effort to get something going before the House, if I am not out of order in so doing, since this Motion, if it is defeated, as I understand the rules would effectively prevent me from bringing a motion on the same subject in this House. If I am able to bring a resolution, I will try to do so.

Motion negatived.

## **ADJOURNED DEBATES**

### **REPORTS OF COMMITTEES**

#### **FIRST REPORT OF THE SELECT STANDING COMMITTEE ON PUBLIC ACCOUNTS AND PRINTING**

The Assembly resumed the adjourned debate on the proposed motion by Mr. McIsaac (Wilkie) that: **The First Report of the Select Standing Committee on Public Accounts and Printing** be now received.

**MR. A.R. GUY** (Athabasca): — Mr. Speaker, this Report of the Provincial Auditor is an interesting one because it is one more justification to back up the Resolution which we had from this side of the House calling for an inquiry into the operation and the policies of the Department of Northern Saskatchewan.

It is unbelievable that so many errors in Government



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administrative policy could occur in one department in one year. It is unbelievable that Government policy could be ignored by so many Government officials starting with the Minister. The Minister should know better, if anyone should, in that Department. And certainly the Deputy Minister who had been a Deputy Minister of the socialist Government for a great number of years and who the Government went to great lengths to bring back to Saskatchewan supposedly because he was such a good administrator. Then, the first year that he is in charge of a new department, we have untold numbers of errors that the provincial auditor brought to light. I would suggest to the Minister, the sooner he sends that Deputy back to where he came from, the better it will be for the Government, the people of northern Saskatchewan and everybody in Saskatchewan.

He has completely mismanaged, as seen from the Report, the affairs of the new Department of Northern Saskatchewan and he can't blame anyone else.

And for the Minister to go on the air the other day and suggest that it is all because they tried to set up a new department in an outlying areas of Saskatchewan, is nonsense.

There are certain Government practices which have to go on whether it is up in the Northwest Territories or northern Alberta. There are certain procedures for setting up Government departments and anybody who has ever been in the Government knows that. And to suggest that because it was in La Ronge, that this was what created the whole problem, is just complete nonsense. There are certain procedures in any and every government set down for their personnel to follow when it comes to accounting principles and the reporting and administering of a department. These have not been done.

I think the Minister has not answered yet why they have not been done. I suggest there is more to this than meets the eye. I suggest that a lot of these errors in administration and accounting took place during the time that the by-election was on up there. I wouldn't be a bit surprised that a great deal of this overpayment in welfare was buying off the voters in the Athabasca constituency. I think that is why the errors have shown up at this particular time.

One of the other reasons, of course, that the department was established in such a rush and without the proper accounting procedure was again directly related to the Athabasca by-election.

They had made a promise that they were going to establish a Department of Northern Saskatchewan and they had to do it. At least they felt they had to do it. So, they rushed into sending men up there who probably were not qualified, at least had not sat down with the Finance Branch and the Treasury Branch here in Regina and outlined a plan, a procedure for setting up the administration of Northern Saskatchewan.

Surely to goodness the Minister knew that to establish the new department where you are bringing in agencies that were under other departments, bringing them all under an umbrella, would require some very detailed accounting procedures. And yet, it is obvious they went up there, in their great haste to get the department established for political reasons that they never even considered the proper administration of such a

department.

Can you believe, Mr. Speaker, that any government at any time in history, would start collecting their accounts in shoe boxes and leaving cash and cheques lying all over an office? It is unbelievable. I am not surprised that the Deputy Minister, when told about it, said "It is unbelievable." Well, it is unbelievable that a Deputy Minister would be responsible for that irresponsible attitude.

And it is another reason why the Deputy Minister should have been fired forthwith and the Minister reassign with him. The Minister has to take the full responsibility for that department. The Deputy Minister has to take the responsibility for the administration to be passed on from the Minister. Both the Minister and Deputy failed completely to carry out the responsibilities which the Premier had given them and, therefore, they forfeit the right to be a Minister and Deputy Minister of the Crown if they can't administer the affairs of the public in a manner more in keeping with accepted procedures than has been shown by the Minister of Northern Saskatchewan and his Deputy.

If this occurred in private business, heads would have rolled long ago, as well they should. There is no excuse for public funds to be mishandled to the extent pointed out by the provincial auditor.

As I say, the Deputy Minister must shoulder the major share of this fiasco and, of course, through him the Minister has to take the overall responsibility.

While it is unbelievable, it is true and an example of a Government that is unfit to govern the affairs of this province, when they are unable to handle the affairs of one small department and they leave a half a million dollars in cheques and cash rolling around an office somewhere in northern Saskatchewan. No one knows how much money has gone from those shoe boxes and I am sure there is a great deal of it that will never be accounted for. If it can't administer a small department how on earth can the people of Saskatchewan suggest that they have the competence to administer the windfall profits from the oil industry, for example.

They have shown in this one case that as a government they are completely inept and unable financially to manage the affairs of this province. I think the people of Saskatchewan will show them that at their first opportunity.

It is unbelievable that a Government could leave money and cheques and cash lying around without anybody having any idea of how much is there, how much should be there.

The unfortunate part of it, Mr. Speaker, is that we shall never know how much money disappeared from those shoe boxes. How many cheques got torn up or thrown into the waste paper basket. There will never be an accurate accounting of the things that went on in that year that the auditor covered in his report. As I say, one can't help wonder how much of the money and cheques and so on have disappeared forever.

The overpayment on social assistance can easily be considered part of a political payoff to keep down the unrest and the hostility that has been developing in the North among

northern people. The suggestion by the Minister that, oh, it started in 1970 and 1971, is completely false. There is absolutely no proof in the auditor's report, there is no proof whatsoever that it was not entirely in the year under review. And when you consider that \$100,000 was in only one small office of the Social Assistance Branch, when there are six, I think it is, in northern Saskatchewan, you can almost be sure you can multiply it by six and probably come up with a very realistic figure of what the total amount of overpayments have been made through the Department of Welfare.

As I said earlier, the excuse that this is a new department is certainly not valid, regardless of whether it is new, or whether it is an old department, there are procedures that should be followed. There are procedures that are always followed. And the excuse that because it is new, because it is far away just doesn't wash. If that is the type of administration we can expect from the Government opposite every time they set up a new department, I say they are not competent to administer the affairs of this province.

I think the auditor is to be commended for bringing to the attention of the people of this province the complete inefficiency and lack of competence shown by the Minister and the Government opposite.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. F. MEAKES** (Touchwood): — Mr. Speaker, I rise to speak to this Motion before us, the Motion moved by the Hon. Member for Wilkie.

I have a few remarks to make at the beginning. I have been a member of the Public Accounts Committee ever since I came to this House. I was a member of the Public Accounts Committee when we used to have 34 of a quorum and we used to waste days and days and days really doing nothing. I was one, in fact, I believe the records will show and I may sound as though I am blowing — who moved a motion back in 1961 or 1962, a private Member's motion, that the Public Accounts Committee should be changed and I had done some study on it. I personally had come to the conclusion that there should be a change in the format of Public Accounts.

During that time that I was a victim of democracy in this House, I gave the previous Government credit for changing the format and I think that the Committee through the years has been struggling to find our way about and the proper ways. I think it is a good Committee. I make no apologies for, in fact, I am proud of the fact that this Government went along, I think even further than the last government, in making this Committee a good committee and a committee that has been able to scrutinize the business of government and bring in the report and not to cover up anything.

I want also to make a few remarks about Notices of Motions. I believe, certainly the Member for Moose Jaw North (Mr. MacDonald) made the remark, for one and I believe also the Member for Albert Park (Mr. MacLeod), talked about the Notices of Motions that were made in Committee. I want to suggest to those gentlemen, Mr. Speaker, that they go back over the records from 1967 to 1971 and you will find that there were a good many Notices of Motions that were voted down the next day. I am not

at this point being critical of the previous government although I have passed a few critical remarks, but I understand the process of the Notice of Motion and I think it is a good process, and I think it should be used sparingly. I think it was used sparingly and by my count it was used only four times this Session. I think if you back to 1967, 1968, 1969 and 1970 you will find on the average that there were many more than this year. But I am really not getting into that argument per se. I say again, I think there is need for the Notice of Motion because sometimes the Notice of Motion bears on government policy and the place to debate government policy is within this Chamber and not in the Public Accounts Committee. Certainly any Minister has the right to suggest to his deputies on the Notice of Motion whether these answers should be given or not. Because I think if he decides not to give it there, he decides that that is government policy, that it can be better debated under the ruling of Mr. Speaker in this Legislature, as we are doing now, than to get into a policy debate in Public Accounts.

One of the things that I am proud of is the fact that it wasn't the Audit Department, it was the Department of Finance who first found out that there was something amiss in regard to what the whole discussion ranges around, the Department of the North, that there was something amiss in La Ronge and it was they who sent up a Task Force and it was they who found out something was the matter and it was then reported to the auditor and the auditor reported on it. I think this was a perfectly justifiable thing. In fact, if he hadn't reported on it, I as a member of the Public Accounts Committee would have felt that there would have been a lack of proper action if he had not reported to the Public Accounts Committee.

I think this debate, Mr. Speaker, is mainly over semantics. It so happens the only meeting I missed was the final meeting in which there was an amendment moved by the Minister of Government Services (Mr. Brockelbank). I wasn't there to hear the debate. I have read the debate and I still say that it was semantics that was basic to the whole debate. The argument on words — I say that the final report as is spells out everything as the auditor found it. I note that since the last day it was debated, and I am glad of it, I presume it was the chairman of the Committee, circulated a copy of a statement by the auditor over his words in reply. I don't think we should be critical of any Members who used it up to that time. The Verbatim said — and I think all of us at times are negligent and I use this in talking about myself — checking over the Verbatims as they came to us, to see where I or any other member actually said what comes out in the Report. And at that point, also, I still say it is words, the debate is on semantics. I am going to support the Report as it is now worded. I do it, and I personally don't care whether it is accepted or whether it is concurred in or whether it is the other way. This to me, again is semantics. The auditor has found certain questionable things, not just in one department but in other departments too through the years. I have been in Public Accounts and especially since I came back in 1967. We have been able to find these kinds of things that we commented on under both governments. We found overexpenditures, etc., etc., and I suppose it is part of the nature of all of us to be politicians particularly once we walk out of the Public Accounts meeting and into the Chamber.

The real thing that I am proud about is, that we, as this Government, recognized the request of the previous auditor and

this auditor, that the auditor needed more staff. I think that the fact that the auditor admitted that, as I read in the Verbatims, Mr. Lutz said he couldn't pin down as to when all the money they found to be overspent in welfare at Buffalo Narrows, (or wherever it was) he couldn't pin it down because the reason was the auditor has never had enough staff to really do an adequate audit. It's a checking thing they do, they go on and they do the best they can. I feel now the auditor in his statement to us in the Auditor's Report — he didn't suggest that he should have any more employees — and that seems to me to say that he feels he now has adequate staff to go on with it.

I must disassociate myself with the political remarks of those members who made in any sense an attack on the Minister. I know that one member of that Committee on that side said to me in conversation, 'after all you can't blame the Minister.' I personally think that a giant undertaking went on, whether rightly or wrongly, we can debate whether we should have a Department of the North, or we shouldn't. I think that when that giant undertaking was being undertaken to split down the middle somewhere the DNR and move one-half of them to La Ronge and set it up as a headquarters in La Ronge, and I am not saying this in any sense as an excuse, but I think it must have been a terrific job and somewhere along the way mistakes were made.

I say again, Mr. Speaker, as I sit down, that I think whatever comes of any one year's debate of the Report of the Auditor and the Report of the Public Accounts Committee that we must not judge it just to say it has been a failure or a success. I do believe, and I believe it sincerely, that the Public Accounts is the most important Committee of the House.

I might also say that I had hoped many years ago, and I still hope, that in the future that the Committee on corporations turns into the same kind of a committee as we have. I say, also, before I sit down, and it's another objective that I had hoped we might be able to achieve, and we haven't achieved yet, is that the Committee might be able to be in a sense a Standing Committee and be able to sit between sessions. There are a number, there are all kinds of things that we as a Committee of Public Accounts have not been able to dig into in depth, partly because the Committee must only sit while the House is in Session; and it has been custom — and I don't see how we can really get the Public Accounts Committee going until after the Budget Debate — that it has to operate in terms of what goes on while this House is in session. I look forward to the future and I hope it is not too distant where the Public Accounts Committee could sit between sessions and spend much more time. I think all members of the Committee will agree that we, even this year, have had some good in depth discussions with the comptroller, the auditor, on methods that have been very useful to the members and I think that this is something that the Government should look at in the future. I am sure it is too late now. I know that this Committee would not be able to sit until after the blue book was printed.

I should also like to discuss one more point when I mention the blue book — that's Public Accounts. We had discussions about it and I really hope that in the coming year — or rather the next Public Accounts Committee — that we spend some time looking at the blue book itself. It's referred to in the Report of the Committee, that we are already making some suggestion in the format of the blue book, the Public Accounts, and as I understand it we have had at least the agreement of the

comptroller that what we are suggesting is possible and I would be hopeful that if that is done then we can take another look at the blue book.

I, for one, feel that the book is behind times now in the fact that we are reporting payments of \$4,000 and over to persons and I think that that figure, set in 1967, could be somewhat higher. Of course, there is the other side of the argument that we might go the way that British Columbia does it. British Columbia has two books and the second book is in very small figures, but every figure is accounted or — from that extreme to the case of Ontario which doesn't publish any figures of payments to people under \$20,000. I think that is too high. I think somewhere in between we must come to grips with what we do in that regard.

In closing, Mr. Speaker, I say again, I am going to support the Report of the Committee as it is worded. I think the Committee did get into a battle of semantics. To me that is not the important thing, the important thing is that there is criticism spelled out at what went on and I, for one, have taken the stand through the years whichever government was in power, and I can remember when there were large sums of money not accounted for in different years and I am not going into listing them, but I think that the Committee is improving.

I might say there is one thing that worries me a little. I thought the Committee a few years ago was starting off on a level of, in a sense, not looking so much at the blue book, but looking at reports of the auditor, the Auditor's Report to each Minister. I think that is the way you find out much more than trying to go through page by page of the blue book of any given department.

Mr. Speaker, with those words I want to say that I will be supporting the Motion of acceptance.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. H.E. COUPLAND** (Meadow Lake): — Mr. Speaker, I should just like to say a few words on this Report of the Select Standing Committee on Public Accounts and Printing.

I think that the statement from the auditor to the Public Accounts Committee has only pointed out what we have been saying over the last year or so, about the shortcomings of the Department of Northern Saskatchewan and confirms our stand that there should be an investigation into all aspects of that new Department not only to help the Department of the Government, but more so the people who are living in the North.

A few things that were brought to my attention last night, which are happening up there, which further point out the ineptitude of the staff of the DNS.

There was a terrible flood at Green Lake. Water is higher than anyone has seen it for years. There is a bridge in the village with, I suppose, three or four foot railings and you can't even see the railings. The bridge on the Beaver River went out last night, north of Green Lake. Water was pouring over top of that, there were log jams and nobody seemed to be in there clearing the jams, consequently we have lost a bridge.

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One of the interesting things is that with this high water, the resort owners in the village or hamlet, or whatever they call it, of Green Lake . . .

**MR. MEAKES:** — On a Point of Order, Mr. Speaker. As much as I sympathize and I do sympathize with the fact that there may be a flood, but I do suggest that this is not in order. We are discussing the Report of Public Accounts of March 31st, 1973.

**MR. SPEAKER:** — I think the point is well taken. The Report must not be bringing in matters other than what comes out of the Committee, and while it may be good information as to what is happening, I don't . . .

**MR. LANE:** — It's fair, Mr. Speaker, for the Hon. Member to give a current example of indicating what is happening in the North that certainly affects them. It is certainly relevant to the proceedings.

**MR. SPEAKER:** — When Members bring in new material, other Members who may have already spoken, have no chance to come back and answer the new material brought in. The discussion should remain on the Report itself.

**MR. COUPLAND:** — Well, Mr. Speaker, the Report itself was dealing with the Department of Northern Saskatchewan which was the big thing in the Report. All I am doing is pointing out the ineptitude of the Department of Northern Saskatchewan.

**MR. SPEAKER:** — That would be better done in Estimates and not on the Report of this Committee.

**MR. McISAAC:** — Mr. Speaker, on a Point of Order. The Hon. Member has the right to demonstrate if he so chooses that the things talked about in the Report are still going on. That's all he is really saying. That certainly is a debating point.

**MR. SPEAKER:** — I think the place to raise that is in the Estimates of the Department and not on the Report which as the Member for Touchwood (Mr. Meakes) pointed out deals with a period which ended a year ago.

**MR. LANE:** — Except, Mr. Speaker, I believe the Report refers to and makes comments that supposedly the administrative problems were cleared up. That is part of the Report, now the Hon. Member has an indication that the administrative problems are not cleared up, it is certainly relevant to the Report and it is part of the Report, because we have the assurance in the Report that this problem was supposedly cleared up. The Member, Sir, is just going to show that it is not cleared up.

**MR. SPEAKER:** — The problems which arise today which maybe dealt with new methods, I don't know, it is not up to me to decide. The

discussion on this Report should be on the Report. New matters should be dealt with on Estimates.

**MR. COUPLAND:** — Well, Mr. Speaker, this is fine. I just want to say that I was really shocked when I heard about all this money lying around up in some offices in the North, so that it is no wonder that a trailer is sitting in the water over half-way up, a trailer worth \$10,000 to \$20,000 and they spend thousands of dollars diking an icehouse that is worth \$200 or \$300. These are the priorities that are going on in the North.

As has been pointed out, we certainly need a full investigation. I feel sorry for the Minister that he can't get better personnel and doesn't know what is going on. It was pointed out by the chairman that if the Government was on their toes they would have really done something towards getting rid of that Deputy Minister and the Minister and get that Department back on its feet.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. J.G. LANE** (Lumsden): — Mr. Speaker, this is the first concrete evidence we have had of the complete and gross mismanagement of public funds of the Government opposite. The complete and utter disdain that the Members show for the public purse is now down in writing and is made by their own civil servants and certainly the comments of their party hack whom they made Deputy Minister is proof, once and for all and certainly proof to the public of Saskatchewan, that the Government opposite couldn't care less about responsibility and public moneys. They have put so many holes in the public purse that it is like pouring water through a strainer when the Government opposite talks about money and how it is going to spend it.

A few comments on the Deputy Minister and perhaps the Members opposite have heard of Mr. Churchman, certainly a political Deputy Minister hired by the Government. Each and every one of the Members opposite is personally responsible for the appointment of Mr. Churchman because each and every one of the Members opposite supported the appointment of Mr. Churchman as Deputy Minister. So each and every one of you, as I say, is personally responsible for the loss of hundreds of thousands of dollars of public moneys in northern Saskatchewan. There is no way that you can avoid your responsibility except by demanding the public resignation of Mr. Churchman and you should certainly have the resignation of the Minister who allowed this to go on under his very nose.

I think a few comments of Mr. Churchman would make it clear, once and for all, just how poor a job he did do as Minister. He made a farce of all common sense management procedures and he certainly made a farce of all common sense administrative procedures. Here is a Deputy Minister, in charge of administration of a department saying when the facts were brought to his attention, "There are a number of things that are pretty hard to explain during that first period, to put it frankly it is hard to explain, it is unbelievable," and certainly the Members opposite are each and individually responsible. He goes on, Mr. Churchman, a political appointment of Members opposite.

"We are not happy with the situation that took place." He's



not happy! What about the public and the hundreds of thousands of dollars that were taken out of the public purse or forced through the public purse in the holes of the public purse of the Members opposite. A complete disdain for responsibility of government spending and spending of public funds.

The Public Accounts Report has indicated that Members opposite certainly cannot appoint Deputy Ministers in northern Saskatchewan with any management discipline and anyone who can control the situation. The Deputy Minister goes on and he is caught short. Hundreds of thousands of dollars were hidden around stashed in shoe boxes. Members opposite have something about shoe boxes, they had a box factory, a shoe factory, now they combine the two. They take shoe boxes to hide government money, \$500,000 floating around La Ronge offices under the dictaphone, in the waste baskets, in the shoe boxes. Where else did you hide it, under the water cooler? Did you have them stuff cheques in the water cooler? They may not be any good, they are not able to trace them if you put them there. You have got them stashed away, probably sticking out of a few pockets and certainly the Hon. Minister is personally responsible. He is responsible for the appointment of his Deputy Minister and the Deputy Minister of the Members opposite. If the Deputy Minister is proven wrong and he certainly was, the auditor proved him wrong, then the Deputy Minister should resign. There should be no question, the Deputy Minister shouldn't have appeared before the Public Accounts Committee. He should have quit as soon as he saw what he had let go on in his own department, when he just throws away hundreds of thousands of dollars and then has the nerve to stay on at his job, is an indication of lack of confidence of the Minister who allows that sort of thing to go on. There is all evidence in the Public Accounts Committee that the Minister was advised by his Deputy Minister that this procedure and these practices go on. Again, the Deputy Minister was caught short, he was caught, as the saying goes, with his pants down if he was even around there. I don't know if that is an apt phrase. He has been in Regina all the time and doesn't really care about the North.

The Hon. Member from Nutana South, I believe, tries to avoid the responsibility and says, "I've got nothing to do with the North, this is somebody else's department." The fact that hundreds of thousands of dollars are just thrown down the drain and the Hon. Member there has the nerve and the gall and the disdain for public moneys to say he's got nothing to do with it and that nobody is at fault. He should be back teaching, he should resign from his seat and go along with the resignation of the Minister. It is a pretty sorry sign when the Members opposite couldn't care less about public moneys. When you can look around and stash money in offices, no accounting procedures, no administrative procedures. How in God's name can the Member for Nutana South (Mr. Rolfes) even justify, even justify . . .

**MR. SPEAKER:** — The Member for Nutana South hasn't spoken on this debate.

**MR. LANE:** — Well, then he'll certainly have ample opportunity to get in and justify his position on it. He is doing a lot of speaking from his desk. We'll certainly be glad to hear what he has to say in the debate, Mr. Speaker,. I am giving him every opportunity to refute my arguments if he can refute them, which he certainly cannot do because we have proof positive

that the Government opposite is guilty in mismanagement of government funds, there is gross and callous disregard for public moneys. Again, there is no question but that the Minister should resign as should the Deputy Minister.

When we have situations like a Minister without portfolio, supposedly for Co-operation, who doesn't do anything, when we have mismanagement at Green Lake where they put a dike around a trailer with wheels because the flood is on, when all they had to do was move the house trailer, they spent thousands of dollars building a dike to protect a house trailer with wheels. Surely when that type of gross mismanagement and disregard to public funds is going on, those responsible should pay the penalty and it is only right that when such a gross error has been made by Members opposite that they face the public responsibility and take the necessary action.

It has been raised in this House before that if this type of mismanagement had gone on in private business, heads would have rolled, people would have been fired. So should the same thing happen with government. We are paying this gentleman several thousands of dollars a year, I believe it is around \$30,000. We'd be better off giving the auditor one per cent of everything he finds wrong with the Government opposite. He would be the wealthiest man in the province just on the report of this year alone. Put him on commission and get rid of the Deputy Minister and you would make your first competent financial management decision.

Obviously the evidence is irrefutable that there is a disdain for public moneys, there is a disregard for the public purse, that this Government is so hell bent for spending money that it doesn't care what it does with it, it stashes it around, it pays it out over desks, just hands out \$100,00 in one community alone. That's certainly beyond the comprehension of some of the Members opposite. The figure is something that the Members in the back can't add to and certainly beyond their comprehension. But it is a shocking and I say a degrading system that you have instituted in northern Saskatchewan. It is shocking that you would allow this type of profligate spending to go on for such a length of time. Obviously the Minister is responsible. The Deputy Minister should have resigned a long time ago and we certainly await the early resignation of the Minister responsible.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. E.F. GARDNER (Moosomin):** — Mr. Speaker, I should first like to compliment the Committee on Public Accounts for the very fine job they did in bringing this matter to our attention. I wish to assure them that the concern that they have expressed, the Public Accounts Committee has expressed, is not confined to the North, because people throughout the province are very concerned about what is happening with the taxpayers' money. The people in southern Saskatchewan realize it is their money that is involved. No farmer or small businessman would leave his own money, his own cheques, his own cash lying around in boxes or drawers, unlocked drawers in an office. He wouldn't do this. I don't think he appreciates having a government doing it on his behalf, because whether it is his own money, as a farmer or businessman, that he is handling day by day or whether it is his own money that he pays as taxes to the government, and has them use it, he expects

the same consideration and he is not getting it.

I am surprised, Mr. Speaker, that the Minister has not entered the debate to clarify his position in this regard. There has been a great deal of publicity in the Press on this matter and I am sure that everyone is concerned. I believe that it is essential that the Minister of the Department of Northern Saskatchewan should get up and give us an explanation and give us his version of what has been going on. There is no doubt that there have been very serious breaches of accepted accounting practices. You know Saskatchewan is not some developing country where such practices might be excused. All Canadian governments, all provincial governments, have a tradition of competent accounting procedures. Now there may be certain differences in philosophy among the different political parties and certainly the people expect that and the taxpayer understands that. The taxpayer doesn't understand nor will he accept such obvious inefficiency or sloppy operating procedures as has been brought out by the Public Accounts Committee. Most of the problem is probably due to the fact that the Minister and his officials have tried to draw a curtain around northern Saskatchewan. I believe that is one fact that is chiefly responsible for the problems that they are now involved in. This evergreen curtain around the North is certainly not in the best interests of the northern people, it is not in the best interests of the taxpayers of the province. I believe that this curtain that the DNS has drawing around the North has now backfired on the Government. It is probably the cause of most of their problems.

It is essential that all government affairs should be carried on in the open and some of us who briefly went to northern Saskatchewan last fall, felt even in the short time we were there, and as southerners who perhaps don't have a full understanding of northern Saskatchewan, it was still very obvious to us that something was seriously wrong. You get this feeling even in this very short time. Of course, the suspicions that we had at that time, have been fully confirmed by the Report of the Public Accounts and the Provincial Auditor. What we suspected at that time, has since proved to be exactly correct. Everyone in Saskatchewan now knows that something is seriously wrong in northern Saskatchewan. It wasn't done, of course, as a result of MLAs from either side of the House going up to northern Saskatchewan and spending a few days, it was brought out as a result of the hard work of the Public Accounts Committee and the very efficient work of the Provincial Auditor. Again, I would repeat that I think it is essential that the Minister of Northern Saskatchewan enter this debate. This is really what it is all about, it's what has been going on in his Department. It appears obvious that he is not ready to speak today on this. Perhaps he wishes a little more time. I would, therefore ask leave to adjourn the debate.

**SOME HON. MEMBERS:** — Hear, hear!

Debate adjourned.

## **MOTION**

### **TELEGRAM RE FEDERAL BUDGET ON PROVINCIAL ROYALTIES**

**HON. E.L. COWLEY** (Minister of Mineral Resources): — Mr. Speaker, on the basis of the discussions this

morning on the unanimity which was seen in this House with respect to the feelings about the federal legislation which was proposed last night in the Finance Minister's Address, I would by leave of this Assembly propose to move the following motion:

That this Assembly send the following telegram to Prime Minister Pierre Trudeau and Justice Minister Otto Lang:

The Legislative Assembly of Saskatchewan strongly protests the action proposed by your Government last evening to deny provincial royalties and mining taxes as deductions in the calculations of corporate income taxes. This measure destroys the Federal-Provincial framework in which resource taxation has been set since Confederation.

It is a direct encroachment on the province's right to determine a fair return for its resources. Furthermore, it appears to discriminate in a particular way against the Province of Saskatchewan.

The Legislative Assembly of Saskatchewan calls upon the federal government to withdraw the section of the Ways and Means Motion which makes royalties and mining taxes paid to a province taxable.

And that this Assembly requests the Premier and the Leader of the Opposition to sign this telegram on its behalf.

Mr. Speaker, if leave is granted I would propose to move this Motion.

**MR. J.C. McISAAC** (Wilkie): — Mr. Speaker, may I say a word on this, realizing I am perhaps out of order. No, leave is not granted at this point in time. For the very simple reason, Mr. Speaker . . .

**MR. SPEAKER:** — If it is not granted, that ends it right there.  
Motion negatived.

### **WELCOME TO STUDENTS**

**MR. E.F. GARDNER** (Moosomin): — Mr. Speaker, I wonder if I could introduce some students, Grades Three to Six, from Langbank School. They have dropped in on us unexpectedly and this is my home area. They are accompanied by their teachers, Mrs. Gravener and Mrs. Cowan. I believe they are going to the Shrine Circus later today.

I should like to welcome them to the Legislature and hope they have a pleasant day and a good trip home.

**HON. MEMBERS:** — Hear, hear!

### **ANNOUNCEMENT**

#### **SPECIAL MEDIATOR APPOINTED IN DISPUTE WITH SASKATCHEWAN UNION OF NURSES**

**HON. G. SNYDER** (Minister of Labour): — Mr. Speaker, I wish to inform the Assembly that

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this afternoon I have appointed Judge Allister Muir of Moose Jaw, Saskatchewan, to act as a special mediator in the dispute between the Saskatchewan Hospital Association and the Saskatchewan Union of Nurses.

Judge Muir will be remembered as a long-time barrister and solicitor who was appointed the magistrate in Moose Jaw in December of 1972.

I am advised, Mr. Speaker, that Judge Muir is at this moment being briefed on the background of the dispute and he expects to meet with the parties this evening or early tomorrow morning. No doubt Judge Muir will be immediately thereafter taking whatever steps he deems advisable to bring the parties to an agreement.

The Assembly adjourned at 9:32 o'clock p.m.