Wednesday, November 26, 1975.

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

On the Orders of the Day

WELCOME TO STUDENTS

MR. R. E. NELSON (Assiniboia-Gravelbourg): — Mr. Speaker, it gives me great pleasure to introduce to you and through you to this Assembly a very fine group of students in the Speaker's gallery form Glentworth Central High School. They are accompanied by their teacher, Mrs. Shirley Fitzpatrick and her husband, Mr. Pat Fitzpatrick.

I should like to welcome them to this Assembly and hope that they will enjoy their time here as well as their visit to Agribition. May I wish them a very safe journey home.

HON. MEMBERS: — Hear, hear!

MR. E. ANDERSON (Shaunavon): — Mr. Speaker, I, too should like to extend a welcome to the pupils of Glentworth School and a special welcome to my friends, Patrick Fitzpatrick and his wife.

Glentworth is the east end of my constituency and I don't know many of the students by name. Roy says it a lot better so I let him do the welcoming, but I certainly do hope you have a good visit to Regina and a safe journey home.

HON. MEMBERS: — Hear, hear!

INTRODUCTION OF GUESTS

HON. A.S. MATSALLA (Canora): — Mr. Speaker, it is an honor and a privilege for me to introduce through you, to the Members of the House, two distinguished guests from England, Mr. and Mrs. David Else. They are accompanied by Mrs. Don Radford of the Regina Chamber of Commerce. Would you stand up, please?

HON. MEMBERS: — Hear, hear!

MR. MATSALLA: — Mr. and Mrs. David Else are visiting the province as winners of the United Kingdom Farmers' Weekly publication. On behalf of the legislature I should like to extend our sincere congratulations to them. The competition was developed and presented as part of the Royal Agriculture Show in London, England, through major displays by the province of Saskatchewan and Saskatchewan House, Agribition and the Farmers' Weekly. Representatives of the Department of Tourism and Renewable Resources are co-ordinating the program and itinerary while the Elses are in Saskatchewan. I note that the itinerary is packed full of activities.

Sponsors of the Saskatchewan program include the Regina Chamber of Commerce, the Saskatoon Board of Trade, Agribition and the Department of Tourism and Renewable Resources.

Mr. David Else, a Derbyshire dairy farmer was the winner out of 17,000 entries. Mrs. Else operates 135 Friesian milkers on 150 acres at Dalbury Lees near Derby. The family farming enterprise also runs 150 acres form the same village with Mr. Else sharing the work with his brothers and father.

Mr. Speaker, I want to extend to the visitors a warm welcome to our friendly province of Saskatchewan. I want to wish them an interesting and inspiring afternoon in the legislature, as well as a memorable and enjoyable visit to our Agribition and our province in general.

HON. MEMBERS: — Hear, hear!

QUESTIONS

BILL C 7-3

MR. C.P. MacDONALD (Indian Head-Wolseley): — Mr. Speaker, I would like to direct a question to the Premier. Is the Premier aware that Ontario, Prince Edward Island, Newfoundland, Nova Scotia and New Brunswick have indicated that they will sign 4(3) of Bill C7-3, when it passes in the House of Commons? Also this Bill went through Committee Monday night and is now in third reading and it is expected to pass Friday. What has the Government of Saskatchewan indicated to the federal government? Reports come out of Ottawa but they re somewhat confusing as to statements by the Minister of Finance of the province of Saskatchewan (Mr. Smishek). Six provinces have certainly now indicated they are going to sign 4(3). British Columbia has indicated they will be signing it directly following the election campaign. Just exactly what are the intentions of the Government of Saskatchewan and could the Premier clarify the statements made by the Minister of Finance in Ottawa?

HON. A.E. BLAKENEY (Premier): — Mr. Speaker, the short answer to the Hon. Member's question is, No. I am not aware that all of these provinces have so indicated, if they have done it today. I will study the reports knowing that there are sometimes errors in reports and having ascertained what the position of the other provinces is, will be in a better position to indicate what our position is. We are not now in a position to announce that we will sign any 4(3) agreement.

MR. MacDONALD: — A supplementary. Could the Premier indicate if the report that I heard out of Ottawa is accurate, that Saskatchewan has indicated that they will not go along with the federal guidelines. From what I understand, form a CP report, there is some confusion, someone suggested there is a correction. Is it a fact that the Government of Saskatchewan is not, as announced in Ottawa or is it government policy that they will not follow the federal anti-inflation program?

MR. BLAKENEY: — I think that the Hon. Member will know that the legislation which is before the House of Commons offers two or perhaps three options to provinces; the so-called 4(3). Option permitting a province to delegate to the federal Anti-Inflation Board the operation of an anti-inflation program roughly for the

public sector within the province; the so-called 4(4) option which would permit the province to set up an anti-inflation board of its own, and very possibly — the Bill is, I think, not clear on this — a variant of the 4(4) option which would permit the province to set up an anti-inflation board of its own and apply guidelines which were modestly at variance with the federal government ones. The latter one, so far as I can ascertain, is the policy being followed by the Government of Quebec. At least with respect to some parts of their public sector they do not appear to be following the guidelines and I think of their reported increases to nurses. Apparently Quebec is signing a 4(4) agreement, as the Member for Wascana indicates. That may be so except that they then will put their interpretation on the guidelines. I take it that the province of Alberta is pursuing the same route and their announced policy is for an agreement lasting 18 months, notwithstanding that the federal Bill says three years. If in fact the signing of a 4(4) agreement allows that measure of latitude then this is a course of action we will be studying. We are not making any decision or announcing any decision until the Minister of Finance has returned from Ottawa reporting on the results of the conference which have gone on today and, apparently, is going on tomorrow. When we have that further information we will be in a position to announce further government policies.

MR. MacDONALD: — Mr. Premier, is it then the intention of the government to introduce an anti-inflation Bill at this particular fall session which would put Saskatchewan on the road to fighting inflation, whether it be 4(3) or 4(4) or set up their own control measure to supplement the federal board? Is it the intention of the government to introduce an Act at this fall session of the legislature?

MR. BLAKENEY: — The government has made no final decision on the question raised by the Hon. Member but certainly the course of action proposed by him or at least referred to by him is under active consideration.

POTASH SALES CONTRACTS

MR. L.W. BIRKBECK (Moosomin): — Mr. Speaker, I should like to direct a question to the Member for Regina North West (Mr. Whelan), the Minister of Mineral Resources. Does the potash corporation of Saskatchewan Government have any sales contracts for Saskatchewan potash at the present time?

HON. E.C. WHELAN (Minister of Mineral Resources): — I think you should direct that question to the Minister in charge of the Potash Corporation of Saskatchewan.

MR. BLAKENEY: — Mr. Speaker, I will undertake to answer that question on behalf of my colleague who is not able to be here at this time.

The answer to the Hon. Member’s question is, No. No contracts have been signed by the Potash Corporation of Saskatchewan for the sale of potash.

MR. BIRKBECK: — A supplementary question, Mr. Speaker. How can they be sure these contracts will be forthcoming?

MR. BLAKENEY: — Mr. Speaker, I don't suppose anyone an be sure of anything in the future, save only of the fact that contracts have not now been signed. That does not indicate that contracts will not be signed and will not be signed at a point in time which is appropriate in the course of putting together an industrial venture.

INCREASES IN SGIO INSURANCE

MR. E.F.A. MERCHANT (Regina Wascana): — Mr. Speaker, before the Orders of the Day, I wonder if I might direct a question to the Minister in charge of SGIO, the Minister in charge of Mineral Resources. I wonder if the Minister would agree with me that one of the most effective ways to control rising prices, and this government expresses that as one of their concerns, is through showing leadership in the Crown corporations. Would the Minister indicate what the percentage increases were by SGIO for private dwelling insurance recently announced and by SGIO for automobile insurance recently announced?

HON. E.C. WHELAN (Minister of Mineral Resources): — Well, Mr. Speaker, I am sue that we can excuse the Hon. Member for Wascana for not knowing that this is a Crown corporation question and should be asked in the Crown Corporations' Committee. Furthermore, it would be a simple thing to submit this sort of question in a proper form and it would be answered the minute the Crown Corporations' Committee meets. Anyone who has been in the House before knows that the discussion of Crown corporations is set aside for a special committee.

MR. MERCHANT: — By way of a supplementary, couldn't you give us a hint on what the answer is, Mr. Speaker. I wonder . . .

MR. WHELAN: — On a Point of Order, on ordinary questions you could easily put them on the Order Paper. You are entirely out of order, this has been going on time and time again. I suggest that we should get a ruling on this. This sort of question can easily be answered in the Crown Corporations' Committee and that is where it belongs.

MR. MacDONALD: — On the Point of Order, it is kind of interesting that they Minister has decided what the question will be before the Member has even asked it.

MR. MERCHANT: — Mr. Speaker, since the Minister doesn't choose to indicate the increases which we know are large, 50 per cent . . .

MR. SPEAKER: — Order! Would the Member please resume his seat and give me a moment.

I believe it is quite in order for a Member to ask a question on Crown corporations in this House and it is quite in order for the Minister to whom the question is directed to answer the question if he wishes or to ask the Member to give notice of the question or to deal with the question when it arises later as a written question in this House.

SOME HON. MEMBERS: — Hear, hear!

MR. WHELAN: — I'll take the question as notice, Mr. Speaker.

MR. MERCHANT: — Supplementary question, Mr. Speaker.

Some of the rate increases have been as much as 50 per cent and I wonder whether the Minister will indicate whether he considers this good government policy and the type of leadership that his government will be giving in the fight against inflation? And I wonder whether the Minister will indicate whether if and when, an anti-inflationary policy is brought down, the inflationary rate increases by Sask Power and SGIO will be rolled back? I wonder, would he indicate whether that will be part of the imaginary joust with inflation which this government keeps putting off.

MR. BLAKENEY: — Mr. Speaker, contrary to what obviously is in the minds of Members opposite, when a question is directed, it is directed to the government. I invite them to look at the blues sometime and they will see just how questions are directed. It is very common, of course, to direct questions to an individual Minister, but the government can make its option as to which Minister answers and I am making the option.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — The question asked by the Hon. Member clearly involved, not one corporation, but two and three when he waxed so eloquent in the course of his speech.

The point which I wish to make is this: That the inflation guidelines with respect to pricing, do not contain any 8 per cents or 10 per cents, but they contain a reference with respect to increases in costs. I venture to think that in the appropriate forum when these are considered it will be able to be demonstrated that the costs of the Crown corporations which have increased their fees will indicate increases in costs of a nature so that the increases in fees, costs, charges, etc. were justified. The appropriate forum, obviously, to pursue that statistical analysis is the Crown Corporations' Committee, but I think that is the framework in which it ought to be done.

MR. MERCHANT: — Second supplementary, Mr. Speaker.

MR. SPEAKER: — I believe the Member has had two supplementaries.

MR. MERCHANT: — I'm entitled to ask two supplementaries.

MR. SPEAKER: — Order, order! I take this opportunity to suggest to the Member, it is not the rules of the House. For the Member to suggest that it is the rules of the House, for the second supplementary is not correct.

MR. E.C. MALONE (Regina-Lakeview): — Mr. Speaker, on a Point of Order.

I believe with respect to your ruling, the ruling in this House sometime ago by Speaker Snedker, indicated that it was entirely proper, Mr. Speaker, to have more than one supplementary to a question — that is, two supplementaries to a question. I believe that is a ruling of this House, Mr. Speaker. Indeed it has been the practice usually only to ask one supplementary question, but on occasion two supplementary questions have been asked. Indeed today the Member for Indian Head-Wolseley (Mr. MacDonald)) asked two supplementary questions. So may I suggest to you, Mr. Speaker, that it is the tradition of this House — two supplementary questions are allowed. The ruling was made along those lines by Speaker Snedker and that this is the policy of this legislature.

MR. SPEAKER: — I beg to differ with the Member. If the Member wishes to refer me to the ruling, I would be glad to observe the rule. If the Member is telling me that we should distinguish between the practice and the rule, I'm in agreement with him. The practice has been that there are two supplementaries and I am prepared to let the Member ask the second supplementary, but that is not the rule of the House. It is the practice.

MR. MERCHANT: — Thank you, Mr. Speaker. I was on the Point of Order only going to mention to the Hon. Attorney General, that indeed on the printout of October 22, 1975, a second supplementary was mentioned.

My second supplementary, Mr. Speaker, is directed to the Premier. I take it then that in simple 'yes' and 'no' words, there will be no rollback of the 47 per cent increase by SPC and no rollback of the 50 per cent increase by SGIO?

MR. BLAKENEY: — In view o the fact that in at least in the opinion of the corporation these increases are fully justified by increase in the cost of natural gas is quite beyond our control, and no rollback is contemplated.

INCREASE IN SASK TEL RATES

MR. B. ANDERSON (Shaunavon): — I'd like to direct a question to the Hon. Minister in charge of Sask Tel (Mr. Byers).

In view of the fact that the federal guidelines on price controls, and in view of the fact that any increases are usually justified by cost increases, the increases in Sask Tel have not been justified as yet. They say they may be justified in 1977. I am interested in asking if it is going to be government policy to roll these increases back because they were applied after the guidelines came in? The increases are way above the accepted guidelines and are not justified by the cost at this

point. So is the government policy to be to roll these increases back to follow the guidelines?

HON. N.E. BYERS (Minister of Telephones):: — Mr. Speaker, I think in the case of the increases in Sask Tel rates, that the same criteria apply that the Premier has responded to. With respect to SPC increases, the costs have increased and furthermore, the rate increases were — if I recall correctly — announced prior to the announcement of the federal guidelines.

MR. ANDERSON: — Supplementary. The rate increases were put in on November 1st, the guidelines were announced October 14. Seeing that guideline policy that the costs have to be justified before the rates are increased, and in this case the cost went up before the justification, will it be the policy of this government to follow the federal guidelines and roll these back, and if the rollback comes will the excess charges that have been charged be refunded?

MR. BYERS: — Mr. Speaker, in the case of Sask Tel rate increases, they will become effective November 1. I do believe that a public announcement of those increases was made prior to the announcement of the federal guidelines.

Secondly, for most of these rates there have been no increases for some of these categories since 1968 or in that order and, therefore, it is not the intention to have them rolled back.

SECOND READINGS

HON. R. ROMANOW (Attorney General) moved second reading of Bill No. 1 — **An Act respecting the Development of Potash Resources in Saskatchewan**.

He said: Mr. Speaker, I wish t take this opportunity, since it is my first time to enter into this debate, at least officially and formally anyway, to extend my congratulations to you, sir, on your election as Speaker of this legislature. I am very confident indeed that you will do an excellent job which is, of course, characteristic of the Brockelbank name.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Mr. Speaker, I wish also to extend my congratulations (I really should have done this on the Speech from the Throne which is now past history) but my congratulations to all the new Members who have joined this legislature, on all sides of the House. I think this is not only a terrific responsibility that we carry with respect to our individual constituents, but it is also an honor and all of the Members, if I may say so, might be so bold as to say so, who took part in this debate, I think acquitted themselves very well and I look forward to working with them.

Now, Mr. Speaker, I take pride in moving second reading of Bill No. 1 of this session, The Potash Development Act.

This Bill will be known in the future as Bill No. 1 for a number of reasons, not the least of which is that it will mark a new era in resource management for Saskatchewan and for Canada.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Members opposite, may, when they enter this debate choose to scoff at that remark, but I remind the Liberals and the Conservatives that it wouldn't be the first time that legislation or measures that were introduced by our government have been scoffed at by them, only to be later adopted as if it were their legislation in the first place. By now, all Members of the Assembly know the policy decision that the government has taken. It was announced in the Speech from the Throne and you know the options as the Speech from the Throne has outlined with respect to the policy decision taken. In a moment I shall go into rather extensive detail to document the events that led up to that policy decision, but before I do so, Mr. Speaker, I might be permitted just a brief moment or two to background what I think are three basic options open to any government with respect to resource development policy, and in that context, refer to the specific matter at hand, the Potash Development Bill, Bill No. 1 and the potash resource area.

Now, Mr. Speaker, there are three basic options that are open to any government to develop its natural resources. The first option is to allow free enterprise, if I may put that description on it — whatever that terms means. But free enterprise can be given a free hand to exploit the resources of that exploitation. I don't think it would be unfair of me to say that this is the traditional Liberal-Conservative approach to the exploitation of the development of the resources, certainly in Canada, and certainly in the province of Saskatchewan.

A second option would be by way of legislation and regulation used by government to ensure development, to promote development, conservation and a fair return to the people of the province as a result of the use of those resources by the developers or others.

A third option is one that is obvious, the public can assume an ownership role directly in the resource development through joint ventures or through direct investment itself.

Now, Mr. Speaker, in resource development, I think it is fair to say that the only alternative that this government has rejected totally is the first alternative, namely, the one which says that the resources of this province should be developed through, what I would describe as, an unbridled free enterprise approach. Much as my friends opposite, the Liberal Party did, with respect to the development of the forest resources in our province. We rejected that approach of 'open season' for private developers on resources of this province. We have tried to develop our resources, basically by using option number two, which is legislation and regulation in order to get conservation and get a fair return and

get the development of the industry and where applicable option three, a joint venture or some form of combination thereof.

I can tell the Members of the House that apart from the potash resource area this approach, this flexible approach, has generally worked to Saskatchewan's advantage, certainly since 1971. That our dealings with the private sector in this area have been tough, our negotiations have been tough, but fair, and that in the end result there has been a proper development of the resources in the interests of all the people.

As I have said, unfortunately this approach does not work when it comes to the large potash multinational corporations.

I say to the Members of this House, that this province has been put in a corner by the actions of these large multinational potash giants, the inevitable result of which is Bill No. 1, that we are debating today. I say it is beyond dispute that this government has been challenged at almost every turn by the very biggest and the most multinational private corporations as we have tried to implement this government policy on resources, alternatives two or three that I have talked about. Some might even say that the large international magnates in charge of the potash development in this province have tried to paralyze the government's resource policy. Paralyze it, why? Because we had the temerity to claim that we could make the potash companies pay a little more extra taxes for the exploitation of our potash resources.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Mr. Speaker, in a way it can be said that the potash companies are really the authors of this Bill No. 1. One by one, they have announced policies of suspending indefinitely expansions until such time as their demands on the government have been met. In a world where our potash is in ever-increasing demand, that is as much as to say to the people of Saskatchewan 'as long as you are not reasonable to our conditions, your development is finished.' This is the case. Perhaps a classic case of large multinational industry is an important resource area such as potash, trying to run the province rather than the province, in the interests of the people, running the industries. I want to go into some details to prove exactly the point that I have made here.

Mr. Speaker, I want to review in some detail the highlights, the significant events for the development of this potash policy which is now embodied in Bill No. 1, which we are debating today. I think this review is absolutely necessary so that each MLA and each person in Saskatchewan can draw his or her own conclusions as to whether or not the potash industry has co-operated, has tried to co-operate with the policy of resource development as enunciated by the people of the Premier through their democratically elected government. Let me start:

1. January 1, 1970 — the Liberal government of the day was headed by the late Premier W. Ross Thatcher. The present Leader of the Opposition was the Deputy Premier and the Minister of Finance. On that ate of January 1, 1970 the Liberal government of this province instituted the prorationing program. Each company was allocated a production level, and

other aspects of the proration program of which I will not go into detail for the purposes of the second reading debate. Mr. Speaker, I recall that fairly vividly because I was first elected in 1968 and one of the big issues in 1969 and 1970 was the question of the state of the potash industry. I sat in this House on the opposite side somewhere in the area of the Member for Swift Current (Mr. Ham) not looking quite as well informed or as confident as the Member for Swift Current, I might add, but smiling a little bit anyway. I sat in that corner and I remember the industry coming to the late Premier, saying that the industry was, paraphrasing it, on the brink of bankruptcy. We witnessed potash spokesmen from their head offices, flying to Regina appealing to the Liberal government to save them. It is kind of ironic that they, in effect, pleaded with the so-called free enterprise government to save them from the effects of free enterprise, which was basically the case.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — They said “interfere in the private sector” because the rules of private enterprise have put the potash companies into real difficulty and we have all sorts of problems. The Liberals responded. On January 1, 1970, the first step in this history that I want to document, the prorationing program devised, conceived, implemented by the Liberal government was put into effect. I want to tell you that I was in this legislature and I didn’t hear one Liberal talking about the death of free enterprise; I didn’t hear one Liberal or one potash company or executive of a potash company or Board of Trade member saying that it was immoral for the government to intervene in the private enterprise sector, in the marketplace. No, Liberals were silent all, business was silent all. They didn’t object and on January 1, 1970, the potash proration regulations were implemented. Step number one.

2. There was an election as some Members opposite might know in the latter part of June 1971. There was a change in government. The next significant date is October 12, 1971, shortly after Premier Blakeney was elected by the people of this province. Shortly after the Premier was elected and the new government was sworn in, the Premier invited the potash industry to comment on the prorationing program implemented previously by the Liberal government and to comment on the administration of that potash prorationing scheme. Somebody mentioned according to newspaper reports that we were the ones who criticized the potash prorationing scheme. It is true we had reservations about it. All you have to do is go back to the Hansards of 1969 and 1970. So it would only be natural that we would like to have an opening dialogue with the industry on this important issue.

I tell the Members of this House, that the support by the potash industry, the multinationals, was immediate and unqualified to the proration scheme. I don’t want to read or make reference at this time about the glowing correspondence and some of the statements that we received from the industry pledging its unqualified support of this proration program to us, now the new government. Their comments about our regulations and the prorationing system ranged from confirmation, to saying it was necessary to save and stabilize the industry, that it was a correct and proper decision throughout. A meeting was

held on October 12, 1971 and those were the commitments given to us by the industry.

3. We now move to the month of June 1972. In the month of June 1972 the new government determined that the potash prorationing fee regulations should be amended to increase the government revenues. The prorationing formula was accordingly modified. Now the scheme of 1970 was amended with those purposes in mind.

Again I want to tell the people of the province that we asked the industry to come in and give us their views as to whether this was the right thing to do. Again, I tell the Members of this House that virtually the entire industry with the exception of two, Central Canada Potash and Swift Canadian told us that we would receive full support for these changes and amendments to the potash prorationing regulations, the principle of which had been untouched since implemented by the Liberal government.

In fact, I want to tell the Members opposite what a major producer of potash in the province, IMC (International Minerals Corporation) said, according to the Leader-Post of the day, June 12, 1972 in a big story headlined, "IMC says Government Action Saved Potash Industry." I have a clipping of this story here — I thought it made for a good story. This was the statement made by IMC after the amendments were implemented. I shall read one small portion for the Members. You can read the entire story to see if I have taken it out of context, but I am one who doesn't like to read headlines, because I think sometimes headlines mislead in favor of Liberals and Conservatives. This misleads in a sense but the point fairly accurately summarizes the position taken by IMC.

AN HON. MEMBER: — Table it.

MR. ROMANOW: — I can table it. I'll photocopy a copy of the Press statement. I quote:

> Regulations on potash production and pricing instituted by the Saskatchewan Government in 1969 saved the industry from disaster. We have put it again on the threshold of a bright future, officials of International Minerals and Chemicals Corporation of Canada Limited said Thursday. Questioned about IMC's reaction to changes in prorationing royalty payments proposed by the NDP Government, Mr. White who was then the chairman of IMC said the changes in regulations have been for the good, resulting in clarification and streamlining. The increase in payments we understand, and I would like to say this is not peculiar to Saskatchewan said Mr. White. He said IMC's relations with the NDP Government have been excellent as they have been with the previous Liberal administration and the old CCF Government in office when IMC began to develop its first mine at Esterhazy in the late 1950s.

Mr. Speaker, I want to just re-emphasize for the Members that the changes were understood and accepted, the re relationships had been good and that was not peculiar to Saskatchewan, it saved the industry.

4. One month later after the statement, July of 1972, Central Canada Potash controlled by Noranda made an application to the Court of Queen's Bench in the province of Saskatchewan for a Writ of Mandamus to require the Minister of Mineral Resources the effect of which, if that application had been successful, would have been to have broken the potash prorationing system. Again the companies opposed this move and appeared on behalf of the government against the application by Central Canada Potash.

Mr. Speaker, they then supported a scheme that they now condemn in the courts as evidenced by their latest challenge to the very same potash proration regulations I have talked about. I'll have a word to say about that challenge in a moment. That application by the way by Central Canada was denied by the courts, the application for mandamus.

5. Things continued. We are into 1973 now. During 1973 our government began an intensive analysis of the returns that we had received from the potash industry. We met with the industry and expressed to the industry our concerns, our particular concerns about the province's share of exiting world markets and the lack of an adequate return to the province in the light of prices obtained. In addition, the government indicated that we should like to see the financial statements to see, obviously, if the analysis that we had was right and to look at the figures. The reaction of the industry at that time in 1975 again appeared to be very consistent with what they had said earlier. They didn't want to change the proration scheme. They said that they had no objection in principle to providing the financial statements, that's what they said. They indicated that increases in revenues for the province as we had indicated didn't appear to be an issue either. At least, Mr. Speaker, on the face of it, that's what they said. It was quite obvious, as I will unfold, that the companies were beginning to resent this Blakeney government's attempt to gain a greater share of the potash returns for the people of the province.

6. On April 29, 1974, consistent with the policy that I enunciated at the beginning of my address, alternatives two and three, consistent with our oft stated policy that we should like to increase the benefits to the people from potash resource development, we made a new proposal to the potash companies. That was on April 29, 1974. We outlined a new proposal for a new potash policy to the industry, the basic features of the proposal being as follows:

(1) Public participation in expansion or new production facilities.
(2) The dropping of a minimum price. (This relates to the earlier prorationing).
(3) The implementation of a proposed potash reserve tax. (That was on April 29, 1974.)
(4) That we should like to take a look at their financial statements. Obviously this was a very important aspect of determining the relative position, taxation positions, and so forth of the respective parties.

7. I might emphasize, Mr. Speaker, and to the Members of the House that a number of meetings were held with the industry to discuss the proposals earlier than April 29, 1974. I want to

make that point because I read in newspapers from time to time that there has been a failure or a lack of willingness on the part of government to communicate with the potash industry and as I have documented very carefully we have sought their views and consulted with them whenever there was a change or an amendment to the regulations or to the policy as proposed.

So from April 29, 1974 to October 13, 1974 and after a series of meetings with the industry, a new potash policy was announced on behalf of the province and the people of Saskatchewan. That new policy covered the following points:

> (1) The potash reserves tax. I might add that the proposed overall level of this tax was reduced by about 28 per cent because of discussions with the industry form the time of the proposal.
>
> (2) We needed expansion, we wanted to encourage expansion. We even made changes to the potash reserves tax to encourage the expansion to take into account some of the statements made by the industry. Also to try to encourage this much needed expansion by offering to make risk capital available for expansion of new development.
>
> (3) The prorationing program would be maintained but modified to permit licensing at full capacity and to eliminate some aspects or to make some other changes in the concept. The basic principle of which I think was still untouched.

8. November 18, 1974. A new character appears on the stage, as the Leader of the Opposition likes to say, there is a new factor in the scenario here (they use the word scenario all the time). It's not my word; it is the Leader of the Opposition's word! So we have now a new player coming into the scenario. Actually, it is not such a new player, it is an old player, it is the federal Liberal government, Mr. Speaker.

What had happened, of course, as I am sure the Members in the Conservative Party would agree, regrettably the federal Liberal Party was returned after the election and was re-elected on a program of opposition to wage and price controls. I am sure the Member for Elrose remembers that very vividly. And also it was re-elected on the May 6, 1974 federal budget which Members opposite will know was the immediate flash point for the election. That May 6, 1974 budget announced one very important aspect of this whole story, the non-deductibility of provincial royalty payments, taxes and fees in calculating federal corporate income tax. No longer could the businesses deduct the royalties as a sort of price of doing business form the federal corporate income tax.

Mr. Speaker, that action by the Liberal government was unprecedented. It was opposed by our government, we tried to convince the Liberals here at home in Saskatchewan. The Member for Maple Creek wasn't here but I can tell him that we tried to convince the Leader of the Opposition and the 15 Members who were sitting opposite than, to do what they could to make some changes in this plan. We tried to convince the federal government itself when we realized that perhaps there wasn't as much influence local from the provincial Liberals as there might be. I don't know why I would think that but we

decided to go to the federal Liberals and ask them to reconsider their budget because of the harm it would do to Saskatchewan.

Mr. Speaker, we were ignored by the Liberal government of Canada and we received no support from Liberals either in Ottawa or in Regina with respect to that May 6th budget.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — So the new character has come on to the scene, they are re-elected on the budget. On November 18, 1974, that May 6, 1974 budget is re-introduced and it's re-introduced with the full non-deductibility provisions with respect to federal corporate income tax and they did it when they knew that almost all the Premiers were against it. Certainly this government was.

Now this affected the potash industry at home, and so as a concession, as a concession by us to the potash industry, as a further example of our flexibility, we reacted to this federal government move by announcing, in addition to all the other changes that I have already talked with reference to the potash reserve scheme, by announcing that all royalties would be deductible for the purposes of calculating Saskatchewan provincial income tax. It was about the best we could do on the income tax level, once the federal government acted as they did.

9. On February 10, 1975 of this year, the Canadian Potash Producers Association, came to the Government of Saskatchewan and represented a brief outlining their position regarding the reserves tax.

10. Just a few days later on February 19, 1975 . . .

MR. MacDONALD: — What was their position?

MR. ROMANOW: — Coming to that. February 19, 1975 the Premier met with the representatives of the Potash Producers Association to discuss this request. We indicated to the Producers Association that some adjustments might be warranted in light of their submission. We weren't taking a dogmatic approach. But, we told them this, the Members opposite laugh, but I tell you we told them that we were prepared to take a look at it and some adjustment were possibly necessary, but in order to make that decision there was a lack of financial data and this was a real handicap in arriving sensibly at exactly what the decision should be to make changes in the tax, if any changes should be made.

Liberals opposite might have said if they were in government, "Well we want to react simply on the pure word, in the blind faith of the corporations, that the tax was too high," but I tell you that's not the way a responsible government acts. We required something more than pure faith before we could accept industry claims that the reserves tax and the federal intervention on the scene was too high. So we said to the, "Show us the financial statements." We recognize there might be a need for adjustments. We'll take a look at it after the statements are tabled.

There was also at that meeting on February 19, an agreement that the question of the rate of return, the rate of return to the industry, ha to be explored in more depth. That was agreed upon by industry and government. So how to do it. On February 19, we said, what we'll do is strike a committee. The committee, there's no title to it, just an informal committee, a committee of the industry and the government. It was agreed that this committee would be struck and would meet at a very early date to examine this rate of return and the issues.

I want to make one other point about that meeting of February 19. At that same meting, the industry requested, as part of the discussion that the concessions in the reserves tax should be made to get around the short term problems brought about by the federal budget and the non-deductibility provision. Again adjustments were made with respect to the reserves tax.

11. Having agreed to the February 19 concept of a committee to sit down and a look at it, step eleven now was May 2, 1975. May 2, 1975, this joint industry/government committee met for the first time to determine if there were any mutually agreeable solutions to the problems identified.

Some progress was made. However, both sides, the potash industry and the government said that we had to hold another meeting and that we would hold that other meeting as soon as the potash industry produced its promised proposals in writing regarding a tax framework and when we could take a look at the financial statements. Obviously, if the issue is the rate of return and the taxation, we have to take a look at the financial statements. Is there any Member in this House who would deny that to a democratically, lawfully elected government?

So progress was made and we said and the industry has understood it, we'd come back with the written proposals and take a look at the financial data, the figures.

Mr. Speaker, I want to emphasize to the people of Saskatchewan and to the Members in this House, clearly again, that on May 2, 1975 the industry, the industry, the potash multinationals were to prepare written submissions and proposals and the government Members were to await this initiative for a subsequent meting. I've already made the point about the financial statements. That, Mr. Speaker, was on May 2, 1975, just six weeks before another very important date, the provincial election of June 11. 1975.

Mr. Speaker, I am advised that these commitments for financial statements were never fulfilled by the potash companies nor were financial proposals made to this joint committee. A subsequent committee meeting, never was held, because no documentation was produced. We have never received those proposals as of this date. But that was the agreement on May 2, 1975. And on June 11, the Blakeney government was re-elected.

12. Mr. Speaker, what happened on June 20, 1975, just nine short days after the election, about seven weeks after that May 2 meeting, after an election won again by the NDP, all of the producers of potash, with the exception of Central Canada, 11 of them, immediately began a court action against the potash reserve tax and they withheld the payment of the

taxes on quarterly instalments then due on June 20, nine days after the election results.

Mr. Speaker, I want to remind the Member for Nipawin (Mr. Collver) and the Member for Lakeview (Mr. Malone) that this court action, nine short days after the election, if you don't believe me just get your own lawyers to take a look at the documentation, required, and I put it charitably, a complicated statement of claim by the potash producers against the government. To say the least, it was a very complex legal matter. Yet, somehow displaying the efficiency of large multinational corporations, that statement of claim was filed and issued nine days after the election, seven weeks after the meeting of May 2, where everything, as far as we were concerned, was going along well. All the while, Mr. Speaker, this government had been meeting in good faith, all the while we were expecting their proposals, their financial statements and our general view that there might have to be some adjustments made, all the while we were anticipating another meeting.

Now we haven't heard a word from the Liberals or the Conservatives about that. No, not a word, I've been reading the newspapers, and I haven't seen one of the Members opposite say that the government here was wrongly dealt with. No, somehow we're doing something wrong to the potash companies.

13. On October 2, 1975, all of the producers, with the exception of Central Canada Potash . . .

AN HON. MEMBER: — Who . . .

MR. ROMANOW: — Didn't hear what you said.

SOME HON. MEMBERS: — Who . . .

MR. ROMANOW: — Yes, Central Canada Potash. I'm sorry I can't hear what you say. Okay. Should I have been working that hard to listen to what he had to say. I'm sorry, I should have known better from the Member for Lakeview (Mr. Malone). No, it's okay I won't listen any more.

13. On October 2, 1975 all of the producers with the exception of Central Canada Potash, who already by the way, feeling that they didn't want to be the odd man out, had a law suit pending as well, and Alwinsal, with the exception of Alwinsal, all of them on October 2, began yet another legal challenge. What was the legal challenge to? The Member for Thunder Creek (Mr. Thatcher) would be interested in this because it was to challenge the potash proration regulations that the Liberal government instituted in 1970, that so glowingly was spoken of as having saved the industry. That was October 2, 1975. An action to strike down that which they said was needed, was essential, which they promoted and defended.

14. And finally, Mr. Speaker, in this history, perhaps more important than anything, proposed expansions were summarily suspended indefinitely by the potash companies. Now those are the facts.

I'll be asking if you Members feel that from your source of information they aren't, okay. Perhaps we made an error in

this one. I'll be interested in hearing the rebuttal that you have. That's the fact. When the expansion comes to a halt, potash prorationing is under attack, having said it was important, no financial statements, withholding of payment of taxes for awhile, they ponied up after some days of negotiations, it's true. That's the state of the industry.

Now, Mr. Speaker, I ask the Members of this House, I really have to appeal almost to the court of public opinion on those facts, what conclusions would they reach? I say again that the only reasonable conclusion is that the potash companies deliberately, through their actions, were not playing fair with the government and put us in a corner.

I say, Mr. Speaker, when they put us in a corner like that, the evidence here is beyond dispute.

Number one, the prorationing system lauded by the industry since 1969, is now under direct attack. I have referred to industry responses supporting it. I have referred to news stories supporting it. And yet, in their statement of claim of October 1, 1975, the companies in part say this, quote:

> The potash proration fee regulations and fee imposed thereby are beyond the constitutional powers of the Province of Saskatchewan and that the imposition of the said fee was and is unlawful and void and of no force or effect in law.

That's what was said about the potash proration.

MR. COLLVER: — On a Point of Order, it is my understanding that in the debate that it was not allowable for a Member to comment on matters presently before the courts.

MR. ROMANOW: — Speaking to that point, I am not commenting on things that are before the courts. The issue before the courts is the question of the constitutionality. I am not speaking to the constitutionality yet. I am relating the history of support and non-support. That is not the issue in the court matter.

MR. COLLVER: — Mr. Speaker, if I might reply on the Point of Order. It seems to me that the Member for Saskatoon Riversdale was appealing to the court of public opinion for the matters outlining in quite some considerable detail.

MR. ROMANOW: — Speaking on that again, Mr. Speaker, the Member opposite misinterpreted my remarks. I was appealing not on the issues of the legalities which will be determined by the court. I want to make that abundantly clear. I respect the integrity of the courts, for them to decide on the constitutional issue, which is the issue. We will live with that one way or the other. When I said the court of public opinion I was asking the people of Saskatchewan to judge whether in the totality of the actions, which I have enumerated, the potash companies were acting fairly with the government and the people of Saskatchewan to which I think we should know.

MR. MALONE: — On a Point of Order, I believe the Point of Order of the Member for Nipawin is well taken. The Attorney General is talking and asking the court of public opinion to judge on something that is before the courts of Saskatchewan. He is saying that the courts of Saskatchewan should be put to judgment by the people of Saskatchewan. And I suggest, Mr. Speaker, that the Point of Order is well taken.

MR. SPEAKER: — I don't believe that that is a Point of Order. I think it is clearly understood and commonly used that the court of public opinion is the people of the province. I don't think that calling upon the people of the province to make decisions is necessarily asking for legal opinions of impinges on the legal courts of the land.

MR. ROMANOW: — Mr. Speaker, I will make this comment in an attempt to take into account what I think is a legitimate concern of the Member for Nipawin and the Member for Lakeview. I withdraw the word 'court' or the 'court of opinion' if it is implied that in some way that was another arbitration board or judicial tribunal for the decision of legal issues. I thought I had made that clear throughout the entire thrust of my remarks. The legalities I am not speaking to. I am no saying whether potash proration is fair or constitutional or not constitutional. But I am taking, yes, I am reading the statement of claim and I will read again from the statement of claim to show the point that I am making in my speech, that in 1969 the proration scheme was lauded; it was lauded in the papers and contrast that with the statement of claim which says now that the fee is unlawful, void and of no force or effect in law. And I will continue to quote that because it's inconsistent with the public postures taken by the potash industries which is the third point that I am trying to make here.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Mr. Speaker, I also wanted to say, before being interrupted, on this very important matter, the question of financial statements, we have asked, they have refused to show the financial statements so that our officials can verify their claims.

As early as August of 1973, we asked the companies to provide industry financial statements in order that we could fairly assess their profitability. But, once the appropriate regulations had been passed with assurance of confidentiality, most companies suddenly became unwilling to co-operate and chose flatly to disobey the laws of this province.

I ask the Members opposite, I ask the Member for Souris-Cannington (Mr. Berntson) what farmer in his constituency would ever dare openly flout the laws of the province and hope to get away with it. And yet the opposition says the potash companies, apparently the opposition says the potash companies have that right.

Thirdly, in summary, the potash people now say they are willing to show their statements to a so-called independent commissioner. Let me just again refer you back to the summary

of events that I have documented.

The joint industry/government committee which met on May 2 agreed that it would meet again after the industry had prepared the financial proposals. Industry agreed to that. We were waiting then and we're still waiting. Some people have suggested that the industry was perhaps waiting too on May 2, 1975.

The point is that we were told they wanted to discuss the issue and they never did. But I tell this to the Members, financial statements relating to taxation matter go to elected governments and not independent appointed commissioners.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — I think it would be indeed a very sad day for an elected person who believes in a democratic system, as I am sure even the Members opposite to do, to advance otherwise.

Finally, in summary, we see absolutely no expansion of the industry, the point that I've made. Again referring to the history of events that I have summarized, on April 29, and again on October 23, it was stated policy of this government to provide risk capital for expansion and developing new mines. We were prepared to assist the expansion but the answer was, No. We assisted development and expansion in uranium and in timber in this fashion. But industry spokesmen for potash say, no, to their sector. We reduced or made changes to the potash reserves tax formula in an attempt to please the industry after meetings and in an attempt to encourage expansion but still, the answer is, No. No expansion.

Last Sunday I happened to catch a CBC television program, very appropriate entitled The Money Makers. And perhaps appropriately enough, Mr. John Carpenter, President of the Canadian Potash Producers Association was the guest. In a response to a direct question about whether or not the industry would ever welcome government participation in expansion, this is not a direct quote, but the effect of which was clearly that the companies would run their own show. No expansion, no financial statements, no co-operation. Those, Mr. Speaker, are the irrefutable facts. And since by then, I say that any responsible government would have no other choice but to adopt the choice that we have in Bill No. 1, now in second reading of this Bill.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Now, Mr. Speaker, as a warning to those who are non-lawyers, the next portion is a very lengthy but necessary description of the details of the Bill in layman's language.

I want to get into the details of the Bill. I have been addressing myself to the reasons why, the history, not the legality or the constitutionalities of the issues but the reasons why we found it necessary to bring forth this legislation, that is the purpose of what I have been doing up to now. I am sure the Member for Rosthern (Mr. Katzman) recognizes that.

By way of preliminary observation, Mr. Speaker, I simply remind the Members of the House that when this Bill becomes law, that in itself it will not have the effect of transferring title to any property. What the Bill does is to confer from the Lieutenant-Governor-in-Council the power to authorize the Potash Corporation of Saskatchewan to acquire by purchase certain property of alternatively to expropriate certain property on behalf of that corporation.

These powers are found in subsection (1) and (2) of Section 3 of the Bill. Those of you who have the Bill can take a look at it. The third subsection, for the sake of completeness, covers the situation where the Corporation has been given authority to acquire by purchase, but negotiations have not been fruitful and expropriation becomes necessary.

So, basically in Section 3 all we are doing is giving them the power, the Potash Corporation of Saskatchewan to acquire by negotiation or by expropriation some assets.

Incidentally, the term ‘Corporation’ is defined in Section 2(b) to mean the Potash Corporation of Saskatchewan and following the language of the Bill, where I refer to the ‘Corporation’ in these remarks I am referring to the Potash Corporation of Saskatchewan.

At this point too, I should mention that the Corporation presently does have powers similar to those of other Crown corporations in this province. Powers to acquire property by purchase and under the terms of Bill 2 which is the Bill next on the Order Paper, the Corporation will also be given power to acquire property by purchase. These powers to acquire by purchase are quite independent of any additional powers conferred by the Bill presently under consideration.

On this point, Mr. Speaker, I would draw to the attention of the Hon. Members, Section 67 of the Bill under consideration which states that nothing in this Act limits the power the Corporation has under any other statute. So, whatever else this Bill does, it does not cut down any powers the Corporation may exercise at present based on its incorporation order in council. That is how it was set up under the Potash Corporation of Saskatchewan Act, Bill No. 2, 1975, which we will deal with at a later date.

Why, it may be asked, does Bill No. 1 deal with the power to acquire by purchase at all, since the Corporation already has such a power as a Crown Corporation, and that power is continued under the terms of the Bill?

The reason is that the Potash Development Bill sets our a procedure for determining compensation by means of an impartial Board of Arbitration, with a right of appeal to the courts. We wanted to cover the possible situation where the corporation has agreed with an owner to purchase certain property, but the two parties are unable to agree on the price to be paid for that property. Section 42 provides that, in that type of a situation, they may agree to have the price determined by a Board of Arbitration constituted in the manner provided by the arbitration provision of this Bill.

In other words, where a potash property has been acquired by purchase negotiations pursuant to an authorization made

under Section 3(1) of this Bill, then Section 47 comes into play and it enables the parties to use the arbitration mechanism provided for in this Bill if they so choose, in order to settle the purchase price.

If a potash property on the other hand, is acquired by purchase otherwise than pursuant to Section 3(1) of this Bill, then the use of the arbitration provisions of this Bill is not contemplated.

Mr. Speaker, I have been speaking of acquisition by purchase, as opposed to acquisition by expropriation. And I want to point out clearly that it is quite possible indeed I hope, that the power to expropriate will never be used. To adopt a turn of phrase that I think out Liberal friends opposite might understand, it is a case of expropriation if necessary, but not necessarily expropriation.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — It just came to my head. It is our hope that acquisition under this Bill will be by way of negotiated arrangements with the companies concerned. I want to emphasize that to the Members, to the Press and to the public. Indeed, the opening round of discussions with the companies, will soon be taking place.

The next matter is the question of what property may be acquired by this Bill.

Insofar as acquisition by purchase is concerned, Subsection (1) of Section 3 says that what the Corporation may be authorized to acquires is ‘any assets’. And this carries you back to the definition of ‘assets’ in Section 2(1)(a). “Assets,” there means, briefly put, any kind of property used in connection with potash — that is to follow the words of the Section, “The mining, refining, processing, production, transportation, storing or marketing of potash.”

For convenience and for the sake of brevity I will from time to time, refer to them as potash assets because that is the kind of assets the Bill is talking about.

You will note that insofar as purchase is concerned — an agreement which is voluntarily entered into between the Corporation and owner — there is no requirement that the assets be one which is within the boundaries of the province. This is done by agreement. Of course, not all assets purchased will be in Saskatchewan, but the option is open, that if it is considered desirable to buy some potash assets situated outside the province for use in conjunction with the business of mining potash in Saskatchewan that option can be done by agreement. Lawyers will immediately recognize that if acquisition is by way of expropriation, then the situation is different.

What may be expropriated under subsections (2) or (3) of Section 3 are “Saskatchewan Assets” of an owner and the terms “Saskatchewan Assets” is clearly defined in Section 2(1)(M) to mean “Assets situated, or deemed by law to be situated in the province.” In other words, in the case of land or other physical assets such as machinery and equipment, it is a Saskatchewan asset if it is located within the boundaries of the province.

Then, there are so-called intangible property, non-physical assets if I might put it that way, such as contractual rights. Where a property right is intangible it becomes necessary, for certain purposes in law, to attribute a location to that intangible property — for example, for purposes of certain kinds of taxation. The effect of this bill is to say that if such an intangible property right is "deemed by law" — that is, by the ordinary principles of common law which exist quite independent of this Bill — if that intangible property right is deemed by law to be situated in Saskatchewan, the, and then only, is it considered to be a Saskatchewan asset for purposes of this Bill.

So, in a nutshell, if a potash asset is situated within the province, it is a Saskatchewan asset which could be expropriated or purchased for that matter, under this Act. If it is an asset situated outside the province then it is not a Saskatchewan asset and it cannot be expropriated, but it can be acquired by purchase through agreement between the Corporation and the owner.

Mr. Speaker, bearing this in mind, I am surprised to put it mildly, to hear it suggested that there might be some question as to the constitutional validity of this proposed enactment Bill No. 1. I am hard put to think of any more settled proposition of constitutional law than that a province may expropriate property within its boundaries — and that is all that this Bill contemplates. That is the full extent of the power to expropriate.

Indeed, I think the authorities make it perfectly clear that a province could expropriate property within the province without paying compensation for it, without paying anything for it, if it chose to do so. Of course our Bill, and specifically Section 45 of the Bill does provide for compensation on the basis of fair market value. It is a fair, and I want to emphasize to the Member for Nipawin (Mr. Collver), Member for Qu'Appelle (Mr. Lane) that this Section 45 is fair, some would even say is perhaps a generous approach to compensation. I will have more to say about the matter of compensation in a few minutes.

My immediate point is simply that it can hardly be disputed that a province can acquire by expropriation property within its boundaries, and that it can expropriate such property free and clear of encumbrances.

If the government needed to expropriate a piece of land in the province, let's say, a highway, can it be seriously argued that the constitution prevents such an expropriation on the grounds, perhaps, that the owner of the land lives outside the province, or that there is a mortgage on the land and the secured creditor or the mortgagee — lives outside the province?

That certainly would be a very novel, not to say the least, an astonishing proposition. No, what matters is where the property is located and, by definition, we have limited the power to expropriate to assets situated in Saskatchewan.

Now, Mr. Speaker, it is always possible no doubt, that someone may choose to mount a constitutional challenge to this Act for whatever reasons. In the last analysis, I suppose, that is something that the company, if it is a company that does it, will have to justify to its own shareholders.

I can only say that I find it difficult to understand how anyone who has taken the trouble to read the Act could reasonably argue that it is not soundly based in terms of the constitution and entirely within the sphere of legislative authority reserved to the province of Saskatchewan.

Now let me come back to the question of what may be expropriated. I have mentioned that the power to expropriate is limited to Saskatchewan assets and now I will draw attention of the Members to the fact that it is further limited to the Saskatchewan assets of an "owner", and the term "owner" is defined in Section 2(L)(K).

In brief, an "owner" is a person who owns potash assets. The term specifically applies to the companies engaged in producing potash in Saskatchewan, which are listed in Schedule 1 of the Bill, at the back, and to their associates and affiliates. The terms "associate" and "affiliate" are defined, respectively in Section 2(1)(b) and Section 2(2), and they refer, generally speaking, to persons or companies who are related in specified ways to the owner.

A person is also an "owner" for the purposes of this Act if he has acquired a potash asset since November 12, the date of the Throne Speech, from a scheduled company or an associate or affiliate of such a company, just in case somebody would buy one.

But apart form the persons I have mentioned, that is, a scheduled company, an associate or affiliate of such a company, or a transferee from such a company — a person is not an owner for purposes of this Bill, and therefore cannot be expropriated, if his only assets in Saskatchewan are "minerals" defined in Section 2(l)(f) to include potash or mining rights defined in Section 2(L)(i).

Also excluded form the definition of owner is a "secured creditor" and that term is defined in Section 2(1)(n).

So the definition of "owner" is somewhat technical but it has to be. We were not in possession of full information as to the state of the title to all the assets which are used by the mining producers in connection with potash mining in this province. On the one hand, we had to ensure that the power to expropriate was broad enough to allow us to acquire ownership of the Saskatchewan assets used by the mining producers in connection with their potash operations — nothing more, nothing less. On the other hand, we wanted to make it clear that we had no intention of expropriating the potash or mining rights of persons other than the producers listed specifically in Schedule 1 at the back, their associates, affiliates and transferees.

Let me come back now to what happen when the Saskatchewan assets of an owner are expropriated, if that should happen. I repeat again the intention and the hope is that that will not be necessary.

The Order in Council which affects expropriation is termed a "vesting order", defined in the Bill in Section 2(1)(p). Section 4 provides, in brief, that a "vesting order" passes title to the assets of the Corporation, free and clear of any type of encumbrance on the title which a secured

creditor may have. Then Section 46 provides that the amount of compensation payable stands in the place of the assets so expropriated. And that insofar as the secured creditor is concerned, his claim which was formerly secured against the expropriated property becomes a claim against the compensation payable for those expropriated assets. Do, two things happen on the passing of a vesting order if that should take place. Firstly, the interest of the owner passes to the Corporation. Secondly, the encumbrances formerly on the owner's title are cleared off and, in effect, the secured creditor's claimed encumbrances becomes one secured against, not the assets, but the compensation money, instead of being secured against the actual assets and property. The amount of the secured creditor's claim is unaffected by expropriation. I want to emphasize that — "unaffected by the expropriation."

The Bill, therefore, distinguishes between two classes of persons affected by expropriation of the assets — the owner, or owners and the secured creditors.
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Now, Mr. Speaker, I have made some reference to secured creditors and perhaps this is an appropriate time to point out that our Bill, as is the case with other expropriation statutes elsewhere, does not deal with unsecured creditors.

AN HON. MEMBER: — Why?

MR. ROMANOW: — I'll come to that. As I have mentioned, the Bill provides in Section 46 that the compensation money for expropriated assets stands in the place of those assets, and the creditor whose claim was previously secured against those assets now has a claim against the fund, the compensation. That again, is a standard formula in expropriation statues. The security, in effect, is transferred from the assets to the money which is paid for those assets.

The unsecured creditor on the other hand is not affected by the expropriation. What he (and I want to emphasize this to the Member for Regina Wascana (Mr. Merchant) and the Member for Regina Lakeview (Mr. Malone) and I would invite them in the course of the consideration of this matter to look at the law books), what the unsecured creditor has after expropriation order (I would suggest this specifically to several Members who I think are wrong in law here), what the secured creditor has after the expropriation is exactly what he had prior to the expropriation, namely, an unsecured debt or claim against the particular company. If the company defaults in payment, the unsecured creditor has essentially the same remedies available as he would have had if the default had occurred prior to any takeover or if there had been no takeover whatsoever. The unsecured creditor is in the same position and has the same rights under our Bill as he had vis-a-vis the secured creditors if this Bill had never been introduced. And when it is suggested by the Member for Regina Wascana that the Parsons and Whittemore operation in Athabasca, for example, left a whole group of unsecured creditors out on a limb, that is wrong. If I am wrong, I challenge the Member in Committee or in Second Reading to document the evidence where the unsecured creditor has been affected. Just check the expropriation law, or the law on secured and unsecured creditors.

Now, Mr. Speaker, under Section 5 the Corporation is to

serve a copy of the vesting order and a copy of this Act on the owner and the secured creditors as soon as practicable after the passing of a vesting order.

As the Corporation may not have a complete list at the time of expropriation there is provision in section 20 for later service on other secured creditors of whom it becomes aware, as a result of notification by the owner under Section 18 or, as a result of the Corporation's own searches under Section 19.

Also, as soon as practicable after the passing of the vesting order, the Corporation is obliged under Section 6 to file a copy of the vesting order in all the Land Titles offices in the province, as well as the other offices mentioned in that section. Then Sections 7 to 10, in effect, prevent documents dealing with the interest of an expropriated owner form being filed or registered without the written consent of the Minister. A freeze on transactions affecting assets of the expropriated owner is necessary until the records of the various registries and officers can be brought up to date reflecting the fact that the new owner of expropriate assets is the Corporation. Where there is a transaction dealing with property of the owner which is unaffected by the expropriation, then the consent of the Minister can easily be obtained in order to enable the filing or registration of that unaffected portion.

When the Corporation has the necessary particulars regarding the lands and interests in land expropriated, it serves notice on the appropriate Land Titles office, and similarly with respect to Crown minerals or mining rights from the Crown, a notice is served on the Minister of Mineral Resources, in order that the necessary changes in registrations and records can be made. Section 12 to 17 deal with this.

Under Sections 21 and 22 a secured creditor is to notify the corporation of the amount he claims, and he (as well as the owner) is entitled to obtain from the corporation particulars concerning the claims of all other secured creditors.

Then, Section 23 obliges the Corporation to initiate negotiations with the owner who has been expropriated concerning the amount of compensation to be paid for the assets expropriated.

Now perhaps I should pause, Mr. Speaker, to describe in general terms the scheme of the Bill with respect to owners on the one hand and secured creditors on the other.

In brief, the Bill contemplates that the total amount of compensation payable for assets expropriated (if that's the case) is to be determined, if not agreed upon, by a board of arbitration. This total amount of compensation, which I will refer to (although it's not very accurate) for the purpose of description, this total amount of compensation known as the "global amount" is the amount which stands in place of the assets, as provided in Section 46. It is the amount against which the secured creditors have their claims against the owner. That's the usual sort of arrangement. The arbitration board would be concerned with determining this global amount of compensation for the assets expropriated and that's all that it is concerned with. The global amount, the total compensation figure.

In certain situations the secured creditors will be

interested in the global amount of compensation, in particular with the total amount of the claims of the secured creditors if it exceeds the total global amount of compensation to be paid, whether that global amount is determined by agreement between the owner and the corporation or whether the global amount is to be determined by an arbitration board.

Accordingly, the secured creditors have certainly rights under this Bill to trigger an arbitration, to appear at an arbitration board hearing and to appeal the award of the arbitration board. But in any of those situations before the arbitration board, the secured creditor, like the owner, will address the question of the global amount of compensation, for the replacement of the taking.

All other questions relating to the amount of compensation to which the secured creditor is entitled to be paid in respect of his claim, apportionment of the compensation among all of the secured creditors, and so on, are matters which are left to the determination of the Court of Queen's Bench, and not to the arbitration board.

Now coming back to the Bill, Mr. Speaker, Sections 25 to 27 deal with the situation where the owner and the corporation agree on the global amount of compensation to be paid for the assets expropriated.

Now where all concerned agree as to how the compensation is to be distributed (that is the owner, the Corporation and the secured creditors) then Section 25 simply says you can carry out the agreement.

Without going into detail on Sections 26 and 27, the Bill contemplates that where the secured creditors, or some of them, do not agree, or where the total claim of the secured creditors exceeds the global amount of the compensation, then the payout of compensation by the Corporation to such secured creditor will be made in accordance with the ruling in the normal course of a Queen's Bench Court.

In addition, Section 27 allows a secured creditor to trigger an arbitration to determine the global amount, despite the agreement of the owner and the Corporation, where the total compensation claimed by all the secured creditors exceeds the amount of compensation agreed upon by the owner and the Corporation.

Now, because we are anxious that as many secured creditors be paid out as promptly as possible, Section 28 further provides that even where the owner and the Corporation have failed to agree on the global amount, the Corporation may pay out a secured creditor when that creditor and the owner agree on the amount due to that creditor and when the Corporation believes that the global amount, when eventually awarded by the board, will exceed the total amount claimed by all secured creditors. In other words, where the fund is large enough to make a payment upon it. This is a permissive power — the Corporation is not obliged to make such a payout, and obviously it will not want to do so, and cannot safely do so, unless it is confident that the global amount will in fact be in excess of the amount claimed by all secured creditors.

If the corporation and the owner fail to agree on the

global amount of compensation payable for the assets expropriated either of them may trigger an arbitration by serving a notice on the other under Section 29(a) and subsection (2) of that Section 29. This allows a secured creditor also to initiate an arbitration to determine the global amount in the circumstances which I have already discussed.

Section 30 to 41 deal with the manner in which an arbitration board is constituted and a number of procedural and other matters relating to the powers and duties of the board, staffing and so on, and Section 44 allows the board to inspect the expropriated assets.

I don't believe it is necessary go to into the detail of these sections at this stage. I would simply point out that the Bill does provide for a three-person board of arbitration, with the owner and the corporation each selecting one member, and the two nominees agreeing upon a chairman. If the nominees are unable to agree upon a chairman, then the chairman shall be a Queen's Bench judge selected by the Chief Justice of the Queen's Bench Court of the province of Saskatchewan. I think everybody will agree with me that this is eminently fair.

Section 43 provides for notice and production of documents. The corporation is obliged to list and make available any documents upon which it intends to rely at the arbitration hearing. The Corporation's list is not likely to be a very long one because, of course, virtually all the information bearing on the value of what has been expropriated will be, of necessity, in the possession of the owner.

Parties, other than the Corporation, that is, the owner and secured creditors who are parties to the arbitration hearings are required to list all documents relevant to the parties' claims and, if required, to produce such documents. In other words, their position is basically the same as it would be in ordinary litigation where discovery of documents is called for. I think the Members will understand this.

An appeal may be taken from the decision of the arbitration board to the Court of Appeal on any question of law or fact, that is Section 47. That's the full right of appeal.

MR. SNYDER: — You have been going two hours and the best part is yet to come.

MR. ROMANOW: — My colleague, the Minister of Labour, says that I have been going two hours and he hasn't even heard the best part yet.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Now, Mr. Speaker, I have passed over the vitally important valuation section, Section 465, and this really has to be dealt with in some detail and I will come back to that key provision in a few minutes. Before doing so, however, I think it might be preferable to complete my outline of the remaining portions of the Bill.

Sections 48 to 50 deal with distribution of the global amount of compensation as determined by the board of arbitration

under various circumstances. These are more or less parallel to the provisions earlier in the Bill concerning payout in various circumstances where the global amount has been agreed upon by the owner and the Corporation. In each case, the Court of Queen's Bench is given the task of deciding issues relating to the determination of the amount of compensation to which a secured creditor is entitled.

Section 51 deals with the powers of the Queen's Bench judge to deal with questions of determination and distribution of compensation and Section 52 makes provision for an appeal from this decision to the Court of Appeal.

The method of payment of compensation is dealt with in Sections 53 to 57.

Section 53 provides that the Corporation shall pay compensation within 90 days of the date of an agreement pursuant to which the payment is to be made or, where it is not covered by an agreement, then within 90 days of the date of final determination — the date of the arbitration award, or court decision, as the case may be, subject to whatever appeals may be taken.

Section 54 provides that if the Corporation and the person entitled to the compensation so agree, some of the compensation may be paid in kind, that is, in the form of refined potash. This, of course, will only happen if the parties agree on all the terms of the arrangement — price, delivery dates and the like.

Under Section 55 the Corporation must pay at least 30 per cent of the compensation payable in cash. It can elected to pay a balance, or any part of the balance, in bonds or other evidences of indebtedness and Section 57 deals with the terms of those bonds or other instrument. They will be fully guaranteed by the province and shall mature in ten years or less from the date on which they are deemed to have been issued.

Interest is payable on compensation, running from the date of expropriation, and will be at the bank prime rate. That is payable under the bonds, except that the Lieutenant-Governor-in-Council may set a higher rate of interest. I think, Mr. Speaker, I want to emphasize I think it's an accurate assessment, this Bill is eminently fair in the selection, the arbitration, the payments, the bonds, the prime rates, the whole operation I'm talking about. The key to this Bill is fairness.

Now the rest of the Bill, Mr. Speaker, contains a collection of procedural, remedial and enforcement provisions. Most of these are self-explanatory — such as the provisions dealing with costs (Section 58), service (Section 59), offences and penalties and warrants (Sections 63 and 64), remedial and savings clauses (Section 65 and 66), non-applicability of certain other statutes (Section 69), the rules for procedure (Section 70) of the arbitration board and the applicability of this Act to the Crown (Section 71).

I do want to comment briefly (because I know the Member for Lakeview wants me to comment on it). Section 60 to 62 which deal with powers to inspect certain property and documents and Section 68 (in a different context) with respect to employee benefits.

Section 60, I must acknowledge contains far-reaching

powers. Under it, the Corporation can exercise certain powers to inspect property or documents in respect of mines or mining properties even before a vesting order has been made, that is, before expropriation. We considered this very carefully. We felt we could not rule out the possibility (although I don't think this will happen), but we could not overlook the possibility of lack of co-operation in providing information on the part of a company whose assets were being acquired, and that we could not responsibly commit large sums of money without having adequate information to make a sound business judgment as to whether or not to acquire that mine or that mining property and, if so, the approximate value that mine or mining property, without first taking a look at what we were buying.

To put it bluntly, Mr. Speaker, we can't afford to be put in the position of acquiring this property without an adequate base of information about that property. I'm sure that the Member for Nipawin (Mr. Collver) will recognize that in sale and purchase of businesses this right to review of books and inspection of properties is standard.

Section 61 provides that, where an owner who has had potash assets expropriated, the Corporation has the power to enter upon unexpropriated premises of that owner to examine records, and so on, to determine the nature and whereabouts of assets that have been expropriated.

Section 62 simply provides that the officer making an inquiry or examination under the previous two sections can require the production of records and the like.

Again, I acknowledge this to be somewhat harsh, but we think it necessary in the unlikely event of non-co-operation. I think in the very likely event of co-operation, it will not be used.

Now turning to the question of employee benefits, and employee benefits are in Section 68. The effect of Section 68 is that, where the Corporation believes an expropriated order has failed to discharge its contractual or legal obligations to an employee who has become an employee of the Corporation and the Corporation may discharged that obligation and look to the owner for reimbursement of the amount paid plus interest.

Now, Mr. Speaker, I come back to the question of compensation and how the amount of compensation payable is to be calculated. This is Section 45, which I think is certainly one of the key provisions of the Bill.

The second subsection goes on to supply a standard definition of market value in terms of an open market transaction between a willing seller and a willing buyer, and on the assumption that the asset is being sold free and clear of any encumbrances.

Subsection (3) really follows the common law position that the value to be taken is irrelevant in assessing compensation.

Subsection (4) is also an adoption of the established common law principle that you disregard as unreliable evidence of market values, either upwards or downwards. In this subsection the material date is the date of the Speech from the Throne, November 13, 1975.

Subsection (5) of Section 45 deals with the tax position of the expropriated owner, and this requires a bit more in the way of elaboration.

Perhaps I should start by explaining why the mine owner's tax position is relevant to the question of the value of the mine. It is simply because a willing buyer of an enterprise bought as a going concern is going to be interested in the earnings of that enterprise first and foremost. The concept is willing buyer, willing seller. The question is the tax position and why it is there. It is there because the willing buyer of an enterprise bought as a going concern is obviously going to be interested first and foremost in the earnings that he can expect to be returned from what he is considering buying, more specifically, in the after-tax earnings of that particular enterprise. He will want to compare that with other possible returns on capital — alternative investments. And that is so, of course, whether it is a mining undertaking or any other kind of business acquired as a going concern.

And, by and large, our jurisprudence recognizes that the appropriate method of valuing a business acquired as a going concern is by having regard to its earnings. Sometimes referred to as a capitalized earnings basis and sometimes discussed in other terms such as discounted cash flow. The point is that if all or, substantially all, of a company's potash mining undertaking in Saskatchewan is expropriated it is our view that an earnings approach to valuation will be taken and accordingly the tax situation becomes relevant.

Now, Mr. Speaker, I must point out that nowhere in Section 45 is it specifically stated that a board of arbitration must take an earnings approach to valuation. The section only speak of fair market value. The hands of the arbitration board are not tied insofar as the actual method it chooses to arrive at the fair market price.

Three is a reason for this. You will remember that what may be acquired is all or any potash assets, and it is possible that the potash assets expropriated may not represent the whole of a potash mining undertaking, or even a significant part of it. For example, the compensation for those few assets acquired might be better gotten on some other basis than earnings, possible depreciated replacement cost or some other such approach.

As I understand the jurisprudence on this, which is very clear, a board of arbitration or a court will, insofar as the statute allows, adopt an approach to valuing the mines, an approach which is most appropriate having regard to the nature and extent of the property which is being expropriated, in our argument, the earnings test. The Bill permits the board of arbitration or court to do that.

When the property expropriated is an entire business undertaking acquired as a going concern, then, Mr. Speaker, as I have mentioned, the approach to valuation that is normally taken is one based on the earnings of that undertaking. While I do not wish to be too legalistic in these remarks, those who are interested in a thorough legal analysis of this subject may wish to look at the reasons for judgment in a case called Re West Canadian Hydro Volume 3, DLR 1950, page 321.

Mr. Speaker, having digressed to explain why the tax

situation was important, the next question is why subsection (5) of Section 45 was considered necessary. If the Act were silent on the matter of taxes, then by the ordinary principles of law valuation they would focus on the impact of the tax laws as they stood on the material date and the material date for purposes of valuation would be the date of the taking.

There are two reasons why the Act could not remain silent on the subject of taxes.

First, although the ordinary principle is that you apply the lax laws in force on the date of expropriation — the tax law is in force on the date of expropriation — it might be suggested to an arbitration board that the ordinary principles ought to apply because the constitutional validity of some provincial levies has been challenged in the courts — specifically, the potash reserve tax and the prorationing fees.

Now the amount that we are talking about here, Mr. Speaker, is in general terms over $100 million a year and the impact of this on any valuation keyed on after-tax earnings will be significant.

Therefore, it seemed to us, Mr. Speaker, that it would not be appropriate to ask the arbitration board to grapple with the same constitutional questions that are presently before the courts which we think quite obviously should be decided by the courts. So this element of uncertainty, whether the taxes are valid or not valid or in place at the time of the expropriation had to be resolved in the Bill for purposes of evaluation only.

One way of resolving the uncertainty of the court would have been to say in the Bill that compensation would be fixed at a stipulated figure. As I mentioned, it is quite clear from the legal authorities that the province would have the constitutional and legal right to expropriate without paying any compensation at all and it follows, of course, that the province could have set any particular amount of compensation, if it chose to do so. But we did not choose that route. We did not want simply to stipulate a figure and that was not simply because it could be expected that any figure set would have been described by our friends opposite as arbitrary. Quite obviously if we should have done that, you would have criticized us as being too low or too high, or knowing my friends opposite, they probably would have said both at the same time.

The real reason was that our objective was to pay compensation that is fair, that is fair, that is the key of this Bill. Fair and, if necessary, to have a board of arbitration determine the figure that is fair. So the method of resolving the uncertainty that subsection (5) adopts is to say, in effect, that constitutional litigation going on in some forums — the courts — can be disregarded for the purposes of valuation.

Whatever the particular legal fate of these levies — whatever the fate of those challenges in the courts are, Mr. Speaker, three is of course no doubt that the province has within its power, constitutionally, to tax to the level it chooses by means of a “direct tax within the province in order to the raising of a revenue for provincial purposes”. That phrasing used in clause (a) of subsection (5), exactly follows the writing of the clause in the British North America Act that describes the provincial power to tax.

Now, Mr. Speaker, I do not enter upon the question as to whether or not there is room for debate as to the constitutional validity of either the potash reserves tax or the prorationing regulations and fees. I repeat again, the courts will decide that.

What is not debatable is that the province has ample means to raise the same amount of revenue, or more, from the potash companies by another tax or taxes which indisputably will fit the description of being a "direct tax within the province in order to the raising of a revenue for provincial purposes." A new corporate income tax is just one of the possible alternatives, but only one.

Let there be no mistake about this, Mr. Speaker. If it becomes necessary to pass anew tax law and to make it retroactive, to replace either the potash reserves tax or the prorationing fees in order to secure for the people of this province what the elected government of the people of this province consider to be an appropriate level of tax revenue from the potash industry, if the other two are struck down, that will be done.

So with respect to the tax situation, the first guideline to the board of arbitration is to say this, that you need not be concerned about any uncertainties due to constitutional litigation pending or future. That will be sorted out in the courts, and any sequel to that in terms of additional legislation that may be necessary will be sorted out here in the legislature. We are saying to the board of arbitration that their purpose is the valuation exercise only, that is the only thing they are involved in; they are not judges, they are evaluators. You will operate on the conclusive presumption that there is legislation in force in the province which constitutes "a direct tax within the province in order to the raising of revenue for provincial purposes" and which is equal to the taxes, royalties and fees calculated in accordance with the enactments mentioned in subclauses (i) and (ii) of clause (a) of subsection (5).

Then, so that there is no question of a double calculation of taxes, clause (a) of subsection (5) ends by stating that for purposes of this tax calculation, you do not, speaking of the arbitration board, take account again of tax liability under those named enactments. In other words having computed what I might describe as the deemed direct tax which is equal to subclauses (i) and (ii), you then exclude form further consideration the tax enactments mentioned in those subclauses.

The deemed direct tax is similar, but not identical to the amounts levied as the potash reserve tax (subclause (i) and the prorationing fees (subclause (ii)). It will be noted, Mr. Speaker, that subclause (i) excepts certain 1975 amendments to the potash reserve tax regulations.

There is reason for this, too, and it is related to clause (b) of this subsection which provides the second guideline on the tax situation. Clause (b) has reference to the federal corporate income tax situation as it stood prior to the amendments of May, 1974. You will remember the May 1974 budget, I talked about. I will elaborate on this again in just a moment.

My immediate point is that the tax position that the arbitration board is to apply is not based on the tax laws in place today, or as they will stand on some subsequent date

of expropriation. The tax calculations for the purposes of evaluation only are to be done with reference to tax laws both provincial and federal as they stood in 1974.

To provide a bit of background it is necessary to go back to the spring, May 1974, and specifically to April 29, 1974, when the Government of Saskatchewan proposed to the industry a potash policy which included the potash reserve tax.

Shortly thereafter, this is repeating but it is important and bears repetition, on May 6, 1974 which is the date mentioned in clause (b) of subsection (5), the federal Liberal government introduced its budget. That budget, among other things, said that for the federal Income Tax Act, royalties, taxes, etc. would no longer be deductible as a cost of doing business when a company in a resource industry computed its taxable income for purposes of federal income tax.

Mr. Speaker, apart from the politics of that, the policy decision of that federal measure introduced a great deal of uncertainty. It was on this same budget that the federal government was defeated and an election called and when the dust settled, the post-election federal budget introduced on November 18, 1974, step nine and ten in my scenario, in essence confirmed the May 6 budget retroactive to that date. I have more to say about the question in the change in federal tax laws at a later date.

I want to repeat however, that it is selective. I want to repeat this to the Member for Elrose (Mr. Bailey), it is selective and discriminatory, this federal budget of non-deductibility, because it singles out, just to note this, it singles out royalties payable to the Crown, royalties payable to the people of the province of Saskatchewan, while stating that royalties payable to someone else, say to private companies or to foreign governments continue to be deductible for federal tax purposes as a part of ongoing business. Now can anybody get up here and say that is not discriminatory against the province and the people of the province? That discriminatory aspect of the federal law suggests that the true purpose of the federal law is something more than simply raising revenue as the federal Liberals and the spokesmen of the federal Liberals in this House would suggest, that is a question of trying to save the revenue base for the federal government. Why single out only the province, and not the private corporations and foreign governments?

But be that as it may, with the non-deductibility provision in the federal law in place, there is no doubt that the result was incompatibility between federal and provincial tax laws in that the cumulative burden of both federal and provincial taxes were very heavy.

We recognized the problem created by the federal amendment. As I said earlier in my scenario, on February 19 of this year, the Premier, the Minister of Mineral Resources and officials of the potash industry met and there was discussion about the industry's inability to raise prices because of the combined effect of the reserves tax and the non-deductibility — the combined effect — I mention to the Member for Nipawin (Mr. Collver). Their argument was that this was too high. Our government agreed to make some temporary adjustments, which we did. An Order in Council was passed on June 2, 1975, Saskatchewan Regulation 140/75, which provided a solution by

establishing a limit on the incremental tax imposed by the royalties or price increases as a result of this federal government action.

Mr. Speaker, there were other developments and items that might have been mentioned if I were attempting a complete chronology. For example, the federal budget of June 23 of this year again modified the federal corporate income tax calculations, introducing certain changes that will become effective next January 1, but which leaves the tax position of the potash industry virtually unchanged from that under the previous budget.

However, as I said, I am not attempting the complete chronology. The point I am making is that the federal law introducing non-deductibility of provincial royalties and taxes, effective retroactive to May 6, 1974, also introduced confusion and incompatibility into the tax system, that's what it did. It was our concern, frankly, that if the undertaking of an expropriated company, now this is company evaluation, were valued on the basis of after tax earnings in the period after May 6th, 1974, the federal budget, the result would have been at best confusing and at worst unfair to the potash companies, because the after-tax is confusing to look at. So it seemed logical to us that we had to turn back the clock to the last date on which the tax systems were compatible, prior to the 1974 budget. Accordingly the method of valuation will be to calculate the tax impact on earnings by reference, first, to the unamended reserve tax as originally designed and implemented, that is to say subject to the amendments I've talked about provincially here and second, by reference to the federal Income Tax Act as it stood prior to May 6,1974. That is, without the non-deductibility wrinkle and that is the total effect of subsection (5).

Now, Mr. Speaker, I mentioned earlier that some are of the view that the valuation provisions in the Bill are not only fair to the companies, but are generous to the companies. And this subsection (5), and in particular clause (b) thereof, is certainly generous to the potash companies. Why? Because it says that you can have your after-tax earnings calculated, for the purposes of valuing a going concern, on the basis which prevailed prior to May 6,1974, meaning that you can treat both the provincial taxes and royalties and others as deductible for purposes of federal corporate income tax, thus a significant, positive impact conceivably on the earnings profitability of the operation.

The result is that the figure representing federal corporate income tax will be treated as lower, and the companies' after-tax earnings higher, for purposes of this valuation and, of course, that means that the amount of compensation will also be considerably higher than it would have been if we had done the normal thing to do in an expropriation proceeding, simply saying that the laws of taxation are in effect as of the date of expropriation and is in effect a double taxation.

Again I say, that this is throughout the Bill the eminent fairness of it. Still on clause (b), of subsection (5), Mr. Speaker, it will be noted that there are an additional six presumptions to be applied to calculation of federal corporate income tax. Well, the Member for Lakeview, of course, laughs at the comment about the Bill being eminently fair. I don't

know if I have a copy of a press clipping on hand but I certainly intend to in rebuttal read this to the Member back from his own Leader, who has in effect said that publicly in the newspapers already when the Bill was first tabled. He didn't argue about the fairness of the mechanism of the Bill, he argued about the policy decision of the Bill. That's one thing, but fairness of it not even he argues. So I think that it would be premature and unwise for the Member for Lakeview to undermine his colleague, the Leader of the Opposition before the leadership convention starts.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Now, Mr. Speaker, I was saying about six additional presumptions. It is considered desirable to treat the company's potash mining undertaking in Saskatchewan as a separate entity for income tax purposes, so that the earnings allocated to the expropriated Saskatchewan potash assets will not be confused with earnings from other operations of the company, inside or outside the province.

Point 5 under Clause (b), Mr. Speaker, provides that no amount is deducible for depletion, for purposes of calculating the federal income tax. That was done for two reasons. Firstly, automatic depletion allowance is being phased out on January 1, 1977, and the reason, as I understand it, is because the automatic depletion allowance was generally considered to be inconsistent with the tax reform philosophy of the Liberal government, and somewhat unfair. From a valuator's point of view, since this automatic depletion allowance has only a little over a year to run, it would certainly create an anomaly in the earnings flow. Secondly, insofar as earned depletion allowance was concerned, a major factor is the extent of the depletion allowance which can be banked after November 7, 1969. This would likely be a substantial benefit only to one of the newer producers, and it was felt that this could be considered inequitable as between the potash producing companies.

Now, Mr. Speaker, my final point with respect to subsection (5) relates to the account to be taken in the computation of indebtedness of the expropriated owner.

The Arbitration Board, as I have explained, will be concerned to determine what I have described as the global amount of compensation; that is, the value of the assets expropriated free of encumbrances. From that global amount, the secured creditors will be paid out and the owner gets the residue.

Now on the assumption that an earnings approach is taken to valuation, Mr. Speaker, as I say it will, it is consistent with the arrangement I have described that the valuator look at earnings before deducting the cost of servicing the debt — that is, the interest costs — in doing the federal tax computation, and that is the reasons for the six point, or presumption if you like, under clause (b) of subsection (5). It is also the reason for excluding the costs of servicing or repaying the debt in clause (c) of subsection (5).

That concludes my remarks on subsection (5), Mr. Speaker, and I can deal very quickly with the remaining provisions of section 45, the valuation section.

Subsection (6) excludes any allowance for compulsory taking. Now there was a time when the courts were inclined, if the statute was silent, to add a percentage allowance in arriving at value to the owner. Whether or not that was a sound practice was a matter of dispute. Certainly, the former president of the Exchequer Court, Mr. Justice Thorson, was very strongly of the view that such an allowance should not be made, and the common law appeared to be trending in that direction. In any event, recent expropriation statutes in other jurisdictions have tended to remove doubt on the subject by expressly excluding such an allowance altogether or, failing that, limiting it to strictly defined circumstances. The Bill under consideration follows this pattern by clearly excluding the allowance for compulsory taking.

Finally, subsection (7) and (8) exclude various types of consequential damages from the assessment of compensation. May of these would have been inapplicable in any event to an acquisition of an entire potash mining undertaking in the province, and it was considered desirable to deal with them specifically in the Bill.

It is the view of the government, Mr. Speaker, that the provisions dealing with compensation for what has been expropriated are very fair, as I have said, not to say generous to the potash companies, without the need for adding thereto additional sums in the way of consequential damages.

Mr. Speaker, may I conclude my remarks with respect to this portion of the Bill, the matter of the detailed analysis of the Bill, with one or two general observations.

This is a fairly long and complex Bill. Much of it may never have to be applied. As I stated at the commencement of my remarks, I am hopeful that acquisitions can be carried through by agreement, without ever having to resort to expropriation. But if agreement is not forthcoming, and it is necessary to invoke the power to expropriate in this Bill, then I am satisfied that this Bill meets the objective of fairness, both from the point of view of an expropriated owner and his secured creditors and from the point of view of the government and the people of Saskatchewan. It accomplishes this with an enactment that is solidly based on clear constitutional powers of the province.

Mr. Speaker, this Bill is a milestone in the history of the province of Saskatchewan and indeed Canada, as I said at the very beginning. I suppose in a way it is kind of a milestone if you want to look at it form pure law, as legal history.

Now, Mr. Speaker, I have a few more minutes to speak on this and I am sorry to take the time of the Members. But I am sure all Members will agree that this is, indeed, probably one of the very important legislative items we shall be debating during he life of this legislature and so I want to make one or two more comments with respect to this Bill.

I want to come back to this question of valuation of the industry. I have talked about Section 45, the earnings test in sort of lawyers' terms. I do wish to speak on valuation because there have been many misleading statements made about the question of valuation and about the price tag that could be

placed on the industry under expropriation purchases. Many misleading statements. I should like to emphasize that our objective obviously is to arrive at an orderly stage of transition based on negotiations and purchase if at all possible. Now, Mr. Speaker, some spokesmen, especially spokesmen in the opposition parties have concluded that the value of a mine is its replacement value in today's dollar. In other words, Mr. Speaker, they have determined that the value of the mines would be the asset value if those assets were to be replaced today or sometime in the future. I say again, that our Act goes no further than to state the value, asset value in the expropriation and in the negotiations will be determined through the negotiation process. If that breaks down, through arbitration and it is going to be the fair market value test.

But I do want to just say this with respect to fair market value. Somebody made a reference the other day to what does fair market value mean. I think I covered it or tried to cover it in the Bill and the common law principles about fair market value. Generally, it can be defined and is defined by the accounting profession so I am advised, as the price that would be paid by a willing buyer to a willing seller, fair market value. In practice, while the value of assets may be considered, the prime test when you are buying a going concern is the earning capacity of that going concern. No one can dispute that. No one. That's the jurisprudence. Why view, therefore the earnings test and not the replacement test as the primary consideration in determining fair market value?

Even if asset value is considered, even if it is, I want to tell the Member for Nipawin, that it would be not valid to say the replacement value of the asset would determine the price to be paid. Who in their right mind, Mr. Speaker, would pay a 1975 price for a 1967 tractor, other than the Liberals and Conservatives. Anybody who would argue that, really doesn't know that some of the mines are utilizing equipment installed in the late 1950s. Would you argue that that equipment, machinery at appreciated value. Does your 1962 Ford appreciate in value, does machinery? It is an absolutely specious argument which is advanced. Now surely, Mr. Speaker, a willing buyer and I say this now to the one or two over there who pretend that they know something about businesses, fair market value, that a willing buyer and a willing seller would arrive at it, surely a willing buyer would not pay 1975 prices for depreciated equipment. If he does he has made a bad business deal. It is therefore in negotiations for arbitration, the value of assets are looked at. It is basic that it is depreciated replacement cost or appreciated book value that will be considered. But I again want to emphasize, Mr. Speaker, and I want to emphasize this for the public as well because of some of the deliberate distortions that are being propagated. The earnings test is the primary one to determine the price to be paid. I know that industry spokesmen and some opposition spokesmen alike, if they are honest with themselves, really know about this basic concept of fair market value. The opposition parties, I fear, have embarked upon scare tactics to try to frighten some of the people of this province into believing that an industry wide purchase would cost $3 billion, or whatever current figure is fashionable to be thrown about by the Member for Nipawin, or the Leader of the Opposition. Mr. Speaker, that is wrong. Somebody says, well give us your opinion. Well, I want to tell you candidly that for me or the government to state a figure at this time, quite obviously.

Would prejudice any possible honest negotiations. Well, I think that just underlines the absolute ignorance of the opposition on this whole business of evaluation. Mr. Speaker.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — They laugh, Mr. Speaker, because it is in their best interest to laugh because they want to go about propagating this myth about $3 billion. That's the political game that they are trying to play. But if you are honest with yourselves and if you know what the industry spokesmen talk about, you will know full well that that is not the test and you will know full well that in the negotiations any responsible government would be ridiculous to throw out a figure.

I want to say, Mr. Speaker, that to negotiate a settlement is the aim of this Bill, it is not to invoke the provisions of expected expropriation. The point is, Mr. Speaker, on the question of valuation, the price to be paid for each mine will be a reasonable and fair price, well within the financial capacity of the province to handle. Surely, surely nowhere near the wildly exaggerated figures handled so irresponsibly about this province by Members of the opposition and some others in the province of Saskatchewan. They will do that, they will bandy those figures about, they will do anything, in their attempt to gain power to defeat this particular program.

Mr. Speaker, I have dealt specifically with the question of valuation and now I want to deal specifically with the question of financing because here, too, there are some myths which are being propagated by the myth makers sitting opposite. Mr. Speaker, in order to deal with the question of financing the acquisition of the industry, it is first necessary to consider what is to be acquired. What is to be acquired, not how much. You have to determine what you want to buy before you determine how much you are going to pay for what you buy.

Some governments do it the other way around and all you have to do is check some of the Liberal action when they were in power form 1964 to 1971. I won't detail to the Member for Regina South (Mr. Cameron), because he wasn't here, how they valued and what kind of deals they made with the Athabasca Pulp Mill, for example, in the millions of dollars. But some day perhaps I will elaborate on that.

But in order to deal with this matter of financing, you have got to know first of all what is to be acquired, the value of the assets, the time span over which the assets will be acquired. Now as I have stated, the Act will empower the province to obtain all, or part, of the industry. Secondly, it is stated that it is our objective to acquire effective control over a significant portion of the industry within 18 months or 24 months. I know that the opposition will do everything that they can to thwart this, I know that. We can see that by some of the statements that are being made irresponsibly. I still say that the people of Saskatchewan will catch on to the Member for Shaunavon and others and will back down from this irresponsible approach.

As far as the value of what is to be acquired is concerned, I have already stated that, in my view, it is clearly not the

wildly exaggerated values made by some opposition spokesmen. Our record in this province of balanced budgets and minimal borrowing requirements over the years has placed the province in an excellent position, a good position, to raise significant sums of money in capital markets, if they are needed. We have excellent per capita debt ratio and the qualify of our provincial credit ranks among the best in Canada. I am confident that the province will be able to borrow significant sums in Canada, the United States and abroad if necessary for the financing.

Let me assure this House that our financing, Mr. Speaker, for this investment will not be undertaken at the expense of other programs. We will not be utilizing revenues of the province devoted to normal programming. Any amounts borrowed will be for a debt which will be self-liquidating. We will pay back the debt form funds generated through the potash operations in the same manner as is done and was done for the Saskatchewan Power Corporation and Saskatchewan Telecommunications.

Mr. Speaker, I want to say that the Leader of the Opposition was the Minister of Finance for maybe not seven years, but for a goodly number of years in this province. He was the man who was in charge of the Treasury and the public purse. I ask the House, how did he finance the operations, the heavy expenditures of Saskatchewan Power Corporation and Saskatchewan Telecommunications? Would he now get up and challenge me and say that the SPC and SaskTel were inappropriate financed. If he does, and you can't be certain what the Liberals will do, because they always flip flop back and forth on positions. If he does change his point of view, then it was inappropriately financed during the very years that he was the Provincial Treasurer. Because the same method is used for financing. I mark that for the press and the public because if the allegations by the Leader of the Opposition that the financing is wrong then he stands condemned by his own actions when he was Minister of Finance in those years.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Large programs have been undertaken in Canada and in the United States in order to increase the generating capacity of Saskatchewan Power by all previous governments. No critic inside or outside this House can argue that such a program was not self-liquidating. I think even the Member for Nipawin (Mr. Collver) could understand that. No Member would say that those programs would jeopardize government programs. If they do, and if it was inappropriate they stand condemned by their own actions.

Mr. Speaker, as I have said, we will attempt to negotiate settlements. If we are successful, other arrangements may not involve the outlay of cash from the total purchase price. Agreements for sale, market arrangements and other mutually negotiated matter may lessen the need for an outright cash purchase or the need to borrow. In short, Mr. Speaker, I am confident that we can finance a staged acquisition and we can pay back the debt out of funds generated from operations as it done and has been done in Sask Power and SaskTel without a drain on the regular purse. The financing of other programs will not be jeopardized. I tell you, Mr. Speaker, not only

not jeopardized but over time this investment will provide a great assets, just imagine, for the people of the province and a source of continued revenue in the future for the province of Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — I want also, Mr. Speaker, to deal very quickly with some of the arguments which I am sure will be raised by those who oppose this Bill.

First it will be said that this investment is too risky. We hear the "agreed" already. Mr. Speaker, I say that with reasonable prices, which I have already talked about, this will be a reasonable commercial transaction for the people of this province. I have discussed the methods of financing and the payment out in 10 or 15 years of less. I am not saying that everything is going to go swimmingly; that there won't be ups and downs. Yes, we can expect to have bad years. The overall future of the industry is bright. It is inconceivable in a major undertaking of this kind that problems won't occur. They will occur. However, market projections show a continued growth in demand and Saskatchewan should remain at the forefront of market growth.

AN HON. MEMBER: — . . . Risky.

MR. ROMANOW: — No, not too risky. The reverse, far from being too risky, far from endangering the economy in the province. The implementation of this potash program will help diversify our economy. It will help repatriate the resource control and those who make the decisions on the resources right here to the people of Saskatchewan. It will help stabilize our revenue base. I am frankly amazed how anybody who reasonable looks at this thing in fairness says that somehow, it is too risky and it won't stand up, it is going to collapse, somehow we will do every little bit to try to make it collapse. It is not too risky.

Secondly, Mr. Speaker, it will be argued that the government could have the best of both worlds, namely, maintain a significant revenue base without investing a cent. This I heard the Leader of the Opposition say on one of his many television addresses. Lately, we have been seeing many statements from the Leader of the Opposition and many statements fro the Deputy Leader of the Opposition, statements from the Member for Nipawin, not too much from the government side, but nevertheless we are kind of expecting to get those stories.

Here is the Leader of the Opposition saying, you can maintain a significant revenue base without investing a cent. Let's take a look at that statement and how ludicrous it is. The industry has stated that in order to expand it would have to maintain a minimum of 50 per cent of pre-tax profits. A rough estimate that amounts to about $80 million in revenue lost. In order to come down to the 50 per cent pre-tax profit, which is the revenue figure you are looking at, in order to expand, then the industry is right, you can't have it both ways, Mr. Leader of the Opposition. It appears, from industry logic, that if we are to have expansion under the private sector.

We must give up our revenue base. On the other hand if we maintain our revenue base then you can add the expansion according to the industry.

The Leader of the Opposition goes on the air, and says you can have your revenue base, you can have your expansion. The facts just don't show that, it can't be supported. It is only if the government acquires the industry that it can avoid industry-wide stagnation, get the expansion and not jeopardize the $80-$100 million in lost revenues.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Thirdly, it will be argued that this policy is inflationary.

Mr. Speaker, inflation is the number one enemy. Mr. Speaker, Mr. Speaker, opposition spokesmen have stated that if we acquire the industry it will escalate, fan the flames of inflation, whatever the colorful oratory is these days.

AN HON. MEMBER: — . . . over there.

MR. ROMANOW: — I am glad, at least we'll eliminate the argument out of one-third. I just want to say a word about how wrong that is, how ridiculous it is. With respect, I say, and I don't mean this in any offensive way . . . I had a stronger word . . . I wouldn't want to hurt anyone in this House. Those who argue this, know, failing to understand, there is a stronger word here, Mr. Speaker, of basic economics . . .

MR. LANE: — Just read it . . .

MR. ROMANOW: — I am not supposed to read so I am not going to read it . . . They don't understand what they are talking about when they argue that the acquisition of the industry would be inflationary. I think the Member for Elrose (Mr. Bailey) should pay particular attention to this, because I have a hope that he will understand some of these arguments.

I would say this, Mr. Speaker, I asked the Members to keep in mind that the inflationary fires are fuelled, if they are fuelled, by new demand for goods and services, in general terms. This is an investment in plant, and equipment already in place. The act of purchase itself is no more inflationary than if I were to buy someone's used car or used tractor. To the extent that we expand the industry (and we hope to expand it) then I would agree that one could make an argument that we are contributing to the inflation. However, no one in their right mind, not even the Conservatives, wherever their minds are, would argue that Canadians should cease to invest in productive capacity — even in inflationary times, producing capacity such as plants and equipment. You are not even arguing that in our federal policy. In short, Mr. Speaker, the agreement that the program is going to contribute to inflation is specious and will be rejected by the people of the province.

Fourthly, Mr. Speaker, it will be argued that the industry is overtaxed to the extent of 83 per cent before tax profits. I have heard that argument. My answer to that, show me. We have consistently called on the potash companies to put the financial

facts before us. However, they have failed to do so ion the past, they are not doing it now, they won't do it in the future. I want to tell you this. The Member asks, would you agree — and I want to make this point. It is my own personal view on this that even if they would table their financial statements, multinational corporations of the league that we are dealing with, with affiliated and subsidiary companies have within the law the ability to transfer profits, balance and losses from country to country and from corporation to corporation. It would be difficult indeed within the law to measure the profitability of a Saskatchewan operation on the basis of a multinational corporation's financial statement only.

The president of the Canadian Potash Producers' Association suggest that industry averages would be used, that is what he said he would give to the independent commissioner. Mr. Speaker, that is . . . well I can't believe that that is seriously suggested. That would be like averaging the income of the Leader of the Opposition with the income of the Member for Nipawin (Mr. Collver), then saying that they should be taxed at the same rate. Oh no, the proposal by Mr. Carpenter, the averaging of the finances, certainly doesn't help us one bit. Were they actually sincere when thy said they would make these financial statements available? I doubt it when I see statements like that.

Finally, I would state, Mr. Speaker, that even if we were to accept the argument that 83 per cent of the profits of the industry were taxed, it is still not a meaningful test. The real test is return on investments. That is the thing that the industry committee was going to look at. I remember I told you about that, they are attempting to quantify what the industry leaders argued, instead the industry leaders saw fit to ignore the negotiations and the discussions with the government and proceed to court. Show me, is what I say, that it is 83 per cent pre-tax.

Fifthly, Mr. Speaker, it will be argued that there is a better use for money. I have already argued that this is a good investment; it won't detract from the normal programs. As the Provincial Treasurer will attest, normal programming is never carried out this way. The acquisition of the industry will be financed with borrowed capital liquidated form the generation of funds of the operation.

Sixthly, it will be argued that the province can't run the industry efficiently. It is difficult to convince the non-believers that governments are just as capable of taking new initiatives and operating them successfully as private enterprises.

I was going to say here in my text that I would ask what Member in the House would do away with Sask Power or SaskTel. What will happen is that some of the Members opposite would sell Sask Power and SGIO, and SaskTel if they had to. This is public involvement, a service industry. All of the inefficiencies that are built into government operations. You know, Mr. Speaker, when the Liberals were in power in 1964-71, there were many plans afoot to sell some of these industries but were stopped because of the weight of public opinion. I just simply want to say, that when you say that governments can't handle operations as efficiently as private enterprise, look to Saskatchewan and see the operations of the Crown

corporations in this province. These are a source of pride to the people of the province, and I am confident in the years ahead the potash corporation will also be a source of pride, from the bottom up or from the top down, however you want to view it.

Seventhly, Mr. Speaker, the question will be argued that we have interfered with private enterprise. I have already dealt with that, that is too late now. The late Premier Ross Thatcher achieved that principle with the potash prorationing.

And eighthly, Mr. Speaker, it will be argued that the government should not interfere in this way, notwithstanding that the federal Liberal government, I agree with the Member for Nipawin here, and I am sorry to call on the federal Liberal government in support for any argument of mine, but in any event there are Petrocan, Polymer, Eldorado Nuclear. Again I am even sorry to draw in the Conservatives for support. I see Conservatives in Newfoundland even took over Brinco, a takeover by government! My goodness, an interference in the private sector of a billion dollars!

Finally, Mr. Speaker, it will be argued we broke the word of a previous government. I am not going to go into that, this refers to the Douglas speech some 25 years go, other than the fact that I am sorry to see the Member for Nipawin deliberately distort or take it out of reference, out of context. I read this in the newspaper, the Member's comments. I want to say this about the Douglas quotation which I think should be put clearly on the record. Mr. Douglas outlined his support for the principle of fair return to the province from resource developments when he was dealing with oil and he said this:

> The second alternative which faces a provincial government in the development of natural resources is for the provincial government to develop these resources themselves and that we believe in doing, insofar as the financial capacity of the province will permit.

That is what Douglas said. That is what we adopt today in 1975 to be developed by ourselves insofar as the financial capability permits and it does permit. Mr. Speaker, I am not going to read anything more from Douglas; I only read as much as I need for medicinal purposes anyway after having heard the Leader of the Conservative Party speak.

I want to close, Mr. Speaker, by saying finally that this Bill heralds more than just an economic and social milestone for Saskatchewan and Canada. Because you know, Mr. Speaker, this Bill heralds a political milestone of sorts, it's a political turning point in this province's history. I will tell you that Members on this side, we've known all along for quite a while that there is no fundamental difference between the Conservative Party in Saskatchewan and the Liberal Party in Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Or no fundamental difference between the Conservative Party in Canada and the Liberal Party in Canada. No, no difference whatsoever.

But this Bill will prove that. This Bill will prove that there's no difference between you two parties over there.

You know, Mr. Speaker, what this Bill will really do is it will consummate the marriage between the two old line parties.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — A marriage which up to now has been symbolized by a bit of courting. Oh somewhat petulant, somewhat abrasive, somewhat hurt, but all in all there is a deep, warm, underlying compassion to these two courting people.

The Member for Nipawin, you know he has come into this House as a new Member and I read by the papers that he has sought desperately to draw a line between his Conservative Party and the Liberal Party. Desperately he tries to show that "we're different". I want to say to the Member for Nipawin, that having watched the Liberals for nine years in the House I'm somewhat sympathetic with you, because we try and draw as much of a line from them as we can too. But I want to say to the Member for Nipawin that the distinction that you seek to draw is one that has no difference. Well, technically yes, the Liberals may chew gum and you may not. The Liberals may not slouch and you might slouch. Yes, there are differences or distinctions, but there are not real differences. You two parties have the same old philosophy of old fashioned private enterprise melded together.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Make no mistake about it, Mr. Speaker, when the Conservatives say that they oppose this Bill because it's something called, there is too much government, too much government in our lives. When the Conservatives say that and they oppose the Bill for that reason, make no mistake about it, they re really saying the potash resources of Saskatchewan belong to the large multinational potash corporations. That's what you are saying.

Oh, you know I say to the press, one party may want to put the Bill over for six months because we're rushing it and the other party may say, here are the results of a secret survey. I'm not going to tell you who did it. I'm not going to tell you what the questions were. I'm not going to tell you anything about it, but just take my word for it, it's a secret survey that says that no one likes this. One party may want to do that to score a political point, no matter. The tactics draw a distinction. There's no fundamental difference in the tunes that the Liberals and Tories will sing. And you know what that tune is, the potash resources of this province belong to their friends, the large multinational potash corporations of this world.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — You say that I'm wrong, that there is a difference between the two old line parties, the Tories and the Grits and I say this Bill will tell us who is right and who is wrong. This Bill will show that there is no fundamental difference between the two old line parties of this country. Because you know what we are seeing already in question period, we're seeing it in the newspapers and on TV when the Member rush out there to be interviewed by all the cameras, we see the two opposition Leaders, like school boys, the Member for Eastview (Mr. Penner) would know what I talk of, vying for teacher's approval. We're witnessing their every attempt, to try to convince the Saskatchewan voters, this Opposition Leader and his Deputy, and the six little deputies that follow the Conservatives.

AN HON. MEMBER: — . . . adults.

MR. ROMANOW: — No, no, not like consenting adults. Consenters yes. Stumbling over each other we are witnessing them to gain this favor and the support. Not the people of Saskatchewan, no sir. To gain the support of the large potash multinational corporations. That's who they are stumbling over, to gain the support. Those good old free enterprise people.

Now a lot has also been said about the new look, so-called Liberals. Yes, new look so-called Liberal. They say that the old Liberals are gone. Well, I tell you, the old Liberals, may be gone but judging by the speeches they are lineal descendants from the old Liberals in this House.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Now, the look is different, but the message is the same, from the new look Liberals. It was the same when you Liberals were in power, when the old Liberals were around. It's the same when we were in power, when the old caucus was still there and that message is this, that the potash resources of the people of the province of Saskatchewan belong, not to the people, but to the large multinational potash corporations of this world. That's your message, old look or new one.

I say that the Bill will be a turning point and indeed it will be because the old line parties with their old and tired arguments about private enterprise and freedom will once again stumble to rush to defend the multinationals against the people and against the government that the people elected under the democratic system that we have. You won't side with the government or the people, you will side with the potash companies. You won't say anything good about our constitutional position, you won't say anything good about the people's right to claim resources, no, you'll only say what the potash companies say. No, the new Liberal and the newer than brand new Conservatives will team up and really show what they are, one and the same, old line parties, free enterprise, outdated philosophy, proponents and defenders of the large multinational corporations who would take the resources of this province.

SOME HON. MEMBERS: — Hear, hear!

MR. ROMANOW: — Mr. Speaker, I say that I can't abide with that. I'm happy to see it, because I can tell you that when the end result of this Bill, and there will be an end result, I'm happy to see that development because I'm confident that we, we who have decided to take this bold and imaginative step to set a new era, I can only say to the Liberals and the people of Saskatchewan that we'll wait and see what the people will judge. And I am confident that they will support the government that supported them and not the multinational corporations. I move Bill 1, Mr. Speaker.

SOME HON. MEMBERS: — Hear, hear!

MR. E.C. MALONE (Regina-Lakeview): — Mr. Speaker, the Attorney General once again has demonstrated to this House that he is a master of hiding facts, talking around facts, not giving the whole story and more than anything today, he has shown he is a master of timing because he has given me exactly two minutes, I think, today to reply to him. But in those two minutes, Mr. Speaker, I want to tell the Attorney General and I want to make it very clear to him and to his colleagues and to the press and the Premier and the people of Saskatchewan, that we oppose this Bill and we join with 61 per cent of the people of Saskatchewan in opposing the Bill. In fact, Mr. Speaker, the only people who are for this Bill are socialists. And they are less electorally than 40 per cent of the people of this province.

So I feel, Mr. Speaker, when I get up in opposition to this Bill, on this side of the House, that for one thing I am speaking for the majority of the people of Saskatchewan in opposing this Bill and the remarks made by the Attorney General.

SOME HON. MEMBERS: — Hear, hear!

MR. MALONE: — Mr. Speaker, it's hardly worthwhile getting into this Bill. May I beg leave to adjourn the debate at this time.

SOME HON. MEMBERS: — Hear, hear!

Debate adjourned.

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