

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**First Session — Eighteenth Legislature**  
**42nd Day**

**Thursday, January 22, 1976.**

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

**QUESTIONS**

**HAVE CONTINGENCY PLANS BEEN MADE FOR LABOUR DEMONSTRATION**

**Mr. R.A. Collver** (Leader of the Progressive Conservatives): — Mr. Speaker, before the Orders of the Day, I would address a question to the Premier. Yesterday in this Assembly, I asked the Attorney general if there had been contingency plans prepared for the day of Monday, February 2, in the light of the announced demonstration by the labour movement in the province of Saskatchewan. His reply was, no, there had been no contingency plans taken. The reason given was that the demonstration was against the Federal Government and not the provincial government. In last night's newspaper, if I might take one moment to read a statement by Mr. Troop, the CUPE representative, he said as follows:

The walkout is part of a campaign against the provincial government which is suspected by unions to implement the wage and price control program. It is not directed at the SHA bargaining team or the patients who use hospital services.

He goes on to say:

We must show the provincial government that Saskatchewan workers will not accept wage controls that would deny our basic right to free collective bargaining.

I ask, now today, Mr. Premier, is the provincial government going to discuss this particular demonstration and prepare contingency plans in the event of an emergency developing as a result of the withdrawal of service?

**Hon. A.E. Blakeney** (Premier): — Mr. Speaker, I am clearly at a disadvantage because this question obviously presupposes a discussion in the House yesterday in which I was not a party. My colleagues advise me that with respect to any difficulties in the hospitals, the hospitals anticipate no insuperable difficulties. And with respect to any demonstrations or other activities here at the Legislature Building or elsewhere in Regina, I doubt whether the nature of the demonstrations or activities would be such as would call for any extraordinary contingency plans.

**Mr. Collver:** — Mr. Speaker, a supplementary question. The Premier suggests extraordinary contingency plans. I would ask him if he does not consider a province-wide walkout announced by the labour unions of the province constitutes reasonable grounds to assume that there might possibly be emergencies developing that would require at least a contingency plan in the

event of emergencies developing.

**Mr. Blakeney:** — Mr. Speaker, I am not aware of any plan for a province-wide walkout.

**Mr. Collver:** — Mr. Speaker, a further supplementary then. It has certainly been announced by the labour movement that they are planning a demonstration and a one-day work stoppage on Monday, February 2. Perhaps I might alert the Premier to the headline of last evening, "Hospital Workers To Join Protest On Wage Control." My further supplementary is: Do you not believe that it is the duty of the Government of Saskatchewan to ensure that emergency services are maintained in the province and would you not consider that in the light of this announced intention that at least you should have contingency plans for that day?

**Mr. Blakeney:** — Mr. Speaker, obviously any government has contingency plans at all material times. I think it would not be suggested that, for example, the Regina City Police would not have contingency plans. They obviously do. They watch the papers about demonstrations and the like . . .

**Mr. Steuart:** — Chicken order.

**Mr. Blakeney:** — There we are, the Member for Prince Albert-Duck Lake has pointed out that the last time there was a demonstration here the principal problem was to clean the floors after the chicken had been trampled into the floor. I am sure that after that valuable experience the employees in the buildings now have contingency plans for that contingency.

**Some Hon. Members:** — Hear, hear!

**Mr. Blakeney:** — I don't want to make light of what the Member is saying. It is just that I do not put the same interpretation on the announcement that he does. I have not heretofore read those announcements as indicating that there was going to be a province-wide general strike. I have read them as saying there was going to be a coming together of representatives of trade unionists, perhaps many hundreds. But there are after all some 360,000 to 370,000 people in the Saskatchewan work force. If they are going to meet in the Exhibition Auditorium which has a capacity of about 2,500, it is going to be crowded. I think we can assume that there is not going to be any general strike, or general withdrawal of service.

I think the fact that representatives may meet is surely their right. I don't anticipate, unless plans develop that I am not now aware of, any governmental or other activity which would require extraordinary contingency plans other than the ones which ordinarily would be available in the event of a work stoppage in hospitals or a power outage or in addition to the other contingency plans which most organizations have.

## KALIUM SELLS POTASH TO TAIWAN

**Mr. S. Cameron** (Regina South): — Mr. Speaker, a question of the Provincial Secretary

(Mr. Cowley). In response to a question the other day, the Provincial Secretary indicated with respect to layoffs and inventories in the potash industry that there were some signs of the market softening. I want to ask him if he is aware of a sale last Thursday by Kalium of 70,000 tons to Taiwan at a price of \$28.82 a ton, and if that is so whether that isn't a very sharp decline in the price in the last few weeks.

**Hon. E.L. Cowley** (Provincial Secretary): — I am not aware of that particular sale. I would agree if the Member's comments are correct, with the Member's second statement that it was a decrease in price.

### **REQUEST INFORMATION ON TAXES OWING BY POTASH COMPANIES**

**Mr. E.C. Malone** (Regina Lakeview): — I wanted to address a question to the Minister of Mineral Resources but I see he is not available this morning. I will direct the question to the Premier. I understand the Premier yesterday in Saskatoon and the Minister who is not here, in Regina yesterday indicated that the potash companies – not naming companies but the potash industry owe the provincial government some \$30 million in taxes. No particulars were given by the Minister as far as I am aware or by the Premier. We agree that if the taxes are due and owing that they should be paid because the law of the land says they should be paid.

I am asking the Premier now to give us particulars as to who owes the taxes, how much is owed, how long they have been owed and just what the taxes are. That is, are they royalty, reserve tax or whatever.

**Mr. Blakeney**: — Mr. Speaker, I would ask the Hon. Member of that detail on the Order Paper.

**Mr. Malone**: — A supplementary.

**Mr. Speaker**: — There is no supplementary allowed unless an answer is given. There was no answer given.

### **TRUCK CROSSING MERIDIAN TO WEIGH SCALES CAUSES DEATH OF THREE**

**Mr. D Ham** (Swift Current): — Mr. Speaker, a question directed to the Minister of the Environment in the absence of the Minister of Highways. Is the Minister aware that three people died at Clavet as a result of a truck crossing incident – I am sorry, Clavet, I am from the southern part of Saskatchewan.

**Some Hon. Members**: — Hear, hear!

**Mr. Ham**: — I have never been to Clavet. Is the Minister aware that three people died at Clavet as a result of a truck crossing the meridian to the weigh scales?

**Hon. N. Byers** (Minister of the Environment): — Mr. Speaker, I heard a news report to the effect

that there was a tragedy taking a toll of lives. The unfortunate event occurred near a weigh scale in the proximity of Clavet. I have hard no further particulars as to facts of the accident.

**Mr. Ham:** — A supplementary. Will the Minister consider as has been suggested previously the use of island highway weigh scales to prevent further occurrences of this nature?

**Mr. Byers:** — Well, I will take the Member's suggestion under advisement and refer it to the Minister.

## **INTRODUCTION OF GUESTS**

### **MEMBER OF MANITOBA LEGISLATURE**

**Hon. A.E. Blakeney** (Premier): — I wonder if I might take this opportunity to introduce to the House a Member of the Legislature of Manitoba, Mr. Wally Johannson, who is sitting in the front row of the Speaker's Gallery.

Mr. Johannson was first elected to the Manitoba Legislature in 1969 and re-elected in 1973. He is here to observe the manner in which we conduct ourselves, observing particularly the decorum of all Hon. Members.

**Some Hon. Members:** — Hear, hear!

**Mr. Blakeney:** — I know that all of us join in extending to him a warm welcome and wishing, at least some of us, that our Legislature was not sitting as his is not.

**Hon. Members:** — Hear, hear!

## **REQUEST INFORMATION ON TAXES OWING BY POTASH COMPANIES**

**Mr. Malone:** — On a Point of Order. With respect to the question the Premier refused to answer a few moments ago. I say to the Premier that your attitude in this regard is completely despicable! I would ask the Premier to table this figure . . .

**Mr. Speaker:** — Order, order! The Member is out of order and there is no Point of Order.

**COMMITTEE OF THE WHOLE ON BILL NO. 1 – An Act respecting the Development of Potash Resources in Saskatchewan**

**Mr. E.C. Malone** (Regina Lakeview): — Mr. Chairman, Mr. Minister, I want to return to the question that I asked earlier of the Premier. I understand that yesterday the Premier and the Minister of Mineral Resources who apparently is not here today and apparently doesn't think these proceedings are very important. He said one of the reasons for taking over the potash companies was their failure to pay taxes. By virtue of these statements you have indicated \$30 million in tax revenue is owing. You haven't said which companies owe the money and by making a statement in that manner you damned all the potash companies. I am asking you right now, here and now, to provide us with the information. One of the reasons for this Bill according to the Premier and the Minister was because of non-payment of taxes. Who owes the taxes, how long have they been outstanding, how do they come about being owing that is a reserve tax royalty or whatever and how long are they outstanding?

**Hon. R. Romanow** (Attorney General): — Mr. Chairman, we'll have that information in a few minutes, it may take 15 or 20 minutes to dig it up exactly. I will be prepared to provide it at that time.

**Mr. Malone:** — Why can't the Premier hand it over to us now? He obviously had it at his fingertips yesterday when he was in Saskatoon. Obviously the Minister had it when he was on television last night.

**Mr. Blakeney:** — Mr. Chairman, in answer to the question on this. If I have a total why would it be assumed that I had the detailed information. The Attorney General has offered to provide it and I am sure that any allegation when I use a figure of \$30 million must know that Silvite owes \$4,321 for reserve tax is simply not reasonable.

**Mr. Malone:** — Why would you get up yesterday in Saskatoon and say the industry owes this money. Why don't you be specific and say which companies in the industry owe that money if they indeed owe it. Why damn the whole industry for the failure to pay of maybe one or two companies?

**Mr. Blakeney:** — Are you asserting that it is only one or two companies? The Minister has offered to name them. If Members opposite would curb their rather obvious enthusiasm to defend the potash companies and would just wait a little while until the information is at hand, I am sure the Minister will provide it.

**Mr. Malone:** — Are you saying that all the companies owe taxes?

**Mr. Blakeney:** — Mr. Chairman, I believe the Minister has offered to give a list and when the list is here we can count them and see whether there are any missing.

**Mr. R. Bailey** (Rosetown-Elrose): — Mr. Chairman, I listened with interest to the Minister of Mineral Resources and in providing the answer you have assured us that you will be doing so. There is one particular part that I would like some clarification on now. Apparently the Hon. Minister made reference to a company from whom the Government had received two-thirds of the taxes owing. And one portion of that particular company had not paid the taxes. Could I have a clarification of that at this time or will I have to wait until the Minister brings in the full amount.

**Mr. Romanow:** — Mr. Chairman, I could elaborate on it in general terms but I think in order to get the information that the Members want it is best that what we do is list the companies and list the amounts owing, if any, and the categories under which they are owing. That information we are digging up and we will have it here as soon as we can have. I will make it available then to the other Member. In the meantime perhaps we can move onto some other questions. I think that would be the best way to go.

**Mr. S. Cameron** (Regina South): — Yesterday we were canvassing the question among others of the future of the markets and price in the industry because it has a very definite bearing on the financial viability of the undertaking of the province. I asked a question this morning of the Provincial Secretary whether he was aware of a sale by Kalium last Thursday of 70,000 tons KCL priced at \$28.82. I asked him whether he considered if there was in fact a sale at that price that that was a very serious drop in price. He said he wasn't aware of the sale but said, as I understood the response, that he would concede that is a very serious erosion in the price. Perhaps I might now ask you with your officials present, whether or not you are aware of that sale and whether your officials are aware of that sale and can you confirm that it was at the price of \$28.82 KCL tons.

**Mr. Romanow:** — Mr. Chairman, I have just asked Mr. Karvonen to step out to make the phone call necessary to get the information with respect to the tax. He would be the person I would consult as the official that you want me to consult in terms of whether or not he has any knowledge. As for myself, I don't have any knowledge and I think it is the same thing with the Cabinet. If this has taken place, which I don't admit to or deny at the present time, the information certainly hasn't been submitted to the Cabinet in any event. So Mr. Karvonen will be back momentarily, he is just using the phone back there and he will be out in a minute and I will give you a better answer.

**Mr. Cameron:** — I will then take the occasion to follow up and ask him whether or not it was a sale that was made through Canpotex. My information is that it was a sale that was made outside Canpotex. I think the significance of that if I may put it to you is that PCA Potash Company of America and Kalium, neither one I now understand are in Canpotex. If in fact Kalium has effected a sale by tender in respect of which other people, including Russians were bidding outside of Canpotex at this price, it is some evidence that again we are getting into a cutthroat competitive situation and does it now have some rather serious consequences for the continued existence of Canpotex.

**Mr. Romanow:** — Mr. Chairman, my information is the same as the Hon. Member's that certainly Kalium and I guess PCA have not been members of Canpotex for some time. I would not go so far as the Hon. Member would suggest, I am not saying he is stating it, would suggest that is to say a serious future for Canpotex because if my information is right about Kalium and PCA they have been operating outside of Canpotex for some while now and Canpotex has sort of the market for offshore potash and has been doing a pretty good job and has been surviving pretty well under all circumstances. Accordingly, Mr. Chairman, I think that it is just too premature even if that sale should be true to come to those types of conclusions. I think it will take a little more of a trend to determine whether or not this is going to develop. The information that has come to me over the last several weeks or so since I have been immersing myself into this is to the contrary that prices should be fairly stable, the demand should be fairly high and that the future of the Canpotex offshore potash sales should remain at a pretty high level.

**Mr. Cameron:** — I want to pursue this with you a little further because I want to know whether or not the information I have been given is accurate. I am told by people in the industry that as a matter of fact the price is very significant because of the substantial drop in price. It is significant also because it is a sale made outside Canpotex, at a very low price and, of course, what happens is with the inventory having built up as they have and the market situation getting softer, as the Minister indicated the other day, there becomes a scramble within the industry to get to those markets. I think the industry itself is prepared to stay in Canpotex as long as there is a reasonable level of co-operation among all the companies. When one or two companies are operating outside Canpotex, particularly when the market system is getting tight then there is a great deal of pressure brought to bear on the other companies to start selling outside of Canpotex. If in fact that happens and if in fact the market is softening to the extent that there is some evidence to suggest it is, I don't think it is an overstatement to say that we may be headed in the same direction in the industry as what we were earlier before prorationing. I want you to consider that a little bit because I think it is very serious.

**Mr. Romanow:** — If one would accept the assumption which are certainly not so hypothetical as to be unreasonable assumptions, but if you wanted to accept that I think one could come to the types of observation as the Member for Regina South does. On the completion of certain events or on the happening of certain events it is conceivable but the Government does not feel that that is likely to come about, reasonably like to come about, for two reasons basically. Number one, the pre-1969 situation really was one that we believe all of the potash companies or most of them anyway really don't want to return to. I think a breakdown in any semblance of orderly marketing, if I may put it in those terms, would have proven to really create chaos for the industry and I am convinced that the majority of them will see the merits of some form of central marketing agency and that we, therefore, will not see a breakdown, even though there may be individual companies who are operating outside of this sphere and who may be seeing to it that the marketing is not done through it. Secondly, the sale if it is indeed one that has come about and I think that is something I would like to

check out and see if it is in fact true, by itself doesn't mean very much. It is too early to predict the demise of Canpotex or the decline of prices per ton of potash based on one sale only. There may be a whole number of other factors that have entered into it, company factors that we are not aware of and can never be aware of, so as I say on the information that we have collected over the several weeks since I have been involved in this, I feel reasonably confident that Canpotex will continue to play a good strong role and that the price per ton while suffering some declines will be fairly strong and that the market on the long run will continue its upward move.

**Mr. Cameron:** — May I say in passing I am not predicting the demise of Canpotex, I don't think that my remarks would indicate that. I said that there was some evidence beginning to accumulate that ought to make one pause and look at it because it may have some serious implications. That is merely all I am saying. It is my understanding from the view of the Government what kept companies in Canpotex, the tool you had to keep them in Canpotex, was of course the issue of production licences by the Government. That was in effect almost the club so to speak that the Government used in keeping the companies in Canpotex. It was the club again, in my understanding, that you had under the prorationing scheme so that the tools at the Government's disposal to have companies remain in Canpotex are to be found under the prorationing scheme with the threat of withdrawing of production licences. The prorationing scheme now having been declared unconstitutional and now inoperative, it is my understanding that the Government no longer has the kind of tool that it had previously to keep the companies in Canpotex. Am I right in that?

**Mr. Romanow:** — No, I would not agree with the Hon. Member on parts of the question. In my judgment while the trial division has ruled, one trial court has ruled that the prorationing regulations are ultra vires or unconstitutional, the best advice that we have says that that matter is under appeal which is a fact and that during that appeal, the law, the proration law is still in force and in effect and will be I think I would suggest it is until such time as it is ultimately determined, if it goes that far by a court of law somewhere down the road, supreme court or whatever. Working from that step the Member will know that the changes that this Government has made to prorationing are twofold. One, we have removed the minimum price per ton which was a feature of the old prorationing in 1970 and number two, what we have done is we have removed the production ceiling. There was, I forget what it was now, 45 per cent of capacity or 50 per cent of capacity, whatever the figure was, that now has been removed so that there is full production capacity. Accordingly, if the Member's assumption is right about this being a tool for Canpotex and I am not accepting for the moment that it is because I want to make a comment on that, but if that assumption is to be accepted for the purpose of our discussion, then the means are there by simply saying that the production capacity levels will be decreased, rather than just saying no ceiling on them, it is still there.

The comment that I wanted to make with respect to that last point, whether or not prorationing is a tool and should be used as a tool is that we would prefer, I would certainly prefer, to base the continued existence of Canpotex not on a coercive or



semi-coercive activity or effort such as prorationing regulation. I believe that the existence of Canpotex really should be promoted on the basis of the company's understanding that cutthroat competition among themselves can do nothing but harm themselves and the province of Saskatchewan and their shareholders and the like. As I say I have not discussed this personally with any people at Canpotex lately but from the totality of the information that I have been subjected to over the last little while I have a clear impression, perhaps I should strike the word impression and say hope that indeed those producers who are members of Canpotex see the merits and the wisdom of that argument. That is to say some form of orderly expansion as opposed to a coercive legalistic approach to it. I think we have moved a little bit from the prorationing period where regulations like that may be used. I think we have gone past that period now with five years or so marketing and development and prices to the point where I think the potash producers themselves probably will not have to have the heavy hand laid on them, if I may put it in that sense, to see the advantages of a coordinated marketing approach.

**Mr. Cameron:** — Let me follow up with another series of questions on a related matter.

With respect to the prorationing scheme I think that it was generally conceded both within the Attorney General's department under the old government and yours when you took over in 1971, it was certainly conceded in the Federal Department of Justice throughout that period that the constitutionality of the prorationing scheme was questionable. I think the general attitude that prevailed throughout the period from the time prorationing was instituted to the very time prorationing was struck down, your department and your predecessor's department, and the federal department, I am saying to you, that from the very inception of prorationing to the time it was struck down there was a general attitude in your department and your predecessor's department here and a general attitude in the Department of Justice about the constitutionality of the prorationing scheme. It was generally felt that the prorationing scheme was on very tacky ground constitutionally. The reason it wasn't attacked earlier was that both the Federal Department of Justice, the Attorney General's Department in Saskatchewan and the Government of Saskatchewan and the companies were in general agreement about the scheme and I want you to comment on that.

**Mr. Romanow:** — I have to answer it this way, that our best legal opinion is, underlining the word opinion, of course, which I am sure you will appreciate being a lawyer, but our best legal opinion is that the prorationing regulations are constitutional, that they are within the jurisdiction of the province, conservation and so forth. Now that is not to say that, obviously this has been proven by the court case, that some company or companies or other individuals may hold views to the contrary. What I am not prepared to accept or particularly reject is the Member's view that the reason that there was no attack on them or no declaration of ultra vires is because the companies and the provinces and the Federal Government agreed basically that there should be no attack, if I may put it in that sense. Maybe the Member is not putting it exactly in those terms but that is what he has conveyed to me. It is correct that there was no attack. I don't want to overly politicize these Committee of

the Whole discussions more than they are I suppose in every question that is asked and every answer given, but certainly some documentation on file in the Department of the Attorney General indicated to us that the Federal Government and the Minister of Justice at that time felt that there was no unconstitutionality with respect to that action. The Member will appreciate therefore our surprise somewhat when the Minister of Justice, Canada, indeed joined the action as appointed on behalf of Central Canada Potash or with Central Canada Potash to attack the constitutionality of the prorationing regulations because one would have thought that the opinion given by the Federal Justice people in 1969 or thereabouts would have been consistent in 1972 or 1973. That apparently does not seem to be the case because of the action of the Federal Government in challenging the constitutionality of the prorationing. Now those are facts, but to come back to the question which I think is the substantial one, namely what is sort of the view of the Government on the potash prorationing regulations and their legality.

Our view is that they have been struck down by a trial court, we have at least one, perhaps two courts to go through to see whether or not that legal opinion is a correct one. The best research that we have and the best information we have from all sorts of people and advice, we believe that the trial division is not the best decision. I don't want to get into it too much because it is before the courts, whether the potash prorationing regulations are indeed ultra vires. The point that I wanted to speak to specifically was the comment as to the non-challenge. I don't know why there was no challenge by either a company of the Federal Government in the pre-1971 era but there wasn't. I don't think that bears necessarily one way or the other on the central issue of the constitutionality.

**Mr. Cameron:** — I want to ask you a little bit about that. The real question I put to you is this and I didn't ask you about your opinion at present as to the constitutionality of the prorationing scheme and as you know the prorationing scheme was changed very substantially under the old ABC scheme to the new FP scheme, I am not asking about your opinion at the present, what I put to you was this. I said at the time prorationing was instituted there was discussion by the Attorney General's department and the Federal Department of Justice about the constitutionality of the scheme. There were very serious reservations both at the provincial level and the Federal Government level as to whether the province had the constitutional jurisdiction to set up the prorationing scheme. The companies went along eventually with the prorationing scheme. I think that's a fact of history. They did in the end go along with it. The result of it was that it was in the province's best interest to have the scheme, the companies agreed in the end to live by the scheme, the Federal Government in effect said, as long as there is no constitutional question raised in the courts we will stand by and live with the scheme. I think that was the general attitude. I have a very clear recollection of the attitude at the time being at all levels that here was a scheme that was pretty dicey but as long as nobody attacked it it stayed in place. That is the proposition I put to you and I think that is an accurate summation of the situation.

You dragged in a little red herring which I ought not to respond to I suppose but I will come back to the point. I think you know as Attorney General surely that when a constitutional issue is raised such as it was by the Potash Company of America when it attacked the Saskatchewan prorationing scheme, the Federal Department of Justice doesn't have a lot of discretion but to get involved in that action because it is the constitution both from provincial point of view and a federal point of view which is then going to be determined by a court. It is usual and indeed in the ordinary course of things for the Federal Government in that situation to get involved in the action. It almost has no choice because eventually that action could lead to a precedent which would constitutionally affect not only the situation in Saskatchewan but the situation nationally, as to the powers of the two levels of government. Indeed I think with respect to constitutional questions raised in the reverse the province gets involved in the same way in effect to protect its position on the constitution. I know that much has been made politically of the fact, that the Federal Department of Justice and the Federal Government get involved in that action as a political matter. I think if the other people in your party don't recognize it surely you do, that that wasn't the case. There was a genuine constitutional question raised. The Federal Government had to get involved in that constitutional question because eventually, as I say, it would set a precedent. That was the red herring. Let me come back to my other point.

In fact I gave you notice of this some days ago that I intended to ask you this question. I have put to you this proposition that the reserves tax was always, well not the reserves tax, the prorationing scheme was always considered to be a little tacky in terms of the constitutional power of the province. You need to assume that to get to the point that I want to question you about. On top of that tacky prorationing scheme you brought in the reserves tax system and you brought in the reserves tax system knowing that the companies were going to be opposed to it. It was one of the propositions I put to you earlier about this thing and I think I got a confession from you that yes, we did know that the potash companies were not very happy with the reserves tax that was going to be legislated. The question that I asked the Premier one day is, "Knowing that the tax system that you devised was going to be objected to by the companies, could you not have referred the question of the validity of the reserves tax directly to the Court of Appeal under the Constitutional Questions Act?"

**Mr. Romanow:** — Mr. Chairman, these red herrings have a habit of becoming big whales in the arguments but I do think that it's not such a red herring because I do believe that the point raised here does have some merit and should be considered a little bit further.

First of all on the Central Canada Potash's attack on the constitutional validity of the prorationing regulations, I beg to disagree with the Hon. Member with all due respect on two points. Firstly, I don't believe that there is a precedent, perhaps there is, I don't want to put it in absolute terms but I'd be pleased if the Member would show me one. I don't think there is a precedent anywhere in Canada where the Department of Justice, Canada and the Minister of Justice, Canada entered as a plaintiff at the trial level in a constitutional case. If I am wrong I would invite the Hon. Member for Regina South or the

Member for Qu'Appelle, all of whom are, I think in my judgment competent counsel to show me where that indeed took place because I don't think that it did take place and if it has, it's so rare as to virtually uphold my observation that this is an unprecedented move and I invite the Hon. Member to consider what the real implications of that really are. Suppose Central Canada Potash decided in mid-trial to drop out as the plaintiff of the case, the obvious answer to that is that the Department of Justice, Canada could continue to prosecute as plaintiff at the trial division and I want to also remind the Member that the Central Canada case was not only on strictly a matter of law, a matter of pure law. Central Canada case has other issues involved with it as well. I think there was an allegation of intimidation if I'm right, I'm not sure of that, against the Minister, Minister of Mineral Resources.

So we would have, therefore, a situation where Central Canada could drop out as plaintiff and the Minister of Justice, Canada, being in an unenviable position of being the plaintiff on the court case and a constitutional case and I just simply say to the Members opposite that in situations of this nature, that is virtually unprecedented.

And secondly, when the Member says that the Federal Government comes in to defend its constitutional rights, as I think that is correct and fully proper for the Federal Government to do, fully proper for us to do provincially. We've defended the constitutional cases, we've joined with other provinces where we think provincial rights were under attack but this is not a federal piece of legislation. It's a provincial piece of legislation. This is not defence of federal jurisdiction or federal powers . . .

**Mr. Chairman:** — Order, please. I should just like to remind the Hon. Members that I think we are getting very close to a subjudiciary topic and I understand and believe that Members are not supposed to discuss items that are before the courts and for this case, perhaps has been concluded in one sense, I think that an appeal is pending and I should ask them to consider their remarks justly.

**Mr. Romanow:** — Mr. Chairman, I will move off that because I think I have made my point.

I do want to make one additional comment, which, if you rule me out of order, I will put it down of course.

I want to preface my remarks by saying that this has nothing to do with . . .

**Mr. Cameron:** — On a Point of Order. Order, is well taken. Now you appreciate the difficult position the Attorney General is about to put me in if he is going to make one additional comment. He has already made some that I would to respond to. As a result of your ruling, which I think is proper, I'm not going to be able to respond to what he has said in reply. If he adds to it, I'm going to be in the more difficult position of not being able to respond, and he knows that on the additional point he's going to raise. So I think he ought to, in view of your ruling, I think he ought not to

comment any further on that question or if he does, I think I ought to have the right to reply.

**Mr. Chairman:** — Order, please. I think the point is perhaps well taken and I will ask that both sides will conclude their remarks on this topic please.

**Mr. Cameron:** — I let you sidetrack me the first time with the red herring. I'm not about to let you do it this time. I can assure you I've been around enough courts to know the hazards of that. I'm going to bring you back, Mr. Attorney General, to the essential point.

I asked the Premier one day in oral Question Period and I'm going to get the transcript of that question. I asked him, "Would it not be a fair assumption prior to the introduction of the reserve tax that you had an expression of opposition from the potash companies?" And he said, "yes" that is a fair assumption. He conceded to my question that there was likely to be opposition from the potash companies to the reserves tax system and indeed that's entirely logical. Nobody is going to take very lightly the imposition of tax any time, let alone a pretty substantial tax. I asked that question to lay the groundwork for a further question and bearing in mind now that he conceded to me that there was every reason to anticipate that you were going to have difficulty with a potash company or potash companies with the reserves tax. The importance of that is that you had the opportunity, with that knowledge, under the Constitutional Questions Act as the Government, to refer directly to the Court of Appeal without trial the question, "Is the reserves tax valid in law?" You said that you were confident and have been confident throughout that it was, in fact, lawful and therefore you didn't refer it. I say to you that that is no reason whatever. If you're confident in its validity as you say you are, my question again is why did you not refer it directly to the Court of Appeal at the time to have the Court of Appeal say very quickly, which it can do under a reference yet, it's valid. Now let me put the position to you in full. Not having done that you've got yourself, I suggest to you, in this position. You have said throughout and the Premier has stressed this point, that throughout one of the reasons that led you to the decision to nationalize the industry is that you have collected the tax under the reserves tax system and it's a very healthy amount of money that you have collected.

The second point is that the reserves tax system is now under attack. If the reserves tax system is ultimately declared beyond your power, you face the possibility of having to pay back some very huge sums of money, in the order, I suggest of some \$400 to \$500 million. The difficult tax bind that you are in here is, that being the case, that looking down the road you may have to pay back \$400 to \$500 million. That's point number one. Point number two, I suggest to you, fits in with the Bredenbury study. It showed that you were going to have to pay \$300 million or \$600 million to build a mine. You can see the very difficult financial position the province could get itself into.

All right. You said earlier and you said yesterday and the Premier has said this several times too, that that action may be in the courts as long as three or four years before that question

is finally determined. It's three or four years of lost opportunity to expand, three or four years in which you're collecting tax that you may have to repay if it was struck down. Now back to the question then, given those facts, why did you not refer the matter to the Court of Appeal for a quick decision on the constitutionality of the reserves tax?

**Mr. Romanow:** — Well, Mr. Chairman, I don't know if I can add very much more to what I have said in response earlier to the Member. I want to just take this in two parts. Again, without detailing when the objections were voiced by the potash industry on the Premier's question, I'm now not speaking direct to the Premier's answer, I don't know exactly the question and the answer but I think it is correct to say that as the Member says, no one likes to be taxed more, whether it's me or him or the potash companies, the question of further taxation is something which is not pleasant to anybody. But I do think for the purposes of the reasoned analysis of the facts before us, by observation still on balance is probably the better one to take and that is the objections of the potash companies really weren't voiced until some time after April 24, 1974. In fact I think it was on May 8 of 1974 that the formal presentation by the producers to us was made. Talking about the reserves tax I think I had a chance to comment on the federal budget as well at that time. You'll note that there was an election right about that time. There was some uncertainty as to whether the Liberals would be elected or not in the minds of some people, perhaps not in the minds of the Members opposite. But that's when the objections really took place and I would also say to the Member that in response to those objections, I'm still talking of the first part, one or two adjustments of the reserves tax were made downwards to take into account some submissions made by the potash producers. So we disagree or we don't quite agree on our facts as to when the objections were made. I don't know if that's all that important other than the fact that it runs into or predicates the next question and that is the reference, why not the reference and I don't know that I can add very much more to what I have said already. I think we can say that governments are not in the habit of referring every, not every but even those legislation items they think might be controversial to a tax reference. We passed, take the Farm Ownership Act which was very controversial, I don't think it is any more, I think the Liberals have seen that it is a good Bill and that they are not objecting to it, certainly not as much as there was at the time of passage but there's one, for example. Someone might say, well, why not refer that to the court. Well because we're government in general, you're just not in the habit of doing that and I don't think that it's a desirable one to do particularly, I think it's much better to decide cases on individual facts where possible and take a look at factual cases that are before us. I think the biggest reason why we didn't refer it in addition to everything else that I have said, I repeat again, is because we were convinced at the time and we remain convinced that it is within the full rights, legal rights of the province to pass an Act of this type of taxation. Whether we should or not, that is a political issue that we can argue about but the right to do it, the legality to do it, I think is, in our judgments, fairly clearly established. We'll see what happens.

**Mr. Cameron:** — I'm not going to belabour the point unduly because I think given from your responses it's pretty clear you had the

opportunity to do it and you didn't take the opportunity. Now all right, I want to put this to you seriously. I'm not asking these questions for any other reason except to find out what the answers are because I have suspected all the while and I'm becoming confirmed in my suspicions that you had the opportunity to refer the reserves tax system to the Court of Appeal under the Constitutional Questions Act. You've admitted you had this right for a quick decision by the Court of Appeal on its validity. That does not stack up with this. You say and your Premier says, and the Throne Speech says, that we are very concerned about the attack on our reserves tax system because if three or four years down the road the Supreme Court of Canada should upset it, there is a possibility we may have to pay back hundreds of millions of dollars already collected. You have said that, there is no question about it. It is right in the Throne Speech. I say to you you could have avoided that consequence very readily by simply having referred the validity of the tax early, when you first instituted the reserves tax or after May 8, 1974, you could still have referred it to the Court of Appeal.

We would have had a decision from the Court of Appeal rather rapidly, and even if there was an appeal to the Supreme Court that would have all been wound up. We would not now be in the position that you say we are in of having to face the possibility of having to pay back \$400 to \$500 millions in tax if four years down the road the Supreme Court upsets the reserves tax system.

That is a very significant point because that is one of the central reasons that you kept putting to us for the nationalization, the thing that led you to nationalization. You stacked up three reasons and that is one of the real reasons, the other reasons we'll canvass more fully.

I am going to go back, and I don't have it before me, to dig out the Premier's response to my question where he clearly indicated that you anticipated difficulty with the potash companies if as you say you didn't want to do it before May 8, 1974, I say to you you could have done it after May 8, 1974. You could have done it when you had the first difficulties with the potash companies on the reserves tax and you didn't do it.

When you say to me that you have been confident throughout and remain confident in the validity of your tax system, fair enough, but if you are so confident about it that's another reason for having referred it to the Court of Appeal for quick decisions and we would never be in the position we are now in.

**Mr. Romanow:** — Mr. Chairman, I don't take the Member's questioning lightly. Again these are very pertinent questions, if I may say so with respect. I do think two points have to be made. To a large extent the Member's arguments about the business of the reserves tax having its legality determined and that accordingly if it was struck down this move may not have been necessary because he argues that we have argued that Bills 1 and 2 are necessary, but that to a certain extent is really not dealing with the issue. I invite the Members to contemplate that, if I got up this morning and I said, Mr. Chairman, we are announcing that we are withdrawing the reserves tax, the stated position of the Government is if that happened we would be putting a form of another tax of roughly the equivalent amount on the potash companies if it is the reserves form, it would be something like the Ontario precedent of the direct taxation on mines as a result

of the Nickel Rim case for example. It is not going to alleviate our problem any.

The position of our Government is for years that when a person uses the valuable resources of the province of Saskatchewan, that belong to the people of the province, they have to pay a fair economic rent for those resources, said rent being determined by the elected representatives of the people, the Government. If it doesn't come in the reserves tax form, if it was struck down for unconstitutionality by reference, it would have come in the form of a direct tax. The consequences still would have been the same as they are now because the potash companies would have taken the position that it is too high, they can't expand, their financial material shouldn't be forwarded because it is confidential, and so forth and so forth. We would be in the same jackpot that we are in, the same jackpot they have put us in.

To say, refer it for constitutionality to see if one way or the other he is right, it doesn't change the basic position of the Government. Even if the tax is struck down, we have said in second reading, we are going to come back with another Bill. We don't think the people of Saskatchewan think that the potash people or any users of natural resources should get that resource for zero, or next to zero. That is a position that doesn't change any and it would have obviated the actions that we have taken here with respect to Bills 1 and 2. This is a side issue, that the Member describes as a red herring, but I think it is an important further observation as to why there was no reference. The Member will agree with me that there have been few references by the Federal Government. I can think of one or two examples of matters which today could be very easily the subject of reference.

Take for example, Quebec's Bill 22, the Education Language Bill. This is a Bill which is very essential to the constitution of the British North America Act. I am not going to take issue one way or the other as to policy of it, that's not for this debate. There is a lot of controversy there and there is no reference. The same thing with the Wage and Price Controls, there is some question about its constitutionality of invading provincial jurisdiction, there is no reference there.

Why isn't there any reference by the Federal Government? Because governments, whether they are federal or provincial, believe that these are parliamentary democratic decisions taken by government acting lawfully. We act we hope on laws which are soundly based. We shouldn't be running to the courts for opinions all the time on many of these controversial issues. When I say all the time, you could make a nice little list of seven, eight, ten major issues which are troubling this country and running to the courts. I have a high respect for the courts, I do as a lawyer, as Attorney General. In the end result there are some matters which cannot be referred back, cannot be decided by courts, we as parliamentarians and democrats must make decisions of policy and of taxation. I think while we may get legal interpretations which help to guide us, frequently they don't come to grips with the central problem which faces the country or a province at any one particular time. I think the Federal Government has recognized that, I think most provinces have recognized that. Certainly that is our position with respect to the reference question, in addition to any of the other arguments that I have advanced on the first point.



**Mr. Cameron:** — I want to come back to this, I want to follow that up a little further with you. I want to read to you two statements which I think are of some significance in this question. The Throne Speech said:

Second, my Government could stand still, permit present uncertainties to continue and through attrition delay the expansion of potash production.

That's the theme on which you have expanded at great length, including the Premier.

This course involves serious risks for Saskatchewan. First a risk of loss of Saskatchewan's key position in world potash markets, production, secondly a risk of huge losses in future tax revenues (that's important) but most important, a risk of being ordered by a court at some time in the future to repay hundreds of millions of dollars already collected.

The Premier says in his speech on November 5, 1975:

The second would be to stay as we are to fight in the courts to assert our rights to regulate and tax the private potash producers. That appears to be attractive. Someone may say, if you are confident your law is valid, why don't you stay and fight. But I say to you in the meantime, development and expansion can grind to half for years, while the court cases drag on and we could out of that lack of development lose hundreds of millions of dollars in taxes for the people of Saskatchewan. We cannot in good conscience accept that option.

The point I make with you is that that option need never have arisen. The legislature passed a law that says the Government has the right to take a law that it passes, a tax law, refer it directly to the Court of Appeal on a reference and ask the Court of Appeal the simple questions: — Is this a valid tax law or isn't it? If you had done that and the Court of Appeal had said, yes, this is a valid tax law, that would have been the end of it. You would never have faced what you mention in the Throne Speech about this risk of having to repay hundreds of millions and you would have never risked what the Premier has indicated in his speech.

That's the point I make. I want to come back to it, because I am going to get the Premier's response to my question.

**Mr. Romanow:** — Just on this point raised by the Member. Again I think we have canvassed this area enough, we have a situation where we would agree to disagree, I suppose. A reference would not guarantee a speedy determination in any event, speedier than a trial, I concede that to the Member, but with appeals to the Supreme Court and preparations of books and so forth. You are looking at months, and the consequences the Premier talks about would still be there.

I think the question of the direct tax — take for example Ontario, the Ontario people may pass their tax on the Nickel Rim Mining case, that was fought out too. So if we had abandoned the reserves tax and we had gone to another form of taxation it

too would have been subject to the appeals and the same tying up of the activity. I don't think very much has changed there.

Mr. Chairman, I have some information with respect to taxes, I have one copy, I'll read it slowly.

**Mr. Malone:** — Could you Xerox it?

**Mr. Romanow:** — Well it has some notes on it, for me which I don't think I should give. I'll get it typed, but I'll give it to you in the meantime.

For easy reference, this is the way it should be done. Make a column on the left hand side of your page, called Company, then we'll list the companies down the line. Then in the centre put a column called Reserves Tax Owing. Then on the right side put a column Proration Fees Owing. Three headings running across. Starting with the first company I have on my list, Central Canada Potash, reserves tax owing, \$11,383,000; proration fees owing, \$922,000.

**Mr. Malone:** — Could I stop you there? Did they ever pay the reserves tax?

**Mr. Romanow:** — They paid the first two quarters, then they stopped.

**Mr. Malone:** — They told you they were going to stop because they couldn't pay any more. Is that not correct?

**Mr. Romanow:** — I won't dispute that, we can argue about that later. I am simply saying to you, you want this information, these are the facts.

I should also make one other comment that is some of the areas the amounts owing are the subject of ongoing discussions as to the computation of the tax. This is particularly true in the . . . the Members shake their heads and they smile. You can put any attachment you want on it, Central Canada Potash is arguing \$11,383,000 unpaid, I think is a little more than just a computation of the formula, or \$922,000 in proration fees is a little more than quibbling small amounts in the payments.

**Mr. Lane:** — Up to what period . . .

**Mr. Romanow:** — These are to December 31, 1975.

The next company is Cominco, reserve tax owing, according to our calculations \$1,714,000, proration fees owing \$576,000.

The next company is Duval. Duval is one company which the reserves tax owing is \$92,000 — I have to be fair here, that is a subject of dispute as to the amounts. There is a non-payment of that amount owing. There have been some payments made here. Proration fees \$526,000 owing.

The next company is IMC-Amax, not one company but there is a relationship between the two companies, we are lumping them together. IMC-Amex, reserves tax owing, \$5,360,000; proration fees owing, \$1,938,000. Again on the IMC one it is a fairly substantial amount. There has been some payment. There is an argument as to computations and the like. This is what is owing.

Kalium is the next company, owing on reserves tax \$1,461,000; proration fees owing \$771,000.

Next company, PCA, Potash Company of America, reserves tax owing, according to our calculations, \$508,000; proration fees owing \$452,000. Again with respect to PCA I would say there have been some payments and there is a dispute as to sums and the calculations and the like.

The next company, Alwinsal – A l w i n s a l, I know you know it, but the Hon. Member for Assiniboia-Gravelbourg looked quizzically at me. I don't know why these boys get so offended, even I don't know some things, you know. I don't mean this in any sort of aggressive way. Don't everybody get up on your high horse. I am sorry.

Alwinsal, reserves tax owing \$713,000; proration fees owing, nil. On Alwinsal, again there have been some payments then there is the computation argument with the department.

Sylvite, that is Hudson Bay Mining, reserves tax owing \$198,000, they have made payments; proration fees owing \$606,000.

The next and last company is Allan Potash Mines, APM. You have to subdivide Allan into three partnerships. This is the question that the Member for Elrose asked. So below Allan indent a little bit and mark down as follows: — For Swift's, Swift Canada. Reserve tax owing by Swift's \$1,175,000. I'm still giving you now the reserve tax only. The next partner, Texas Gulf owing reserves tax \$2,023,000. U.S. Borax owing \$665,000, or the total for Allan Potash Mine owing on reserve tax \$3,863,000.

Now on the other side of Allan, Allan Potash Operators, APM, owing on proration fees, APM fees or proration fees as the operating company, I should put it in that sense, and they owe \$5,099. Now if you draw a line below your column called reserve tax, you will find on our computation \$25,292,000 owing on reserve tax. If you draw a line under the prorationing fees owing, you will have on the computation \$6,390,000 owing. If you total those two figures up together to December 31, 1975, the total owing \$31,682,000 to the people of Saskatchewan.

**Mr. Malone:** — Central Canada, I believe, advised the Government some time ago that they simply didn't have the money to pay the reserve tax as assessed or the prorationing fees. Is that not correct?

**Mr. Romanow:** — I think the answer to that is yes.

**Mr. Malone:** — On the others, Cominco, Duval, well they are all there, I suggest to you, Mr. Attorney General, that all of them have paid reserve taxes as they have become owing on the

instalment. That is, the only instalment that is not paid is the December 31st instalment.

**Mr. Romanow:** — It is correct to say that there have been some payments on instalments or on a quarterly basis, on and off, that is correct.

**Mr. Malone:** — Well, I am suggesting to you as none of these companies have in a sense wilfully withheld paying the reserve tax, that is there have been payments all along on an orderly basis?

**Mr. Romanow:** — I think the Hon. Member can draw whatever conclusion he would like to draw with respect to those figures. Well, I think the figures speak for themselves. I think when you find the tax owing to December 31, 1975 being in the amount of over \$25 million and on the prorationing fees over \$6 million, the Members can draw what conclusions they want to draw.

**Mr. Malone:** — The conclusion I draw, Mr. Attorney General, and it is the correct conclusion, that these companies have not wilfully refused to pay the taxes, what they have suggested to the Government is they don't really know how to calculate the taxes that are owing under the reserve tax and that there is some difficulty in ascertaining exactly what they do owe. And as you have indicated for Duval, IMC, PCA and Sylvite, I believe that there is a dispute and the dispute is not over as to whether they have to pay tax or not, the dispute is over how much they have to pay.

**Mr. Romanow:** — Well, Mr. Chairman, again I don't know what I can say on this. I think that the very fact that a lawsuit has been undertaken to challenge the validity and the legality of the reserve tax by the potash companies is statement enough as to what they think of the payment of the tax. On June 20th the withholding of the payment of the tax by all of them and then there was a gradual payment, I think is statement enough. I am just not going to get into that particular argument. The Members can draw any conclusions they want with respect to whether or not the potash companies are paying or not but those are the figures.

**Mr. Malone:** — I should like to get into the argument and I suggest to you, Mr. Attorney General, and if the Minister of Mineral Resources (Mr. Whelan) was here he could confirm this, that these potash companies, through their negotiating agency, CPPA, have requested on several occasions to meet with the Minister of Mineral Resources or his officials, to try and iron out just how much is owing under the reserve tax. That is there is some doubt on the Government's side and on the company's side how much is owing. In fact, Mr. Attorney General, there was a meeting scheduled for this month with Mr. Whelan and that meeting was cancelled by Mr. Whelan's office for the reason that it wasn't politically an opportune time for him to meet with the companies. I am suggesting to you that the companies have tried to meet with the Government to determine exactly how much is owing and the Government has refused to meet with them.

**Mr. Romanow:** — No, I think the Hon. Member is, well, if he wants to put the best face of the companies before the House and before the people of Saskatchewan, it is his full right to do so. I am not here to totally take an opposite position, he can take whatever he wants with respect to the position on behalf of the companies. I want to tell the Member that the facts are quite clear, beyond dispute, and the fact is on May 2nd, 1975, before the election was called and before the election, there was a meeting of industry people officials and the Department officials with a view of doing a number of things, one of which was to look at how the tax is computed, if you will. I don't submit to that particular wording but for the purposes of discussing the reserve tax itself. I said that in my second reading speech. We stood willing, able to meet. There was a good meeting on the 2nd of May, a number of issues were talked about, some progress was made. I don't know if we made an adjustment on the tax or not. Did we make an adjustment on May 2nd to the reserve tax at that time? Yes, in May there was an adjustment to it. And the meeting was left on the basis that this committee, which was struck specifically to do those things which you have talked about, would meet again at an early date with a view to resolving some of the issues of how you compute the tax and whether it is a good tax, which is a much more substantial argument, substantive argument. We said we would agree to meet. I would remind the Member also that the meeting of May 2nd came only two or three months after it was initially agreed to meet, sometime in February of 1975 when we met with the industry again it was agreed to meet on May 2nd, the actual meeting took place. So we sat down and all the boys had a good talk about this I am advised. There was an agreement, at least as far as we are concerned that there would be further submission at a later date detailing those issues. We agreed, and in fact it was tentatively agreed that the next meeting would be on May 22nd, 1975. I'll come to the point here, by this committee which was specifically set up for this purpose. We were advised that that meeting on May 22nd would not be held and so, at the request of the industry, I don't think we made a big case out of it, fine, the meeting couldn't be held and that was the end of it, but it was agreed still that the submission and the talks would continue. That is the last that we have heard from that committee and from that industry.

**An Hon. Member:** — Oh, no, Roy, that . . .

**Mr. Romanow:** — No, no, that is not the case. I know, you boys have got these groups and all that and you can tell us that you know this, well, fine, go ahead. I guess it does something for the morale of the caucus or something like that. But that is the situation. Now, the meeting that the Member alluded, the last one, arose as a result of an entirely different series of discussions unrelated to that industry management committee that I talked about. That is not to say that the intention perhaps from your source was to talk about these items, but it did not arise as a result of that operation. That is just the simple fact of it.

**Mr. Malone:** — I suggest to you and I know this to be the case and unfortunately your Minister isn't here and I am not suggesting to you in any way are misleading because I don't think you have

the knowledge and I think that is why you are putting this Bill through. But a meeting was lined up for December 30th between the Minister of Mineral Resources and representatives of the potash industry to sit down and sort out the reserve tax and try to determine how much was going to be owing by these various companies. That meeting was cancelled by the Minister of Mineral Resources. Another attempt was made to have a meeting this month to do exactly the same thing and that meeting was cancelled by the Minister of Mineral Resources. I say to you that that is a fact and that is the case.

Now, let me put this to you, have any taxes been paid since December 31st?

**Mr. Romanow:** — No.

**Mr. Malone:** — When was the last due date? That is, were taxes due on December 31st, or what is the date?

**Mr. Romanow:** — The statement that I gave of December 31, the due date was December 30 on this statement.

**Mr. Malone:** — When is the next due date? Four months down the road?

**Mr. Romanow:** — March 20.

**Mr. Malone:** — Well, I suggest to you, Mr. Attorney General, and I wish the Premier was here and I wish the Minister was here, that they know full well the reason these taxes haven't been paid is because with the exception of Central Canada, the companies have been endeavouring to contact the proper departmental officials and the Minister to sit down and determine exactly how much is owing for them to pay. The reason they haven't paid these sums as you have indicated is that they don't think they are the proper sums. But at no time have they ever indicated that they were not going to pay the taxes. This has been their position ever since the reserve tax was introduced, they have paid all the taxes under protest. And I say to you, I repeat my remarks about the Premier this morning, that it is despicable for your Government to go around and attack these companies when they have been doing their utmost to sit down with you to determine exactly what they do owe. I think the Premier and the Minister owe the companies an apology at the very least.

**Mr. Romanow:** — Well, Mr. Chairman, the Member as I say can fully defend the potash multinational corporations if he wants. He can tell the people of Saskatchewan that in his judgment it is the potash corporations who are being hard done by and not the people of Saskatchewan on these figures. That is fully right for him to say. He can use any colourful descriptions that he wants, I simply want to tell the Member again that on May 2nd when we met with the industry, we met in good faith as evidenced by a number of adjustments to the tax. We agreed to meet again and that was broken off by the industry. The meeting that the Member alludes to may or may not have been involved with some of the larger issues that he talks of, my information is that it arose from a different set of circumstances and it is just

not possible to continue with that meeting at this particular time. I want to also tell the member that if there is difficulty in computation of the tax, it wouldn't surprise me, since we have no access to financial records apart from two companies. We have no access, for example, to capital investment which is to be supplied as part of the financial data which is a component of the tax. We don't have any idea as to the offshore sale prices which is also an important factor and other additional sales data from the companies and have never had from the majority of the industry. So it doesn't surprise me that there is a difficulty in the computation of the tax when the basic data is not being provided, not being available. That is, I think, a self-evident conclusion that anyone can come to. So I think that the Members of the legislature can draw their own conclusions on this. I conclude too, that the payment of the tax is one issue, it is not the only issue. If it was that simple, that is to say Bills 1 and 2, if it was that simple as the taxation only or the non-payment of the taxation, then I think that the issue would be simply resolved. But it is not that, it is the totality of the issue that we are looking at, the question of the payment of the tax, the question of the production of the financial statements which are partly tied to the tax, it is the question of expansion. Expansion in itself may very well be the justification for an action like Bills 1 and 2, let alone the taxation, because there just is no expansion given the present circumstances. So as I say you can place whatever importance you want on it, about what we are doing with it. Those are the facts and the Members can conclude. The jury out in the electorate will decide whether or not the evidence warrants the action taken.

**Mr. Malone:** — Do you have the Order in Council number, or have your deputy tell you what it is, Mr. Attorney General, where these facts and figures are required to be divulged. Do you have a copy of the Order in Council?

**Mr. Romanow:** — The information given to me here by my trusted lieutenant, or should I say “right” tenant. Well, just in case, you know. The date of the original Order in Council . . .

**Mr. Malone:** — Send us a copy.

**Mr. Romanow:** — Well, okay, I'll give you the dates, if you want the dates, I can't give you a photocopy here. The question was, you wanted the dates so I giving you the dates and the numbers. Now, let me just take a look at this. I'll photocopy these and I will give these to the Hon. Members so they can study them.

The first Order in Council is Saskatchewan regulation 233 of 73, I think you wanted the number, 244-73, this was filed on September 27, 1973. This requires the file of the department capital, traffic, revenues, expenses, financial statements, etc. The next relevant one is Order in Council No. 113-74, filed May 1st, 1974. This one is the Order in Council which attempts to deal with the confidentiality argument. There is a third one which deals – Order in Council regulation No. 140-75, which is filed June 3, 1975 and this one deals with – this third one will be part of the package for you to consider.

Really, it is a lengthy one, very complicated one but it has to do with making adjustments with the reserves tax, as a result of some submissions made by the industry with respect to increasing of prices and the effects of it. I think the relevant one of the first two which you want to know respecting the filing of the statements, etc.

**Mr. J.G. Lane** (Qu'Appelle): — I think, Mr. Chairman, that what is really becoming evident this morning is the fact that two of the arguments to date about paying taxes seem to be false, the two of the arguments that the Government has given. The argument that they had to go through the courts has been refused by the Member for Regina South when he spoke to the legislature and I think the press should take a very close look at that piece of legislation, Bill 86 which gives the Government the right to make an immediate application to the Court of Appeal for any constitutional reference and that they would have had an answer on the constitutional reference well before this filibuster had been ended and that the Government had no reason to take the action that it did and in fact had another alternatives that it, for political reasons, refused to take. We have an indication now for a refusal of taxes and it is very interesting that the Attorney General had pointedly refused to answer the question this morning whether any of these companies other than Central Canada has refused to pay their reserve tax. He is implicitly admitting that the companies are prepared and are paying their past taxes, but in fact in the ongoing issue that there is a question as to amounts in assessment which is a standard question in the potash industry over the reserve tax, that in fact what we have from the Government opposite is an example of confrontation politics based on lies and untruths which have nothing to do with the realities of the situation, that what the Government is doing is using the potash companies as a scapegoat for its actions and I say that that is the basic form of politics that the actions that this Government has taken is completely contrary to a sound democratic government that the Attorney General has referred to in the past. Really what we are saying is that the Government opposite has learned its techniques from the Nixon Government of the United States and what it is doing is lying to and deceiving the people of this province and taking confrontation politics and not proper democratic government.

**Mr. Romanow**: — Mr. Chairman, as I say I don't know whether or not any Members really place any credibility in that type of a speech. The facts are there for the Members to draw the conclusions they want from them, I think the facts tell a story. Let me put it to you this way, I was going to say I don't think the people of Saskatchewan are fooled any more but I'll back it up and say this.

I think in today's politics words like Nixon-like tactics, cover-up, these are not terms which the public is no longer twiggling to and I don't think the press or the public really places much importance on them and again I don't know why I should be saying this in response to the Member. I do believe that he will be a leadership candidate for the Liberal Party and I do hope that he does run as leadership candidate for the Liberal Party because I think he will be a good candidate, but I do say, with all due respect to him, he's got to change his approach politically if the public wants a man who uses words like lies, Nixon and the like, they'll pick him but not as



So I think he's got to change his approach on this thing and maybe we will all have a little more credibility. Now, just to show you how it should be done, we will ask the Member for Saskatoon Eastview to show how the approach should be done.

**Some Hon. Members:** — Hear, hear!

**Mr. Lane:** — Notwithstanding the Attorney General it is interesting to note that he didn't refute the arguments about the direction the Government was taking, he was refuting merely the terms that were used to describe what the Government was doing. He didn't deny the fact that confrontation politics is being practised by the Government opposite deliberately to try and make the potash industry the scapegoats, the public scapegoats for what the Government is doing.

We will get back, after lunch, to the financial and taxation matters and we will have a series of lengthy questions on them which will dispute the fact any debt is owing or we'll say that we will prove, I think that this is an ongoing thing, that it is like anybody else that right now hasn't paid his December bills to, say Eaton's. Without doubt right now the Government can stand up and say that Eaton's and probably Simpson's owes the Government \$5 million in E & H tax and go around the province saying that they owe that money and in fact they do. They probably have 30 days or whatever period of time to pay it. I wonder how many people have yet paid their December bills. But we got into some matters yesterday that I should like to revert to. We referred to four particular studies yesterday and I think the Attorney General is well aware of the four that I am referring to. The Harris study, the British Sulphur, Robertson and the Kilbourn study.

You said point blank yesterday that some companies, some that did those studies asked that those studies be kept confidential.

**Mr. Romanow:** — No, I didn't.

**Mr. Lane:** — Yes, you did. We will go through the record. You said that confidentiality was asked by some of the groups doing the studies. I want to know from the Attorney General which studies of those four studies did the company doing the study ask for confidentiality, if any.

**Mr. Romanow:** — Mr. Chairman, the Member either heard incorrectly or perhaps I was not as clear as I should be. I was elaborating yesterday on some of the reasons why some studies could not be made public. I stated the main reason which I will repeat briefly again because the Member may have been out of the House momentarily. And that is that to release highly sophisticated and important technological economic and marketing data now would be in effect saying to the competitors of the present potash companies, you have access to detailed plans and potential future markets or access to what might be the marketing approaches or engineering or whatever. That would be irresponsible. That would be wrong if we were doing nothing. If we weren't even contemplating Bredenbury, even we weren't contemplating Bill 1 and Bill 2. That would be leaving all of our companies and the province of Saskatchewan exposed. I said,

that one of the companies that has been doing a marketing study and while it is under consideration, has asked for confidentiality.

Now to answer your question specifically, none of those companies that I gave you the lists of have asked for that.

**Mr. Lane:** — Which company has asked for confidentiality?

**Mr. Romanow:** — Mr. Chairman, I am not prepared to give that answer to the Hon. Member. It is not particularly relevant to this matter under consideration. The marketing study that is being contemplated is not even directly tied to this. At least that is my information that it is not tied to this. I am not even sure we have made a decision as to whether or not we are going to accept that condition yet.

**Mr. Lane:** — I think it is very relevant. I find it somewhat incredible that a company doing a study for a government has even the right to ask for confidentiality. You may have proper reasons of your own for confidentiality. But I can't believe that somebody doing work at your request has a right to ask for confidentiality. Now, I ask you again, which company? And I think as a matter of act that you should be prepared to table the letter from the company asking for confidentiality. And I ask if you are?

**Mr. Romanow:** — Mr. Chairman, I don't know how long we are going to keep going around on this particular matter. I suppose until the boys gets the figures checked out on the phones. Then we will be ready to go back to the substantive issue of the morning. I have given the answer that I have here and I don't think I can elaborate on it any further.

**Mr. Lane:** — Are you saying that the four studies that were referred to yesterday are being kept confidential by reason of the decision of the Government opposite. Answer yes or no.

**Mr. Romanow:** — The answer to that is yes. The studies that I have enumerated are being kept confidential for the reasons that I have enumerated. Said decisions are taken by the Government and has nothing to do with the consulting firms. I want to say again, that the Member may not agree with me, that is up to him, but one ought not to blow out of proportion what was in the course of summarizing possible reasons for confidentiality, the question of the one consulting operation. You can do it if you want but really in the scheme of things it is pretty small spectre. The major issues here are the consultants that I have identified and the question of whether or not we can make confidential the advice they have given to us. And we have taken the decision for those reasons that I have enunciated that they can't be made public.

**Mr. Lane:** — You have been charged with taking this legislation through the House. It is interesting that on many occasions during Committee of the Whole that the Ministers responsible

for various aspects, either the financial or the potash corporation itself have either not been in the Assembly. Yesterday, on many occasions you used the words “that you haven’t seen” or “not to my knowledge,” or “to the best of my knowledge,” or “as far as I am aware,” and on several occasions yesterday you used the words, “speaking frankly,” “speaking sincerely.” One of the first bits of political advice I ever heard was don’t trust any politician who says he is speaking frankly and sincerely. Usually he is not. I am not saying that this applies in this particular case.

We have been shut out, we in the Opposition have been shut out from the information. And our basic position is, aside from the philosophical, you are either acting on bad information or you don’t have good information when you embark on this scheme.

I am going to ask you a series of questions and I should like you to give your first yes or no answers today. Have you read the Robertson study done at the behest of the Government?

**Mr. Romanow:** — Mr. Chairman, I think the Hon. Member might be somewhat confused about the nature of the Robertson study. I tried to make it clear to the Members yesterday, I don’t know if the Member was in or not, that the Robertson study is the advice of senior consultants and engineers relating to mining economics, mining engineering, mining technology and so forth. This is really a consultant firm for the purpose of evaluating. The study, in a sense, and that is a bad word to fall into, is an ongoing method of giving advice to government or to the Potash Corporation of Saskatchewan on mining engineering and mining technology and mining economics and so forth. A lot of this is verbal, some of it may or may not be right, I am not sure of that. But it is not particularly helpful to try and answer a question like that, yes or no. As the Hon. Member will appreciate the problem is complex and so too is the advice which is given to governments. It is one which is not open to simple yes or no.

**Mr. Lane:** — Have you read any of the reports or do you read all the reports that are given to you on an ongoing basis by this particular company? Do they go to you?

**Mr. Romanow:** — Mr. Chairman, the reports of all consultants, like in all aspects of government go, I suppose, in the first instance to management people within the Government, the Potash Corporation of Saskatchewan people, or the Department of the Attorney General people, whatever the report is. The report thereafter is analyzed, it is summarized for the Minister and recommendations are made by the appropriate people for possible questions of action. That may take a good number of forms. It may be verbal, it may be written. It may take place in meetings. I have tried to keep myself abreast with as many of these or all of these as I can, whenever I can.

**Mr. Lane:** — Are you saying that you have in fact read the reports that Robertson has submitted to the Government? Have you read them? All or most or whatever?

**Mr. Romanow:** — Mr. Chairman, I don't know what more I can say to the Hon. Member in terms of answering the Member. I have given the answer, I know he was talking to the Member for Regina South at the time. And I am reluctant to repeat the answer for fear of taking too much time.

**Mr. Lane:** — Have you yourself read the Harris study, the Dominion Securities Study on Finance? Have you yourself read it, or any studies or reports?

**Mr. Romanow:** — Well, again, Mr. Chairman, the same answer has to apply with respect to Harris as I gave with respect to Robertson on both the study and on the method of which these are usually handled. I don't think that anybody can answer these things as I say in a very simple way, as the Hon. Member would suggest.

**Mr. Lane:** — You are certainly giving a very quick implied answer. Have you read the British Sulphur Corporation studies, any of the reports before you came into the legislature to Committee of the Whole? Yes or no?

**Mr. Romanow:** — Mr. Chairman, I give the same answer that I have given to the Member opposite. Some of the boys opposite who I think have never been in government and who have never been MLAs before, like perhaps the Member for Eastview might be mistakenly of the view that all reports at all times by all government people are read. I am sure that they are read with the same degree of precision that all reports are read by all councillors when the management people submit them and, of course, they aren't because it is the job of management to summarize the reports; the job of management to make recommendations on those reports and it is a job, then, of government to accept or reject those reports. Wherever possible I try to read all the reports that I can that are pertaining to my field of responsibility. Very often one reads only the summaries of them and makes decisions on the summary. That is the way the government operation works, for the Member for Qu'Appelle, who had some mild exposure with government, will know that is also the case.

**Mr. Lane:** — I have also had enough exposure, Mr. Chairman, in government to realize that a Minister who is embarking on something major usually tends to inform himself, gets all available information because it usually allows him to make the correct decision or the decision that will justify the decision. So far, basically, what we have heard is that the Attorney General has not read the Robertson studies or reports, there is Dominion Securities reports on finances; British Sulphur Corporation reports on marketing.

I am now going to ask the Attorney General whether he, himself, has read the Kilbourn report on the feasibility of a mine at Bredenbury?

**Mr. Romanow:** — Mr. Chairman, I give the same answer generally, the Kilbourn one I know, that I did not because it is one which, of course, is on the engineering and is one that is very, very

technical and the best thing that can be transferred to us by our technical people analyzing it and making recommendations on that. So I don't think that I did read the Kilbourn study.

**Mr. Bailey:** — Mr. Chairman, I was just going to rise on a Point of Order. I realize that not being trained in the legal profession I don't want to interrupt the questions that are going back and forth. It is very obvious that the Attorney General has been chosen to pilot this Bill through the House and the longer I sit here the more I realize why he was selected.

I don't know whether it is the acoustics in the building or the fact that I need my hearing tested, but there are times when I am not being able to get all the comments that are being made on both sides of the House. I am not being a stickler on decorum here, but I just can't at times pick up what the Attorney General is saying and I am interested in what he is saying and I am interested in what people on this side of the House are saying. So I would just ask the House if they would give some co-operation, particularly the Members opposite, to the House Leader, because he is not coming across here and I am interested in what he has to say.

**Mr. G.H. Penner** (Saskatoon Eastview): — I just wanted to interject on a point made by the Attorney General a moment ago, when he invited me to comment about the business of reports coming to council. I understand that what the Attorney General is saying is that no elected person can read everything. But my experience has always been as an elected representative that when there are major studies or major decisions to be made that I have to rely on my own judgment in addition to that of those who are hired to make recommendations. The only way that I can do that is to read the material.

I say to the Attorney General that it bring in the kind of legislation that Bills Nos. 1 and 2 provide and then to, in effect, admit that he hasn't read the studies, I think is clearly irresponsible.

**Mr. Romanow:** — Mr. Chairman, even the Member smiles when he says that he has read all the studies. I have seen the Members – and I don't want to get personal, but I have seen City Council operate and some of the judgments and comments made by City Council, and I would be very surprised if the Hon. Member read all studies at all times.

But leaving that aside because that gets into personalities, and I don't want to, the Member concludes about me not reading the studies. I admitted not reading the Kilbourn Engineering study, because I just asked one of the assistants back here, how big was it in technical data. He said it was something like that, he showed me, and I said, "Well don't show them because the Members will think you are exaggerating." But it is that big, about seven or eight inches, for the press information.

I have a tough enough time sometimes understanding legal reports let alone engineering reports. And for the Hon. Member to get up and say, oh, he hasn't read the engineering report, this big wild thing for the province of Saskatchewan, my gosh,

how terrible it is, well as I say, you have to make politics too Member for Eastview, not on that.

**Mr. Penner:** — Let me just counter that. I didn't suggest for a moment that I read every report, but I said that there are major reports that come forward that are read very clearly. I am just simply suggesting to you that it seems to me that you ought to be in that position on a move that has the kind of proportions, in terms of the history of this province, that the Bills that we have before us.

**Mr. Romanow:** — I believe that I am. I believe as I have said to the Member, I have answered all the questions. I have done as much reading than probably any Member in this House — well as much anyway as any Member in this House, I am not sure. Well, maybe the Member of the potash corporation might be ahead. Everybody tackles all reports as much as they can and this is a decision that has taken weeks and months. We have lived with this decision and that is the case.

The thing that bothers me just a bit, if I can, about this operation is that maybe if the Leader of the Opposition were here he would say, oh, you did the same thing when you were in Opposition. Maybe I did, I don't know. I don't think I did, but what bothers me is the two levels of argument that we are seeing in the House.

The one level of argument tries to go to the substance of the issue. I think the Member for Lakeview (Mr. Malone) has raised those about the tax as the Member for Regina South (Mr. Cameron) has. Another level of the argument which the Member for Qu'Appelle (Mr. Lane) and the Member for Saskatoon Eastview (Mr. Penner) try to show, is the one that questions the bona fides, one of the individuals involved, one questions the integrity of the individuals involved. The boys smile and they smirk and it is all fair pool of the operation, and that may be so, but I don't think that I have seen this other than the fact that it happened a little bit during the 1971 to 1975 period by the Liberal Opposition at that time. It wasn't meeting the argument head on, it was sort of Romanow hasn't read the reports. I don't think that I have ever seen that other than in 1975 a little bit. And, of course, the end result was that if the public believed in any of that, what happened was that all the voters got scared into the Conservative camp, from the Land Bank issue and the boys who stood on the principles collected the beneficiaries of these things and here we see the same thing again.

So, again, I am not going to lecture any of the Members. You do whatever you want to do, I will try and answer the questions I can as to whether I have read the reports or not, or whether I am going contrary to the reports or not, we will keep ploughing through that, but that doesn't help much in the debate, in my view, Mr. Chairman.

**Mr. Cameron:** — Can I ask you a question in your capacity of the vice-chairman of the Saskatchewan Potash Corporation?

I was asking some questions this morning about a sale apparently made by Kalium at a price of \$42, give or take a

little, which is a fairly substantial drop from the price levels that we have been experiencing. My understanding of the British Sulphur Corporation study, which I gather we are not going to get, is that it gives you some indication as to future prices and future market demands. I am trying to get a handle on whether we are in a short-term decline period or whether we are looking at something more substantial than that. Can you tell me whether the British Sulphur Corporation study indicates any price levels three or four years down the road? Do they give you a prediction of what prices are likely to be?

**Mr. Chairman:** — Order, if I could just have your attention. As I mentioned earlier in the debate I would ask all Hon. Members to please address the Chair and speak, as the Hon. Member for Elrose said, speak into your microphone as clearly as possible, so that all can enjoy, if you want to put it that way, the discussion and I ask as much quietness as we can have in the Assembly here, please.

**Mr. Romanow:** — Mr. Chairman, I am glad that the Select Committee on speakers and procedures is constituted so we can perhaps get some changes because I do think that this system is a bit outdated.

But to try to answer the Member's question, the British Sulphur Corporation study really is a very detailed study of basically world supply and demand over a 15-year period. The Member asks the question of whether that was a three or four-year study in terms of the prices. There are apparently references to prices, but the substance of the report does not deal with pricing so much as it does of supply and demand. As the Member will know what is happening on supply and demand will be very largely determined by price. We are confident that all the material that is before us, studies and other considerations that over that 15-year period there will continue to be a very good price per ton for the potash. On the three or four-year period I don't think the report specifically refers to that three or four-year period. It is really a report commissioned to take a look at it in the time frame of the 15-year operation.

**Mr. Cameron:** — I don't as yet completely understand fully the British Sulphur Corporation study.

Is one able to go to that study and say, pluck out the year 1979 or 1970 and make a prediction as to the price level at that stage?

**Mr. Romanow:** — I think in general terms the answer would be, yes, to that. I think that one can, again, I am not sure but I was asking the question of my official who is more familiar with it than I am, as to whether or not you could pluck out specifically the 1979 price per ton, it may not be written like that, but I am advised that anybody who reads it knowledgeably, given the economics, knows the marketing, that the conclusions there are fairly obvious or could be relatively easily pulled out.

**Mr. Cameron:** — Well then, Mr. Chairman, let me follow up again. The nub of the question that I was asking in the first instance

is in view of the questions asked this morning, what is the predicted price level by the British Sulphur Corporation in, let us say, the year 1979 or the year 1980?

**Mr. Romanow:** — Well, I can answer the Member by saying that on the best information that we have to date, there is no anticipated drop in prices in 1979 from the current prices. Indeed, the projection of the information before us is that on the totality information, is that if anything the price should increase by 1979. I think that this has even been talked about by the industry itself. I can't put a finger on any clipping offhand, but I think the industry has also talked, I think that it is safe to say that it has been said that the price should remain the same if not increase. I don't want to lay too much stress on the increase part of it, but that in fact, I think would be a fair conclusion that the price is likely to be increased in 1979. That is the best information we have before us.

**Mr. Cameron:** — Well again, I will make one more effort with you to try to get you to answer a very specific question.

Does your British Sulphur Corporation study make any prediction as to what the price will be, let us say in 1980, and if so, what price?

**Mr. Romanow:** — The Member is a very clever lawyer. Be careful of clever lawyers.

**Mr. Cameron:** — Federal lawyers at that too.

**Mr. Romanow:** — Because I take the position and I have now for almost two days, have been saying, look it I can't make it available, please understand why I can't make it available. The Member says, okay, I accept that but I want to come back and ask you, what does the study show you about a price in 1979. And when I immediately give him the answer, he says, what about 1984 and on and on it goes. So I have to be careful not to go down that slippery path that the Member gives.

I can say this, or I will say this, I don't know whether I can or should, but I will say this in the hopes of satisfying the Member. That the 1979 year has, there is a figure apparently on the price for that time span and that the figure quoted is one which is higher than the current per ton price.

**Mr. Cameron:** — Mr. Chairman, if I may address myself to that one, to show you the very difficult position that we are placed in. We have certain information from the industry, and we don't know whether it is accurate or not, and have certain information from government reports which are available. That information, according to you, is more reliable. When we go to the kind of information that government gives us — and here is a study "Facts on Potash" published by Mr. Whelan. It says:

The British Sulphur Corporation, a leading authority on the potash industry is predicting world demand for potash will double in the next 15 years and that prices



by 1980 will be as high as \$100 a ton K<sub>2</sub>O.

You have the study available to you. Little bits and pieces of the study appear in the Facts of Potash. The difficulty is we don't know how complete that is. The other difficulty is this: when I ask you a question about information which appears here you are reluctant to even tell us that, although it is published here. You understand what a very difficult position it puts us in. I merely use that as an illustration. You are so reluctant to disclose anything about the British Sulphur Corporation study and yet here is a prediction – in 1980 \$100 per ton, which is the very question that I asked you and which you wouldn't answer. You ask yourself about the difficulties we are in here.

**Mr. Romanow:** — Well, I appreciate that the Opposition has some difficulty in this, but I ask again, since we are asking everybody to understand each other, to understand my difficulties in terms of tabling the reports and giving the information of the reports. I won't go over it again, the reasons why we can't. The report that the member alludes to is one which is widely distributed and prepared by the Department of Mineral Resources. I think it is fair to say that that report is one that Mineral Resources has analyzed, given all the reports, and contain some information in there. I am simply saying that the position that I have to take, as the Government, that is my problem on this for the reasons that I have said is that I can't get into the detailed considerations of these reports because it is not in the public interest to do so, for all of the reasons that I have enunciated.

**Mr. Malone:** — Mr. Chairman, I should like to return to this business of taxes that are supposed to be owing by these various companies.

I asked you earlier are there any taxes that have been paid after December 31st. I ask you now, were any taxes paid by these companies that you have listed with the exception of Central Canada and possibly Texasgulf between December 20th and December 31st?

I am asking you whether these companies that you have listed with the exception of Central Canada and Texasgulf, have they paid any taxes to the Government between December 20th and December 31st. December 20th being the day they became due.

**Mr. Romanow:** — My information is that the due date being December 20th payments were made by the companies, by some of the companies with the exception of the two that the Member raises.

**Mr. Malone:** — The payments that were made were based on the calculations by the companies of the amounts that they felt were owing and they made those payments to the Government. Is that not correct?

**Mr. Romanow:** — I assume that that's the basis of it. I repeat again for the Member that one of the difficulties in the computation of the tax is the fact that the majority of the industry has not provided the very basic material which is needed in the computation of the tax. If they don't provide it for us,

for the Government, for the tax collector to check and to verify, then presumably any payments that are made, are made on their calculation or on their computation of the figures. So I can't dispute that, but that's the situation as it appears to be.

**Mr. Malone:** — I just want to make it very clear that payments were made either on December 20th or after that date, by all the companies that you have listed with the exception of Central Canada and Texasgulf. You may take exception to the amount paid, but payments were indeed made. Is that not correct?

**Mr. Romanow:** — Mr. Chairman, I think I gave the Members the list of the companies and the names. I tried to identify those where there was some dispute. So I have to answer the Member that the answer is yes, payments were made. But I also say to the Member that the figures that I have and which I gave to the House today, are figures which I am advised are figures of sums owing after payments have been made on the December 20th instalment. Still owing \$31 million.

**Mr. Malone:** — Okay, I can accept that, but answer me this. Have the companies been advised as to how much is owing? And I say to you, Mr. Attorney General, I just talked to an official of Cominco and he tells me that they have never been advised that any more taxes are owing.

**Mr. Romanow:** — Mr. Chairman, the advice that I have is that notification has been given at some point, not perhaps in the immediate two or three week period since December 20th. That may be very well correct. But I find it somewhat incredible, really incredible for the Opposition to be standing in defence of them, say for example an official of Cominco. I am sticking to the topic. Just let me answer the question. Come to the defence of Cominco and on the argument — Mr. Chairman, the Member for Elrose has a very good Point of Order and I am having a great deal of difficulty hearing. They asked me for an answer and when I try to give the answer they don't want to hear the answer. So I just simply want to say that I find it somewhat incredible that the Opposition would be advancing the view that a mining company, say of the stature and the years of experience of Cominco in Canada, a mining company, one that has had the details of the reserves tax before it and the notifications and the information before it at some point, that the Opposition would seize on a three week or a four week delay and say that somehow we have to go giving them notification on every tax that is owing and that somehow Cominco would not know what amount is owing. If that is justification for Cominco or any other company not paying its taxes, I find that to be very incredible.

I really feel that the Opposition is not doing, well, I won't say a particularly good job, but I don't think they should get themselves into the position where they are saying that because we haven't given notice in the last three week period to Cominco that therefore somehow suggests that there is no tax payable. I don't think that's good.

**Mr. Malone:** — I find, Mr. Chairman, it somewhat incredible to use

the Attorney General's words that the Government expects these companies to pay these taxes which they say are owing and they have never told the companies what is owing. I suggest to you, Mr. Chairman, that this is exactly the case. That you have never told the companies involved what you feel is owing. Now I ask you this, Mr. Attorney General. Is it correct? I suggest to you what happened is that somewhere back in ancient history when this tax first became payable, the Government advised the potash companies that they felt that an appropriate amount of money was payable by each company under the reserve tax. The Government said we think you owe this. Then what happened was that the companies calculated the tax as far as they could determine it and maybe they were improper in not showing you their books. We are not talking about that now. But they calculated what they felt they owed and they paid that. That's the last they heard from the Government.

When they started making their payments the Government accepted those payments and never said anything about any other monies owing, never reassessed them, never did anything.

**Mr. Romanow:** — Well, Mr. Chairman, again the Liberal critic in this area can draw any conclusions that he can but I would draw two points to the attention of the House.

First of all the one fact and that is at some point or other every company has had a full detailed explanation of the tax and the request for the tax and I suspect even on some quarterly payments a specific request for payment of taxes.

For example, on June 20th, 1975 when there was a quarterly payment due the companies refused to pay the tax. That's when they instituted the lawsuit on the reserves tax and refused to make the payment of the tax at the same time. I do believe that that was a quarterly payment where there were specific letters and requests for information from the Department of Mineral Resources and so forth. I know there were public statements to that effect and counter public statements and the like. There will be unevenness in the quarter. There is no doubt about that. If you say to us you have not made any demand as of the December 20th quarter for the taxes, that may or may not be true. It probably is true, in a three or four week period that is here.

That is one argument, but that's not the central argument, in my judgment, isn't the central argument. The central argument is, if apparently the potash companies have to wait until notification why is it that some of them by your own statements have made some payments on a calculation in by previous periods, without need for notification? We didn't send them a notification on each and every due date.

But the fact of the matter is that through the totality of the history of the operation, we find ourselves at the end of the year in this amount of \$31 million, or whatever the figure is, \$41 or \$32 million which is owing. You know, as I say, I find it incredible to suggest that Cominco would take the position, well I didn't know that anything was owing, on this operation. Because I am convinced that in the totality of the correspondence that computation and what is asked of them is clear from our standpoint. We have had letters saying that they can't provide us, for example, some sales figures. On occasion they can, on occasion they can't and so forth. On and on it goes.

There comes a point where further explanation of this obviously is becoming fruitless. The only way we could handle this was to have this meeting on May 2, 1975, a meeting of officials which we were prepared to do, we had indeed. We simply said, look let's sit down and see how it goes and see if we can work out the tax and that didn't work out.

**Mr. Malone:** — I can understand very easily why you want to get off this point, but just let me put this to you as to what happened.

The Premier and the Minister of Mineral Resources got up yesterday and blasted the potash companies for not paying \$31 million. I am saying to you right now, that the potash companies didn't even know they owed the money. Now you say they do. You haven't told them that they owe the money. In fact you have accepted quarterly payments from the potash companies and have never written them and said, ah ha, thank you for the million, or whatever it is, but according to our records you still owe us another million. You have never done that. As far as the potash companies are concerned they paid everything that is owing. Now if you say there is more to come, fine. Tell them that. Tell them that they owe some more money. But don't have the Premier of this province get up and blast the potash industry for not paying taxes when they don't even know the taxes are owing. Now surely that is an incredible position for the Premier of this province to take. He knew that that was the case.

Let's go to the prorationing fees. I don't know why I didn't think of this earlier. Maybe we are getting potash fever or something. You know very well why the prorationing fees weren't paid. It is because the law has been struck down by the courts. The court says the law is invalid. That is why those taxes haven't been paid, because there isn't a law any more. Now it may be under appeal, but the decision of the courts is that the prorationing fee law is invalid. Therefore, you have no law on which to collect the taxes. Furthermore, you know very well what most of these companies, if not all of them, would have been advised by their legal counsel to not pay the taxes, because if they did pay them with the law struck down, they could very well prejudice their case in the Court of Appeal or whatever.

**Mr. Romanow:** — I fear, Mr. Chairman, that the Liberal Party in its haste to defend the potash corporations as witnessed by the last Member's statements, has really fallen into a very bad situation. See the Member for Lakeview, I just want the Member for Lakeview to hear this. I will just wait until he finishes briefing the Leader of the Opposition. I want him to hear this. I want the Members of the Opposition to hear this.

He says do you know why that \$16 million in the prorationing fees have never been paid? Why should it be paid, he said? Because the proration fees have been struck down by a court of law. Therefore, that is totally wrong. Totally wrong. What has been struck down? The Member laughs now, but you see them hasten about defending the potash corporations. What has been struck down is the Central Canada Potash prorationing regulation on production. There is a separate case, just started and not yet even determined, I don't think the exchange of documents has

taken place yet by Cominco on the prorationing fee aspect of it, which is what we are talking about in the \$6 million.

The Member gets up and he says, you know potash corporations have full rights because they have just won a court case and this has been struck down on the fees. But I am talking about the indecent haste to defend the potash corporation as against the taxpayers of the province of Saskatchewan and the taxpayers' interests. He is totally wrong on that. I say to the Hon. Member that that is the case and that is the same hard position you are in with respect to the remaining \$25 million that is owing. The remaining \$25 million being that we never gave notice to them. Never. That is not right.

I'll tell you what I will do. I will try to, I don't know if I can do it over the noon hour, but I will try to dig out correspondence to show, and I will try and table it to the Members of the House on this question of past correspondence of the requests. I have already conceded to the member that on this December 20 payment there may not have been specific notice. But for the Members to get up and say that the Government never asked for the balances owing or never asked as to what is owing is surely begging the facts. It is on the same shaky ground, in my judgment as his last statement about the prorationing fees, which is on very shaky ground indeed. So I say, Mr. Chairman, the facts are irrefutable, there is a law on the Order Paper, which is a law called the potash prorationing fees, requiring payment, there have been no payments. The law has not been struck down. There is a law on the books called potash reserve tax. Some payments have been made, the other \$26 million have not been paid. There has been exchange of correspondence and communications trying to resolve some of the difficulties, with a minimum of success. I am not saying that it is necessarily the potash industry's fault. I think that it is, but you may take a position like the Leader of the Conservative Party did, that it was our fault in the negotiating. That is a judgment one can make. But the fact is that when we tried to sit down and talk with the potash people about the reserves tax on May 2, 1975, and it was a friendly meeting, amicable meeting, everybody agreed, if we're arguing about little sums in quarters we will get . . . no May 2, 1975. The Leader of the Opposition says a gun, far from a gun. On May 2, 1975 an upcoming election was coming. I am sure the potash companies had every hope in any event that if there was a gun it certainly wasn't as loaded as it would be when a government is on a new mandate, as opposed to a government just ending its mandate toward the end of a four year term. That was the environment of the negotiating process. It wasn't us who called off the negotiations. It wasn't us who said, look we refuse to talk and here is the lawsuit on June 20 and no payments to the reserves tax. Now those are the facts. Ever since that time we have been dragging on this and we have been seeing this sum of \$25 million.

Now I think that the farmers and the small businessmen of Saskatchewan who know their obligations with respect to laws and sometimes will dispute some taxes and the like, I think they will have a different interpretation than the Member for Lakeview as to whether or not we are unfairly picking on these poor defenceless potash corporations. I don't think that we will and I just don't think that that's the case.

I have answered the Member that he is dead wrong on the prorationing fees. Dead wrong. \$6 million wrong at least.

Then the \$26 million potash reserves tax, he is wrong there too. There is an argument that he can advance, but it is stretching a long bow to say the least.

As I say again, some of the people in the Opposition can believe, I don't think the Member for Cannington (Mr. Bernston) believed for one moment that the potash companies didn't know what and how the amount was owing.

But in any event, Mr. Chairman, I think that it is getting to be 12:30. May I call it 12:30 for lunch break.

**Mr. Bailey:** — Mr. Speaker, I want to take just a few moments at the beginning of this period of time in the clause by clause debate on this particular Bill. I want to say at the beginning, Mr. Chairman, that I am extremely interested in this debate. Now Members opposite may ask the question, why, that I should be interested in this debate in listening and being able to hear the comments which are being made on both sides of the House. I'd like also to say that somehow I feel slightly inferior at this particular time with the learned lawyers to my right and the House Leader in responding to the questions that are being asked.

However, Mr. Chairman, it did disturb me this morning and I want to draw that to your attention. I did not mean to be impudent and rude to the House in any way, but there were times this morning when I was unable to hear all of the discussion that was taking place and I am not being a critic to this House. Mr. Chairman, if I am to return to my constituents and if I return to the people of the Rosetown-Elrose constituency, who I consider to be very intelligent people and they have intelligent questions to ask, then I must be able to understand what each of the sides are saying in this particular debate.

The question has been made this morning by the Opposition, the Official Opposition Party, in regards to the fact that the Attorney General was piloting this particular Bill through the House and I don't want to the Attorney general to have his buttons missing off his shirt, but it is very obvious to me that he is the only Member opposite who can in fact and is prepared and is capable of putting this Bill through the House. On the other hand, I would like to say something to the backbenchers opposite. Now they may not have to go to their constituents, they may not have to go back and answer any questions, they may have information that I do not have. But I would like to say to the Hon. Members opposite that the Rosetown-Elrose constituency happened to be number one in votes, that is that 89 per cent of the people of that constituency turned out to the polls and I beg of the Hon. Members opposite that I would like to hear what is going on in this debate. When I see Members over there during this important piece of legislation gathered about in groups of five and six and not giving any attention, not giving any due respect to the House Leader, my sympathy then has to go to the House Leader.

Mr. Chairman, the Attorney General states that the people of the province are the jury. I believe those are the words that he used. He said that the people of this province will be the people who decide and I agree with that. On the other hand

if I understand the responsibility of the jury it is that they must be present, they must hear both sides of a particular case before they bring down a verdict.

Mr. Chairman, I want to suggest to you that the Attorney General was quite right in saying that the people of the province are the jury in this case, but I would like to say that the Government has not been, and apparently up until this time, has not provided the jury with sufficient information as to make a valid judgment. I say that not as a lawyer, but as a lay person in this House. I really don't believe that the information that we have up to the present time – and I want to repeat to the Attorney General, as I have said before, that I realize that there are certain sums and certain documents that would be very harmful if made to the public, but there still is a lot of information that has been left unsaid. I get the distinct impression, as we go on in this Bill and as we have for a number of days now, that the people of this province are not going to get sufficient information.

I also would like to say this, Mr. Chairman, that I resent somewhat the plea to emotionalism that has been made, the concept that has been put forth by the Opposition, a very emotional thing that these big, bad companies and we have gone to bat for the people of the province. Now while it is good politically I don't think that the Members opposite realize the number of people who are at this particular time asking some questions. I believe that to a certain extent that the Government opposite has, in fact, created a very emotional issue. There has been confrontation back and forth and I would like to say at this time that we owe, this Assembly owes, to the people of the province an explanation. And it is with envy, gentlemen to my right, that I hope that you do not think for one moment that I am attacking you for the questions that you are asking. I would not want the Hon. Members opposite to think that I am attacking them specifically in a rude way. All that I am saying is this, Mr. Chairman, that if in fact, obviously the press this morning will have the statistics that are given. I want to suggest that there are a good deal more statistics that should be given out if, in fact, the jury, who the Attorney General says are the people of this province, if they in fact are to make a valid decision.

Mr. Chairman, the argument that has developed over and over again in the last week to 10 days, has been an argument which has been centred around a particular topic. You know, the Opposition they are for the big companies, or the Opposition in asking questions, then they are anti-Crown corporations. Mr. Chairman, nothing could be further from the truth in that. I think that we should get off the emotional part of this debate. It is not a question when the Opposition stands and says, the resources of the province belong to the people. There is no one in this House that doesn't believe that. Really the question at this particular time is this: what is the best way, the most economical way in order to bring a maximum benefit to the people of Saskatchewan from the natural resource industry? That is the question. It is not the question of who is against corporations and so on. I just have to say that the information – I sit in the House and I listen and I listen very carefully, but I can see that even as a Member who sits in this House and if I am a juror, there is no way that I can come in with a verdict; there is no way after 40 some days that I am prepared to bring down a verdict because I haven't enough information whether to decide

whether the Government is right in its actions or not.

Mr. Chairman, let me say this. It appears to me from listening to the questions this morning in the very capable way the Attorney General responded to these questions, that I can see some fault between the companies and the Government. Obviously the Government has been very poor bookkeepers; it has been very poor at letting the potash companies know what is owing. If a department is set up with the natural resources being developed, the companies would be informed on a regular basis. But to take these figures, Mr. Chairman, as the press will likely do and to present them to the province without presenting what was produced in the mines, the sale, or better still to put these figures in the paper without the Government informing the people at this particular time as to how much the Government Treasury received from these companies. What was the total amount that they contributed? There is too much information going out in bits and pieces to the jurors, the people of Saskatchewan, for them to make an intelligent decision on this particular debate.

Mr. Chairman, in closing I should like to say this. It is beyond me how the Hon. Members opposite, and I am referring to the backbenchers, it is beyond me how they can feel so absolutely secure that they are going to be able to leave this Assembly whenever it recesses and go out to their constituents with some answers to the people. If the Hon. Members, particularly those in the back benches, if you have information which the Opposition Members on this part of the House don't have, and if that is the case, if that is why you are so confident, if that is why you can't give a darn about what is going on in this House at this time, then I think we have been cheated. On the other hand if your unconcern, your lack of respect for your House Leader – and it is very obvious that there is a great lack of respect – then I would suggest to you that you are not doing a good job of representing your people.

And, finally, Mr. Chairman, let's appeal to the jurors of the province and hopefully that we can get some information out to them which tells more than the story than just in chapter by chapter.

**Mr. Romanow:** — Mr. Chairman, I should like to just briefly respond and I don't want to get into a side issue about the interest of backbenchers, whether they are on the Government side or the Opposition side, other than to say that I am sure that the Member will appreciate that it is only reasonable and natural that some MLAs, backbenchers, whether it is Government or Opposition find it somewhat difficult to maintain the same keen type of interest in both the questions and I suppose, even the answers that are given, although lesser the answers than the questions after 42 days, because I think the public knows and the House knows that if we haven't chewed this debate over now so many times, I don't know that we ever will. I do say, with respect, that our caucus, I don't think that we have had as good a caucus since I have been around since 1967, as we have this time around. There is a lot of debate in caucus, as you know. The information that caucus has is basically the information that this House has. That is the way we treat the House and that is the way we try to treat the caucus. There have been lots of questions and lots of debate prior to the



decision being made and once decision has been made, as the Member will agree with me, there is a lot more. So it is just difficult for people to be totally enraptured with the remarks that are made by all of us. I am sure that the boys try, even I as the man who tries to answer the questions, I find just a little bit difficult from time to time to zero in on a specific question and answer it.

May I make one final comment about the need for more information. I think that this is a very pertinent observation. I don't think that there will be any easy solution to this. There is no way, even if we did what the Liberal Opposition wanted us to do and which we can't as it would be contrary to the public interest, that we table all the reports on the table, there would be questions that would arise from that even if they were being honestly motivated, let alone if they are politically motivated for it. This is a subject matter which the Hon. Members agree with me is going to be around for a long time. You people will want to make it an issue until 1979 and we will want to make it an issue until 1979. And as purchases are completed, as I hope they are, there will be an issue there; as there are amendments introduced in the House there will be issues on the amendments and we will have debates again, I hope not this long, but we will have debates again on the amendments. There will always be a period where there is going to be a searching for information that we can to the House and I think we have done a pretty good job and explain the story.

Finally, on the point of emotionalism, I would agree with the member. I think that all Members in the House will know that I am not one Member who is prone to emotionalism or emotional arguments and it does hurt me once in a while to be the victim of an emotional argument, but I do say, seriously, that all sides have been guilty of emotionalism, even the Tories. I say this in all honesty, because and I don't now want to provoke the Member for Estevan (Mr. Larter), but I recall in second reading the Member for Estevan getting up and saying this is the socialist sickle and the next question was, where do we go from here. Now, that may or may not be true, but if that isn't calculated as an emotional attempt to scare people I don't know what is. I recall the Leader of the Conservative Party (Mr. Collver) yesterday, right on this very debate, raising some very fundamental questions about freedom and the loss of freedom and how this Bill represented the big socialist move to take away freedom. I think those are scare tactics. We may be trying to, in defence, rebut that on the Crown corporations positions, but I want the Hon. Member to acknowledge in the interests of the facts, that all sides have very greatly sought to escalate the emotional aspects of the argument thereby cutting down the chances for information.

In any event I will take the Member's words to heart.

**Mr. Penner:** — Mr. Chairman, I wonder if I could direct a couple of remarks and then ask a couple of questions.

I have to say to the Attorney General that I agree with him when he says that some of this debate has been carried on at an emotional level. I think that it is rather understandable that that is the case because when you try to carry on a debate on this matter, for example, by basing an argument on economic levels or on economic consideration, it has been impossible

for us to do it because the information that has been repeatedly asked for has not been provided. And I say, again, as other Members have said, that we know that not all information could possibly be put before the House. We simply do not accept the fact that all of that information must be retained as classified information. I think it is further easy to understand why the debate, from time to time, has become emotional because the people of the province have become rather emotional about the issue. And despite repeated arguments that have been put forward about people who are upset and concerned and not wanting the Government to go ahead, the Government persists in this attempt to do that. I say, well, how else can you expect people to react then but in an emotional way?

It is pretty clear that when you look at the kind of social pieces of legislation that your Government has brought forward over the past few years, that much of that legislation has stood up to the test of time to be pretty good legislation. It is also pretty clear that when you start getting into the economic end of things that you neither have the expertise nor the experience to be able to carry that forward with the same kind of credibility that you can carry forward what you have done in a social sphere. We have, again and again asked, show us that what you are doing in this economic realm, in this new area of government endeavour, has got the kind of background and the kind of expertise that makes it viable. And the people of the province are asking you that question repeatedly and you repeatedly refuse to answer it.

Now, more and more and more it comes clear that you and your colleagues are grasping at straws. Yesterday, as was indicated earlier in the question period this morning, the Premier in Saskatoon and the Hon. Mr. Whelan here in Regina, made press releases indicating another reason why the Government of Saskatchewan has made this move. And you said in those releases that after all these potash companies, on December 20th, owed the Government something like \$30 or \$31 million in tax revenues. Now I am sure that most of the people of the province have already begun to see through the falseness of that argument and the reason for putting this forward.

The legislation came forward on November 12th through the Throne Speech. And yet it is argued on January 21st, that a reason for putting forward the legislation was because the potash companies had not paid their taxes on December 20th. They clearly do not jibe. It is impossible for the statement made yesterday by the Premier and the Minister of Mineral Resources to use that as a reason for having put forward the legislation on November 12th, because on November 12th that clearly could not possibly have been known. Yes, it is clearly an after the fact event.

So I say that the Government is grasping at straws. I ask the Attorney General how can you stand there and use that as a justifiable reason for this legislation being before this House and being before the people of Saskatchewan. And then I would like to ask the Attorney General to indicate to us and to the people of Saskatchewan the amounts of money owing in the same kind of listing that you have done for us as of December 20th, in each of the other quarters, in the last fiscal year.

**Mr. Romanow:** — Mr. Chairman, I think this

is a perfect example of the remarks I made in response to the Member for Elrose about the arguments. I just don't know how many times we have heard this argument about show us and you haven't shown us, and that we need the information and that we are grasping at straws. I really would suggest that if anybody is grasping for straws it is not all the Opposition, but some of the Opposition, to try to get a new angle on this.

The information issue is one that continually keeps coming up. All the information that we have and we have tabled and that which we can't I have given reasons why we can't. We have provided answers, many answers. I give one example, the Member talked about expertise. We, long ago, said who we had hired for the corporation as president of the corporation and the various vice-presidents. We give you the information and you say, but the answer is no good. You can't win on it. It is just a non-winner because some Members of the Opposition are determined regardless of the facts they are going to continue to campaign on it.

Whether it is an emotional issue to the public or not, time will tell. I don't think it is an emotional issue for the public. I think it is an emotional issue among some of us on occasions but I think the Member is highly overstating the emotionalism of the public. I think, frankly, the public wants information. I think the public wants answers and some of which cannot be provided as yet. I think that attempts to scare the public as some did in 1962 on medicare, won't work in today's sophisticated electorate, many of them having been embarrassed by the Keep Our Doctors Committees and tactics of 1962. I don't think we will see that degree of emotionalism crop up again.

The Member says show us that you have the expertise, you have it in the social services area. Well, I think we do but you know if you go back to medicare in 1962 on social services exactly the same things were being said by Liberal Opposition then, you don't have the expertise. You don't have the expertise on medicare, how are you going to get doctors, you are going to be socializing all the doctors, you boys can run the post office but can you run the hospitals.

I didn't raise medicare this time, it was the Hon. Member for Eastview (Mr. Penner) who talked about social services. The point is if we didn't have the expertise in 1962, we have it now. I am sure when we went for the power corporation we didn't have the expertise but we have it now. Maybe we don't have all the expertise for the Saskatchewan Potash Corporation now but we will have it, just like we did with medicare, just like we did with the power corporation, just like we did with everything else. I remind you on medicare that this was a system that was condemned widely by many Liberals when we introduced it. Many dramatic incidents, that was an emotional debate. Today in some parts of the United States they are paying \$300 a day for hospital care, not in Saskatchewan and if we had listened to those who argued against it in 1962 we would be paying \$300 a day.

One final point, Mr. Chairman, I want to make and that is on the question of the tax provision. I want to stress that the Member is again very much off base on this. The figures that I recited this morning are figures as of December 31st on taxes outstanding. The Member will remember I am sure my second reading speech where I said that one of the very key dates in

this whole dispute was June 20, 1975. Why? Because that is when the next quarterly payment was due and what happened? No potash company made those payments on that due date and for some considerable time thereafter. And there was the launching of the lawsuit and what happened after that action? That is when the Government option for the consideration and the ultimate determination for the resolution of these two Bills 1 and 2 arose. Now the Hon. Member just a minute ago said, no, no, it only arose on December 20, that is the accumulative, if I can put it in those terms, effect of the taxation. The key date still is, two key dates, May 2nd, 1975, agreement to sit down, talk potash reserves to get industry proposals; June 20, no meetings, no taxes, no financial statements, no expansion, lawsuits. These are the key dates to remember. From then on in the payments come in, some of them dribbled in, some of them under protest, some of them without information, some of them because of formulas they disputed, some of them coming in, but the totality of the industry is in the position that I say justifies Bills 1 and 2. No expansion still because of tax, a hassle over the tax for whatever reasons, the lawsuits. Looking at it from a Saskatchewan point of view, in the interests of the common man, looking at it from the people's point of view, what would you do? Would you simply say, well, we are going to give it the way the potash companies want. I know that it sounds as if some of you are saying that, but I think if you were in government that if you faced those alternatives that you would also take the position that we did with respect to passage of Bills 1 and 2. We are put in a corner by these large multinational potash corporations and I suppose there is nothing wrong with them trying to put us in a corner, but there is nothing wrong with the people of Saskatchewan trying to get out from that corner. And that is what we are doing on Bills 1 and 2.

**Some Hon. Members:** — Hear, hear!

**Mr. Penner:** — You know it is not difficult, Mr. Chairman, to understand why potash companies might have a bit of difficulty negotiating with the Government if what we have just heard from the Attorney General is an example of the kind of reasoning that might have been used. I want everyone to understand that I don't for one minute condone anybody not paying to the people of Saskatchewan what they owe. The fact still remains and the Attorney General clearly dodged it, that it was given yesterday as the reason why this legislation was before us on November 12th, that on December 20th, \$30 million was owing in taxation from the companies to the province. And I want the Attorney General to know that it is not possible to con people like that because I think that that is what the Attorney General has attempted to do. I think that is what the Premier has attempted to do. I think that as the Member for Rosetown-Elrose (Mr. Bailey) just said, it is an attempt to play on an emotional motherhood kind of thing. We described earlier the business about the underdog and you know you can develop a lot of emotionalism about the underdog and the Attorney General stands there and has us believe that after all we are clearly the underdog in this matter but we are going to bring down the biggest sledge hammer that is possible to bring down on them. Now I say that is one kind of argument and that's the emotional kind of argument and the Attorney General has just been the focal point of that kind of argument ever since we began debate in committee yesterday, by taking that very path and that very road. I think he knows and

I hope he understands that we know that he knows that that is the only way he has a chance of justifying what is happening. Because again there has been nothing that has been shown in the economic sphere to indicate that the Attorney General or Members opposite are capable of the undertaking what these Bills suggest.

Now I want to go back again to a specific question that I asked a moment ago. Would the Attorney General indicate to us the amounts of money paid by each of those corporations in taxes during the last fiscal year?

**Mr. Romanow:** — I think what I will do for the Hon. Member is that I have sent one of my people out to dig out that detailed information. I think what I will do is provide for the House information of amounts owing, if any, for those quarter periods and by what companies for 1975. I think that, too, would be interesting for the House to know and I am perfectly prepared to give that information on the Member's request and we will have that in the next little while and we will be able to recite that for the press and the Members of the House as well. I am pleased to take him up on his request.

Having said that, I want to say one other final thing. I say with all due respect to the Member that he keeps digging himself in further and further on this argument because if you ask any of your potash people or the people you get your source of information from, it is without doubt that on June 20th, I would say all, maybe one company, but so many of them I could say virtually all the companies stopped payment. Now why the Member keeps on with this December 20 date, it is really irrelevant because the June 20 date is the operative date when there was non-payment. The press was full of that information and I remember being asked questions at the press conference, well what are you going to do about it? I remember being asked at one press conference, one of the newsmen saying, now look what would happen to me if I didn't pay my taxes? Another said to me, I think my taxes are too high. The potash companies think their taxes are too high. I don't think there is a guy or a gal in this House who doesn't think that the taxes are too high. I wish I could simply say to Mr. Trudeau, Dear Mr. Trudeau, I am not going to pay you my taxes because I think they are too high, and to sit back and expect nothing to happen. Does anybody think that in a democracy or any parliamentary system that that is a position that any government should be in whether it is a Liberal or PC government? No, sir, I don't think that that is the case. And I say that the Hon. Member, in all due respect, is digging himself in further. I know that he is going to feel obligated to get up to show to everybody that he is not digging himself in. That's fine, but I am just telling you that that is an undisputed fact, that June 20th date, it is undisputed. I think you have to keep that in mind when you see the rest of the development of the policy.

**Mr. Penner:** — Well, I just want to say and I am going to leave the point because some of my colleagues may want to get on to it, that I am not for one minute, and you are absolutely right, I don't think anybody for one minute is prepared to suggest that if a company owes the province taxation funds, that it ought not to be paid, any more than you or I have the right to withhold taxes that we owe either to Ottawa or to Regina. And again

that really, it seems to me, does not get at the guts of the issue, with all due respect. The Attorney General tells us that there is a key date in the whole question and that is June 20th.

**Mr. Romanow:** — The date . . .

**Mr. Penner:** — Well, all right, but you stressed June 20th and I was talking about the date that the Premier and the Hon. Minister of Mineral Resources (Mr. Whelan) gave yesterday. You know I am looking forward to the kind of information that I have asked and I hope that it will help to clarify the situation further than it has already been clarified.

I want to go back again and invite the Attorney General to consider what he has been saying. We have a company and we have the province who are at loggerheads and as a result of being at loggerheads and as a result of the Government saying to the industry we are getting in and we are getting in whether you like it or not and we want you to give us, you know, your financial statements. And then to castigate the industry and say we have done all of this and now you fellows aren't going to expand, so that is your fault and then later on to say, what we really want to do is to look after this matter through regulation and legislation. But having said all of that they are not prepared to do that, not prepared to sit down and iron out the problem. Coming in with the biggest sledge hammer when even if that was going to be necessary, how can it be necessary now when the opportunity to sit down and discuss and iron out the difficulties it seems to me is still there. Why take the risk? And I am sure the Attorney General must in his saner moments or in his sleep at night wonder about the risk. Maybe the gamble will pay off, he is saying, but maybe it won't pay off. And the fact that he has said there is a risk and the fact that the Premier has said there is a risk seems to me to be sufficient reason even of itself to make certain that every other avenue is exhausted. Now the Attorney General says, in his mind every other avenue has been exhausted. I just frankly am not prepared to accept that.

**Mr. Romanow:** — Again, those remarks must not go unchallenged. Let's just put this into perspective. I don't know if I can, to put it in its simplest terms, think of any endeavour anywhere that there is not a risk. The farmer when he buys a half section of land and borrows money from the Farm Credit Corporation or wherever, has got a risk that he is not going to get hailed out, or frozen out or he can't get that crop in. He has a risk. There is a risk on SGIO, how do we know that we are not going to suffer a catastrophe or a major consequence which will put the company on bankruptcy. That is not the issue, the issue is, is it a reasonable risk. Given the best information that reasonable and intelligent men and women have in order to decide, that is the question. You know, the position that is advocated by the Government is obviously on the strength of the market demands, the answer to that has got to be in the positive, that it is a reasonable risk.

I want to tell the Member bluntly, it is no good, with all due respect, to you, the Liberals, the Conservatives or to the NDP or to the people of Saskatchewan or to the potash companies or to Canada or to the United States, this whole area, to say

that there is an alternative and that alternative is to sit down and have a chat and somehow talk things over like in the Old Boy's Club. That is not an alternative, because we have done that. We sat on May 2, 1975. I repeat again, sat with anybody in the industry who took any notice of what went on and what was agreed to. We have done that, it is incumbent upon the Member, it is incumbent upon the Liberal Party to say something specifically as an alternative. Not to just sit down and hope that something out of the Lord's good sky will come down and give us a solution to this thing. We have here a situation with the industry, I repeat, it does not pay taxes, I'll back up, is owing a large sum of taxes.

**Mr. Penner:** — Did they pay nothing since June 20th?

**Mr. Romanow:** — Well, even on June 20, they didn't pay anything on June 20, when it was due. They have made payments since June 20 but my point is correct, that there is \$30 million of taxes owing to the people of Saskatchewan. There is, the Members won't accept that and neither do the potash companies accept that, but that is a fact. There are taxes owing, there are, apart from two, no financial statements as required by law. There is no expansion, which is probably the most critical thing if Saskatchewan is going to maintain its potential leadership in this area. It is critical for all of Saskatchewan. I think some people might very well conclude that the failure to expand is really a weapon. He talks about us using big sticks, maybe somebody could think that the industry is using a big stick. Their big stick was we are not going to expand until you bring that tax level down to our level, what we think is profitable and right. Now I would like the Members to consider that, it is a big stick. Whether they actually thought that out or not I don't know but the effect is the same. Now when you tie up the totality of those arguments, what would you do if you were in government? What would you do? You could only do one of two things. You can either sit down and give them what they want on their tax level or something very close to it, or you sit like we do and do what we did. If you think of any other alternative in between then tell us, but there isn't any.

**Mr. Malone:** — Mr. Chairman, Mr. Minister, I don't want to prolong debate on this tax business. I want to sum up our position and I think you can't refute the position. I say to begin with and as I said this morning in question period and as I said when we got into Bill 1, if taxes are owing under the law they should be paid. We don't dispute that, I don't think you have suggested that we dispute it, because we don't. If the taxes are owing they should be paid.

What we do dispute though is the fact that the Premier, the Minister of Mineral Resources, yesterday said that the potash companies are in default to the sum of approximately \$30 million in taxes. We say to you, that what happened when the reserve tax was introduced is that the Government came to some decision as to what each company should pay on the reserve tax, rightly or wrongly, I think you will concede that, that the Government came to a decision as to what should be paid. They notified the potash companies that they felt that amount of money should be paid, the potash companies then looked at their operation, looked at the law, took the advice they had to take from

accountants and lawyers and came to their decision under the law what had to be paid.

Granted they didn't pay the – I am not sure if it is the first instalment or which particularly quarterly instalment it was, but that was eventually paid. All the potash companies paid those instalments according to their calculations, I concede you that. They continued to make those instalments as they fell due, included the one on December 20th. It is my understanding that at least one of these companies and I suspect all of them were never advised by the Government at any time after they started making their instalment payments, that they owed more money. At no time to my knowledge did this ever happen. I concede that way back at the start there was a figure set up by the Government, they said that is what should be paid, the potash companies took exception to that figure and paid apparently somewhat less. At no time did the Government ever come and demand what they felt was the balance owing, until yesterday, when the Premier and the Minister of Mineral Resources gave a press release saying \$30 million was owing, which as far as I know and as to my information was the first the potash companies ever heard that the Government was demanding this money.

You answered this morning by saying, well the potash companies know what is owing, they should have paid it, is in effect what you said. The potash companies are no different than any other taxpayer. When I pay my income tax I pay it to the best of my knowledge and I suggest, Mr. Attorney General, you do the same thing. I don't think when you come to pay your income tax, if you are in doubt you pay the optimum amount as much as you can to the Federal Government. You pay what you think is the proper amount to be paid taking into consideration whatever advice you get from an accountant or whatever.

But I think most people have gone through the experience of being re-assessed by the Income Tax Department, most people have had the experience whereby they filed their return and sometimes a year or two years later the department will come back and say, Mr. Malone, we have caught you, you didn't pay enough tax, we think you owe some more money. Invariably you usually pay up and forget about it.

Are the potash companies any different than that? They are going to pay the tax according to their calculations, they paid it, if you feel any more money is owing, I suggest it is up to you to notify them and say we expect you to pay more money. You didn't do that, at least you haven't established to me that you have done that, until yesterday when the Premier and the Minister made their speeches. I suggest that that is highly improper. I have reflected upon my remarks this morning as to whether or not I went too far in my comments about the Premier. I don't think I did. I think what the Premier did and the Minister did is completely improper.

Unless you want to respond to anything I have said, I am going to another subject. Firstly, I should like to ask you, has the Government, or the potash corporation, I suppose we can use them interchangeably, been invited by Duval Corporation to come to their mine, examine the premises, examine whatever financial statements were there, gave them a carte blanche to come and look at everything they have, and has the Government through their agent Kilbourn entered into that mine and done this?



**Mr. Romanow:** — Mr. Chairman, I regret that I am not able to confirm or deny the Member's question. I have knowledge about the activities of the Government with respect to acquisition, so it is no use looking to another Minister if I can put it in that sense, because what he knows I am sure I know, and what I know he knows. There is no problem there.

The situation is this, Mr. Chairman, I put it on this basis. When the potash policy was announced on November 12th shortly thereafter the Premier met with some officials of all the potash companies and their representatives to generally describe what the policy position was and some of the reasons for it. The agreement taken at that time with all of the companies was that there would be further discussions, hopefully leading to hard negotiations at a later date on possible acquisition. Keep in mind we hope to purchase rather than to ever use this Bill. Subsequent to November 12th there have been a series of meetings with potash companies and potash people. There are some yet to take place in the next two or three weeks, there are sort of times spaced all over. I think the position on hard negotiations or a hard look at any of the mine operations really will not start until the passage of this legislation and Bill 2.

Accordingly, for me to make a comment relating to a particular mine, or mining operation, I cannot do that because we have gone no further than what I have outlined in some areas with some companies, perhaps a little further, but I cannot confirm or deny the statement that the Hon. Member makes.

**Mr. Malone:** — I am not trying to pin you down, I don't think anything really hung on the question particularly, except that it is our information that Duval has invited the Government to see their operation. I don't think there is any secret about that, I don't see how that prejudices you in any way.

**Mr. Romanow:** — I think the Hon. Member probably got his information, maybe not, I know there was a report in the Financial Post or a newspaper, where Duval was specifically mentioned, and it was in the category of a speculation story. I haven't looked at it in detail myself, but in any event, I have to stick by the answer I gave in the first part of the question.

**Mr. Malone:** — Okay, you can stick by it, that's fine, but I just point out to you that your whole thrust of your arguments about Bill 1 and Bill 2 is the fact that companies would not co-operate with you, that they wouldn't show you their books, so on and so forth. I point out to you now that Central Canada has showed you the books, Alwinal has showed you the books, now Duval has invited you to come in and check the mine. You also have a statement from Coopers and Lybrand. We will get back to that later.

Just another question before we go on to the next topic. The Attorney General is aware that — if he isn't he should be — that there was an announcement yesterday or today about a sale of potash to Taiwan. I guess the Minister wasn't aware of it at the time — the Minister in charge of the Potash Corporation — there was a sale, \$29 a ton. My question to you now is, in relation to that sale are you aware that because of the sale at

that price to Taiwan that existing arrangements for the export of potash from Saskatchewan to Japan, which is one of our major customers, outside of North America, now have to be renegotiated? Are you aware of that?

**Mr. Romanow:** — On the Taiwan sale, I haven't had a chance to confirm it yet, when you are talking \$28 or \$29 a ton KCL, you really are looking at converted roughly about \$50 a ton  $K_2O$ . I am just saying, I should have spoken to it this morning, I didn't. The implication was from \$65 a ton, we are down to \$28, that's not quite right, it is \$68 down to approximately \$50. If that is true.

**Mr. Malone:** — My information is, it depends which way you slice it, it is from \$52 down to \$29 or from approximately \$87 to \$49, either way you are taking a big drop.

The reason I ask you about the other aspect of it, and perhaps you can check with the Minister whom I see is in the House, is that because of the arrangement with Japan to provide them with potash, there is a provision in that contract, if there are sales and the price drops from what Japan is paying, that we have to renegotiate the position with Japan. In effect future sales to Japan will not be made at the contracted price, but that a much less price because of the sale to Taiwan. Would you comment on that, or the other Minister?

**Mr. Romanow:** — Well, I can comment on this, because this was the series of questions in a similar vein this morning by the Member for Regina South.

**Mr. Malone:** — . . . Japan . . .

**Mr. Romanow:** — No, but the whole question of future prices for international markets as a result of this sale. I think one of the first points to keep in mind is that any negotiation if that is true, is as between Canpotex and the purchasing country and/or the individual company, not the province of Saskatchewan. But that is perhaps a detail.

The only comment that I can make is that it would be our hope that the process is carried out in an orderly marketing fashion. Undoubtedly if price cutting takes place, this would be detrimental to a number of producers. It is possible, but I don't think it is likely, certainly not based on the one sale development. I just think the potash companies have learned through the experience of 1969-70 when there was price cutting to such a point where the industry was virtually on its knees that a repetition of this is not desirable. I think they understand that. I think we have to see how developments go in the next days, weeks and months to see whether or not I am right in my view or whether some suspicions might be true on the opposite side. We are confident that there won't be any massive rush to dump at low prices, if I may put it in that way.

**Mr. Malone:** — This is why I make the point. You regarded it this morning as more or less an isolated incident. I bring the point back to you to illustrate that it is not a isolated incident,

that it affects existing contracts right now with Japan. We talk about a softening of the market, indeed there is very much of a softening of the market. We understand that Kalium was the company involved in the sale to Taiwan. Obviously they know that when they make that sale it is going to affect the Japanese situation, but nevertheless because of the inventory on hand, that they have on hand, they felt they still had to go ahead and do it.

I am not painting a gloomy picture just to embarrass the Government, but I am talking about facts and they are there. I don't think you can disregard them. It is a situation that appears that is going to get worse before it gets better. I make that comment, I don't know whether you want to respond or not.

I should now like to get into some questions about the meetings with the potash companies and I hope this won't be overly tedious. Again, one of the reasons for this legislation being before us according to yourself and to the Premier is that the potash companies just refused to participate or refused to go along with the Government's suggestions and their references to meetings and so on over the past months. I wonder if you could give me a brief outline as to the meetings. I think the starting date would be April 29, when at that time, I think the companies were made aware of the Government's proposal of the reserve tax. I wonder, Mr. Attorney General, if you could tell me who attended the meetings. I don't suppose you were there, but was a government negotiating team in attendance at all times?

**Mr. Romanow:** — Mr. Chairman, again I can give you exactly who were there. Who weren't. I don't have that handy, we would have to dig it up. I don't think the Member wants to know precisely on every one, he wants to know the flavour of what is happening, what was the purpose of them.

The meetings varied. In some cases it was a one-on-one situation, if I may put it that way, the Premier and the president of the potash corporation or a senior person like the president.

**Mr. Malone:** — A potash corporation . . .

**Mr. Romanow:** — Yes, one. There was a meeting of an hour and a half or two hours with only one company.

**Mr. Malone:** — I am sorry if I misled you, the meetings with the Government or officials of the Government with the spokesmen for the potash corporation, I am not interested with individual meetings with one company or another, the ones with the CPPA representatives.

**Mr. Romanow:** — Since the Bill?

**Mr. Malone:** — Since April 29, 1974.

**Mr. Romanow:** — I am sorry, I misunderstood that. I will have to get Mr. Karvonen to dig that out. I have in my second reading speech highlighted some of the meetings, these may be all the

meetings and I'll have Mr. Karvonen check that out.

On April 29, 1974, the meeting where the officials of the Government and the Minister of Mineral Resources, Mr. Thorson at the time, the Premier (for part of the meeting) attended with representatives of the Potash Producers Association. I think Mr. Carpenter at that time was vice-president. The purpose of the meeting was to describe a new proposal for a new potash policy.

**Mr. Malone:** — Reserves tax?

**Mr. Romanow:** — Yes, reserves tax, dropping of the minimum price on prorationing, financial statements requirements and public participation, or joint venturing in mines. That was the basic thing. That was a meeting where it was a 'here are our ideas; thing about it situation.'

On May 8, 1974, the potash producers gave us a reaction to the policy of April 29, 1974. Again, as to who was there, I will have to dig it up and provide it.

**Mr. Malone:** — Who was there, the Premier, the Minister?

**Mr. Romanow:** — I don't believe the Premier was there. I believe the Minister was there and officials.

On July 17, 1974, a further, more detailed response by the industry to the Government's proposals of April 29, 1974 happened. On February 10, 1975, another brief by the potash association regarding reserve tax. They advocated their position that 50 per cent of pre-tax profits should be appropriate levels.

Now, that was not a meeting, that was a mere presentation of a brief on February 10th. A meeting took place on February 19, 1975, the Premier was in part-time attendance with the representative of the potash producers. There was a discussion about a fair rate of return to the industry. There was disagreement about the numbers actually used as a result of recent changes. On February 19, 1975 an agreement that a joint committee would be set up to study the problem of the tax and the expansion and so forth. So at least the discussions kind of revolved around the same numbers. Industry made a particular point about the proposed prorationing of the reserves tax that had already been implemented at that time and we agreed at that meeting of February 19th to make an adjustment to resolve their concern. I won't get into the detail of it as it is a very technical one, but we took their submission into account and readjusted it downwards.

Next, on May 2, 1975, one of the key dates that I say, this was the first meeting of the joint committee that was agreed to be set up on February 19, 1975. The purpose was to see if they could find solutions to the problems that were raised. Discussion about the rate of return, discussion around the reserve tax, no Ministers there.

**Mr. Malone:** — I can't hear you.

**Mr. Chairman:** — Order, in Committee.

**Mr. Romanow:** — Discussion around the reserve tax, progress made, industry to prepare the subsequent written proposals regarding suggested changes through reserves tax to improve upon; government members to await their initiative; next to suggest the meeting was on or about May 22, 1975. And there were no subsequent meetings after that, other than the lawsuit which was a meeting in court.

I want to say one other thing. In between February 1974 the meeting where the Premier attended and discussed in detail the potash proposals . . .

**Mr. Malone:** — February 19th.

**Mr. Romanow:** — I gave you that date didn't I? And April 29, 1974, when we advanced the proposal of the reserves tax. There were a string, I am told, of officials meeting – departmental meetings and industry officials meetings. If you would like and Mr. Karvonen has made a note to get a date of that. I would like to have that too. I think the House should know the dates of those meetings and I will try to locate that if I can. Actually Mr. Lysyk advises between May 8, 1974, when there was the first submission by the producers and October 23, 1974, when the reserves tax was announced. So we will give you that, have it typed out and lay it on the table.

But I have tried to pinpoint the highlights namely where there are some major positions or major decisions that have been taken.

**Mr. Malone:** — Now you say there have been no meetings since May 2, 1975.

**Mr. Romanow:** — I am sorry, I am not counting the meetings to discuss the policy as announced in the Speech from the Throne.

**Mr. Malone:** — Okay, from May 2, 1975 until November 12th. Did the potash industry at any time request a meeting? It is my information that they requested on numerous occasions, meetings.

**Mr. Romanow:** — Well, again, I don't want this answer to be a definitive one because I want to really get briefed on this. But my information is that it was not, indeed, the case. My information is, on the briefing that I receive from the officials, maybe I am just trying to keep the highlights in mind only because it is a very complex problem, but my information is that on May 2, 1975 the meeting was held and it was agreed to meet again to discuss industry proposals for change in the tax and suggested a date for the next meeting May 22nd. The next step, May 22nd meeting cancelled by the industry for some reason or another. Next step, June 11th election and I am only trying to identify the time period and next step June 20, the next quarterly payment of the tax, lawsuit and non-payment of taxes and so forth. There have been none since that to November 12th. Now I will have to check that and if I am in error I will certainly tell the Member – it won't take me very long because I think Mr. Karvonen knows that at his fingertips. He is just

outside trying to get the information that the Member for Eastview asked on the quarterly payments.

**Mr. Malone:** — I appreciate that you have to check with somebody but I am sure you will concede this is one of the unsatisfactory ways of dealing with this, because you weren't there. I am not suggesting that you should know this because obviously you weren't concerned at the time. But my information is — and I have had no suggestion from anybody that this is wrong — is that the industry on several occasions tried to re-establish contact with the Government and were advised that the Government was not prepared to talk to them on the advice of their lawyers. And while the lawsuit was pending that it would be improper for the Government to sit down with the industry representatives. Are you able to comment on that?

**Mr. Romanow:** — Well, it is possible that some attempts of communication were made at an official's level, as between the industry and the department or the Government and some responses like that were given. Again, my recollection may be somewhat faulty here but certainly at the ministerial or the policy level, I don't recall any requests for re-establishment of discussions or negotiations.

In any event I would simply ask the Member to keep in mind, and I am sure that he knows this being a competent counsel, that it is very difficult to negotiate when nine days, say after the election, the next message you get in the mail is a lawsuit, asking for returns of some millions of dollars and coupled with non-payment of tax. I think that would not be unfair for us to suggest that that was a pretty cool way to start off negotiations, if I may put it in those terms. It is like sort of saying here is the multimillion dollar lawsuit, give us back our money and we are not going to expand, we are not going to do anything else, but be prepared to sit down and talk, because that is basically what the reserves tax lawsuit did. So you see even if there was this type of contact it is quite conceivable that the answers that were given, were indeed given, but I would suggest to the Hon. Member that is quite a reasonable response to make, given the facts of the case, the circumstances of the case.

Again, let me just close on this point, put yourself in the Government, if you were the Government elected on June 11th and on June 20th the Saskatchewan Federation of Labour having talked with you decided to whop with a multimillion dollar lawsuit on your entire policy, I think that would be a pretty good indication that the friendly discussion points, if not but all over, but pretty close to being over, at least that is what I would do, in my own personal life. So if the atmosphere is just not there for that type of a discussion.

**Mr. Malone:** — That may very well be the case if the atmosphere wasn't there, but I point out to you, Mr. Minister, that the Premier, yourself and other Members opposite have been harping for 42 days that the industry refused to meet with you; that they started a lawsuit and that ended all communications. You have been telling us day after day, after day, after day that the industry would not come and meet with the Government that this is not the case. They tried to meet with the Government

and they were rebuffed by the Government.

You can check any of the Hansard – I can't recall when you said it, but I know when the Premier said it, on the Speech from the Throne debate and I believe you said it on several occasions on Bill 1 and 2. Again, one of your justifications for these two Bills, the industry wouldn't come and meet with us. I say to you that they tried to meet with you several times and you rebuffed them.

**Mr. Romanow:** — Again, it is the question of the argument on the facts. Let me say this, I invite you again to look at this dispassionately. I do, unless you are like the Member for Saskatoon Eastview (Mr. Penner) who thinks this is a dark socialist plot concocted about one year ago and it was all geared up and laid out. If that is the case then there is no use in me even answering. But look at it this way. On May 2nd there were no plans for Bill 1 or Bill 2, the farthest, I think, from anybody's mind. On May 2nd, having made an adjustment, one or two adjustments downwards in the reserves tax we met in a good atmosphere and it was agreed to meet again. And on May 2nd what would a reasonable man think, I ask you if you were a juror, when if you were the Government everybody ends the meeting with a shake of hands and the last position is – look we are very happy that contacts are on the go here; we are very pleased that you are prepared to sit and talk to us about the reserves tax; we will be back to you; we will be back to you on specific proposals and we thank you for the adjustments that you made downwards; and we are going to work this out as reasonable men and women. And that is the approach that we took.

Now, what would a reasonable person conclude when the next thing you got from them was this multimillion dollar lawsuit? And then for the Member to say, but they wanted to meet afterwards with you, is begging the issue. It is begging the issue because the point of the matter is that it is shown to me that some people could conclude that the industry was meeting in bad faith. It was negotiating in bad faith. It was telling us on May 2nd that we are going to work this out as reasonable men and women, all the while knowing that if we got re-elected on June 11th they were going to come back to us with a multimillion dollar lawsuit and bring the whole thing right to a halt. That is what it shows me.

And then the people of Saskatchewan are asked to take the position that notwithstanding all of that, we should still somehow sit down. How can you continue negotiations when their negotiations on May 2nd, some might conclude were in bad faith? And I think that is a reasonable conclusion that some people might have given the facts, namely, that everybody was going to sit down and work it out reasonably. That is what they told us and all the while they must have been preparing the lawsuit and the withholding of the payment. There is no other conclusion. Then to say, well, that they want to meet afterwards, how can you negotiate in good faith under that type of environment, that type of circumstance. One can't.

**Mr. Malone:** — The issue is that the Premier and you and Members opposite said that after May 2nd, or after the lawsuit was introduced, that the potash industry refused to meet with you and that is the issue and that is not the case, because the case is that the potash industry tried to meet with you and you wouldn't

meet with them. That is the issue.

To get to the meetings. Again, I am advised that at the first meeting that the Premier attended that he categorically stated that the Government was going to get into the potash business. They had various methods of doing so, but they were going in and it wasn't a matter for discussions. They were getting in with their own plant, they were getting in as to buying another mine or some type of joint venture. But there was no discussion as to whether or not the Government should go in or should stay out. There was a statement of fact that they were getting in. Now is that correct?

**Mr. Romanow:** — Now, let me say, with all due respect to the Member, that I don't think and I know that this will sound like an aggressive remarks, but if the Government decides in its wisdom, a democratically elected government, that it should want a joint venture operation, that is the government's decision, not a matter of discussion as to whether or not the industry should say yes or no on that decision. The position that was taken, and I do not now want to report verbatim because I was not there, but the sum and substance of the government policy, which is what we are really talking about here, was communicated in these terms; the desire of the government to joint venture or to get into the potash business. That is the sum and substance. Now as for the tone, I don't know, but that was certainly part of the proposal of April 29, 1974.

**Mr. Malone:** — I am not trying to pick a fight on that, I am just trying to establish that that is what the Premier said. Either at that meeting or at later meetings he indicated, or Ministers or government officials indicated to the representatives of the potash companies that your Government insisted on the reserves tax. They were wedded, was the word used, wedded to the reserve tax principle. Now is that correct?

**Mr. Romanow:** — Well, I have said on a number of occasions, and I repeat again, and I am sure that was the position at subsequent meetings, that we do support the concept of a reserves tax. Whether you want to put it in the words, wedded or committed, I don't care. We think the principle of the reserves tax is good, but what we were not wedded to is the application or the mechanics of that reserves tax. We, indeed, were very, I submit to you, reasonable in our desires to see some adjustments if that was necessary in order to ease the financial position of the potash companies. Thus, the meeting of May 2nd. There was no other reason for the meeting on May 2nd, none, nothing else was discussed but the mechanics of the potash tax.

So wedded, or otherwise, that is up to you to use that word on it, but the potash reserves tax as a concept is a good one. The application of the mechanics of it, we always stood ready to say, if it is not working fairly we are going to make some readjustments for you. Show us your books, you say it is too much, show us your books and we will see. We made a couple of adjustments downwards now, in fact, we made a 28 per cent downward from the time it was implemented to the time it was proposed on the basis of industry representations. The press never picks that up, but that is a fact and there were at least two or three adjustments altogether. So the Member is right, the concept



is something that we were committed to or believed in, the mechanics is something that we are always prepared to accommodate or to adjust if that was necessary.

**Mr. Malone:** — My point is that this wasn't for negotiations. That is you may have been prepared to negotiate the terms of the reserve tax but you were not prepared to negotiate the fact of a reserve tax and you were not prepared to negotiate the facts that the Government was going to become involved in the industry in one way or another.

Now, you say that you made some adjustments and you referred to 28 per cent. I suggest to you that the adjustments were made after the industry demonstrated to you on the submission of, I believe, February 10th, that they simply couldn't afford to pay the reserves tax; that it would break them to do so. Is that not correct?

**Mr. Romanow:** — What is correct is that adjustments were made on industry representations for whatever reasons that they couldn't afford to or whatever, I don't know, because the position of the Government has been throughout this thing that it is easy for me to say that I can't afford my taxes. I come back to that as an example. It is easy for every farmer in Saskatchewan to say he can't afford to pay his taxes, but that is not the test. The test is for any government, how does your tax situation stack up to your actual financial situation. We did demonstrate a willingness to accommodate and to negotiate by the reductions in the taxes. So the Member is right, whether it is for the reason they can't afford to or whatever that's neither here or there. I shouldn't say that because it is very critical of the argument about the production of the financial statement.

**Mr. Malone:** — What other adjustments were there? You refer to the 28 per cent. Was there anything else?

**Mr. Romanow:** — Yes, there was. Adjustment to the reserves tax was 28 per cent and there is another one which is contained in that Order in Council that I gave to the Member for Regina South (Mr. Cameron) of June 1, 1975. What that Order in Council does is it lowers the level of the reserves tax basically because of the incompatibility that results by virtue of the Federal Government's non-deductibility action.

**Mr. Malone:** — I think your adjustments were as follows. You talked about the 28 per cent one. I am not sure of the details on that but you also gave the potash companies a couple of guarantees. You guaranteed them firstly, that royalties could be deducted from the provincial share of the income tax which you gave to the oil companies. Fine, I acknowledge you did that. You gave them another rather strange guarantee, I think, in that you guaranteed them that they would not be taxed more than 90 per cent of their net income. I am not sure when that guarantee was brought about but my information is that that was one of the Government's guarantees. Can you tell me when that was made?

**Mr. Romanow:** — Am I to answer that true, false or what?

**Mr. Malone:** — Is that what you told at one of these meetings of potash representatives that their taxation rate would be no more than 90 per cent?

**Mr. Romanow:** — Mr. Chairman, the proposal or one of the proposals that was there said that the marginal tax rate on any additional revenue would not exceed 65 per cent. If people translate the marginal tax revenues perhaps you could get that figure computation that you suggest. I don't know, but the proposal was put in those terms.

**Mr. Malone:** — Certainly the Government contemplated a very severe rate of taxation. That is they gave the guarantee of no more than 90 per cent. Now the Premier is saying, we don't believe the industry is paying 80 to 85 per cent as they claim. But you certainly contemplated all along the way that the taxation would be at that rate. I am talking about including federal tax too, I am not saying this is strictly provincial. But you knew from the very time you went into these negotiations that the potash companies would be taxed to the extent of 90 per cent.

**Mr. Romanow:** — Mr. Chairman, I would not accept that as a conclusion because the Member puts it that we knew. I think that one could still take the position, we don't know as of this date what the effective tax rate is because of the non-production of financial statements. But, again, that argument has been around.

I notice that somebody is distributing cigars. Have we gotten by Clause 1 or what is the reason for this.

#### ANNOUNCEMENT

#### ADDITION TO FAMILY

**Mr. G. MacMurchy** (Minister of Municipal Affairs): — Mr. Chairman, if I might interrupt proceedings, the Member for Regina Rosemont (Mr. Allen) has had an addition to his family, a son. I think he is to be congratulated.

**Hon. Members:** — Hear, hear!

Committee of the Whole on Bill 1 continues.

**Mr. Malone:** — I would like to thank the Member for Rosemont for the cigar and congratulations to him.

Okay, now we are getting to financial statements and we might as well deal with them now. I think the Government has admitted that they have financial statements from Central Canada, you have financial statements from Alwinsal. In fact the Alwinsal's remarks, to us in any event, were that they gave you more details than they are required to give to the Federal Government. We know now that the Government is at the Duval mine through their agent Kilbourn and investigating that operation. We know as well that through the firm of Coopers and Lybrand a financial statement was prepared and submitted to the

Government in September. I should like to refer to that statement if I can. Well, I just can't put my fingers on it, but I will. Let me ask you this, the Government has refused to accept the Coopers Lybrand statement. They have really given no reasons for doing so as far as I am concerned. You will notice on the first page of the Coopers and Lybrand statement which I believe you are now holding in your hand, this statement by the company, will is a well respected chartered accountancy firm in Canada, that the figures that were provided to it to enable it to prepare that statement were the figures that were requested by the Provincial Government through the Orders in Council. Now my first question is to you, do you dispute that, do you say that they have other figures or do you say that those figures are incorrect?

**Mr. Romanow:** — The Member is right, I don't think the Government or anybody acting responsibly could indeed adopt the Coopers Lybrand statement as being the definitive statement on the financial industry. I have given a number of reasons for that. My colleague, the Minister in charge of the corporation, has given further reasons, not the least of which is one I think everybody would understand, it is of not much help to take ten incomes, say the Member for Nipawin's (Mr. Collver) income, your income especially this last two or three months, my income and the Member for Regina South (Mr. Cameron) and average it out and say that is what the tax rate should be.

**Mr. Malone:** — Don't do that.

**Mr. Romanow:** — I know, but that is what I am saying, it would show nothing. You can't base your tax revenue on averages like that. The Member for Nipawin who earns more presumably would pay more. Me, who earns so little, would pay less. In fact I have been saying that to Mr. Trudeau for a long time. So the averaging doesn't help and that is what the Coopers Lybrand study basically is.

The other point which I think is very important to this is that in the transmittal letter, September 23, 1975, the paragraph clearly says this: — third paragraph:

We did not audit the accounts from which the information was derived but have accepted it as reported to us. In every respect we have treated it as highly confidential.

Now I think that is an important statement because this says 'unaudited' and one has to take a look at depletion and capital and expenses, financial expenses, mortgage payments, everything. Royalties, any intercorporate relationships. You have to look at that, audit it, before you can come up with a statement. What Coopers have done here, because they were asked to do this, they are a very reputable firm, it was what they were asked to do, they said here is the information we give to you, analyze it in a composite way. They have done so and they have put a disclaimer on it. I think they have anyway by that third paragraph and they said they have done what we asked them and according to their judgment this is what it is. Now for the Hon. Members to accept that as therefore being in fact the case, I think it is not responsible for a government to do.

**Mr. Malone:** — I can't help commenting in passing that it seems very strange that this potash industry that has embarked on a lawsuit and you say does not want to negotiate any further and refused to meet with the Government, would have in September of last year provided these details if they weren't sincere in trying to meet with the Government again. This is what they did and it was some time later after the lawsuit was started.

If that is your point about the disclaimer. Now you know very well that chartered accountants have a reputation and to protect that reputation they have to, well not perhaps verify by audit figures, they have to be sure in their own mind that the figures that are being supplied to them are correct. If they are the least bit suspicious about figures that are supplied by a client or by something like the potash companies, their reputation will suffer if they use those figures as being accurate. This paragraph three which you refer to is a fairly standard type of paragraph in any financial statement. If the statement had said, we have looked at the facts and figures as supplied to us by the potash companies and are unable to determine their accuracy, then you would have a point. But this firm has put its signature to this statement and they are putting their reputation on the fact that these figures are correct. So I suggest to you that not only are you condemning the potash companies by saying these figures are meaningless, you are condemning a well-known firm of chartered accountants which is respected across this country and which I think even has been used by your Government on occasion.

**Mr. Romanow:** — Two points, Mr. Chairman. Number one, I do believe that it is somewhat suspicious to have this financial statement of Coopers Lybrand tendered by the potash producers dated December 3, 1975. That's when it was, I think it was tabled right during the course of the debate. We had nicely started the potash debate and there was a big press conference on or about December 3, 1975. Your argument was that by virtue of the fact that the potash producers tabled this information publicly, indicated a willingness to negotiate and what I am doing is disputing that statement by saying that when they tabled it on or about December 3, 1975, that was . . .

**Mr. Malone:** — Let me ask, when did you get the copy, let's put it that way.

**Mr. Romanow:** — We got it the same time as everybody else got it, on or about December 3, 1975.

**Mr. Malone:** — Are you saying December?

**Mr. Romanow:** — December, I am quite sure of that.

**Mr. Malone:** — Would you check that because the letter is clearly dated September 23st.

**Mr. Romanow:** — No, no, you and I are talking about two different things. The Coopers Lybrand letter is, "Dear Sirs," it's got

the statement, Coopers Lybrand, September 23, 1975, that is one thing. When we got it is another thing. I invite you to look, I think it is on the top here. Look at the covering page of the document prepared from financial information received by Canadian potash producers December 3, 1975. That's when we got it. What happened was that Mr. Carpenter called a press conference to outline these figures to show how low the rate of return was, that night he spoke as I recall to a service club. We may have got it one-half or one hour before this all transpired, but I tell you we didn't get it very much before that. But that is an aside. I mean to say that I dispute their intention to sit down and to discuss it. But let's assume for the time being that you are right, that it was a reasonable attempt to discuss and even on September 23st, which it wasn't.

I want to say, while I am not an accountant, to suggest that the term, "We did not audit the accounts," is precisely the type of statement we would expect from a reputable firm like Coopers Lybrand. I disagree with the Member, you do have audited statements, they are tested according to the terms of normal accountancy. That is what a chartered accountant says when he puts his certificate on it if he has done it and if he hasn't done it, he says he hasn't done it. And that is what Coopers Lybrand says. Coopers Lybrand say we were given some information unaudited and taking that information we come to these conclusions. I don't dispute the conclusions necessarily or the fact that they did with professional integrity. That's not the issue. The issue is, is the material that they got of sufficient value as checked and audited to be of any value, to which I say that the disclaimer obviously says no or at least casts doubt on it.

Let's go one step even further than that because the Member will join me on that, even if it was true then you don't need to audit it, the next question I have to ask myself is: — is it of any help to have a composite statement of 10 or 12 companies put together and say that that is what we should base our policy on? Is it of any use? My answer to that is that can't be, for the examples that I have given. So on those three points I just don't see where we go on the Coopers Lybrand statement.

**Mr. Malone:** — I don't think it really matters. I stand corrected on the date if you didn't get it until December 3st. I accept your comment on that but I don't think it really matters when you got the information, you got it and perhaps it is even a stronger case for the potash companies to give it to you after the expropriation Bill has become known. But are you suggesting that Coopers Lybrand, again I refer to their reputation, would submit figures if they had any doubt at all as to the accuracy of those figures? Surely not. Surely if this firm with a national reputation had the slightest doubt as to the accuracy of the figures that they were supplied with they would have said so.

**Mr. Romanow:** — We are going in circles but let me just finish by saying that I don't see anything inconsistent with what I have said or what you said. I think Coopers Lybrand are reputable. They were asked to do a job and they did it and they did it as they properly should have with a disclaimer on it, the non-audit. It is a very important disclaimer. That doesn't say

that they didn't do it as professionally as they could or whatever. But you have to get in there and you have to check those figures of those mines, you have to know what the write-offs are before you can say that the rate of return is 5 per cent or 5.2 per cent or whatever it happens to be. I don't dispute Coopers Lybrand, that they didn't do a professional job, I just simply say that the figures are meaningless. And I tell you one other thing, I shouldn't, but I want to say that I think that Mr. Carpenter on behalf of the producers association, tabling the figures the way he did, in a press conference, without us getting a chance to, in a speech – you know it is your contention that this was an invitation to sit down reasonably and discuss the matter – it wasn't, it was an attempt by the producers to thereafter base the publicity campaign that you know, it doesn't make sense, it is not fair, the rate of return is low, etc., while still not doing what the law requires them to do, to file individual statements. It was a very net manoeuvre, if I can put it that way for not having complied with the law. Because the average person would think well there is the Coopers Lybrand statement, what more does the Government want. So when you look at it, unaudited, disclaimers, composite average and other assumptions which have to be built into it which are open to doubt. I think it was a neat political trick by Mr. Carpenter.

**Mr. Chairman:** — Order, please. Might I ask the Minister if it is the intention of the House to table these documents that they are referring to, which both sides have. It isn't against the rules of the House as I understand it to discuss them and so forth, but I want to know.

**Mr. Cameron:** — We have been dealing with the detail of the financial statements and I want to really back the thing up a little bit about the financial statements and get back to square one on the thing. It is going to take me a little while to introduce the subject and then we will get to the detail of it because it is being advanced consistently by the Government again as one of the reasons for the nationalization policy.

The first indication we had of the importance that was attached to the Government not getting the financial statement was the Throne Speech. It said:

My Government has attempted to work out an accommodation with the companies through regulations, taxation, participation . . .

It said:

My Government has been frustrated in these attempts. The response of the majority of the companies has been to decline to provide information required to be provided by law.

Then the Premier in his speech made several references to this reference in the Throne Speech. He said, "Now how did the potash industry react to our policy?" He said, "First of all the majority of the companies have refused to provide facts and figures that the law requires them to provide." He talked about the meeting in February 1975, that you have alluded to. He said some progress was made by early May, some information had been

exchanged.

But still nearly all the companies refused to provide financial and production information required by law.

Again he says:

I am talking about ordinary financial statements they would have had to file with the shareholders or with the Federal Government. You, who are businessmen over there will know that. In any way their proposal that they will not supply information to a government is like the CPR saying it won't file a federal income tax return. Because the Federal Government operates the CNR; it is like Imperial Oil refusing to provide financial facts to the Federal Government because of the federal Crown corporation, Petrocan. No federal government would stand for that for five minutes.

The reason I refer to those statements is simply, as I say, to take you back to square one in the importance the Government has been attaching to the non-provision of financial statements by the companies.

You will notice that in each of the references I read, included the Throne Speech, reference it says financial statements required by the law.

What was baffling us at one stage was simply this. If the law required that they provide financial statements and they didn't do it, then why weren't charges laid or why was not some action taken under the law that required them to do it? May I say in passing there, that it was our sympathy throughout that if the potash companies were in breach of the law in not providing financial statements to the Provincial Government, they should have been charged and convicted and dealt with as severely as what the law would permit. Because they would clearly have been wrong.

This morning my colleague asked you what provisions of the law required that these financial statements be filed. You referred us to two regulations. One was dated September 25, 1973. That was the amendment to the potash conservation regulations. The potash conservation regulations were established in 1969 and by amendment of September 26, 1973 you required the potash companies by law to give you their financial statements. By further Order in Council a little later on that you referred to, you passed another Order in Council protecting them in respect to the confidentiality of the information that you were seeking.

The fact is that on the 6th of May, 1975, before the election, before the Throne Speech and before all we have heard since, the Queen's Bench Court struck down as being unconstitutional the potash conservation regulations.

Let us refer to the decision just very briefly:

The Judge said there would be a declaration as for the Attorney General of Canada that the potash conservation regulations are ultra vires, in that they are legislation in relation to the regulation of trade and commerce, hence within the exclusive jurisdiction of the Parliament

of Canada under the BNA Act and outside the competence of the Legislature of Saskatchewan.

The Judge went on to say:

There will be a declaration as by Central Canada Potash Company Limited. The potash conservation regulations are ultra vires beyond the provincial competence of the Provincial Government and that all things done under or pursuant to these regulations, directives and licences is also ultra vires.

The result of that was as of May 6, 1975, the law that had required the potash companies to give you their financial statements had been declared illegal and invalid. Therefore, since that date there has been no requirement in law for them to provide that financial information. That is why I said I want to take you back to square one with respect to it. Because once again we want to probe one of the reasons that has been advanced throughout the nationalization proposal. I canvassed one with you a little earlier this morning about the reserves tax and why it wasn't referred to the Court of Appeal for quick decision.

Now I want to canvass this one with you a little more fully. It is my understanding as of May 6, 1975, the law that required them to give the financial information went down the tube, so to speak.

**Mr. Romanow:** — Well, again, I kind of like the Member for Regina South and I sure don't want to see him fall in the habits of some Liberals in their indecent haste to defend the potash companies, to jump to wrong legal conclusions. Because what the Member has said may be partly right or to a point right. I also directed to the Member potash regulations under date of June 2, 1975 and in particular I direct to the Member, subclause 3 of Section 13, which re-enacted the provisions of making the statements subject to law. We did that specifically in the Order in Council because of the Disbury position. June 2, 1975 is the date of the Order in Council amending the potash reserve tax regulations, Mineral Taxation Act. That in addition to other documents established the same provisions regarding the filing and confidential status of the financial statements that were included in the Orders in Council that the Member referred to earlier. That was done for two reasons. Number one, they should be really under these powers because we are talking about, in a sense, the reserve tax regulations and, number two, because of the Disbury position.

So the Member's conclusion that these were struck down in law is regrettably totally wrong. The requirement is in law still there. As far as I know this has not been struck down. I say to the Liberals again, not to rush in all the time — on the no requirements in law — to always defend the potash corporations. I think they are pretty capable of defending themselves in courts of law and the like. I simply invite the Member to take a look at that regulation and I am sure he will agree with me.

**Mr. Cameron:** — As a matter of fact I will not agree with you, Mr. Attorney General. Let me say in response to your continuous



comments about our haste to defend the potash companies. You made several references in the course of a little address this afternoon about the need to get to the substance of these issues and, of course, what we have been doing here is probing you as to some of the reasons you have been advancing for the nationalization of the industry. I tell you, you can stand and you can tell us a thousand more times that what we are doing is erring in our haste to defend the potash companies; that isn't going to deter us. We are going to continue to probe.

One of the points that Mr. Justice Disbury made in that judgment of May 6, 1975, is that you cannot amend by Order in Council regulations which are ultra vires. There had been an attempt to do that earlier. The potash conservation regulations were first brought into law in 1969. Then there was a subsequent amendment. He dealt with that very issue, he said you cannot amend something which is in its essence and in its beginning unconstitutional.

The other questions I asked you which you didn't address yourself to and I ask you again. If there is a law of this kind which you think is lawful, then we ask you, why has not action been taken, why have no charges been laid, why have not other proceedings been taken against the potash companies for breach of law?

**Mr. Romanow:** — I will answer that question before I sit down. I just want to say I don't think that Members should be particularly aroused by virtue of me pointing out the fact that there is this regulation which is attached. I want to point out that I don't think this is an amendment, maybe it is an amendment, this regulation that I am referring to, the 1975 one. It is a totality of the operation. But that doesn't matter anyway whether it is an amendment or not. This is not a struck down amendment. The Member was trying to make the point that the Premier was wrongly making statements about legal requirements. I am simply trying to defend the Premier and the Government and I think I have a right to do that without everybody feeling offended by it to say that the Member is not right. That there is a valid regulation and he overlooked it. It is there on the books.

Mr. Justice Disbury, whom I know and I respect his legal judgment, that is an opinion and it is subject to appeal. I don't think we ought to be arguing whether or not his decision is right or wrong. In due course the courts will decide that. Leave that aside for the time being. I think I have made my point with respect to the validity of the Premier's statements at the time of the Speech from the Throne and otherwise. This is secondary. The more substantive of the issues asked by the Member is why not prosecute? Again, I invite the Member to be in my position, the Government's position.

From April 29, 1974 when we announced the prorationing regulations, the whole point that I am trying to make out to you and to the province of Saskatchewan right up until June 20, 1975 was, there was an atmosphere and indeed an actual fact of discussions and negotiations. For the very same reasons that the potash companies' multimillion dollar lawsuit destroyed that atmosphere on June 20, 1975 and put us in the corner, we would have done the same thing if while during the course of these negotiations from April 29, 1974 to May 2, 1975, we had put them

in the corner by taking them to court.

At all times we were negotiating in good faith. At all times we were optimistic that we would be able to make some adjustments in the reserves tax. Indeed, up to May 2, 1975, as I tried to relate to the Member, we had every belief that we would be meeting again to hear the industry proposals. That is the answer. Dare I say, I think that is a perfectly explainable and understandable answer. And for us to go ahead and prosecute under these circumstances would have destroyed any chance that we thought we might have had for resolving this thing around the conference table. Members of the Conservative Party are saying you should sit around the conference table and resolve it. Well, we tried, but I tell you we wouldn't have gone very far at the conference table if we had just sat them down and the moment they walked out, prosecuted them for non-compliance of the financial statements. We felt that there had to be some approach here. I think that is an understandable situation and I invite the Hon. Member to accept that answer.

**Mr. Cameron:** — I am not about to accept it, I can tell you, without some additional comment on it.

If one looks at this thing closely, one of the substantive reasons for bringing you to nationalize the industry is not that you couldn't get financial statements from them. A government by one means or another can get financial statements from people from whom they have to have them. This reason for nationalization that has been thrown out is another example of the kind of statement which is calculated to kind of prejudice and inflame public opinion. The question that is always asked, when we discuss it with people is that well, these potash companies were not obeying the law. There is a law that requires them to file their information. Why don't they do it? You know maybe the Provincial Government has a good point, they are pretty nasty guys if they don't abide by the law and they should be prosecuted. It is a point that is made by the public in response to one of these reasons you have thrown out to justify the takeover. I say to you that it is no reason at all, really in substance it isn't for the nationalization.

We can't have it both ways. You can't talk about wanting as at May 2, 1975 to preserve a good atmosphere when as of May 2, 1975 you had already been sued by the Potash Company of America with respect to the prorationing scheme. That was four days before the judgment was delivered. You had been through the trial many months before. That was the state of your own position with respect to the Potash Company of America and the Federal Government. You had been through all that already. Now as of May 6, 1975 the judgment comes down that says your prorationing scheme is illegal, it is unconstitutional. You lost the regulation which required the companies to produce financial information. Now between the 6th of May, 1975 and November 12th, the day the announcement was made, somewhere in between there if we can accept you, you made a decision to nationalize the industry. The Throne Speech talks about your complete frustration at not being able to get co-operation from the companies.

**Mr. Romanow:** — After June 20th.

**Mr. Cameron:** — After June 20th. Fair

enough, why after June 20th weren't they then prosecuted? If you had reached the point where you were completely frustrated with them, why then didn't you prosecute for non-provision of the financial returns and information?

**Mr. Romanow:** — I think the Hon. Member who has had a great deal of experience in government, I say that in admiring and almost a jealous sense. I think to have been exposed to Ministers at a high level as he has been, he is not an unsophisticated Member. I think that I would not be telling him anything, but I might to some others that when we are talking about financial statements of potash companies of this size, we are not talking about financial statements that are kept somewhere in the back room, like we keep our own individual household budgets or financial statements or as some businessmen might keep their financial statements. We are talking about, by and large, financial statements that have two characteristics about them. 1. They are usually computerized. 2. They are invariably not in Saskatchewan or in Canada. Either pre-June 20, 1975 or post-June 20, 1975, assuming we could somehow hot pursuit these documents down to Houston, Tucson or wherever they happen to be, I don't care, just to give you an example, how do you get them back? Maybe there is a way, I suppose there is a way. But just contemplate the legalities of that. The Saskatchewan-Canadian legalities, the Canadian-American-Saskatchewan legalities. What in the end result are you left with?

As the Member knows from government, rarely is there one single event that makes a major policy decision take place. The financial statements are but one of the package of reasons in the totality of which I think would allow the reasonable man and women in Saskatchewan to conclude this was a reasonable decision, fraught with problems, fraught with some risks, fraught with some uncertainties. And that is the emphasis and onus we put on the financial statements. You tell us that after June 20 we should spend another year or so trying to chase down the financial statements, I don't think that is a reasonable alternative or a practicable alternative. I simply say to the Member and I am sure he realizes that's the practicality of the situation.

**Mr. Cameron:** — Just a couple of more questions in this area and I will pass off of it.

I cannot see in logic how you can say that it is significant. It is of such significance, indeed, if we didn't receive these financial statements that was one of the reasons why we nationalize or propose nationalizing, while at the same time conceding to you for the purpose of the argument, that you had a law that would bar it, which I say you didn't, but conceding to you that you did, to not pursue your remedy, to not require them to give you the financial statements. Not having done that, how then can you come to us and say it is significant that we don't have them. It doesn't add up.

**Mr. Romanow:** — Because I think that perhaps we have exhausted this angle of it, but let me say the financial statements have to be put into perspective. One aspect of the argument is the non-production. That is the subject of the main discussion between

the Member for Regina South and myself right now. But it has to be put into perspective, in this perspective.

The potash companies say they cannot expand because they are being taxed too much and we say, show us. That is where the financial statements come into perspective. This is not a question of determining of whether or not the law is complied with strictly, that is a factor in it, one that I think the people should know, the good corporate citizens, but it is a question of how do we, it is how are we going to decide the question of whether or not the contention of the industry is right, that we are taxing them too high. Now that is how the financial statements have relevance. I want to say to the Member that I don't think that much ties on that, but in the totality of it it is an important tag. But more important in the perspective that I put it, that he would expect that if a company said they can't afford to pay their taxes and that was, indeed, the case they would be able to show it and would be prepared to show it to the Government, but they didn't.

The legality of it, that is another issue. But it should be put into the perspective of the industry.

**Mr. Cameron:** — I said that I made my point to you and I don't want to pursue it ad nauseam. I want to ask you something else.

I have some recollection of there being some standing agreements between federal and provincial governments where in certain instances tax returns and tax information is made available to a provincial government by a federal government. Indeed, I can recall an instance where information of that kind was given to Premier Barrett where he used it, incidentally, in some political way and got into trouble not only with the national government but I think with some of his brother Premiers.

Dave Barrett used some information which he had access to as a result of some standing arrangements between provincial and federal governments but he used it for political purposes which he shouldn't have done. My recollection is that there is some provision, in some standing arrangement between two levels of government, where the provincial government can have access to the federal tax returns of companies in the financial information they file. I wonder if you would comment on that?

**Mr. Romanow:** — I am advised that we did not have access to that tax information and, of course, we don't have access to it now. There is some suggestion that some of these tapes — they call them tapes of information that come — are dragging quite substantially and I think they have only just recently got a 1973 tax tape, which, of course, doesn't even bring us up to date with respect to potash because reserves tax didn't come into play until late 1974. The time problem is a problem and it wouldn't have helped it very much. And, furthermore again, I am not sure it would have been fully proper for us to have acted on information given in confidence as a taxpayer by a company to the Federal Income Tax Department, having been given that information by the Federal Government. The point I am trying to make is the other aspect of those arrangements that any information we get from the feds is confidential. I may be wrong on that but I think it has to be used confidentially. Even if we did have the information, which we don't have, to base an action like this, or something else, would not be proper.

**Mr. Cameron:** — I want to make two observations on that. I am not entirely certain, but I can't conceive of a more logical circumstance in which a provincial government would have access to federal tax information when the purpose of the provincial government having it, is to itself design a tax regime.

The second point that I want to make is that you say despite that, it would be irrelevant because we are looking at the period up to 1973. I put to you this. There is a whole lot more relevance than that, because after all what you are looking at here, what you are trying to determine, is what the net income position of the company is. If you could look at that company's experience up to 1973 and you knew how much income the company had but more important you would know its operating costs in full. You would know how much a plant costs, you would know how much they pay their employees, you would know how much it would cost to market. In other words you would have a view, a camera, a sort of picture view each year up to and including 1973 of what its expenses were. Now one can very easily calculate forward giving that base to determine what the position is in 1974 and 1975.

**Mr. Romanow:** — Will you ask that last question again?

**Mr. Cameron:** — Well, let me take you back as to what I am trying to do here. The point that I am making to you is this. As I see it, there is all sorts of evidence which stacked up against your statement, that the potash companies are not providing financial information and that is one of the reasons for the takeover. The evidence is really all on the other side, that that is not really one of the reasons why you are undertaking this takeover.

The particular point I put to you is the tax tapes that you said were available to you from the Federal Government would cover only up to 1973 and that the information would be irrelevant because we are dealing in 1974 and 1975. What I put to you is this: that the purpose of wanting those financial statements is to determine the net income position of the company. Now, the way to do that is to look at what the companies earn on the one hand in gross and what the expense is on the other hand in gross and then arrive at the net. The company's expense position in 1973, 1972, 1971, 1970 and 1969, is very relevant to what it would be in 1974 and 1975 because you can readily carry that forward to determine how much they are making in 1974 and 1975. Because among other information you do have, which you always got and the previous government always got, under the prorationing scheme, was what tonnage was sold and at what price. So you know what the gross income from the firms is; you have always known that. What you have difficulty in knowing is what is the net position because you haven't known the full cost. If you took a look at the federal tax tapes up to 1973 including the years that I mentioned, you would then know what the costs of production were.

**Mr. Romanow:** — Mr. Chairman, I would make two point is rebuttal or in response.

First of all what the potash companies are saying is that

the potash reserves tax, particularly that tax, has made their position for expansion not worthwhile. Accordingly, the remarks that I make are still equally valid because the reserves tax didn't come into play until late 1974. So the information prior to that time doesn't help very much to resolve that argument which is advanced by the potash companies.

I think a second point which must be made, which I overlooked to make, in response to the federal tax tapes. Again, I stand to be corrected here, but I am almost sure that they won't help very much and I will tell you why. Because you take Comino – all that the federal income tax information is, is the taxable income and the financial statements of Cominco in Canada. We are not concerned as to what Cominco in Trail, British Columbia is involved with. We don't want the tax depletions accumulated or any depletions to be written off against the Trail operation and somehow have that apply to the potash division. The issue is the Saskatchewan potash mining operation and when Cominco files a return it looks at the totality of its mining operations and makes some write-offs here and charges up some expenses here and makes some payments here and then files its federal income tax return. And that is what the Federal Government gets and we get a summary of that. So that doesn't help us any because what we have to do is to get out of them the production quotas and the levels of productions as related to the Cominco potash operation in Saskatchewan, not Cominco throughout the entire country.

I say to the Hon. Member that I don't agree with his contention that the evidence being against us in the financial information. I think to the contrary it supports us that there is no other way to get it but from the companies and they refuse to do so.

**Mr. Chairman:** — Order, please! Just for one minute. I do this with some reluctance I can assure you and yet I want the Members to accept it in the spirit in which it is given.

I should like to remind all Hon. Members that as diplomatically as possible that we have now taken the time of well into two sitting days on this Bill and we are not past Section 1 yet and we have many sections to go through on which you will have time and opportunity to debate. This is your privilege, I am sure, to have a good discussion. This is our democratic way and that is the way that we want to keep it.

I think I have been rather flexible in the way that I have conducted my position in here. I ask for your continued co-operation which I say you have given me and please adhere to the rules as closely as possible; confine your questions and your answers as briefly as possible and at the same time, again, I will say that I expect you to fulfil your obligations as good Members of this Assembly.

**Mr. D.G. Steuart (Leader of the Opposition):** — Mr. Chairman, I think that it is customary, traditional and quite in the rules, I am sure that you would agree, that on Item 1 the debate can be very wide-ranging and since there is no clause or section or subsection in this Bill that deals specifically with the questions of studies, with the question of

finances, I think then I would hope you would agree that this is the place to try and find out this information before we proceed in the detail of the Bill.

I should like to direct a question to the Attorney General. I should like to clear up a point that was raised by the Hon. Member for Regina South.

You are aware, I am sure, and if you are not aware I will ask the Minister who is in charge, or supposed to be in charge of the Potash Corporation, Mr. Cowley, who was the former Finance Minister and a former Minister of Mineral Resources, that the information that is filed with the Federal Government of any individual or any corporation from Saskatchewan is available to the Finance Minister of the Government of Saskatchewan as it is to the Finance Minister of any province. This is a fact, is it not?

**Mr. Romanow:** — Yes.

**Mr. Steuart:** — Please don't tell us that the Minister of Finance would not, during his time, pull or ask for the information vis-a-vis the potash industry and the income tax they pay from Ottawa. If you say you haven't then clearly you are derelict in your duties. If you say you haven't I am afraid that is another reason why you are putting this Bill through and not the former Finance Minister or the present Minister who is designated to take over the potash corporation.

Now, don't wave Cominco at us. Cominco is a part of a large complex, talk about Potash Company of America, talks about Duval, talk about Alwinal. These are the only operations they have in Canada. The Potash Company of America is the only operation they have in Canada. So when they file that information they file it in regard to the Potash Company of America's operations here in Saskatoon and nowhere else. So you do have a clear idea and if you don't I will ask the Minister who is leaving and when he comes back, eventually I suppose he will come back, I will ask him if he hasn't pulled those files. If he hasn't I don't believe him. I am sure he has. That is why he isn't putting this Bill through, so I am sure you haven't as the Attorney General, but you have that information. If you haven't got it you should have it because you have made charges against these companies that when they say they haven't got the money to expand, because of your rates of taxation, and for other reasons, you say they are not telling the truth, that they have the money and so you have had to move in and take over.

That is not the only reason, I would like to point out, that they haven't expanded. And you didn't just put on the prorationing tax, you put it on in the month of 1974 that you talked about but you threatened it much earlier than that. You talked about it and began to discuss it with them, I think in April of 1974. It was in February or March of 1973 that you brought in a Bill, the amendments to the Minerals Act, to give you the power to go into the potash business. In fact you took very wide-ranging powers, some of which you amended later on.

That is another reason that the potash industry in this province felt unsure of themselves, they did not know where they stood with the present Government and, of course, their worst fears were realized when you have taken the action that you are

contemplating in this Bill.

Again, I want to ask you, if you in bringing in this Bill, if you will and I understand that you promised to give us some information about the back tax – the so-called back tax – of the potash industry. Is that right? You have some of the information, well, I will leave that to him whether he has all the information. Will you undertake to discuss during the break at the dinner hour with the Minister of Finance or with the former Minister of Finance, to find out if in fact they have looked at the income tax records and if they have, I am sure they will know exactly the net profit, they will know the write-offs, they will know everything that you have to know, in fact, whether the tax you have charged leaves the potash industry a reasonable amount of money for expansion, a reasonable amount of money at a return of their investment. Will you give us that undertaking?

**Mr. Romanow:** — I realize that the Hon. Member has only recently come into the House and has these questions to ask.

We really have canvassed this with the Member for Regina South at some detail and I tried to make the point to the Member for Regina South when speaking on behalf of the Government, that these tax tapes have not been pulled. Even if they had been I stand to be corrected on that, even if they had been pulled they don't help us much because I am advised that the tax tapes are only for the year 1973 and they are not even complete yet. And the issue is the potash reserves tax and its effect. This is the only answer I can give to the Hon. Member.

**Mr. E.F.A. Merchant** (Regina Wascana): — Mr. Chairman, I will begin by saying I find the Hon. Member more trouble for us when he is Dr. Jekyll than Mr. Hyde, but certainly we have had a couple of kind days and I congratulate you on your gentleness.

I wondered while I listened to the Member for Regina South (Mr. Cameron) and I then referred to the address that you presented to the House on November 26th, you repeat over and over again from page 420 to 427 and I could quote some of the things. The importance that you placed on the financial reports and the absence of the financial reports, you say that that was very, very important. You said that that was one of the reasons that the Government felt compelled to act, "painted into a corner," was the phrase you used quite a few times in your speech. I have read the New Yorker about multinationals too, I wonder how you square that with another occasion having clearly said in the House, and even if they had given us the financial reports we wouldn't have believed them anyway, because you implied that the financial reports were doctored or prepared or that some kind of phoney figures were placed before you.

**Mr. Romanow:** — I am trying to find the exact words that I did use from my text because my recollection is that I put a slightly different emphasis on those words than the Member opposite has and I just can't put my fingers on those words.

**Mr. Merchant:** — Let me refer the Member to some areas, page 427, the lines aren't numbered but it would be about line 28 of the 10th



day, November 26. You don't have that. You really should contact people in government. They can put these kinds of things readily at your fingertips.

**Mr. Romanow:** — I don't know the exact words but I think I know the import of the question and I wish I could get this because I think that the reading of it does place a different importance in part on it. I can't. In any event all I am saying is that as Mel Hurig has pointed out, generally speaking about multinational corporations, there are a variety of ways legitimately for transfer payments and other charges to be made as against operations here and transferred out to show, for example, a poor investment position, if that is in fact the desire of any particular company, not necessarily the potash companies, but generally. What I intended to convey was not a blanket statement that I would not trust, because I think we would have to look at those seriously, but that one would have to very carefully examine such a statement. They could not be taken as the gospel, they would have to be weighed as against all of these potential possibilities that exist. That is what I meant to convey.

**Mr. Merchant:** — I'll tell you the thing that bothers me somewhat. There are three possibilities for the reason for this expropriation legislation. First, the possibility is, as I got the impression that was your emphasis and your emphasis of the three reasons for launching these expropriation attempts, was that you didn't have the information and I got the impression that if that were really the case you were using the hydrogen bomb sort of to swat a fly and it just seemed to me that there were so many better ways of getting the information than to launch expropriation.

The second reason that appeared to me was, that is the second reason enunciated was that you thought that it would be profitable to take this step. It may well be if the Member for Nipawin (Mr. Collver) is right that we are not the right people to decide on profitability but of course none of the information about profitability is really before us.

The third reason and that is a reason that you downplayed, and I say rightly so as a lawyer, but the Premier emphasized and I say wrongly so as a lawyer or as a Member. The third reason would be that they challenged the Government, that they had taken you into courts of law and now, almost in a peeve, you weren't going to be pushed around by some potash companies and almost as a peeve you took these proceedings. I got the impression that your principal reason was you felt you weren't getting the information.

**Mr. Romanow:** — No, I don't think that is correct interpretation for the Member to put on either the Premier's remarks or on my remarks. I think one of the key things here is the question of the future of the Saskatchewan potash industry in the world. The information that we have, statements by the potash industry show that there will be a strong demand. In order to meet that demand we need more expansion in production. The potash industry said that they were not going to expand because of the taxation or whatever their reasons are. We said, show us, but they don't want to show us for whatever reasons they have. Faced with that sort of essential fact, keeping in mind the paramountcy of the need to expand, what could the Government do? But non-

production of the financial statements has to be put in perspective as I tried to paint for the Member for Regina South. The legality or the illegality of it is a factor and it has to be kept in perspective. The payment of the taxes is also a factor but in perspective. We are talking about the future of Saskatchewan in the next four or five or ten years where we want to have this province a leader in the potash markets of the world and that means incremental expansion is the best and preferable way. If the potash companies won't do it for whatever reason and won't back up to their Government the hard facts to support their reasons, I think the Government has got to do it. That's what I sometimes say about being painted in a corner and that is the substance of the argument that we have advanced over and over again. The potash companies have tried to confuse, some of them, the producers association and some of the Opposition Members have tried to confuse it but, with respect, that is the essential thing.

The Premier clearly indicated in his remarks that the lawsuit is not an issue, the right of the lawsuit, that's not an issue. But in the context of the remarks that I have just made, mainly the need to expand and the inability to do so because of the multiplicity of legal actions and so forth. It is no crime for the potash companies to sue us but it is no crime for us, the people, acting on behalf of the people to try and get out of that box. That's the issue. I think that if the Member reads carefully the Premier's remarks he will so agree.

Mr. Chairman, I wonder if I could beg leave of the House for a two-minute departure. I have been drinking just a terrific amount of coffee and water without pausing.

**Mr. Cameron:** — It has been a tough afternoon. I can understand that.

Can I in comment in respect the last remarks of yours, I simple say that in a very large part I agree in essence with what you are saying. You see what we have been trying to do as I told you earlier, is to probe the reasons that you people have given for the nationalization of the industry, one after another, probe, probe, probe, probe. One that we dealt with earlier was the right in law for you to have the financial statements and I agree with you. When you stand back and put that into perspective that really is not a very large issue. Now, what I say to you then is don't advance to the public that kind of simplistic reasoning for the nationalization because it is fairly appealing to go to the public and say we had to nationalize because those beggars wouldn't give us the financial statements that they are required to by law. Because that isn't the reason why you have come to the decision to nationalize. I think you advanced that yourself just a moment ago in your statement. Likewise I think the fact that the companies challenged you in court is no reason. We have heard it said again and again and again by you and the Premier and others that they challenged us in the courts, they challenged us in the courts. Again, that is not a substantive reason for the nationalization.

You talked about non-payment of taxes as an the end of December, 1975, which is a fact after the event. You gave your decision before November 12th, nothing that happened December 21st can influence a decision you made on November 12th. Again, it is not very important in itself, we agree, because what we

are trying to do is get down to the real substantive reasons and issues here. What we say then is don't advance those reasons here or elsewhere and call them reasons that led to the nationalization decision. If you want to reduce the matter to one of expansion or no expansion, then we are getting to the nub of something of import. What we object to is your advancing particularly outside this House, reasons like they didn't produce their financial statements, they breached the law. Secondly, no payment of taxes. As of December 21st, they owed \$31 million. Those are calculated to inflame and prejudice, those are not calculated to tell people why in substance this decision is being made.

I am glad now that we are coming to the point where you said the real sort of crux issue here is the need to expand the industry. I agree with you that is one of the crux issues and we made that point very early in the going in November. I hope before very long we will get to that one because there is no doubt about it, that is a substantive issue.

**Mr. Malone:** — Mr. Chairman, and Mr. Minister, I suppose one of the few advantages that Opposition Members have in these proceedings is that they have an opportunity to reflect on the questions and answers that have been asked. I don't like to go back over old ground but I think there are a couple of things I would like to ask the Minister. Firstly, your remark when we were talking about the reserves tax and the concessions the Government made, I think you indicated that the Government backed off 28 per cent one time, but I suggest to you, Mr. Minister, the reason that happened is that a company or the industry as a whole, demonstrated that as the tax presently was proposed that one company in particular would be taxed to the extent of 118 per cent of its profits, that is more than it has made. Bearing in mind as well the previous commitment by the Government that they wouldn't tax higher than 90 per cent, you decided to reduce the tax by 28 per cent in one instance. Isn't that correct?

**Mr. Romanow:** — No, I don't think it is correct, Mr. Chairman. I have given my answer in this regard now a number of times. The Members interpret the answer in the light of what facts they believe to be facts, but that is not the case.

**Mr. Malone:** — I assume if I can get the facts here tomorrow we may go back on it again. But let me come back to something else and that is the financial statements. Am I not correct in saying that prior to the reserves tax, prior to the disputes, there was an Act on the statutes, I believe the potash — I can't think of the name of it — there is an Act indicating that the potash companies were to have supplied certain information to the Government in connection with its financial status and so on. And isn't it correct that those provisions were really never enforced and the Government didn't go after the companies to get that information?

**Mr. Romanow:** — What was the question?

**Mr. Malone:** — Was there not an Act on the Statute Book, still is on the Statute Book, requiring the potash companies to provide

financial information and other information to the Government before all this controversy arose and is it not a fact that the Government really never pursued the potash companies to get that information?

**Mr. Romanow:** — Well, Mr. Chairman, I don't know of such an Act, it may very well be existing but again that really isn't a particularly relevant observation in my view, because I'll tell you why, because the business of the financial statements, as I said to the Member for Regina South, all have to be put in perspective. They only became an issue when the potash companies said the reserves tax was so high that they could not expand. In other words the effective time of relevance here is on or about October, November, 1974 when the reserves tax was implemented. It was after that that the hassle and the refusal to pay and the arguments as to how you interpret and all of that, that the expansion came into the issue, so it doesn't really matter about the existing statutes of the legislation. We tried, so I don't think that is relevant.

**Mr. Merchant:** — Mr. Chairman, I would like to move to another area.

**Mr. Cowley:** — How about Alberta?

**Mr. Merchant:** — Do you think I'd fit there? Maybe I could arrange for a nice safe seat in Alberta. I think it is fair to say that by and large the suggestions and comments that we have made to date in dealing with Clause 1, and probably will make for the rest of the evening in dealing with Clause 1, aren't exactly designed to encourage amendments and aren't exactly of the suggestive nature. This problem that I continue to have is a very suggestive nature and though I feel a little bit like a dog with a bone, let's go back to unsecured creditors. The reasons that I choose to make these suggestions to you now although I will make them in clause by clause as well, is I am hopeful that you might consider making amendments to look after the perceived problem that I see regarding unsecured creditors.

Now just by way of a summary my suggestion on a couple of occasions was that unsecured creditors in a vesting order were made would not be in a very strong position. I think your rebuttal to that was well, they can always sue for the \$4,000 or \$5,000 that is owing on the tire account or whatever it is, and my inquiry then is, what good really does it do them to sue for the \$4,000 or \$5,000 when what they will have to do is pursue their \$4,000 or \$5,000 judgment into Pennsylvania or New York or New Mexico. Their only hope in this province would be to serve a garnishee more or less just at the time that the payment was coming out because of course the money isn't due and owing until the arrangements are made and the Government makes the decision either through negotiations to pay or until a arbitration award is handed down and the appeal period and so on has expired. So that I am concerned, and I think legitimately, that a tire dealer, Saskatoon Tire, for instance, with one of the potash companies may have a \$4,000 or \$5,000 or \$18,000 account there, an unsecured creditor and move in with a vesting order and they don't have an opportunity to obtain payment without suing in Pennsylvania or somewhere else out of Canada.

**Mr. Romanow:** — Well, Mr. Chairman, when we get to that section on the secureds, perhaps we could explore it in more detail. But I should simply say to the Hon. Member two things. Number one, that I am sure he would agree with me in law. The Act is stating the position of the unsecureds. What the Act is saying here is that if there is an expropriation there shall be a fund substituting for the assets expropriated and that the secureds will have a claim against that fund. To adopt the Hon. Member's reasoning would indeed elevate the status of the unsecureds to the point of having a claim against the fund. That would be putting them in a status of being secureds. I wonder what the effect of that would be on those who are indeed secured creditors now. I don't think it would be particularly beneficial.

Of course, the second point that I want to make is that the law I think is correctly stated. The second point is of course that I don't think there should be any assumption or fear that the corporations will flee the province without honouring their obligations to the small unsecureds or the large unsecureds. I believe that regardless of the expropriation merits one way or the other, that by and large there will be a feeling of obligation to meet the indebtedness that they have, whether they are to the secureds or unsecureds, but we are talking about the unsecured specifically here. I'd be prepared to look at a concrete suggestion when we get to the section, but I don't see any ready way of going about to give the unsecureds a status in law which heretofore they do not have. I fear the consequences that that might have as far as the secureds are concerned.

**Mr. Merchant:** — If you've got confidence in the potash companies like that you've got more confidence than I have and maybe we should switch chairs. I certainly am not of the view that the potash companies are sort of going to voluntarily pay, they may eventually pay, but that may be six months or twelve months or eighteen months down the road and for a small company that could be very serious. I certainly don't have any particular confidence in larger companies particularly, I think their tendency is to hold back with payment. I can think of some companies, one very large one in Regina which just has a flat out simple reputation of sort of a 90-day interim before payment. It's a means by which they float many millions of dollars at the expense of their various suppliers and creditors.

Now as far as the more substantive suggestion that you make, I don't think, the reason I'm raising it now is we don't propose to bring in an amendment, because I know that if you're not convinced the amendment will fail. The reason I'm raising it now is in the hopes that you may do something about it now. Would it not be possible, simply possible to say that they don't rank with the secured creditors, but they rant against any surplus that remains after the payout of the secured creditors? In other words elevate them to the level of execution creditors who then follow behind mortgage holders for instance in our ordinary kinds of actions. You go in and you sell a piece of property and the first people to get paid out are the mortgage holders. The first mortgage to IDB and the second mortgage to the CIDC and the third mortgage to CAC and then the unsecured creditors who were unsecured but then moved to judgment they follow along. Now what's going to happen with the unsecured creditors here is, you will come in with a vesting order and the secured creditors have to rate before the vesting order.

They don't have an opportunity to elevate themselves to a judgment debtor because they don't know when the vesting order has come. I don't see why there couldn't be created a second class. A second class where claims could be submitted, everybody is going to know when IMC for instance is expropriated, if that took place, what would be so horrible or so difficult for the Government to have a second class created? I can imagine the way that provision would work. There would be, say 30 days in which to get the claim into the Government. There would be 15 days for the company to dispute them and if there were disputes the Government would just pay that portion of money into court. They would inter-plead that portion of money. But I expect that by and large there wouldn't be disputes, and that by and large the money would be paid.

So the Government would do some payouts and really you should be more worried about the service station operator who keeps pumping gas into the IMC trucks. There would be a group that just got paid out easily and then there would be some harshly messy ones where you would inter-plead the money. You could include a provision that would just include an inter-pleader provision. Pay the money into court and say to the service station operator in Esterhazy and IMC there you go. It's in court, fight it out. We don't want to decide, we just wanted to be sure that the little people in the province of Saskatchewan, the little businesses got looked after.

**Mr. Romanow:** — I share the concern. I believe that all of us on this side have it as well. I should just simply say that I make three observations.

Firstly, perhaps this is not a reason for not doing it, but I think it's very difficult to find anywhere a precedent and any expropriation statute in Canada which contains that type of a provision that the Hon. Member suggests. That's not to say that somewhere, someone who's a genius might not be able to devise a section which covers, what might essentially be a new phase of law. Certainly it would drastically alter hundreds of years of legal precedent in relationships that have been defined on secureds versus unsecureds and so forth. I just simply say that that first point simply supports my argument that when we considered this matter in our own little internal committee, drafting the Bill, it was thoroughly kicked around. It just did not appear possible. I shouldn't say possible, but desirable, given all of the other legal ramifications that stem from that, to be able to write something in an expropriation Act. When we checked precedents in the past we couldn't find any precedents and I think the Member will agree with me that there are none.

Secondly, of course, if there is a purchase, a voluntary buy/sell purchase between a potash company and the corporation, I'm sure there the secureds will be properly looked after because if my understanding of the law is appropriate there will be an agreement of some other adequate provision as between the purchaser/seller which will obligate one of the parties if not both to make sure that claims of unsecured are looked after. I think that is likely to be considered and as I said to the House and repeat over and over again that is our hope. That we go by way of acquisition as opposed to expropriation.

The third observation that I should make is that if an expropriation indeed is taken and an unsecured knowing of this

is unprotected, I should certainly expect that he would be perfectly open to taking his common law remedies, which are very good common law remedies, issuing a statement of claim for the amount owing to him, perhaps a garnishee before judgment, tying up the money. Anything of that nature would put both the corporation and the potash companies on notice and I think would protect adequately the interests involved here.

I think it's a novel idea. We're concerned about it, but I don't think it's going to be any major problem.

**Mr. Malone:** — Mr. Chairman, I want to move on to a new item, but I note that we on the Liberal Party have been sort of dominating the question period thus far and I'm wondering if my friends to the left would like to enter into the debate at this stage and ask any questions as we are leaving this particular issue? If that's not the case, Mr. Speaker, I'd like to direct some questions to the Attorney General about the reserves tax in general. I'm not aware of any similar tax anywhere in Canada. I believe the province of Manitoba looked into the feasibility of such a tax and I think that Mr. Kierans perhaps recommended this type of tax and I think they've rejected his recommendations or at least they haven't followed through on them.

Firstly, are you aware of any similar tax in Canada?

**Mr. Romanow:** — I think, Mr. Chairman, the question is not capable of being answered, because it asks am I familiar with any similar taxation based on reserves, potash reserves tax, and the difficulty about that question is that we get hung up on the terms. It's called potash reserves tax, but really the principle of the tax is based on getting more of the revenues from potash sales back to the owners of the revenue, of the people of the province of Saskatchewan, as the value and the volume of the sales go up. That, I think, is the principle of the tax and I'm sure that there are some provinces in this country who would have that type of a taxation scheme, perhaps called by some other name. You'd have to go and examine every taxation scheme to determine that.

**Mr. Malone:** — Well, I think it's fair comment to say that you are breaking new ground with this type of tax. I can't recall any similar type of tax, call it what you will, in a Canadian jurisdiction. It may well be in other jurisdictions. Would you agree with me when I say that?

**Mr. Romanow:** — I don't agree with the Member. I think that this Government has pioneered many new things. I think Bills 1 and 2 will go down as a positive pioneering mark, but leaving that aside for the time being, the principle of the potash reserves tax is on ability to pay. The more volume and the more of the price per ton, the more comes back to the revenues of the province of Saskatchewan. That's an ability to pay income tax or a tax, probably the fairest form of taxation and I'm sure that there are other provinces and even the Dominion of Canada has some form of ability to pay tax principle embodied somewhere.

**Mr. Malone:** — Did you see any outside — when I say outside legal

advice, I mean aside from your department, any outside legal advice prior to preparing the provisions of the tax and implementing it?

**Mr. Romanow:** — I don't think so, I can't be positive for sure. If you really want to pursue that point we'd have to send somebody to check the records. I don't think so. I don't think we had outside advice.

**Mr. Malone:** — Well, my point is, I just can't accept the fact that you decided to put the tax in and that you assumed that everything would go very smoothly and the potash companies would accept it and so on. Surely you had some concerns as to the validity of the tax and surely you anticipated at least that there'd be some questioning of the tax by the potash companies either in the courts or outside the courts.

**Mr. Romanow:** — Well, we did, I suppose, the point is that on these matters at this stage in the game we get our initial opinions from the Department of the Attorney General, on the constitutional validity on that.

**Mr. Malone:** — My point is that, you've taken great exception to the fact that this tax has been challenged in the courts as well as other court actions, but I suggest to you that this really probably didn't come as a great surprise to you. Even if the potash companies had said well, we've got to live with it, we're going to pay it. If they felt that a case could be made out as to its unconstitutionality, if indeed it is, I don't know whether it is or not, but if a case could be made out as to it being unconstitutional, surely the logical thing for a potash company or anybody else who's affected with a tax of this severity would be to test it in the courts.

**Mr. Romanow:** — I suppose it would be a logical thing to do. I think in retrospect now I certainly am not surprised that it's in court, in retrospect. I'm not sure that was the thought at the time of its conception.

**Mr. Malone:** — There's really no reason why the companies shouldn't attack the tax. If they feel it's unconstitutional, their only remedy to have their feelings demonstrated and to prove their case is to go to court. That is they can't come to you as a government and say well we don't think the tax is constitutional and we want you to withdraw it, because obviously you are not going to do that. You must feel in your own mind that you have some cause to show that the tax is constitutional. So they can't come to you and say, well, take it away, it's unconstitutional because you are going to reply and say, well in our opinion it's the proper tax. So they have to go to court if they feel the tax is improper. Isn't that correct?

**Mr. Romanow:** — Well, whether they have to or not, the point is that they can go to court and they have gone to court. Those are the facts. I don't dispute their right to go to court.



**Mr. Malone:** — Well, you may not dispute their right to go to court, but you certainly have been very critical of the companies for the fact that they did go to court. I suggest to you that there is nothing wrong with them going to court. There may be something wrong with them not showing the books. There may be something wrong with the manner in which they discussed these matters with the Government. There may be all sorts of things that you could get us to agree with as to what the potash companies did that was wrong. But I suggest to you that in this case, in going to court, there's nothing wrong with it whatsoever. In fact, let me turn it around a bit. Say the Federal Government passed a tax which you felt infringed on provincial jurisdiction, the tax on Crown corporations, which clearly they can't do. Now the first thing you would do, is you would scream and you'd say this is unfair, you can't do it, it's improper. The Federal Government would say, we're doing it, whether you like it or not. Pay the money that we've set out in the tax. You have to pay it, it's the law of the land. So what do you do? You go to court. It's your only alternative, it's the only thing you can do. Is that not correct?

**Mr. Romanow:** — Mr. Chairman, again I've said this several times today and I'll repeat again. If the Member doesn't accept it, okay, let's agree to disagree, but just in case there is any misunderstanding let me repeat. The issue is not, as far as we are concerned, the right or the only avenue of the potash companies to take us to court. That's not the issue. The issue is, what are the natural consequences that flow from that act? The natural economic, political, social, potash consequences. Now we have said that the natural consequences, one of them is that there is no expansion. Our revenues are under jeopardy, substantial revenues under jeopardy and that the critical stage in potash development has been reached and tied up as a result of that action. That's the issue, it's the consequences. It's not the fact of them doing it. I don't care. If they want to sue us, whatever they want to do, that's not the issue.

But I ask you if you were a businessman and your planning was tied up by virtue of three or four lawsuits against you, you mean to tell me you wouldn't choose this as a remedy to get out of that business jackpot if you could? Of course you would. That's what the Premier was getting at when he was saying that there's no crime, it's not the issue about the lawsuits, no one is peeved because of the lawsuit. It's perhaps annoying and you may have your own views as to whether or not that that's what should be taking place, but that's not the issue.

The issue is what are the consequences in terms of four or five years, for expansion, not getting incremental tonnage on now. You see carrying our place in the markets, that's the issue.

Now as I say I've been around this hoop so many times today that I don't know, the Member will come back and he'll hassle me again on this. But I can't repeat any more clearly than that.

**Mr. Malone:** — Well, you've indicated that it's not the lawsuit that's the cause of the legislation, it's the possibility of losing tax revenue. But the Premier also made it very clear that should the reserve tax be declared to be unconstitutional, that the Government would immediately pass other legislation, patch and

repair if necessary, to make sure the revenues continue to come in. Let me ask you this: — if there has been an inference, if not the direct statement by the Premier, that if the lawsuit is successful the Government will be in the position of having to return millions of dollars to the potash companies. Have you not stated pretty categorically some months ago, that if the lawsuit is successful that you will rely on the proceedings against The Crown Act and not return any money that is collected to date?

**Mr. Romanow:** — No, our position is this; potash multinational corporations, the majority of them aren't from this country, have the right to use Saskatchewan and Canadian resources to their profit without paying us, the people of the province, an economic rent for those resources. We tried to collect that economic rent by the potash reserve tax. If that potash reserve tax and the moneys collected under it are struck down, to accept the Liberal argument, the potash corporation would have got the benefit of our Canadian resources, multinational corporations, non-Canadian corporations, without paying a cent for the economic rent. What the Premier has stated and what I have stated is that if that should happen we will take the appropriate action to make sure that the people of Saskatchewan's interests are protected by other legislation if necessary.

The procedures against The Crown Act may or may not even be a part of it. It may even take the form of a new legislative piece, I don't know. I am not answering specifically to that question. That is what I am saying. That is the position of the Government. I think it is a legitimate one and it is a correct one and no one would expect us to run the risk of letting millions of dollars of revenue potentially be lost by an adverse court decision. Except maybe you people.

**Mr. Malone:** — If the potash companies are successful and the Government is unsuccessful, that you will not repay any moneys that have been collected to date and you will rely on the proceedings of The Crown Act, which is your right according to that Act, is that correct? You will not be paying any moneys?

**Mr. Romanow:** — I am simply answering in these terms . . .

**Mr. Malone:** — Say yes or no.

**Mr. Romanow:** — No, it is not a yes or no. I am answering the question by giving the Member an answer and that is the policy of this Government is that if that legislation should be struck down we will take and explore in taking appropriate legal attack, alternative legal action, to recover that sum for the economic rents, the sum in at issue in the reserves tax.

**Mr. Malone:** — You say that you are going to recover the sum. You already have that sum. What I am talking about is the money that has been paid, that will continue to be paid. Now you have that money. The decision you have to make is whether you are going to pay that money back, if you are unsuccessful, or are you going to keep it? The proceedings against The Crown Act says that you can keep it. My question is: — are you going to keep it if you are unsuccessful?

**Mr. Romanow:** — The proceedings of The Crown Act and that particular provision is itself subject of a statement of claim, the validity of the proceedings against The Crown Act or the portion of it and it has been challenged in another province. Don't confuse the issue. You want to know and I am telling you what our policy is with respect to the revenue. Whether we rely on the proceedings of the Crown, whether we seek other legislation or whatever the form is, the stated policy is that no multinational potash corporation has the right to use our resources in Saskatchewan without paying an economic rent to the people. And the sums that we have collected by the reserves tax, it is the intention of the policy of the Government to seek to collect and maintain or to retain or whatever you want to call it, by whatever statutes, for the people of Saskatchewan. To do otherwise would be irresponsible because we would be saying to the multinational corporations, most of whom are not even Canadian companies, to say come into Saskatchewan and use our potash and you don't have to pay us anything for our future generations. Now we are not going to allow that to happen.

**Mr. Malone:** — That is a point of view, of course and it may be a point of view that I share, I don't know, but what you are really saying is that you are going to collect money, under a law that the courts are saying is illegal, unconstitutional, improper and any law is correct or not. Surely that is a point of view, too, that you must recognize, that you have collected money under a law that is not proper, that is illegal.

**Mr. Romanow:** — I should like to say in response to the Member that there are a number of alternatives. One of which comes to mind is a retroactive law, perhaps, to the equivalent amount of that collected by the reserves tax. I think that is what should happen we would have to explore all the options that are available to us, all of the legal options, based on the policy position that I articulated. I don't see any other way around it.

I know that the Member for Nipawin wants to get in. Can we just give him a chance before we call it 5:30?

**Mr. Collver:** — Mr. Chairman, I just want to ask the Attorney General, I just heard him state that businessmen had the right or appeared to state, that businessmen had the right to expropriate if they were sued or were wrapped up in lawsuits. I just ask the Attorney General how does he suspect that when businesses get themselves into this particular situation, in which there are lawsuits to those businesses, how do you think the businesses get out of it without this right of expropriation?

**Mr. Romanow:** — I did not say that businesses have the right to expropriation and I was simply trying to say that if a businessman in that situation was faced with that type of a multiplicity of lawsuits and indecision and planning and all sorts of other consequences on it, if he could he would exercise that option of expropriation. Now a businessman doesn't have that, a government does have that, to be used as the last tool in this situation.

As I repeat again, we are put in a jackpot by the potash corporations. They have put us right into the corner and on behalf of the people there is no alternative but for us to act.

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

**Mr. Merchant:** — Mr. Minister, I wonder, it seems to me from what I have read and seen that a fair description of the negotiations that Clarence Fines and Tommy Douglas entered into in order to get the potash industry into this province gave them, in general terms, a sort of an open guarantee, a 30-year guarantee until 1981, that none of the kinds of things that are going on now were a possibility. I open that in a very general way, but the area in which I am looking now is the fact that the Government has gone back on its word. I suggest to you that your Government, that an NDP Government, is faced with certain added problems that a non-NDP Government would be faced with, namely there is an automatic credibility gap almost develops in dealing with business, that business are concerned about whether they can trust people who have enunciated policies which are anti-profit motive, enunciated policies that kind of say that you are out to destroy them.

Now in that particular case they seem to have an ironclad guarantee and it seems to me that you are breaking the word given by the Government. I wonder that what you are suggesting is that the word of an NDP Government is no word at all, that you are not even prepared to back up the word of previous governments of your political party, the CCF then, never mind whether we could expect that you won't back the word of the Liberals from time to time when the Liberals are in power.

**Mr. Romanow:** — Mr. Chairman, I won't take too much time in answering the question. I simply invite the Members to read a newspaper report, in fact, in tonight's Leader-Post, on the editorial page, the headline, in the article written by one Fred Harrison which says, "Douglas has little Sympathy for Potash Companies," and he tries to put into perspective the attitudes that he had at that time, the way that he approached the negotiations at that time. I think this article is a good answer and to sum it up, what the former Premier was saying is that when potash companies, or any companies have difficulty in paying because of investments or risks or whatever the tax regime should reflect that. And when the potash companies have increased revenues and buoyancy in good times the tax regime should reflect that too. And that is what the potash reserve tax seeks to do for the people in the province of Saskatchewan and that is what the Premier Douglas formerly intended and I think that is the answer to the Member's question.

**Mr. Merchant:** — I did notice that you have succeeded in getting to ex-Premier Douglas, perhaps getting to him a little late. I am sure that Members opposite are embarrassed to some considerable degree by the comments in the Douglas book, that he wouldn't nationalize potash. He considers it a wrong direction in which to go, if I may paraphrase it in those terms. I suggest to you that the change, if there has been a change by the former Premier Douglas, was as a result probably as the Member for Qu'Appelle berating you with the words in that book, that clearly what you have done is you made a further leftward swing from the

policy of the old CCF Government; that this was not the kind of thing that Tommy Douglas would have done and that Tommy Douglas made guarantees to the potash industry in the same way that he made guarantees to the oil and gas industry, and that is what got them in here and that you have broken the word of the Government. And your answer to that really is, well Tommy Douglas now says that he doesn't think it was so bad to break the word of the Government. But that doesn't answer the question that I pose: — has not the Allen Blakeney Government broken a specific commitment given by the Tommy Douglas Government?

**Mr. Romanow:** — I have answered the Hon. Member now and answered others repeatedly at length in second reading debate, my answer is no, there has been no word broken.

I invite the Hon. Members — I notice here by a Leader-Post article dated December 8, 1966. The headline is "Potash Royalties to Rise". The story says:

Companies holding potash rights . . .

I think this is interesting for the Conservative Members in particular. Just note the dates, the story in December 8, 1966. I will just read the first paragraph of it or a couple of paragraphs.

Companies holding potash rights who fail to commit themselves to sink a shaft or establish a plant before October 1, 1967 . . .

The election, by the way, was October 11, 1967.

. . . will be subject to higher royalty and production rates, Premier Ross Thatcher announced Friday.

The Premier made the announcement to the legislature as they were discussing amendments to The Provincial Income Tax Act. And then in case the Leader-Post is thought to be a socialist rag, I note here that the Financial Post on January 7, 1967 ran another version of that story as we got closer to the election:

. . . are not forever, potash firms get warning.

Premier Thatcher says a particularly low rate was established when the first two potash companies came into the province, lower than anywhere else in the North American continent. He says that firms holding potash rights in Saskatchewan have been warned, to hurry up with investment commitments or face higher royalty and production tax rates than they are now enjoying.

The point being is he won't take Mr. Douglas's explanation of what Mr. Douglas said, the Hon. Member won't take my explanation of what Mr. Douglas said, maybe he will take his former Leader's explanation of what he said could be grounds for breaking so-called commitments.

No, that was a specific threat, a threat that was levelled in the most onerous and difficult terms of the potash companies, a threat that if they don't expand by October 1, 1967 they would have these commitments that the Member now would have us believe are so sacrosanct, broken. It is not the NDP or CCF saying that, it

is Premier Thatcher. I am sure the Hon. Member was aware of these statements. I am sure that he will be able to tell the Members of the House what the former Premier really meant by them.

**Mr. Merchant:** — Well, I have my own views of what Premier Douglas had in mind and, indeed, what you had was Premier Thatcher being tough with the industry and what you have suggested is that because Premier Thatcher, in your words, was prepared to break the commitment unless certain things were done, that that makes it right that this Government was prepared to break the commitment and is breaking the commitment for some good reason. That is not really the question.

The first question is, do you admit, because you have never done that before, do you admit that you are breaking the commitment? Now there may well be a second question and that second question may be; we are justified in breaking the commitment, but do you now admit, and I gather by implication when you say that Premier Thatcher was prepared to break the commitment, I gather that you are now stating that yes, the NDP Government did break the commitment given by Tommy Douglas to get the potash industry in in the first place.

**Mr. Romanow:** — No, I repeat again to the Member, no, I think this is several times I have said no, I do not believe that a commitment has been broken. If in the interpretation of the Member a commitment was broken, then I answer a further that that commitment, if it was made which I do not admit but specifically deny, was certainly justified as much as it was justified by the threat of the break of the commitment by former Premier Ross Thatcher.

**Mr. Merchant:** — Mr. Chairman, could we briefly go back to some questions that were raised about twenty after five, regarding the question of the proceedings against the Crown situation.

I wonder, since you are so absolute about the fact that the Government, and I must say the logic appealed to me, that the Government was saying, well, even if it is illegal to say that – well immoral to an extent, to say that we are going to hold the money even if the collection under the proceedings against The Crown Act was found to be improper, I wonder if that were so absolute, why was it that the Minister of Mineral Resources said at that time, on CBC radio, and then was quoted on CBC radio for some days, that they would voluntarily return the money. Now he was quoted for about two or three days and then Allen Blakeney or whoever pulls the strings decided that they would get that one off the road, but for some days the position of the Government, as far as anyone could tell and that was the Minister of Mineral Resources, the Member for Regina North West (Mr. Whelan) speaking in his own words, he wasn't misquoted, saying that they would return the money voluntarily. How does that jibe with what you now say was never a question in Cabinet, that you always knew that this money had been collected. It never crossed your mind that if the proceedings against The Crown Act weren't there that you would let them get away with it by some trick in the courts. That is the way you would characterize it in the courts in your presentation to the people.

**Mr. Romanow:** — Mr. Chairman, I don't know what the question was, I am not familiar what the answer was or what portion of the answer was given or printed. I am restating again for the Member what I restated this afternoon, what the policy of the Government is, that if by some chance the potash reserves tax should be struck down we don't believe that any government, perhaps the Liberal Party believes otherwise, but we don't, would allow multinational corporations absolute free use of potash reserves. We would have to consider our options that are available to us in order to collect that position of the tax which would have been struck down by the decision if that should come about. That's the position of the Government.

**Mr. Merchant:** — Mr. Chairman, again with all due respect what you are doing is giving the Cabinet position and what I am trying to focus your attention on was the apparent gap in the Cabinet. The Minister of Mineral Resources who, as far as any of us know speaks for the Government more so on mineral matters than any other, and he said that they would return the money. I, indeed, remember somebody from the potash companies being faced a couple of days later with that quotation of what the Minister had said. I remember thinking how silly the man from the potash industry was that he didn't take the Government up on their offer. I assume that there was some change in the Cabinet view or was the Minister of Mineral Resources wrong when he stated that position on behalf of the Government?

**Mr. Romanow:** — I think the Hon. Member will full well understand that if a court said to the Government of the day, we hereby order you to return the money and after our appeals were exhausted we still live under the rule of law, we would indeed return the money. If that was the question that was put to the Minister and he gave such an answer, then it is fully understandable. It is also consistent with the stated government position which is, if that did happen we would then have to consider other alternatives to make sure that this revenue was not lost. I have said that over and over again to the Member.

**Mr. Merchant:** — Mr. Minister, possibly you would like to consult with the Minister of Mineral Resources, but that is not what he said. He didn't say if you were ordered to give it back by a court, notwithstanding the proceedings against The Crown Act. It wasn't anything like that. He knew the proceedings against The Crown Act allowed them to keep the money whether the money was taken illegally and unconstitutionally or not. He said they would voluntarily give back the money, notwithstanding what the Act said. I am paraphrasing what he said when I put it in those words. I, in fact, Mr. Minister, find it hard to believe that it didn't come up in Cabinet in those terms, because he was being widely quoted as having said they would voluntarily give back the money, on the CBC and elsewhere. I happen to listen to that station from time to time.

Do you say that the Minister did not indicate that they would voluntarily give back the money?

**Mr. Romanow:** — I think I have given my answer to the Hon. Member and to the House, I can do no better than that. If he doesn't choose to accept it, that is for him to decide.

**Mr. Lane:** — The Premier indicated at the outset as to the source of funds for the takeover, and he indicated that one of the sources of funds would be provincial pension plans.

I should like to direct this question to the Minister of Finance, he is here, most of the provincial pension funds are under his jurisdiction. How much are you prepared to commit of provincial pension funds handled by your department to the takeover or nationalization of the potash industry?

**Mr. Romanow:** — Mr. Chairman, I think the question is hypothetical for a whole number of reasons, as the Premier said and as I have said on many occasions, this really has to depend on (a) the costs per mine, (b) the number of mines, (c) the financing arrangements if any that are struck by the companies which are purchased whether they take bonds or potash in kind, or whatever the arrangements are, at which stage we would then be in a position to determine what our cash requirements are, what our borrowing requirements are and where our sources of funds are. It may very well be that we don't have to go to the pension fund, it may well be that we'll have to go to the pension fund as a hypothetical statement. But it is impossible to say at this particular time if there would be any call at in the borrowing of those funds. I cannot say any more than that.

**Mr. Lane:** — I asked the Minister a very simple question and that was: how much are you prepared to commit? Do you have a bottom line and a top line? Do you know what share of those provincial pension funds you are prepared to use for this takeover? I asked the Minister of Finance, I am a little surprised he didn't answer.

**Mr. Romanow:** — Mr. Chairman, as I have said repeatedly before, I have given the answer. Again it is a question of the Member not choosing to accept it and that is his right to do it. I think the answer is a perfectly legitimate answer and a reasonable one under all circumstances.

**Mr. Lane:** — I wonder if the Minister of Finance can advise us where his staff have gone in search of funds, can he name the countries and the major capitals to which his staff has gone?

**Mr. Romanow:** — The Member can keep playing his little game about the questions to the Minister of Finance. I don't really much care, and I don't think the Minister of Finance cares. I think we have been through this route before.

I tell the Member that no search for funds for the acquisition of potash mines has yet taken place. If and when a search for borrowing funds does take place, the Member will be almost the first man to know.

**Mr. Malone:** — Mr. Chairman, Mr. Minister, I was just about to get into the matter of finance, economics and so on. I am glad the Member brought it up. You have indicated in a general way that you can't say until you find out what the cost is going to be.



I am not sure I accept your answer, but let's try and develop it a little further.

Obviously you won't want to borrow if you can avoid borrowing, you will try and use what you have. Now the Premier the other day gave us some figures and I forget how they went, but I think you have about \$400 million in revenues and various areas, Energy Fund, pensions, just a general surplus. If you decide not to borrow, if it turns out you don't have to borrow, what is your priority in getting the money without borrowing? Would you go to the Energy Fund first, or would you go to general revenues, which way would you move?

**Mr. Romanow:** — I think the obvious priority would be to the sources where the funds are easily obtainable, liquid assets, if I may put it in those terms. I think the Energy Fund would rank high, then we would work from there as to the other sources of funds that are available.

**Mr. Malone:** — Okay, you would go to the Energy Fund. I have some questions to ask you about that. I am sure you don't have total recall of the debate on Bill 42, but it occurs to me when we were debating that Bill, again the Premier in speeches he gave indicated that the Energy Fund was just that. The agreement with Ottawa was that the money we got from petroleum resources would be put into this separate fund. The reason for that was that it wouldn't affect the equalization payments we are entitled to get from the senior government. I know Alberta was supposed to have done that and I suspect they haven't, they haven't made any secret about the fact that they haven't. My question to you is, other than energy, I don't think there is any way that potash can be stretched into being energy, are you in effect breaking an agreement with Ottawa?

**Mr. Romanow:** — We don't believe that we are breaking any agreement.

**Mr. Malone:** — Have you discussed this with Ottawa, have there been any negotiations or preliminary discussions at all?

**Mr. Romanow:** — Mr. Chairman, quite some time ago this matter of judgment as a result of discussions was settled. In the sense that there is no condition that the money that should be used there should be used only for energy in the sense you put it. I think we are beyond that point now. Alberta has taken this position it is beyond that point.

**Mr. Malone:** — Do you have a commitment of some kind from Ottawa to the effect that if the Energy Fund is tapped for this purpose, that our equalization payments will not be affected? Obviously if you take money out of the Energy Fund for potash, it is not there for energy. I know we are getting off potash, obviously energy is connected with it, because that is where the money is coming from, what are your plans to replace that money so that energy exploration can continue, oil-potash or oil-natural gas, uranium-coal, whatever?

**Mr. Romanow:** — To a large extent this will depend on what success there is or isn't as a result of recently announced changes in oil exploration incentives and so forth that the Minister of Mineral Resources has made in the House in more detail. I think we are optimistic that in the next few months ahead that we will see a resurgence of good exploration by the private companies in the oil area here in Saskatchewan and indeed western Canada. Time will tell, I think we have to count on that.

**Mr. Malone:** — I don't want to fight Bill 42 and the oil policy but I say this to you, even if the oil companies accept the new taxing royalty structure for oil, my suggestion to you is they won't because it is not competitive with Alberta. Even if they accept it, it takes about a year or so for it to get moving, that is, most companies make their exploration plans a year or so ahead of time before they go into effect. You are not going to have any oil companies coming in here in any way at all for at least a year from the time the Minister made the announcement if you ever do get them. How do you answer that, you are going to take the money out and there is nothing coming in.

**Mr. Romanow:** — I doubt if there is very much that can be done by anybody or any government to speed up the time lag or the forward lag (if I may put it in that sense). I forget to mention that Saskoil is in the field now and hopefully will be a growing exploration power in the years ahead to complement the operation of the private companies.

**Mr. Malone:** — I am tempted to go off on a tangent here because you are saying things with a very straight face, which I am sure you really don't believe yourself.

If you take money out of the Energy Fund, will it be your plan to pay interest to the fund when the money is returned? Is that a policy of your Government?

**Mr. Romanow:** — No.

**Mr. Malone:** — Now the Energy Fund is your first priority. Where do you go from there? What would be your second priority, pension funds?

**Mr. Romanow:** — Again, Mr. Chairman, one has to be careful not to be too definitive at this stage. I want to emphasize the speculative nature of the questioning. I repeat again, one really has to finally assess what arrangements for financing have been arrived at in terms of the individual companies. I should think that our next approach probably would be to go to the bond market and the Canadian bond market.

**Mr. Malone:** — You are talking about the speculative nature of my question. I admit that they are. Also the Premier indicated quite strongly and quite firmly and so do you that you are prepared to go as high as \$1 billion. Your plan of attack if I understand it is to move in the next 18 to 24 months, to get half of all of the industry. It is not that speculative if you

are going to follow through with what you have said in debates here and in public, that is, as high as \$1 billion in as short a period of time as two years.

Obviously you are going to get out of general revenues the money you have to, to the public market. Where do you go for that, New York, is there Canadian money available? Have you pursued this, where are you at?

**Mr. Romanow:** — Again I think the Member must keep in proper perspective the figure of \$500 million to \$1 billion was stated as a ballpark estimate in terms of the totality of industry. The stated position is, of course, that we very well find ourselves where the total industry is not affected, so that the upper limits of \$1 billion are never used.

I am trying to be as fully frank with the Member as I can, there are just too many factors that are involved in this in order to say definitively you are going to go from the Energy Fund to this fund, to that fund. It all depends on so many factors, what the conditions are, the mood is in the Canadian bond market. Is there money available, under what terms is it available? Well, some of the owners may take potash in kind as payment. If we can't get money from the Canadian bond market, depending on how far we go, we may have to go to New York or the European market, depending upon foreign exchange rates and risks, the costs of getting that money and so forth.

I think that when one does financing in these matters you look at the pieces that are before you, you don't necessarily put them in a numerical priority, you may use combinations in order to achieve your financing objective. That's the best I can answer the Member.

**Mr. A.N. McMillan** (Kindersley): — Before we go any further on the question of financing we were told in this House and statements have been made outside the House that the financing for the potash expropriation or nationalization would be self-liquidating. It sort of brings out an interesting point. The Minister has just finished stating that the Government would not pay interest to the Energy Fund money that it in effect would borrow to help finance the deal. I can't see how that policy would be consistent with it being self-liquidating. If you borrow money from the Energy Fund and don't pay any interest on it, we in Saskatchewan in effect would be losing, I would suggest the neighbourhood of \$40 million a year in potential income on interest on that Energy Fund money that we won't be receiving if you take that money to purchase potash assets and don't pay any interest back on it. That in itself is a direct cost outside of the potash negotiations of \$40 million to the people of Saskatchewan. Can you justify that in light of the statements made that it would be self-liquidating?

**Mr. Romanow:** — I think, Mr. Chairman, there is very little doubt that the operation would be self-liquidating. I talked about that earlier yesterday. The Hon. Member was out of the House for a while.

I will respond to the Member's question by saying that if the Member's argument were to be accepted, one would be saying

that we should be paying interest on the down payment that, for example, I might put down out of my own savings out of revenues that I have obtained in the purchase of my own house on top of the interest rate that I pay to the mortgage company for financing the house. Those are two different types of things, you don't do this, the money you collect you put down as a down payment, you pay your financing and other operating costs on the mortgage payment. I think that is the way not only households operate but that governments operate.

**Mr. McMillan:** — It makes little or no difference how you operate if you use \$400 million from the Energy Fund for nothing, you are, in fact; the people of Saskatchewan are losing \$40 million in interest per year that they aren't according to your suggestion going to be able to recover from the Saskatchewan Potash Corporation. If that happens then this is not a self-liquidating debt. I brought this up before in debate on principle in Bill 2 and never received any satisfactory answer. Now you just told me that you are going to use that money, interest-free, to help purchase potash assets and that the loss of revenue that the people of Saskatchewan will suffer to the tune of approximately \$40 million a year, you say that doesn't really cost them anything. I say, if in fact, that is the way you are going to operate the Energy Fund, then it is not self-liquidating and if that is the case, if it is self-liquidating under those circumstances, I would appreciate it if you would try again to explain to me how that can be.

**Mr. Romanow:** — At this stage in the game I have explained so many times to so many different people the same issue over and over again, that I suppose another try to the Hon. Member is nothing ventured, nothing gained.

I will simply say that I find the logic of his to be very unsound to say the least. The Member should also remember, of course, that there are the profits that will be coming from the potash which is in a sense a return of the investment, the return on equity, the increasing equity that will come back to the province of Saskatchewan. We are really talking about the same purse or the same individual, two different pockets when you are talking about the government operation. It would be unreasonable to be extreme, I would suggest that we do what the Member says. As I say, he may not accept that as an answer, that is his privilege but there it is.

**Mr. McMillan:** — It certainly isn't an answer. Firstly you are speculating on the fact of whether or not it will make money. Even if it does, you are making no provision as a government or the Saskatchewan Potash Corporation is making no provision to reimburse the Saskatchewan taxpayers for a loss of \$40 million a year that is incurred as a result of their purchase of Saskatchewan potash. And on that basis it is not a self-liquidating financial operation regardless of how it operates afterwards. If you have no intention of paying interest on that loan, then it is certainly not self-liquidating.

**Mr. R. Bailey** (Rosetown-Elrose): — Mr. Chairman, just a question here. Yesterday we were into some of the costs of a number of firms that had been engaged by the Government to do some work for them. And it seems

to me that we came up with a figure of, I believe it was \$503 million for certain . . .

**Mr. Romanow:** — Thousand dollars.

**Mr. Bailey:** — \$503,000. Now that in itself is in addition to the other expenditures that the Government has made to date in a number of surveys and studies and so on. I should like to ask the Attorney General, obviously the Government has paid these or is in the process of paying them, what is the source of this revenue then for the payment of these at the present time?

**Mr. Romanow:** — At present these payments are made from the Government Finance Office, advance payments from the Government Finance Office. The GFO as the Hon. Member may know is sort of a holding company. It is not quite that but this is how I like to think of it for the family of Crown corporations.

**Mr. Bailey:** — In other words I can take the answer, Mr. Chairman, from the Attorney General that the funds which have now been in the reserve fund are not being touched to cover the costs of any of the studies. The funds that are currently in the reserve fund of some \$400 million are not being touched for these other activities.

**Mr. Romanow:** — No.

**Mr. D.G. Steuart** (Leader of the Opposition): — It is very interesting the points the Attorney General makes about using the so-called Energy Fund. To begin with the agreement as I understand it to use the Energy Fund, the money that was taken in the share of the export tax on oil that was diverted or given to the provincial governments by the Federal Government, it was agreed that that money would be set aside and not taken into general revenue. The reason was a very simple one. Had the province of Alberta taken that money into revenue it would have so upset the equalization formula that even the province of Ontario would have become a have-not province and would have qualified for equalization grants. This was such patent nonsense that the Federal Government made the deal, tries to make the deal with Alberta that they would not take that into revenue and Saskatchewan went along for the ride. Saskatchewan had a great deal more to lose than to gain because they would have liked to have been able to keep the money they got from the export tax on oil and still keep the equalization grants. To some extent they did. But Alberta never agreed to it, some thought they agreed to it, but Alberta never did agree to keep their money separate in their Energy Fund. They kept most of it separate and they have decided to use it for a variety of reasons, of ventures or projects.

So the Federal Government made an arbitrary decision that they would allow so much for them to put into revenue, and above and beyond that they would ignore it. So there has never been — or for time now there has never been any need for Saskatchewan to keep that money they have received from the export tax and oil in a separate fund. But you made that decision and it was given, at least I thought it was given by the Premier, as a sort of solemn commitment to the people of Saskatchewan at that

time that since the money came from energy of windfall profits recaptured, to use his words, on energy, it would be used to find more sources of energy. I remember him painting a very colourful picture of how the government was going to look after our farmers to see that they had energy, oil, some form of energy into the '80s and into the '90s and to the end of the century.

But now clearly you have decided to scrap that and to break that commitment or change the deal or scenario that the Premier outlined for us at that time. I think it should be very clear though that what you are using in effect, no matter how you slice it, it is revenue. You are using money that normally would go into general revenue. You are using taxpayers' money. And so you are risking taxpayers' money. To me this clearly gives the lie to statements that have been made outside of this House, because he has made very few statements inside this House, then he gives a lie to the statements made by the Premier, by the Attorney General and by other people on that side, that they would not be risking taxpayers' money in this venture. That they would borrow the money, pay the interest and pay back the principal from profits. If they don't intend to pay this money back, as the Member who spoke and asked you if you intended to pay interest; no, you don't and there is no call for you to pay interest, this is your own money. If you don't intend to pay it back, you are in fact, risking taxpayers' money. Money that could be used to reduce taxes, money that could be used to build hospitals or to build schools, or improve roads. That money, and don't try to kid anybody that that money is earmarked by any forced agreement with Ottawa. It is your money, it is money that belongs to the people of Saskatchewan, it is ordinary revenue that you have for your own reasons not chosen to take into general revenue and show a huge surplus. So let's not be under any illusion you are risking taxpayers' money and I know you probably have \$200 million, \$300 million, \$400 million, I don't know how much money because you refuse to tell us what exists in the Energy Fund, but however much money you take whether you take \$50 million, \$140 million or \$200 million, that is taxpayers' money, money that the people of this province could legitimately expect to be used for some social purpose or to reduce taxation and you are risking it in this venture. I say it clearly gives a lie to any suggestion that the taxpayers' money is not being risked in this very, very risky venture that you are embarking on.

**Mr. Romanow:** — I should only point out to the Member in response to the Leader of the Opposition that if the Leader of the Opposition's contention is correct, namely that the Energy Fund money is to be used for energy exploration and that we have impliedly or otherwise broken our word, which I do not admit, in fact, deny, but assuming, that his assumption is right and that is what we should be doing with the money, because that is what the Liberal Party has been saying, it should be energy for energy and so forth, I think the Leader of the Opposition will also agree with me that there is a pretty big risk there, with respect to exploration of oil and energy sources. In fact, in many ways a much greater risk than any risk that may be attached to what has been said on the potash operation. That is in the category of a debating point.

**Mr. Steuart:** — Let me make this clear, Mr. Chairman. We have never said that you should use that money, you are the ones, I am

quoting your words. You are the ones who said that we are going to set that money aside and use it for the development of energy. Now you have changed your mind again, that is your privilege. I want to ask you something. Are you trying to tell this House that you had to get some kind of agreement from Ottawa before you could use that money for other than energy? And at the same time you answer that, please tell me then, and I know the answer has to be no, if you are aware of the situation, I am sure you are. You could just as well use that money in the Energy Fund to build roads, to build schools, to build hospitals, take it into revenue to reduce taxes. Is that not a fact?

**Mr. Romanow:** — Mr. Chairman, the answer to the Leader of the Opposition's question is no, the question of having to get an agreement from the Federal Government. I think I answered that to the Member for Lakeview (Mr. Malone).

**Mr. Steuart:** — All right then, another question. There is no impediment in the Government opposite taking that money into revenue and using it for any other purpose?

**Mr. Romanow:** — I suppose that is right.

**Mr. Steuart:** — What do you mean, you suppose that is right? It isn't right or it is right. Is it right?

**Mr. Romanow:** — It is right.

**Mr. Steuart:** — Then you are using taxpayers' money, money that could cut taxes or build school or hospitals. And that is a fact. Is that right or wrong?

**Mr. Romanow:** — That's partly right and partly wrong . . . please, I have the floor, calm down, things were going well before you came back in here. So just calm down and things will keep going well.

I just want to say to the Hon. Member that the Liberal Party has indicated . . .

**Mr. Steuart:** — Never mind the Liberal Party.

**Mr. Romanow:** — I say, Mr. Chairman, that as the Member says, I shouldn't mind the Liberal Party because increasingly few people in Saskatchewan are. But in any event the Liberal Party in its position takes the view that this money which is being used for down payments or purchase or whatever, should be used for energy. I have seen that, if I could put my finger on it, I will show you the pamphlet that has been distributed in Saskatoon because I noted that particularly. That is the position that your party has taken. Now you take the position that we shouldn't be doing that. All I am saying is that you can put any interpretation you want as to where the money should or shouldn't be used and the conditions that are or are not attached to it and I have given you the facts as to what and how the money can be used and how we believe a legitimate use for it can be made,

namely, toward partial payment for any potash mines that may be acquired.

**Mr. Steuart:** — I have a question the Minister hasn't answered. Could that money legitimately, is there any impediment in that revenue to cut taxes in the next budget?

**Mr. Romanow:** — Mr. Chairman, I don't know what more I can say to the Hon. Member. I have answered the question many times. I say that the business of the Energy Fund is a fund for resource use, and for resource development. That is what I say that fund is used for, that is the area of the fund. And for my understanding and my part, I believe those are the desires and the preferred uses of the said funds.

**Mr. Steuart:** — Would the Minister answer me a question? Is there any impediment, as the Chief Law Officer of the Government of the province of Saskatchewan, is there any impediment by an agreement in Ottawa or any other impediment that says you cannot use the Energy Fund towards the building, construction or maintenance of highways?

**Mr. Romanow:** — I know of no legal one in the sense of contractual or other impediment.

**Mr. Steuart:** — Is there any contractual or impediment of any kind, legal or otherwise, that you could not use the money to pay part of the medicare costs or hospitalization costs?

**Mr. Romanow:** — I don't think there's any legal impediment to that. I have said to the Member already before that the way the Energy Fund developed, the development of it and the subsequent statements by Premiers and other governments, in effect, in my mind says that the Energy Fund should be used for resource development. There is nothing in writing that says that. I believe that is the intention of the Alberta government for resource development. That is certainly the position that we take. That it derives from resources and that it should be used for resources and resource development. There is no better place to use that money for resource development than in what we think is the very bright future of the resource development of potash, which will, we hope, yield returns, equity, control, jobs to the people of Saskatchewan, which will pay handsomely in exchange for any loss that there may or may not be temporarily for interest in this matter, even if that argument could be advanced.

**Mr. Steuart:** — I'd like to point out then that the interesting priorities of the Government opposite. We have a potash industry, they are reaping \$130 million a year into the coffers of the Treasury. And yet they are taking taxpayers' money, money that could be used to build houses and we have a terrible housing shortage. Money that could be used to alleviate the hospital bed shortage in the city of Regina and we have some 3,000 people waiting to get into hospital for serious health matters in the city of Regina at the present time. Money that could be used for



a host of reasons. I asked the Minister of Health the other day if they were considering a hot lunch program for the children in northern Saskatchewan. He admitted that there is a real problem, a dietary problem. These young children in northern Saskatchewan especially do not get the proper diet. He said they are studying this. Again it is the matter of finding money and can you find the money to pay for it?

I say it should be very clear now, and this is something new that has come up, that you are taking taxpayers' money, money that could be used to reduce taxes or build highways or build schools or build houses or do a host of things, even amazing as it may seem, reduce taxes. You are taking this money and you are risking it, not in a resource development that is not being development. You are not going to produce one new job, you are not going to mine one new ton of potash, you are not going to put one new nickel of revenue into the coffers of the Treasury of the province of Saskatchewan. All you are going to do is buy out something and if you are fair and honest about it at historically high price, an industry that is already here. When you do that you are taking money from the Treasury, from the general revenue, although you have got it set aside in a fund which was your own decision, it could be used for a whole host of other things. So the public should know very clearly that the decision you are making, the bills you are forcing through this House are in effect setting a new set of priorities by your government. Don't kid anybody that you are developing a resource that needs developing, it is being developed, is to take money to satisfy your own lustful power and your own decision that you made from a fit of anger or for some other reason to get into the potash business.

**Mr. Romanow:** — I think, Mr. Chairman, with respect to the only fits of anger that I have seen here on the last two or three days are when the Leader of the Opposition comes into the House.

I want to say two points in response only and that is, that I have already said, it is our view that the Energy Fund is a resource development fund, that is the state of the affairs that it is in now. Second point, I should like to make is that we disagree on the facts of this, because the Leader of the Opposition says that the resource industry of potash is being developed. The whole nub of the argument is that there is no expansion, no incremental tonnage by the private industry for whatever reasons and that it is not being developed. Accordingly this seems to us a natural follow through for use of the funds as a resource development operation. I think that's a legitimate use and the Leader of the Opposition says that's something new. That's nothing new. I think we've been answering that question in oral question period for days on end in the early weeks of the House and we've been saying it from time to time in the past. I think the only thing new is the new statement of Liberal policy.

**Mr. Steuart:** — I am a citizen of this province and I am sick in my soul to watch to watch a bunch of halfwit socialists gambling hundreds of millions of dollars in tax . . .

**Mr. Chairman:** — Order! Order! I recognize the Member for Rosetown-Elrose (Mr. Bailey).

**Mr. Bailey:** — I wonder if I could interrupt the debate going. Talking about the financial funds, Mr. Chairman, and the Attorney General will have to agree at this particular time I'm sure that the development of the Saskatchewan Potash Corporation is in fact of a different type or of a different nature in its operation, say than Sask Tel or Sask Power. The latter two are corporations designed to bring service and, of course, to pay for themselves, but they are more or less designed for the service of the citizens of the province. Now if you are going into potash as you are determined to do, you'd have to agree that one of the motives, whether it's an individual, private or otherwise, is a profit motive. You obviously want to operate and hopefully so, for the people of the province, that you'll want to operate the potash mine so as to derive a great deal of profit.

Now with that in mind and due to the fact that you have in fact promised this House upon several occasions that the debt which you will be going into is a debt which is self-liquidating, has the Government then decided or given any consideration in their search for money to make the purchase for such, have you decided in offering debentures to the people of the province as part of a source of getting money to make the purchase?

**Mr. Romanow:** — I want to say two things here to the Member. First of all perhaps it's in a slightly different category than Sask Power or Sask Tel. I do believe that they are common in the sense that they are both Crown corporations but I would ask the Member to keep in mind that we do have a Crown corporation called Sask Minerals which is certainly not in any monopolistic situation and as you may have had occasion to hear an advertisement here or there, I don't know whether you have or not, on the advantages of Sask Minerals and I think you'll find that its turn output is a very profitable, a socially and economically profitable operation for the people of Saskatchewan. I think if people learn the Sask Mineral story on a somewhat expanded basis, a parallel can be drawn with respect to the potash development that we think here.

Now answering the question of the Member specifically, whether or not debentures will be available to Saskatchewan people. Have we considered that? I think the best answer I can give to the Member is that that is something which has been considered and is still under consideration. But to be frank with you it has not progressed, the idea, to any point where indeed a decision has been made to offer such an offering to the Saskatchewan people. I think there are a number of questions that have to be asked or answered with respect to this area. So indeed, there is something which has always been kicked around as an idea from the very early stages. I would like to see it personally, if it can at all be done. But right now I'm not able to tell the House whether or not we'll do it. We are just still examining all other aspects related to it.

**Mr. Bailey:** — Mr. Chairman, I just want one further comment upon what the Attorney General has said in response.

I think he will agree that the operation of the proposed Potash Corporation of Saskatchewan is a good deal different than Sask Tel or Sask Power. The only thing in which they are similar is that they are Crown corporations. The real motive of Sask Tel

I would hope at least, or the real motive behind the operation of Sask Power is not necessarily to make money. It's, indeed, to provide service. I think the Attorney General will agree to that. Service to the people of this province.

The reason I brought in this other point is simply this. Obviously large sums of money are going to be required in the purchase of a potash mine, be there one, two or three. Now I would much prefer if the Government is determined in the passage of these Bills, that the interest which has to be paid on this money, that is if people are going to make money on the money to be borrowed, that it would be much better for it to stay in this province than go off to New York, Toronto or even overseas. I think it's a distinct possibility and I think the Government should examine it. I think if it's a self-liquidating debt it's going to be operating at a profit and if the Government is so sure of the profit, then I think they should put this into the market of Saskatchewan people and keep the money here at home.

**Mr. Romanow:** — As I've said I think the Hon. Member has raised a fairly good point. The Hon. Member will know the Premier has received much correspondence in favour of this action that is being taken by the Government and some of the correspondence has included cheques of people saying, look, how can I buy in, how can I get into this? It's a matter of controlling Canadian resources for Canadians, by Canadians, of Canadians and of Saskatchewan people. As I said to the Member I think that is a very good positive idea and one that is being considered by Finance Department people, I am advised at this very current moment. I hope we can make some announcement one way or the other in due course.

**Mr. A.N. McMillan** (Kindersley): — Mr. Chairman, firstly I'd like to mildly chastise the Attorney General for suggesting that Sask Potash was going to be another replica of Sask Minerals. We haven't even struck the Sask Potash Corporation and already we are talking about the taxpayers of Saskatchewan subsidizing Sask Potash to the tune of \$40 million a year from lost interest on the Energy Fund. I don't believe that happened with Sask Minerals.

I'd like to ask a pretty straightforward question and I'm sure one that the Minister can answer with some degree of ability and that's what is the money from the Energy Fund invested in right now? What form is it invested in and what return are we, the people of Saskatchewan, realizing on that investment right now? I realize you may not be able to answer that to the tenth of a percentage point, but I would be interesting in knowing.

**Mr. Romanow:** — I'll give you a more precise answer. If you'll just take that down, Mr. Karvonen and I'll give you an exact answer. It's invested in some short term investments and the rate of return and the like, I think I'd like to dig that out and give it to you at some later time. Before the Bill wraps up anyway.

**Mr. Chairman:** — Order, please, for a minute. May I indulge the time of the House while the Member for Regina Lakeview (Mr. Malone) introduces a group to the House here.

## INTRODUCTION OF GIRL GUIDES

**Mr. Malone:** — Thank you very much, Mr. Chairman. I should like to introduce to you, Mr. Chairman, and through you to the other Members of the House approximately 20 girl guides from Lakeview School who are sitting in the Speaker's Gallery. They are led here tonight by Mrs. Gartner and I believe Mrs. Petschulat but I don't see her there right now. I hope they will find our Committee of the Whole proceedings interesting. I am sure there will be lots of action while they are here and I hope that I will meet with them later on this evening to talk to them.

**Hon. Members:** — Hear, hear!

### Bill No. 1 Cont'd.

**Mr. J. Wiebe (Morse):** — Mr. Chairman, a comment that I'd like to address, direct to the Attorney General is brought on in disappointment by the statement in which he said that part of the financing of the potash corporation or the purchasing of the potash mines will come from the Energy Development Fund. And a comment is brought on too by the remarks made by the Member for Rosetown (Mr. Bailey) in which the people of Saskatchewan should have an opportunity to contribute towards the purchase of these potash mines. Well for the edification of the Attorney General, each and every time I or any farmer in this province buys a gallon of gasoline, if that money from the Energy Fund is going to be used to buy potash mines, we are contributing directly to the purchase of that.

**Some Hon. Members:** — Hear, hear!

**Mr. Wiebe:** — It goes back to the statement which I made previously in this House, that the only reason why we have that Energy Fund is because of the agreement made by the Federal and Provincial Government which directly increased the price of farm fuel in this province from 11 to 14 cents. That money is going directly into that Energy Fund. So what I am saying to you, Mr. Attorney General, and to the people of this province, that every time a farmer purchases a gallon of gasoline in this province, instead of the money going to develop new sources of energy, such as new sources of gasoline and oil in this province, it's instead going to purchase a potash mine which we already have. I disagree with it and I think it's disgusting.

**Some Hon. Members:** — Hear, hear!

**Mr. Malone:** — Mr. Chairman, Mr. Minister, I want to come back to this idea of finance in a minute but I don't think we've asked you at any time and I don't think you've answered at any time, either you or the Premier or any of your other speakers. If you are successful in buying or if not successful that way, in expropriating half to all of the potash industry in this province and if you pay off the debt that's required to do that and say you are able to do it on a so-called self-liquidating basis, what do we get at the end? What economic benefit do we get for the people of Saskatchewan when you have completed your selling of your expropriating proceedings?

**Mr. Romanow:** — Mr. Chairman, I see a number of economic and social benefits. I see, Mr. Chairman, the distinct possibility of expansion as soon as possible, of mine or mines acquired. I see through that expansion hundreds of jobs in the construction of the expansion. The Member for Assiniboia (Mr. Nelson) may smile at that, but I think that those are the figures that on a sinking of another shaft, you are looking at that in construction. IMC has indicated that in one of their statements about projected expansion. I see from that expansion I see incremental tonnage, more tonnage being produced and sold. I see more tonnage sold, I see more revenue coming directly to the province of Saskatchewan. I see from that more revenue, the potential some time in the future of the provision of more services to the people of our province. I see the relocation of perhaps hundreds of skilled people who are presently located outside Saskatchewan, outside the country, coming to this province, where a source of the employment is. Skilled people for jobs, with that money going into the economy. I see spin-offs for our academic world as a result of this high paid engineering. I see all of these as potential, very significant potential economic returns for the province of Saskatchewan. I see repatriation of Canadian resource by Canadians, for Canadians, where we can make these decisions in our own interests, for our children's interests. I see that. I think that there are the distinct possibilities of such a move, which obviously we are not seeing now. We have seen up to now development and benefit for the children of Houston or Dallas. Nothing wrong with that, with the profits that are being taken there in the Member's minds, but I think it's about time, that as Canadians, we said these resources belong to us, to the people of Saskatchewan and the prime beneficiaries of those resources will be the people at home, as I have described them.

**Mr. Malone:** — A very entertaining sermon, but I wish it was just based on some facts. I asked you what economic benefits do we get from an individual potash mine that we aren't already receiving. You tell me how much, in dollars and cents. Are we going to get another 20 per cent more money if we take over Alwinal? Are we going to get another 10 per cent more money? Are we going to get any more money? Now, surely you must have some specific details other than your sermonizing a minute ago about the children of Saskatchewan and so on. I'm not saying that's unimportant, but I'm saying that those things would be coming to pass anyway, under the existing structure. What more are you going to get? Now tell me just how much more in money are you going to get from an individual mine, whether it's expanded or not be virtue of owning it?

**Mr. Romanow:** — Mr. Chairman, indeed, the Member I think does find that unimportant, what I said in my sermon. I think, indeed, the entire stance of the Liberal Party is to find that unimportant because the Liberal position is summarized if you look at the totality of the questions over 43 days and I don't think this is a misrepresentation, everything is to leave the industry alone, the way it is now. That's what you are saying. What you are saying, in effect, to that is that you allow the multinational corporations and the profits, the technological, the economic profits to flow directly to those other children, in

those other locations. That the summary of the position that you have taken.

I think if the Member says I'm sermonizing, I'm sorry for that. Perhaps a sermon on some occasions to some people might be of some good, I don't know. But I think in this area it is something which is possible. For the Hon. Member to say, tell me on one particular mine, whether it's 10 per cent or whatever again the average mythical mine, that's not possible. You have to take into consideration depending on the mine that is purchased, the financial commitments, the obligations, how you can finance it, your rates of return. It might be very high in some mines, and not as high in other mines that you acquire, depending upon the financing arrangements that are made with respect to them.

So nobody can say to the Member, it will be 10 per cent or 11 per cent or 12 per cent, other than to say that the return will be in the short run and the long run very good indeed for the people of Saskatchewan.

**Mr. Malone:** — You can't tell me, I want to go back to the start of this debate, with the Premier and the Speech from the Throne. He didn't talk about the children of this year or the next generation. He went into this on the basis of it being a hard-headed business deal. That was the Premier's statement. That was the reason he gave for taking over the potash mines. Now, if it's a hard-headed business deal, let's have some hard-headed business facts. Just what are we going to get? Can you tell me, are you in a position tonight to say we're going to get any more money than we are getting right now? Can you say yes or no?

**Mr. Romanow:** — Mr. Chairman, again in the indecent haste of the Liberal Party to defend the potash multinational corporations . . . no, this is now the third time. The first time was the \$6 million mistake on the prorationing fee. Just a small, what's \$6 million. The second one, yes, the one this afternoon that you raised about no obligation. Oh yes, the Member flicks his hand, but that's just one of the minor \$6 million errors and then the second one had to do with the question of the non-obligation to reveal because the thing had been struck down and now the third question is, will we get any more money? Will we be getting any more money? Can I answer yes or no? That again is so patently obvious to answer yes to, that even the Member should see that. For one thing, if, for example, we took over company A and it was our company we'd be getting the profits that company A now gets which we're not not getting. That's more money.

**An Hon. Member:** — . . . interest . . .

**Mr. Romanow:** — No, we have to pay the interest rates just like company A has to pay the interest rates. We have to pay the existing reserves tax, just like company A has to pay the reserves tax. At the end we get the profits just like company A gets the profits.

**Mr. McMillan:** — I'd like to make a point here now. We're asking you some pretty specific questions. Right now we're getting \$130 million a year approximately in revenue from those companies. That money will double itself in seven years at 10 per cent interest. Each year we received \$130 million and invest that, it doubles itself in seven years. If we have to borrow a billion dollars to try and pay off our debt to only gain 15 per cent more income, in 20 years we won't even break even provided these 'bloody' companies are all successful, every last one of them.

I should like to know how the Attorney General has done his arithmetic on this and particularly the Premier, maybe you can answer in his absence. How we are going to gain financially, taking into consideration these companies would be successful for the next 20 years. That is what we want to know. Show us where the economic advantage is. We all have the same common goals as far as the people of Saskatchewan are concerned and you would be the one I would least expect to stand up here and question that.

We would like to see some facts about that and answer that question particularly. How are we going to come out ahead taking that extra 15 per cent, provided that it is there, when we have to pay back for the assets? That is what we would like to know.

**Mr. Romanow:** — Again, I would answer the Hon. Member that it is surely obvious, I think, to most Members that worth has increased at least in two ways, directly, of not in a whole lot of others like I have been accused of sermoning, have pointed out. For example, there is an equity asset worth which we immediately require by virtue of the purchase. If I buy a house, even if it is a \$10,000 payment on a \$50,000 house, I have \$10,000 in equity that I didn't have before and as I continue to pay it off there is an equity asset development here.

Secondly, the aspect here, of course, in terms of the worth is whatever the profit at the end of the operation of the company is. I get that now, the new company gets that now, the people of Saskatchewan get that now. Company A must have some profits, obviously. It has to satisfy its shareholders and the like. It has to be going on a profit basis. Strike out company A and put in Potash Corporation of Saskatchewan and you have an asset worth operation.

Now I am not going to get into the specifics of the billion dollar borrowing and that type of thing because the assumptions are, some assumptions are built in that question which I don't accept. I can't accept. Only time will tell as to how that develops and how many mines are bought and what the value per mine is. So you ought not to be working on that particular billion dollars.

**Mr. J.G. Lane (Qu'Appelle):** — Let's get back to some basic answers. Maybe we can try and see if it is possible.

Do you agree with the Premier's statement that this is a good business deal of itself?

**Mr. Romanow:** — Yes, I believe, I have to say for the record when our students are reading this 20 years from now, obviously I am joking, upon all the evidence that is before me and the best that I can comprehend it I think that it is a good business deal. But on balance I think a reasonable conclusion and a reasonable decision.

**Mr. Lane:** — Well, assuming that it is going to be a good business deal I am going to assume and if my assumption is wrong, please let me know, that you are anticipating making profits. You must have a goal as to what income, broad level, that you expect to make for the province, over your actions in nationalization. I should like to know what that income goal is that you have set.

**Mr. Romanow:** — With respect, the Member again is really not asking a fair question because as I am sure he will know in his dealings as a lawyer and I am sure his colleague for Regina Wascana (Mr. Merchant) who I have reason to believe is an able counsel in business matters as well, especially for a relatively young person. When you are in a willing buying, willing selling situation what happens is that the parties show their books; they appraise the return; they look at the indebtedness; they look at the investment; they look at the market projects, whatever, and they arrive at a value for that business, usually on an earnings test – capitalized earnings or discounted cash flow or whatever the test happens to be and they pay that figure for it. And thereafter certain profit levels are struck or certain profit objectives or certain corporate objectives are set. We can't do that now for one very good reason, we don't have any of the facts and statements by any of the companies. That, I think, can only be answered upon completion of an acquisition of a mine where we will tell the House how much was paid; what the indebtedness is; where the dollars go, that is to say how much goes to service the debts; how much goes to the payment of taxes; how much goes for expansion; how much is left over for the return to the people of Saskatchewan.

Let me just conclude by saying that in time this Government strategy is designed to increase incrementally the expansion of the mines. This will mean more production and more revenue and everybody agrees that is needed now and that is what is happening. I ask the Members again to look back to the situation where a farmer is buying a half section of land and there is an indebtedness, he is paying that off and he is getting himself an equity; he is getting himself a return; he has managed to service his mortgage debt; he has managed to service his other obligations; in time he ends up owning that half section. He has a real asset and at the same time he has made a little bit of return to his family operations and he can continue to capitalize or expand on it, and so forth. And that is how the basic operation would work. I can't say that our objective is 10 per cent, 2 per cent, \$1 million or whatever and the Member, I am sure, understands that he can't expect me to say that.

**Mr. Lane:** — I have never heard such a crock in all my life. This is the first time anybody has talked about a business deal and said, we don't know what it is going to be like until we get into it. Every other businessman knows beforehand, if he is a



good businessman, what his rate of return is going to be on his investment or whatever project he is going into. He is going to look it through first. He doesn't buy the business and then decide after whether it is a winner or loser. You are not approaching this thing on so-called sound business practices. As a matter of fact your admission right now indicates that you are taking the worst possible direction that you could.

You have refused, or you don't know, what type of broad profit goal that you have set. I am now asking you: how many new jobs, roughly, the goal that you are setting, the number of new jobs that you have chosen as your goal, by your getting into the potash industry?

**Mr. Romanow:** — Mr. Chairman, the Hon. Member may never have heard such a crock before and if he hasn't then I would suggest that he has either been missing the House or he has not been paying attention to his colleagues' speeches, because he would have seen very good example of crock there. Mind you if I were him I would turn off his colleagues' speeches too.

Let me just say, Mr. Chairman, that I am somewhat confused now getting the advice from the multitude of business experts on the opposite side, of these hard-biting questions, that are specific questions that demand specific answers.

The Minister of Labour points out the question with respect to the Leader of the Conservative Party, who I think probably has more business sense than any other Member on the opposite side. He told us in eloquent detail how risky it was, he flunked in these service stations as the Minister of Labour says. But yet somehow we are supposed to be able to certify, in gold or in potash or in blood to the Member. I think the last question is in the same category: — how many more men are we expecting? It depends on what mine is acquired and what expansion can be done to it and from there you can make decisions as to how many more people will be working to expansion and how many more people will be working permanently after expansion and it varies from IMC to Duval to Alwingsal to Central Canada, to whatever. Don't tell me that you have to take this all out and average them because it is not a meaningful operation.

**Mr. Chairman:** — Order, please. I think that I have noticed and want to draw it to your attention, some unparliamentary words used by several Members. I am not going to ask you to withdraw, but I think you know the rules and regulations of the House. I think you should also realize that you have a group of young students in the gallery, who I don't think appreciate this type of language. Again, I say govern yourself accordingly and please refrain from using it.

**Mr. Lane:** — Crock of potatoes.

**Mr. Stodalka:** — Mr. Chairman, I should like to ask the Attorney General what factors you are going to use when you determine the number of mines that you are going to purchase or the total amount of money that you are going to spend on the purchase of mines? What are going to be the prime factors when you sit down and make that final decision?

**Mr. Romanow:** — I will answer the Member in this way. That we have to depend a lot on the advice that we get from, I think, our experts and our consultants in the field primarily, the individual I referred to yesterday, David S. Robertson and Associates from Toronto. These are people with a great deal of mining engineering skill and technology and economics, mining and economic skill. Presumably, we will obtain the consent of the mine or mines to go in there to check the technology, the state of machinery, the age of the machinery, look at the books, take a look at how it is operating, much like I described in answer to the Member for Qu'Appelle, your seatmate, about how one would do it on a willing buyer/seller operation.

What factors would enter into it really depend candidly on what advice we get from our consultants as to the worth of the mine. And what is being asked for it. If what is being asked for it is in the judgment of the best expertise that we have, then I think we are going to be in some difficulties with respect to the purchasing of it. Obviously we are not going to be committing millions of dollars in patently bad transactions just to acquire mines. We want to try to negotiate the best deal that we can for the province and for the people.

Over and above what we have said, relying on the advice of our experts and other people, I think other factors which would be considered, in looking at any mine, one obvious factor is, can we expand it easily. I think that would determine or not whether a mine is attractive and whether or not this is worth paying a little more for it. Another factor is, what is the age of the mine, what is the age of the equipment that is in there? Are we going to look at a lot of replacement costs and so forth. What are the geology problems? Do they have flooding problems, or water problems, things of this nature. What is the cost of operating? Not the least of which I think another factor is, will it be relatively easy to acquire or are we looking at a complicated series of intercorporate contractual matters which rule out the attractiveness of the purchase of that mine.

So I hope my answer to the question, which was an excellent question, would give the Member some insight into the multiplicity of factors which enter into a decision as to whether to buy or not to buy. I can assure the people of Saskatchewan and the Members of this House that we will be relying on the best possible expertise that we can in order to make the best possible decision that we can.

**Mr. Stodalka:** — Did I understand you correctly? Then you really don't have any ideas as to the number of mines that you would like to purchase or what percentage of the total production you would like to purchase in the province of Saskatchewan, or there is no constraint on the amount of money that you would like to spend?

**Mr. Romanow:** — No, the Member is partly right and partly wrong. He is partly right in the sense there are constraints on everyone, even governments, we don't have any bottomless pit or reservoir of money. We do have an obligation to future generations and our financing has to be done in such a way that these future generations are not encumbered. We think we can do that. That will be the guiding factor if we think that the asking price of

the mine is such that that objective is endangered, as much as reasonable men can foresee, and that is limitation. But I repeat, specifically, to answer the Member, the policy of the Government in this regard as to the number to be acquired remains unchanged. It has been stated variously some or all, or in another way, 50 per cent of the productive capacity of the mines. Note those words, it may not be 50 per cent of the mines, but 50 per cent of the productive capacity of the mines, which would indeed fulfil, I think, is the Government objective in this area.

Accordingly you will see that if it is 50 per cent of the capacity it may not be – I don't know how many mines it will be, but from that decision a whole series of other questions could then be answered once we have made that move, because if you have three mines to purchase obviously you are not looking at ten to purchase. You are not looking at \$1 billion you are looking at something considerably scaled down. And where you get the funds from and the requirements of borrowing, all of that is to be arranged. But our policy is, as I have stated and the Premier stated, in terms of the objectives and the numbers that we would get.

**Mr. Stodalka:** — Just to summarize then. Fifty per cent of the production is really your idea or the aim of what you would like to achieve?

**Mr. Romanow:** — That is a goal, it is the hope and I think, again, no one on our side, I am sure, is so wedded to what we think is a good policy decision, that given the hard negotiations and the facts that come up in hard negotiations, that we might have to make a change in plans. What I am saying is that when you get in there and you get your mining engineers and your mining consultants telling you, no deal or whatever the situation is, always these plans have to change. We really don't know until you get in there and you analyze it, take a look at it, write out your investments, project it over 10 or 15 years, show the people what kind of return they are going to get to justify it.

So that is our stated objective, our policy, our hope. But I make it clear to the House that the realities might dictate something else.

**Mr. Stodalka:** — A final question then. On marketing, is something that has always sort of bothered me, the selling of the potash. You will, of course, be competing with other companies to sell it. What is your – let's say that you have some problems. Would you be intending to set up some board like the Wheat Board, which would set quotas, to guarantee that each producer would get a share of the marketing according to their production capabilities?

**Mr. Romanow:** — At present we do not contemplate any marketing agency of the character of the Canadian Wheat Board. I think that the role for Canpotex is in a different category because it is not essentially of the same character of a marketing agency like the Canadian Wheat Board, but yet plays a very useful clearing house arm for marketing. I would certainly hope to see Canpotex playing a very important role in this regard.

But to answer the Member's question, in terms of the marketing agency, I don't see any such a move.

**Mr. Bailey:** — Mr. Chairman, I wonder, and I know that I can't put the words in the Attorney General's mouth, but obviously, and I am not criticizing the Government for calling in the officials, the experts, the feasibility study, obviously I have enough faith in the Attorney General and the Members opposite that they wouldn't be so naïve as not to do so, I am not criticizing them on that, I want you to understand that. The point that I want to get and it is really a personal thing to me because I have listened to this all day yesterday, and we have had some figures thrown around. Mr. Attorney General, the thing which disturbs me at the present time is that one of the Members just opposite said we presently now get \$130 million into the public purse. All right, someone coined a statement 'there is nothing sure but death and taxes', now it is possible, Mr. Attorney General, that something could happen down the road in five years time in which the whole market could completely fall out of the potash industry. I know that the advice that you get now says that is not going to happen, but I have seen advisers wrong before in livestock production, I have seen them wrong in wheat production and so on, so I think we will have to admit that it is conceivable that it could happen with a commodity which goes on the world market like potash.

Now what I am saying is this, let's say that you go down the road five years and the bottom falls right out of the market. So obviously the market falls down and there is very little in the way of revenue that the Provincial Government would then be receiving from the potash mines, but let's say that the Government is in control as you have suggested of 50 per cent or more of the potash mines, and the same thing happens, the bottom falls out. Now while it is true that you would not be reaping any benefits to the public treasury but you would have to admit, Mr. Attorney General, that you would, in fact, have a debt on your hands regardless of the amount of money that you put into capital stock. So, you know, I don't want to put the words in your mouth but even in this venture, Mr. Attorney General, you would have to admit that this particular Act is going into force, there is an obvious fact that there is some risk. You know I don't want to spread doom and gloom, but it could happen and if it does happen the people of Saskatchewan would be in a poorer position than if it was run by the potash companies. I think you would have to agree to that because the Government would then have to make the interest payments on the money that you had borrowed, whether you own it or whether private interests own it, the obvious thing is the company goes down to nothing where there is nothing coming in, but you would be in a worse position as a Crown corporation with interest owing on the money that you have borrowed than if private industry was operating it.

**Mr. Romanow:** — Well, again I very briefly should answer the Member this way. Using your example, assume that the Potash Corporation of Saskatchewan was not in the field, what would happen? Well, what would happen is that the Government would adjust its tax regime in order to adjust to the loss of revenue in the position the companies are in, prorationing was an example of that. We would probably do the same thing for the Potash Corporation of Saskatchewan so nothing would change in that regard.

The other aspect of it is, what about the servicing of the debt, the interest that you can't pay out of the operation. I understood the Member to say, what would happen now if that

happens, and what happens is the companies either try to refinance or they carry their debts for a period until the markets go back up. We would probably be in the same position. I would ask the Member to contemplate, for example, that Saskatchewan Power Corporation has a debt, I am advised, the Saskatchewan Power Corporation today has a debt in excess of \$700 million and it has had some bad years, well, not bad years but some years haven't been as good, and it has carried it and no one would say that that is a very financially unsound company. This is a very sound company indeed. So that while the risk is there because nothing can be entered even the Saskatchewan Power Corporation, without a risk, my point is that it is something that should be manageable by Government as it is by private industry now.

**Mrs. E.G. Edwards** (Saskatoon-Sutherland): — Mr. Chairman, the Attorney General speaks of the potash takeover as a good business deal because he says there will be profits and with those profits great things can happen and the profits will pay for the interest and all the rest of it. He speaks as though profit in a business is an automatic thing. I think this is something that so many people who have never been in a business, never run a business, never had to make a year-end statement or anything, look at business enterprises and say, oh, those people are making profits. Business people don't make profits all that easy and I just wondered how many Members opposite have ever been in business. I know the Member of Melfort (Mr. Vickar) has but I would say that not very many of you have been in business. Business people know, you don't automatically make profits. You have to run a business with some expertise. People who think that way remind me of spectators at a ball game, they are all experts in the stands but it is a disaster if they decide to come down on the field and try to be the players. I think when the Government looks at the potash industry and jealously look at their profits they think we can do that and we can get that, we are going to get in this ball game and the Government thinks that is automatic, they are going to have profits. Well, I think, and I brought this out when I spoke on Crown corporations, you have got to evaluate the thing carefully and clearly and look at the financial picture in a realistic way. There may be profits and again there may not, there are so many variables.

When the Attorney General is looking in his crystal ball tonight and telling us how great things are going to be and all this and that, we would all like to look in that crystal ball and we would all like to believe that, but unfortunately when you get into business, you can't be assured that things are going to be all that great. I wonder if there isn't another crystal ball with another picture that might just as easily happen and that's the one where there aren't any profits, where the market drops out of it and where it is poorly run and that's a possibility, and then there aren't any profits and then there are losses. I don't want to forecast gloom and doom but I said it in my speech on Bill 2, that the track record for Saskatchewan Crown corporations in the business industry isn't all that good. It is all right in the Crown corporations that are a service, giving service to people, they run a monopoly, there is no competition, they are not trying to sell a product. But when you get into the cutthroat business of trying to sell a product on the international market, I don't think that you can just up and automatically say that there will be profits and that's how we'll pay for all the future needs in Saskatchewan. I would like

to think that that would happen but I think any smart person going into a business deal where they are going to invest that much money and take that much risk, knows they can't be assured of profits and I would just like to bring that to your attention. I think it is all right for the Government to say they are going to do this and that but they should remember it is the people's money, if they are going into borrowing out of the reserves tax, the Energy Fund, money which we really should be using to look for new sources of energy. As I said before, we have the potash and we should be looking for new sources of energy. If you are going to use that money you should pay interest rates like anybody else that would be using it. If you are going to use pension funds, you should pay interest rates like anybody else. I don't think that Government Crown corporations should have tax advantages or any other special consideration any other business doesn't have.

**Mr. Romanow:** — Mr. Chairman, I want to correct one thing. I think the best businessman is the Member for Melfort (Mr. Vickar), I forgot about him when I mentioned Nipawin, and I just want to say that businessmen on this side, every one of these farmers on this side and every one of the farmers on your side, I think they are probably the best businessmen in the whole world. They know how to make a business operate.

**Mrs. Edwards:** — The said farmers know that they can't be assured a profit every year. They have to run their farms with a great deal of expertise and I am sure I can't farm and make any profits at all, even if somebody gave me the land.

**Mr. McMillan:** — Mr. Chairman, the Minister has mentioned on several occasions as has the Premier that it is the Government's intention to take control of at least 51 per cent of the production or 50 per cent and I would like to know if there is any particular magic in that or whether it is merely a psychological advantage to have supposedly majority control over production within Saskatchewan boundaries?

**Mr. Romanow:** — Well, I think the only magic in it is that one of the very significant aspects of this whole thing is the need for expansion and we would want to be in the position, which we think we can be, on the 50 per cent which would guarantee meaningful expansion.

**Mr. Merchant:** — Just before we get too far away from some of the things and they are little points. This afternoon were you saying to this House, I listened to you so often sort of saying what a great shock you had when that litigation was commenced after the election, are you suggesting to this House that the potash companies gave no warning, that the potash companies didn't threaten, that the potash companies didn't raise with you or with the Government the possibilities that prorationing and the other matters that they have raised with their litigation that the constitutional areas and didn't in the negotiations that you say were continuing, didn't at any time say, you know unless we can come up with a deal we are not completely devoid of arrows in our quiver and we think and we are advised that the manoeuvres that have taken place to date may be unconstitutional,

are you suggesting that you had no notice from the companies or their lawyers of the constitutional problems that they thought existed?

**Mr. Romanow:** — I think, Mr. Chairman, that anybody in Government at that time would obviously be mindful of the fact that this, indeed, was an option opened to the potash companies and, indeed, an option that may be used. But the point that I make is that from all of our dealings we were of the belief on May 2nd that this problem could be settled by reasonable men acting in good faith, negotiating in good faith. In my judgment that faith and belief was misplaced.

**Mr. Merchant:** — I am trying to be a little more specific than that. Did the potash companies or one or some of them, and clearly they must have been consulting with lawyers well before they issued that first statement of claim, I think that it was issued nine days after the election; did a potash company or a lawyer on behalf on one of the potash companies at some time say in the nature of writing a letter in advance of issuing a lawsuit and say, you know we think we've got you on the constitutional validity of some of the stuff that has been going on. We'll be taking you to court unless we can work out a deal?

**Mr. Romanow:** — Well, as the Hon. Member mentioned, we have been at that argument today earlier and we come back to it again. I haven't checked all the correspondence. I think it is conceivable and possible that in some of the correspondence this prospect was raised.

**Mr. Merchant:** — Indeed, would you go so far as to say it is likely?

**Mr. Romanow:** — Likely, yes.

**Mr. Merchant:** — So, it may have been a nice turn of phrase to say that the potash companies, showing their great ability for efficiency, I think that is the way you put it, business efficiency, got the statement of claim out in nine days. Mr. Minister, I suggest to you that what really happened was they said, we're going to test that and we will see what happens in the election, and as soon as the election went by, out came the writ. And that indeed you probably anticipated that that legal test would be forthcoming after the election.

**Mr. Romanow:** — No, I don't believe the Government at any time, subject to my memory being faulty, I try to attend most Cabinet meetings, really felt that we were going to get hit with this lawsuit and the withholding of the taxes on June 20th. I tell the Member again that as far as we were concerned we stood ready, willing and able on May 2nd to settle this as reasonable men and women.

**Mr. Merchant:** — So you thought that over the constitutional question that the potash companies were bluffing?

**Mr. Romanow:** — No, I don't know whether they were bluffing or not bluffing, I just say that we were meeting with them on May 2nd in the spirit of compromise and negotiation. That's all I am saying.

**Mr. Merchant:** — All right, let me for my part at least move into another area. Again, I apologize as it concerns a review. First you said that you would go first to the Energy Fund and you then said you would go first to the Canadian bond market and second to the American bond market. You said that and then a couple of more questions were posed and I think you decided that you had made a little slip, you had told us something, so you backed off that. Now are you saying that you would go first after you gobble up the Energy Fund, will you then be going into the Canadian bond market and from that to the American bond market and presumably after that to pension funds and so on but I am interested in which bond market first?

**Mr. Romanow:** — Mr. Chairman, I answered that, I think the Member was in the House, maybe he stepped out for a coffee or something when I was answering the question earlier. It is not possible to say with any degree of precision what comes first, what comes second, what comes third, what comes fourth. I said to the Member, your financing affects so many factors, potash in kind, bond markets, American, foreign, energy funds, pension funds and so forth, depending on the deal which you strike you may be packaged together a financial package which will look different in every case.

**Mr. Merchant:** — Well, without disrespect, Mr. Minister, and indeed we have been kind of gentle and kind but I think that at that point when you suggest that you would be going to the Canadian bond market you may not have been misrepresenting but you were certainly praying and hoping, because you know that one of the major criticisms that we have and I think that the people would have is that you are delivering yourselves from one group of multinationals to another. You go from IMC that owns IMCC in Canada and you deliver yourself into the hands of Morgan Trust and New York city banks so that you are really borrowing the money in the United States and I suggest to you, Mr. Minister, knowing full well that you have to borrow the money in the next year or so, so that you won't be borrowing a nickel or very, very little if you do some paltry little borrowing in Canada to look better, all of that money will come from the American market. Only a fool would borrow on the Canadian market today when new issues and better issues than Saskatchewan potash are coming out at 11¼ and the Calgary Utilities put out an issue the other day at 11¼ per cent. Newmac put out an issue the other day at 11½ per cent, they came out last week. There was an issue of one of the utilities companies in Alberta preferred at 9¾, that hit the market today. Now surely you are not suggesting that the Potash Corporation of Saskatchewan is going to be borrowing in Canada when they can be borrowing for 1½ per cent or less in the New York market, that really all of the money will be American money. That is what we have been told up until now. Never in any of the questions that were directed to the Premier about his reasons for being in the United States and so on. I am not for a minute personally suggesting that I thought he was down there trying to raise money.



I thought he was treading out political bush fires but he wasn't raising money, but never has there been a suggestion of any borrowing in Canada. Now I put it to you, Mr. Minister, that you know that all of the borrowing will, indeed, be American borrowing because there is such a large difference in the interest rate right now. It just would be unrealistic to be borrowing in Canada.

**Mr. Romanow:** — I say to the Member that I don't know that and I can't acknowledge that, other than saying two principles, mainly, number one, we have to try and strike the best deal that we can for our money finances in the interests of the taxpayer of the province. Secondly, it all depends when you go to the market. These conditions may change, these are two factors which prohibit me from saying that I do or don't know whether the Canadian market is in or out of our operation. I am simply listing the possible sources of funds of which that is one.

**Mr. Merchant:** — Did I hear you, Mr. Minister, in discussing the matter with the Member for Maple Creek (Mr. Stodalka) say that presumably you would get the advice of D.S. Robertson to go ahead? I think that's the way you put it. I thought you used the word 'consent', was that the phrase?

**Mr. Romanow:** — The Member must not place overemphasis on a particular word, it is the sense of the answer that should be emphasized. And that was in answer to the member who asked what factors would be considered in determining what mines should or should not be purchased, etc. There were a number of which I said we would be relying on, among other people, one of the key people being David S. Robertson and Associates of Toronto.

**Mr. Merchant:** — I am not trying to pick at a word, that's the reason I was asking you about the sense of the answer. I take it then if you are presumably advised to go ahead and if we get the consent to go ahead, David S. Robertson and Associates people would be working on valuations, that you don't have any valuations as yet or any reports as yet from David S. Robertson and Associates?

**Mr. Romanow:** — We have reports, again I use the word 'reports' in quotations. We have advice from our consultants in the field. We have been taking advice for some time, prior to the decision being taken. Obviously in terms of an individual mine or mines, we don't have those reports. The only way you can evaluate that is actually to take a look at the machinery and the equipment to look at what you are trying to buy. We haven't got that access yet.

**Mr. Merchant:** — I think you also said that if you didn't get, and I think the word you used was 'consent' of David S. Robertson on a valuation that you wouldn't go ahead. Is that what you said?

**Mr. Romanow:** — No, of course the Government is not dependent upon consent from David S. Robertson and Associates. The ultimate decision has to be made by the Government. I am simply indicating that one of the factors which will weigh quite heavily on a

determination to buy or not to buy or what to buy and what price to buy will be among others the advice given to us by David S. Robertson and Associates.

**Mr. Merchant:** — I want to move to another area.

One of the groups that will be affected by the move of government into the industry as opposed to private enterprise are the municipalities. The potash companies are very, very large payers of municipal taxes, and, as I understand it, there is no doubt the Provincial Government is tax exempt, but chooses from time to time usually either to make payments in lieu or to make compensation in some way. What can you tell me about the situation that the rural municipalities will face where they in many cases have learned to rely upon the potash company. They have much increased expense, the rural municipalities work arm in glove sort of with the rural school districts. What happens is the rural municipalities pick up the taxes but the rural school district then finds itself faced with the very large expense of educating the children of the workers. What can we expect for the rural municipalities and the rural school districts?

**Mr. Romanow:** — Mr. Chairman, I see no change in the situation. I would also remind the Members that in Crown corporations generally there are payments made in lieu of taxes, Sask Power does this, Sask Tel, SGIO, that policy would have to be a part of it as well.

**Mr. Merchant:** — Mr. Minister, the assessments as I understand it on the potash companies are very high by and large . . .

**Mr. Chairman:** — Order, please. I have noted that the conversation between Hon. Members is between each other. I think they know the rules and regulations, that they should first address the Chair. I think it helps the decorum of the House.

**Mr. Merchant:** — Thank you, Mr. Chairman.

My question then is, are you guaranteeing, on behalf of the Government that no municipality will suffer either in the immediate short term, that any potash company that is expropriated or purchased will in the short term pay exactly the same money by way of grants that has been forthcoming by way of taxation? In the long term do you guarantee that the increases will keep up with what would have been increases in assessments and probably increases in terms of the mill rate which would have resulted in a long term amount of money?

**Mr. Romanow:** — I see no change for the foreseeable future. I should also say that the record of this Government in terms of assistance to municipalities has been excellent and I should anticipate that that record will continue with the potash corporation.

**Mr. Merchant:** — Forgive me, Mr. Chairman, but I wonder if the Minister could be a little more specific. You are saying, I see no change.

I take it you are prepared to guarantee to the House that there will be no change now and that 10 years down the road for instance, the Rural Municipality of Cory surrounds Saskatoon, they are not going to be any worse for instance 10 years down the road in terms of the take they will have? If you follow the distinction, I see no changes different from a guarantee on behalf of the Government.

**Mr. Romanow:** — I think the Member will know that as far as this Government is concerned we want to see revenues in the municipalities maintained and guaranteed as much as possible. I can't guarantee 10 years down the road, for all I know maybe my friends the Tories will be the Government and would decide to break any guarantees that I make.

**Mr. Lane:** — I should like to get back on this matter of this so-called good business deal. I think the Attorney General has admitted that there was no businesslike approach by the Government and that it was done backwards. Instead of deciding at the outset what was the best deal for the province, the Government decided that it was going to nationalize the potash industry or 50 per cent and then work back to attempt to justify it. Now I ask you what your profit goals were if you had a sound business decision and approached this in the normal business manner, you would have certain economic goals that you were trying to attain. I asked you what job level you were looking at. You didn't give me an answer. I asked you what type of profit level your goal was. I don't expect it down to the penny. I am assuming that there is a range. It would seem to me that in order to maintain the same income level of \$130 million a year to the province, plus the \$40 million income that we would be normally getting off the Energy Fund, that nationalization is going to have to guarantee to the people of Saskatchewan \$170 million to be equal to what we have now.

I want to know specifically from the Minister exactly how you intend to get and guarantee to the people of this province at least \$170 million a year.

**Mr. Romanow:** — Mr. Chairman, I have answered that question to the Member several times and I don't intend to do it any more.

**Mr. Lane:** — I think the Attorney General should attempt it once more because so far he hasn't given the answer. You have refused in fact to give us any financial information.

You have said your goal is 51 per cent of productive capacity, I think that is what your goal is. Surely you must have had a goal as to what 51 per cent of productive capacity should return for the province. Would you kindly tell me what return 51 per cent productive capacity will be for the people of this province?

**Mr. Romanow:** — Mr. Chairman, I repeat what I repeated in the last answer, it will probably provoke the Members to dig in. They want obviously to continue and to eat the clock out, that's fair pool. I have given the best answer that I can give. The Member may find that a non-answer. Where I have been able to,

I have tried to answer as fully as I can, where I have not been able to, I have not been able to answer. I have said that. I see no value, Mr. Chairman, in repeating the arguments over and over again, because the Member doesn't choose to accept them. If he doesn't accept them he can go out to his electorate and tell the people that he doesn't accept the arguments. To drag me and to drag the House through this thing, I say with respect to the Member, because the question is essentially the same that I have gone through with him particularly over and over again. I just don't see what more I could add.

**Mr. Chairman:** — Order. I think the Member for Riversdale has given his reply. The Hon. Member for Qu'Appelle will have to accept that as his answer.

Are there any further questions?

**Mr. Lane:** — Mr. Chairman, we can certainly accept a non-answer as an answer, if that is what the Attorney General insists on. Have you got any studies which show you how to obtain a return of at least \$170 million to the people of this province? Have you got studies of how to do that?

**Mr. Romanow:** — Mr. Chairman, I don't accept the Member's figure of \$170 million.

**Mr. Lane:** — I gave the figures of the approximate income on a 10 per cent investment which is not out of the ordinary, on a \$400 million Energy Fund, it comes out to roughly \$40 million. I am talking roughly, call me a liar for a couple of million, you are the ones that are making the difference of about \$500 million. I am assuming my range is close. We get \$130 million in taxes, plus \$40 million interest from the Energy Fund which will be dissipated by nationalization. You don't accept my \$170 million, tell me where I am wrong in those figures, then tell me if you have studies which would show you how to get that same income level through nationalization?

**Mr. Romanow:** — The Hon. Member predicates his question on the assumption that the entire industry is going to be the subject of an acquisition. That's an assumption he asked me to build in, an assumption I can't accept.

**Mr. Lane:** — Will you then tell me if you have studies, yes or no, which will show how to guarantee a replacement of the income presently being received that will be lost through nationalization and it has to be replaced.

**Mr. Romanow:** — Mr. Chairman, the Members of the Government have looked at this. I said this yesterday several times, said it today a couple of times, and I repeat again, maybe I should repeat it to 9:30, I don't know, the Potash Corporation of Saskatchewan will be operating in the tax environment that the private corporations operate in. It will be paying a tax regime whether it is a potash reserves tax or a modified potash reserves tax, or whatever the tax scheme is, as affects the

private companies side by side with the government company. That revenue will therefore be coming to the revenues of the province. That is the answer that I have given.

**Mr. Lane:** — That completely begs the question. I wasn't asking about the potash corporation, I was asking about the nationalization concept. Are you prepared to answer the question or not?

**Mr. Romanow:** — I have given the answer, the Member for Qu'Appelle refuses to take it. I know that he has to prove to himself or to his colleagues about his leadership potential or whatever that he can make me look bad, and that he can show me that the answers are non-answers. Those are games which I think are not pertinent to this operation. I have said this again, Mr. Chairman, I think anybody in all fairness would know that I have given this answer many times.

**Some Hon. Members:** — Hear, hear!

**Mr. Lane:** — We have heard that talk several times in the last two days. It wouldn't take any potential leadership candidate to make you look bad, anybody could do it with your performance in this House.

**Mr. Steuart:** — Mr. Chairman, I should like to direct a question to the Attorney General. I am back again to the Energy Fund and the statement he made that some of the money, the first source of money would be from the Energy Fund. Would you say that that is really from the public purse? The common usage of the term public purse means the general revenue or money that comes in to the province of Saskatchewan in all forms, is considered the public purse.

**Mr. Romanow:** — Mr. Chairman, it depends on how wide one's definition is of the public purse. I think that the definition as suggested by the Hon. Leader is of such width that I would have to answer yes, it comes from the public purse. I know the next question will be that this is taxpayers paying for it and so forth. That is the lead on to that. You can make that speech but it doesn't have any relevance because one could say that the revenues from Sask Power come from the public purse or from a Crown corporation. The definition is just too wide. For the purposes of him, okay, we'll accept that.

**Mr. Steuart:** — Let's define what the public purse is. The money that comes to Sask Power, the dividend or the 50 per cent that was taken out — let's go to the money that comes in from Sask Tel. The net profit for 15, 20 years, I guess 50 per cent of the net profit of Sask Tel has been paid into the public purse. I don't consider that the definition of the public purse takes in the 50 per cent the profit of Sask Tel that they keep and plough back into more telephones or more telephone lines. I consider the public purse and I would ask the Minister if he would agree, that portion of Sask Tel's profit, of the Power Corporation's profit, that is paid to general revenue. In other words, the public purse in my opinion and I ask him if he would agree with me, is that money that comes into the general revenue of the province of Saskatchewan.

**Mr. Romanow:** — I make two points, Mr. Chairman. I think that one would not say that the Energy Fund is a part of the public purse in the sense that it is part of the general revenues of the province. One might say that it is a part of the public purse in the sense that it is money received from joint federal-provincial activities. And yet on a further explanation one might say that it is not money coming from the public purse but it is really money coming from the collection of royalties, etc., as a result, say of Bill 42 and federal actions as well. In that sense it does not come from the public purse. It comes from private companies and royalties and so forth. Therefore, I think that the definition that is offered or the examples that are offered by the Member tend to be misleading and I can't subscribe to one of them particularly.

**Mr. Steuart:** — Let me make that clear, Mr. Chairman, the Energy Fund flows from the share of the export tax on oil, the share that is diverted to the province of Saskatchewan. That has nothing to do with Bill 42, absolutely nothing to do with Bill 42 at all. There is no Bill 42 in Alberta or anything that can compare to Bill 42, and yet they take in tremendous amounts of money, far more than we do, from their share of the export tax. Clearly what is paid in to the general revenue of the province of Saskatchewan and may be used for anything of the purposes of the Government of Saskatchewan whether it is to pay for hospitals or schools or fix roads or to pay to the university, for secondary or primary education and so on, in exactly the same way is the money that comes in from the Liquor Commission. Surely you would agree that is part of the public purse, although we don't always take it in the same year it is earned. We keep a fund and from time to time, usually \$25 million to \$35 million depends on the kind of year, the kind of money the Treasury department has as a Finance Minister, would you deny that that is part of the public purse?

**Mr. Romanow:** — Mr. Chairman, just to clarify the point with respect to Bill 42, I don't know if I said it, it is getting late in the evening but, I am saying that the funds come certainly as a consequence or a part consequence of Bill 42. Because the result was when we took everything over, whatever the figure was, \$350 or \$375, from there some actions, federal-provincial conferences, etc., negotiations and the end result was what the Leader of the Opposition says. That doesn't matter. Again it is a question of whether or not that is in the sense part of the public purse. I don't think it is in the sense that it is from general revenues, that Energy Fund money.

**Mr. Steuart:** — Are you denying that you can take — a little while ago you admitted there was no impediment in you taking money from the Energy Fund and placing it in general revenue to use it for any legitimate purpose of the Government of Saskatchewan. You admitted that . . . you admitted it a few moments ago.

**Mr. Romanow:** — What I said was that there was no legal impediment that I know of, and I think that is true. I also said that it is my understanding of the nature of the fund that it is a resources fund, resource development fund. The Member for Saskatoon-Sutherland, just a few moments ago said she thought the

money should be used for exploration of energy, strictly energy in that sense. Okay, that is her opinion of it. In the judgment of the Government we feel it should be used or parts of it should be used for the development of the potash resource.

**Mr. Steuart:** — Is it a fact that you have lent some money from the Energy Fund to Saskoil?

**Mr. Romanow:** — No.

**Mr. Steuart:** — No money taken? Where has Saskoil received the money then?

**Mr. Romanow:** — Mr. Chairman, primarily I am advised that the funds came from the Department of Finance, some of the funds came from there, some I suppose would come from GFO advances.

**Mr. Steuart:** — What do you mean the Department of Finance? Department of Finance doesn't have a bank account, a lot of money stashed away. Does it come from general revenue?

**Mr. Romanow:** — Mr. Chairman, in consultation here we would have to get the precise detail as to where that money comes from. When we say from Finance, I say I suppose from consolidated revenue, an advance from the consolidated general revenue. But I should like to have Mr. Karvonen take a note of that as well. And I will advise in exact detail.

**Mr. Steuart:** — I find it very amazing that we set up an Energy Fund, then we set up Saskoil and we don't use the Energy Fund which it was earmarked for and announced with great fanfare and those are the terms of reference of the Government, not our works. And yet we are told now nobody is just exactly sure, the Minister who is in charge of Saskoil, who was in charge of it, maybe still is, he never speaks in the House. He has been struck by the longest bout of laryngitis that has ever been known to a politician. But they don't use it for that. I suggest that the Premier made this statement in the Throne Speech and I am quoting now, he made it on the 5th day, November the 19th; he talked about setting up the potash corporation.

We will borrow money to buy the mines just as any other business borrows money to pay back the money out of the sales of potash. I emphasize that the cash flow is what we rely upon, not only the profit. It will be self-liquidating debt.

It will make no demands on the public purse.

He has obviously had a change of heart because you have now told us tonight that you intend to take money, maybe several hundred millions, certainly a huge sum of money from the Energy Fund which now stands at \$300 or \$400 million, if the truth came out, if you told us how much it stands at. So you could be taking out that much money that is, in effect, not under some broad definition of the public purse but under a very narrow definition of the public purse and that is money that comes in

to the Treasury, the province of Saskatchewan which may legitimately and legally be used to pay for the normal purposes for which a government is elected, education, health and so on.

So now you are telling us, you have told us today that indeed the venture into the potash business will be contrary to what the Premier said three months ago, will be a charge on the public purse and a risk on the public purse. And we found another rather interesting revelation tonight that it looks like the investment in Saskoil has also been a charge on the public purse.

**Mr. Romanow:** — Mr. Chairman, I said to the Member I don't accept that. If that is the conclusion he draws, I don't accept that. I think the statement of the Premier is still essentially true.

The Energy Conservation Development Fund is just that. It is a special fund. It is not part of the public purse in the sense of being the general revenue.

**Mr. Lane:** — It is a rather shocking admission, Mr. Chairman, by the Attorney General to find out that the Premier may well have intentionally deceived this legislature by his statement that it would be self-liquidating and not a charge upon the public purse. And to find out now that the Attorney general is using words of other jurisdictions with what the Premier said was essentially true, is now backing off from an endorsement of what the Premier's statement was. He is no longer saying that the Premier did tell the truth, he is saying, essentially true. Starting to weasel around and try and extricate the Premier from what has been proven all day to be an essentially dishonest position taken by the Government.

We have today, and when we started out there were three basic reasons given in the Throne Speech for nationalization — that the potash companies refused to give information required by law. We have found out over the last couple of weeks that that is not true. That the Government opposite had been given full financial disclosure by some potash mines. That reason for nationalization turns out to be a false reason or an untrue reason.

They declined to proceed with expansion which was the second reason for nationalization. The truth is that the Government opposite taxed them to such a great extent that it would have been impossible for them to expand and that, in fact, the Government itself prohibited and stopped expansion of the potash industry.

We had the statement in the Throne Speech by the Premier of the Government that he was afraid and one of the reasons for nationalization was, because they were afraid of the challenge in the courts in a series of legal actions, the challenge to the right of the province of Saskatchewan to collect taxes from the industry.

It turns out today that in fact that controversy was deliberately created by the Government, deliberately set up by the Government's refusal to use the law that its predecessors had put on the Statute Books, which allowed the Government to immediately apply to the Court of Appeal for Saskatchewan for



an answer to the taxation question. In fact, what has been proven by the Opposition today is that the reasons for nationalization are a sham and a position of the Government opposite, in fact nationalization was decided upon first and the justification for nationalization came after. That in fact all the Government advertisements over the last few months are in fact not true and a deceit and a deliberate attempt by the Government opposite to sell its potash position to the people of this province. That, in fact, nationalization was not done for the best interests of the people of this province, it was done for the very reasons that we said at the outset, that it was done in a fit of pique by the Government and everything that you have done to date simply proves that very fact.

We took different aspects today and we will get back at them tomorrow. The Government said and the Premier has said unequivocally that this is a good business deal for the province. And yet, in fact, the Attorney General has weaselled around and refused to tell us how it is a good deal for the people of this province. He has refused to tell us what projections of income we are going to get from the potash nationalization. He deliberately weaselled and fooled about with questions but refused to give an answer. I think that the backbenchers of the Government opposite saw a despicable display by the Government today through its Cabinet Ministers, that shied away from debate, refused to participate and had the Attorney General, who was deliberately kept in the dark so he could plead ignorance before this forum.

We gave evidence today, which in effect was impliedly admitted by his silence, that the markets on the potash industry are very soft and in fact will be soft for the foreseeable future. That sales as recently as last week were made of potash at only \$28 a ton. That markets throughout the world are dropping. We also had evidence publicly stated that potash companies are already talking about competing with Saskatchewan by a new mine in New Brunswick and are exploring in New Brunswick.

We had proved over the last few days that the possibility of even greater competition because of nationalization, greater competition all throughout the world which can only do one thing and that is reduce and keep the downward pressure on prices for potash. In fact, by every single criterion, this is a bad deal and the position of the Premier, the assurance given by the Premier has been completely refuted by the hard facts of reality. And in fact this Government is going on a course not based on sound business decisions, but in fact, either on political dogmatism of the Members opposite, or in fact, as we have said, a fit of pique.

But the interesting thing supposedly coming from a New Democratic Party, People Before Profits, or whatever it was, that was the slogan. You are the party of the people. And yet, tonight, we had the Attorney General admit point blank that the priorities of this Government opposite were nationalization of the potash industry. We asked the Attorney General whether or not there was any reason why the Energy Fund could not be diverted into a new hospital construction, he said there was no reason. We asked the Attorney General tonight whether in fact there was any reason why moneys from the Energy Fund couldn't be diverted to solve the housing crises and rental accommodation crises. No reason. We asked the Attorney General tonight whether there was any reason why moneys in the Energy Fund

couldn't be diverted to the needs of senior citizens. No reason was given.

It is a very, very strange thing that came out tonight from the Government opposite that supposedly puts people first. It is the fact that you consciously broke tradition with the history of your party by saying that the doctrinaire socialist approach of nationalization before the public good is the direction you are taking. I think that very fact of the Government opposite in the break with the great traditions that we have heard about and have been beaten into the Members of this legislature over the last several years is really a strange thing to see and I can't believe while certain Members if they were involved in the decision-making process of nationalization by this Government. How they could justify in their own consciences the fact that you could have used the Energy Fund to solve that housing crises; that we could have eliminated an awful lot of the line-ups in hospitals; patient waiting lists by diverting some of the Energy Funds. That you cut back for the farmers, you cut and put a limit of \$200 on a fuel rebate when in fact you had the money and you didn't have to cut back.

That is what the Attorney General has admitted tonight, that you intend to go to nationalization before any other of the social needs of the Government opposite.

We had one of the shoddiest, sorry displays by a government, through its mouthpiece today, when he sat on documents and has refused to table information. Either one of two things has happened. Either the Attorney General didn't have the information which would allow a reasoned and rational approach or justification for nationalization, either he didn't have . . .

**Mr. Mostoway:** — You are snippy.

**Mr. Lane:** — Yes, I am getting snippy and I agree with the Member for Prince Albert-Duck Lake (Mr. Steuart) that I am sick and ashamed of a government that would treat this legislature with such absolute disdain as the Attorney General, as the official mouthpiece, weaselling around and refusing to give information, deceiving this House time after time after time. A statement by the Premier of this province that has now been proven untrue; the fact that the Premier of this province has intentionally or otherwise misled and deceived this House. Yes, I am sick and I am ashamed and so are the other Members of this House and so should every single other Government Member opposite, be pretty well sorry and especially . . .

**Mr. Chairman:** — Order, order!

**Mr. Lane:** — . . . every Member . . .

**Mr. Chairman:** — Order, order! I think the Hon. Members know and I honestly believe the level of debate has been of a very high level thus far today and I would hate to see it deteriorate at the last moment. So, for that reason, I am going to interject something else for you to think about, which I think will be much better and more pleasant and remind you that this is a very special day in 1976 for our Clerk of our Assembly (Mr. Barnhart). It is his birthday.

**Hon. Members:** — Hear, hear!

Happy birthday to you, happy birthday to you, happy birthday Gordon, happy birthday to you!

**Mr. Romanow:** — I think that is a very positive and fine note to end off the evening, especially after what I think was one of the lowest performances that this House has probably ever seen in a long time. Very bad.

The Assembly adjourned at 9:30 o'clock p.m.