

# LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

## Third Session — Eighteenth Legislature

### 23rd Day

Wednesday, March 23, 1977.

The Assembly met at 2:00 o'clock p.m.  
On the Orders of the Day.

### WELCOME TO STUDENTS

**MR. J. L. SKOBERG** (Moose Jaw North): — Mr. Speaker, to you and through you to the Members of the Legislative Assembly, it gives me a great deal of pleasure in introducing to this Assembly a Grade Eight class from King George School in Moose Jaw. There are over 90 students from the King George School, Mr. Speaker, and with them they have their Vice-Principal, Mr. Segall, Principal, Mr. Henry Murray and their teachers, Mrs. Margaret Scott and Mr. Bud Gruidas. I am sure that all of us wish the students here today a most successful day. I will be meeting with them a short time later.

**HON. MEMBERS:** — Hear, hear!

**MR. S. J. CAMERON** (Regina South): — Mr. Speaker, if I may take a minute I should like to introduce to the Members of the House, through you, a group of Grade Four students from Ethel Milliken School in my constituency. They are in the company of Mrs. Irvine and Miss Chapman. I extend to them, on behalf of all of us, a welcome to the Legislative Assembly this afternoon.

**HON. MEMBERS:** — Hear, hear!

**MR. R. H. BAILEY** (Rosetown-Elrose): — Mr. Speaker, I should like to introduce to you and through you, a group of 25 students from the Rosetown Division School. They are seated in the east gallery. They are accompanied by Mr. Williams, their principal, and Miss MacDonald. I apologize to the principal for not being here to welcome the group from the Rosetown Division School when they came on Monday.

I will be meeting with this group later on. We have arranged for some refreshments and I know that all of the Assembly joins with me in wishing them a very good day here at the Legislative Assembly and a safe trip home.

**HON. MEMBERS:** — Hear, hear!

### QUESTIONS

#### CHANGED RATES ON NEW AND OLD OIL

**MR. E. F. A. MERCHANT** (Regina Wascana): — Mr. Speaker, I should like to direct a question to the Minister in charge of Mineral Resources about announcements which he curiously made outside of this House yesterday. I wonder if the Minister would agree with me that the changed rates, to be paid on new and old oil in this province, are due to the fact that the drilling activity in Saskatchewan has all but dried up,

with the result that we have less than one-thirtieth of the completion of wells that Alberta has for a like period. To the end of February, 1977 Alberta has 226 rigs operating there, we have two. In essence, Mr. Speaker, my question is . . .

**MR. SPEAKER:** — Order! The Member is putting the question in such a way that it is encouraging debate. The Minister will want to respond to the comments the Member is making and I will be having Members call order. What I am pointing out to the Member who is asking the question, is that he should not be argumentative in placing the question.

**MR. MERCHANT:** — Thank you, Mr. Speaker. Would the Minister agree that the dramatic changes are due to the fact that the industry was passing Saskatchewan by and that oil activity in this province, under the rates of Bill 42, had all but dried up completely?

**HON. J. R. MESSER** (Minister of Mineral Resources): — The answer, Mr. Speaker, is No.

**MR. MERCHANT:** — A supplementary, Mr. Speaker. Does the Minister admit that the difference in royalty rates between Alberta and Saskatchewan, on old oil before these modest changes, exceeded \$1 per barrel; and on new oil exceeded a \$1.75 per barrel and that even with the changes, the difference in rates exceed 80 cents per barrel on old oil and \$1.25 per barrel on new oil?

**MR. MESSER:** — I believe the figures are generally accurate.

**MR. MERCHANT:** — Final supplementary, Mr. Speaker. Would the Minister not agree with me, that where producers in Alberta will be receiving approximately \$3.04 per barrel and the producers in Saskatchewan approximately \$2.40 per barrel that, logically, most of the activity, if not all of the activity, will continue to go into the Province of Alberta and very little activity, particularly in view of the Government's attitude, will come to this province?

**MR. MESSER:** — Well, Mr. Speaker, let me firstly say that the position that the Member undertakes to picture or paint for this House is one that assumes there is not any drilling in the Province of Saskatchewan and that is not, in fact, correct. In answer to the question, Mr. Speaker, I should like to bring to the Member's attention the response in this morning's *Leader-Post*, that the oil industry in the Province of Saskatchewan is moderately encouraged in relation to the announcements that I made yesterday. Some of the Members chuckle about that, but I think, Mr. Speaker, that in light of some of the other larger concerns that we have with the oil industry in Saskatchewan, that is an encouraging statement at this point in time. I may say that we have undertaken over the past several years, including the actions included in Bill 42, an endeavour to try and put together a realistic development policy for Saskatchewan non-renewable resources. In this particular instance, oil, I believe that we have now reached a stage where we are undertaking to instigate discussions with the companies, who may be able or willing to expand or establish exploration and developing activities in regard to oil in this

province, so that when that exercise is carried out we will be assured of maximum return and maximum benefits to Saskatchewan people. I might say that the policy that Alberta has pursued in the last several years leaves some, not only Saskatchewan people but some Canadian people, subject to question as to whether they have really brought about the substantial reserves that they should be getting for the development and exploration of their oil.

**MR. E. C. MALONE** (Leader of the Opposition): — Mr. Minister, this latest announcement of yours, of course, comes as one of a series of announcements in changing the royalty rates that are paid by the oil industry in this province. I suspect, in due course, there will be another announcement changing the rates as well. Would you not admit, at this time, that your announcement of yesterday, made outside of this House, is once again an admission by the Government you are a part of, that Bill 42 has failed? Would you not admit, as well, that the announcements made by your predecessor, now the Minister in charge of the Rentalsman's Office, again were admissions that the Government's policy, with respect to the oil industry, has failed? And I ask you now, why do you not reach the stage where you can make an announcement putting Saskatchewan in a position competitive with Alberta so we can get the oil industry going again in this province?

**MR. MESSER:** — Well, Mr. Speaker, the Member asks a series of questions. Let me first respond to his allusion to the fact that the statement was made outside of this House and, therefore, there is something wrong with it. Mr. Speaker, I don't believe that there is anything wrong with a Minister of the Crown undertaking to convey to the general public and the oil industry, a position in regard to an allocation of a price increase that took effect January 1. It does not, in any way, curtail or inhibit the Members of this House undertaking to question or debate the contents of that announcement.

Secondly, he alludes to what will be a series of announcements in regard to divisions of increases that may be forthcoming to the oil industry. I said very clearly in the announcement that we hope that with this 55-45 split, unless there was some significant change in the future, they should assume that this would be the division for future increases as well, that is 55-45. I disagree very much with the Member when he says that this is an admission that Bill 42 has failed. It is nothing of the sort. Bill 42 has assured good logical expansion and development of the oil industry in the Province of Saskatchewan. I might also say that when he alludes to the Province of Alberta, we can identify where they made errors. One very significant error was the cutting of oil some time ago which only brought about an opportunity for the Federal Government to increase its take from the oil industry, thereby depriving not only Albertans of a larger share of oil that was being extracted from that province, but also had consequences for the citizens of Saskatchewan. I think that some of these hasty decisions that they made have been detrimental to the expansion and extraction of oil and have lost revenue to the citizens of Alberta, we have not . . .

**MR. SPEAKER:** — Order! I am going to take a new question.

**MR. MALONE:** — Mr. Speaker, another supplementary question . . .

**MR. SPEAKER:** — The Member for Qu'Appelle.

### **ECONOMIC FUTURE OF CANADA**

**MR. J. G. LANE** (Qu'Appelle) Mr. Speaker, if we can proceed. Over the weekend I am advised that representatives of big companies, big eastern companies, so-called big labour representatives of the Canadian Labour Congress and the United Steel Workers met in eastern Canada and made some type of an agreement on the economic future of Canada. One aspect, I understand, was a recommendation of the early ending of controls. Subsequent to that particular meeting, these groups met with the Government of Canada. My question to the Premier (Mr. Blakeney) is: was at any time he, or any Members of his Government asked to attend or invited to these meetings?

**HON. A. E. BLAKENEY** (Premier): — Mr. Speaker, we were not invited by the Canadian Manufacturers' Association, not invited by the Government of Canada.

**MR. LANE:** — By way of supplementary. Has the Premier subsequently been advised of this so-called unprecedented agreement on the economic future of Canada and if so, can he advise us of the ramifications of this agreement for the people of Saskatchewan?

**MR. BLAKENEY:** — Mr. Speaker, I have not been advised, I have no knowledge of the agreement, I have no knowledge that there was an agreement.

**MR. LANE:** — A further supplementary. Assuming there has been an agreement, as has been indicated by the Minister of Finance for Canada, would the Premier not admit that, in fact, this is another example of an economic decision being made by eastern Canadian companies and the Government of Canada without regard to the economic position of the people of Saskatchewan and the people of western Canada?

**MR. BLAKENEY:** — Mr. Speaker, I would assume that the Canadian Manufacturers' Association has representatives in western Canada, that the Canadian Labour Congress has representatives in western Canada, and that the Federal Government has at least a few representatives in western Canada. I should say, however, that I have no knowledge whatever, that an agreement was arrived at. I am frankly surprised to hear that any agreement was arrived at.

### **GRADE TWELVE EDUCATION TEXTBOOK**

**MR. W. H. STODALKA** (Maple Creek): — Mr. Speaker, a question to the Minister of Education.

This particular book, "Marriage for Moderns" is the family life education textbook in Grade 12. Because of some complaints that have come to my attention, I have taken the liberty and circulated a page to each one of the Members, a page that is taken directly out of that particular textbook. I realize the Minister probably has not seen this textbook before. What I should like to ask the Minister about the quotation and I can assure him that there are other similar such passages within this textbook, is whether or not he feels that this is the approach that one might use in family life education?

**MR. P. P. MOSTOWAY** (Saskatoon Centre): — What is the name?

**MR. STODALKA**: — "Marriage for Moderns."

**HON. E. TCHORZEWSKI** (Minister of Education): — No, not necessarily. I have not seen the book; I appreciate the Member sending me a copy of the page he refers to prior to asking the question. It certainly is not a textbook that has been approved by the Department of Education on family life education, to the best of my knowledge. Family life education is developed by local school boards. That is the direction we have taken since the Ministers' advisory committee report. The public school system in the city of Saskatoon has a very extensive program, which I think is a good program. If you are asking me what I think of that particular section in that book and if there are similar sections in it, I say any teacher who would be using that in a classroom, contrary to school board policy, ought to be reprimanded by his or her superintendent.

**MR. STODALKA**: — Supplementary. I hate to correct the Minister, but it is one of two prescribed textbooks in family life education in Grade 12. I would like some assurance from the Minister that he might do something about this. I, as a parent, and other parents who have talked to me, find it particularly offensive.

**MR. TCHORZEWSKI**: — I will check to see if it is a prescribed textbook and I will check to see whether it is the discretion of the superintendent and the local school jurisdiction to decide whether, in fact, they should be using it. I will then follow up accordingly.

#### **FIVE PER CENT E&H TAX**

**MR. R. H. BAILEY** (Rosetown-Elrose): — I should like to direct a question to the Minister of Finance (Mr. Smishek). Mr. Minister, what measures are presently being taken by your Department to collect the 5 per cent E&H tax on mobile homes, house trailers, campers and so on, that are being purchased by Saskatchewan citizens outside the borders of the Province of Saskatchewan?

**HON. W. E. SMISHEK** (Minister of Finance): — Mr. Speaker, under the terms of the law, people buying a mobile home from outside and who bring it to Saskatchewan are required to pay the tax. The onus is on the person to report the purchase and pay the E&H tax.

**MR. BAILEY**: — A supplementary question, Mr. Speaker. I see by the statistics that one out of every five of these homes in Canada is that type of a home. Has your department received, Mr. Minister, any complaints from those people in Saskatchewan who are directly in the business of selling this particular type of commodity to Saskatchewan citizens? Have you received a complaint from these businesses within Saskatchewan that this so-called illegal entry is very detrimental to their business and in fact is making it difficult for them to operate within the province?

**MR. SMISHEK**: — Mr. Speaker, I have not

received a complaint directly; it may be that some official of the department may have received a complaint. I will check and inform the Hon. Member.

**MR. BAILEY:** — A supplementary, Mr. Speaker. Can the Minister assure this Assembly and this province and particularly those people in the province who are in business in this province, that steps will be taken now to prevent any further loss of Saskatchewan business by this illegal entry?

**MR. SMISHEK:** — Mr. Speaker, we are always concerned about anybody evading the laws of Saskatchewan, or failing to pay the required taxes that are due to the Government of Saskatchewan. Certainly I will pursue that matter as well and try to make sure that people who may not be aware of the law are informed. I will try to check it out. I should like the Hon. Member to give me any names he may have which might assist us.

### **PERCENTAGE OF REVENUE TAX TO FEDERAL GOVERNMENT**

**MR. D. H. LANGE** (Bengough-Milestone): — I should like to address a question to the Minister of Mineral Resources and perhaps it can be regarded as a supplementary to an earlier question. What percentage of the total revenues, that come to the Province of Saskatchewan, are taken in the form of taxes by the Federal Government?

**HON. J. R. MESSER** (Minister of Mineral Resources): — Mr. Speaker, I must admit that is a tough question. I can't give the precise answer to that, but it is certainly significant, something that I will convey to the House at a later time, Mr. Speaker.

**MR. MALONE:** — Mr. Speaker, will you recognize me now to ask a question, not a supplementary?

**MR. SPEAKER:** — I will recognize the Member for Wascana who has a supplementary.

**MR. MERCHANT:** — Yes, Mr. Speaker, I wonder if the Minister would agree with me that the current production levels are that \$1.25 is taken by the Federal Government and \$4.16 are taken by the Provincial Government leaving \$2.29 for the producer?

**MR. SPEAKER:** — Order! The Member for Regina Lakeview, the Leader of the Opposition.

### **STATEMENTS IN THE LEGISLATURE**

**MR. MALONE:** — Mr. Speaker, I should like to direct a question to the Premier.

As the Premier is well aware, Members in the Liberal caucus take a very dim view of making Ministerial statements outside of this House while the Session is on. This matter was brought to the attention of your Government about a year ago and to give

credit where credit is due, your Government did something about it. Ministers did make their statements in the Legislature while the Legislature was sitting. Yesterday, of course, the Minister of Mineral Resources (Mr. Messer) made a statement outside the House of some significance. I understand that the Minister of Social Services made a similar statement outside the House of some significance. My question to you is: will you direct your Ministers, Mr. Premier, while the House is sitting, to make statements that are significant to the people of Saskatchewan in the Legislature so that Members of the Liberal Opposition could take advantage of the opportunity to reply, which is provided in the Blues?

**MR. BLAKENEY:** — Mr. Speaker, I think it is the custom for Members or Ministers to make statements in the House where that seems convenient or desirable. I share the view of the Hon. Member that efforts should be made to make them in the House wherever that is possible in all the circumstances. I will convey that to the Members of the Executive Council as we have no wish to deprive Hon. Members of the opportunity to make a statement. It is reasonably obvious, from the use of the Question Period, that we do not deprive them of the opportunity to comment on them, since some, including the Member for Wascana (Mr. Merchant), usually manages a comment before his question. I still take the point made by the Leader of the Opposition (Mr. Malone) and will convey it to my colleagues.

### **GRAZING AND FORAGE LEASES**

**MR. L. W. BIRKBECK** (Moosomin): — I wonder if the Minister of Agriculture (Mr. Kaeding) could tell me if the Department of Agriculture is currently issuing grazing and forage leases on land which is purchased by the Wild Life Development Fund?

**HON. E. KAEDINC** (Minister of Agriculture): — Mr. Speaker, I don't believe that we would be issuing the leases on those lands. I think that would be done by the Wild Life Federation or the Department of Tourism and Renewable Resources.

**MR. BIRKBECK:** — Supplementary then, Mr. Speaker. Maybe I could direct that question to the Minister responsible for Tourism and Renewable Resources.

**HON. A. S. MATSALLA** (Minister of Tourism and Renewable Resources): — Yes, that is correct. The Department does look after the leasing of wild life land.

### **CABLE TELEVISION IN SASKATOON**

**MR. H. W. LANE** (Saskatoon Sutherland): — Mr. Speaker, I should like to direct this question to the Minister in charge of cable television.

We seem to have a problem with the people of Saskatchewan getting cable television. Yesterday in the House, I think, was a classic depiction of the problem. We had a resolution by the Member for Maple Creek (Mr. Stodalka) urging the Provincial

Government to do something; we had the Member for Moose Jaw North (Mr. Skoberg) passing a resolution to condemn the Federal Government. My question is: how long will we have to have the Federal Liberals nitpicking with the Provincial NDP and the Provincial NDP nitpicking while the people of Saskatoon. . .

**MR. SPEAKER:** — Order, order! I will take the next question.

### **COST OF TELEVISION ADVERTISEMENT**

**MR. G. H. PENNER** (Saskatoon Eastview): — Mr. Speaker, I have a question I should like to direct to the Minister in charge of the Rentalsman's office.

There is an advertisement that is being played on Saskatchewan television stations about the ability of the Rentalsman's office to play cupid between landlord and tenant. I wonder if the Minister would give the House an indication of what the cost of those advertisements has been?

**MR. E. WHELAN** (Minister in charge of the Rentalsman's Office): — I can't give you the exact figure but I shall be glad to give it to you later on. I will ask the Rentalsman who placed the ad and I will give you the figure in due course.

**MR. PENNER:** — In taking it as notice, Mr. Speaker, and as a second supplementary, would the Minister agree to give us an indication of who is responsible for production of the advertisement and also, who is responsible for the taste or lack of it that goes into the ad?

**MR. WHELAN:** — I will take it as notice and find out who is responsible.

**MR. PENNER:** — Final supplementary, Mr. Speaker. Would the Minister also agree to provide the House with a statement indicating that this particular piece of advertising is poorly produced, a waste of taxpayers' money and, in fact, false advertising?

**MR. SPEAKER:** — Order, order! I will take the next question.

### **DISCUSSIONS WITH FARM ORGANIZATIONS**

**MR. W. C. THATCHER** (Thunder Creek): — A question to the Minister of Agriculture, Mr. Speaker. Earlier in the week, under questioning as to his reaction of the vote in Manitoba in regard to the Marketing Board, the Minister indicated that his department was having discussions with various farm groups in this province pertaining to a beef cattle marketing board. Since that time I have had occasion to speak with the president of the Saskatchewan Stock Growers. He advises me no such discussions are taking place. I had a conversation with the president of the Saskatchewan Federation of Agriculture and he is unaware of any such discussions.

Would the Minister, therefore, clarify his statement earlier

in the week and tell us exactly what farm organizations you are, in fact, having discussions with?

**MR. KAEDING:** — Mr. Speaker, there have been no structured meetings with farm organizations as such. I have met with them on many occasions on platforms and at meetings, discussing the issue of beef marketing. These are the kinds of meetings that we have held with them. We haven't invited people to come to us and meet with us on that particular subject. We feel that when they are prepared to come to us, we are prepared to listen.

While I am on my feet and while I am speaking to the Member for Thunder Creek, I should like to congratulate him for having won the Grand Champion bull in the Horned Hereford class.

**HON. MEMBERS:** — Hear, hear!

**MR. KAEDING:** — I think that is a very significant win for him, in a competition as tough as the one at the Regina show. We are very happy that some good things do come from Thunder Creek.

**MR. SPEAKER:** — I should warn the Minister of Agriculture that he is probably out of order as he has stolen someone's thunder.

**MR. THATCHER:** — Mr. Speaker, I am afraid the Minister has disarmed me.

A supplementary question. Is it a fair assumption by his answer to say the Minister is, in fact, saying that these organizations are really not interested in a marketing board? Is the Minister saying that the Government is promoting the beef marketing board to these organizations which simply don't appear to be interested?

**MR. KAEDING:** — Mr. Speaker, I can assure the Hon. Member that there is a lot of interest in marketing boards out in the country and if he hasn't found that out by this time, I think he hasn't been around.

#### **WATER BOMBER STATION AT PRINCE ALBERT**

**MR. G. N. WIPF** (Prince Albert-Duck Lake): — After my questions yesterday to the Minister of the Department of Northern Saskatchewan about the air tanker base, I am sure he has had a chance now to inform himself, is the Minister now aware that tenders have been let and accepted for the construction of an air tanker base at Prince Albert airport, at a site which will probably cost the taxpayers hundreds of thousands of dollars more than at the site which was approved by the airport committee in Prince Albert?

**HON. E. KRAMER** (Minister of Highways and Transportation): — You are asking the wrong Minister. Several departments are involved in this.

I should like to inform the Member for Prince Albert-Duck Lake that all the negotiations have been carried on with the federal Department of Transport. We have a written permission

to proceed from the city of Prince Albert, and the contract was let by the Department of Government Services.

The statement made yesterday, as usual, was incorrect from that side of the House, that this would interfere with the further development of the airport. This is not true. I am certain that neither the Department of Transport, nor the city of Prince Albert would be prepared to go along with that and agree with that procedure.

**MR. WIPF:** — A supplementary then to the Minister of Highways.

That agreement that you had from the city, was it not only an agreement to do a preliminary survey and not construction at the airport and not authorized by the city council or the airport committee?

**MR. KRAMER:** — Well, to answer that question, I say there has been negotiation, there has been approval and I am sure that nothing was proceeded with, without the full knowledge of the three parties involved.

**MR. WIPF:** — Final supplementary, Mr. Speaker. I asked if the agreement that you had was just to do preliminary survey work. As a result of that, without having an agreement with the city to go ahead with the construction work, tenders have been let, plans have been drawn up for a site that you haven't got yet, to build an air tanker base on.

**MR. KRAMER:** — Mr. Speaker, there is a procedure in this House that is being used very little these days. When there are three or four departments of the Government involved, it is difficult to get all the answers and to answer the questions immediately. I suggest to the new Member that he should not fall into the bad habits of the rest of the people opposite. If you have a question please itemize it and put it on the Order Paper and we will answer it properly from the various departments concerned. That will be an Order for Return. I suggest that that is the best way to get accurate, complete information. It has fallen into disuse in this House recently and I suggest you use it.

**MR. SPEAKER:** — Order, order; think the point is well made about questions. It wasn't made as a Point of Order. But I think there is a Point of Order that I could direct to the Members and I speak especially to new Members in the House and that is to review the report of the committee with regard to the Question Period, the Oral Question Period. I think you will find some good advice there which will assist you in getting the kind of information you want.

### **REDUCTION IN NUMBER OF OIL WELLS IN SASKATCHEWAN**

**MR. MERCHANT:** — Mr. Speaker, I should like to ask one final question of the Minister of Mineral Resources (Mr. Messer). The Minister has indicated that he thinks the Alberta policy was wrong. I wonder if the Minister would agree that. In the Alberta policy, when there was a dramatic increase in the price per barrel of oil, the Alberta policy to recognize a differential between old

and new production was a good policy. I take it that that's the case now in that, though Bill 42 didn't have any differential in two announcements, three I suppose including this most recent one, a very substantial differential is being brought in to the Saskatchewan taxing provision. I wonder if the Minister would agree that it is, in part, because there was no differential between 1970-71, the last Liberal year, when production was 1,251 wells and production last year was down to 276 wells that the Government now has a lot of rebuilding to do to get production going again in Saskatchewan?

**MR. MESSER:** — Well, Mr. Speaker, what I will say is that it is misleading to simply relate to exploration, development and barrels of oil that are extracted. I think what is relevant is the return for the extraction and exportation of that non-renewable resource. If the Member wants to get into a situation of comparing the revenues from the former Liberal Government per barrel, extracted vis-à-vis what we are now returning to the people of Saskatchewan, he is going to be in a sorry situation. We have not undertaken to expand or develop our oil at the same rate as the Province of Alberta but that oil, as I conveyed to the Member for Estevan yesterday, has not evaporated and the worth and the wealth of that oil is substantially greater today and tomorrow, when it is going to be extracted, than it would have been under some Liberal former policy of yesterday.

**SOME HON. MEMBERS:** — Hear, hear!

## STATEMENTS

### WATER BOMBER STATION AT PRINCE ALBERT AIRPORT

**MR. KRAMER:** — Might I add to this, as a statement, as well as partly in answer to the Member for Prince Albert-Duck Lake. Contrary to recent statements, this department has had a thorough and continuing consultation with the Federal Ministry of Transport and the city of Prince Albert, in regard to the design and the location of the base.

The location of the base is strictly in accordance with the Ministry of Transport's master plan for the Prince Albert airport. We have a copy of the letter from the city which gives council approval to do the engineering study and the city has now specifically approved the location of the air tanker base and access road. This Department has not yet let a contract for the work but we will do so early in the coming summer.

### POINT OF ORDER ON QUESTION PERIOD

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

During the Question Period today, I asked a question of the Minister of Mineral Resources. I think I very specifically said I was asking a direct question, rather than that known as a supplementary question. The Member for Wascana (Mr. Merchant) had a question of the Minister before, dealing with new royalty rates announced by the Minister yesterday. My question dealt with a matter arising before the announcement of the royalty rates, that is Bill 42, and the effects that it had on this province. In any event, Mr. Speaker, what you did was that you allowed me

to ask my question, then you decided that you would not allow me to ask another question because you took the first question to be a supplementary question. Do I take it from that ruling then, Mr. Speaker, that from now and in the future, that you will be determining what is a question and what is a supplementary?

**MR. SPEAKER:** — think the Member has raised a good point. The Member will understand that there was quite a bit of noise in the Chamber and at the point that the Member stood up I assumed he was asking a supplementary. I said it was a supplementary to myself. Consequently I cut off the questions after that, and went to the next question, which was the Member for Qu'Appelle. I think that I have to reserve the right to decide what is a supplementary. Generally speaking, I will acknowledge a Member as having a supplementary on the Member's word. But, I think, at certain times I will make a decision that a question asked is actually a supplementary to a previous one and not a new one.

I am sorry if I didn't catch the Member's question as being an original.

**MR. MALONE:** — I don't disagree with what you said, Mr. Speaker, thank you for those remarks.

## **ANNOUNCEMENTS**

### **GRAND CHAMPION BULL**

**MR. J. WIEBE** (Morse): — Before the Orders of the Day, I wonder if I could join with the Minister of Agriculture in conveying our congratulations from the Liberal caucus to the Member for Thunder Creek (Mr. Thatcher) for the achievement which he had last night. I should like to say though, in offering those congratulations, the Minister of Agriculture only provided the House with half the information. The Member for Thunder Creek not only entered the animal that received the grand champion horned Hereford bull, but also entered the animals that received the grand champion pair of bulls. He won, as well, the W. Ross Memorial Trophy. On behalf of all Members on this side of the House, it is very gratifying to note that this is now the fourth year in a row that a Member of the Liberal caucus has managed to take top honours at the Regina Bull Sale. We certainly extend our congratulations.

**HON. MEMBERS:** — Hear, hear!

**MR. J. R. KOWALCHUK** (Melville): — Mr. Speaker, before the Orders of the Day, I, too, should like to congratulate the Member for Thunder Creek in his achievements in cattle awards. I also want to read into the records of this Legislature another important event that occurred last night at the Regina Bull Sale. I think the Minister of Agriculture (Mr. Kaeding) has already let the 'bull out of the bag' so to speak, by making some comments on it. Many awards and prize cattle have, in the past, been taken by cattle breeders from the Melville constituency, Lemberg, Neudorf, Abernethy, Balcarres, Lipton and other places, but none had ever before reached the pinnacle of success, financially and otherwise, as that reached last night by a small, one-section farmer with a 32-head cow herd, proving beyond a shadow of doubt that one does not have to be big, to be viable and successful. That farmer from the Ituna

Parkland Region, whose prize bull achieved the award last night was Walter Moskal, a farmer who operates a small family farm with his wife and family.

The bull, a two-year old polled Hereford was auctioned off last night to Wasser and Winters of Toledo, Washington, for a sum of \$90,000, said to be the highest amount ever paid for a bull in Canada.

**HON. MEMBERS:** — Hear, hear!

**MR. KOWALCHUK:** — I am sure that all Members of this Legislature would like to acknowledge this achievement and extend the warmest congratulations to Mr. Moskal and his family for their steadfast perseverance in that kind of work and the eventual goal that they have reached.

**HON. MEMBERS:** — Hear, hear!

**MR. BAILEY:** — I should like, on behalf of our caucus, to extend congratulations to the Member for Thunder Creek (Mr. Thatcher). I did better than most Members of this Assembly, I went, not only to view the animals last night, but to view the Member for Thunder Creek. I want to say that there was a lot of bull there and everybody was enjoying the festivities. I think all Members of this Assembly can be truly proud of the achievement and recognition that has been granted to the Member for Thunder Creek.

**HON. MEMBERS:** — Hear, hear!

**HON. E. B. SHILLINGTON** (Minister of Co-ops and Co-operative Development): — Mr. Speaker, I just want to briefly add my congratulations to the Hon. Member for Thunder Creek. That ranch in that area has produced good cattle for a long time and I am glad to see he is keeping up the tradition, also, keeping with the tradition of good bull, the best bull!

**HON. MEMBERS:** — Hear, hear!

## **SECOND READINGS**

**HON. J. R. MESSER** (Minister of Mineral Resources) moved second reading of **Bill No. 72 — An Act respecting The Natural Gas Development and Conservation Act.**

He said: — Mr. Speaker, Saskatchewan, unlike the provinces of British Columbia and Alberta, the only other two significant natural producing provinces in Canada, at least western Canada, does not have adequate reserves of this fossil fuel to allow export from this province. On the contrary, the Province of Saskatchewan is required to import approximately 60 per cent of its natural gas requirements from the Province of Alberta. Except for a small amount of gas purchased by Trans-Canada Pipelines Limited at Nottingham and gas that is purchased for distribution by the Lloydminster Gas Company, the Saskatchewan Power Corporation is the main distributor and is, in effect, the sole purchaser of natural gas in Saskatchewan.

Under various arrangements, contracts and the development of its own reserves in both Saskatchewan and Alberta, the Saskatchewan Power Corporation has established an adequate reserve of gas to last until 1982, if we were to use only Saskatchewan reserves. I think it should be made clear to Members of this Assembly that, even though we have enough Saskatchewan gas to provide for consumption demands at the levels we have today until 1982, we in effect have a reserve for a greater period of time, a reserve for approximately 24 years or until about the year 2,000. But the additional reserve of gas is outside of the Province of Saskatchewan; it is gas that has been explored, proven and developed in the Province of Alberta. We feel that we cannot be totally assured that we will be able to acquire removal permits to satisfy the demand of gas in the Province of Saskatchewan in the future.

At this point in time, according to the Saskatchewan Power Corporation, the projected market requirement will exceed the projected contracted gas production. Because the available gas supply on contract exceeds the Saskatchewan demand, the Saskatchewan Power Corporation has been able to keep the field-gate price of natural gas at relatively low levels in comparison with Alberta and with British Columbia, which have increased the field gate value substantially. They have done that in order to achieve four very legitimate objectives:

1. To increase the return to the province for exported gas.
2. To establish with the consumer that gas was no longer a cheap commodity and because of its scarcity, conservation of this energy product should be practised.
3. Increase the incentive to explore for additional gas reserves.
4. To increase the value of natural gas to approach that of crude oil on a heating value basis.

Mr. Speaker, in 1976, it was suspected that with each delay in granting further export permits to the Saskatchewan Power Corporation by the Alberta Government, future requests for natural gas exports to Saskatchewan from Alberta might be or may be denied. At this stage, in light of the ensuing national shortage of natural gas, it was also considered prudent for the Province of Saskatchewan to establish a compromise position and to encourage increased development of natural gas in this province, in Saskatchewan.

If we are to meet the demand after 1982, we must continue to provide the incentive for the exploration and development of new gas reserves within the province with adequate productivity to supply the Saskatchewan demand. Much of the drilling for new reserves will be done in areas of shallow, low productive sands. By introducing new field-gate values for natural gas in December of 1976, which gave the highest value to new low productivity gas, it was my intention to provide that incentive.

Unfortunately, Mr. Speaker, exploration, development and production costs continue to escalate and the field-gate values of natural gas must reflect those escalations, therefore, they may require amendment from time to time, possibly on a yearly basis. It will, Mr. Speaker, be one of the responsibilities of the proposed Natural Gas Development and Conservation Board to examine the adequacy of these field-gate values, in light of information received from producers, the purchaser, consumers and other interested persons, and then to make recommendations to the Government, to the Executive Council, to Cabinet regarding

amendments required, if any are required at all.

It will also be the responsibility of this Board, this Natural Gas Development Conservation Board, to allocate to the potential gas producing area, under a lease, a share of the available market within Saskatchewan each year. This we believe will provide an orderly development of Saskatchewan gas reserves, a development which will be in the best interests of Saskatchewan consumers. Exploration for natural gas will not be interfered with by the Board, except in the case of discovery, where it may listen to arguments for further development. Without natural gas from the province, it will require a co-operative effort of the Saskatchewan Power Corporation and the proposed Board to provide new markets each year and to promote the orderly development of, new gas reserves and production to accommodate that demand or that market.

Because of the nature of the problems involved, particularly in the area of allocating gas production to potential producing properties, as well as recommending field-gate prices or values, I am sure you can all understand that this situation requires a body other than the Saskatchewan Power Corporation, or for that matter, the Department of Mineral Resources, to meet with the natural gas industry and plan the future development of gas reserves and production in the province.

On September 29, 1976, a press release by the then Hon. Mr. Ed. Whelan, Minister of Mineral Resources, said that the Government at this Session would introduce legislation to establish a Natural Gas Pricing and Development Board, which would be responsible for recommendations to the Cabinet regarding a well-head price for natural gas and an annual escalation if needed, in that price, to be paid to producers of natural gas in the Province of Saskatchewan. He also said this Board would be responsible for recommending to the Cabinet the most appropriate schedule for development of properties in the province. This is the legislation that the Hon. Minister spoke of, with the exception that the name of the Board has been changed to read, the Natural Gas Development and Conservation Board, instead of the Natural Gas Pricing and Development Board.

The reason for this change, Mr. Speaker, may not be obvious. I, therefore, wish to explain that if the word 'pricing' appeared in the name of the Board, the public may get the impression that the Board is responsible for setting natural gas prices, not only at the field-gate level, but to the consumer. That is not the responsibility of the Board. The Board will be responsible for making recommendations to the Cabinet on field-gate values for natural gas only. The Saskatchewan Power Corporation will still be responsible for setting consumer prices and prices at the wellhead or point of purchase.

Mr. Speaker, the remainder of the legislation, I think, is self-explanatory and I will undertake to answer any questions in regard to the role of the Saskatchewan Power Corporation, the Department of Mineral Resources and the proposed Natural Gas Development Conservation Board, as they relate to the development of natural gas in this province. I believe, Mr. Speaker, the most appropriate time to answer those questions or undertake that debate would be during the Committee of the Whole.

Mr. Speaker, with those few words, it is a pleasure for me to move second reading of Bill No. 72.

**MR. A. N. McMILLAN** (Kindersley): — Mr. Speaker, we have listened to the Minister's comments with considerable interest. We touched on the subject of natural gas development and conservation this morning in Crown Corporations. I am under the impression that some of the Minister's statements here this afternoon may be slightly contradictory. I'll certainly look forward to the opportunity of perusing his statements in greater detail. I know that we have some extensive comments to make on this Bill and its potential effects on the natural gas development in Saskatchewan. We will be doing that in the near future. I should like to take this opportunity to adjourn debate so that we can get our material together.

Debate adjourned.

**HON. G. T. SNYDER** (Minister of Labour) moved second reading of **Bill No. 73 — An Act for the Promotion and Protection of the Health and Safety of Persons Engaged in Occupations.**

He said: Mr. Speaker, I have placed before this Assembly a revised version of The Occupational Health and Safety Act which this Government first introduced in 1972. At that time the Act became the cornerstone of this province's comprehensive labour legislation and it continues to play an increasingly important role in all our working lives. The rationale, as you know, was that there was a genuine need for government to develop an occupational health program which would be a protective framework for the development of healthy and safe working conditions for every worker in the province. It was a tall order and it required some original thinking, along with a lot of realistic, down to earth planning, Mr. Speaker. It also required a lot of dedicated work from the occupational health workers and the occupational health committees throughout the whole of the province.

I have no hesitation in saying that these past four years, since the original Act was passed, have seen the program become very successful indeed. It has been working so well, Mr. Speaker, that it has become a model for other planners and other provinces who now perceive the same needs as we did back in 1972.

Because it was so new, however, and because its effects have been far reaching, the implementation of what was then a unique program, has not been entirely smooth sailing. The legislation as most of you know, was established with two basic principles in mind.

First, that all government health and safety programs should be centralized in the Department of Labour. Second, that the primary responsibility for identifying and resolving problems in individual workplaces would be in the hands of occupational health committees, which the law required to be set up in all work places with 10 or more employees. This was administrative centralization on the one hand and practical decentralization on the other — not an easy type of program to initiate.

What this meant, in practical terms, Mr. Speaker, was that the Occupational Health and Safety Division became a concentrated source of various kinds of health and safety expertise, to be called upon, as needed, by people in workplaces throughout the province. This centralizing of knowledge about various health and safety related topics has, in many cases, proved invaluable when it comes to dealing with complex problems and it certainly

minimizes the opportunity for inter-agency buck passing, which was so often complained about in the past.

However, it has also meant that the former safety officers have had to expand their skills and become occupational health officers. People, who were expert at solving parts of problems, now had to pool their abilities to solve greater or more complex problems.

The decentralizing of responsibility for actually identifying particular problems has, on the other hand, given the occupational health committees a mandate to use their own common sense knowledge of normal working conditions. To help them be effective, these workers and employers alike have had to be provided with at least a minimum knowledge of their rights and responsibilities under the law. This was a large educational program by itself and a great deal has been accomplished.

Members of occupational health committees are now able to compare their work standards with the standards and regulations promoted by the Occupational Health Division in such detail, that often the actual operating conditions exceed the requirements. Mr. Speaker, this, I think, has to be regarded as a good measure of success. However, just to keep us from getting too intoxicated with this success, I have to admit that there are still needless and tragic accidents in the picture as well and our occupational health officers are having to initiate court action from time to time to ensure that violators are brought to justice.

I am referring to accidents like the one last summer when a, large control valve, which had not been properly suspended, slipped and fell on a young employee. Another needless accident happened at one of our local construction sites when a platform, which was never checked for safety, fell 20 feet from its suspension cable. The worker suffered broken bones and some internal injuries as well. Both of these tragedies, Mr. Speaker, could have been prevented and while those responsible for them were summoned to appear in court, nevertheless, the circumstances point out that health and safety at work is a never ending concern to all of us. It is a never ending concern for every employer and employee throughout the country.

Let me illustrate this further, Mr. Speaker, with a few significant indicators which were recently published in a well known periodical. The direct payout by Canadian industry through Workers' Compensation Boards for accidents that result in injuries averaged nearly \$267 million a year for the decade ending 1973. The Federal Department of Labour estimates that the indirect cost to industry is four times this amount or \$1.1 billion. Add these direct and indirect costs and we are looking at a truly staggering amount of \$1.3 billion. With inflation, that amount is undoubtedly low for the present time.

Another startling statistic from the same ten year period is that the total man days lost due to strikes and lockouts averaged 9.3 million per year. At the same time, however, man days lost due to work-related injuries were 11.5 million. Mr. Speaker, we keep hearing about work stoppages due to strikes, but we never seem to concentrate the same attention on the tremendous losses due to work-related injuries. Even in Saskatchewan our man-days lost/due to work stoppages during 1975, were under 170,000, while our days lost as a result of accidents were well over 300,000. This is the very reason why, Mr. Speaker, we are proposing that some of the terms of our present Occupational

Health and Safety Act should be revised. The purpose of this new Act before you today is to make our programs more effective in controlling and preventing occupational accidents and disease.

The duties of both employers and employees have been expanded, somewhat, under the new legislation to ensure that the path from the problem to the solution is kept free as possible from road blocks.

A new section has been added to make it clear that self-employed persons come under the terms of the Act as well as employers and employees. Previously there had been some doubt about this.

Another section provides that the Minister of Labour can ask for special inquiries to be made, if there seems to be a need for this kind of an approach to a problem.

The regulatory powers under the Act have been redrafted with great care so as to cover the broad range of problems which may arise. Over the past year or so, as many Members are aware, we held numerous meetings with employers and with trade union people discussing the proposed statute, amending and revising it, until we felt we had a clear idea of the concerns of everyone involved. This new section is the result.

To help employers in implementing health and safety regulations, there is also a section in the Bill which enables the director of Occupational Health to establish codes of practice. These are guidelines, giving practical and detailed information to employers so they can clearly understand and interpret both the letter and the spirit of the law. In addition to this, such codes, although not the law themselves, can be used in clarifying cases of alleged negligence in the workplace.

To keep both the regulations and the code of practice flexible, there is also a section which gives the director the power to make exemptions where special circumstances arise and where the standard of health or safety would be not materially affected.

A new section clarifies and augments the power of occupational health officers in issuing contravention notices. These officers are authorized to issue immediate stop-work orders, for example, if they see a risk of serious personal injury, otherwise they would allow a specific period of time for corrections to be made. Two avenues of appeal are available from contravention notices: one to the director of Occupational Health and Safety and one from the director to a judge of the District Court. The decision of the judge is final.

Another new section gives the director of Occupational Health and Safety the power to obtain information which he may require so that the division may carry out its duties. This is designed to simplify procedures where, for example, it is necessary to obtain the composition of certain chemicals being used in manufacturing a given product in order to determine whether or not that product or its manufacture might constitute a hazard to workers. The legislation ensures the confidentiality of any manufacturing or commercial secrets which may be involved.

Two sections from The Labour Act, 1969, Mr. Speaker, have also been transferred to The Occupational Health Act as they seem to be more appropriate here. The first one relates to preventing employers from discriminating, in any way, against

workers who participate in occupational health committees. The second one is designed to give workers the right to refuse to do work which is unusually dangerous to their health or safety and to protect such workers from any kind of discrimination which might arise therefrom.

Now, Mr. Speaker, for some time we have heard a considerable amount of mumbling and moaning from Members across the way who are convinced that that particular section was mollicoddling at its very worst. I was interested then to note, particularly, that this very important principle has recently been established as an integral part of the new employee Health and Safety Act which was recently introduced by the Ontario government at its fall sitting. We are certainly gratified to learn that another province has followed our lead in asserting this "people before machines concept." Workers must have the clearly stated right to put themselves and their safety as human beings first, whenever it comes to faulty or dangerous machinery or unsafe or unhealthy working conditions.

With respect to the detection of ongoing health hazards, there is a section whereby, with consent of the workers, the chief occupational medical health officer may arrange for a medical examination with no loss of pay to the employee. This, we believe, is important in discovering injuries or disease in sufficient time to prevent permanent impairment. Where it appears that a worker has been overexposed to a harmful substance the legislation provides that he be given temporary alternative work until the matter is cleared up.

I'd also like to draw to the attention of the Members of this House that the penalty clause has been changed and updated to bring it more into line with comparable statutes elsewhere.

Upon passage of the new Occupational Health and Safety Act, The Mine Regulations Act will be repealed, since its contents have generally been incorporated into this most recent piece of legislation. We think that safety in mines can be more effectively handled by means of regulation, as I mentioned a few moments ago. We have discussed proposed regulations with representatives of many industries, including the mining industry and they have been very well received.

Generally speaking, Mr. Speaker, accidents in Saskatchewan industries, including mines, are foreseeable and avoidable. Only very rarely do they involve criminal negligence or callous disregard for the health and safety of workers. We believe that the effective way to reduce accidents is to formulate regulations designed to educate both supervisors and the worker and to insist upon proper work procedures.

Mr. Speaker, we have drafted our legislation on the basis of our knowledge of working conditions and also on the basis of our awareness of the high cost of accidents. Last year in Saskatchewan, for example, accidents caused three persons to become paraplegics and one, Mr. Speaker, to become a quadriplegic. It is estimated that the cost of a paraplegic is about \$500,000 and the cost to society of a quadriplegic is between \$750,000 and \$1 million. This dollar cost is a cost to the Workers' Compensation Board and, therefore, an employer cost. But apart from the dollar amounts, it is impossible to measure the untold pain and suffering of the individual afflicted and his or her family.

In this context, some of the derogatory comments that have

been heard from Members opposite, I hope, merely reflect the dying gasp of an outworn ideology. I believe and I feel sure that most Saskatchewan people believe, Mr. Speaker, that working conditions in this province should be the legitimate concern of all of us. My contacts as Minister of Labour tell me that workers and employers alike assign the highest priority to occupational, health and safety.

Since The Occupational Health and Safety Act became law in 1972, we have, of course, encountered a number of jurisdictional problems with the Federal Government — not exactly a unique situation these days. So far as occupational health is concerned, problems we believe exist in our uranium mines, for example, give us a good deal of concern. These operations, of course, come under Ottawa's jurisdiction and yet I believe that we have a moral obligation to see to it that both the health and safety of our Saskatchewan citizens who work with uranium is safeguarded.

I am genuinely concerned that the federal health and safety program is distinctly inadequate and in the near future a considerable number of Saskatchewan people may be affected by working in uranium mines or perhaps uranium refineries without adequate protection. To give you an example of the extent of the federal occupational health and safety program for workers under their jurisdiction, Mr. Speaker, I think I need only to tell you that there are just two inspectors for the whole of Saskatchewan and one of them is occupied in his office, virtually all of the time.

On the other hand, I am happy to note that there is some evidence that the Federal Government may be preparing to follow our lead in acknowledging the right of workers to put their own health and safety first and to freely pursue the establishment and maintenance of healthy working conditions at all times. Mr. Speaker, there are some people who might be more than a little cynical in their reaction to the thought that the Federal Government is finally beginning to understand what it is all about in the field of health and safety. I have to answer that our Saskatchewan program has demonstrated pretty clearly, I believe, the wisdom and the humanity of our approach and that many other governments, not only the one in Ottawa, feel obliged to take a careful look at it. For this, we in the province are pleased and grateful and proud. But I hasten to add that we don't plan to sit back and wait until the rest of the country catches up. The legislation which is before you today will continue to improve and co-ordinate this province's program to protect the health and safety of all our working men and women.

I should like to make reference before I take my seat, Mr. Speaker, to the Hamm Commission Study which was recently released in Ontario. This is a report dealing with the health and safety of workers in mines in Ontario and it scolds that government for making very little effort to improve working conditions in mines in the Province of Ontario. If I may, I should like to quote just a short section from it. Doctor Hamm says and I quote:

The present political economic system has failed to protect workers in two significant ways. Divided jurisdictions have made it unclear where the initiative, necessary to deal with the problems, is to be taken. Second, the worker as an individual and the workers collectively in labour unions or otherwise, have been denied effective participation in tackling these problems.

I am glad to say, Mr. Speaker, that Dr. Hamm's criticism is not valid in the Province of Saskatchewan. Our occupational health committees are now involved in programs which are proving every day that many, many work related programs towards health and safety problems in that area can be solved right at the workplace when both employers and employees work together with the relevant training and environmental monitoring equipment which we are providing to help them.

We, on this side of the House, Mr. Speaker, in this Government, have done and will continue to do whatever is necessary to improve and safeguard occupational health and safety of workers in the Province of Saskatchewan.

I am sure that Hon. Members will agree that the legislation which is before us today. The Occupational Health Act, 1977, is ample proof of our concern and our determination to keep Saskatchewan in the forefront with respect to progressive labour legislation in Canada.

I am pleased, Mr. Speaker, at this time to move second reading.

**SOME HON. MEMBERS:** — Hear, hear;

**MR. E. F. A. MERCHANT** (Regina Wascana): — Mr. Speaker, I think that all Members on both sides of the House have a concern for the safety of workers throughout the province. The question, that we face, is whether this is the best vehicle and the best means by which to operate an occupational health and safety program. It is true, Mr. Speaker, that the program in Saskatchewan is quite markedly different from the programs in other areas.

You might accept what the NDP tend to argue, they are different from the rest of the provinces of Canada, namely that everybody else is out of step and only little Johnny knows how to march. Or, on the other hand, you might assume, as do some businessmen in this province, that, in part, the exuberance of the Department of Occupational Health and Safety has something to do with a tendency by the Government to be very pro-union.

We believe, Mr. Speaker, that government should neither take sides for unions or against unions. Those kinds of activities should be left to the worker, to decide whether the worker wants that kind of assistance in his negotiations, depending upon the size of his operation.

The Occupational Health and Safety Committees are viewed by many small businesses, particularly, as being sort of a front for the first step in the door of union activity. Mr. Speaker, I am not always sympathetic to those kinds of arguments by small businessmen because from time to time, I think/we find that they have over-reacted to government initiatives. It is true, however, that the occupational health and safety legislation has been expensive legislation for the businesses of this province.

Mr. Speaker, I make those few comments but I want at greater length to consider the legislation and consider the comments of the Minister. I don't know at this point, to be frank, the attitude of our caucus and I beg leave to adjourn the debate.

Debate adjourned.

**HON. N. VICKAR** (Minister of Industry and Commerce) moved second reading of Bill No. 54 — **An Act to amend The Industry and Commerce Development Act, 1972.**

He said: Mr. Speaker, I wish to speak on Bill No. 54 which will amend The Industry and Commerce Development Act, 1972.

This Government places great importance on supporting the owners and operators of small businesses in Saskatchewan. They provide important services and economic benefits to the communities in which they are established.

The business services division of the Department of Industry and Commerce was established to provide support to small business people. This division has regional offices in Prince Albert, Tisdale, Moose Jaw, Yorkton, Swift Current, Estevan, Saskatoon, North Battleford and Regina. It is decentralized to ensure that business people throughout the province have access to its services and its programs. The representatives of this department handle a great number and variety of requests for assistance each day. The division offers information and counselling services and administers special programs designed to assist the small businesses. The information services provide detailed business statistics, pertinent to a particular business. The counselling services range from providing specialized counselling in highly technical areas such as marketing, merchandising and accounting, to assisting in the preparation of applications to be made to lending institutions and government agencies.

In three years we have assisted more than 4,000 people. Of these, 2,300 were people in business requiring assistance and 1,700 were people needing help or information in starting a new business or in developing an idea.

This Government also places a great importance on the balanced development approach, one that will foster the development of all sizes of communities in Saskatchewan. We believe this approach is necessary to ensure a full range of location and employment options to the residents of this province and the development of a system of agricultural service centres, providing a complete range of urban services and amenities to the province's rural residents.

The Department of Industry and Commerce has a mandate to promote, encourage and facilitate economic development in Saskatchewan. It carries out this mandate by providing services and programs that will result in economic and social benefits for the province.

One of those programs is the Rural Community Business Retention Program. The objective of this new program is to stabilize the level of commercial services in small Saskatchewan communities. Owner-managers of businesses in small communities often experience difficulty in selling their business when they wish to retire. Consequently, if the business is not sold, it is permanently closed and the service discontinued. This causes a decrease in the overall level of service in the community and seriously affects the remaining businesses in that community. The amendments proposed in Bill No. 54 will permit the Government to facilitate transfer of these businesses to new owners. The program provides counselling services to prospective new owners and on the job training in business and management for the first two years of ownership. During this training period,

cash flows will be subsidized, if necessary, in order that all current financial commitments can be met as they become due, and in order that the owner may withdraw a basic monthly salary. Also profits will be subsidized, if necessary, at the termination of the two year program to assure that the new owner-manager derives a minimum return of 10 per cent per year on his personal investment.

The amendments will give the Government the necessary authority to make grants, loans, or guarantees for purposes of assisting business enterprises other than those now mentioned in the current Act. The proposed amendments are straightforward. The purpose of the Bill is to allow the Government to increase its support for the small business people of Saskatchewan and to more effectively assist the development of communities of all sizes in the Province of Saskatchewan.

I urge all Members of this House to support Bill No. 54. Mr. Speaker, I take pleasure in moving second reading of this Bill.

**MR. R. E. NELSON** (Assiniboia-Gravelbourg): — Mr. Speaker, while this Bill appears to give much more power to the Minister of Industry and Commerce and, surely after the past record of that department, we should be taking a serious look at reducing the Minister's power.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. NELSON:** — We should be advocating an immediate crash course in business management and administration for the Minister and his department. While I am in favour of the Minister and his department assisting to keep businesses in small towns open, I am very concerned with their record to date.

Too often they have made money readily available without first making certain the person or persons buying the business have the ability to run and to operate that business on a profitable basis. Too often the Minister and his department have rushed into getting people financed into business without analyzing the entire situation. We have many of the downfalls in SEDCO as glowing examples of this. I would again recommend to the Minister a complete business study of the operation before entering into the venture.

What has happened in the past, on many occasions, is that a profitable business is taken over by unqualified people only to wind up a financial disaster and a good business operation is completely ruined. When it is pointed out to the Minister that certain businesses are in financial trouble, he accuses MLAs of hunting out of season. I believe that was his moose story. What he was really being told was that his moose was caught in the bog and I suggest that he immediately look into ways of saving his moose. He helped make the mess for those people and it is high time he looks into ways of saving them and the citizens of Saskatchewan from financial disaster, other than just criticizing an MLA.

I believe the Minister may need power to take better security. While I do not believe security needs to be too large, it is wrong to invite people into a business venture without insisting enough security is there to keep their interest, if there

is a downturn period in that business.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. J. G. LANE** (Qu'Appelle): — Mr. Speaker, I have a couple of comments on the Bill. It is like opening the Bank of Monte Carlo. The proposals set forth by the Minister really allow grants for any other purposes or moneys deemed advisable by the Minister to assist business enterprises.

The one thing that the Department of Industry and Commerce has shown is a considerable lack of restraint in its money expenditures. It has made some extremely unwise investments through SEDCO or its involvement in SEDCO. I think there is a direct relationship through the Business Assistance Branch and SEDCO. It has made some business decisions and investment decisions that were unwise because the management capability of the Department of Industry and Commerce is weak, to say the least. The people in the department, in many cases, haven't had the day to day experience of running a business.

I can recall a business committee meeting in this province and the minority report was calling for those to be appointed to the Business Assistance Branch to be required to have years of experience in business or to be a business administration graduate or at least be a commerce graduate. That, of course, was the minority report. The fact is that by reason of the Government opposite ignoring the minority report, it has got itself in serious trouble in SEDCO and in the Department of Industry and Commerce.

We take a look at some of the bad decisions, aside from the particular companies. The Government had SEDCO established originally as a lender of last resort, which I think is fair and I think is proper. Now we see the ads, "Come and see us first." In other words, don't go to the provincial lending institutions that have some management expertise, or are prepared to show some caution. Go to SEDCO first. Of course going to SEDCO first has meant untold losses for the people of Saskatchewan.

We are aware of the problems of the department in balancing the need to be a lender of last resort and encouraging new businesses and taking the chance. But I think it is incumbent upon the Government, that when it is going to take the chance, the people making the decision have management expertise, capabilities far beyond that which the Government has indicated.

I am advised that one of the purposes considered by the department, as a result of this proposed Bill, is for the department to get into the real estate business in the cities. This Bill will allow Industry and Commerce to start buying office buildings, building office buildings, building storage buildings and warehouse buildings. I have been informed that on many occasions when people have attempted to lease property or indicate to the Department of Industry and Commerce that there was ample warehouse facility in the city of Regina, that the department has said, "Oh no, we are waiting, we will build our own," when in fact there is a glut of surplus warehouse space in the city of Regina. Because they are awaiting this particular amendment, the Government can go merrily on its way building more unneeded retail or warehouse space. I would hope that the Minister would not bring this matter

before the Assembly for some time until the Opposition has had a chance, in Crown Corporations, to deal with SEDCO. I think a very serious concern has to be raised and that is the real capability of the Department of Industry and Commerce to give needed assistance to business and, in reality, whether SEDCO itself, based on its track record, is even competent to do the job for which it was set out. I would hope the House Leader would see fit to allow the Opposition to waive further discussion of this particular Bill until we have had a chance to deal with SEDCO and the department in Estimates and I bet leave to adjourn the debate.

**MR. MERCHANT:** — I wonder if the Member would entertain a brief question?

**MR. LANE:** — I think the Hon. Member can ask his question of the Government in the usual procedure.

Debate adjourned.

**HON. E. L. COWLEY** (Provincial Secretary) moved second reading of Bill No. 59, **An Act respecting Business Corporations.**

He said: Mr. Speaker, this Bill provides a much needed revision in modernization of corporate law in Saskatchewan. Replacing The Companies Act, the Bill provides a wider range of flexibility which should enable Saskatchewan companies to better meet modern day practices. Also, the Bill attempts to create a better balance of interest between directors, officers, shareholders and creditors, keeping in mind as well, the role of corporations in the overall context of public interest.

The present Companies Act was enacted in 1929 and it had undergone only minor amendments since that time. It is still basically a 1929 statute, hence, it lacks many provisions adopted by the jurisdictions. A patch-up job with massive amendments was out of the question. It was therefore decided to take a fresh look at corporate law, to examine in particular the most recent legislation. Ontario adopted a new Act in 1970, British Columbia in 1973, the Federal Government in 1975 and Manitoba in 1976. Members will recall that over a year ago I tabled a White Paper containing proposals for a new business corporation's law for Saskatchewan. The White Paper contained a draft bill and an invitation to the public to express their views on the proposals.

The Saskatchewan Commercial Law Section of the Canadian Bar Association responded by calling a one day seminar to which the public was invited. Some 200 lawyers, chartered accountants, company officials and others from across the province attended. The proposals were approved in principle and were generally accepted as good corporate laws for Saskatchewan. Further work was done on the draft bill taking into account the comments and suggestions arising out of the seminar, together with other comments subsequently received. I think it is fair to say, Mr. Speaker, however, that there is no substantial departure from the proposals in the draft bill contained in the White Paper. Improvements have been suggested and will continue to be suggested but the general consensus is that the legislation is good and should be implemented.

The Bill, as indicated in the White Paper, follows closely the Canada Business Corporations Act. The Federal Act took a long time to develop because it, to a large extent, was a conceptually new law. It started with a task force set up in 1967; the task force proposals were published in 1971 and widely distributed throughout Canada. Many briefs and submissions were received and considered by the draftsmen before the Bill was finalized and became law on December 15, 1975. The draftsmen of the federal legislation sought to devise an act which could be adopted by the various provinces and thus advance the cause of uniformity of business corporation law in Canada. Saskatchewan decided to pattern its legislation on the Canada Business Corporations Act as there is a great deal of rationale for uniformity of legislation governing corporations. In my view, there is merit in jurisdictions imposing relatively uniform rights and obligations on corporate entities, to the extent that these entities are free to select the jurisdiction of incorporation. A form of competition could, if the laws differed substantially, develop among jurisdictions. Competition of this nature amongst incorporated jurisdictions in Canada would not be, in my view, in the public interest.

Also in patterning this legislation on the Canada Business Corporations Act, I can offer assurance that the provisions are relatively acceptable and conceptually valid since we have been able to take advantage of the experience of the federal people and of the reactions of their legislation, which appears to have met with approval generally across Canada. In addition, we were able to benefit from the experience of Manitoba, which after several years of study by a 15 member committee of practicing lawyers, patterned its new 1976 Business Corporations Act on the federal legislation. There are indications other provinces may do likewise. Although this Bill as stated follows, to a large extent, the Federal Act, there are some departures.

First the Canada Business Corporations Act requires existing corporations to apply for continuance under the new Act within five years after proclamation. In this Bill the period is shortened to three years. This means that companies have three years within which to apply for continuance under the new Act. No fee will be payable for a corporation where articles of continuance are filed within one year of the coming into force of this Bill. Although this Bill is called a Business Corporations Act, provision is made in Section 10 not for profit corporations. This is a carry over from the present Act.

The Federal Act does not apply to insurance, trust and loan companies which are subject to legislation administered by the federal superintendent of insurance. The Saskatchewan Act applies to these corporations, with approval of the superintendent of insurance, as a prerequisite for incorporation or continuance of these companies under the Act.

A number of provisions dealing with inside or trading and takeover bids, contained in the Federal Act, have not been brought forward in the Saskatchewan Act. As in other provinces, these matters are dealt with in securities legislation.

Parts 2 and 3 of the Saskatchewan Bill contain some provisions similar to the Federal Act but basically are an addition to the Federal Act. Part 2 provides for the registration of all corporations carrying on business in Saskatchewan, while Part 3 provides for the administration and enforcement of the Act.

I should like to take a few moments to deal with some more positive aspects of the Bill, which may be of interest to Members. In this Bill, an attempt is made to remove meaningless formalities found in our present Act. For example, the one person corporation will be permitted. This eliminates the need for an incorporator to find another member, often a spouse, to take one share in order to form a corporation. The requirement of two shareholders has never afforded any significant protection for creditors or provided any serious obstacle to irresponsible incorporations.

The formality of setting out objects or powers of a corporation in its articles of incorporation have been removed by providing every corporation with the capacity of a natural person. The articles, however, may restrict the powers of a corporation in those cases where the incorporators wish to do so.

The doctrines of ultravires and constructive notice, which have for so long been part of a corporate law, have been abolished in the Bill. This means that a contract with a corporation is valid whether or not the corporation has the authority to enter into such a contract, or whether or not the persons who signed on behalf of the corporation had the expressed authority to do so. A contract with a corporation will not be valid of course in the event of a forgery or a fraud.

Another formality that has been abolished in the Bill was the issuance of par-value shares. Par-value shares obscure the reality and may be especially misleading to the unsophisticated investor. The tendency is to believe that a share with a par value of \$5 is a real bargain at \$2, when in fact the share may have little or no value at all. A share is simply a proportionate interest in the net worth of the corporation and, when viewed in this context, par-value simply obscures the meaning of the share. The removal of the concept of par-value shares also eliminates certain accounting and disclosure problems which result from it. Much confusion has been caused by such terms as 'paid in surplus' and 'distributable surplus' which have been used to reflect the amount in excess of par-value received by a corporation upon the issue of its shares.

**MR. MALONE:** — Do you know what you are talking about?

**MR. COWLEY:** — Well, I want to inform the Member for Lakeview that I have a layman's understanding of what I am talking about. I don't profess to have his legal expertise in this area, however.

Other technical jargon such as allotments, subscriptions and share capital are avoided in the Bill. Hopefully this will help companies to avoid lawyers.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. COWLEY:** — The term 'authorized capital' is also avoided as being, to some extent, meaningless and misleading. A corporation having authorized capital running into millions of dollars may, in fact, have little paid capital and be unable to meet its obligations.

An important aspect of the Bill is the increased protection to minority shareholders. Under the Bill, the shareholder is entitled to dissent if the corporation makes certain amendments

to its articles or makes other fundamental changes such as altering a share condition or providing an amalgamation or a transfer of the corporation to another jurisdiction or the sale of a substantial part of its property. If a shareholder dissents, the shareholder is also entitled to require the corporation to purchase his shares at a fair value. The Bill clearly sets out the procedure for dissent and for ascertaining the fair value of shares. These rights are, of course, subject to appropriate solvency rules also set out in this Bill. A shareholder is entitled to apply to the courts for an order to require a corporation to rectify any action or omission that may be oppressive or unfairly prejudicial. This is referred to as the oppression remedy and is available to creditors of the corporation as well. A shareholder may, subject to the approval of the court, bring an action in the name of the corporation or intervene in an action to which the corporation is a party. This is referred to as a derivative action and may be helpful to shareholders when management fails or refuses to act.

The Bill confers a number of substantive rights on shareholders, including the right to propose an amendment to the articles or by-laws to solicit proxies to remove directors or auditors and, as already stated, the right to compel the corporation to buy back its shares in certain cases and to apply to the court for relief from oppression.

The foregoing provisions of the Bill provide shareholders with fairly extensive rights in their relationship to the corporation and its management.

Now dealing with directors, this Bill continues the practice of management by directors but permits shareholders, by unanimous agreement, to adopt a different structure of management. By use of a unanimous shareholder agreement, shareholders may predetermine who will be the directors or may even assume directly the functions and the responsibility of the directors. It is felt that unanimous shareholder agreements could provide more flexibility and, thereby, facilitate the operation of a smaller business corporation where indeed there may only be one shareholder.

This Bill, unlike the present Act, expressly sets out a standard of duty and care for directors and officers of a corporation. Not only must they act honestly and in good faith with a view to the best interest of the corporation but they must also exercise care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. As a counter balance to the increased duty of care imposed on the officers and directors, the right of a corporation to indemnify a director or an officer is permitted but the corporation may not insure directors and officers against claims based on breach of fiduciary duty.

Under this Bill greater independence is provided to auditors to ensure that an auditor may act in the interest of the shareholders. For example, a removal of an auditor from office by management is made comparatively difficult. An auditor is removed from office, perhaps, because he doesn't reflect in his reports the views of the management. He may require the corporation to circulate a statement of the shareholders along with the notice of meetings setting out the reason why he opposes his removal or why he has resigned, as the case may be.

Part 2 of the Bill differs from the existing Act in the Saskatchewan corporations, as well, extra provincial corporations carrying on business in Saskatchewan will be required to be registered. Saskatchewan business corporations will be incorporated and registered simultaneously while an extra provincial corporation will be required to apply for registration before the commencement of business, rather than within 30 days thereafter, as presently required. Annual licensing of companies, as now required under The Companies Act, will be discontinued. An annual fee, however, will still be payable. The fee will be payable upon the filing of an annual return. The word 'business' has been more precisely defined in the Bill and as a result, extra provincial corporations, not currently registered in Saskatchewan, may find it necessary to become registered.

Corporations may be struck off the register for essentially the same reason as at present but under the Bill, reinstatement may be affected without a court order as presently required. A corporation not registered for two years may be declared to be dissolved but a corporation declared to be dissolved, may upon application by any interested person, be revived.

I have touched briefly on a few of the provisions in the, Bill. There is no question that many of the provisions of the Bill are quite technical. A careful study of the Bill will, I believe, reveal that an effort has been made to make the legislation clear, concise and as free as possible of ambiguities and technical jargon. The Bill will affect some 20,000 companies carrying on business in Saskatchewan. The majority of these companies are private or closely held companies carrying on small businesses of every description. In my view, this Bill will be welcomed by those smaller business corporations and by small business men generally, who may be considering incorporation.

Persons operating small businesses will find many of the annoyances and inconveniences contained in the present law have been dropped from this Bill and will appreciate the wider range of flexibility that has been provided to enable them to cope more effectively with modern day business practices. Lawyers and accountants, as well, who act for both large and small corporations should find this law to be more practical and realistic.

Mr. Speaker, I am going to ask one of the pages to get from the Clerk's office a commentary describing in more detail the various provisions of the Bill and ask that it be distributed to the Members. I think the commentary, given the complexity of the Bill and the length of the Bill, may be useful. I want to also offer to all Members of the House, particularly to Members opposite, the assistance of the staff of the Provincial Secretary's Department in answering questions and going through the Bill with them. Certainly if any Member opposite would like to ask some detailed questions and discuss the Bill before it comes to the House for Committee of the Whole, I would be most willing to arrange a meeting between the Member or Members and the officials of the department to do just that. If you want to discuss the technicalities of the Bill, I won't arrange a meeting between the Members opposite and myself, but I certainly will arrange one with the appropriate officials.

Mr. Speaker, I therefore take great pleasure in moving second reading of this Bill which will bring about the new Business Corporations Act in this province.

**MR. J. G. LANE** (Qu'Appelle): — Mr. Speaker, just a few comments. We in the Conservative caucus support the principle of the new Bill and it is long overdue. Having read the particular Bill I would like to commend the Government of Canada for giving up its copyright on the amendments in its new Canada Business Corporations Act. The principle of the Bill, allowing the single person corporation, or removing the facade of requiring two people to form a company, of course is excellent. The foolishness that had developed over the years of objects of a corporation being made as broad as possible, that need, of course, is eliminated by giving the corporation the capacity of a natural person. Some of the traditional company law concepts have been done away with, concepts that should have been done away with many, many years ago.

I commend the Government for bringing the Bill before the Assembly. I am not so sure it would be as much fun seeing the Minister prior to Committee of the Whole and bringing some technical objections but we will have more on that.

Again, we in the Conservative caucus support the principle. We think the Bill is long overdue and we congratulate the Government for bringing forward the Bill at this time.

Motion agreed to and Bill read a second time.

## **ADJOURNED DEBATES**

### **SECOND READINGS**

The Assembly resumed the adjourned debate on the proposed Motion by the Hon. W. A. Robbins that **Bill No. 63 — An Act to amend The Marriage Act** be now read a second time.

**MR. S. J. CAMERON** (Regina South): — Mr. Speaker, I shall address some comment to this one. It is not so much, incidentally, as to what is included here as to what is not included. I should like to ask the Minister when I conclude my remarks, to consider some House amendments to cure a situation which theoretically can arise under this Act and in fact is occasionally arising, a practice which I think we should concern ourselves with and to end.

Under Section 31 of The Marriage Act, a person in Saskatchewan under the age of 15 is entitled to marry if that person has, the consent of his or her parents and in addition has a doctor's certificate indicating that the marriage is, in the words of the Act, "necessary to avoid illegitimacy of offspring."

As Members know, you can't legally drink in this province unless you are of the age of 19; you cannot enter into a valid contract unless you are of the age of 18; you can't get a driver's licence to drive an automobile unless you are age 16, yet we are permitting in this province, people under the age of 15 to be married, under the circumstances which I have indicated. And, indeed, it is happening in Saskatchewan from time to time. One can visualize marriages of that youthful age happening in other jurisdictions, particularly primitive tribe jurisdictions. One wouldn't think it is happening in the Province of Saskatchewan, but indeed, it is.

I want to refer Members to an article, a very excellent article, which appeared in the *Leader-Post* on February 19th, 1977;

it is really an extract from the Saskatchewan Anglican. It has a rather shocking side to it, Mr. Speaker. The author of the article indicates that it is hard to imagine parents so irresponsible, or a clergyman, or marriage commissioner so derelict in his obligations, as to be a party to such a travesty on marriage as to permit, as in this instance, a 12 year old girl to marry a 15 year old boy because the girl was pregnant. It goes on to say:

...but the Government of the day must be blamed that such a situation can exist and the loophole in The Marriage Act needs to be plugged immediately.

With that I agree wholeheartedly.

Those parents and children and others, so ignorant of the purpose of marriage as to countenance marriage of 12 year olds, must be protected from themselves and society must be protected from the disastrous effects of such marriages. It is interesting that should the child, when her baby ceases to be a doll to play with, perhaps punish her baby too harshly, she would have to be tried for child battering in juvenile court because she wouldn't be of adult age.

And perhaps in a year's time when one or other of those children married at age 12 and 15 respectively, in 1976, wants a divorce, one of their parents would have to appear as a petitioner. And that is fact, however ludicrous that may sound, because a person under the age of 18 cannot bring an action in our courts civilly in Saskatchewan without the consent of a next friend who has to be added as a party to the action. So you could conceivably have a divorce action with a petitioner age 14 years who would have to have the parent bring the action on behalf of that petitioner.

It is a situation that I want to ask the Minister to seriously consider and to have his department, along with the Attorney General's department bring back some House amendments, so that we get away from this situation where, for the purpose of avoiding an illegitimate birth, we are actually allowing persons of the age of 12 and 15 years old to be married in Saskatchewan. I think that it is time that we put a stop to that.

So with those few remarks, Mr. Speaker, and that invitation to the Minister, I hope that he will come back with some House amendments when we come to clause by clause.

**MR. ROMANOW:** — Mr. Speaker, I beg leave to adjourn the debate.

Debate adjourned.

The Assembly resumed the adjourned debate on the proposed Motion of the Hon. E. Kaeding that **Bill No. 67 — An Act respecting the Restraining of Animals from Running at Large** be now read a second time.

**MR. L. W. BIRKBECK** (Moosomin): — Mr. Speaker, there are a few remarks that I should like to make in respect to this Act, namely, in many areas it puts more power in the hands of the Minister of Agriculture and the municipalities are subject to the Minister's approval in so many ways.

I did find that in Section 5 it is not clear in its intent in any way, namely, inasmuch as it speaks of each kind of animal that an owner may graze in the municipality. It is with reference to the number of animals that may run at large and I fail to see the point that is being made in this particular section. I don't understand what difference it makes, whether it is cattle or horses or what it may be, that is grazing. Furthermore, it could be animals that don't graze at all, for instance, swine. I don't feel that that particular section is specific enough in its intent. I wouldn't mind seeing some changes there or maybe the Minister, in his reply in closing debate on the Bill, could better inform me of what that intent is.

Section 8 does not clearly define whether or not a person appointed by the municipality has the right to refuse, except possibly subsection (3) and, again, I don't know that one has that right. The Act clearly states that a secretary of a municipality has the right to appoint an individual as a pound keeper. To this point, I at least, haven't come to anywhere in the Act where I see that a person has the right to refuse to be a pound keeper.

Further, in Section 14, subsection (2) the finder shall deliver the stray to the owner and in subsection (3) it states that the owner shall claim the stray for removal to lawful property. What I would really like to know is, does the finder or the owner have to make claim to the stray in this case? It says in one subsection that the finder shall deliver the stray to the owner and at that time the owner shall place it in lawful property. Then in the next subsection it says that the owner shall, in fact, deliver the stray to such lawful property.

As I go through the Bill I find points in these clauses which are not clear. Section 16 is insufficient and, again, it does not provide that a finder of a stray in this case would be fully equipped to provide for that stray. It states clearly that the finder of a stray must, in fact, provide ample food and shelter for that stray, for I believe 72 hours, until such time as a secretary of a municipality can find the necessary appointments of official pound keepers and find the appropriate pounds for these strays. I really feel that there should be some provisions made in the Act that would make allowances for an individual, a finder of a stray in this case, that hasn't got those provisions, to provide those necessary food and shelter items. Also, in a space of 72 hours if it didn't have food and shelter, it might be getting in rather bad shape.

In Section 17, subsection (2) again, it points out clearly that there is no provision made for persons to refuse being appointed a pound keeper. I can only say, again, that I hope the Minister can further enlighten me when he replies. In Section 17, subsection (5) it states clearly that the power of the Minister is to appoint a finder as a pound keeper, whether he wants to be or not.

Those are some of the opening remarks that I have to make on the Bill. I am in agreement with its principle in general, but there is more that I would definitely like to look into. I see that there is a repeal of The Open Wells Act and for that reason, Mr. Speaker, I beg leave to adjourn debate.

Debate adjourned.

# COMMITTEE OF FINANCE — CULTURE AND YOUTH — Vote 7

## ITEM 7

**MR. E. F. A. MERCHANT**(Regina Wascana): — Mr. Chairman, the Minister has just indicated that he has some things to read and, perhaps, if I might suggest to the Minister, there will probably be questions that flow from that. The questions that I have don't specifically apply to Item 7 but are, in fact, a revenue item. I hope the Minister and the Chairman might agree to just plug these questions in at this point even though they are no more referable here than to any other point. I wonder if the Minister would give me some indication of the operation of the amateur sports and cultural youth activities, the Lottery basically. I am interested in the success of the Lottery and Saskatchewan's participation in the Lottery; the money that SaskSport has received and, in general terms, the disposition of those moneys.

**HON. E. TCHORZEWSKI** (Minister of Culture and Youth): — Mr. Chairman, I guess I am at your discretion. I thought we had dealt with these areas last night; we passed the Item. I am prepared to answer the questions if that is what the Member wants. I don't know whether he was here yesterday but certainly all of the Members had an opportunity to ask those questions. If you so wish, Mr. Chairman, I am prepared to answer the questions.

**MR. MERCHANT:** — The Minister of the Rentalsman couldn't make a meeting so some of us from the Opposition filled in to say the things that I am sure he would have said to the Regina Landlord Association. I was late coming back to the House. I understand that none of these questions was asked and that the SaskSport area was not even discussed. I think that since it is a large item, to some extent a contentious area, an area that raises a substantial amount of money, or so I am informed, and since when I asked questions in the House about it sometime ago, last fall, I was told that I could wait for Estimates, I hope the Minister now won't invite me to wait for the Estimates next year. I wonder if the Minister would indicate the general operation of SaskSport and the disposition of the funds.

**MR. TCHORZEWSKI:** — I guess I could ask to wait for the next Estimates under the strict rules, but I won't. I appreciate the Member's conscientious attention to his duties as an MLA and we will try to accommodate him this afternoon.

Generally, the Member asks about SaskSport and about the operation of the Lottery which SaskSport is licensed to operate on behalf of the amateur sports organizations in the province and I guess, because of the way the money is distributed among amateur sports, recreation and cultural activity groups as well. My reply is that I think that the operation of SaskSport and the work that it has done and the development that it has initiated, with some help from the department, is highly successful. I know that people, interested and involved in amateur sports, are very much appreciative and I, as the Minister, am very much appreciative of the co-operation that I have received from SaskSport.

The disposition of the funds, as I have indicated, is on the

basis of 50 per cent for sport activities, 40 per cent for cultural activities and 10 per cent for recreation. I believe that basically goes to the Saskatchewan Recreation Association.

There is a committee that is established by SaskSport which is their selection committee, which allocates those funds upon receipt of application from throughout the province.

Now that is a general comment and if you want something specific I shall try to answer it.

**MR. MERCHANT:** — Would it be fair in saying that we, in fact, have no control over the Lottery; the Lottery is run in the Prairies in general and all that Saskatchewan does is get its share of the money from time to time?

**MR. TCHORZEWSKI:** — Well, yes, there is some control in Saskatchewan in that the licence is issued annually to SaskSport and, therefore, annually it is under review. Now as to the operations across the Prairies, it is within each provincial jurisdiction, the method of operation that each province uses.

The Western Canada Lottery operation is a corporation which has membership from all of the four provinces. The basic decisions as to marketing and the disposition of funds, these kinds of things, are decided with each individual province.

**MR. MERCHANT:** — SaskSport, then, participates in what was known as the Western and is known now as Winsday. What profit did the Western earn during its period of operation and what profit, on a month-to-month basis, does Winsday earn? I am not asking what Saskatchewan gets, but do you know what the profit is?

**MR. TCHORZEWSKI:** — It is the Western Express. Lottery funds have been available to SaskSport. The profits have been as follows: in 1974 — \$170,000, 1975 — \$450,000, 1976 — \$311,000; in 1977, which is a year that is obviously not completed, it is estimated, and I stress that it is only an estimate, that the SaskSport fund will have in the area of \$1.3 million.

**MR. MERCHANT:** — So the Saskatchewan share from the Western Express, the holding company or whatever, for the three provinces that now operate Winsday, the Saskatchewan share in 1977, from encouraging people to gamble in this, will be \$1.3 million?

**MR. TCHORZEWSKI:** — I don't want to mislead the Member. The figures I gave you were a total of money accrued to SaskSport and includes both the Western Express as well as the Provincial, so I am giving you total figures. I think that is the answer that you would probably prefer, so that you would know what the total is.

**MR. MERCHANT:** — Right, so that is the total money received in Saskatchewan. I take it, then, that the lotteries operated jointly by the three prairie provinces must be making a profit of \$ 6 million or \$8 million?

**MR. TCHORZEWSKI:** — The profits that each province, or the licensed agent, as the case in Saskatchewan and Alberta, gets is based on the amount of tickets sold in each province. The total for 1976 was almost \$12 million in net revenue, cumulative for the four western provinces not just the Prairie Provinces.

**MR. MERCHANT:** — I suppose administration runs about 50 per cent. I wonder frankly what the prize percentage is, in short, in gambling terms, how much is the rake off for the Provincial Governments that encourage gambling in this way and the administration that has this touring crap game possible around the prairies?

**MR. TCHORZEWSKI:** — First of all, Mr. Chairman, the Member smiles, obviously, when he talks about rake off; I don't want it to be misunderstood or have him mislead anyone into the wrong impression that there is a provincial rake off. I think that it is an unfortunate way to try to get a headline. The fact of the matter is, that the Province of Saskatchewan gains nothing, as the Government, from the lottery. We have chosen that route. We have decided, that as a policy, that it is not the role of the Government to establish a lottery to gain revenue. We have other sources of revenue which we think, that we as a government, ought to be getting our revenues from, and, therefore, we have chosen a route that is not any different from any route that has existed in the province before, that is by providing a licence with protective restrictions in it to a non-profit organization such, as SaskSport. They run the lottery, we don't. That is not the case in British Columbia; that is not the case in Manitoba. They have a Lottery Commission which is their choice. That is not our choice, nor is it the choice in Alberta, which is basically much the same as ours. I want to give you the figures on the Provincial. As a provincial lottery, projections for 1977 are that there will be total retail sales projects of \$5.5 million. Commissions to retailers, this is in Saskatchewan, will be \$1.1 million. The retailers are, for a good example, amateur sport organizations, minor hockey associations, or Regina Wascana or Humboldt or what ever you want to call it. The prize fund and administration costs, based on total sales of four million tickets, is \$3.4 million; SaskSport administration costs are about \$218,000.

**MR. MERCHANT:** — Mr. Chairman, I have only one last question. Frankly, I leave sanctimoniousness to the Members of the Conservative Party and, I suppose, I might well have elected as the Government did, to allow this to function and I can see the very good work the fund makes possible in Saskatchewan. But I think that Members should be clearly aware that the Government then has decided to opt, to encourage this kind of gambling. When the debate rages to the extent that it rages it goes along these lines, that these kinds of money raising projects are indeed money raising projects which fall most heavily on the poor.

**HON. E. KRAMER** (Minister of Highways): — Since when are you concerned about the poor?

**MR. MERCHANT:** — I am concerned about the poor you will be happy to know. I represent some of them, probably more than you do. And, Mr. Chairman, what it really amounts to is a form of taxation,

which is a taxation that works on the dreams of the people, who are to some extent disadvantaged. If you set up a numbers racket in Harlem, where people pray and hope for that kind of good fortune to get out of the area, you set up a policy bank there and the tendency of the people is to pay their money almost as though they were parting with tax money. And as I say, Mr. Chairman, I am not sure that I wouldn't have elected as the Government did, but I hope the Government is aware that this controversy rages and, to some extent, that is the effect. We are talking about very, very substantial amounts of money, which are being taken out of the hands, largely of the poor, for the various kinds of lotteries that are being run in this province.

**MR. TCHORZEWSKI:** — Mr. Chairman, I think it would be useful to further state the position that we have taken on lotteries, in addition to what I said the last time I rose to answer the Member's question. We have a policy which restricts the number of lotteries because we obviously share some of the concern that the Member mentions. We have, now, the lotteries which exist. We have refused, we continue to refuse and we will continue to refuse to licence any more major lotteries in Saskatchewan be-

most of the provinces, to work out an arrangement with the Federal Government when there was talk of Loto Canada taking the place of the Olympic Lottery even though, when the Olympic Lottery was first established, we were given a firm commitment by the federal people that it would end in August, 1976 when the Olympics were over. Our intention was not to add any more lotteries but to work out an agreement with the Federal Government to have a national lottery to replace the Olympic Lottery, one lottery which would involve all the provinces in a partnership. They rejected that. I am not going to debate that. That is the way it is, I guess. We do also urge, very strongly, that the advertising, done by the people in Saskatchewan who run the lottery, is in good taste and does not promote the hard sell approach that we see some lotteries using. Loto Canada is an example. I am not saying that we are totally satisfied with it at all times but that is the position we take and that is the position we shall continue to take. I think that the system as it is organized in Saskatchewan, and set up as it is in Saskatchewan, provides a lot of important protective mechanisms for the public. It is only for non-profit organizations and it does not utilize the kind of retailing that Loto Canada does. I am not going to go into debate on the retailing mechanisms used in Saskatchewan by Loto Canada but if the Member wants to, I can certainly get into the question of who the retailers are in Canada, or in Saskatchewan for Loto Canada.

**MR. R. KATZMAN** (Rosthern): — You are saying that you have opened a new area, Mr. Chairman, so I would like to ask, in this area, who qualifies for the grants? Are they not supposed to be in the sports area, non-profit organizations or businesses and so forth?

**MR. TCHORZEWSKI:** — Non-profit organizations, in the sports, cultural and recreation areas.

**MR. KATZMAN:** — Since when does the University of Saskatchewan, College of Physical Education, qualify?

**MR. TCHORZEWSKI:** — I don't know, I don't know the specific case that the Member is referring to. It is something that SaskSport will have determined. You can give me a specific example or, if you wish, you can contact SaskSport as that is obviously their decision.

**MR. KATZMAN:** — Can you explain the grants? I notice all through 1976, for example, that for sports there were 136 grants, culture — 50 grants and recreation — 20 grants. But when you look at the total money, as you say 50-40-10, the grants all on the culture side are larger. As I go through them I keep finding executive directors and so forth, yet the Arts in Saskatoon, some whom have approached you, are told because they run certain shows that they are non-profit because they are a professional group?

**MR. TCHORZEWSKI:** — Well, first of all, I am told that the criteria that SaskSport has established are presently under review but I really can't speak for SaskSport. If the Member wants specific information regarding the allocation of the grants, I would suggest that they contact SaskSport, which is an independent organization and can speak for itself.

**MR. KATZMAN:** — Basically, what the Minister is saying, is they are totally independent of you, except that you are responsible because of the legislation?

**MR. TCHORZEWSKI:** — Yes, of course they are. SaskSport is a federation of all, I think, amateur sports bodies in Saskatchewan. It is the umbrella organization for those bodies. They elect their Board of Directors, they are totally independent of the department and the Government.

**MR. E. C. MALONE** (Leader of the Opposition): — Mr. Chairman, Mr. Minister, I just came from a jurisdiction over the weekend where there is a serious problem with the control of tickets and possible abuses of the lottery in Manitoba. As a result, I ask the question: what control structure do you have built in as to the distribution of tickets? Let me take it a step further. Are the tickets paid for by the bodies that are licensed to sell them at the time the tickets are issued to them?

**MR. TCHORZEWSKI:** — That is all provided for in our operation. It is the bearer ticket method that is used. That has not always been the case. We, on the initiative of the Ministers, had the bearer ticket system implemented. The bearer ticket system is one which is, as far as I am concerned, foolproof and I think most people would agree. When the wholesaler, be it the Boy Scouts Organization for example, buys the provincial tickets for selling, they pay the price of the ticket, the wholesale price. That ticket is then paid for and it is automatically in the drum, so there is no chance of someone's ticket not getting in the draw. Then they sell the ticket and take off their \$1 profit or commission, I think it is \$1. So there is no difficulty in Saskatchewan, as I know. I don't know whether Manitoba is an example but I know there have been cases in the past, in some places, where there have been some difficulties.

**MR. MALONE:** — Let me just pursue that for a minute. There are two aspects of concern here. There is the one of the ticket getting into the drum after it is sold by the licensed body, whether it is the Boy Scouts, or the Roughriders or whoever. I will come to that in a minute. The aspect that I am concerned with is the physical control of the money for the tickets that are out for distribution. I am asking you, if we take the Boy Scouts, as an example, do the Boy Scouts come to whoever runs this in Saskatchewan and buy so many thousand dollars worth of tickets and give you the money before the tickets are allotted, or do they wait until such time as the tickets are sold and then account back to you with the stubs for the tickets that have been sold and the tickets that haven't been sold?

**MR. TCHORZEWSKI:** — It is a bearer ticket; when they get the tickets they have to give the money. There are no stubs involved. It is a number system. The number automatically goes into the computer, isn't that what they use now, into the draw system and it is foolproof. There is no chance of money not being able to get there because you have to pay when you get the ticket. Let me define the bearer ticket. I don't have a paragraph here that may be clearer than what I describe it to be. But the bearer ticket principle is simply this. The tickets are printed by the corporation or by whoever is the lottery body that prints the tickets. When the wholesaler purchases the ticket they purchase X number of tickets, their price for those tickets. The minute they are purchased they are automatically in the draw, by number, so there is nothing that can be left out.

**MR. MALONE:** — They are automatically in the draw; what about tickets that aren't sold by the agency which has bought the tickets from you?

**MR. TCHORZEWSKI:** — Let me try this, and I think it answers the question. If it doesn't, tell me that it doesn't. If the Boy Scouts Organization bought 100 tickets they wanted to sell, those tickets are in the draw, those numbers are in the draw. If they sold all of the tickets they are still eligible for the draw, if they sold 75 of the tickets and kept the other 25 for themselves, they have paid the price of them. They bought the tickets, they are still in the draw.

**MR. LANE (Qu'Appelle):** — Mr. Minister, is it possible, as with Loto Canada, that the lottery itself can take the tickets and, in fact, pay itself Is that happening with the Western? Loto Canada, as it became known a couple of months ago, was buying unsold tickets and putting them in the drum so that it was winning its own money back and cutting down and minimizing the chance of the public The assurance was given that this was absolutely not true.

Now having had some little experience on the particular problem, with the bearer ticket, it is not easy to guarantee getting a bearer ticket to Winnipeg or Toronto to have it verified. I indicated publicly at the time that the Saskatchewan winner was drawn, that it seemed to be somewhat unfair It would have been worthwhile to have the verification procedures in Regina or Saskatoon so that the risk was not taken by the winner of the ticket. It would seem to me that Saskatchewan

should have a procedure whereby, if we have a local winner, that verification can take place in the province and the risk of transporting the ticket is minimized.

**MR. TCHORZEWSKI:** — The Member is talking about the Provincial lottery which is different from the Western Express. Their head office is in Toronto and, therefore, it is validated at that head office. Maybe it is a little more difficult but that is the way a winner in British Columbia has to go. I think the system, as I indicated, the important part of it, is that it is a system which has protective mechanisms in it and, I think, it is essential that it have that. I am not arguing that it is not more difficult this way, but there has to be a central place for this kind of verification to take place. It so happens that that's the way it is.

**MR. LANE:** — You are not correct, because the options given, the verification could take place in Winnipeg, Toronto, Edmonton or Vancouver, wherever the American Bank Note or Canadian Bank Note Company has an office. That is where it can be done. It can be done in any of those places. In fact, the verification was done in Winnipeg, not Toronto.

**MR. TCHORZEWSKI:** — I didn't know that. I can relay that information to SaskSport and they can consider the concern that the Member brings to our attention and I hope he will bring it to the attention of the SaskSport as well.

#### **ITEM 7**

**MR. CHAIRMAN:** — To get back to Item 7, are you agreed on item 7? We went through that last night.

**MR. TCHORZEWSKI:** — I suggest that the Member who just rose (Mr. Lane) had a question yesterday that I said I would give him an answer to and I should like to do that now.

The Member for Regina South (Mr. Cameron) had a question also and I should like to give him an answer.

He was asking if there are any restrictions regarding the types of movies shown in drive-in theatres and I said I was not sure of the answer, so I asked that the answer be found for me. I am sure that the Member will be pleased to know, that for the first time this year, I think there were either four or five films in the Special X category that had been prohibited from being shown in drive-in theatres. We have asked the officials to review the situation with the express purpose of exploring possible additional restrictions as requested by the Member. I wanted to clarify that because I know the Member was concerned about it and I thought that he had raised a pretty good point.

The Member for Indian Head-Wolseley (Mr. MacDonald) also had a question dealing with the blue movies in hotels and motels. I thought he would be interested in knowing the answer. He isn't here, but I am sure that someone else can give him the answer when he sees him. We made contact with the Alberta Film Classification Services today and their Film Classification Services have no involvement at all with the hotel/motel closed circuit film services. Their policy is basically the same as

ours. I say that because the Member was wondering what other provinces were doing. They feel that this is a private business matter and not a public theatre service. Let me again reiterate, as I did before, that there is no provincial legislation. It certainly is not covered in the film classification legislation that gives us the power to be able to control that. I still think that it is something that can be probably followed up under the obscenity section of the Criminal Code, but not being a lawyer, I am certainly in no position to give you an interpretation of that, as well as some of the gentlemen over there might be able to.

The Member for Rosetown-Elrose (Mr. Bailey) also had a question and his question was, what was the percentage or the numbers of movies that were classified as Special X? In 1976, 26 per cent of the movies were classified Special X, out of the 402 that were classified in the Province of Saskatchewan. So the larger portions are not Special X.

**MR. R. H. BAILEY** (Rosetown-Elrose): — Mr. Chairman, I want to thank the Minister for that information. What I am trying to get at is this — of the total number of films, I had really asked for the ratio. I am not going to suggest that that information be supplied right now but I want to get the information from him. Of the total number of films coming in, what is the ratio between the Special X and the restricted category to those that are classified as general? That is really what I want. You have 26 per cent of the films classified Special X, have you got the rest of it there?

**MR. TCHORZEWSKI**: — I'll send it to you.

**MR. BAILEY**: — Thank you very much.

**MR. S. J. CAMERON** (Regina South): — Let me, too, join with my colleague in thanking the Minister for the prompt attention he gave the matter which I raised with him. Do I understand you to say the regulations, currently, are wide enough to govern the types of films that can be shown in drive-in theatres in residential areas, or would you be amending your regulations? I was going to draw to your attention incidentally. Section 20 of the Act, which I think empowers you to make regulations, for among other purposes, governing the use of theatres. So I think your power under Section 20(a) is to restrict specifically the type of film that can be shown in a drive-in movie theatre in a residential area. Now two points of clarification are your regulations wide enough now to do it, or do you intend to amend them, and secondly, can I ask you what you will be doing specifically about the situation I have raised with you in my constituency?

**MR. TCHORZEWSKI**: — From the checking we have done this morning, it is possible, as we understand it, to be able to provide those kinds of regulations wherein we put a rider on the film that is classified, as we have done for the first time this year. We put a rider on it saying (as we have with those four or five films) that you cannot show them in the drive-in theatres. It is possible to do that; it is possible to have those regulations. I don't think it is specifically in the regulations now, but as a result of the discussion we had last night, we are in the process of pursuing what, in fact, we might be doing with regard to that.

**MR. CAMERON:** — Okay, one last point. Can I get the assurance from you that there will be no category X or restricted adult movies showing at the drive-in theatre (I won't identify it but I am sure you are familiar with it) that exists in my seat and that I indicated to you last night which the screen is clearly visible to people in the area. The Member for Maple Creek (Mr. Stodalka) drew to my attention last night that it used to be known as the PPP Theatre which was the Premier's passion. Premier Douglas, I think, had some interest in it.

**MR. TCHORZEWSKI:** — I guess I am beginning to see why the Member sometimes comes to this House looking tired. He stays up late at night.

As I indicated, pursuing the question which you raised, I don't have the answer as to precisely what we might be able to do but your concern has been raised and we are on top of it.

**MR. BAILEY:** — Just one more comment, Mr. Minister, and this is not a criticism. I certainly want to thank the Minister for this information. I think it is information which should be a little bit alarming in that, in nice round figures, 50 per cent of all the movies which are shown in the Province of Saskatchewan are in the categories of restricted adult and Special X. Those are round figures. To me, it is somewhat alarming that a mere 15 per cent of the movies which are shown in the Province of Saskatchewan are rated general. I suppose that one may say the film classification board has been busier than ever. I note that the number of films that you have viewed has increased. Obviously there is precious little this Legislature can do, in the way of educating the viewing habits of the public. That's their business. But it is a very alarming figure, Mr. Minister.

**MR. TCHORZEWSKI:** — It may very well be. I think it should also be kept in mind that it is a question of how you read the figures and, I guess, the figures are for the way you want to use them. There is nothing that says there were larger numbers of Special X and restricted adult classifications in 1976 as compared to 1975 or 1972 or 1968. Maybe that is the result of the fact that the film classification board is being stricter in its interpretation and its classification, and if that's the case, I certainly think it is a positive move.

Item 7 agreed to.

Item 8 agreed to.

## **ITEM 9**

**MR. G. H. PENNER** (Saskatoon Eastview): — Mr. Chairman, I wonder if I could direct a couple of questions to the Minister with regard to this item 9.

First of all, would the Minister tell us what the total cost of the operation of the Saskatchewan Centre of the Arts was for the 1976 year?

**MR. TCHORZEWSKI:** — We've got the Annual Report which I tabled when we sat. We are making some quick additions on some figures and we can give it to you right away.

As shown to you in the 1975-76 Annual Report, which every Member has, the total expenditure is \$625,398.

**MR. PENNER:** — That's a gross expenditure?

**MR. TCHORZEWSKI:** — That's total expenditure.

**MR. PENNER:** — Does the Minister have the net cost of operation, in other words, do you have the costs of the concessions and food and rentals and all that kind of thing?

**MR. TCHORZEWSKI:** — I don't know whether the Member has his report with him but one of the pages might be able to get one for you from the office. But on statement No. 4, it gives you all of the expenses and the total for 1975-76; for salaries, wages and contract wages — \$185,600; employees and benefits — \$25,826; laundry — \$8,348; supply services and maintenance — \$14,870; telephone and telegraph — \$3,028.

**MR. PENNER:** — That wasn't really the question which I asked. I asked the Minister if he knew what the net cost of operation was.

**MR. TCHORZEWSKI:** — It was \$383,475.

**MR. PENNER:** — Does the Minister expect that the cost of operating the Centre of the Arts in 1977 will be higher than 1976?

**MR. TCHORZEWSKI:** — I think that probably, with increasing costs in everything, that is probably a fairly accurate assumption, yes.

**MR. PENNER:** — Would the Minister indicate then why it is, if he is prepared to admit that and looks at the increases in operating costs in all other areas of his department, that there has been no increase in the grant made available this year?

**MR. TCHORZEWSKI:** — Yes, there is the same amount of money allocated this year as last year. It is anticipated by the Centre that revenues will be up because of its operation projections that it has and, therefore, that is why the amount of money is allocated at \$140,000. It will compensate, although later in the year I suppose we will know better, but at this point in time we believe the increased revenues will compensate for increased costs.

**MR. PENNER:** — Mr. Chairman, Mr. Minister, your reasoning is rather interesting; the total cost of operating the Centre in Regina is at government expense. You can find the various costs in various parts of the Estimates. It is also well understood that the amount of the grant in Item 10 to Saskatoon, in a matching grant is the same as what the Government hands out here in Regina.

Would the Minister not agree that the real reason for retaining the figure at \$140,000 is that because you have to pick up the total costs in Regina, anyway, and that by leaving the cost at the same level as last year for Regina, that allows you

to do the same in Saskatoon. Therefore, the people in Saskatoon are going to have to pick up a greater deficit on their own in the operation of their own auditorium.

**MR. TCHORZEWSKI:** — No, I would not agree with that, Mr. Chairman. The funding we provide, you have to keep in mind that the Centre of the Arts in Regina, because of the way it was arranged under the former government, relies totally on government support. We provide to the city of Saskatoon the same kind of support as we provide the Centre of the Arts. We provide to the city of Saskatoon, as we do all urban municipalities, other unconditional grants which the city could utilize. I know that there are deficit problems in these kinds of centres. I have never thought that these kinds of centres would operate at a profit, and I don't think they will for a long time to come.

We are doing, I think, a fairly credible job in assisting the operations of two very excellent facilities that serve people in northern and southern Saskatchewan.

**MR. PENNER:** — A final question, Mr. Chairman. Would the Minister not agree though, that in fact, the people of Saskatoon, having to pay through their taxation system the entire cost of the operation of the Centre of the Arts in Regina, because the entire cost is something that is picked up by your department or by the Government, and at the same time because the grant is the same, pay for two?

**MR. TCHORZEWSKI:** — I think that is not quite true. The revenues that the Centre gains from its operations are by far the largest portion of what goes towards paying the cost of the operations. I don't think what you are saying is completely correct.

**MR. LANE (Qu'Appelle):** — Can the Minister tell me if the Board responsible for the Saskatchewan Centre of the Arts — I believe some changes in the membership were gazetted recently — can you tell me the changes between this year and last?

**MR. TCHORZEWSKI:** — Yes, I can. We have them listed. I will send it over to you. It is a long list.

**MR. LANE:** — I should like to know whether Mr. Anderson is still chairman?

**MR. TCHORZEWSKI:** — No, he is not. The legislation specifically states that any member of the Board of the Saskatchewan Centre of the Arts, can only be a member for four terms. After four terms, he cannot be reappointed, except after one year off. Mr. Anderson's term, as well as a number of other members of the Board of last year, expired and, therefore, they are not reappointed again this year.

**MR. LANE:** — Well, I have a series of questions on the reasons for the forced resignation of Michael Wood last year. The dispute that went on, to some extent, was a one-sided dispute, in that

the chairman was giving reasons for the decision of asking for the resignation of Mr. Wood. Things were pretty nebulous and left up in the air. He was fired, I believe, because Mr. Wood failed to follow the policy guidelines. There were serious staff problems. I am going to ask you to explain both because I know the Minister was submitted a report by the Board. Then I would like the Minister to explain, when both the Board and Mr. Wood commented on your refusal to make a statement after the dispute, why you didn't make such a statement. I felt you had a duty to make a statement.

I think it was a pretty serious situation that developed. The man had given about eight years of service; he had taken the Centre through its birth pangs and it was considered a very well run institution. The public never got the information about the reasons for the forced resignation. I would expect that the Minister would give us the reasons today.

**MR. TCHORZEWSKI:** — Well, Mr. Chairman, in answer to the Member's question, I think his word of firing is not quite accurate, it is an unfortunate word. I think that's what you said, if you didn't, I am sorry that I misheard you. Mr. Wood resigned from his position. There was a letter of resignation. I can't recall the Board or Mr. Wood saying that there ought to be a statement from the Minister. I did not deem it necessary to make a statement, it was a matter that involved the Board of the Saskatchewan Centre of the Arts and the former executive director. I thought that since the Board is an autonomous body, appointed by the Minister, who was having this issue with their executive director, that it was a matter they were very competent in dealing with, as I think they were.

**MR. LANE:** — Publicly, a Mr. Paul H. Fudge, and Mr. Wood, I can give the dates, June 24 and June 10 of 1976, called to public attention an expressed disappointment or concern. Mr. Fudge, who was a member of the Board at the time said, "It is most unfortunate that the Government, through the Minister responsible for the Centre of the Arts, has not made a clear public statement regarding the Board's recommendation that Mr. Wood be replaced as director."

You seem to be avoiding the issue or fudging the issue, given the name. I would assume that the Board recommended that Mr. Wood be fired. You took no action. That only leads to one conclusion, either you disagreed with the Board's decision or you were washing your hands of the whole matter. The question is, did you agree with the Board's decision that Mr. Wood be replaced as executive director of the Saskatchewan Centre of the Arts?

**MR. TCHORZEWSKI:** — The article that the Member talks about was not an article from the Board. I am glad he has clarified his initial statement where he said that the Board had expressed some concern that there was no statement from the Minister. The Board had never expressed that concern, it was a letter from an individual. I am glad that that's very clear. Mr. Wood submitted his resignation, and his resignation was accepted by the Board and by myself. As far as I was concerned, after that, the issue was closed.

**MR. LANE:** — Are you in effect saying, Mr. Minister, that you are not going to give the reasons for the Board's decision, the

reasons which were communicated to you?

**MR. TCHORZEWSKI:** — Mr. Chairman, if the Member wants to speak to the Board and find out about the discussions that took place between the Board and the former executive director, discussions which I certainly was not involved in, the direct meetings, that is something which he would have to ask the Board.

**MR. LANE:** — Why did the Board have to make a recommendation to you as Minister responsible?

**MR. TCHORZEWSKI:** — I don't know what recommendation the Member is talking about. All I know is I received a letter of resignation.

**MR. LANE:** — Did you not receive a recommendation from the Board of the Saskatchewan Centre of the Arts that Mr. Wood be replaced?

**MR. TCHORZEWSKI:** — I'll have to check. I can't recall a recommendation from the Board saying that the executive director ought to be replaced. I have a fairly good memory of minutes which I get regularly, Board minutes, but I can't recall a specific recommendation that in fact took place.

**MR. LANE:** — Are you saying then that members of the Board, stating publicly that a recommendation was forwarded to you, are in error and are mistaken?

**MR. TCHORZEWSKI:** — As I said, I'll have to check that, Mr. Chairman. I am not aware of any such recommendation, as I have previously stated.

**MR. LANE:** — Are you prepared then to peruse your files and bring the matter up next time and we will revert to this particular item?

**MR. TCHORZEWSKI:** — I don't think we need to revert to the Item. I can bring it up and I can provide the information, if the Members wish to proceed.

**MR. LANE:** — I would, in particular, like to know the specific reasons for the forced resignation. I think they have to be serious, and there seems to be an indication that perhaps they weren't as serious, or the Minister could have made the public statement requested by the Board. I think the House is entitled to the information.

**MR. CHAIRMAN:** — Is Item 9 agreed to? Are we clear on this?

**MR. LANE:** — The understanding was, Mr. Chairman, that the Minister would supply the information to the House. I think the practice is that we revert to this particular Item later. I think that is the usual practice.

**MR. TCHORZEWSKI:** — The question is, did I receive the recommendation from the Board to replace the director of the Saskatchewan Centre of the Arts? I have already assured the Member that I will provide that information after perusing my files and my documents. He can feel confident that it will be done.

**MR. MALONE:** — I would ask the Minister then, to agree to stand this particular Item until such time as we have had an opportunity to peruse this documentation. We may very well have other questions for you as a result of seeing it. Mr. Chairman, we move on to the next Item.

Item 9 stood.

Item 10 agreed to.

## **ITEM 11**

**MR. KATZMAN:** — Could the Minister supply the breakdown of what each of the museums in the province gets?

**MR. TCHORZEWSKI:** — If the Member wants the breakdown for the last year, it's in the Annual Report. It is there, it is clear and you can have it. The breakdown, as to what will be done for 1977-78, will have to await until the Western Development Museum indicates that to us because we allocate the block grant to the Western Development Museum and they determine the allocation. We don't.

**MR. KATZMAN:** — Do you not have a submission from them saying approximately what their increase will be, or do you just decide it arbitrarily?

**MR. TCHORZEWSKI:** — I am told that the Western Development Museum Board has had a preliminary budget meeting; it is not yet finalized.

**MR. KATZMAN:** — Do you pick up the deficit then?

**MR. TCHORZEWSKI:** — No, we don't pick up the deficit. We provide, through this Item, a grant to the Western Development Museum and then the Western Development Museum Board determines the allocation and the expenditures of its money, as provided through the grant and the revenues that they make, and set their budget accordingly.

**MR. H. W. LANE** (Saskatoon Sutherland): — Mr. Chairman, is the Minister aware of any difficulty, with respect to a gentleman by the name of Gordon Wilson, at the museum at Saskatoon? Is his job about to be terminated and replaced by someone else?

**MR. TCHORZEWSKI:** — I wouldn't know that, that would be the business of the Board. In the Western Development Museum, the personnel are hired and receive their directions from the Board, not the Minister.

**MR. LANE:** — Have you had any contact with anybody, to give you reason to believe that that is happening?

**MR. TCHORZEWSKI:** — Yes, there has been some communication to me, that the Board has, in fact, undertaken an analysis of the operation of the Western Development Museum and have discussed the operations of the museum with the executive director. I do understand that there are some concerns which they are considering at this time.

**MR. LANE:** — Mr. Chairman, I should like to ask the Minister, was this due to a disagreement politically, perhaps with your department, what was the reason for that?

**MR. TCHORZEWSKI:** — Mr. Chairman, I know it is not possible to prevent silly questions from the Members of the Opposition, particularly the Tory Member . . .

**MR. LANE (Qu'Appelle):** — On a Point of Order, I believe it is 5:00 o'clock. . .

**MR. TCHORZEWSKI:** — Mr. Chairman, that is absolutely not the case at all. It has nothing to do with the department and the Board which runs the Western Development Museum. The Member knows that absolutely well, and is playing silly and naive politics.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. ROMANOW:** — Mr. Chairman, can we agree to the vote, if not, would the Members be prepared to stop the clock for five minutes and get this vote out of the way?

**MR. CHAIRMAN:** — Is it agreed we stop the clock for five minutes?

**MR. LANE (Saskatoon Sutherland):** — Mr. Chairman, who appoints the Board for the Western Development Museum?

**MR. TCHORZEWSKI:** — The Lieutenant-Governor-in-Council appoints the Board for the Western Development Museum.

**MR. KATZMAN:** — Does he approach any other organization, for example, city council in Saskatoon or city council in Moose Jaw? Do they make recommendations?

**MR. TCHORZEWSKI:** — We approach a wide variety of people; we do approach city councils; we do approach museum organizations in the community. Yes, we do.

**MR. KATZMAN:** — Is there not a formula which says each city council will be allowed to appoint so many members?

**MR. TCHORZEWSKI:** — There is no formula, but we have a policy where we divide the membership of the Board fairly equally among the centres in which there is a Western Development Museum. It is broken down pretty well down the middle.

**MR. KATZMAN:** — Why then, each year at city council, are they appointing members to the Western Development Museum?

**MR. TCHORZEWSKI:** — I'll try to explain to the Member how the museum works. There is a Western Development Museum Board which is the umbrella board for all of the four museums. Then there are the local committees that look after each individual museum in the community. It is a local committee that the Member is thinking about.

**MR. LANE:** — There is one other question. You have obviously gotten certain recommendations from the Board in respect to the Western Development Museum. Specifically, in respect to the termination of Mr. Wilson's employment, do you also have information to lead you to believe that there are a number of other people resigning as a result of this, that morale has reached an all time low?

**MR. TCHORZEWSKI:** — No, I have no reason to believe that to be the case.

**MR. LANE:** — You have had no indication from any of your advisors or from the Board that any other people are planning on resigning?

**MR. TCHORZEWSKI:** — No, I have not had such indication.

Item 11 agreed to.

The Assembly adjourned at 5:06 o'clock p.m.