

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Third Session — Eighteenth Legislature**  
**34th Day**

**Thursday April 7, 1977**

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

**WELCOME TO STUDENTS**

**MR. J. WIEBE (Morse):** — Mr. Speaker, I would like to take this opportunity to introduce to you and through you to the Members of this Assembly seven Grade Five and Grade Six students from the Simmie public school, located in the Speaker's Gallery.

It is my understanding that this is the first time that a group of students from Simmie have been to Regina to visit the Legislative Chamber. They have had a very busy morning and I am looking forward to meeting with them briefly at 2:30. They are accompanied as well today by their principal, Mr. Doug Warren, and two parents, Mr. Paul Trudeau and Mr. Les Stevenson.

I would like you to all join with me in welcoming these students from Simmie to the Legislature this afternoon.

**HON. MEMBERS:** — Hear, hear!

**MR. R.H. BAILEY (Rosetown-Elrose):** — Mr. Speaker, on behalf of my deskmate, Mr. Lane, I should like to welcome to the Assembly today, through you and to this Assembly, a group of 25 Grade Nine students from Balgonie. They are accompanied by their teacher, Mrs. Dunbar. I understand that they will be in the Chamber here until after Question Period and I am sure that their MLA, Mr. Lane, would like to meet them at this time.

I am sure that everybody here joins with me in welcoming them this afternoon.

**HON. MEMBERS:** — Hear, hear!

**QUESTIONS**

**PURCHASE OF SYLVITE MINE**

**MR. E.C. MALONE (Leader of the Opposition):** — Mr. Speaker, I should like to direct a question to the Minister in charge of the Potash Corporation of Saskatchewan. Some weeks ago now the Minister advised this House that the Government had made arrangements to purchase the Sylvite potash mine. He indicated at that time that there were other matters that had to be settled before the final agreement could be reached and finalized. My question to the Minister at this time is, have you finalized the situation with Sylvite and are you in a position to advise when the deal will be completed?

**HON. E. COWLEY (Minister of Potash Corporation):** — No.

**MR. MALONE:** — A supplementary question, Mr. Speaker, it has been

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brought to my attention that there are certain rumors, and I stress the word 'rumors', that the Government is reconsidering its position in connection with the purchase of this mine and that you may be perhaps trying to make some other arrangements with Sylvite especially so far as the price is concerned?

**MR. COWLEY:** — The rumors are unfounded.

**MR. MALONE:** — A supplementary question again, Mr. Speaker, let me ask the Minister this. We understood that your company, the Potash Corporation would be meeting with officials of Alwinal Potash Corporation in Harris, I believe on April 4 or April 5. I understand that that meeting could not take place because of the Potash Corporation officials not attending. I wonder if the Minister would explain to this House why the meeting did not take place and why the corporate officials did not go over?

**MR. COWLEY:** — It was delayed. One of the reasons was the Crown Corporations Committee.

**MR. MALONE:** — A supplementary. That, of course, is absolute nonsense and I'll ask the Minister to perhaps give us the other reasons that he refers to.

**MR. COWLEY:** — Well, Mr. Speaker, the meeting was arranged for early in the month of April. I was not able to get from my officials a clear indication of how long it might take in the event that negotiations proceeded on and we thought it was better to delay the meeting for two or three weeks, to have the Crown Corporations here before the Committee if we could get that over with and also we could complete the details with respect to Sylvite which was the other reason.

### **VANDALISM IN PARKS**

**MR. BAILEY:** — Mr. Speaker, I should like to direct a question to the Minister of Tourism and Renewable Resources. I am sure that this Assembly is pleased to learn that steps are being taken by your department to curtail the amount of disturbances and vandalism that took place in Saskatchewan parks last summer. Can the Minister inform this House of any information your department has whereby the parks will be somehow safeguarded from these unnecessary disturbances this summer?

**HON. A. MATSALLA (Department of Tourism and Renewable Resources):** — Mr. Speaker, in reply to the Member's question, I would like to say that we are certainly taking a very careful look into providing added maintenance in the park in order to guard against extended vandalism and rowdiness. We are hoping that we could have a much more careful look at the number of campers who are brought into the various campsites, perhaps restricting one camping unit to one site and, therefore, prevent overcrowding. At the same time we also are looking at the idea of the only people we would be allowing into the campsite would be the ones that would register before 11 o'clock, and not allowing any of the others who may want to visit these sites after 11 o'clock in the night.

**MR. BAILEY:** — A supplementary question. What the Minister has stated will be welcome particularly by the park officials and motorists and those who use the park. Do I understand the Minister to say then that the staff personnel we have at the present time in the parks that they can expect increased help in the way of staff numbers, that there will be increased staff assigned to Saskatchewan parks this summer.

**MR. MATSALLA:** — Mr. Speaker, yes, we have been considering some added personnel.

**MR. BAILEY:** — A final supplementary, Mr. Speaker. Could the Minister inform us then with the good news that we have received if the department has done anything in the way of asking the various detachments of the RCMP for some extra patrols and some extra help in curtailing the disturbances to which I referred.

**MR. MATSALLA:** — Mr. Speaker, I want to say that we have been receiving very excellent support from the detachments of the Royal Canadian Mounted Police, and in my conversation with the police they have indicated they will be doing all they can in order to assist our people in trying to maintain quietness in the park.

### **AN ACT TO AMEND THE MEDICAL PROFESSION ACT**

**MR. C.P. MacDONALD (Indian Head-Wolseley):** — Mr. Speaker, I should like to direct a question to the Minister of Health. I have had requests from both sides of the issue and I would like to ask the Minister of Health is it the intention of the Government to proceed with Bill No. 51, An Act to Amend The Medical Profession Act and to proceed with second reading?

**HON. W.A. ROBBINS (Minister of Health):** — The Government's position will be announced in due course.

**MR. MacDONALD:** — Let's see if we can get a little more, Mr. Minister. Could you perhaps tell me if the reason for your reluctance is a conflict within the Government itself and within the caucus of the NDP, is this the reason that you have not proceeded with the Bill and perhaps could the Minister also comment on whether it's calling in question his own position with the Government?

**MR. ROBBINS:** — The Member knows full well I can't report on what happens in caucus. I have no reluctance with regard to the Bill.

### **PURCHASE OF SYLVITE MINE**

**MR. E.F.A. MERCHANT (Regina Wascana):** — Mr. Speaker, to the Minister in charge of the Potash Corporation, I wonder if the Minister would indicate what the reason is for the delay in concluding the purchase of Sylvite and I wonder if in part that delay might be due to the fact that the Government now finds that there is a fair amount of public

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reaction against the Government purchasing the same rated capacity, 8.8 per cent rated capacity, for some \$20 million more than the Government paid for PCS Cory?

**MR. COWLEY:** — Mr. Speaker, I think the answer to the last part of the Member's question is, no. I went through this with the Members in the Crown Corporations Committee, there is a distinct difference between rated capacity which is primarily used for prorationing, and sustainable capacity of which Sylvite's is somewhat higher. With respect to the reasons I indicated at the time when we made the announcement that we hoped to conclude it before the end of April — and it is some time away from the end of April yet — and I am still optimistic about that date. I obviously can't make any guarantees, two parties have to sign the final agreement. It is basically in the hands of the legal and financial people now who are sorting out the great many details that there are to putting together one of these agreements. I would have preferred quite frankly not to have made any announcement until such time as all of the agreements were tied up and signed. As the Member full well knows private companies which are listed on the stock market have certain obligations which they have to live up to and we certainly wouldn't want to put them in any position which would have them called into question in that area, so that is the reason why the announcement was made prior to all of the details and documentation being put down and signed. I am still optimistic that we can hit the target at the end of the month. I say to the Member that may not be possible and I can't give him that assurance because I can't sign both sides of the agreement which would have been much easier of course. So that I don't see that there is anything inconsistent from what I announced.

**MR. MERCHANT:** — Mr. Speaker, the Minister seems far less sure than you have seemed in the past. Would you tell us what the problem is, what is causing the hold up, what is the delay?

**MR. COWLEY:** — The lawyers.

**MR. MERCHANT:** — Mr. Speaker, the Minister in answer to a question by my colleague, the Leader of the Opposition, said that one of the reasons for putting off the meetings with Alwinsal was the Crown Corporations. I wonder if the Minister would indicate what the other reasons are for the delay. I ask the Minister if part of the reason for the delay is, that solicitors are in Regina from Toronto on behalf of Hudson Bay Mining and Smelting and have been for the past couple of days, and are here negotiating for Hudson Bay Mining and Smelting.

I wonder if the Minister would indicate to the House whether the next target for purchase or expropriation has switched from Alwinsal to the Hudson Bay Mining and Smelting Mine in this province?

**MR. COWLEY:** — Hudson Bay Mining and Smelting Mine is Sylvite and to the extent that we have already announced that we are going to acquire it, it is ahead of Alwinsal.

## HEAVY CRUDE PLANT IN LLOYDMINSTER

**MR. R.L. COLLVER (Leader of the Progressive Conservatives):** — Mr. Speaker, I would address my question to the Minister of Mineral Resources. I would ask the Minister whether he is aware of the imminent announcement by a consortium of private organizations of the construction of a plant for the processing of heavy crude in the Lloydminster field to be constructed within approximately 10 or 15 miles of the Saskatchewan border, but in Alberta?

**HON. J.R. MESSER (Minister of Mineral Resources):** — Mr. Speaker, I am aware of discussions emanating from a number of principals in the oil industry that are optimistic about the establishment of an upgrading facility for heavy crude oil. No final decisions have been made to my knowledge, no final announcements have been made. Companies are looking at locations for such a facility, that is if it is economically viable in the Province of Alberta and/or the Province of Saskatchewan. They are aware that the real viability, the real economic viability, may only be achieved if one single refinery is established and some undertaking made to process all of the producers' oil rather than some companies undertaking to establish smaller refineries and so lose that opportunity of attaining an economic viability.

**MR. COLLVER:** — A supplementary question. Is the Minister aware that at least two of the companies which are involved in the search for information, that it is imminent that their announcement is going to be made and that the prime reason for their choice, for the Province of Alberta for this particular plant, is the differentiation between royalty rates even after the Minister's announcement of the new royalty rates, the substantial difference between the royalty rates on heavy oil in Alberta and heavy oil in the Province of Saskatchewan?

**MR. MESSER:** — Mr. Speaker, the Member may assume what he wants but if he was knowledgeable of the present royalty rates and the incentives that the Province of Saskatchewan provides for the extraction of, in particular, heavy crude oil, there is virtually no difference now between the net take home that a producer may acquire either with the developing of oil in the Province of Alberta or developing it in the Province of Saskatchewan. So I would suggest that if the Member is aware and is in conversation with the said companies that he would convey to them that they are misinformed in thinking that the Alberta take home net is much higher than it would be in Saskatchewan if they were extracting similar oil.

**MR. COLLVER:** — Mr. Speaker, is the Minister saying to this Assembly that he has not been in contact with the organizations producing heavy oil in the Province of Saskatchewan, pertaining to the new royalty rates, by his suggestion, that they are saying and they are suggesting and, in fact, producing graphs to indicate that the royalty structure in the Province of Alberta combined with the incentives, combined with the road tax and so on, produces a much larger net in the Province of Alberta than in the Province of Saskatchewan and, therefore, they are considering only the Province of Alberta now as the site for the development of that plant.

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**MR. MESSER:** — Mr. Speaker, I am in contact with a number of the oil companies, discussing various issues, no doubt issues that relate as well to heavy crude oil. I don't think that I am in any way able to answer the Member's question as long as he continues to refer to some nebulous companies such as they. If he would be more specific, then perhaps I could undertake to discuss with those companies their misinterpretation of the royalty structure in Saskatchewan.

### **AN ACT TO AMEND THE MEDICAL PROFESSION ACT**

**MR. C.P. MacDONALD (Indian Head-Wolseley):** — I should like to return to the Minister of Health if I might. Would the Minister of Health inform the House if the conflict within his caucus over Bill No. 51 has made him seriously consider withdrawing from the Government and has any specific action been taken?

**HON. W.A. ROBBINS (Minister of Health):** — Mr. Speaker, the conflict is in the mind of the Member for Indian Head-Wolseley.

### **SMALLER SCHOOL BUSES AFFECTED BY REGULATIONS**

**MR. R.H. BAILEY (Rosetown-Elrose):** — Mr. Speaker, I should like to direct a question to the Minister of Municipal Affairs.

Yesterday I asked the Minister a question and put it on Notice. Is he aware that the advanced regulations, the tentative regulations pose a real problem that these regulations may force some 300 economically operated smaller school buses off the road?

**HON. G. MacMURCHY (Minister of Municipal Affairs):** — Mr. Speaker, I think I indicated to the Hon. Member yesterday that I would take notice of this question and get the information accurately from the Highway Traffic Board. Normally before regulations affecting school buses are implemented there is discussion with the school trustees through their association and the Highway Traffic Board. I am not sure that that has been done and I want to check with the Board as to what has actually happened before I respond positively to the Hon. Member's question.

**MR. BAILEY:** — A supplementary question, Mr. Speaker. I just want to pose this question to the Minister, that if he and his department would very, very carefully look at the situation simply by removing the rear seat from the panel buses, literally in most instances, it would mean that those buses will be taken off the road and would the Minister not agree that to replace them with larger buses would be a very expensive operation for the school boards?

**MR. MacMURCHY:** — Mr. Speaker, what has been happening is part of Safety '77', on request by safety people and by parents to look at the small school bus or the panel, as it is often referred to, in terms of its safety features. That is really the process that is going on now and certainly I will respond to the Hon. Member as

soon as I have the material available.

### **ANSWER TO QUESTION ON PCS PATENTS**

**HON. E.L. COWLEY (Provincial Secretary):** — Mr. Speaker, I have been trying to answer this question for two days and I will be very short.

On Friday last, the Member for Estevan (Mr. Larter) and the Member for Qu'Appelle (Mr. Lane) asked two questions regarding patents with respect to the Potash Corporation of Saskatchewan.

The answer to the Member for Estevan's question is, none, and the answer to the Member for Qu'Appelle's question is, yes.

### **ANSWER TO QUESTION ON PREPARATION PROPOSALS**

**HON. E. WHELAN (Minister of Consumer Affairs):** — Mr. Speaker, the other day the Hon. Member for Wascana (Mr. Merchant) asked a question re income tax interpretation Bulletin 365 and I believe the question was; what effect would it have on the SGIO reparation proposals particularly in regard to monthly income payments. My answer to that question is; the liability to income tax in respect to reparations received under the proposed plan, was considered in 1976. The opinion at that time was that such payments would not be taxable. Benefits received under part two of Automobile Accident Insurance Act are not taxable and the system for reparations for personal injuries, under the plan, is essentially a simple enlargement of part two of the AAIA.

Interpretation bulletin IT 365, does not appear to introduce a new dimension to the applicable principles, however, our legal counsel has been requested to review the matter in light of IT 365 and a number of other income tax interpretation bulletins. The review will be taken into account in the refinement of the reparation proposal.

**MR. MERCHANT:** — Supplementary Mr. Speaker. Would the Minister not agree that the way IT 365 now reads that part two benefits would not become taxable as well and indeed all settlements from automobile accidents, for that portion of the settlement that deals with income would now be taxable and the result for the reparations program will be that it will increase the cost of the reparations program by about 33 per cent if the Government is to see to it that the recipient receives the same amount of after tax income, that they would have received before IT 365. In short that it has a very very serious effect on the reparations program and may delay the reparations program hopefully for years and years.

**MR. WHELAN:** — No, I would not agree and I think that what I have said in reply is that the legal counsel who look at the interpretation bulletin insisted that there are two or three other interpretation bulletins that you must look at at the same time. They are not sure that it is taxable, as a matter of fact they offer the opinion that it is not taxable, and I am of the opinion that this most progressive legislation for insurance in North America will be introduced on schedule and will not cost the 33.3 per cent you are suggesting.

## **BOOK ON SCHOOL LAW AND SCHOOL LAW REFORM RE EXTENSIONS**

**MR. W.H. STODALKA (Maple Creek):** — Question to the Minister of Education. I noticed in your invitation at the beginning of the book on school law and school law reform you have asked the people who are planning submissions to have them in by June 1. Due to the short period of time between the publishing of this report and June 1 and because it is that time of year in which you have a lot of activity in rural Saskatchewan, particularly the farming operation, would the Minister consider extending that deadline from June 1.

**HON. E.L. TCHORZEWSKI (Minister of Education):** — In cases where there are difficulties, yes.

**MR. STODALKA:** — Would the Minister indicate what that deadline will be?

**MR. TCHORZEWSKI:** — I should clarify. I am not necessarily extending the deadline carte blanche, I am assuring those groups, such as the Saskatchewan School Trustees Association who write to me requesting that they be given an extension of time for submitting supplementary information or in fact submitting their brief. I am letting them know that in fact we will accommodate them and so as far as we know from the people who have been in touch with us, no difficulties will be created.

## **HEAVY OIL UPGRADING FACILITIES**

**MR. R.L. COLLVER (Leader of the Progressive Conservatives):** — Question for the Minister of Mineral Resources. Would the Minister consider that the Association of Independent Petroleum Producers, that the Canadian Association of Oil Well Drillers were in fact knowledgeable in the field of the oil exploration and development in the Province of Saskatchewan? Is the Minister aware that the majority of the heavy oil resources proven now, are in the Province of Saskatchewan and that, in fact, if the plant to process the heavy oil, develops in the Province of Alberta that that will very much take away from the potential of the development of one of our greatest natural resources, the heavy oil in our province?

**HON. J.R. MESSER (Minister of Mineral Resources):** — Mr. Speaker, I am optimistic about the expansion and the development of the extraction of heavy oil in the Province of Saskatchewan. I would say that means that one must also be optimistic about the upgrading facilities which will have to be put into place in order to move that heavy oil. I am discussing with the private companies and the independent producers and the Federal Government of Canada to see whether or not we can put together some proposal which will be able to meet the very high capitalization that is required for that total program.

**MR. COLLVER:** — Supplementary question Mr. Speaker. Is the Minister aware that the two latest developments in the heavy oil field is a flashighting of two very important wells by one of the oil organizations operating in both Saskatchewan and Alberta. Both



of which are taking place in the Province of Alberta to up-grade the production facilities, or the productability, of the heavy oil wells, as the Minister still hasn't answered my question as to whether he considers Association of Independent Petroleum Producers and The Canadian Association of Oil Well Drillers as being companies capable of determining whether or not the royalty structure is higher or organizations capable of determining whether the oil royalty structure is higher in Alberta than Saskatchewan?

**MR. MESSER:** — Well Mr. Speaker, that is the Member's interpretation of what their position may be and as I indicated earlier they have not conveyed that to me. My officials and my analysis of the royalty structure and the incentives as they now stand make them comparable to Alberta. The difference, whichever way it may be, depending on the oil and the type of well, that is eligible for those incentives is neither here nor there to debate. I can also say to the Member that when he alludes to companies which he says, have or are about to make a decision in regard to heavy up-grading facilities in Alberta there is also discussion with companies who would like to and who are talking about establishing similar facilities in the Province of Saskatchewan. Rather than have those companies independently make decisions, which would bring about less economic upgrading heavy facilities and perhaps, leave the independents in a quandary as to whether or not they will be able to get heavy oil upgraded, because they can't afford those facilities, I would hope that before those decisions are made we are able at various governmental levels, provincial, not only Saskatchewan but Alberta, and the Federal Government as well we may be able to negotiate with those companies the establishment of such a facility which will meet all of their requirements.

#### **BREACHING OF AGREEMENT WITH POTASH COMPANIES**

**MR. E.F.A. MERCHANT (Regina Wascana):** — Mr. Speaker, to the Minister in charge of the Potash Corporation. The Minister has indicated for the first time today that there may be some problem in completing the purchase. If the lawyers are unable to complete the documents would it be the intention of the Government to expropriate?

**HON. E.L. COWLEY (Provincial Secretary):** — Mr. Speaker, I want to first of all say, that I haven't indicated today anything I didn't indicate originally that the agreement in principle or whatever is the appropriate phraseology to describe it, has been arrived at. That we still had to carry on and negotiate out the detailed purchase agreement I believe I was asked either in this House or by the press whether or not it was possible that we might not come to a final conclusion. I said I suppose that was possible, I didn't think it was very likely but until one has signed the final agreement whether you are acquiring a potash mine or a house it is possible that the deal will fall through. As to what the course of action would be in the event that something went wrong, Government policy in that regard would be announced in due course.

**MR. MERCHANT:** — Supplementary Mr. Speaker. In 1970 Duval Corporation and Hudson's Bay Mining and Smelting, among others,

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commenced legal proceedings against the Government for breaching the 1951 agreement which gave a tax holiday until 1981. They commenced proceedings over the prorationing fees and over the potash reserve tax. Has Duval agreed to withdraw their action against the Government as I don't think they have, and is it included in the negotiations with Hudson's Bay Mining and Smelting that they must withdraw their action against the Government or will the Government face the possibility of having to repay a large amount of money to these two companies even though they have been taken over by the Government?

**MR. COWLEY:** — The answer to both the Member's first two questions, I believe the answer is yes. The answer to the latter two questions flow from that.

### **ROYALTIES ON HEAVY OIL**

**MR. COLLVER:** — A question to the Minister of Mineral Resources. Would the Minister today be prepared to provide to this Assembly the names of any companies that are examining the possibility of a heavy oil extraction plant in the Province of Saskatchewan and is the Minister aware that perhaps his average oil royalties may compare favourably with the Province of Alberta but it is in processing of heavy oil and the development of heavy oil that the Province of Saskatchewan oil royalties as compared to those of the Province of Alberta are exceptionally far apart.

**MR. MESSER:** — In answer to his first question. I cannot at this time provide to him the names of companies that I have had discussions with. I believe that they may not want those discussions to be public. That is their decision. The Member appears to have some very good communications with companies, I am sure that he might be in a better position to announce to the people of Saskatchewan who those companies are and he can suffer the consequences if there are in fact any consequences. In answer to the second question, as to whether or not in all cases, the heavy crude oil extraction royalties and incentives are much less significant in the province of Saskatchewan than they are in the Province of Alberta is something that I cannot answer specifically. I say there are some areas where there will be differences. Those differences are modest. I will undertake to review to see how substantial they are and convey that information to the Member.

### **STATEMENTS**

#### **ENERGY MINISTERS' CONFERENCE IN OTTAWA**

**HON. J.R. MESSER (Minister of Mineral Resources):** — Mr. Speaker, I should like to report to this Legislature on my recent trip to Ottawa to attend the Energy Ministers' meeting and to meet privately with the Hon. Alastair Gillespie to discuss certain issues of concern to this Province of Saskatchewan. The statement is somewhat lengthy, but I think the matter that was discussed is of some significant importance to this province.

The meeting of Ministers was productive but at the same time, Mr. Speaker, I must say frustrating. No final conclusions were reached and we have agreed to meet again within a month's

time.

I raise perhaps the most basic question from the point of view of a producing province and the owner of a natural resource. Why are we not allowed to sell our resource at the international price in the same manner as producers of other commodities in other provinces do. Why must our oil resources be sold at less than the world price when we must pay the full international price for the commodities which we import from other parts of Canada and the world.

Saskatchewan's contribution to the Canadian consumer since 1973 in forgone revenue through implementation of the Federal export tax and reduced exports has exceeded at this point in time one billion dollars.

In determining an appropriate crude price increase, Saskatchewan maintained that Canada's goal had to be one of self-reliance, of self-reliance in energy. To this end we agreed that oil prices will have to rise to a level sufficient to bring on additional domestic supplies, many of which are to be found in the Province of Saskatchewan.

Such a level is not necessarily the world price level. But on the basis of current technology it will likely have to be in the range of \$14 to \$16 per barrel in terms of 1977 dollars. Only at that level will the expensive recovery job be possible on heavy crudes and only at that level will we be able to afford to upgrade such heavy crude to a product that can be used by Canadian refineries.

Saskatchewan contended that if a conscious move to prices that are adequate to bring onstream new domestic supplies is desirable, then past policy with respect to crude price increases is not adequate. Despite the fact that Canadian prices have risen from \$6.50 to \$9.75 per barrel since April 1, 1974, the gap between domestic and imported prices has not changed. And we are no closer to the levels required to achieve Canadian self-reliance. A longer term approach to crude price increases must be adopted. We must decide now where we are going and how we are going to get there. The annual guessing game of how much will it go up this time, must be replaced by acceptance of a scheme to reach necessary levels. Canadians, citizens and governments alike must be able to plan accordingly.

There are no magical low-cost solutions on the horizon. Continuing energy supplies are going to be expensive and we must accept that fact and do all that we can to ensure that we control those supplies on which we depend.

Self-reliance can only be achieved through accelerated development and discovery of resources and this development is prevented by artificial . . .

**MR. SPEAKER:** — Order! I take this opportunity to remind the Minister and any Members of the Executive Council that statements on this part of the agenda are to be on a specific matter. They should not be subject to argumentative debate of any kind or controversial because no debate can occur at this time. I am wondering whether the Minister's argument doesn't more constitute the beginning of a debate on the issue rather than a report of the Energy Conference. I would ask the Minister if possible to stick to the specific matter of a report on the Energy Conference.

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**MR. E.C. MALONE (Leader of the Opposition):** — Mr. Speaker, on the Point of Order. I think that the Members at least in the Liberal Caucus would like to hear what the Minister has to say about not only the meeting at Ottawa but future Government intentions. We think the subject is important enough to perhaps give the Minister some leeway or latitude in his remarks and I would ask that he be allowed to continue to finish his prepared statement.

**MR. SPEAKER:** — Due to the suggested importance of the subject is it the pleasure of the Assembly to allow the Minister to continue in the vein in which he has?

**MR. MESSER:** — Thank you, Mr. Speaker, and I thank the Members of the Assembly for giving me that latitude because I do not believe that it would be possible to report the Government's position and proposals at that Conference unless we alluded to some of our policy positions. If I may continue then, Mr. Speaker.

If producers do not have a greater cash flow they cannot afford the search for new recovery methods and new reserves. Nor can funds be generated to finance research into alternate energy technology or to finance widespread and growing conservation activities. Of course there is no getting away from the fact that higher oil prices fuel the fires of inflation and have an impact on the outcome or the output of the economy. To counter this to some extent it was suggested that the Federal Government reduce its excise tax on gasoline and use some of the past proceeds from the tax to help people and producers to use energy.

A number of provinces argued strongly that the Federal Government should withdraw from the gasoline tax field completely and return it to the provinces where it has traditionally resided. Saskatchewan endorses that policy.

In that way they could run energy related programs uniquely suited to their specific or provincial needs. I met with Alastair Gillespie, Federal Minister of Energy, Mines and Resources the day before the Conference and outlined some specific concerns of Saskatchewan. I reminded the Minister that Saskatchewan's heavy oil potential is substantial, a point that the Member for Nipawin pointed out today. However, the development of this resource depends on assurances of long-term and continuous market in the development of tertiary recovery techniques. Upgrading of heavy crudes to a more desirable product will aid in providing the long-term continuous market. Development of pilot tertiary recovery projects will provide the technology necessary for increasing recoverable reserves.

The Government of Saskatchewan has itself taken steps to encourage the development of thermal recovery techniques. Last year all pilot thermal recovery projects were granted reduced royalties equivalent to the new oil royalty rate although they did not qualify for new oil because they were developed prior to 1974.

Saskatchewan has entered into an agreement with Canada to jointly fund and manage pilot tertiary recovery projects for

heavy oil. The agreement devotes \$16.2 million towards heavy oil recovery research and a number of proposals have been received already.

We discussed other measures that may be needed to promote the development of heavy crude reserves employing exotic recovery techniques. We asked the Federal Government to consider allowing royalties paid until produced as such techniques to be treated as a deductible expense for corporate tax purposes. They in turn asked us to look into the economics of a reduced royalty rate. We agreed to devote our attention to keeping heavy crude prices at a level that would promote or encourage extension recovery.

We discussed the upgrading of heavy oil to a lighter refinery feed stock that will meet the requirements of the domestic market. Upgrading will require extensive capital outlays to construct an appropriate facility. Industry cannot be expected to risk funding such a large capital expense and at the same time be expected to achieve the scale of reserve development necessary to continue to supply that upgrading facility.

Saskatchewan suggested that serious consideration be given to building an upgrading plant as a public utility, a joint venture between the Governments of Canada, Saskatchewan and quite likely the Province of Alberta. The operation of such a facility would be contracted out, a fee per barrel would be charged for upgrading. And all producers of heavy oil would have access. A price for the upgraded product sufficient to cover costs of recovery and upgrading would have to be guaranteed as would a steady long-term market.

It is our feeling that once such a facility was operational, much heavy crude produced in the Lloydminster area would be upgraded for use in Canada. This may provide a considerable boost to the medium heavy crude produced in southwest Saskatchewan since the oil of the export market would be almost wide open at that time.

I raised the issue of deep drilling in Saskatchewan. Several producers have shown an interest in deeper geological formations in Saskatchewan, particularly in southeastern Saskatchewan. In the past two years nine exploratory wells have been drilled below 6,500 feet, two wells encountered oil in formations that have not previously produced oil and one other found oil in a shallow formation but in a wildcat area.

Costs of exploring in deeper formations were very much higher than costs of exploring in the more conventional shallow formations. Longer drilling times and bigger equipment requirements contribute very significantly to higher costs.

Saskatchewan provides the explorer with three types of incentives to find new oil. Royalties on new oil are only 65 per cent of old royalty rates. The six year limit which previously existed on new oil royalties has been lifted to grant further incentives. Royalty rebates amount to 17 per cent of the total royalties paid are available to producers for all their oil production if they explore. If the explorer does not have substantial production he can apply for a cash grant under the certified exploratory drilling program.

The above incentives amount to a substantial amount of money

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forgone by the Government of Saskatchewan, yet the rate of return on investment to be realized on deep drilling is still very marginal for the producers. The province feels that the Federal Government should grant further tax concessions to those explorers doing deep drilling. Saskatchewan feels that if royalties on production from deep wells were made a deductible expense for corporate tax purposes and or if extra tax write-offs were provided for wells drilled below 6,500 feet, they may be sufficient to enhance deep well exploration.

I conveyed our disappointment that the 66.66 per cent depletion allowance announced in the March 31 Budget only applied to wells costing over \$5 million. And I asked if similar provisions might be extended for deep drilling and non-conventional recovery projects. I did express our pleasure that the Department of Finance, federally, had finally accepted our assertion that net royalty leases be treated in a similar fashion as cash bonus bids.

In conclusion, Mr. Speaker, I should like to simply reiterate that which I said at the outset, the major agreement to come out of the meeting of energy Ministers was that we should meet again. By that time President Carter will have made a statement of his energy policy for the United States of America and its impact on Canada can be assessed.

Further, each province will be ready to discuss a scheme for deciding what price level for oil we are headed for, how we are to get there, and what is to be done with the increased revenue that the higher prices will generate.

A system will have to be put in place so that all Canadians can be assured that the higher prices they are paying are going to finding new supplies and to finding ways of reducing demand.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. E.F.A. MERCHANT (Regina Wascana):** — Mr. Speaker, the Minister's 15 minute statement demonstrates three major areas upon which I would hope to be able to comment.

First, the Minister having all but destroyed the industry with Bill 42, now says that their position in Ottawa was that all of the problems of the industry not producing more in Saskatchewan are referable to the federal authority and federal tax, while the Minister can well see that the industry has done extremely well during these same years in Alberta. I wonder if, when the Minister is dealing with the matter at further length he might indicate why the Government of Saskatchewan says that all of these projects have to be joint venture projects when the Government has ample funds in the Energy Fund to create new jobs, to create the production that the Government says is the desire of the Saskatchewan Government and to do all of those things quickly in the area of tertiary recovery and deep well exploration without the delays and the problems of trying to do those things in a joint venture.

The second area, Mr. Speaker, which I think is of great significance and it flows not only from what the Member has said but from what the Premier said yesterday. The Government of Saskatchewan asked in Ottawa that a royalty break be granted or

that there be a dramatic increase. I suggest to you, Mr. Speaker, that the royalty break that the Minister requested would in fact move towards balkanizing the country. The result would be that the other provinces would be compelled to ask for those same kinds of royalty breaks whether that be the Government of Quebec over asbestos or a government of some other provinces over some other natural resource. The result would be as I have said a balkanization of the country.

Third, Mr. Speaker, there has been a very real difference in what the Minister has said today and what the Premier said yesterday and the Hon. Attorney General said the day before.

The House may remember that the day before yesterday, the Hon. Attorney General was very quick to draw a distinction between my question to him about moving to world prices and he saying our position is that we want to move towards world prices. The Premier yesterday said that too large an increase while it might be attractive for the Government of Saskatchewan and for oil producers to have that additional revenue, would have an impact upon the cost of living which would adversely affect the balance and he had been talking about the balance in Canada, so we would not favour an increase of that size at this time. Now the Minister says that in fact the position in Ottawa was that they want to move immediately to world prices, and, in fact, Mr. Speaker, I think that the Premier is more aptly putting the position that a good Canadian would take. A good Canadian who does not want to see the balkanization of the country.

Last, and perhaps most important, the Minister mentioned the price of \$14 to \$16 per barrel. Mr. Speaker, I said yesterday that the prices in Chicago, the anticipated prices will be \$12 on the first of July and \$12.80 by the end of the year. The prices that the Minister has discussed in the House today, while they might be good for Saskatchewan, would have the effect of very seriously impairing Canada's ability to deal in a competitive way with the United States. The United States is our largest supplier and our largest customer. The effect of that kind of talk, Mr. Speaker, again would be to balkanize the country, set one region against another and to seriously impair Canada's ability to compete on world markets.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. R.L. COLLVER (Leader of the Progressive Conservatives):** — Mr. Speaker, the Minister's statement on his approach in Ottawa I thought was well prepared and well documented. He certainly had sufficient statistics to present his argument and it is unfortunate that we don't have the same statistics available to us when we try to reply to statements of that kind. However, there were a couple of items mentioned by the Minister which are of serious concern to us.

First of all he suggests that the \$14 to \$16 price level is necessary for the development of our heavy oil resources in Saskatchewan and that quite simply is not the indication of the oil industry in the Province of Saskatchewan or the oil industry in Canada. They do not believe that it is necessary for the oil price to rise anything like \$2 to \$4 a barrel above that which is anticipated in the United States. They believe that the present price level would be quite satisfactory providing that the Government of Saskatchewan and in fact the Government of Alberta would realize the difference between heavy oil and light

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and medium oils, and the lighter oils that can be transported by pipeline, realizing the difference and recognizing that they cannot bleed the heavy oil industry of what they don't already have. It is not our information that the oil industry considers that the necessary expenditure on a plant for the extraction of pipeline grade oil from the heavy oil resources need be anything like that world price.

Secondly, the Minister mentioned the fact that we in the Province of Saskatchewan should receive the world price for our resources just as other areas of Canada receive the world price for their resources. I couldn't agree more with the Minister, and I'm pleased to see that that was the approach that he took in Ottawa. The correct stance I believe is to get the world price for our products in Saskatchewan and then if we are to subsidize the rest of Canada, to do so in an open way and in that open way, through equalization payments or through negotiation in some way be equalizing in terms of money, not in terms of equalizing by a hidden subsidy, which is what we are presently doing.

The Minister mentioned that the Government of Saskatchewan is spending \$16.2 million on the development of our heavy oil resources in the Province of Saskatchewan. That is negligible relative to what is needed to be spent in terms of the research to recover the resource in the province. I think just one aspect of that may need be said to counter the Minister's statement.

With the flash process that is being developed for the two Alberta wells, it is anticipated that the productivity of those wells will increase from five per cent to approximately 30 to 35 per cent as a result of this one technique. The five per cent in terms of oil in place in the Province of Saskatchewan, amounts to a huge reserve. Imagine the research or the development of the resource in the Province of Saskatchewan, if that oil in place could be upgraded to 30, 40 or 50 per cent by spending sufficient amounts of money on research to ensure that we get the productivity out of the heavy oil. So the Minister might well consider allocating a little bit more of the Government's energy resources to research in this very important resource.

Finally, the Minister's suggestion that the plant to develop our heavy oil resource in the Province of Saskatchewan is questionable. After all the real future of the oil industry in our province is the heavy oil that we have already, and we know that we have it here in the province.

But the Minister's suggestion that a public utility might possibly be the best possible way to recover that heavy oil from the ground and to convert it into pipeline ready oil is absolute nonsense. It would require huge quantities of funds, not the amounts of money that the Member for Regina Wascana, a billion dollars or more, and certainly the Minister does not have a billion dollars yet in the Energy Fund, at least not to my knowledge and the suggestion by the Member for Regina Wascana that we could create a plant to extract the heavy oil and turn it into pipeline ready oil, plus drill for the deep oil, with the Energy Fund at this stage, is nonsense. The only possible way that we can achieve these results is through the private sector. The Minister cannot and will not develop the necessary royalties and tax structure and long term commitments to the private sector that encourages them to spend their money and invest in our province and for that reason we are very disappointed in the Minister's statement.



## **TRUCK TRANSPORTATION IN SASKATCHEWAN**

**HON. G. MacMURCHY (Minister of Municipal Affairs):** — I'd like to make a very brief and quite important announcement concerning truck transportation in Saskatchewan.

I'm pleased to advise that an agreement has been reached between Canadian Pacific Transport and the Saskatchewan Highway Traffic Board.

Canadian Pacific has agreed to restore service at Highway Traffic Board rates on certain interprovincial routes where the Highway Traffic Board investigation and community representation show service is inadequate.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MacMURCHY:** — Mr. Speaker, the restoration of service will continue for a period of time to be determined by the Highway Traffic Board. It will be designed to supplement independent trucking operations and assist in establishing satisfactory service. In return CP Transport will receive renewed licences to operate on its interprovincial routes in Saskatchewan for 1977-78. The period of restored service is expected to continue into 1978 to allow the Highway Traffic Board and independent truckers to adapt to meet service demands.

Mr. Speaker, I believe this represents the first time we've been able to force CP to alter a predetermined course of action for the benefit of this province.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MacMURCHY:** — We have successfully established the fundamental principle that the Highway Traffic Board regulates trucking in Saskatchewan and no corporation, not even the CPR may unilaterally abandon obligations it has undertaken.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MacMURCHY:** — This agreement, also portrays with great clarity the weakness of the Canadian Transport Commission as a regulatory body protecting the public interest. CTC in its report on the situation here in Saskatchewan, indicated no need for a restoration of service by Canadian Pacific. Despite this finding, Canadian Pacific itself has now agreed to restore service as may be ordered by the Highway Traffic Board, recognizing that a need does exist. This recognition has been prompted by the action of our Highway Traffic Board which has been forced to deal with Canadian Pacific entirely on its own with no support from the CTC and in the face of the possibility of an order from Ottawa exempting CP Transport from its jurisdiction.

The settlement recognizes the jurisdiction of the Highway Traffic Board and does not dispute Canadian Pacific's obligation to serve. At the same time it is understood that the transitional period will allow independent truckers to assume, in an orderly fashion, traffic formerly carried by CP Transport. Provision will be made for full input from the shippers, businessmen and consumers on all routes to be affected by restoration. It will

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allow the establishment of proper service on a regular basis to many centres here in our province.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. S.J. CAMERON (Regina South):** — Well, Mr. Speaker, we will be interested indeed to see the details of the arrangements which the Minister has indicated have been worked out with the Canadian Pacific Transport and until we get that kind of detail I won't comment except to say this. This same issue arose in Alberta and in Manitoba some time prior to it having arisen in the Province of Saskatchewan. That is to say, that CP was anxious to get out of some of its routes in both those provinces in the same way it was determined to do it here. In both Alberta and in Manitoba, their equivalent of our Highway Traffic Board and their governments met with CP and did their rearranging in an orderly, agreeable fashion and agreement was reached in those two provinces, without the kind of confrontation that we have seen in our province in the last year or year and a half.

The Minister takes some satisfaction from what he has done in the past year and a half and I suppose from the Government point of view that may be fair enough, but what the consequence of that was, is that the Government on one side and CP on the other is like a vice in that confrontation for a year and a half. The poor guy in the middle who is the consumer in Saskatchewan, who was caught in that vice for the last year and a half, suffered a good deal of uncertainty and indeed in some cases, some very real hardship in that confrontation that went on.

Now when we see the details and I hope the Minister will give us by way of tabling a document, the details of the arrangement, we may have some additional comment.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. R.H. BAILEY (Rosetown-Elrose):** — Mr. Speaker, I should like to first congratulate the Minister for drawing this rather difficult problem of transportation in providing services, mainly in rural Saskatchewan to some kind of an agreement.

However, I think the Minister must recognize that this particular time that well over a year ago when this question came before us, the same Minister assured the House that the Canadian Pacific had a legal obligation to provide these services and that he, as the Minister in charge of transportation would make sure that these services have been provided. Now there are two ways in which you can look at the announcement which has been made by the Minister today, that anything less of what we had previously would be a sellout to them and anything less could also be considered an admission by the Minister that possibly he was wrong in the first place.

I think what the Minister's statement does today, Mr. Speaker, is to make it abundantly clear to everyone, that the negotiations which he has just recently completed, should have gone on instead of the confrontation attitude over the past two years. If the Minister had reached the idea of approaching these people at that particular time, not in a way of confrontation, but rather in the way of a conciliatory manner, we would

have had the same thing as we have right now, without all of the difficulties in between time. I'm inclined to believe that, Mr. Speaker, some of the activities which were sponsored by the Minister were done on a political basis and the people of Saskatchewan have suffered because of it.

I'm sure that the people of Saskatchewan will welcome the Minister's statement today because it does mean that there is some stability now in the trucking services being provided to rural areas and we too would like to have a look at the statement and we will probably have further comments at a later date.

### **POINT OF ORDER ON MINISTERIAL STATEMENTS**

**MR. E.F.A. MERCHANT (Regina Wascana):** — Mr. Speaker, I think your Honour is aware and was obviously cautious in dealing with the Hon. Mr. Messer that Ministerial Statements seem to be getting away from us a little, led, I suggest, by the Minister of Government Services (Mr. Shillington) who has started to make six and seven minute statements and I always respond for six or seven minutes. I'm not suggesting that I haven't been quick to lead in that decline as have other Opposition Members. The Member who just made a Ministerial Statement made that statement over the course of five minutes. I think that Ministerial Statements originally were far briefer than that. He said things like, we will force CP to do thus and so and they can't unilaterally alter their responsibilities . . .

**MR. SPEAKER:** — I detect the Member's Point of Order as being that the Ministerial Statements are too long and are of a controversial nature. I enjoined the Member earlier to support me in limiting the amount of the statement the Minister was making and the type of statement he was making. I put myself in the hands of the House and the House made a decision. The Minister went on with the statement. I agree there were some comments in the statement that may have been construed as political in the first Ministerial Statement and the second one too. The responses had some statements in them that could be construed that way, so on balance I think it's about even. However, I don't agree with the practice of long Ministerial Statements and I attempted to bring the House to order when that was happening and the House took its own view.

**MR. MERCHANT:** — Mr. Speaker, if I may conclude my Point of Order. It's not really the length of the Ministerial Statement that makes it objectionable or not. It's the words. I'm not raising with you any objection to the Ministerial Statement by the Hon. Mr. Messer, Minister of Mineral Resources, because we did give leave. But I am suggesting to you that Ministerial Statements in general are getting away from the House and getting away from Mr. Speaker to some extent. They are getting longer, they are getting political and yes, we respond in kind, but it's not a situation where two wrongs make a right. The Minister of Municipal Affairs can't say things like, they were forced to deal and we got no support from the CTC. As soon as he says you got no support from the CTC, that has heavy political overtones and I suggest to Mr. Speaker, that you should look at trying to get Ministerial Statements back to the 45 second announcement of the situation and a quick response, the kind of Ministerial Statements that used to operate and

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are now getting away from the House.

**MR. SPEAKER:** — Order! I would thank the Member for his support. I'm sorry it came so late in the day. The Member will recall when I was trying to bring the situation to order, I said, they should not be argumentative in style or controversial for no debate can ensue thereon. I would be the first one to agree with the Member for Wascana that the second Ministerial Statement was probably more controversial and if I can say so, political, than the first one. However, I took the mood and temper of the House to be adequately conveyed to me on the previous statement, which I thought contained some debatable comments in it and I'll certainly take the Member's statement to heart and in future attempt to restrict Members on both sides of the House with regard to political statements, during the statements period.

**COMMITTEE OF FINANCE — DEPARTMENT OF SOCIAL SERVICES (Cont'd).  
VOTE 36**

**ITEM 4** — reverted back.

**MR. BAILEY:** — Mr. Chairman, I think we had asked at that particular time under Item 4 that it be stood so we would have some information provided in the way of rough terminology and I see the Minister has that so, I'd like to have a chance to have a look at it.

**MR. ROLFES:** — Mr. Chairman, the Member for Qu'Appelle had asked for the definitions and I have supplied his seatmate with those and I think that will take care of Item 4.

Item 4 agreed.

**ITEM 13**

**MR. ROLFES:** — I believe on Item 13, the Member for Prince Albert-Duck Lake had asked for some information, I think he had asked something about the White Gull Camp. First of all he wanted to know what contract we had with the pulp wood. We have an open contract with Prince Albert Pulp Wood Limited at a going price of \$27.43 per cord. He also asked how we got rid of our posts. The peeled posts we sold approximately a thousand last year to local residents around Smeaton and Candle Lake at a price of — the six footers went for 20 cents each, the seven footers at 35 cents, eight footers for 45 cents. There was also some black wood pulp I believe, approximately 60 cords sold to local residents at a price of \$10 per cord. Also some lumber sold, 56,000 board feet of rough lumber was produced for exclusive use by the correctional centre's training shop. Okay.

He also asked for additional information, he wanted to know I believe how many probation breaches there were. There were 134 breaches from 2,100 probationers or approximately six per cent of the caseload.

Item 13 agreed.

Item 14 agreed.

**ITEM 15**

**MR. G.N. WIPF (Prince Albert-Duck Lake):** — Just one question on this. How many temporary staff have you got at the correctional centre?

**MR. ROLFES:** — We have 482 man months budgeted for.

**MR. WIPF:** — Can I ask you one question? In an institution like that what length of time do you consider a man has to work there to be trained or qualified as a qualified guard?

**MR. ROLFES:** — I guess to get your basic qualifications you do so in one year. In that year you take four weeks of class room training, you take three weeks of field placement in other correctional areas, two weeks of orientation and the rest is made up of work experience. But to be fully qualified and that is a very nebulous term, I would think you would have to look at something much longer than one year.

Item 15 agreed.

Item 16 agreed.

**ITEM 17**

**MR. WIPF:** — Mr. Chairman, in these community training residences how many inmates stayed at these residence last year? What is the average length of stay, is it two months, three months of their term? How many of these residences do you have?

**MR. ROLFES:** — The average stay is 50 days.

**MR. WIPF:** — It's a three month stay and you've got five residences with 26 permanent staff, that's five staff to a residence, roughly here.

**MR. ROLFES:** — Yes, approximately.

**MR. WIPF:** — Sometime in the future maybe you could just give me a breakdown on the cost of keeping an inmate in a community training residence in comparison to keeping him in an institution.

**MR. ROLFES:** — They are about the same, about \$23, \$24 or \$25 per day.

Item 17 agreed.

Item 18 agreed.

**ITEM 19**

**MR. WIPF:** — What do these community services entail?

**MR. ROLFES:** — The administration for day care, senior citizens, Employment Services Program and community grants.

Item 19 agreed.

Item 20 agreed.

## **ITEM 21**

**MISS L.B. CLIFFORD (Wilkie):** — I notice you have a marginal increase in day care. Could you tell me what the increase is going for and if you intend on giving additional moneys elsewhere to help promote day care in the province?

**MR. ROLFES:** — Yes, first of all I would like to make a brief comment. We anticipate that our subsidy structure that I announced in the Budget Debate will cost considerably more money for the Government. I think you are aware we have increased the ceiling from \$100 to \$140 for neighbourhood day cares and for family day care from \$60 to \$100. We have also increased the subsidy, the start up grants for family day care from \$50 to \$100. We have also increased the income level. The break even now will be \$1,200 per month instead of \$800 per month. We think that these changes that we have made will substantially increase the amount of assistance that will be available for the low and middle income groups. Secondly, I am not certain, I will have to check, but I believe our advertising budget has increased slightly. It is \$17,000 but I would expect that sometime around July or August that I would like to have another look at our advertisement budget to see whether or not we have to make people more aware of the day care program.

I am one who doesn't agree with those people who tell me that the people of Saskatchewan are not aware that we have a subsidy program. I think there has been significant advertisement although not of the nature done by the Government, there has been adverse publicity of the Day Care Program which I think made people aware that there was a program. So I am not of the opinion as some of my critics are, I don't mean in the House here, that people are simply not aware of the subsidy program. I think they are, but maybe they aren't. I will find that out in the next two or three months and I would like to reassess then our program as far as advertising is concerned.

**MISS CLIFFORD:** — Do you see many more day care centres being established next year?

**MR. ROLFES:** — I think first of all it must be understood that in Saskatchewan day care is really an urban phenomenon, it really hasn't caught on in rural Saskatchewan. I don't know what the reasons are, maybe the need isn't there. But we don't expect a real rash of new day care coming onstream but we may be wrong. As I say if there aren't, then by July or August we shall have to reassess as to where we are at. So my short answer is, no, I don't expect a real rash of new centres opening up in the next little while.

**MISS CLIFFORD:** — Has there been any discussion about a problem of location

of facilities for day care centres, the University one I think in Regina, have you met with that group at all?

**MR. ROLFES:** — Yes, I have met with them. Are you referring to a specific location for the University Day Care Centre? Yes, they did discuss that with me but I can't remember the details of it and I'll have to check that with my officials. We don't have the details of it, I believe the officials that are here were not involved in the discussion. I do know it was mentioned to me at a particular meeting that I was at, I can't remember the details of it but I can certainly give that to you at another time if you so wish.

**MISS CLIFFORD:** — Well, that will be fine, Mr. Minister, as long as the discussion is still open and no decision has been made to date about changing the facilities. I hope you will look into it and leave it open.

**MR. BAILEY:** — The very fact, Mr. Minister that we have Item 21 here in the expenditure of some \$2 million represents the fact that the Department of Social Services is giving some recognition to day care centres. I think I know the thinking of the Minister well enough that I can stand here and say that I have a fair amount of sympathy with him with the criticism which he is receiving and I think I can also state that my thoughts in regard to the extreme group calling for a state supported 24 hour day care centre is not in my thinking and I am sure it is not in his. At the present time, Mr. Minister, as I understand it, the day care centres as you have mentioned are an urban type of thing, it hasn't really caught fire in the rural areas at all. From the modest increase in the budget it would indicate of course that his department is recognizing some need but is not going all the way with the pressure that is presently being exerted upon them. Mr. Minister in looking at the day care centres the understanding which is generally, and I think I can speak for the rural areas, the understanding that exists in the rural areas is that the day care centre is a facility which is being supplemented by the Department of Social Services in order to provide the lower incomes with an opportunity of having another member of the family on the work force. Is that the correct assumption because if not I have been incorrect in my own thinking.

**MR. ROLFES:** — Partially that is correct. When Mr. Taylor implemented the Day Care Program he made a statement in the House the target group that we were shooting for the single parent families with children and the low income group. Those are still our target group basically. What we want in our day care centres is to make absolutely certain that the single parent with children has an opportunity if he or she wishes to seek employment, that that alternative is there. For low income groups if let's say the head of the family is working but they are on minimum wage or slightly over minimum wage and the spouse would like to go out and work to supplement their income that alternative is there. That is basically the target group that we are shooting for.

**MR. BAILEY:** — Thank you very much, Mr. Minister. I agree, I

might say that I agree with the operation under those frames of reference. How does your department intend in this year and of course in another year coming, how do you intend to get away from the pressures that are going to be yours to have the day care centres turned into, and if you will pardon the expression, a baby sitting facility to relieve the parents of certain responsibilities for a given period of time? How do you curtail that type of thing happening within the day care centres?

**MR. ROLFES:** — I think there is one thing the Member has possibly forgotten and that is a very basic concept of our Day Care Program, and that is that each individual centre is parent controlled, they make the decisions at their respective centres. We don't determine for them how they are going to be using a particular centre. It could happen, I could be wrong on this, but I suppose it could happen where certain individuals may be using the centre as you say, just for baby sitting purposes. I am also given to understand that we do through our department, although we perhaps don't enforce it, we make it fairly clear that it is a service that is supplemented out of the public purse and it should be there for people who are seeking employment and need these services so that they can go out and have a job. And also for those people for example who want to further their education and might need this kind of service.

I would also think this kind of service should be available for a family, let's say where the father is working, the mother may have to go to the hospital for a serious operation, that the service would be available. I can see many other circumstances where maybe that kind of service would be a good kind of service for an individual family so it is not limited just to employment, although the majority of it would be limited to that.

**MR. BAILEY:** — Mr. Chairman, the Minister has stated that it is parent controlled. Are you saying that the department does not place any guidelines whatsoever on the operation of the day care centre; you have no broad parameters at all that they must follow in the operation?

**MR. ROLFES:** — We have a copy of the regulations that we could give you that they have to abide by. It does not determine the reasons why a particular parent may be using a day care centre. It doesn't say parents must be working in order to have their child in a particular day care centre, or a parent must be going to university or whatever it is. The regulations aren't that specific. The reason for that of course is that we feel that the parents at the local level are responsible individuals and they will collectively decide as to how their centre is going to be used and for what purposes. Although we set standards as far as health regulations and fire regulations and training program, we do not set out for them the specific reasons as to when a parent can have a child in that particular day care centre. That is not determined by us.

**MR. BAILEY:** — Just one final comment then, Mr. Chairman. The Minister well knows that my baby is 22 years old and I don't expect to be using a day care centre unless they start leaving the



grandchildren with me and it gets too much for me, I may go tearing off to a day care centre. The reason I asked the question is not in a critical way but I think you have a certain amount of polarization between the rural and the city, we have it, they don't. They don't know how much money is being spent. If any money is being spent of course they feel slighted because of the service that the cities have and others don't have.

I just want to say in the old issue of the day care centre and the attitude that the Minister has taken. I want to make it abundantly clear to you, that I support your stand on this issue as well as the Minister of Health on his issue and I think the people of the province need to know that there is a great deal of support for the Minister of Social Services and the Minister of Health when it comes to some of the issues that we saw demonstrated for yesterday.

**MR. G. WIPF (Prince Albert-Duck Lake):** — There was some money left over last year from your \$1.8 million I believe, how much money was not spent out of that budget?

**MR. ROLFES:** — It was \$800,000 that was not spent.

**MR. WIPF:** — Earlier on you said you were going to do an advertising campaign to make the public more aware of the subsidy program that you have. In talking to some day care people this morning, they would like to see in this advertising program something about what day care centres are. They feel that the public does not know the programs that are offered in a day care centre. They would like to see some of that. Also on the topic I talked to you this morning on, they are quite concerned about the new law that has come in where people have to be trained to work in these day care centres now, by the end of the year, I believe it is. They have staff in my constituency that have been in day care centres for eight or nine years. They are working just above the minimum wage. If they have to go out and spend \$40 away from their home and hire a baby sitter themselves while they are upgrading to learn how to work in a day care centre after these years of working, is there any way that they can be subsidized for this or the baby sitting. The breakdown in the day care centres in my constituency, they feel would cost about \$1,200 to \$1,500 per day care centre to put these people through the 40 hour course that is needed. Is there any way at all that these people can be reimbursed for this? They are just about on minimum wage. It is not a large amount of money.

**MR. ROLFES:** — Just for the edification of the Member opposite I should like to indicate to him that the program is not on stream right across the province. There really are only two pilot projects that are going to be implemented sometime in April, they may have been implemented already, one in Regina and one in Moose Jaw. Until we assess and evaluate these two pilot projects, no decision has been made to make it a province-wide program. I can't at this particular time — my officials tell me that these two pilot projects are at no cost to the agency at all, to those two agencies.

**MR. WIPF:** — The letter I have here is

that the pilot projects are in Regina and Prince Albert.

**MR. ROLFES:** — It has been switched to Moose Jaw.

**MR. WIPF:** — Okay. After this is evaluated you will determine if it goes province-wide. There is no charge or no cost to the centre itself to train these people . . .

**MR. ROLFES:** — Not right now.

**MR. WIPF:** — Which means in the future if it moves into the Prince Albert area and these people who have many years of experience of working in a day care centre, at just about minimum wage or minimum wage, when they take time out to go and train in order to live up to the law, can they be reimbursed, because they are not highly paid people.

**MR. ROLFES:** — We certainly do intend to have many consultations with all the day care centres in this coming year. I think your suggestion and the suggestion made by the day care centres is something that we should take under advisement and we will do so.

**MR. WIPF:** — One other question. I understand also that the maintenance grant . . .

**MR. ROLFES:** — There is no maintenance grant.

**MR. WIPF:** — There is no maintenance grant any more?

**MR. ROLFES:** — There never was.

**MR. WIPF:** — Okay. I have got some bad information here then.

The other concern of these centres is that in the summer months the capacity is down to about 25 per cent. However, their overhead stays the same. The staff is the same. Is there any way that in order to keep the staff on year round and because the capacity is down to 25 per cent, are there any grants that sort of take care of this, the lax season.

**MR. ROLFES:** — No. What you are really asking for is a maintenance grant. You can call it whatever you want, but that really amounts to a maintenance grant. That means that you would be subsidizing everybody regardless of income. We have said no to that.

We have made our subsidy structure, we feel high enough that what the day care centre must do and surely that is not asking too much, they must base their budget on a 12 month cycle rather than a 10 month cycle. They must set their fee accordingly. All I am saying is that that is up to each individual centre. If they have to pay rent for 12 months a year and power for 12 months a year and staff salaries for 12 months a year; once they add up all those costs then they must divide

that by 12, know what their expenses are per month and set their fee accordingly, keeping in mind the subsidy structure that we have set for them.

**MR. WIPF:** — One final question. This subsidy structure that is set up, is this paid to the parents or the home itself. I can sort of sympathize with the people who are running these, trying to keep their costs down to the parents. Is there any way that some of the subsidy can be provided to the day care centre itself?

**MR. ROLFES:** — The parents apply for the subsidy, but the cheque itself is sent to the day care centre. What the Member is asking and you must be very clear. I know what the day care centres are asking of you. What you are asking me to do is to implement a maintenance grant which eventually will become a universal program where you subsidize everybody so that a doctor who may be earning a hundred grand a year, a lawyer who might be earning slightly less, about fifty grand a year, a teacher who may be earning thirty or thirty-five grand a year, you are asking us to subsidize these people and we have simply said no to that. It doesn't make any difference whether you cover 25 per cent of the costs or 100 per cent of the costs, eventually if you accept the principle then you are in universal day care as the Member for Rosetown-Elrose indicated to us earlier this afternoon.

Item 21 agreed.

## **ITEM 22**

**MISS L. CLIFFORD (Wilkie):** — I have a couple of questions, Mr. Chairman on Item 22. I notice you are adding some new level IV beds in the Riverside facility, have you got any more plans to add any level III or IV beds into the nursing home system?

**MR. ROLFES:** — The reason why that is in there is because level III and level IV are in the Riverside Home and we have more level III than level IV, that is the only reason why it is in this particular budget at this particular time. I can say that there is no intention of adding any more level IV beds, but discussions have taken place with various nursing homes, particular nursing homes which have asked us to have a look at whether or not we could accommodate them in making level IV beds available in some of the larger nursing homes. So that a person who goes from level III to level IV could remain in the same home rather than going to another institution and that is under discussion right now between the two departments.

**MISS CLIFFORD:** — I am glad to hear that you are at least considering that.

Is there any movement that you might consider also going towards a type of a program where you are under hospitalization for nursing home care as many provinces are almost at present?

**MR. ROLFES:** — No, we are in no hurry to move in that direction.

Item 22 agreed.

Items 23 to 26 agreed.

**ITEM 27**

**MISS CLIFFORD:** — Mr. Chairman, is this the same advisory council that is under HRDA?

**MR. ROLFES:** — Yes.

**MISS CLIFFORD:** — Are you continuing with this council?

**MR. ROLFES:** — Yes.

**MISS CLIFFORD:** — As well as HRDA is continuing?

**MR. ROLFES:** — No, the Human Resources Department has been abolished.

**MISS CLIFFORD:** — I understand this is not the same department. Could you give us a clue as to why it has been abolished and is this the only section that is remaining?

**MR. ROLFES:** — The physical structure of HRDA is no longer in existence. But the granting of the various grants come under community service in my department. The legislation continues to exist. The grant loan has gone to Department of Industry and Commerce.

Item 27 agreed.

Items 28 and 29 agreed.

**ITEM 30**

**MR. BAILEY:** — Mr. Chairman, Item 30 of the Estimates, a question or two for the Minister.

One of the things which I find very difficult, and the Minister may consider this strictly hypothetical, but there is something to be said at the present time, and of course, I guess it has already been said, for the establishment of what is going to be called the Developmental Centres, attached to the various Boards of Education across the province. Now that in itself is a conflict and I don't want to get into that, but why I mention this in the preamble, Mr. Minister, is this. If this develops in that way, and I will admit it is hypothetical, but should the Developmental Centres go that way, would this not mean that the number of people presently employed in Core Services would be greatly depleted because part of the responsibilities of this particular agency would then disappear. Is that a fair assessment? Should we move to the Developmental Centres?

**MR. ROLFES:** — Maybe the Member has a slight misunderstanding. The Developmental Centre Boards are community boards, the employees are not government employees. We really have, I believe, one or one and a half persons working in this area and that if the

Developmental Centres went under school boards, that person will probably disappear. I can't speak for the community boards. They are not our boards.

**MR. BAILEY:** — Mr. Chairman, I guess we are on two different wave lengths somehow.

The concept of the Developmental Centres, as I understand them, is that there is a very honest and sincere attempt being made in the province to provide the services for those who are severely physically and mentally handicapped within the framework of the local school wherever possible and these individuals therefore will not find it necessary to have Core Services along with education finding places elsewhere for their training. At the present time Core Services are very much involved in not only the identification of these people, but also along with education, and the placement of these people. All that I am saying that if there is a movement towards Developmental Centres particularly in rural Saskatchewan, obviously there is an increased amount of responsibility that will be added to the school boards and to the school itself. My question was that I can't see the need then for Core Services being in the size that it is at the present time.

**MR. ROLFES:** — I am told that the Developmental Centres are a very small part of our total programs for the mentally retarded and the handicapped individuals, the totally disadvantaged person. In fact there are about 200 out of approximately 2,000 or over 3,000 individuals, so it is a small portion of the total program. But, again, I think that it has to be understood that when the need as I understand it for a Developmental Centre arises in a community we are there to assist in identifying the need and helping them in setting it up. A community board is then set up and the employees that work in that Developmental Centre become employees of that community board and not of the Government.

**MR. BAILEY:** — Mr. Chairman, this is the question that is being asked. The Minister keeps making reference to the community board and the understanding that is prevalent among the various school boards which are facing this particular problem at the present time and seriously looking at it, and therein lies the difficulty. Will it be a community board in a managerial position, the Developmental Centre if it is attached to the school or will it be the school board. My understanding is that if it is attached to the school as a developmental centre, that it will be the responsibility of the school administration, just like any other, and I think you understand that point. But really what I am getting at, Mr. Minister, is that I think the Department of Social Services can do something here in very much a promotional way in something which I feel is lacking, not so much in the cities, but in the smaller areas and towns of Saskatchewan, the facilities are not there to provide the same services. Too often parents have to take the young child and move, change their job, give up the business or whatever, because they want to be with the child. If a school board sets up the facilities and what you would have is a one to two ratio, the amount of grants available from the Department of Education wouldn't come anywhere close to providing the needs of that particular student.

Now what I am saying, Mr. Minister, is this: if that child, in its training, was under the Department of Social Services you would be expending a certain amount of money on him and I think the Minister would agree to that. Now if a school board sees fit and is capable and there are two or three students involved where the parents can continue living in the same town, that surely there should be some funds coming from Social Services as well as the Department of Education to alleviate the tremendous amount of cost that the school board will have to bear. If that happens you will see a number of training class rooms for these severely retarded people and severely handicapped people taking place. But unless it happens, school boards are going to say, look we can't get into that, that one room is going to cost us 2 mills.

I think you understand what I mean that there should be a transfer of funds and if a board takes some of the responsibility which previously the Department of Social Services had.

**MR. ROLFES:** — It is very difficult for me to give you a definitive answer on that for the simple reason that I am sure the Member is well aware that the whole area of developmental centres is under discussion at the present time. Certainly I think that school boards are saying that look if you want us involved then there must be additional assistance available. I find that somewhat ironical for some school boards to say, we don't want government involved.

I really believe, and I think I could convince the Member if I could take enough time, that that should be the responsibility of the local community, the local government. If we had never been involved, should that not be a responsibility of each individual community or district, or school region, maybe school units should band together and if there are not enough handicapped children in the area, maybe they should get together and develop a program. But because the need was there a few years ago, and we took the initiative and became involved now some of the school boards are saying, because you are expending some funds now if we are going to take over we want those funds. I suppose that it is natural to expect that. But one of the many things that we have to keep in mind is that if school boards do get involved it is going to be a much more costly program, much more costly.

The reason that I say that it will be much more costly is because the facilities that will be provided will be much more elaborate. The personnel that they will hire will be much more qualified than the present staff, and if we move in that direction I think the program over a few years will expand rather rapidly. I think that it is an area that will take a lot more discussion before many of those developmental centres will move away from Core Services or the Department of Social Services and move over to school boards. Many of the school boards presently are reluctant to accept them and there has been no pressure put upon us or by us on them to do so.

Many of them, I suppose, won't have to take them either, but I know what the Member is referring to, because I know of a family in his particular area who have moved out and have moved to the city because the facilities are there. The parents are simply saying well if I can have my child attend, for example, John Dolan School, rather than a facility in a rural

district which isn't nearly as functional nor nearly as elaborate, the staff may not be as well qualified, I am going to have my child move into the city. If the child moved very often the parents follow. That is a legitimate concern that I also have, the same as the Member, but I think it is premature to assume at this time that we are going to make any real progress of having those developmental centres move over to school boards. I may be wrong but I don't think that is going to happen that quickly. A lot more discussions will have to take place before that will occur.

Item 30 agreed.

### ITEM 31

**MR. BAILEY:** — Mr. Chairman, I note here in this particular item that we have an increase of some 100 employees. The question that I have at this time: has the enrolment at this particular institution increased? What is the enrolment as for last year as compared in enrolment of this year with the 100 new employees?

**MR. ROLFES:** — We are going to be finding the number of people who are in the institution very shortly. I explained this on subvote 1, that these are really conversions. They were temporary and we have converted them to permanent and the reason for that was that it was very difficult in the last few years to find the qualified staff. We were able, in this past year, to find staff in Ontario and Quebec who were qualified, they were hired and put on permanent staff.

**MR. BAILEY:** — What the Minister is saying then is that this is just paper work. Could I have the number and I want to see if I could make a comparison.

**MR. ROLFES:** — Could we go on to another subvote and I will give the answer as soon as we find it.

Agreed to.

### ITEM 32

**MR. WIPF:** — There is an increase of staff here also. Has there been an increase in the population of the patients in there?

**MR. ROLFES:** — About an increase of seven.

**MR. WIPF:** — In this centre there are two institutions there, I believe, one the medical and the other the training. Can you tell me — I don't know what the other name is, The Vocational Training Centre — what is the ratio of staff to client there? Out of this 141 how many work at the Vocational Training Centre?

**MR. ROLFES:** — None.

**MR. WIPF:** — Where are they?

**MR. ROLFES:** — They are included in Subvote 30. We have already passed that.

**MR. WIPF:** — There is just one comment I want to make and we will get on with this vocational training centre at North Park Centre. They take on jobs which they bid, like making stakes for the highways and stuff like that. Is this right, highway stakes, survey stakes? You say they don't.

**MR. ROLFES:** — That is done in the workshop downtown.

Item 32 agreed.

### **REVERT TO ITEM 31**

**MR. CHAIRMAN:** — Do we have the answer to 31 before we . . .

**MR. ROLFES:** — We are still working on it.

Item 31 agreed.

Item 33 agreed.

**MR. BAILEY:** — Mr. Chairman, before we let these people go I should like to thank the Minister and his advisors whom he has brought with him over these past two days and for the very fine way in which they provided the information to the Estimates. We certainly appreciate it very much.

**MR. ROLFES:** — Thank you.

Vote 36 agreed.

Supplementary estimate agreed.

The Assembly adjourned at 4:11 o'clock p.m.