

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Third Session — Eighteenth Legislature**  
**43rd Day**

**Thursday, April 21, 1977.**

The Assembly met at 2:00 o'clock p.m.

Orders of the Day.

**WELCOME TO STUDENTS**

**MR. D. M. HAM (Swift Current):** — Mr. Speaker, it's very pleasing for me at this time to introduce to you and to the Legislature 40 students I believe seated in the east gallery, from the Central Public School in Swift Current. These students are from the Grade Seven and Grade Eight classrooms. They are accompanied by Mr. Meyers, Mr. Carnrike, Mr. Dyck and Nancy Clark. The bus driver is Larry Thompson. I know they experienced some trouble on the way down today and I'm hoping that they will have a more pleasant afternoon. I will be visiting them this afternoon at 2:30 and look forward to spending some time with them.

**HON. MEMBERS:** — Hear, hear!

**MR. H. W. LANE (Saskatoon Sutherland):** — Mr. Speaker, we have with us today, once again, Mr. Hill and Mrs. McMillan, accompanying a new group of students from Sutherland School, 27 Grade Eight students and it gives me great pleasure to welcome them to you, Mr. Speaker, and through you to the Members of the Assembly. I hope they have a very informative time here and an enjoyable and pleasant journey back home. Thank you, Mr. Speaker.

**HON. MEMBERS:** — Hear, hear!

**MR. J. WIEBE (Morse):** — Mr. Speaker, I too would like to take this opportunity to introduce to you and through you to the Members of this Assembly, 28 Grade Twelve students from the Herbert High School. It's a great deal of pleasure for me to introduce the Herbert High School as this is the school in which I received my high school education as well.

They are accompanied here today by their teachers, Mr. Larry McCorriston and Mr. Jake Block and I understand their bus driver, Mr. David Penner. I look forward to meeting with them later on this afternoon. I understand they've had a busy morning and sincerely hope that their day today will be entertaining as well as educational.

**HON. MEMBERS:** — Hear, hear!

**QUESTIONS**

**CHARGES UNDER LIQUOR BOARD ACT - RE A REGINA HOTEL**

**MR. A. N. McMILLAN (Kindersley):** — Mr. Speaker, I'd like to direct a question to the Minister of Labour. I'd like to ask the Minister if he doesn't feel that it was improper for him on February 28, 1977, to use his influence to try to force the Regina City Police not to

press charges under The Liquor Act against a Regina hotel which was breaking the law?

**HON. G. T. SNYDER (Minister of Labour):** —Mr. Speaker, I hope the member won't expect me to answer the question without putting it into the proper context. It will be known to some members that the hotel in question was closed as a result of an order of the Fire Commissioner's office, when a number of correction orders were issued because of some deficiencies. Subsequent to that, the Liquor Licensing Commission, of course, is advised and is obliged to lift the licence of the operator. I was advised by the Fire Commissioner's office on the 28th day of February, that all of the orders had been complied with. Accordingly, at approximately 4:25 an attempt was made to reach the chairman of the Liquor Licensing Commission in order that the licence might be restored so that this operator, a citizen of Regina, who will be well known to the Members opposite, could resume his normal business. I was a little more than disturbed and annoyed to find that this public servant could not be found. The office of the Fire Commissioner and I agreed that we should take it upon ourselves to allow for the resumption of the operation of that business in the interim, because the Fire Commissioner's office has indicated to me that in living memory, they have no recollection of any instance where, when the Fire Commissioner's office is satisfied that all the correction orders have been approved, that the liquor licence was not restored. We did this for, I guess, commonsense reasons, in order to overcome a bit of a bureaucratic jungle for which I make no apologies, Mr. Speaker. I make no apologies whatsoever.

**MR. McMILLAN:** — I should like to ask the Minister if he did not feel that it was improper in view of the fact that he admits that he had knowledge that the beverage room was not legally licensed. Does he not feel that it was improper for him to proceed despite this knowledge, to not only encourage the City Police not to press charges knowing that a crime was being committed, or the beverage room was operating unlawfully and for him, also, to encourage other Members of his Government, or the hotel operator himself, to operate his beverage room despite the fact that the Minister had knowledge that to do so would be illegal?

**MR. SNYDER:** — In light of the fact, Mr. Speaker, that the violation at that point in time was nothing more than a technicality I don't believe there was anything improper about providing the opportunity for that citizen to continue operating his business in light of the fact that he had restored or had lived up to all of the requirements of the Fire Commissioner's office, which was my only interest in the matter, the safety and the protection of the public using that hotel.

**MR. SPEAKER:** — Order! I will take a new question.

### **PERSONAL INVOLVEMENT OF CABINET MINISTERS**

**MR. E. F. A. MERCHANT (Regina Wascana):** — My question is to the Premier. As Mr. Speaker will be aware this is the third time in this Session that objections have been raised about the personal involvement of various Ministers in the way the public service functions. I

wonder if the Premier would tell me what guidelines the Premier and the Government lays down to Ministers about the use of their influence in such a personal way and whether those guidelines are available to other people, so that we may know whether Ministers can become so personally involved, as this Minister has, Mr. MacMurchy, Mr. Tchorzewski have. What guidelines exist to control your cabinet from interfering with the commissions and from interfering with the way the public service is designed to operate?

**HON. A. E. BLAKENEY (Premier):** — Mr. Speaker, I find that question remarkable in the extreme. Let me assure the Hon. Member that with the exception of boards and commissions which are set up by statute to act independently, our Ministers feel perfectly free to give directions to public servants.

The nature of our Government is that the public service is on tap, but not on top. We are elected to carry out government policy and we feel free to direct public servants to carry out public policy in the areas of our jurisdiction, where we think that is appropriate. If we err, the electors have a remedy, but certainly I, and I am sure my Ministers, make no apologies for giving directions to public servants who are, by statute, directly under our direction.

**MR. MERCHANT:** — A supplementary, Mr. Speaker. That being the case and since the Premier was fairly expansive, might I only, before I ask the question suggest to the Premier that most people consider that democracy works through this House and not directly every four years in an election.

Would the Premier consider either a judicial review or a review of this House, of the operation of Ministers who act beyond the law implying their own personal view of the way the law should operate, in the words of the Premier, maintaining a supremacy over the public service?

Would the Premier not also agree that it is a difficult situation that we see with the Liquor Commission in that they are closing down, not just the Homecoming Hotel, but that all over this province legion branches and curling clubs and golf courses seemed to be closed down from time to time in an overzealous way; that perhaps the Liquor Commission . . .

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

### **CHARGES UNDER LIQUOR BOARD ACT - RE A REGINA HOTEL**

**MR. H. LANE (Saskatoon Sutherland):** — I see in the press today that certain allegations that would indicate possible criminal offences. I am thinking of Section 127(2) of the Criminal Code which reads that:

Everyone who wilfully attempts in any manner other than that described in subsection 1, which deals with sureties, to obstruct, pervert or defeat the course of justice is guilty of an indictable offence and liable to imprisonment for ten years.

I am thinking in terms of an indication that charges were laid; that there is an allegation that there was some influence peddling and that the charges were subsequently dropped . . .

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

**MR. W. C. THATCHER (Thunder Creek):** — A question to the Premier in the absence of the Minister in charge of the Saskatchewan Liquor Board.

While the charges pending, or one of the conditions as the suspension of this licence or the closing down of this hotel, was that the hotel in question was not, in fact, operating as a hotel, but instead just operating a lounge area. Has this been rectified and is the hotel now in fact operating a hotel or are they merely proceeding as they had been before they were closed down?

**MR. BLAKENEY:** — Mr. Speaker, the Minister of Labour tried to make the situation clear. The hotel was operating in a normal way as a hotel, i.e., as a beverage room, with rooms, as its licence required. However, it did not comply with the stipulations of the Fire Commissioner with respect to fire exists. He closed down, pursuant to his powers, the rooms section of the hotel until they had remedied their deficiencies with respect to fire exits. Once the Fire Commissioner had closed down the rooms section of the hotel, the upper stories, but not the beverage room area, the Liquor Licensing Commission said, “you are now in technical violation of your beverage room licence because you don’t have rooms operating and we will suspend your beverage room licence”.

In due course, and promptly, the deficiencies were remedied. The Fire Commissioner indicated compliance with the orders. Accordingly, the room service was resumed and then, accordingly, in accordance with past practice, the liquor licence would automatically be reinstated because it was suspended by reason only of the fact that the room service was not operating.

As the Minister has described, the Liquor Licensing Commissioner was not available at 4: 30 in the afternoon and he, the Minister of Labour, perhaps mistakenly but I say sensibly, said that since the licence was suspended pending the compliance with the fire regulations and since he knew, since his Fire Commissioner had said so, that the fire regulations are complied with, then the automatic reinstatement of the licence should be presumed. I say that is probably a technical error, but a sensible one. On that basis the beverage room was opened, and on that basis it was operating “illegally” until the next day when the Liquor Licensing Commission got around to reinstating the licence.

**MR. MERCHANT:** — Mr. Speaker, I wonder if the Premier as a lawyer and also as the top enforcer, I suppose, of the law in this province would not agree that the Minister of Labour put the police in an almost untenable situation asking them to ignore an illegality and asked the police, both an inspector and a sergeant, to ignore an illegality and allow something to continue which he knew to be illegal. Secondly, and it is a part of the same question, Mr. Meagher, the chief prosecutor of the city has indicated as have others that they dislike the involvement of the police in liquor commission enforcement, that it is an improper use of the police, that they don’t have the power to exercise that kind of discretion. Would the Premier consider reviewing the situation by which the police throughout this

province find themselves discredited to some extent because they are involved in enforcing liquor licensing legislation which is difficult for them, of a technical nature and sometimes silly in the technicalities.

**MR. BLAKENEY:** — Mr. Speaker, I am glad the Hon. Member recognizes that the liquor licensing regulations are sometimes silly in their technicalities. I can concede that. The Minister of Labour conceded it and he is now being upbraided for recognizing the silliness of the technicality but I am glad that he did so.

With respect to the police I do not agree that it is necessarily wrong for police to enforce liquor legislation. Clearly it is difficult legislation to enforce as indeed traffic legislation and other things are difficult to enforce. But the policeman's lot is not a happy one, has never been a happy one, and with respect to enforcement of liquor regulations on which there is great controversy in the public mind, there will always be difficulties. And I note that there were difficulties in this case.

**MR. MERCHANT:** — . . . asking them to ignore the law.

**MR. BLAKENEY:** — With respect to the allegations that one "ignores the law", there are hundreds, literally hundreds of offences committed every day for which I would be happy to ask the police to ignore the law . . .

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BLAKENEY:** — I would like to give a little speech on this. The fact is that the course of law enforcement involves a judgement by the law enforcer and not the simple application of the law, otherwise half the motorists in this country who exceed the speed limit by one mile per hour would be "charged". If the police did that that would be nonsense and everybody knows it would be nonsense. And, accordingly, therefore, if a technical violation is committed I see no great harm in that not being proceeded with by the law enforcement officials.

**MR. LANE (Saskatoon-Sutherland):** — I have a question I would like to ask of the Premier. The disturbing thing, Mr. Premier, in all of this and I think that you alluded to it, is that police officers have a certain function . . .

**MR. SPEAKER:** — Order, the Member for Qu'Appelle.

**MR. J. G. LANE (Qu'Appelle):** — Mr. Premier, you have alluded to your Government's policy that civil servants should be on tap and not on top. I am wondering where in your policy comes the authorization for a Cabinet Minister to having phoned the police . . .

**MR. SPEAKER:** — Order! The Member for Thunder Creek.

**MR. W. C. THATCHER (Thunder Creek):** — Mr. Speaker, I would like to ask the Premier whether the

Premier would consider it unusual for a hotel operator in this instance to be able to phone two Cabinet Ministers and to get such readily available action . . .

**MR. SPEAKER:** — Order! I'll take a new question. The Member for Saskatoon-Sutherland.

**MR. LANE (Saskatoon-Sutherland):** — A question to the Premier on division of powers under our system. We have three basic functions, one of them the Legislature, one the police to enforce, and one the courts to interpret. Would you believe, Mr. Speaker, I ask the Premier, that if a Cabinet Minister does something in a sense to interpret the law that then there is a blur in between the three functions and that then it becomes a matter of a . . .

**MR. SPEAKER:** — The Member for Kindersley.

### **INVOLVEMENT OF MINISTERS IN MUNICIPAL AFFAIRS**

**MR. McMILLAN:** — Mr. Speaker, it has recently come to our attention the involvement of Ministers in municipal affairs in the operations of supposedly pseudo-independent boards and release of officials working for the Western Development Museum, in this case. In view of the fact that there seems to be a rising trend for Ministers of your Cabinet to interfere, I would like to ask you if you were prepared to establish a judicial investigation into the actions taken by your Ministers over the course of the last few weeks and few months and their involvement in matters that some members of the public certainly generally felt were better left up to officials who were given the power to operate their boards and commissions, local governments and Western Development Museums under regulations set down by Members of this Legislature as representatives of the people of Saskatchewan.

**MR. BLAKENEY:** — Mr. Speaker, if Hon. Members wish to put a resolution on the Order Paper subjecting these allegations and innuendoes which form part of their questions to some debate and analysis, we would be happy to debate and analyze it. If they can suggest that there is any impropriety in the Minister of Municipal Affairs dealing with the RM of Garden River or the Minister of Education dealing with the Board of the Western Development Museum, I invite them to put a resolution on the Order Paper and we will debate it and we will listen to their evidence.

**SOME HON. MEMBERS:** — Hear, hear!

### **LETTER TO CITY PROSECUTOR'S OFFICE**

**MR. LANE (Saskatoon-Sutherland):** — Mr. Speaker, I would like to direct a question to the Minister of Labour. Did in fact a letter leave your department to the city prosecutor's department stating:

Thank you for your co-operation . . .

and offering the suggestion that:

Consideration be seriously given to relieving police of certain other functions under the Liquor Act and Liquor Licensing Act as police generally

have too many important problems to deal with and lack the manpower needed for such necessary activities.

Did a letter leave your department and to the city prosecutor's department with words to that effect.

**MR. SNYDER:** — I am not sure that we are dealing with the same document as the one that I have in my hand. The document that I have in my hand is signed by Jules Gebhart which is a confirmation of a previous conversation with Wilfred Meagher, QC, Chief Crown Prosecutor, Municipal Justice Building, Regina, Saskatchewan. I think one paragraph in particular is quotable because it says:

In these circumstances you agreed with me that it would be ridiculous to proceed with any of the charges which are technical in nature at the very best.

I think that is the working paragraph of that letter which lays to rest some of the allegations being made by Members of the Opposition.

**MR. LANE:** — A supplementary question, Mr. Speaker. If indeed the Minister believes that these charges are of a technical nature, would it not have been proper to come before the courts of law of this province and submit that argument at that proper time and place.

**MR. SNYDER:** — I would think that dragging matters that are strictly of a technical nature before the courts of the land represents an opportunity for lawyers to earn wages that are unearned salary. I think quite frankly that a little common sense and justice should prevail logically in cases such as this rather than dragging this sort of thing before the courts of the land. I don't agree.

**MR. LANE:** — A supplementary. The Ministers of this Government and particularly the Minister of Labour believe then that at the whim of a Minister he can exercise his discretion to decide whether any law be changed at any particular time for any particular circumstances.

**MR. SNYDER:** — Not at all and that has not been inferred or suggested.

**MR. McMILLAN:** — In view of some of the information that has come to this Legislature today through your comments, if you condone taxpayers and other people living in Saskatchewan condone them breaches of the law, be it technical, in many instances whether it is a traffic violation . . .

**MR. SPEAKER:** — Order, the Member for Nipawin.

**MR. R. L. COLLVER (Leader of the Progressive Conservatives):** — A question to the Minister of Labour. We have heard

a considerable amount this afternoon about technicalities. Would the Minister of Labour consider that padlocking a fire exit in a hotel in which it is possible for senior citizens to be encompassed is a technicality of the law, of the Fire Commission Regulations.

**MR. SNYDER:** — I certainly don't suggest anything of that nature and I suggested further that in this particular set of circumstances compliance with all of the correction orders had been accomplished and at that point in time the reason for revoking the operator's licence had been removed. At no time have I suggested that there should be any particular degree of leniency shown where the health or the safety of residents or people who are going to occupy public buildings should be compromised in the slightest way. I haven't suggested that.

**MR. COLLVER:** — Supplementary question to that line Mr. Speaker. Pertaining to the padlocking of fire exits, Mr. Speaker, would the Minister not agree that that is a particularly serious question in terms of the fire regulations of our province especially in the light of a hotel operation and that under those kinds of circumstances . . .

**MR. SPEAKER:** — Order! I will take a new question. Thunder Creek.

#### **ARTIFICIAL INSEMINATION DISTRIBUTION UNITS**

**MR. W. C. THATCHER (Thunder Creek):** — Mr. Speaker, question to the Minister of Agriculture. Would the Minister confirm or deny that the Department of Agriculture is presently considering the purchase of an artificial insemination distribution unit in Yorkton?

**HON. E. KRAMER (Minister of Highways and Transportation):** — On a Point of Order.

**MR. SPEAKER:** — If the Member wishes to raise a Point of Order he may do that at the proper time later on in this day.

**HON. E. E. KAEDING (Minister of Agriculture):** — Mr. Speaker, the future of the Saskatchewan and Manitoba's Insemination Breeders Co-op is in some doubt and my department is looking at ways and means that we can resolve some of their problems and at this point in time we have not made any decision on it.

**MR. THATCHER:** — Supplementary question, Mr. Speaker. Could the Minister tell this House why when this is a losing business and why when we have such distribution centres all across Canada, all across the United States which ship their products into Saskatchewan and on a business that is not viable, when we have had two others like it in Saskatchewan completely go belly-up and when there is obviously no need for one, then why would the department even remotely consider the possibility of getting into such a competitive business?

**MR. KAEDING:** — Mr. Speaker, I would suggest that the Member for Thunder Creek talk to some farm producers out in the



country. I have had phone call after phone call and many representations from farmers asking that we not let SM Breeders go under, and I think that those farmers want some service which they are not getting from Alberta or Manitoba at the present time in a satisfactory way. And I would suggest that if he thinks that we should be dependent on other provinces to get our services for all these things I think that he is not considering the best interest of Saskatchewan farmers.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. THATCHER:** — Would the Minister then tell me if there is this concern for SM Breeders in Yorkton, why was the same concern not expressed for Western Breeders out here at White City some months ago when that business was not viable. They found it necessary to close it down, why the sudden preoccupation with SM Breeders? Is it possible that there is government money in this operation?

**MR. KAEDING:** — Mr. Speaker, I think that we would like to see the continuation of SM Breeders simply because they are the one group that is still in the province which we can maintain here and Western Breeders did not at any time request any assistance from us. They made their decision to move and have abandoned in most cases the people whom they were providing service for.

#### **CHARGES UNDER LIQUOR BOARD ACT - A REGINA HOTEL**

**MR. COLLVER:** — Mr. Speaker I should like to address a question to the Premier. Is it your Government's intention to review the licensee of Regina Homecoming Hotels with reference to revocation of his licence for . . .

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

**MR. MERCHANT:** — Mr. Speaker, I should like to direct a question to the Premier. Mr. Premier your Minister has indicated, the Minister of Labour (Mr. Snyder) has indicated something in terms of involving himself in a matter while it was before the courts. I wonder if the Premier would not agree that the Attorney General (Mr. Romanow) very scrupulously sees to it that he does not involve himself in deciding whether matters will proceed when they are before the courts or not and that it is inappropriate for the Minister of Labour, who does not even have control over that department, to involve himself personally in a question of whether the matter will proceed before the courts and to ask a solicitor of his department, who, by coincidence, happens to be a former partner of the Chief Prosecutor, Mr. Meagher to negotiate that those charges be dropped?

**MR. BLAKENEY:** — Mr. Speaker, I have no way of knowing whether the facts set forward by the Hon. Members are accurate, i.e., whether there were any negotiations or not. I understand what happened was that the people from the Department of Labour advised the prosecutor that the Minister of Labour had indicated to the hotel operator that now that the fire regulations had been complied with there seemed to be no further impediment to carrying on his ordinary beverage room operations. Since this would be highly relevant in terms of why the hotel operator

acted as he did, it was certainly information which should have been in the hands of the prosecutor and was, I think, provided to him.

**MR. MERCHANT:** — If the Hon. Attorney General scrupulously sees to it that he does not become involved in questions of whether charges be dropped or continued he is not only a lawyer but beneath you responsible for law enforcement in this province. Is it not even more incumbent upon you to ensure that other Cabinet Ministers don't involve themselves personally in questions of whether charges proceed or not?

**MR. BLAKENEY:** — Mr. Speaker, I think the Hon. Member makes a good point. I think that it is undesirable for Cabinet Ministers to attempt to speak to prosecutors on behalf of any accused or any person who is likely to be accused. However, in this case since the Cabinet Minister had given an indication to the person who was subsequently accused that since the formalities had been dealt with, he didn't see any reason why he couldn't carry on. This information should certainly have been made available to the prosecutor and to fail to do so would have been unfair to the citizen.

**MR. SPEAKER:** — The Member will agree with me that I have just received the notification of this particular item and reserve decision on whether the matter is in order or not until a later time.

#### **POINTS OF ORDER ON QUESTION PERIOD**

**MR. J. G. LANE (Qu'Appelle):** — On a Point of Order. I wonder if you can give an explanation, now I ask a question on Government policy as to the statement by the Premier that civil servants should be on tap and not on top. I then was asking under what Government policy does a Cabinet Minister's phoning police officers direct or interfering with police officers and you ruled a Point of Order out.

**MR. SPEAKER:** — I wonder if the Member can make the Point of Order without debating the issue?

**MR. LANE:** — My question is, I thought it was part of the Question Period that you could ask on Government policy and I was asking specifically what seemingly is new Government policy and before I could complete the question you took another question and it was strictly on Government policy.

**MR. SPEAKER:** — I believe on the first opportunity the Member for Qu'Appelle entered the Question Period was after a number of questions had been asked. Those questions dealt with a subject that was initially raised dealing with a hotel beverage room licence, guide lines and hotel operation. I had asked Members for a new question. I had not received it. The same had happened to the Member for Saskatoon Sutherland immediately preceding you. I felt that it was time for a new question. I asked for a new question and the Member for Qu'Appelle was essentially dealing with absolutely the same subject that had been dealt with previously.

**MR. LANE:** — I want to make one comment on the Point of Order, Mr. Speaker. I would ask for your explanation that the policy that I was questioning on was a new matter that had been raised by the Premier during that very Question Period. I am wondering how you would explain that or is it now part of Question Period the Opposition is unable to ask on Government policy that may be let out during Question Period by a Minister under a question.

**MR. SPEAKER:** — If the Member for Qu'Appelle wants a more definitive ruling on the matter I would reserve judgment on it and bring something forward at a later time.

**MR. E. F. A. MERCHANT (Regina Wascana):** — Mr. Speaker, with respect, I wanted to raise a similar matter in the Point of Order. I suggest to Mr. Speaker that it's not a question for you to decide whether you will no longer entertain further subject matter questioning, but that Mr. Speaker's discretion goes to the point of stopping a Member from asking questions in an improper way. It goes to the point of stopping a Member from asking boring or repetitive questions even though he may be asking a second or third supplementary; it goes to the point of allowing him to stop questions where you don't consider the matter to be urgent, but that Mr. Speaker must rely on the Opposition to some extent that you will then change the speaker, or sort of put a new batter into the box, if the entire Opposition believes that the matter is sufficiently urgent.

**MR. SPEAKER:** — Order, order! The Member for Wascana is making vague generalizations. If he could get to the specific Point of Order that he wishes to make. Is it with regard to a question that you raised?

**MR. MERCHANT:** — Yes, Mr. Speaker and with questions raised by other Members of both sides of the Opposition that I suggest that Mr. Speaker can not restrict the questioning on a subject matter but can restrict the questioning.

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

**MR. H. LANE (Saskatoon Sutherland):** — In questioning today you cut off my line of questioning. I take it from what you said to the Member for Qu'Appelle that it was not because of the way in which I asked the question but the way that the topic was being carried out. As a Point of Order it seems to me that if a topic for discussion comes before this House it is of crucial concern to a number of Members, many of the Opposition Members will have different questions about that topic and to disallow Members, because he hadn't been the first to be allowed to speak on it would be to work an injustice on those Members who aren't chosen first.

**MR. SPEAKER:** — The Member is dealing in vague generalizations again about a Point of Order. In dealing with Points of Order, I like the Member to be specific so that I can try and be specific in return. Now, if the Member was talking about his

first question he asked, I have a notation here that it was debate and too general. So on two counts I didn't allow the Member to proceed. The record will show that the Member's first question was a debate and much too general, was not specific and to the point.

**MR. R. L. COLLVER (Nipawin):** — My Point of Order is pertaining to urgency and pertaining to this particular Question Period that nothing, surely is more urgent in the minds of the public than buildings which are allowed to remain unsafe and owners of those buildings are . . .

**MR. SPEAKER:** — Order, order! The Member is making a debate or an argument about some case. He is not making a Point of Order. The Member should get to the Point of Order.

**MR. COLLVER:** — Mr. Speaker, then I will get to the Point of Order. Why, then, was my question pertaining to the revocation of the licence of the particular operator of a hotel who padlocked his fire exits, out of order in the light of the questioning today and in light of the urgency of that kind of matter.

**MR. SPEAKER:** — It seems to be a question between the Member and myself about the urgency of the matter and I felt that the matter that the Member was dealing with was not urgent. It is something that has happened and is gone and past and I also felt that the Member's question was much too general and vague and I think the record will show that.

**MR. COLLVER:** — A Point of Order. If I might just speak for a moment. What you are suggesting is that all I got out of that particular question was pertaining to the revocation of the licence, the licensee is back in business again with the opportunity again to padlock fire exits.

**MR. SPEAKER:** — Order, the Member is not making a Point of Order, he is making a speech.

**MR. MERCHANT:** — Perhaps we could bring the matter to an end. Mr. Speaker has indicated that in response to Mr. Lane you will come back with some further word in this area. Might I suggest to Mr. Speaker that you look at the House of Commons line of questioning which went on for some weeks regarding the use of airplanes by Cabinet Ministers and this happens to be something that I read in great detail and Mr. Speaker will find that for day after drearily, boring, nauseating day the Opposition kept asking the same questions over and over again. It's true that Mr. Speaker changed batters but Mr. Speaker did not at any time try to change the subject so I am sure, as a Liberal, he was getting very bored with the subject.

**MR. SPEAKER:** — Well, I can't speak for Mr. Speaker Jerome of the House of Commons but I would imagine that he considered it to be a current matter of urgency and allowed the questions to continue and possibly the questions were not debate but were specific questions to the point. I remember seeing some of them myself and they seemed very specific and I am sure that is the reason

Mr. Speaker Jerome allowed the questioning to go on for some time. However in the Question Period today I have a number of notations on my paper questioning the urgency, questioning the debate that was occurring, questioning the repetitive questions that were not urgent and were debate and consequently I think the record will show that there were a lot of questions that were very general and were debate.

**MR. J. G. LANE (Qu'Appelle):** — The example given by the Hon. Member for Regina Lakeview (Mr. Malone) and seemingly different practice in this Assembly about prohibiting Members from asking either repetitive questions or many questions on the same topic would seemingly be a rather sophisticated way of protecting the Government from potentially embarrassing positions and I would urge upon the Speaker . . .

**MR. SPEAKER:** — Order! I think the Member is making a general statement which is, in effect, challenging the Chair. If the Member wants to challenge the Chair on a Point of Order he must raise a specific point and not give a broad generalization because I am not in a position to answer the Member on broad generalizations since I don't have any ability to speak in this House.

**MR. LANE:** — Is it now to be the rule of the Question Period that the Opposition will be unable to ask several questions or many questions, repetitive questions on a specific topic even if it should go the whole length of the Question Period? Is that the ruling of the Chair?

**MR. SPEAKER:** — Yes, if the questions are in the order of debate, if they are vague and if they continually repeat the same questions, the Members of any side of the House will be prevented, as much as I am able, from asking them. If the questions are specific to the point or not debate, they can ask those questions from 2: 05 PM to 2: 30 PM. It won't harm me at all.

**HON. A. E. BLAKENEY (Premier):** — I would like to rise to support the Speaker's ruling with respect to the vagueness of some of the questions, particularly those from the Hon. Member for Nipawin (Mr. Collver) where it was perfectly clear that he was confusing licences under the Liquor Act with regulations under the Fire Prevention Act and was asking us to use the Liquor Act as a way of punishment for violations of the Fire Control Act.

**MR. SPEAKER:** — Order! Is the Member rising on a Point of Order?

**MR. COLLVER:** — May I rise on the Point of Order, Mr. Speaker, and to suggest to the Premier that the fire regulations in Saskatchewan are an integral part of the Liquor Licensing Act and he full well knows it.

**MR. SPEAKER:** — Order. I was going to say that's not a Point of Order and the Member knows it but I question whether the Member knows what a Point of Order is.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SPEAKER:** — We will now pass on to the next order of business which is Orders of the Day.

## **COMMITTEE OF FINANCE**

### **MOTION FOR INTERIM SUPPLY**

The following resolution was adopted in Committee:

Resolved, That a sum not exceeding two hundred and forty-seven million, nine hundred and eighty-four thousand, one hundred and eighty dollars, being approximately two-twelfths of the amount of each of the several sums to be voted, as set forth in the estimates for the fiscal year ending March 31st, 1978, laid before the Assembly at the present session, be granted to Her Majesty, on account, for the twelve months ending March 31st, 1978.

**HON. W. E. SMISHEK** (Minister of Finance) moved that the motion for Interim Supply be now read a second time.

**MR. COLLVER:** — I should just like to ask the Minister, if I may, did last year we take two months like this or was it one month and then another one or was it two months at once?

**MR. SMISHEK:** — Mr. Chairman, at the end of March we already had the one-twelfth Interim Supply. This is the second Interim Supply. Perhaps the Hon. Member may not have been in the House when the first Interim Supply was voted. This is the second and is the same procedure as last year.

**MR. COLLVER:** — Is this not two-twelfths of the total of what you are asking for now, Mr. Minister, so does that mean a total of three-twelfths Interim Supply, April, May and June. You've taken one now and you want two more. Is that correct or is this the second part of the first one you have taken, two months altogether? I don't quite understand what the Minister is mentioning.

**MR. SMISHEK:** — Mr. Chairman, it's another two-twelfths of the supply which will be one quarter of the total, similar to last year the reason for that as you may know, is that many grants have to be paid at the present time.

**MR. COLLVER:** — A quarter all together, is what the Minister is asking for which would take in April, May and June of the one year's Estimates? Is that correct, and that's not quite the same as last year, is it, Mr. Minister?

**MR. SMISHEK:** — It's exactly the same as last year.

**MR. COLLVER:** — It is identical?

**MR. SMISHEK:** — That's right.

**MR. J. WIEBE (Morse):** — Mr. Chairman, the points

that have been clarified by the Minister were the points that I was going to raise.

**MR. CHAIRMAN:** — Then, is the Committee agreed?

**MR. SMISHEK:** — Mr. Chairman, another resolution:

Resolved, That towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31st, 1978, the sum of two hundred and forty-seven million, nine hundred and eighty-four thousand, one hundred and eighty dollars be granted out of the consolidated fund.

The Resolutions agreed to.

**MR. SMISHEK:** — Mr. Chairman, I move that the Committee rise and the Chairman report that the Committee has agreed to certain resolutions and ask for leave to sit again.

Leave granted.

## SECOND AND THIRD READINGS

MR. SMISHEK (Minister of Finance) moved second and third reading of **Bill No. 103 - An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year ending the Thirty-first day of March, 1978.** (Appropriation Bill).

Motion agreed to and Bill read a second and third time.

## SECOND READINGS

HON. J. R. MESSER (Minister of Mineral Resources) moved second reading of **Bill No. 99 - An Act to amend the Mineral Taxation Act.**

He said: Mr. Speaker, this Bill to amend the Mineral Taxation Act is to a large extent one of a technical nature. It does not deal with the overall level of taxes levied on potash producers in Saskatchewan. What it does is deal with certain ambiguities and inequities that have resulted from some of the regulations and from federal tax changes that have rendered other provisions unsatisfactory or obscure.

Nevertheless, Mr. Speaker, I am pleased to bring this Bill before the House resulting as it does in part from a series of extremely worthwhile discussions between officials of my department and representatives of each of the potash companies. These discussions are continuing and I am confident that they will lead to further refinements in the tax structure that pertains to the potash industry in the Province of Saskatchewan. However, I believe it is important that we reflect the progress to date by passing this amending Bill at this Session and at this time.

If I might, Mr. Speaker, turn to the Bill at hand, to explain its provisions in some detail. Members will note that

Clause 4 is the most significant aspect of the Bill. Most of the changes in the tax structure being made at this time can be and have been accomplished through changes in the Potash Reserve Tax Regulations 1974. That in itself may have been sufficient to accomplish our purposes. However, some questions have risen as to whether the Mineral Taxation Act provides for the regulations and changes thereto which have been made. Thus in the interests of absolute certainty, I am asking the Legislature to indicate their intention by ratifying and confirming these regulations.

Taking each in turn, Mr. Speaker:

Clause 4, subsection 1, ratifies and confirms the regulations themselves as being effective from July 1, 1974 onward. This was the effective date specified when the regulations were brought in and they have been administered as having effect from that date. Thus there is no financial effect, either on the company's or on the province's side from this subsection.

Clause 4, subsection 2, ratifies and confirms regulation 140(75) retroactive to April 1, 1975. This amendment to the Reserve Tax Regulations was introduced in response to the Federal Government Budget and Income Tax Amendments which declared royalty and similar tax payments to provincial governments non-deductible as expenses in the calculation of federal income tax payable. As a result of this outrageous and unreasonable move by the Federal Government, which we have criticized numerous times in the past and which I am continuing to fight against, certain potash producing companies in Saskatchewan found themselves paying more than a 100 per cent rate of tax on marginal income. The Federal Government had basically imposed a penalty on efficiency and effectiveness of that industry. The Provincial Government has provided a measure of relief for companies in this position since July 1, 1975 and by this provision, the relief will apply from the start of the 1975-76 fiscal year. This was agreed with all of the companies involved and will result in additional relief being credited in a total amount of some \$3.7 million.

Clause 4, subsection 3, ratifies and confirms the amendment to the regulations which allowed the Minister to apply the annual capacity credit against outstanding taxes effective from July 1, 1975. This merely confirms the method of administration currently being used. The credit, if indeed there is any, when calculated at the end of the fertilizer year, applies against current taxes owing and reduces them by the amount of that credit.

Clause 4, subsection 4, confirms and ratifies the precise definition of gross investment and its application as a factor in the Reserve Tax calculations since the inception of the tax. Until Regulation 96 (77) was introduced, it was argued that the definition of gross investment was vague and imprecise. Discussions were held with each company on the topic of what constitutes gross investment and the precise definition was submitted to them for comment before it was put into the regulations. This was done only recently and will now be confirmed by this Bill when passed. This is simply an attempt to clarify present practice rather than to change the tax base in any way. It will add certainty for both sides, for the Government in administering the tax and for the companies in calculating the effects of a capital expenditure. The financial impact of this increased precision in the definition varies from company to company. Overall, Mr. Speaker, its effect is to increase the Provincial



Government's revenue from the reserve tax by \$1.2 million since 1974.

Clause 4, subsection 5, is similar to subsection 2, in that it pertains to relief for companies at the maximum tax level. In this case, the amendment to the regulations was prompted by the increase in the provincial corporate tax rate from 12 per cent to 14 per cent. This change was effective from January 1, 1977 and thus the regulation is made retroactive to January 1, 1977 and is ratified and confirmed from that date by this Bill. The financial impact of this change cannot be calculated at present, but it is expected the effect will be slight but will be in the direction of reducing the tax payable for certain potash companies.

Clause 4, subsection 6, reflects the near resolution of one ongoing problem with the reserve tax. At one point in time a number of potash producing companies stopped supplying the Government with sales and price information, despite their being required to do so by law. Fortunately, this period of non-co-operation has passed and now all but one company are supplying sales and price information to the Government. When this information was not supplied, the tax payable had to be estimated by the Government. Now that the information is available, the regulations have been amended to allow the information to be used to recalculate exactly the tax that should have been paid by each company. Each will be billed or credited accordingly as the case may be and the overall impact sees the total tax bill over the past three years reduced by some \$2.5 million.

Clause 4, subsection 7, is a technical amendment, permitting the Lieutenant-Governor-in-Council to adjust the tax formula so as to bring the value of the potash reserves, mine and refining plant, as computed in the tax calculations, more in line with actual value. There is no financial impact whatsoever since the value is reduced and the mill rate increased by off-setting the amounts.

As I indicated, Clause 4 is the most significant clause in the Bill to amend the Mineral Taxation Act. It increases the precision with which the reserve tax operates and increases its equitability between producing companies as well. It is the result, Mr. Speaker, of useful conversations and discussions with each producing company and it is not necessarily the last change to be made since those discussions are ongoing and continuing.

The net effect of the changes made or confirmed by the Bill is positive for most of the producing companies and overall it reduces the Provincial Government's take from the reserve tax by some \$5 million over the past three years. The effect of the other clauses in the Bill is as follows, Mr. Speaker:

Clause 2 makes it clear that in the event of joint ownership of a mine, the tax will be computed as if the mine was owned by one person or company. And each of the actual owners shall be jointly liable for tax payable. If one doesn't pay, the other or others have to come up with the tax.

Clause 3 then goes on to make it clear that taxes payable are a special lien on the reserves, mine and refining plant and this lien takes priority over all other claims. This is a standard clause in all taxing statutes. If taxes go unpaid, a court may be asked to order the sale of certain assets to

satisfy the unpaid taxes. Taxes duly levelled by a government must be paid and the Government must have certain means available to it to insure that tax moneys are in fact received. To allow otherwise would impair and impede the proper functioning of the Government. This is not to say that challenges might not be launched against the taxing statutes in the court. It is to say that only the courts can decide whether a taxing statute is within the powers of the government which enacted it and it is only the courts which can decide whether moneys collected should be returned in the event that they find a taxing statute to be invalid. Taxes levied should be taxes paid, at least until the courts, not a board of directors, decree otherwise.

Mr. Speaker, Clause 5 confirms the intention of the Legislature that amendments proposed in this Bill shall apply when passed to all claims, either pending or contemplated. This can normally be assumed to be the case and is stated here only in the interest of obtaining the utmost clarity of intention.

Mr. Speaker, that completes my description of the clauses contained in this Bill to amend the Mineral Taxation Act. I would urge its expeditious passage in the interests of precision and fairness in the application of the potash reserve tax. As I indicated at the outset, discussions with the companies are continuing and I fully expect that they will put forward further suggestions for changes in the structure and/or in the administration of the tax itself. However I do not believe we can wait until all of the suggestions are in before making certain necessary, and what I think and I believe the companies would agree, worthwhile amendments now. Thus I bring this Bill to you at this time and I would ask you to consider it and endeavour to have it passed as quickly as possible.

Mr. Speaker, having addressed those words to you in regard to second reading of this Bill, I move second reading of the Bill to amend The Mineral Taxation Act.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. J. G. LANE (Qu'Appelle):** — Mr. Speaker, Mr. Minister would you permit a couple of questions before you take your seat?

**MR. MESSER:** — Yes.

**MR. LANE:** — Would you supply the Assembly with the names of the companies and the taxation position each one is in as to whether they are recovering additional funds or will have additional payments? Would you name the company not supplying the information to which you referred? And my third question is on subclause 3, is it the Government's intention to take a priority over wages as you seemed to indicate in your speech?

**MR. MESSER:** — Answering the third question first, I do not believe that in that area it is the Government's priority to in fact take priority over wages. I think it has been common practice in the Government to in fact not do that, so that if that is the interpretation, I believe it is an inaccurate one and I think probably as I conveyed it to the House, that it is perfectly reasonable to assume that that was the intention, but it is not in fact the intention to take priority over wages.

In regard to the Member's second question, as to whether I would consider naming the one company that is not now providing the information, I do not believe that would really be in the best interests of the Government or the potash industry in total. We have been, I think, undertaking to achieve some improvement in the rapport with the potash companies. We have one company obviously that is not submitting that information but I would think that we would be in a much better position to further negotiate the provision of that information to the Government by not making it a public spectacle. So I think that my answer to that would be "No" at this time.

In answer to the first Member's question, in regard to whether I would identify the companies, he mentioned the amounts that companies may or may not be receiving, that is something that I would like to take under consideration. I personally have no arguments about that. I would perhaps like to convey to the companies that may be involved whether or not they would have any objection to that. I see no real strong reason for them to object but I would like to take that request under consideration and I will in due course provide the Member with the information if the decision is to make it available to the public.

**MR. E. F. A. MERCHANT (Regina Wascana):** — Mr. Speaker, the legislation that we see is really a part of the piece of what we have been seeing for these past few months as the Government desperately tries to reverse its resource taxation policy and its resource taxation as a whole.

Interestingly, Mr. Speaker, as I sat listening to the Minister, I couldn't help thinking of the policy and the banking business, where they send in a toughie for a couple of years and then they send in a softie, and I gather that we've just heard from old softie who's in the business these days of giving back some money. What the Government has, in fact, done in resource taxation, both with Bill 42, if the shadow of Bill 42 even remains after all of the changes, I think the Government has clearly indicated they don't believe in that legislation any more, but the same thing has been happening in the potash area. It's as though they slit the throat of the industry, they took some buckets around to catch the blood and then as the potash companies are on their last breath, they inject a pint of blood into each one of them and try to make good fellows of themselves for keeping them going to some slight extent. But, Mr. Speaker, that's only one part of it. To give back this small amount of money an awful lot of things flow from it.

First, Mr. Speaker, that the industry always said that they owed far less than the Government said they owed and the Government in their sort of know it all attitude, always said, no, they owe what we say that they owe, because that Government has always said about business, that we know more than you know about yourself and we know more about your books than you know. Now the Government is admitting that indeed the companies didn't owe the money that the Government, in their rather stick in the mud attitude has always said they did owe.

It says two other things. They didn't provide the information because they knew they'd be competing with the Government shortly and they are now competing with the Government. That's the reason they gave for not providing the information and I don't blame them one bit for not wanting to provide the

information and open their books to an NDP Government.

Now, Mr. Speaker, there are two other things that this legislation does and I may on another day have further remarks to make about it.

All of the legislation that we've seen backing off Bill 42 and backing off the potash situation, demonstrates the mismanagement of the resource taxation field by the NDP Government. They've done what every other province has sought to do, get control of resources, but they haven't done it well. That's part of the reason that they are in court in every court in this land virtually, except perhaps the family court, fighting with some company or some potash group of shareholders or an oil developer, from the highest courts to the lowest court, the NDP have embroiled the Province of Saskatchewan in litigation which puts the taxpayers of this province at risk. That's because of the mismanagement of the Government in the resource area.

We see that and we see an example of the Government attempting to get out of their mismanaged situation with Clause 4. Clause 4 is really ludicrous. It's so humorous that a government with access at least to lawyers and a few in their own Cabinet, although one would wonder about them in terms of the problems before the courts, that the NDP find themselves in. A government that thinks that they can get themselves out of trouble with the courts by legislating retroactively things which they have every reason to suspect the courts are about to strike down or have struck down.

The Minister says that Clause 4 is in the interest of utmost clarity. Such a funny sentence, Mr. Speaker, that I doubt that even the speech writer believed it, but in any event the Minister at least the Minister has a straight face when he tells this House that an attempt to avoid litigation is nothing more than an attempt to bring us, in the interests of utmost clarity, to a situation where the NDP will no longer be in trouble over their potash legislation in the courts.

Now, Mr. Speaker, I received yesterday, just by coincidence the COMINCO annual report. And what does that report tell us about the Saskatchewan operations? For one thing it tells a darn sight more than we can find out about the Saskatchewan Potash Corporation even though all of us are shareholders of it. But in Saskatchewan, under the current resource taxation regime the income and loss statement for the potash operations in this province, show that the Government has taxed the potash company some millions of dollars more than they earned, that their earnings were \$2.7 million and frankly, Mr. Speaker, that includes some depreciation and depletion of \$4.3 million. And then on that they paid income and resource taxes of \$7.2 million. They lost in their Saskatchewan operation \$100,000 more than they earned even if you didn't give them anything for depletion and depreciation, while everyone would know that with a mine, depletion is a very significant and legitimate factor, not a matter simply of manoeuvring for income taxes.

Well, Mr. Speaker, I'm very pleased to see that the Government under the old softie, Jack Messer, is starting to back off. I say now, as I did a month or so ago, that I'm pleased to see that Mr. Blakeney has decided that he'll try a little bit to get along with the resource industries. I was pleased to see that they put, perhaps the only man in their Government that they

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think might be able to get along with business, and frankly I'm pleased to see them backing off a little on this strangulation level of taxation.

But, Mr. Speaker, I consider it ludicrous that the Government would think that they can pull themselves out of the court cases by their own boot straps.

Mr. Speaker, I will have more to say in this vein, after I've considered the remarks of the Minister and I beg leave to adjourn debate.

Debate adjourned.

MR. N. E. BYERS (Minister of the Environment) moved second reading of **Bill No. 48 - An Act to amend The Water Resources**

He said: Mr. Speaker, in 1960 the Government under Premier Douglas introduced amendments to The South Saskatchewan River Development Act. These amendments were designed to encourage appropriate land use and orderly development around Lake Diefenbaker. The concept embodied in this legislation was acclaimed by both the Government and the Opposition of the day. In retrospect this concept was one of vision and foresight. The legislators of that day should be recognized for their contribution to orderly water and land use management.

In 1962, the Government, under Premier Lloyd, introduced amendments to the Act. These amendments were again acclaimed by all parties.

In 1968, the Government, under Premier Thatcher, established six of the seven reservoir development areas now operating in the province. Since it was originally enacted this legislation has enabled the people of this province to successfully develop high quality environments in the seven designated reservoir areas, namely Lake Diefenbaker, Blackstrap, Brightwater, Bradwell, Zelma, Dellwood and Avonlea.

The program to promote planned development around reservoirs was an important step in the co-ordination of sound resource management in areas adjacent to water.

Now within recent years floods have plagued many sections of Saskatchewan. These floods are a result, in part, of improper upstream land use and unplanned development within flood hazard areas. The people who live in flood areas are subjected to property damage, loss of income, general disruption of their way of life and continued threat of loss of life. The costs which result from flooding are a burden on everyone in the province.

For example, an amount exceeding \$6.6 million was paid to compensate losses resulting from the 1974 floods in Saskatchewan. This figure represents only a part of the costs of flooding. Costs associated with income loss, social disruption, inconvenience, flood fighting, emergency measures and non-compensatable damages are not included.

Traditionally, the immediate post-flood demand upon governments has been for more dykes, more dams, more diversions, more channel clearing and more compensation. But experience has shown that structural alternatives are costly to construct, maintain, and reconstruct.

Financial assistance does not reduce flood damage, but merely distributes the economic loss over a greater number of people. Both types of action are becoming more and more difficult to justify, since costs are high and relatively few people benefit.

There is an alternative which, alone or in combination with structural measures, will provide a more equitable solution. This Government believes that we should encourage suitable and discourage unsuitable developments in special flood hazard areas. Better planning and control over development and the use of land in flood prone areas is required. The successful program to achieve suitable development around reservoirs provides a practical, proven framework for the suitable development of special flood hazard areas as well.

Mr. Speaker, the amendments before this House today are intended to extend the rules of land use planning now being practised around reservoirs to areas of severe and recurrent flooding in the province, particularly in and near highly populated areas. The proposed program would involve the defining and the mapping of flood hazard areas. Regulations, standards and controls for the use and development of flood hazard areas will be established. Practical alternatives for dealing with the flood hazards in each area will be developed.

Upon completion of a comprehensive examination of a special flood hazard area, a land use development plan will be put together in co-operation with local governing bodies. Municipalities in the area would then be encouraged to adopt such plans. Financial incentives could be provided.

Let me say a word about the role of the Federal Government. The province has entered into negotiations with the Federal Government for a flood hazard area management program. As I announced to this House earlier this week, we have reached agreement with the Federal Government to undertake a joint program for the mapping and planning of flood hazard areas. But we believe that mapping and planning of such areas is only the first step in this process. We hope the Federal Government will eventually agree to share in other programs, such as better flood forecasting and warning systems, structural measures which are required, relocation and land acquisition programs, and so forth. Operating and maintenance costs as well as capital costs should also be shared.

The Federal Government has adopted a policy under which compensation will not be paid for damages or damage to new developments in areas where a flood hazard has been identified, nor will they provide investment funds through the Department of Regional Economic Expansion or Central Mortgage and Housing Corporation in these areas. Recently the Federal Government indicated reluctance to share in the costs of the 1976 flood damage to rural municipal property. That damage was estimated at \$4.4 million. In previous years the Federal Government had shared such compensation costs. This burden has now been left to provincial and local governments.

Now, it is not good enough, Mr. Speaker, to designate flood prone areas, then cut off funds. Positive planning and implementation of plans must also be undertaken. Sound zoning and proper development of flood prone areas, backed by financial commitments, must be undertaken. There must also be planning and funds for protection or relocation of developments already existing in flood prone areas. Otherwise, they would be in

danger of becoming slums.

Mr. Speaker, I want to assure all Members of the House that the co-operation of local governments in the program is essential. Municipalities are best able to manage land development and land use in their areas. Without the participation of local governments the program cannot succeed.

The amendments I am introducing today would permit municipalities to do the following:

1. Participate in development of regulations for flood hazard areas.
2. Make bylaws to implement regulations regarding standards and controls for the use and development of flood hazard areas.

The costs of mapping, land use planning and technical studies will be fully paid for and shared by the Federal and Provincial Governments.

Local governments would be expected to participate in the cost of implementing plans in flood hazard areas.

We have consulted with the Saskatchewan Associations of Urban and Rural Municipalities regarding this proposed program. Both of these organizations have endorsed the program in principle.

Mr. Speaker, I believe that the legislative amendments before this House today provide the basis for the sound management of flood prone areas for the benefit of all citizens of this province. These amendments are another step in the development of orderly water and land use management programs in the province. They continue the process begun by our predecessors.

Mr. Speaker, I would ask the support of all Members of the House for these amendments. That support would be indicative of the dedication of the Members of this House to effective resource management. A dedication shown by our predecessors long before it was politically fashionable. With those few remarks, Mr. Speaker, I move second reading of this Bill to amend The Water Resources Management Act 1972.

**MR. A. N. McMILLAN (Kindersley):** — Mr. Speaker, we had a few comments to make the other day in regard to the Minister's announcement about the agreement that this Government has reached with the Federal Government. I said at that time, and the feelings were parroted by the Member for Qu'Appelle (Mr. Lane) that one of the things that concerned us was your negative approach towards management of flood-prone land and what you consider, or will consider, special hazard areas. You've taken a Bill here and given yourself the power through this piece of legislation to designate any area in Saskatchewan as a special flood hazard area. Then you said, "Now given the power to do that, give ourselves the power to do that, we're going to stop any development, give ourselves the power to stop any development, take any action that is necessary, with the power we have to stop anything that farmers might want to do in an area we designated as flood hazard, industrial developers, recreational developers, we give ourselves that power," and then in your next statement you say: "But we must

criticize the Federal Government for not taking the opportunity to pay for the positive aspects of these programs.”

But you, yourself, seem so very hesitant about undertaking at least a positive attitude towards the development of flood hazard areas. I say I'm concerned about the types of powers you've taken in this Bill. Had you come to this House and said we want this power because we want to put before the people of Saskatchewan these programs or a thrust of a program of this nature for the positive development and said we need this wide-sweeping power in order to make our programs work, Members on this side of the House would be able to examine your Bill with some credibility and to be able to assess its merits on the basis of what it can do for the people of Saskatchewan.

We can't however. We're forced to look at a Bill that would give you all power and wait for some period in the future when hopefully your inter-departmental committee will come up with some positive suggestions, about means to deal with flood-prone lands or special hazard areas. You're faced with several problems in Saskatchewan, one is the nature of flooding that you're faced with that hopefully you will come to grips with, through legislation, positive legislation. That is the flooding of communities like Moose Jaw, flooding in the Qu'Appelle Valley, flooding in the Souris Valley. This Bill, I suspect, is designed to give you the power to monitor and manage areas like that.

One of the other serious problems that you have in Saskatchewan as I have pointed out in the House before, is perhaps just as serious. It is the widespread flooding caused by illegal drainage. Yet this Bill, in order for this Bill to be workable and to deal with that problem, you as the Minister, would have to designate every slough, every trench, every creek in Saskatchewan that has been unnaturally altered by a farmer as a special flood hazard area, give yourself the all encompassing power here, drag the municipality into it and then deal with the problem on that basis. And I say on the surface and from what we can see from this legislation it would be inadequate in dealing certainly in a positive sense with those types of problems that the farm and rural agricultural communities in Saskatchewan are left to deal with.

You mention as well, make reference to the irrigation projects and your Government's cancellation of the developments in that area, are as you know a burr under the Liberal Opposition's saddle. We may have some further things to say about that. At this time and on the basis of the amount of time and the amount of research we've been able to do on this Bill, it would seem that you're taking in your one hand all the power necessary to deal with, in whatever way you would like, any flood-prone area or in fact, every acre of land in Saskatchewan. And in the other hand, that piece of legislation or that Government policy which should at least give us some direction as to what you plan to do in a positive nature, that other hand is empty. You're asking us as legislators to give you all power in the world to work with land in Saskatchewan and you're not prepared at this time to tell us specifically what you'd like the power for. On that basis we have to have some hesitations. And I'd like to ask for the opportunity at this time to adjourn debate so that we can investigate some of the implications of this potential legislation further and hopefully in the meantime elicit some more definite response from the Minister, either in this House or by way of departmental correspondence as to what powers this Government feels it needs to have in



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order to bring about positive changes in flood-prone areas. On that basis I'd like to ask for permission to adjourn debate so that I may speak on this at some other time.

Debate adjourned.

MR. BYERS (Minister of the Environment) moved second reading of **Bill No. 91 - An Act to amend The Saskatchewan Telecommunications Superannuation Act.**

He said: Mr. Speaker, the amendments to The Saskatchewan Telecommunications Superannuation Act, I think are fairly straightforward. There are two, and let me offer some brief comments on each of them.

In respect to amendment to Section 9, subsection (10), the proposed amendment provides, "that an employee on leave for union business will make the same contribution as other employees of Sask Tel." And that the union, in this case, The Communication Workers of Canada, "shall pay the employers' share into the fund in place of Sask Tel." In this way, the employee will receive the same pension benefits as other employees of the corporation and the union picks up Sask Tel's share of the cost. The present section limits coverage to one year. The amendment removes the one year limit, and permits employees who are presently on leave of absence for union business to pick up past leave of absence in excess of one year upon paying the required employees' and employers' contribution plus interest.

The second amendment pertains to the employees of rural telephone companies that will be absorbed by Sask Tel, as part of the assimilation program. Sask Tel will be employing some of the rural company employees as the rural telephone companies are assimilated. The \$2,400 maximum set in 1962 was designed to apply to telephone operators employed by rural companies who were taken over by Sask Tel at the time of conversion to dial service. Because of inflation of the past few years and other factors, this \$2,400 maximum should now be a minimum. This amendment also removes the ten-year maximum on service that may be counted for superannuation purposes. With those few comments, Mr. Speaker, I therefore, move second reading of Bill No. 91 to amend The Saskatchewan Telecommunications Superannuation Act.

**MR. E. ANDERSON (Shaunavon):** — Mr. Speaker, the intent of this Act is to do something that I believe, and I think a lot of Members believe is that pensions should become portable. If you do change and if you do have to serve on union activities that you should not be deprived of your pension funds. Therefore, I on general principle, am certainly in agreement with this. But I would like to have more time to study the remarks by the Minister and the Bill a little further therefore I beg leave to adjourn debate.

Debate adjourned.

HON. W. A. ROBBINS (Minister of Health) moved second reading of **Bill No. 51 - An Act to amend The Medical Profession Act.**

He said: Mr. Speaker, I would like to explain the features which have been incorporated within the amendments of The

Medical Profession Act to the Assembly. I would like the House to know that the amendments are based largely upon recommendations submitted by an advisory committee on medical licensure. The advisory committee was chaired by the Dean of Medicine, was composed of representatives of government, representatives of the medical profession, and representatives of the public. The advisory committee noted that we presently have in our province, a rather complicated multiple standard for the licensing of physicians. Presently under the Medical Profession Act, the following doctors are immediately eligible for licensing in Saskatchewan:

- (1) Licentiates of the Medical Council of Canada.
- (2) Doctors who are registered with The General Medical Council of the United Kingdom, who are either medical graduates of British Universities or who possess what are known as conjoint qualifications.
- (3) Doctors in Australia, New Zealand or the Union of South Africa and I presume that's a throwback to the days when South Africa was part of the Commonwealth.
- (4) Doctors who are registered with The Medical Registration Council of the Republic of Ireland and who either are medical graduates of Irish Universities or who possess what are known as Irish conjoint qualifications. Again, I think that's a throwback to the relationship with the Commonwealth prior to Southern Ireland becoming a republic.
- (5) Medical graduates of American Universities who have passed an American examination and
- (6) Graduates of approved medical schools who have passed an American examination held in Saskatchewan.

Mr. Speaker, I would like to point out that of the six avenues to licensing only one requires candidates to meet criteria established in Canada for our own Canadian medical graduates. The remaining five avenues are dependent in one way or another upon the candidates satisfying licensing requirements in another country, or submitting to an examination in another country. I would like the House to know that graduates of our own College of Medicine in order to become qualified for licensing in this province, must first become licentiates of The Medical Council of Canada, this means that a medical student who is just completing his training must write the examination of The Medical Council of Canada, sometimes called the LMCC examination. That examination tests basic medical, scientific and clinical knowledge and is recognized as the basic credential required for licensing in all of the ten provinces of Canada. I would like the House to know, Mr. Speaker, that none of the other five avenues to licensing which we presently recognize in Saskatchewan require candidates to write this Canadian examination or otherwise to meet the requirements which we have spelled out for our own Canadian medical graduates. Furthermore, Mr. Speaker, The Medical Profession Act states that, "The College of Physicians and Surgeons of Saskatchewan shall issue a license as a matter of right to those persons whom the Act defines as eligible" and I've already covered those.

Mr. Speaker, there are two major deficiencies in The Medical Profession Act, which the Advisory Committee recommends that we correct. The existence of multiple licensing standards and a mandatory licensing clause. I would like to correct any misconceptions on the part of anyone who may assume that proposing

an end to mandatory licensing we are somehow devaluing services provided by physicians trained overseas. Or that we are saying that they are somehow inferior to our graduates. Mr. Speaker, let me say emphatically that we are saying neither of those things. At present over half of the practising physicians in our province were trained overseas, predominately in Great Britain. When we look at our smaller communities, the majority of practising physicians were trained overseas. Indeed, if foreign trained physicians were not present, we could not satisfy the present level of demand for medical services by the people of this Province. Mr. Speaker, let me emphasize as well, that proposing an end to mandatory licensing we are not proposing discrimination for or against any class or any group of physicians, foreign trained or otherwise. Let us look at what the amendments actually propose. In order to receive licenses, all doctors will have to satisfy the same requirements that presently only Canadian graduates have to meet. For foreign general practitioners they will be required to write the LMCC examinations. May I repeat that. Foreign doctors who possess specialist qualifications may be licensed on those qualifications alone. These doctors will not be required to write the LMCC examinations. Foreign doctors who do not possess the licentiate and are not specialists are to be eligible for provisional licenses. The life of a provisional license will be defined in The College of Physician and Surgeons By-laws but it is expected that these by-laws will allow provisional licensees to practise for a maximum of four years which will give them ample time to obtain their licentiates from The Medical Council of Canada. I would like to stress these licensing proposals do not apply to doctors who are currently licensed in Saskatchewan. All physicians who are presently licensed in our province will continue to be licensed in the future without regard to the primary qualifying credentials. In other words that's a bit of a grandfather clause in the Act.

Mr. Speaker, I would like to deal with another argument that has been made against changing our current licensing practices. This argument is that an end to mandatory licensing will create immediate doctor shortages, especially in rural areas. That assumption is not in accord with the facts. Saskatchewan and Newfoundland are the only provinces in Canada which include a mandatory licensing provision in The Medical Profession Acts. The increase in enrolments in medical schools across the country will generate such a number of graduates that in the very near future we will be more than nationally self-sufficient in doctors. In fact, we will have surpluses of doctors. As early as 1974, Saskatchewan was almost at the optimum ratio of one general practitioner per 1440 population recommended by the requirements committee of The National Committee of Physician Manpower. In 1976, Mr. Speaker, Saskatchewan had almost satisfied the total physician to population ratio of one physician to 650 population recommended by The Royal Commission on Health Services. Between 1970 and 1976, we experienced in Saskatchewan a 33 per cent increase in general practitioners and a 24 per cent increase in all doctors. Mr. Speaker, my chief concern with present licensing practices does not lie with the licensing of overseas graduates but rather with our continued ability to absorb those Canadian graduates and overseas graduates as we have done in the past.

The Registrar of the College of Physicians and Surgeons has stated publicly that with the exception of a few medical specialty areas, anaesthetists for example, Saskatchewan is now at the saturation point with respect to physicians.

I would like to quote from a very timely article which appeared in the April 9th edition of the Financial Post on the impact of physician numbers on health care costs. The authors of the article concluded that limiting the growth in numbers of doctors in Canada afford the most promising opportunity to control total health expenditures. I quote from the article:

“Fewer doctors means lower operating costs from use of the health system and lower capital expenditures. The question remains, will such a strategy impair the quality of care Canadians receive by depriving the country of needed doctors? A growing number of health policy makers answer with an emphatic ‘No’. They suggest that Canada already has enough doctors and that the real need is to restrict the numbers in the future. This was not always the case. As little as a dozen years ago, it was believed that Canada had too few doctors, with a physician to population ratio of 127 to 100,000. In 1964, the Royal Commission on Health Services recommended a major effort to increase physician supply, aiming to have 175 doctors per 100,000 of population by the year 1990.

I continue the quotation, Mr. Speaker:

“Medical schools nearly doubled their output of graduates through the creation of four new schools and expansion of existing programs. In addition, immigration of foreign medical graduates doubled in the last ten years, reaching 1,347 in 1969. The results have been impressive. In 1976, the objective of 175 physicians per 100,000 population was reached, fully 14 years ahead of schedule. By any standard, this makes Canada well supplied. Among western developed nations, Canada is fourth in physician supply, exceeded only by West Germany, Scotland and the United States and considerably richer than the world health organizations optimal level of 150 doctors for every 100,000 people.

Perhaps more important, there is no evidence that more increases in physician supply will improve the health of Canadians. For these reasons, the view that Canada already has enough doctors is gaining support. The problem however is that continued growth in the physician to population ratio is virtually certain unless some action is taken. Netting out additions and losses in physician supply in the next decade, the number of doctors in Canada will increase by an average of 1,200 per year or 2.7 per cent, while the population will grow by approximately 1.4 per cent. Consequently, unless some action is taken, the ratio of physician to population will grow to 210 per 100,000 in the next ten years. An alarming increase from the point of view of rising costs. Actual capacity to treat patients may grow even more than these numbers indicate as physician productivity increases with the move to group practice.

How these productivity numbers will balance out is not clear, but it is certain that Canada’s physician to population ratio is headed upward. A situation that will have an enormous impact on total health care expenditures, adding as much as \$1,250,000,000 each year to the health bill for Canadians.

In recognition of this, policy makers have begun to take action with respect to physician supply.

Mr. Speaker, I believe the time has come for us to establish one licensing standard that all physicians who receive licences in Saskatchewan must meet, regardless of where physicians undertook their training. I would like the House to know that I am not advocating a ban on physician immigration and that the amendments provide quite clearly, through provisional licensing, a vehicle by which numbers of foreign trained physicians may continue to gain entry into Saskatchewan according to our actual need for their services.

Mr. Speaker, I would like to mention a few of the other features which the amendments will introduce into the Act.

For the first time in Saskatchewan, an Act regulating a major profession, will provide for the appointment of public representatives to the profession's governing council. The amendments are for three public representatives to be appointed to the Council of the College of Physicians and Surgeons of Saskatchewan by the Minister of Health. The public representatives will be equal in status, duties and responsibilities to elected members of the council and will provide a means for introducing public and consumer-oriented advice and counsel directly at the governing level of the profession.

I might add, Mr. Speaker, that the Council of the College has agreed to these amendments. It is my belief, Mr. Speaker, that the presence of public representatives on the Council of the College of Physicians and Surgeons of Saskatchewan will be of significant benefit, not only to the public but to the College in demonstrating to the public that it is governed in a fair and open manner.

Three appointed representatives, or 25 per cent of the presently constituted council, will be sufficient in number to take an active and responsible part in the business of the College.

Mr. Speaker, the amendments will confer upon the College of Physicians and Surgeons further powers to maintain and enforce high standards of medical practice. In limited circumstances, the College is to be empowered to impose restrictions and conditions upon the services that a physician may provide. These circumstances are defined as those in which the Council of the College considers physicians to be inadequately trained to provide certain services, or lack a sufficient volume of cases to maintain their skill at an acceptable level in certain areas or where a physician would not be able to provide certain services with an acceptably high degree of safety because they lack necessary supporting facilities or personnel.

In order to preserve and protect the rights of individual physicians, the amendments also provide that physicians who have restrictions or conditions imposed upon them by the College and the services they may provide are entitled to appeal to a three-person tribunal chaired by a Judge of the Court of Queen's Bench.

Mr. Speaker, I believe that this Bill will introduce a number of very necessary amendments into the Medical Profession Act and I therefore move that this Bill be given second reading and be referred to the Select Standing Committee on Law Amendments and Delegated Powers.

**MR. G. H. PENNER (Saskatoon Eastview):** — Mr. Speaker, I wonder if I may be permitted to make some comments with regard to the Bill and to the explanation of the Bill which has been given to Members of the House. I say that specifically because having just heard the remarks of the Minister, I am really not in a position to have been able to digest them.

I think it is fair to say that Members of our caucus, Mr. Speaker, agree that it is about time that doctors in Saskatchewan should have to have written the examinations of the Medical Council of Canada and that it is about time that the criteria for doctors to practise medicine in Saskatchewan, regardless of where they may come from, be in line with the way it is in all of the other provinces but one and that it is reasonable to expect that when our own native sons and daughters must write the Medical Council of Canada examinations before they may practise medicine in this province, that men and women from other countries in the world should have to write the same set of exams.

And so basically, I think the Minister may take it, Mr. Speaker, that our caucus is in support of that particular amendment. The Minister did address himself to the question of shortage of doctors in Saskatchewan, has given us some statistics which lead him at least to believe that that's not going to happen because I haven't, as I said a moment ago, Mr. Speaker, had an opportunity to assess those statistics and to assess the sources of them, I would beg leave to adjourn the debate.

Debate adjourned.

**HON. E. B. SHILLINGTON (Minister of Co-operation and Co-operative Development)** moved second reading of **Bill No. 88 - An Act to amend The Co-operative Guarantee Act.**

He said: I once spent a long time, Mr. Speaker, on the Co-op Guarantee Act. I will very briefly outline the history of this Act, since I think perhaps not all Members may be familiar with it.

I am not going to treat you to a long sermon on co-ops. In spite of the fact, that many Members opposite, in the House need this speech, I am not going to give it to you - well, if there is enough demand in the House I will give it to you.

The Co-op Guarantee Act was passed in 1937. It gave the Provincial Treasurer, as he was then known, power to guarantee loans made by the Saskatchewan Co-operative Credit Society, to the Confederation of Credit Unions and to co-ops and it was limited to that. It could only guarantee a loan, made by the Saskatchewan Co-operative Credit Society, to a co-operative credit union. It was the only power the Provincial Government had to guarantee a loan of any sort and that remains true to today. There is no way we can guarantee a loan to IPSCO, or to any private company. It is limited to co-ops.

Later, sometime in the early '50s, the Co-op Trust Company, was joined with the Saskatchewan Co-operative Credit Society, as an approved lender. We could then guarantee loans made by the Co-op Trust and by the Saskatchewan Co-operative Credit Society.

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The philosophy of the Act is that when we guarantee loans to co-ops, we want to do it through the Department of Co-ops and we want to do it in a fashion which meets the needs of the co-ops. We want to treat them separately from private business, because by and large they have different needs and serve a different purpose. I suppose there is no reason why we couldn't guarantee loans by the Royal Bank or the Bank of Nova Scotia to co-ops, except that it is an academic point because they never borrow from the chartered banks. They almost always borrow from either the credit unions or from the Co-op Trust Company.

A chartered bank has been incorporated called the Northland Bank - 55 per cent of the shares of Northland Bank are owned by the co-operative system. It is anticipated that this Northland Bank, will be making loans to co-ops. We, therefore, want to be in a position to guarantee loans made to the Northland Bank to co-ops the same as we would to Co-op Trust Company or the Saskatchewan Co-operative Credit Society, now called Credit Union Central. We have therefore added the name of the Northland Bank to the previous two.

In addition, there is one other tiny amendment. The name of the Co-op Trust Company was changed from the Co-op Trust Company Limited to the Co-op Trust Company of Canada a few years back. Now that we are going to amend the Act, we have also changed the name of the Co-op Trust to correspond with its present name.

With that, Mr. Speaker, I move second reading and an Act to amend the Co-operative Guarantee Act.

**MR. W. H. STODALKA (Maple Creek):** — Just a few comments on the Bill. After reading the Bill, I agree it is very short and not too difficult to understand. The fact that we had opportunity earlier this year to meet with the people from the co-operative movement who gave some explanations as to what they desired helped. The Liberal Party and the Liberal caucus certainly has no objection to this change that is being made in the legislation.

I had also just been reading about the guarantee of loans. I don't think anybody has any worry about guaranteeing of loans, of course, as long as the proper precautions are taken to make sure that the loans were originally given with good financial backing and of course that payment is possible and the risk to the people of Saskatchewan isn't that great.

So with those few remarks, Mr. Speaker, I would just like to say that the Liberal Party will be supporting the amendment.

Motion agreed to and Bill read a second time.

**MR. SHILLINGTON (Minister of Co-operation and Co-operative Development)** moved second reading of **Bill No. 95 - An Act respecting Community Cablecasters.**

He said: Mr. Speaker, I anticipate that this one will be a little more controversial than the last one.

I might begin with a short description of the history of cable TV in this province because it forms the background to this legislation.

Shortly after the election of this Government in 1971, (I can see the Member from Saskatoon soaking this up) June 23, 1971, to be precise, it was clear that some communities in this province might enjoy cable television. The Government then began to formulate its policy as to what cable TV should be. I don't often refer to party hacks in Ottawa for authority but I might be excused for referring to some remarks made by Pierre Juneau, who is now the Chairman of the National Capital Commission, who said that cable TV is really in a sense an evil. It brings into Canada free the American networks, imports as he put it, the worst of a foreign culture at the expense of the Canadian broadcasters. We, in essence, agreed with that statement, that in and by itself, it wasn't serving much of a purpose.

We, therefore, took the position that cable TV should be regarded as a resource. A resource which should not be harnessed to serve the needs of a narrow group within society. Rather it should be harnessed to serve the needs of the community, the province and the people who live here.

We also took the position that this service should be, so far as possible, universally accessible. It may be satisfactory in Ontario or the east to have a service like this which is only available in the larger cities because it by and large has very few small communities. One of the things I have found out is that in Ontario, if you have a community of 1,000, it's a suburb of something. They barely exist by themselves in that size.

In the West we have a lot of small communities, and we took that position that so far as possible, this service ought to be available to as many people in Saskatchewan as possible.

Out of that first statement of principle, that the resource ought to be harnessed for the benefit of the community, we stated that our policy was that only non-profit community groups should be able to provide the service. In this province, non-profit community groups take the form of co-ops. We also said that in furtherance of a second policy it ought to be universally accessible and Sask Tel ought to own the hardware.

With the latter principle in respect to co-ops providing the service for cable TV, we have urged this point of view upon the CRTC who award the licences. But in essence and in the final result, it is their decision as to who the cable TV licensees are.

At the CRTC hearings last July we were partially successful in that the two co-ops were given licences, partially unsuccessful in that two private companies were given licences.

With respect to the issue of the ownership of hardware, we were unsuccessful last July. The licensees were required to own a part of the hardware, the integral and essential parts of the hardware. Since that time, we have managed to resolve that latter problem of Sask Telecommunication owning the hardware. We have, I think, the essence of an agreement with the Federal Government. While it is not the Department of Communications or the Federal Government, as such, who make the decision, but the CRTC. I anticipate they would approve the agreement. I don't think we will know that until some time after June. In June, there are hearings in Manitoba to determine the issue, whether or not the common carrier ought to own the hardware.

I anticipate the CRTC would not approve any Saskatchewan



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agreement before that, but I anticipate that after hearing such an agreement will be approved.

During the period of time in which we were developing our policies on cable TV, we began to study the possibilities of closed circuit TV. The great disadvantage of cable TV in making it universally accessible is that, the delivery charges are very high. If it is delivered by either cable or microwave over any length of distance, it has to be delivered by microwave. That's an expensive delivery system. We felt there would only be a small number of communities that could be served by cable TV.

We, therefore, commissioned a study on the possibilities of using closed circuit TV done by the Sanford Institute of California. We received that study some time, shortly before I was appointed Minister. The study indicated that closed circuit television as an entertainment and as an educational vehicle was feasible in Saskatchewan.

While we were wondering how the vehicle, of closed circuit television might be harnessed to bring entertainment and educational services to Saskatchewan we had the CRTC hearings. The result of the CRTC hearings was that there were two co-ops who didn't have licences who were then free to turn their energies to developing a closed circuit system that was feasible. Our position from the beginning has been while we insist on Sask Tel owning the hardware, we are prepared to lease it as is the requirement of any common carrier. We are prepared to lease it to any person, company or co-op which has a legitimate use for it. We were therefore prepared to lease it to the CRTC licensees at reasonable terms, and we still are.

The outcome of the deliberations by the co-operatives was that they felt they could put together a service which would be viable. We've had an opportunity to look at their calculations and analysis and we agree that it will be viable. From what I am told, I anticipate their service would consist of a number of channels, numbering probably four or five and I would anticipate that the service would begin in the fall of this year. When it begins will be determined by when the hardware is actually in place. It won't be in place and ready for operation before fall.

That is the background to it and that is how we, in this province came to be in the area of closed circuit television.

There was one other development in the meantime which reaffirmed our belief in the viability of closed circuit television. That was the commencement of an operation in Toronto, called Network One. They provide what is known as pay television. Cable television as Members will know is the importation of the US networks via microwave and cable. Closed circuit television is the introduction into the homes of programs which are pretaped. Because it doesn't use any airwaves it is called closed circuit. Pay television is a particular kind of closed circuit television in which, as the name implies, you pay for programming. In Toronto in the spring of this year, a pay television operation began in a group of apartments, 1400 to be precise. They started the pay TV system and it has been successful, both financially and in terms of its acceptance by the operators. It reaffirmed our belief that in this province. in small communities, closed circuit television can be brought and can be viable.

This legislation, Mr. Speaker, will establish the framework within which the closed circuit operators will operate. I may say that our philosophy in preparing the Bill has been that there ought to be as little government interference and control with the operation as possible. So far as possible, the control of these operations ought to be left to the communities that these co-ops serve. Keep in mind, that we will only be allowing co-ops or non-profit community groups to provide the service. Any member of the community can be a member of the co-op and has a vote for the board of directors. Therefore, the community controls the co-op. We think far less regulation is needed for such a service, than when you have a private licensee, where the community and society has no control over the operator unless it is provided through the regulatory agency.

Members will note in the Bill there is no regulatory agency as such. Our philosophy has been that culture, which goes to men's minds should be controlled neither by government so far as is possible, nor by private interests within the community. Rather, so far as possible it ought to be controlled by the community themselves. That has been the philosophy behind this Bill. It marks a sharp departure from what communications has been in this country. Communications in this country has been a highly regulated industry. I have said that it has been regulated, in such a fashion, so as to ensure the profits of the private industry, without ensuring that they service the community. We have by law ensured that they will make a great deal of money, but we have not ensured that they will meet their responsibilities to the communities they serve. I was interested to learn from The Financial Post, that in a survey of industries that the most lucrative industry - The Financial Post listed half a dozen - was the communications industry. They enjoyed a return on investment of 39.6 per cent. Of the industries the least lucrative is radio, television came in a little more lucrative, the most lucrative of all was the cable TV industry.

I believe it was Lord Thomson who described television as a licence to print money. If television is a licence to print money, it is difficult to imagine what cable TV is. I suppose the English language, is probably inadequate to describe it.

We took the view that these profits ought to go back into the community. That is another reason why we wanted the community to control the co-ops. They could determine, whether, they wanted to harness the resource to provide a low-cost service, and also do something meaningful in the area of community programming. I hope they do. The legislation doesn't force that on them. We are going to leave it to the communities, to determine how their service will operate within the framework of this legislation.

Just dealing very briefly with the main principles of the Bill, Mr. Speaker, you will note that Section two defines a cablecasting service to be a closed circuit system. We do not intend, by this legislation, to affect anything done by a CRTC licensee. The question was raised the other day by the Hon. Member for Wascana (Mr. Merchant) as to whether or not the community channel operated by most CRTC licensees would be brought within the ambit of the legislation. I do not have an Opinion, yet, as to whether or not that is legally the effect of this Bill. It was not the intention of the Bill. If that is the legal effect, we will be introducing a House amendment, to exclude anything done by a CRTC licensee. Normally, cable TV provides one channel which is closed circuit, in operation. It normally operates in such a

fashion that the community has access to a camera and a studio. You can go before the camera and do your own thing. It is not the most popular service among other cable TV operations, but they are required by law to have it. It has been our philosophy that community programming can be relevant to the community because it can give that community a window on itself. The community channel can be used to show people what the community is. It can be used to broadcast Pee Wee baseball games, just to pick an example out of the air.

The community of Moose Jaw might want to rebroadcast at a later date, ethnic dances and ethnic affairs. We believe that many communities will be able to use a community channel, as a window on the community, to show the people in the community, how the community operates. That, however, will be a decision of the community, not a decision of the Government as to how they use the community channel. Control by the people is our philosophy. I might refer the Hon. Members to clause 2(g) which defines a community cablecaster to be a co-operative, incorporated under part four of The Co-op Act.

There are a couple of other things which we think are important. I spoke earlier of our aim to give the community control over the programs. We, in the provincial Government, do not want to be telling people what they will see. We think, so far as possible, the community ought to determine that themselves. While, there is no doubt, a place in the Criminal Code for obscenity, we don't want to be telling the communities whether they watch 'blue movies' or revival programs. We think that community ought to make that decision themselves. In part, that community control is ensured by the fact that this service will be operated by a part four co-op and use of program advisory councils. Each operator, is required to set up a program advisory council, made up of interested members in the community, who will advise the directors of the co-op on programming. Their role is advisory only. The ultimate decision, has to be made by those who are elected, to the board, by the members. We think a program advisory council, will be additional assurance that the community will control the programming.

The other thing I want to mention, Mr. Speaker, is the trust fund. I have said of the CRTC, that they have enunciated noble goals and fallen woefully short of them. By and large the CRTC has catered to the private industry and has not met its responsibilities under The Broadcasting Act. The CRTC has enunciated the goal of doing something meaningful in Canadian programming "Operators shall do community programming." But, they have never taken any steps to ensure that the operators do. The audience rating of most community programs, is about two to three per cent. It is virtually unwatched by anyone.

We urged at the CRTC hearings, Mr. Speaker, that a portion of the subscription fee ought to be set aside to do local and regional programming. We urged upon the CRTC a trust fund. We pointed out to the CRTC, in February, when the hearings were held, that this trust fund was in fact, meeting the goal that they had enunciated. Ideas, which we formulated, have a habit of finding their way into federal policy. Often, somewhat bastardized, but they have a habit of finding their way there. For instance, when we enunciated the goals of using the resource to serve the community and of making cable TV universally accessible, those principles, a year or so later found their way into a federal white paper, as the goals which the CRTC ought to be reaching. They stopped there and the CRTC did not pursue those goals very vigorously. But at least lip service was paid to

them. The trust fund, Mr. Speaker, later found its way into federal policy. The Minister for whom I have a good deal of respect, Jeanne Sauvé announced that with respect to pay television, 15 per cent of their revenue would be used to make Canadian movies. I gather, that is the Ottawa version of our trust fund.

We asked, of the Federal Government, why pay TV, why not cable TV and all forms of cable TV. We received no satisfactory answer to that. In fact, the federal plans to come forth with pay TV, have been slow up to the point, where it is something of an academic principle. However, we are now giving form and substance to the proposal to set up a trust fund. A portion of the subscription fee will be put into the trust fund. The trust fund will be administered by the Arts Board, a totally independent Board which has been under various governments. We felt it absolutely essential, to ensure that the trust fund was administered in a non-partisan fashion. We did not want anyone to accuse us of making grants to the New Democratic Party or some affiliate thereof, to make election propaganda. By having the money distributed in grants by the Arts Council, we have, in fact, guaranteed that this fund will be administered independently and will be used for new programming.

The formula is on a sliding scale, it is relatively complicated when you read it in legislation, but fairly simple in practice. In practice what happens is, the higher the number of houses they pick up, the higher the formula. The formula is set such that when they reach 100 per cent of their penetration, when they are serving 100 per cent of the houses of the community, 25 per cent of their subscription will go into the trust fund. Therefore, the higher the revenues that the co-op is enjoying, the more money they are going to have for the trust fund. This is a kind of a progressive taxation system, if you like. Those, Mr. Speaker, are the general principles of the Bill. I am going to be very interested to see how the Opposition votes on this legislation. The Tories are particularly fond of mouthing principles of giving control back to the community, getting away from big government. It's often alleged of the Progressive Conservative Party, in fact, what they are advocating is taking control away from the Government, over which the people have some control, and handing it over to big business which they have no control over. In fact, they do not want to give controls to the communities. They favour taking control away from the Government, and handing it back to big business. It will be interesting to see how they vote on this. Here they are going to have the opportunity to take control from the Government, and give it to the community. If the Opposition really mean what they say about giving control back to communities, we think that they'll have little option but to vote for this legislation. And with that, Mr. Speaker, I move second reading of this Bill.

**MR. E. F. A. MERCHANT (Regina Wascana):** — Before the Minister takes his seat, would he permit a couple of lengthy questions but no points are attempts to score by the questions . . .

**MR. SPEAKER:** — Did I hear the Member correctly in saying a couple of lengthy questions? Brief questions?

**MR. MERCHANT:** — Mr. Speaker, I wonder if the Minister would indicate whether he said that there would be a change of emphasis and

that the rural areas would have pay and that the Government as a result of the study now believes that for the rural areas 'pay' is financially practicable but cable is not. I got that impression from his comments. Was he by saying that, indicating that closed circuit would not go into the communities which had cable, or, is the Government carrying on with a program by which, in the communities that have cable, there would be three competitors across the air waves, pay and cable. Did the Department of Co-ops refuse a large loan to the two cable co-op companies in Saskatoon and Moose Jaw? And is the Minister aware of any other loans, I understand that loans were arranged elsewhere. Would the Minister indicate his intentions in terms of pay on the question of use of the VHF spectrum? Is pay to have priority in 13 units available in the VHF spectrum forcing the cable operator to convince people to pay the \$99 for a converter or vice-versa. In other words, which of the two is to have the advantage in the price way where they are in competition. Is the Minister prepared to indicate . . .

**MR. SHILLINGTON:** — On a Point of Order Mr. Speaker. I said I would answer a couple of questions. I'm physically limited because I can not write fast enough. I have now counted eight questions, and I just can't remember them or write them fast enough.

**MR. SPEAKER:** — The Point of Order is well taken and I will ask the Minister to respond at this point.

**MR. SHILLINGTON:** — I will only respond to the first one because it's the only one I remember, the only one I made a note of. You asked is closed circuit television the only kind of cable television available in rural areas at the moment. Within certain limitations I think that is true. Therefore, would closed circuit be available in rural areas and cable in the cities? No, that is not accurate. We anticipate that the larger communities will have complementary or competing services, but they will all be available. In the small communities only closed circuit will be available.

**MR. H. W. LANE:** — Mr. Speaker, I should like to have an opportunity to look through the Minister's comments on this particular Bill and therefore ask to adjourn the debate.

Debate adjourned.

**HON. W. E. SMISHEK:** (Minister of Finance) moved second reading of **Bill No. 89 - An Act to repeal The Succession Duty Act, 1972.**

He said: Mr. Speaker, I got the impression during the Budget Speech that this particular Bill was going to receive the unanimous approval of the House, that everybody was for it. You will recall I tried to get leave the other day to move it into non-controversial Bills Committee but I was taken by surprise that neither the Liberals or Conservatives would give leave, presumably they will be opposing this legislation.

Mr. Speaker, I want to make a few introductory comments, on this Bill to repeal the Succession Duty Act. Prior to April of 1947, every Canadian province and territory levied and

collected succession duties. On April 1, 1947, Saskatchewan agreed to rent out the Saskatchewan succession duty field to the Federal Government in return for a share of the taxes collected. Fifteen years ago, on April 1, 1962, these formal agreements between the provinces and the Federal Government were merged into the new Federal-Provincial Fiscal Arrangements Act. The provinces of Ontario, Quebec and British Columbia continued to levy their own provincial succession duties. On April 19, 72, this arrangement was terminated and the Federal Government vacated the estates tax field in favour of the provinces. We would have preferred to have the Federal Government remain in this field since this would insure uniform legislation across Canada and therefore provide the most effective means of levying a tax on wealth. We maintained that a tax on wealth should be a national tax to be distributed among all the provinces. Where wealth may rest in one province, its accumulation is likely to be the result of national economic activity and growth. When the Federal Government refused to reconsider its position, six provinces, Newfoundland, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Saskatchewan, entered the succession duty field bringing to nine the number of provinces levying succession duties. This number dropped to four when the Atlantic provinces and British Columbia discontinued the collection of succession duties.

Mr. Speaker, I want to make it quite clear that I still consider succession duties to be a logical component of a progressive system. There are three common bases for taxes, income, consumption and wealth. The amount of tax that any individual is required to pay is determined by the size of his income, the amount of goods and services he consumes, by the amount of wealth that he holds. Mr. Speaker, I consider a tax on wealth a fair tax. If a man receives say \$20,000 for working for a year, he is obliged to pay a certain amount of that income into income tax. I see no reason why his neighbour should receive \$20,000 from an inheritance and expect to receive it without payment of any tax.

However, the problem arises when taxes and wealth are administered at the provincial level rather than at the national level. When there are different rates of tax and different levels of tax it is less significant how the tax actually affects various individuals. What does become important is how they perceive that tax to be. In Saskatchewan during 1975-76 less than three per cent of all estates were dutiable, the total aggregate net value of these estates was \$34.4 million and the amount of the duty levied was \$3.9 million. Because of the generous exemption levels, the tax assessed represents only 11.3 per cent of the estate value, a rate that is neither excessive nor confiscatory. I think Members will have to agree, that we in Saskatchewan had a fair and equitable and very generous exemption. Nevertheless there has been a widespread misconception of the incidence and impact of succession duties. This misconception has been nourished by Members of the Opposition, I regret to say, who have consistently represented succession duties as a burden on every taxpayer in the province. Nothing could be further from the truth, Mr. Speaker, and as I have said before on a number of occasions, and I say again, only about 3 per cent of all estates in the province are subject to succession duties.

Why then have we decided to repeal this Act, no doubt the question will be asked. Because it is legislation that should

be administered at the federal level; that is our belief because only at the federal level can there be any real equity on the tax and wealth because the current situation creates a tax jungle in which provinces compete one against the other in setting the rates and exemption levels. What effect will the repeal of this Act have on the estates, Mr. Speaker? Quite simply, all the estates where the death occurred on or after January 1, 1977, will be free of any requirements that was imposed by the succession duty legislation. On estates where the death occurred prior to January 1, 1977 the provisions of The Succession Duty Act will continue in full force and effect.

Mr. Speaker, the effect of repeal is being made retroactive to January 1, 1977 because of the inter-relationship between Succession Duties and the Gift Tax Act and the Income Tax Act, both of which operate on a calendar basis. I don't know what objections the Members opposite will raise in making this legislation retroactive. I've heard them object to other retroactive legislation presumably by repealing this legislation retroactive to January 1, they will oppose the repeal on principle. Mr. Speaker, we have not abandoned the principle of wealth tax, and its importance in a progressive tax system, but we believe that a tax on wealth can be more effectively applied at the national level. We invite the Federal Government to re-enter this field so that all Canadians may be the beneficiaries of such a national policy. With those few remarks Mr. Speaker, I move that this Bill be now read a second time.

**MR. THATCHER:** — Mr. Speaker, I listened with interest to the Minister take his big gulps of air and suck his slough water. I have listened with some degree of amusement because I can recall all too vividly some of his comments about the estate tax at the time of his Estimates presentation about one year ago. They are vastly different arguments today and to listen to the Minister stumble and fumble and come forth with what is a total flip-flop in philosophy has to be a pretty tough thing to do. The Minister isn't really that bad a fellow and I really don't know why this Government would try to embarrass the Minister in such a fashion. But the interesting part is, has this Government arrived at this position on the estate tax as a point of principle or a point of realization that they have lost vast volumes of dollars, millions of dollars, fleeing this province to more secure governments elsewhere. This Government still considers an estate tax as a basis for valid taxation. In other words what the Minister has said is that this Government would not hesitate at some future point to re-impose this vulture tax. And that's what it is, a tax by a group of vultures. A tax on those who were successful who had paid tax on those assets as they accumulated them.

Why this sudden flip-flop in a very basic item in the philosophy of this Government? There are a few indisputable facts and number one is the life of this Government and the political life of the majority of those people across the way. It is approximately twenty-six months and they will become past tense for many many years to come, if not indefinitely. I note the Member for, I'm not sure where, since he makes such an impact on this House, he's making one of the more intelligent gestures that he has made in the 20 months that I've been in the Legislature. He is one of those who will be past tense in 26 months.

Why are you making this change? Because you are in trouble, you're on the way out, and many of your own people are telling you to make this change. You're not making this change because you have come to some philosophical change, you are making this for nothing more than political expediency but it is too late for that. Combine all the things that this Government has done and you have got your own political dream. Mr. Speaker - if we could have some order in this Assembly - has this Government ever evaluated exactly what it has cost to have an estate tax in the past five years. It's probably impossible to estimate exactly how many people just simply picked up, liquidated their assets, moved to Alberta or elsewhere or even out of this country, and started up again. How many people have done it and how many people were considering it. It staggers you. You even have one Member across the floor in your own House, who took a good long look at your Assembly, at your legislation, and reacted accordingly. I don't blame him one iota.

This tax has been one of the most regressive taxes that this province has had. What it refuses to acknowledge is that the Government has no right to the disposition of the assets of a family. Contrast this with Great Britain, where I believe some form of an estate tax is valid, because of the situation. Over centuries and centuries land became concentrated in the hands of very few people. Agricultural land became concentrated in a few lords or nobility or whatever you care to call it and it created real problems in the land tenure system.

We, in North America, have never had that problem. We may have it some day but we are many, many years away from experiencing it. Our problem has always been one of capital. I think the greatest contradiction that I have seen in the philosophy of this Government comes in terms of the Land Bank. One of the greatest justification points for the imposition of the Land Bank was to ease the transfer of farm land from one generation to the next. Finally, out of political expediency you have now come to a position where land can be transferred from one generation to the next without having to make use of that cursed Land Bank.

I wonder just how many farmers, how many fathers, in order to get the land into the hands of their children, who could not go to a lending institution, raise the required funds to buy that land from their father, had to go to that Land Bank and say, will you buy that land and will you please lease it back to my son. They had to turn over the title of ownership to the Land Bank Commission and depend on the whims of the Government as to whether the son could farm that land. Now there is no such necessity.

Mr. Speaker, this legislation is long overdue and I don't believe that comments such as this would be necessary if this Government had arrived at this conclusion on a point of principle. When we speak of a point of principle, I suppose it is one way of judging the credibility of this Government opposite. You don't really have all that many principles because as I mentioned earlier, you are making this change out of political expediency, because many of your supporters in rural Saskatchewan have told you - do something about this tax or we are going to do something about you.

Mr. Speaker, I am pleased to say that the Liberal caucus, after telling you for some five to six years, to get rid of



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this horrible decrepit tax, has no hesitation whatsoever in supporting the Government in this move. The great tragedy is that the number of people, the number of dollars that you have chased out of this province in that five-year period.

Mr. Speaker, at the same time I do take issue with the Minister when he suggests that those who have become deceased prior to January 1, 1977, will not qualify for this exemption. Mr. Minister, I respectfully suggest to you that it will not take a particularly difficult amendment to include wills which have not been probated as of January 1, 1977, in this exemption. Mr. Minister, because in a matter such as this I believe that you can agree with me, the date of death is not important, what is important from a legal point of view is the date that will was probated. It is a very simple thing for you to simply backtrack to include wills which have not been probated prior to January 1, 1977. I respectfully propose that to the Minister as a possible amendment although I will not be making it at this point in time.

Mr. Speaker, I am again, pleased to say that the Liberal caucus very earnestly and forthrightly supports this legislation.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. J. G. LANE (Qu'Appelle):** — Mr. Speaker, just a comment or two. I think that it is nice that the Government has finally seen the light that an extremely regressive and unfair tax has been taken from the statute books of the Province of Saskatchewan.

I am not sure that one can accept the reasons of the Minister for withdrawal of the tax. I suggest that the reason the Government is withdrawing the tax is the fact that other provinces have seen the light and have withdrawn it. I know the Member for Saskatoon Nutana (Mr. Robbins) is secretly very relieved that they have withdrawn this Bill, because of the wealth that he has accumulated. I am sure the Hon. Member is crying on the outside, but laughing on the inside at the withdrawal of this particular piece of legislation.

I know the Hon. Member wants to get into the debate and as his present seatmate has a few comments to make on the Bill, having left a great deal of doubt in the Members' minds as to exactly where he stands. I believe it was 1972, the Hon. Member the Minister of Health, stood up in this Assembly and stated that it was a great matter of principle that he supported the imposition of succession duties, that it was a good tax. We are now finding out the reason why this debate should perhaps be extended, Mr. Speaker, we are now finding out that there is a great deal of dissension on the Government benches; that there seems to be a great deal of dissension in the treasury benches. We have now two Cabinet Ministers here today who say that they favour succession duties and are going to vote against the legislation, the repeal of succession duties.

I know that the Hon. Members opposite are going to want to explain to this Assembly and to the people of Saskatchewan why some of them have changed their minds and we will give them ample opportunity to do that, and I beg leave to adjourn debate.

Debate adjourned.

**HON. W. E. SMISHEK (Minister of Finance)** moved second reading of **Bill No. 90 - An Act to repeal The Gift Tax Act, 1972.**

He said: Mr. Speaker, I just want to say a few words about this Bill. As everybody knows this is companion legislation to the succession duties. In my remarks concerning The Succession Duty Act, I outlined our philosophy regarding the taxation of wealth. I will not repeat those remarks considering this Bill. I simply state that they apply in equal measure to The Gift Tax Act.

When we reintroduced succession duties in 1972, it was necessary to introduce The Gift Tax Act as a means of enforcing The Succession Duty Act. It simply did not make sense to permit any individual to make a tax-free transfer of large estates during his or her lifetime if such a transfer would have attracted taxes, if made after the death of the owner. Having made the decision to repeal The Succession Duty Act there is no purpose to be served by this companion legislation.

Mr. Speaker, therefore retroactive to January 1, 1977, an individual may transfer property without attracting gift tax. The provision regarding retroactivity was necessary because of the relationship between The Gift Tax Act and The Income Tax Act which appeared on the calendar year basis.

With those few remarks, Mr. Speaker, I move second reading of Bill No. 90.

**MR. THATCHER:** — Mr. Speaker, many of the remarks made by the Minister are similar to those he made to the last Bill. I would have to say that many of the remarks I made in the last Bill are similar to what I will probably make to this Bill.

Again, I can only say that it must be a difficult thing as the Minister takes these bills through, to be the Member of the New Democratic Party saddled with making this gigantic flip-flop. As a matter of fact, I noticed in the gallery one of the gentlemen that I normally see here when the Government has some real gem to drop, who breaks into a big broad smile as he sees it. He couldn't even force himself to be here on this particular day. I truly wish that Mr. Rutherford was in the gallery so that he could see the party of his lifetime which he has supported for so many years, with such a fervour, taking this great flip-flop for straight outright political expediency in the hope that they may still be around here in 26 months.

Mr. Speaker, again, I am pleased to mention to this Assembly that the Liberal caucus will support the Government. In the interest in moving along with this business of the House and getting some of this business off the Order Paper, I should like to ask my friends to the left, speak on this Bill if you must, but must we continue to adjourn debates? Let's do what we have to do because one of these days I am going to have to make my annual "it is time to get out of here" speech.

We will support this Bill.

**MR. LANE (Qu'Appelle):** — Mr. Speaker, just a couple of comments. I have never heard the Minister of Finance speak in such a low voice as we heard him attempt to get this legislation through. I know that the Minister of Social Services (Mr. Rolfes) is very happy to see this particular piece of legislation, because the

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Minister of Social Services practically got trapped under the provision of the Act with his handling of the Family Income Plan and the great gifts he made around the province and I am sure he is breathing a little easier when this particular piece of legislation is pulled out.

Mr. Speaker, I understand that in honour of the occasion the staff in the kitchen, downstairs, is serving crow tonight to let the Government eat a little crow tonight and enable us to agree on second reading, I will conclude my remarks with the statement that the Conservative Party certainly supports the Government in this particular piece of legislation.

**MR. SMISHEK:** — Mr. Speaker, I move that Bill No. 90 be read a second time.

Motion agreed to and Bill read a second time.

HON. W. E. SMISHEK (Minister of Finance) moved second reading of **Bill No. 96 - An Act to amend The Income Tax Act (No. 2).**

He said: I regret that the Member for Thunder Creek (Mr. Thatcher), the official Liberal critic, isn't here. During the second readings I gave on the two previous Bills he made reference during his rebuttal about me being calm and cool. I should say that this is another Bill where I propose to give a calm and cool second reading explanation to the Hon. Members opposite on The Income Tax Act. I should tell them that it would not be very difficult for me to make a fairly sharp speech and a highly political and emotional speech in regard to Bill No. 96. Particularly since this Bill has become necessary because of tax and fiscal negotiations that took place and the way the provinces got taken by the Federal Liberals.

Mr. Speaker, the amendments to The Income Tax Act which are now before this House will serve three general purposes.

First, they will reduce personal income tax in Saskatchewan for 1977 by increasing the tax cut from \$100 to \$120 and by setting the personal income tax rate at one percentage point below the converted tax rate of 59.59 per cent.

Second, they will hold the corporation income tax at 12 per cent for small or new businesses while increasing the tax rate to 14 per cent for all other corporations.

Thirdly, the series of technical amendments will bring our legislation in line with recent changes of a similar nature in the federal income tax system.

Mr. Speaker, let me begin by making a few comments about the personal income tax changes.

Subsection (1) of Section 2 of the Bill proposes a provincial tax rate of 58.5 per cent for 1977 and subsequent tax years. A full description of how this tax rate is arrived at may be found in the printed text of the Budget Speech and the Budget paper which is appended to the Budget Address. I trust that those Hon. Members who have the responsibility on the opposite side of being Budget critics and who have the responsibility for tax legislation will have studied that paper because I think it does a pretty good job of explaining what happened

during our Federal-Provincial negotiations and the changes that took place as a result of the Federal Income Tax structure.

Starting in 1977, federal contributions to the provinces for shared-cost programs in the areas of hospitalization insurance, medicare and post-secondary education will end and will be replaced by a transfer of tax room and a per capita cash grant. The transferred tax room amounts to 9.143 points of the federal tax. This means that the federal taxes in 1977 will fall by about 9 per cent and the provinces must increase their rates to capture this tax revenue to replace federal cost-sharing payments. When you add the 9.143 tax points to our old tax rate and express our rate as a per cent of the reduced federal basic tax, Saskatchewan's new system converts to 59.59 per cent.

There's nothing magical about the process. Part of what the taxpayers used to pay to Ottawa, and which was funnelled to the provincial treasuries through the federal cost-sharing programs, will be paid directly now to the provinces. Not only applicable to Saskatchewan the same holds true of every province in Canada.

Nor is there anything generous in the federal actions. In fact, just the opposite is the case when the overall picture is considered, including the elimination from the new arrangements of the \$1 billion revenue guarantee.

Mr. Speaker, Section 3 of the Bill increases Saskatchewan's personal tax cut from \$100 to \$120.

This personal tax cut, first enacted in 1975, has been an important element in our personal income tax policy, making Saskatchewan's income tax more progressive. The tax cut in 1977 will eliminate provincial income tax for persons at the low end of the income scale where tax relief is needed most; will give equal tax savings to all other taxpayers.

The increase in the tax cut to \$120 will reduce revenue by \$6 million in 1977, bringing the total tax savings from the tax cut to \$36.5 million which is, I think, an amount that cannot be overlooked or ignored. When you consider the \$100 of the tax cut in 1975 plus this one \$36.5 million of tax cut, I think must be acknowledged by the Opposition as trying to do something reasonable and fair for the lower income people particularly.

The \$120 tax cut is roughly equivalent to a seven-point reduction in the income tax rate. That means that our effective tax rate, in terms of the overall revenue yield, is about 51.5 per cent, Mr. Speaker, and I want the Hon. Member opposite to note, the fifth lowest in Canada.

There is a big difference in the distribution of the tax burden between a rate of 51.5 per cent and a rate of 58.5 per cent with a \$210 tax cut. If we were to move to the flat rate of 51.5 per cent instead of 58.5 per cent with the \$120 tax cut, provincial revenues would not suffer, but those with incomes above \$15,000 would pay less tax and those with \$15,000 and below would pay more (assuming a taxpayer claimed a spouse and two children).

In fact, Mr. Speaker, this tax cut gives us the lowest income tax in Canada for those earning under \$8,400 a year.

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At an income level of \$13,000, only in Ontario, British Columbia and Alberta would they pay less income tax, and each of those wealthy provinces levies substantial, regressive taxes, particularly in the case of health premiums, Ontario \$384, British Columbia \$225, Alberta \$169. So when you consider premiums of those provinces, people in Saskatchewan who do not have to pay premiums, people in the income categories of \$13,000 to \$15,000 are in fact paying less taxes in Saskatchewan than even in those three richest provinces.

Mr. Speaker, the Budget shows that all taxpayers will pay less income tax in 1977 than in 1976 at the same income level. This will be clear when the tax- forms are sent out in early 1978. It should also be clear when the downward adjustments are made by Revenue Canada to the income tax deductions from the pay cheques commencing as of July 1 of this year.

Mr. Speaker, Section 4 of the Bill extends the 10 per cent personal income surtax in 1977. Hon. Members will recall that the surtax was imposed in 1976 as part of Saskatchewan's participation in the National Anti-Inflation Program. It was on that basis that the Federal Government agreed to collect it. For this reason, it was necessary to wait for the Federal Budget of March 31st and indications concerning the expected life of the Federal Program before a decision could be made regarding continuation of the provincial income surtax.

The surtax in 1976 was designed to fall on higher income taxpayers by relating it to provincial tax in excess of \$1,500. In 1977, the surtax will affect roughly the same income groups, but because of the Established Programs Financing tax transfer, the threshold will be \$2,000 instead of \$1,500 as it was last year. Whereas the 1976 surtax became payable at a taxable income level of \$16,238, the 1977 surtax will become payable at a taxable income of \$16,569. The surtax will equal the \$120 tax cut at a taxable income level of \$23,391. For a married taxpayer claiming a spouse and two children, the surtax will become payable at a total income level of at least \$21,179 and will equal the \$120 tax cut at \$28,000.

Mr. Speaker, let me now turn to subsection (2) of Section 5 of the Bill.

This Section deals with the implementation of a dual provincial corporate income tax rate. This approach to corporate income taxation is not unique in Canada. It follows rules set out in the Federal Income Tax Act and is modelled after similar legislation already in effect in British Columbia, Manitoba and Ontario and recently proposed in New Brunswick.

The Saskatchewan dual corporate income tax rate will operate in the following manner. The Province's general corporate income tax rate will be increased from 12 per cent to 14 per cent. However, the first \$150,000 of active business income earned by a corporation during each taxation year will be taxed at the lower 12 per cent rate. This lower rate will apply to eligible income earned in each taxation year until the corporation has reached a cumulative maximum of \$750,000 of active business income.

Let me illustrate this with an example, Mr. Speaker.

Suppose that a new corporation started up in Saskatchewan and earned \$200,000 of active business income in its first year.

Assume also that the corporation had no other sources of income such as interest on securities or dividends on shares held in other corporations. This means that the corporation's taxable income would also be \$200,000.

The corporation's Saskatchewan income tax would then be 12 per cent on the \$150,000 and 14 per cent on the remaining \$50,000 of taxable income, or a total tax of \$25,000. This compares to a tax liability of \$28,000 if the 14 per cent rate applied in general, leaving a tax saving of \$3,000 to the small business, as a result of the dual rate.

The corporation would continue to be eligible for the dual tax rate until it had earned a cumulative total of active business income equal to \$750,000.

More than half of Saskatchewan's corporate income taxpayers will be eligible for the dual tax rate. Most of these eligible corporations will be Saskatchewan based, Saskatchewan operated small business. Corporations operating in Saskatchewan which are not under direct Canadian control will not be eligible for the dual rate.

Finally, let me briefly outline the technical amendments which have been proposed.

Subsection (2) of Section 2 of the Bill will adjust the calculation of the provincial foreign tax credit for individuals to take into account the \$1,000 Canadian source interest and dividend deduction.

Subsection (2) of Section 4 of the Bill will ensure that taxpayers eligible for a Saskatchewan Royalty Tax Rebate can make an allowance for this when remitting their income tax instalment payments to Revenue Canada.

Section 6 will adjust the calculation formula for the provincial foreign tax credit to take into account the new 14 per cent corporate income tax rate.

Section 7 follows from a recent decision by the Federal Tax Review Board which had ruled that a farmer or fisherman is only eligible for provincial income averaging, if he does not change his province of residence during the averaging period. The amendment ensures that a change of residence does not disallow a farmer or fisherman from continuing to average his income.

Section 8 of the Bill will allow provincial income tax deductions to be made at source by Revenue Canada for unemployment insurance benefits, for adult training allowances, and for registered retirement savings plans and income averaging contract withdrawals.

Finally, Mr. Speaker, Section 9 will allow all corporations eligible for the small business deduction to have one additional month before they must make final payments on all outstanding provincial corporate income tax liabilities.

Mr. Speaker, perhaps these technical amendments can best be dealt with and explained when we are in committee. With this brief explanation Mr. Speaker, I move second reading of this Bill.

**MR. R. L. COLLVER (Nipawin):** — Mr. Speaker, in commenting on some of the Minister's remarks this evening it would be difficult without having his remarks and the calculations that he has made to make any specific comments relative to his conclusions that somehow the Province of Saskatchewan is fifth lowest in Canada in one area, third lowest in another area, I am quoting him correctly. Yet when tax accountants and others examine the taxation picture in the Province of Saskatchewan they find and report that the taxation levels in our province for the vast majority of taxpayers in our province appears to be the highest in Canada, and that is what is generally reported by the individuals who are preparing the tax returns for the vast majority of Saskatchewan taxpayers. The Minister's statement of the transferred tax room from Ottawa to Saskatchewan I think we welcome as a party and I am sure the Minister does as well. The more that the Province of Saskatchewan is able to control its own revenues the abler the Province of Saskatchewan is to perform its own programs, which I am sure the Minister would welcome. We are also concerned about the reduction in the revenue guarantee by \$1 billion. The only question that I would have of the Minister, was he talking about \$1 billion across Canada or \$1 billion for Saskatchewan. I don't think he was talking about . . .

**MR. SMISHEK:** — Canada.

**MR. COLLVER:** — That wasn't quite clear in the Minister's remarks and I don't think that . . .

**MR. SMISHEK:** — Million . . .

**MR. COLLVER:** — Forty million dollars I think is the reduction in the revenue guarantee for Saskatchewan, is that what the Minister is saying tonight?

However, how the Minister could suggest that on the increase in taxation put forward in the Budget is somehow a decrease in taxation, is beyond anyone's comprehension. The taxpayers continue to be the forgotten person in the Province of Saskatchewan and unfortunately the taxpayers continue to bear the brunt of the kinds of programs and policies put forward by the Members opposite pertaining to the purchase of used holes in the ground and that sort of move.

We are very concerned when the Minister suggests that at \$8,400 per year we are somehow the lowest taxed province in Canada, yet right next door in the Province of Alberta, there is no sales tax and the rate of taxation as far as the Province of Alberta is concerned is considerably lower than the Province of Saskatchewan, pertaining to income taxation. They also have a tax credit, I understand in the Province of Alberta. How that could possibly apply to the people of the Province of Saskatchewan, is certainly juggling figures and juggling words I would think. I am sure the Minister would agree to that.

The only other comment I'd make this evening, Mr. Speaker, is that the Minister seems to be suggesting that somehow in some way a raise in corporate taxation rates in the Province of Saskatchewan is not paid for by the people of Saskatchewan. Now that I think, Mr. Speaker, is the wildest statement that the Minister made this evening, because it is obvious and apparent that any organization in the Province of Saskatchewan, that has

an increase or a dramatic increase in taxation is going to pass that increase along in the form of price increases to every citizen in the Province of Saskatchewan. Not only is the price of the product going to go up, Mr. Speaker, by the amount of the increased taxation, but the amount of the sales tax is going to go up because it will be a tax on the increased price. The Minister has been questioned, the Government opposite has been questioned in the last few days about the dramatic increase in cost of living in Saskatoon and Regina relative to the other cities in Canada. A very dramatic increase. Primarily I think in terms of the costs of fuel and related products to fuel and the increased taxation levels on fuel was the major contributor, I think, gasoline and fuel products, was a major contributor, to the increase in the cost of living. But all items, all items increased substantially, Mr. Speaker, in that increase in cost of living in Saskatoon and Regina.

We suggest to the Minister that all of these items, are primarily increased because the organizations that he somehow is trying to indicate are being taxed higher so that lower level people don't have to pay the price are, in fact, paying the price and whom he is really getting to, is that vast majority of people who are under \$8,400. I'm sorry I don't have the number just at my disposal tonight, but the number below which no one pays tax. I think that's \$4,000 or in that range. But all of those people who are under that level of income, who don't pay any income tax at all, are all paying the price of the increased corporate taxation that the Minister has added on, because they are increasing the cost of the goods and services that they have to obtain from these organizations that are having increased taxation.

The Minister knows full well that any organization has to have a return on its investment of some kind. Now perhaps that return on the investment need not be 40 per cent as the Minister responsible for cable TV suggested today, but certainly it has to be more than bank rate of interest. If there isn't a return on the investment, greater than the bank rate of interest, the organizations are just going to pass that along in the form of increased prices.

Therefore, it's to the very low level income people that the Minister's increase in corporate taxation is getting in the Province of Saskatchewan. The very people whom he says he's trying to protect are ending up paying the bulk of the Minister's increased taxes to corporations, and the Minister's increase in expenditures, which is the prime reason for the increase in Saskatchewan's taxation levels.

We are very concerned about this. I want an opportunity, Mr. Speaker, to examine the Minister's comments this evening with a view to attempting to determine how he was able to come up with these manipulations as it relates to figures and therefore I beg leave to adjourn the debate.

Debate adjourned.

HON. R. ROMANOW (Attorney General) moved second reading of **Bill No. 98 - An Act to establish a Traffic Safety Court for Saskatchewan.**

He said: Mr. Speaker, before I move second reading of The



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Traffic Safety Court Act, Bill 98, I wish to say a few words about this Bill which will establish a Traffic Safety Court as a court of record in the Province of Saskatchewan.

This court is designed to be a pilot project to test innovative ways of handling traffic matters within the Provincial Magistrates Court.

Recently, the Special Committee on Highway Traffic and Safety recommended in its final report, the creation of a special, separate Traffic Safety Court as an essential component of an all-out effort to improve driving practices. These recommendations were followed up by an interdepartmental implementation committee. This proposed Traffic Safety Court represents one of several items put forth as part of Traffic Safety '77.

The Traffic Safety Court will incorporate two features which will be new to Saskatchewan. First, this court will attempt to change drivers' attitudes by impressing on them the seriousness and potential implications of their offences. Secondly, this court will also deal with traffic offences in a court where there is special attention given to the traffic offender while segregating this type of offence from the other criminal proceedings of the Magistrates' Courts.

Mr. Speaker, the traffic court justices will, by this Act, be given jurisdiction to try cases involving driving of fences against The Vehicles Act, selected sections of The Highways Act and bylaws of the Wascana Centre Authority or of a city, town, village or municipality.

At the outset of this project, those powers will be restricted to the offences committed or alleged to have been committed within the city of Regina. However, by the nature of this Bill if the concept of the Traffic Safety Court proves successful in Regina, the geographic area covered by this Act can be enlarged.

Some will ask the question, why a pilot project and not a province-wide program? We believe there are several very solid reasons behind the practicability of a pilot project.

First, a pilot project will provide the opportunity to evaluate the effectiveness of the Traffic Safety Court in meeting its two overall objectives.

Second, a pilot will provide the opportunity to evaluate the new approaches in dealing with the offenders and the new sentence approaches that will be available to the court.

Third, a pilot will provide this Government with sufficient time realistically and fully to appraise the implications of the court for such bodies as the Highway Traffic Board and the Department of the Attorney General and of the full-scale implementation of the Traffic Safety Court concept. In particular, such an implementation would require considerable resources to improve the driver record system to make it an integral component of the Traffic Safety Court.

Fourth, the use of a pilot project will provide sufficient time for the Attorney General's Department to complete its work on the centralization of mechanisms in order to provide control over cases being processed through the courts. The Provincial

Court Management Information System will provide an administrative base for the processing of cases through the courts and consequently, it would be desirable to have this system in place before any new court structure such as the Traffic Safety Court is implemented throughout the province.

Finally, fifthly, a pilot will visibly demonstrate that the courts have an important role in promoting traffic safety.

What will be the functions of this court? Briefly, the Traffic Court will function within the provincial court system as any other individual court with the following exceptions.

One, any cases heard in the Traffic Safety Court pilot project may be appealed to the provincial court.

Two, this Traffic Safety Court will introduce several new procedures and changes to the normal court operations. The first change will allow offenders to plead guilty in court within a stipulated period before the court appearance date. When pleading guilty, the offenders will be provided an opportunity to explain themselves so that they will have their day in court even though they may admit their guilt. This innovation will allow more time to be spent on individual cases in order that the offender realizes the severity and consequences of his actions. In addition, this should allow the general public better ease of access to the court, thus improving their concept of justice being done.

The second innovative procedure that will be instituted within this court is the concept of an expedited trial. This approach is designed to minimize the time consuming adjournments before a trial date. In this court, it will be attempted, where-ever possible, to have the trial completed on the court date given at the time the offence was committed, thus eliminating the need for first and second appearances prior to the trial date. This concept is partially the result of the removal of guilty pleas from the court docket, thus allowing more time for each court sitting and partially due to the scheduling of court dates so as to facilitate the attendance of witnesses, mainly the police, in court at the time outlined. This scheduling of the police to specific court dates would also facilitate the reduction in the growing amount of overtime required for police witnesses, thereby reducing police costs.

The third change is one more of attitude than of procedure as it is hoped that through the use of a very informal approach in the court, individuals could understand what is taking place and thus, be in a better position to participate in the process and to learn from it, thereby improving their driving habits and skills.

A benefit of the concept of the expedited trial and this informal approach is that there will be an improvement in the public's reaction to the entire judicial system. It will show, I hope, that justice can be done quickly and still be done in a form that is easily understood by the lay person in the area where he is most likely to come into contact with the court, namely in the vehicles area.

Thirdly, this Bill gives the Traffic Court Justices the ability to utilize a wider range of sentence alternatives than were previously possible. The Act, while still allowing the traffic justices to suspend sentences and impose fines,

also allows the imposition of new sentences, such as attending an in-house driver improvement lecture or defensive driving course, either as a sentence alternative or as part of the sentence in conjunction with a fine. It is hoped that the use of this type of sentencing will improve the driving habits of the drivers that come before the court. The Driver Improvement Program is to be an on-site program based on a lecture film format. This 45 to 60 minute program will be aimed at assisting drivers in developing good driving attitudes and habits by outlining several reasons why accidents happen and how they can be avoided. By posing questions to the group and fielding questions from the group, the lecturer will develop a working dialogue. The dialogue will allow him to review the bad and the good driving habits of a group in order to make the drivers aware of the magnitude of the accident problem in Saskatchewan and how their individual driving habits can be improved. This Driving Improvement Program will be given at various times throughout the day to facilitate participation by offenders and the general public.

For more serious offenders or people who are chronically bad drivers, it is proposed that the traffic justices will sentence individuals to attend the Defensive Driver Course presently operated by the Saskatchewan Safety Council in the province. This multi-night course will be utilized to aid the individual drivers in improving their driving habits by instructional lectures, films and other means.

The third innovative sentence that may be possible within this new pilot project Traffic Safety Court is the sentencing of an individual offender to an interview say, with a Highway Traffic Board Officer. Counselling of problem drivers would then be carried out by the Highway Traffic Board Officer resident within the traffic court. In cases of severe problem drivers, the officer may exercise the power vested in him as a Highway Traffic Board Officer and refer the driver to the Board's review committee, with a recommendation of licence suspension. It must be noted here that any decision as to the restriction of a driver's licence will still remain a responsibility of the full Board and not of the Traffic Court Justices. However, the Traffic Justice can as part of the sentence refer the offender to the Highway Traffic Board Officer for a personal interview with a recommendation as to his driving privileges. These are recommendations, however, and are not binding on the Highway Traffic Board.

In order to ensure that the Traffic Safety Court sentencing innovations will be complied with, a section has been added to the Bill which allow the Traffic Justice to summon a person to appear before him who has not attended the Driver Improvement Program as directed by the Justice and, in the absence of a reasonable explanation for not attending the program as directed, to impose on that person a fine or penalty so prescribed with respect to the offence. It is hoped, that by utilizing this aspect of this Act, that we can ensure full utilization of the Driver Improvement Program and, thereby guarantee the most benefit from the program.

One of the new major pioneering aspects of this type of program is the utilization of lay Justices of the Peace or Traffic Magistrates, as they are outlined in the Traffic Court Act, to handle cases coming before the courts. The present practice is to have all contested cases heard by a provincial Court Judge with the only exception being those cases heard under the native Justice of the Peace Program. From the

experience gained from a similar experiment, it appears evident that, given proper training and guidance, lay persons who show a special interest and ability in the area of Traffic Safety can work well in this type of a court. However, we have built in an appeal mechanism, as mentioned earlier, to safeguard the public.

The last innovation to be formalized in this court is the utilization of a driver's past performance for the last three years, to aid in the determination of the sentence. This will require that for each individual attending this court, a summary of the driver's record must be prepared from the Highway Traffic Board records and become part of the court case record. It is this data retrieval information that has the most ramifications on the future applicability of this type of court and this area will be monitored most closely during the pilot stage of this program.

Mr. Speaker, there are several major benefits to be gained from implementing this Bill and implementing the Traffic Safety Court pilot project. I think the most important benefits will be the hoped for reduction to the number of traffic accidents in the Province of Saskatchewan, something which I am sure all Members share with me.

This type of court will aid in the reduction of traffic accidents by having people better realize the reasons for and the background information supporting the driving laws regarding their safety and the safety of others. And, hopefully, in this way convince more people to obey the rules of the road and to drive defensively.

This informing of the public will be accomplished in the court in several ways. Firstly, the informal structure and the informal atmosphere will permit the general public to have a clear understanding of how the court operates and some of the ideals behind laws in our system. The Traffic Justices by taking time to explain the laws and the various ramifications of the offences, I think will be able to influence drivers to evaluate their own driving habits and techniques. The remedial programs will also outline the consequences of violating traffic law and this, too should affect driving habits.

I also hope that this program will make the driving public aware that traffic deaths are not a police program, nor a program of the Department of Highways, nor a government problem, but a problem that must be dealt with and faced directly and forthrightly by every driver in this province. That it is our program, that it is our responsibility to stop the slaughter on our highways.

The second main benefit I see would be an improvement in the public reaction to the judicial process. This improved public reaction would be accomplished by making the court more accessible, offering flexible hearing times, having procedures that are informal and intelligible to the general public and by reducing the inconvenience of trial adjournments wherever possible.

Mr. Speaker, as Attorney General I am also very hopeful that the Traffic Safety Court will benefit the Magistrate's Court overall, by relieving some of their present heavy workload which is handled within their court system and in particular in the Municipal Justice Building here in Regina. When

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this court is under way, it should eliminate night court sittings on Tuesday, Wednesday and Thursday in the Municipal Justice Building. Or, in another way, it should eliminate approximately 18,000 to 20,000 court appearances each year, and thereby reduce the weekly daytime caseload by one-and-one-half judge days, or maybe 1,118 cases.

These reductions in workload would then facilitate more expeditious handling of the criminal caseload which is by far the more serious of the responsibilities for magistrates, and would free the time of the magistrates to do more of the type of research work and consideration of serious cases that may be now required.

It will also permit within the present judicial complement, a judge to be available to hear special sittings of the Provincial Court and to sit in the places of other judges who are on leave. This alone would have a very beneficial effect on the province, as it will add stability to the judiciary in Regina, and if this works for Saskatchewan and reduces costs, perhaps by \$8,000 a year as an estimate, by reducing the use of fee for service lawyers as judges. In addition, this will allow the Chief Judge some badly needed flexibility in rural circuit organization.

As you can see, Mr. Speaker, this Bill has much to commend itself, for the benefit of the people of the Province of Saskatchewan, and more immediately to the citizens of Regina as the recipients, the beneficiaries of this pilot project. I believe that this is a positive and progressive step forward. It's a new and innovative technique. It is something of which I think the people of Saskatchewan can be justly proud. It is part of the added responsibility that rests on all our shoulders to make sure that we curtail loss of life, injury and property damage, mounting in the millions to the people of the Province of Saskatchewan.

Therefore, Mr. Speaker, as part of Traffic Safety '77 I have great pleasure of moving second reading of Bill No. 98.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. E. ANDERSON (Shaunavon):** — Mr. Speaker, it is with interest that I read this Bill, and listened to the Attorney General's comments. I agree with the Attorney General, it is a very commendable step and a forward step to take the small traffic claims out of the court system which it does clog and does cause delays.

I hope that the step does work well in Regina and I look forward to seeing it come out into the rural areas.

There are certain small portions of the Bill that I should like to look at further. In one place, I don't understand why these new traffic courts can't try parking violations and what not which do form a good part of the court work, in view of that fact, I should like to discuss it with someone with a bit more legal training than I have. I beg leave to adjourn debate.

Debate adjourned.

## ADJOURNED DEBATES

### SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Byers that **Bill No. 85 - An Act to amend The Saskatchewan Telecommunications Act** be now read a second time.

**MR. R. KATZMAN (Rosthern):** — My comments will be short. We will be moving an amendment during the Committee of the Whole, otherwise, that is all I have to say on that Bill.

Motion agreed to and Bill read a second time.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Bowerman that **Bill No. 84 - An Act to amend The Northern Saskatchewan Economic Development Act, 1974**, be now read a second time.

**MR. C. N. WIPF (Prince Albert-Duck Lake):** — Mr. Speaker, after studying this amendment, we feel that was introduced for only one reason and that is to give the Minister the wide sweeping powers of the like that have never been seen before in this province or in this country. This amendment will virtually remove all and any local input by residents in the districts under the jurisdiction of this Bill, which is about half of our province. The local people mostly of Indian ancestry will now come under total control of the Provincial Government, a system that many of the Indian people in this province lived under for many years when an Indian agent used to tell them what they could do and what they could not do.

This amendment also serves notice on all town councils, band councils and the northern municipal council, as well as the northern residents that if this Bill is passed, that they will have no say in the development of industry of any kind in the North.

This Bill will remove the security that is now enjoyed by the small tourist outfitter who has spent years building a business and is now at the risk of the whims of the Minister. This can be only likened to a dictatorship, and the North of our province does not deserve to have this type of power in the hands of a minister of that department. Recently, we have witnessed through the question period an incident that the Attorney General stated loud and clear that he and the Minister of the Department of Northern Saskatchewan knew nothing about. After questioning the Minister of the Department of Northern Saskatchewan, we were left to believe that the Minister of the DNS had known something that the Attorney General didn't know about. The serious aspect of this was to do with the incidents that the Attorney General should have been informed of by the Minister. It is incidents such as this, that made me make the statement that this Bill gives a Minister of the Department of Northern Saskatchewan the power of a dictator over the north part of our province. The power is cited in the Bill where the Minister for the purpose of "increasing employment opportunities for persons residing in the district the Minister may, subject to the terms and conditions as he considers necessary and to the regulations."

Mr. Speaker, these are wide sweeping definitions for the purpose of increasing employment for persons residing in the

district. That could be construed to mean just about anything. Now, if this is left up to the Minister to decide how to increase employment I fear that the concept of increasing employment could be as wide-ranging and irresponsible as most of his statements in this Assembly and his projects in the North so far, that have caused great concern to residents, causing near uprising in order to bring attention to the problem. Recently, the Northern Municipal Council has been complaining that DNS does not listen to it now, when it comes to making decisions and involve the everyday activities of the citizens in the North. These problems exist today under the DNS and yet this Government wants more control.

I do not believe that the people in northern Saskatchewan will take this type of interference in their daily lives and the potential loss of security and businesses that have been in the family for years without a fight of some type. If the Government has not considered it, then it is obvious that you do not care, and that your only concern is get total control of the North and dictate to the residents of that district. This will be achieved, Mr. Speaker, when the Minister has the right to purchase, to lease or otherwise acquire any property, real or personal for the development and operation of wood processing and marketing, agriculture farms, tourist outfitting activities and mineral exploration and evaluation.

While this power is mind boggling, Mr. Speaker, more so if a person does not want to sell or lease his personal property then this Bill gives the Minister the right to acquire by any means he wants that piece of property. I feel that this is an invasion on the individual rights of every property owner in the North covered by this Bill.

Recently on March 24, 1977, out of the Northerner in La Ronge, there was a big black headline, and it sort of goes with what I have been saying, this was written by Mr. Lee Cheney, a La Ronge resident. Mr. Cheney is an economist and a former employee of Northern Co-operative Trading Services in La Ronge. It has to do with the conflict between the Minister and the Northern Municipal Council. I quote:

The current conflict between Ted Bowerman and Lawrence Yeo, who as northern Saskatchewan's most prominent elected representative, speaks on behalf of the northern people, is really a confrontation over whether the NDP Government or the northern people themselves, will own, control and develop northern resources, businesses and industry.

The NDP philosophy is clear, the NDP is committed to a nationwide policy of ownership and control by the Government, yet DNS was originally conceived and born into existence as an instrument to help the northern people own, control and develop their own resources, businesses and industry.

However, the realities of the DNS are in direct conflict to its own primal objectives and policies. The central issue is government ownership and control versus ownership and control by the people. The conflict is within the DNS and the NDP itself.

The NDP is trying to go in two directions at once. On the one hand, it is committed by policy and

objective for the DNS to develop the NAD (Northern Administration District) by and for the northern people. On the other hand that same NDP Government is committed by policy and objective to eliminate individual involvement in the ownership of northern resource development. These two directions are totally incompatible.

On the surface the DNS promises to turn viable industries to the northern ownership, in truth, a sinister plot is under way to establish government ownership and control of the NAD in exactly the same way that it has taken over the potash industry.

It goes on to say:

If the northern people want any real involvement in the economic life of the NAD there is only one way to do it, and that is, by establishing northern ownership and control of business and industry in the NAD. Government ownership and control is a sell-out and anybody familiar with what is going on in the DNS knows that the real issue, the real confrontation between the northern people and the DNS is over ownership and control.

What is at stake is the freedom and independence of the entire north. On the surface, a quibble over something as small as a log manufacturing plant may seem trivial and petty. Certainly Ted Bowerman has attempted to make it appear that way.

In truth, the mere fact that the DNS has insisted upon government ownership and control of this new highly profitable and viable venture, not only shows the true colours of the DNS and the NDP, but makes a lie out of their commitment to turn viable industries over to the northern people.

The real intent and commitment of the DNS and the NDP is government ownership and control, not ownership and control by the people. That is the real issue behind the current conflict between Mr. Bowerman and Mr. Yeo. Will the major development projects in the NAD be owned by the northern people, or by the DNS, and this Government?

Will mining be a partnership with the Government, or with the people? If the hydro dam is built on the Churchill, will it be owned by the Government, or the northern people. Whatever happened to the idea of northern owned development corporations anyway?

Why did the DNS and the NDP choose in favour of government ownership rather than ownership by the people? I submit to you that it is not by accident that the northern people have no access to money to involve themselves in their own development, it is by careful planning that the NDP is able to deceive the people. The NDP through the DNS controls the supply of money coming into the NAD for development and for a long time I have been arguing for financial reform because until the people control their own financial system, they are helpless to stop the Government take-over of their resources, their industry and their development.



The four areas that this Bill covers, will complete the takeover by the Bill of our residents of the North, Mr. Speaker. Outfitters will lose any hope that they have for the future, because there is none if this Bill goes through. Bushworking outfits be they small family operations or companies will also lose any initiative they had to expand or stay in this type of work with hope to build into family businesses to be passed on. This Bill will remove any security that they have in this business. As for mineral exploration, there are many private prospectors in our north, and again the same problems face them as all others in the North. No hope. All they will be able to see is big government, whipping them into shape and devouring them, it's shape up or ship out, if this Bill comes in.

I ask the Members opposite from the North, do you want to see your own family businesses taken over by government? Do you support a Bill that will put the northern people in a position that any business they have now, be it a fishing camp, of a lumber or tree harvesting nature, or some of your friends that do prospecting or exploration work, or some of your friends that farm, can you sit and support this Bill with utter disregard for your own people's future in the North? Think about it? It is you who have to live among the people who are affected by this Bill, a Bill that allows for a total takeover by government to start in your part of the province. Well, I hope that you won't support it. However, I feel that it is a lost hope, the same as your fellow citizens will experience if you allow this Bill to pass.

Mr. Speaker, because this Bill allows nothing short of a dictatorship on about one half of our province, an area that is picked by this Government for a start of total takeover, of the everyday lives of the people of Saskatchewan, this Bill removes the very initiative that built this province, and removes individual rights of anyone in business in the North.

Mr. Speaker, because the Progressive Conservative Party cannot endorse a dictatorship that the NDP want to create, we will totally oppose this Bill.

**MR. N. H. MacAULEY (Cumberland):** — Mr. Speaker, in support of the reading of Bill No. 84, an Act to amend the Northern Economic Development Act, I wish to state that under the Saskatchewan Economic Development plan, it has created many jobs in the northern part of Saskatchewan.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MacAULEY:** — This should considerably improve the employment situation in northern areas. This improvement has been very noticeable since the program began in 1973. A vast change in social and economic life of communities can be seen. The northern people have come to take different outlooks on life since the program was introduced. It has helped them to take a pride in setting up and running a business for themselves, particularly in tourism and mineral resource exploration areas and participating in the processing and marketing services.

The changes that have taken place in Northern Saskatchewan since the program was introduced are very evident, the people realize they have to do more than trap to make a living. The funding available under the program has also been used for the

upgrading of commercial fishing operations and has proven to be a success. Without this economy the Economic Development Program would be forced to carry on like as it was done in the old Liberal administration and no improvement in the social and economic life of the people of the North resulted.

As noted by the Minister, Mr. Bowerman, economic self-sufficiency is our aim. The distances between communities are enormous and the people of northern areas have no way of banking and saving money for themselves except through the communities of Uranium City, La Ronge and Flin Flon. Consequently their money was used through the Hudson's Bay Company stores and other trading places.

Now because of the Economic Development Program the communities are becoming more diversified and the people are getting the opportunity to learn more about business practices and the usefulness of the money that they are getting. This Government wants to see the practice continue and I want to see it continue and I am sure the people in my constituency would like to see this practice continue for many years to come.

You will note that the Minister stated in the later part of his speech that the Government will and I quote:

We will maintain our commitment to individuals and organizations by budgeting almost \$2 million in 1977-78 for grants and loans to businesses operated and initiated by the northern people and secondly we will begin a modest program for new business development opening up new areas to northern employment.

I heartily support this program and no one knows better than myself how much this program is needed in the North.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MacAULEY:** — If only some of the Members of the Opposition would travel to northern Saskatchewan and see for themselves the improvement that has taken place in the last three or four years, they would certainly agree with the continuation of this Economic Development Program and it's a must, if the northern people are to continue to improve their way of life.

Mr. Speaker, I support the amendment of the Northern Saskatchewan Economic Development Act.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. A. N. McMILLAN (Kindersley):** — Mr. Speaker, I would like to make a few brief comments regarding the legislation before adjourning it. The DNS has been certainly one of the more controversial departments that this Government has established since the Regina Manifesto was put down on paper many, many years ago. I think it is safe to say that of all the departments ever started by a government this one has probably done as little to achieve its objectives as any department that has ever been established in Saskatchewan.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. McMILLAN:** — And I don't say that lightly

or in any way to personally offend my inept friend from Shellbrook, the Minister responsible for the Department of Northern Saskatchewan. A man who could supervise the spending of \$2,000 per capita for every resident who falls within the geographic boundaries of northern Saskatchewan still fails to do any significant amount of good economically in northern Saskatchewan.

The Member for northeastern Saskatchewan speaks with some supposed degree of pride about your economic successes to date under the Department of Northern Saskatchewan. I would like to suggest to the Minister that any amount of measured success you have had so far should be taken with a grain of salt considering the amount of provincial money you have poured into the two northern constituencies of Cumberland and Athabasca and those other areas that fall below those constituencies and fall within the boundaries of the DNS.

This year your budget will assign approximately \$2,400 per capita to the Department of Northern Saskatchewan geographic area.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. McMILLAN:** — Now, let me continue, Mr. Speaker. I can see I have got your attention but I'm having some considerable problem getting the attention of the Members on the other side of the House.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. McMILLAN:** — Well, I am going to be magnanimous enough to make a sincere effort to make them understand.

One would think that people who had their greedy little hands on as much money as you people have had through the past five years through no result of your own good management, would have learned something about economic management. But you seem to think that despite the fact that you are going to spend over \$60 million in the DNS this year and things, by your own admission, are not going as well as you would like, you feel if you expand the kind of influence that your civil servants, your bureaucracy in northern Saskatchewan has that somehow, somehow you will come a little closer to achieving your objectives in northern Saskatchewan. I suggest that is a step in the wrong direction. One of the problems, surely, that you are having in northern Saskatchewan is the fact that your bureaucracy and your civil service has got a stranglehold on the population in northern Saskatchewan to an extent that has seldom been seen, I suggest, in North America before.

If you were to pull your civil service and your Government cars and your Government sponsored housing programs for civil servants, not for natives or native peoples, if you were to pull that out of there, what do you think would happen to the economy of northern Saskatchewan? What measurable benefit would you have left for those people were you to remove the tremendous amounts of Government funds that you have put in? What advantage, what sort of constructive programs would you leave behind? A timber industry?

There is the man (Mr. Bowerman) who is supposed to know so much about the timber industry. He has got his own little timber

playground in northern Saskatchewan there and he has an unlimited source of funds behind him to establish native organizations, particularly, in the sawmill business. What degree of success do you suppose the Minister has? People from southern Saskatchewan who have had experience in contract logging and overseeing sawing operations who have spent the winter in the North, working with native people who are sincerely trying to establish some measure of independence in the sawmill industry, come back shaking their heads. There may be more in it when they shake it than when some of the Members opposite do. They tell horror stories about the kind of economic management that is going on in northern Saskatchewan.

Turn around and ask the Member for Athabasca, ask the Member for Cumberland. I don't suggest that there isn't a sawmill here or there in northern Saskatchewan that wasn't there in 1964 to 1971, I wouldn't suggest that at all. But I'll tell you the ones that are there are operating in such a manner as to make a joke out of your program. They are not doing anything significant for the native people in northern Saskatchewan, nor are they going to be doing anything significant when this Government finds itself in a position where it is no longer able to pour the kinds of funds into northern Saskatchewan that it does now.

Of what benefit is the tremendous bureaucracy that you have built up in northern Saskatchewan to the people there? One would hope that it is there for advisory purposes for any local people who would like to take the initiative to start programs which might lead them toward some degree of economic self-sufficiency. Yet in so many cases and I suspect probably almost every case, your civil service in northern Saskatchewan has taken the initiative to design and implement programs which in many respects didn't fit the needs of the people of northern Saskatchewan and were managed by civil servants and your bureaucrats in a way which made them unworkable in northern Saskatchewan.

Your retail operations in northern Saskatchewan and the Minister proudly points to a booming La Ronge, what a wonderful, wonderful place that is now that the Government has gotten involved. I suspect there are some merchants there now that were there before that are very pleased to see your Government in there. The kind of money that they receive as a result of the spin off from your civil servants is no doubt being good for their businesses. But I challenge you to stand up in this House and show us two or three or four new businesses that you have created in northern Saskatchewan that you would be confident could survive without either massive Government subsidy or breaks of other kinds. And I refer to monopolies on markets provided. I say your successes are limited. If you want to try and improve your batting average in northern Saskatchewan and it is as close to zero I suppose as it could possible be, this new Bill isn't the answer. And the Member for Athabasca knows it isn't the answer. It is difficult for him to drive the long road from Buffalo to La Loche and not think of the positive effects that amounts of money that have been poured into La Loche haven't had for that community.

**MR. THOMPSON:** — You ought to go up there.

**MR. McMILLAN:** — No question, I have been there. I ran into you in the cafe in La Loche. If your memory is that short I can tell

you some people that were there to witness the occasion.

**AN HON. MEMBER:** — You should . . .

**MR. McMILLAN:** — Another well-spoken Member for Regina who I am sure is very much aware of the situation in Saskatchewan.

There is no question, absolutely no question that if you, even you people go up there and spend \$62 million in the Department of Northern Saskatchewan geographic area, you are going to do somebody some good. You can't help but do somebody some good, you know that. Your civil servants spend that money in grocery stores, in bars and in fishing camps. It is going to do some good. But you stop and think, if the best answer for northern Saskatchewan is subsidy, subsidy, subsidy. You two in the back know as well as anybody that you don't do anybody a favour when you encourage them to become dependent upon you. How are you supposed to achieve your objectives of creating any degree of self-sufficiency in northern Saskatchewan when you continue through legislation and through practice to take away more and more of the independence that used to exist in northern Saskatchewan. I suspect this Bill will be a failure in its implementation, if, as the Member for Prince Albert suggests its powers are widely abused. I don't say they won't be, it will only add more fuel to the fire of inefficient government and the kind of frustrations faced by people in northern Saskatchewan.

I would have hoped that you had planned to take some very necessary and very drastic action to try and improve the situation in northern Saskatchewan and that you would have taken a different approach. On that basis, the basis of the approach which you have taken I can't support you in that. I am certain that Members of my caucus won't be supporting you either.

I would like to take this opportunity to adjourn debate as well, Mr. Speaker.

**SOME HON. MEMBERS:** — Hear, hear!

Debate adjourned.

## **COMMITTEE OF FINANCE**

### **DEPARTMENT OF CO-OPERATIVE DEVELOPMENT**

#### **Vote 6**

**HON. N. SHILLINGTON:** (Minister of Co-operative Development) Thank you, Mr. Chairman. Seated on my left is Lloyd Lokken, the acting Deputy Minister of Co-ops, and around the circle, immediately in front of him is Lloyd Warkentin, among other things, the secretary of the Co-op Guarantee Board, Tony Heidt, the Administrator, and our Director behind me, Malcolm MacNeil.

#### **Item 1**

**MR. W. H. STODALKA (Maple Creek):** — I thought we might start, Mr. Minister where we left off a little earlier this afternoon when we were talking about the Co-operative Guarantee Board. I believe under the Co-operative Guarantee Board certain designated lenders may apply for a guarantee by the provincial Government for the repayment

of moneys that are lent to them. What I would like to know is what precautions that the Guarantee Board take before any of these guarantees are issued for any of the loans that the co-ops might take?

**MR. SHILLINGTON:** — The guarantees and the cautions are many, indeed if I had a criticism of the Board it would be that the procedure is too ponderous. By and large the applicant which would be the Stodalka Feed Co-operative, might apply for a loan, and they might apply to the local credit union which could say it was too big and too risky, they couldn't handle it. You could then go to the Credit Union Central or the Co-op Trust, they review it and they have always made the practice of reviewing, as if there were no guarantee attached and they would finally determine if the interest rate justified the risk. Then it goes on to the Co-op Guarantee Board, if they approve it, the Co-op Guarantee Board does the same analysis and they check it over. A recommendation is made by the Co-op Guarantee Board which is composed of an official of the Department of Finance - I think someone is about to keep me out of trouble here. Mr. W. P. Baumgartner who was the Deputy Minister (he has now resigned), and until a permanent Deputy Minister is appointed, he is remaining as chairman. Mrs. Eunice Cameron, Manager of a Credit Union of North Battleford is on the board, as is Don Lockwood of the Wheat Pool, Mr. Meiklejohn, an official of the Department of Finance, Mrs. Irene Roy of Regina, and Mr. Warkentin are also on the board. They, then, make a recommendation and the recommendation comes to the Cabinet and normally the Department of Finance do their own sums and check the figures again, so the precautions that are taken are quite elaborate to ensure that this is not another way of giving a grant. It has never been used as a way of giving a grant and you can be very sure that the loans that are given are justified.

**MR. STODALKA:** — A second question, just along the same line. Let's say then, the Order in Council grants the guarantee to the co-operative, then afterwards what precautions do you take to make sure that the co-operative is operating in a businesslike fashion to protect, of course, the guarantee that you have given?

**MR. SHILLINGTON:** — The lender usually does the follow up. The Co-op Guarantee Board, and the Secretary of the Co-op Guarantee Board, Mr. Warkentin receive a monthly report. If there are no arrears on the loan then normally we don't do anything, if there are arrears on the loan, we wheel into action and contact the lender and determine if any action should be taken.

**MR. STODALKA:** — I would like to move then into one specific co-operative, the Saskatchewan Poultry Producers Co-operative that was located in Yorkton. I believe that the records will show that during the past couple of years that there were guarantees giving a line of credit to the Poultry Producers Co-operative, I think on March 4, 1975 it was a guarantee of \$850,000. This I believe was for operating expenses. Then on the 9th day of March, 1975, there was another Order in Council which guaranteed another expenditure of \$100,000. This was followed again on August 31 with another guarantee of \$350,000, the total of approximately \$1.3 million. I believe that these were the total balance of the Order in Council's guaranteeing the financial

operations of that particular producers' co-operative. Am I correct?

**MR. SHILLINGTON:** — I will check it.

**MR. STODALKA:** — Just to follow that up, I should like to ask the Minister what is the present financial state of that particular co-operative?

**MR. SHILLINGTON:** — Receivership.

**MR. STODALKA:** — The Minister states that the co-operative is now in receivership. When did this particular co-operative go into receivership?

**MR. SHILLINGTON:** — July 22, 1976.

**MR. STODALKA:** — Who was appointed as the person in charge of handling the bankruptcy or the receivership?

**MR. SHILLINGTON:** — Winspear, Higgins, and Stevenson, a chartered accounting firm.

**MR. STODALKA:** — I believe that according to regulations that after some six months there is supposed to be a report filed as to the state of the particular conditions of this company. Has this been filed as of yet?

**MR. SHILLINGTON:** — The company is not in bankruptcy, it is in receivership under the co-operative legislation. I am informed that there is no requirement that a report be filed with anyone within any stated period of time. It is whatever report the lenders and the creditors want. There is no requirement to file reports within six months.

**MR. STODALKA:** — Well I just had a news release here, issued by the Industry Minister, Mr. Vickar, and I believe it states (according to Section 237) or requires that a receiver-manager is to report on his activities twice annually to the company's office.

**MR. SHILLINGTON:** — That's under a different piece of legislation. Ours goes into receivership under The Co-operative Act, and that's a different Act. I forget the name of the Act, The Companies Receivership Act, or something.

**MR. STODALKA:** — Is the Minister indicating then that this particular Companies Act does not apply to co-operatives?

**MR. SHILLINGTON:** — That's right.

**MR. STODALKA:** — Well we will just pursue this on a little different angle. Have you then, seeing that the co-operative went into receivership last July, have you any reports that you received up to the present time?

**MR. SHILLINGTON:** — We have asked for reports from the receiver and have not received same, yet.

**MR. STODALKA:** — Just to continue, of the total amount, I believe it was approximately \$1.3 million, \$1.2 million I believe was for the operating expenses and the other \$100,000 was for capital expansion. Would the Minister care to indicate just what the comparison of the two, the security of the two that we have, or the province has?

**MR. SHILLINGTON:** — All of these loans were guaranteed, as working capital.

**MR. STODALKA:** — All of them were guaranteed as working capital? I believe I have the Orders in Council here and some of these (reading this particular Order in Council) says:

The said society applied to the Co-operative Guarantee Board, constituted under The Co-operative Guarantee Act for a guarantee of up to 100 per cent, with respect to advances under a line of credit of \$850,000, to be extended to Saskatchewan Poultry Producers Co-operative Limited, for the purposes of financing seasonal working capital.

**MR. SHILLINGTON:** — You can get quite confused reading those Orders in Council. I am sure that, that is the phraseology which is used, 'seasonal capital', but in fact that is operating capital.

**MR. STODALKA:** — I could read one of the other ones that directly refers to the \$100,000 one, as being working capital, for its capital projects.

**MR. SHILLINGTON:** — Read it if you like. I doubt that those, are going to enlighten you, as to precisely what the funds are used for.

**MR. STODALKA:** — Okay, we will accept that. Would the Minister care to indicate then just how much of the \$1.3 million that had been given to this particular co-operative, is likely to be paid back to the province, or exactly what financial liability is the province going to have to probably assume, because of this \$1.3 million guarantee?

**MR. SHILLINGTON:** — There is no way of giving you an accurate figure at this time, because the assets have not been evaluated. If you press us for a figure I think we would give you a figure of \$600,000 to \$700,000 that we are likely to recover, with the balance being unrecoverable. But again, the assets haven't been evaluated to the point where we can give you a figure that we are going to commit ourselves to.

**MR. STODALKA:** — Would the Minister care to indicate, when you were



guaranteeing this, did you take any form of security at all?

**MR. SHILLINGTON:** — We had a debenture on all the assets.

**MR. STODALKA:** — I noticed the Operations Branch of your particular department, one of the things that they do is to supervise the operations of Co-operatives. Would the Minister care to comment on what his Operations Branch is doing, as this company seemed to be going further and further and further into debt?

**MR. SHILLINGTON:** — The Operations Branch of the Department of Co-ops was working with this co-op. Their problem stemmed from three things, and we only really had control over one of them, and only indirect control over that one. The inventory was overvalued, and for a variety of reasons they paid too much for the assets, when they purchased it. The market for the product was soft during this period of time, and that resulted in problems, and the management was weak. We were working with them continually. I personally met with them a number of times, so I know that we spent some time with them. We were just not able to pull the thing out of the fire.

**MR. STODALKA:** — You know, I was just looking at the dates on which these Orders in Council were passed. You gave them \$850,000 on the 4th of March, 1975. Then approximately five days later you gave them another \$100,000. Then I think there was a period of time of about a year and a half, until August of 1976, and then all of a sudden, it would seem after this period (wasn't somebody in your department able to sort of detect that possibly this wasn't a viable operation), because all of a sudden then on the 31st day of August, 1976 you shot another \$350,000 into it?

**MR. SHILLINGTON:** — It would be a remarkably dull person that wouldn't know that on August 3, two weeks after they had gone into receivership, you would want to be careful loaning them any money. They were already in receivership, when the last loan was made, and, of course we knew that. But by and large, that particular period is the busy period for the Poultry Producers' Co-operative. By cutting off their funds at that time our losses would have been far greater. We loaned them \$100,000, not knowing that they were going into receivership, but knowing there was a problem. The \$350,000 after they went into receivership, was simply to allow them to carry on to the end of the season, to process the birds and reduce their losses.

**MR. STODALKA:** — That was the point, that the Company went into receivership in July and then in August you gave them another \$350,000. The point I would like to make is, of that \$350,000 that you shot in there in August, how much of it was recovered?

**MR. SHILLINGTON:** — They did not draw on the full \$350,000. The Order in Council to which you refer is but an authorization. That was not an instruction to the Department of Finance to write a cheque. It was simply an authorization to loan them the money. Out of that they drew of the \$350,000, \$93,138. You ask how much of that has been recovered. I gather there was \$21,000

of the \$90,000 which has been recovered to this date.

**MR. STODALKA:** — Once the money had been given to the company could the creditors then put a lien against that particular amount of money?

**MR. SHILLINGTON:** — The Credit Society has first call on the assets. Our debentures are next, and other unsecured creditors couldn't guarantee arranging once they are in receivership. Once they are in receivership, the priorities are already established, as to who gets paid first.

**MR. A. N. McMILLAN (Kindersley):** — I would like some clarification on that. Now you say that the \$350,000 was authorized but not all of it was drawn. My question is: if it is authorized, but not drawn, is that money still available to creditors of that company? Can they go to the Government and say, you have authorized this amount of money, we would like to take a certain amount.

**MR. SHILLINGTON:** — No! Of the \$350,000, none of the balance of the \$350,000 is available to anyone. That was simply money that the Treasury Board made available, to allow this Co-operative to carry on its operations. It is not available to anyone other than that co-operative.

**MR. McMILLAN:** — Now there might be some considerable argument to be made by creditors, that in order for them to carry on their operation, they had better make use of the money. wondering what kind of pressure was basis? I am just wondering what kind of pressure was applied to you on that basis?

**MR. SHILLINGTON:** — There was no pressure applied, it was just simply a matter of cutting their losses at that point of time. I can assure the Hon. Member that no creditor has any claim over the balance of the \$260,000. It is not available to any creditor to be repaid.

**MR. STODALKA:** — Would the Minister care to indicate who the board of directors of that particular producers' co-operative were?

**MR. SHILLINGTON:** — I am sorry, I was distracted when you asked the question. Could you repeat it?

**MR. STODALKA:** — Would the Minister be prepared to tell us who the board of directors of this co-operative were?

**MR. SHILLINGTON:** — We can produce most of them from memory in just a minute or two.

I can give you five of the principal directors. I cannot guarantee these are all the directors. If you really want them I can supply them at a later date.

Jack Stueck, Frank Bond, Mr. Charles Stueck, who is the

chairman's son, Mr. Ortney Hodson and a Mr. Wesley Gottinger.

**MR. STODALKA:** — Is there any way of telling how many shareholders there were in this particular co-operative? You have named five names, was it a large co-operative, or was there just a limited number?

**MR. SHILLINGTON:** — I am informed there were 35 shareholders in the company.

**MR. STODALKA:** — About 35 shareholders! Well I think Mr. Minister it goes without saying, the fact that the people of Saskatchewan are apparently going to be losing \$600,000, that is not going to be recoverable. Seeing it is an estimate maybe it is a conservative estimate, that the Minister has given to us. It would seem that within your department, if you were monitoring the operations of this particular company, it would seem that certainly, there must have been some sort of slipshod management, taking place within that company. \$600,000, a loss to 35 shareholders. If we just divide 35 into the total of \$600,000 it is rather easy to see what particular amount of money that would be liable to each one of the shareholders within the company. I wonder would the Minister not agree that certainly there must have been something wrong with the monitoring of this company's operations by the people within his department?

**MR. SHILLINGTON:** — No, I don't think there was anything wrong, with the monitoring of the company. There simply wasn't anything that we could do. When the problems became apparent we tried to solve them, and we just simply weren't able to do so. The problems got worse, in spite of our efforts.

**MR. STODALKA:** — You know, you found out very shortly after you got into the guaranteeing that there was nothing that could be done. Then, if this was the case, it would seem that probably the initial investigation before you ever guaranteed these particular funds of money to this company, there must have been some weakness there then, would there not be?

**MR. SHILLINGTON:** — My father used to have a saying that if our foresight was as good as our hindsight we would be better off by a damn sight. That was certainly true, of this case. If we had to do it all over again, I suppose we would do something different. I wasn't part of the initial investigation then, and I am unable to say whether, it was wisely, or poorly done, but suffice it to say, with the benefit of hindsight, it might have been done differently.

**MR. STODALKA:** — This is one particular co-operative that came to our attention. There are other loans. I look at your annual report and, of course, they are hard to identify. This particular one was referred to me and we were able to gather up a bit of information. Would the Minister care to indicate just how many more such cases as this (or as the Member for Regina Wascana, Mr. Merchant says) how many more 'winners' like this he has in his portfolio?

**MR. SHILLINGTON:** — There are two more such efforts, SM Breeders, and Western Hybrid. They are not under receivership, they are under receiver managers, which means that we have taken over the management of them, but have not put them into bankruptcy.

**MR. STODALKA:** — What was the last one?

**MR. SHILLINGTON:** — Western Hybrid - that's swine.

**MR. STODALKA:** — Would the Minister care to indicate the extent to which guarantees have been issued for these two co-operatives?

**MR. SHILLINGTON:** — Dealing first of all with SM Breeders. On December 24, 1974, \$220,000 was advanced to them for working capital, to consolidate their loans. On September 16, 1975, a further amount was guaranteed of \$14,607 (a relatively trifling amount in the scheme of things). Dealing with Western Hybrid Swine, the amount was advanced to them, as working capital on August 13, 1976, was \$425,000, 50 per cent of which was guaranteed. The balance outstanding on that loan is \$464,095.36. The principal amount guaranteed was \$212,500; payments past due are \$464,095.36; the maximum possible principal guarantee is \$212,500.

**MR. STODALKA:** — You have rattled off a lot of figures, rather quickly. I wonder if the Minister could just sort of give me an indication if these companies or co-operatives went into receivership as the other two did. What would be the extent, of the loss, the net loss in each one of them?

**MR. SHILLINGTON:** — It is absolutely impossible to estimate at this point in time.

**MR. STODALKA:** — You know just in those figures you gave we could almost run up to another \$600,000.

**MR. SHILLINGTON:** — As to Western Hybrid Swine, the hope of the department is that this co-operative will fulfil, in fact, will produce a profit next year. You asked which ones were giving us some concern, and I have answered honestly. This is not a co-op that we expect to go down the tube, we expect this one to survive.

SM Breeders is a somewhat difficult problem. I am reluctant to discuss it, in detail, because the Department of Agriculture is now working on it. I know they have some negotiations, which they feel to be sensitive, and in which we have not been closely involved. So I am reluctant to discuss it in detail. Suffice it to say, that it is a bit more of a concern than Western Hybrid Swine.

**MR. STODALKA:** — Going to SM Breeders for one moment, we had a question today, as the Minister is aware, in the Question Period about the Department of Agriculture, possibly taking them over. I wonder if the Minister would care to comment. The very fact that the Government has the \$220,000 and another

\$14,000 and I also notice in the Public Accounts Estimates of a year ago there was an initial starting grant that was also given to SM Breeders, just as there was a starting grant also given to the poultry producers plant in Yorkton. This particular amount of money, I presume then, might be one of the reasons why the Government is considering taking over this particular SM Breeders, which I believe is an artificial insemination group.

**MR. SHILLINGTON:** — I am reluctant to speak for the Department of Agriculture. It is my understanding, however, that their desire to take it over, is not to cut the losses. I am not sure if that would happen if the Department of Agriculture did take it over or sold it or something.

I think their concern is more that they feel they need this service to be available to smaller farmers. That is really why they want to keep it going, not for financial reasons, but for policy reasons. If I can put it that way.

**MR. STODALKA:** — I just don't have the annual report before me but it would seem that a very large proportion or a good percentage of the loans that you have, the Order in Council guaranteeing these funds for these co-operatives, that a good many of them are in trouble. It would seem to me that certainly someplace, somewhere, something must be wrong, whether or not it is the fact that there isn't a close enough examination given at the beginning or whether or not there isn't the monitoring that should take place afterwards.

Certainly companies that start and two years later are going into receivership there must be something wrong someplace, Mr. Minister.

**MR. SHILLINGTON:** — I would match the record of Co-op Guarantee Board against the record of any other loaning institution, or any other governmental loaning institution anywhere. I will match that record. It is true they have had one, and possibly two, go bad on them. But, they have loaned a lot of money to a lot of co-ops, and they have almost all of it back. As I say, one of the reasons why I think their success is as good as it is, is because they don't give them money and say, now we hope you pay it back. They monitor it. We have a relatively small staff, but one which is available, to assist these people, when they are in trouble. I think the record we have is enviable, compared to others. I think the reason for that is because we do have the staff available to help them.

**MR. COLLVER:** — Just a couple of brief questions of the Minister. To whom were the loan guarantees given by the Department for Western Hybrid and for SM Breeders?

**MR. SHILLINGTON:** — The approved lender was the Credit Union Central.

**MR. COLLVER:** — Both sets of loans were, in fact by the Credit Union Central. The Minister has guaranteed these loans in full. They are 100 per cent guarantees for all of the Credit Union loans?

**MR. SHILLINGTON:** — That is not correct! With Western Hybrid Swine, one of the loans was just guaranteed 50 per cent. The last one to be precise. With respect to SM Breeders, the guarantees are 100 per cent.

**MR. COLLVER:** — SM Breeders is 100 per cent of the Credit Union? Well how much was that loan again, Mr. Minister? I am sorry I didn't get a chance to write it down.

**MR. SHILLINGTON:** — Yes, that is right.

**MR. COLLVER:** — \$220,000 in total for SM Breeders?

**MR. SHILLINGTON:** — Yes, and another \$14,000.

**MR. COLLVER:** — So \$234,000 guaranteed to Credit Union Central. Was the Minister and his department aware that SEDCO had granted SM Breeders rather a substantial loan at the time of the guarantee of the Credit Union loan?

**MR. SHILLINGTON:** — I wonder if we are talking about the same thing. My officials inform me that in so far as they are aware, there was no loan outstanding to SEDCO from SM Breeders. Are you talking about Hybrid Swine or are you dealing with SM Breeders?

**MR. COLLVER:** — Either Western Hybrid or SM Breeders.

**MR. SHILLINGTON:** — Western Hybrid, I am informed, does have a loan owing to SEDCO.

**MR. COLLVER:** — Was the Department aware of the loan that SEDCO granted to Western Hybrid at the time that it guaranteed the loans for the Credit Union Central?

**MR. SHILLINGTON:** — That is affirmative.

**MR. COLLVER:** — What was the total loan that SEDCO had granted to Western Hybrid Swine at the time that the guarantee of the loans for the Credit Union were made?

**MR. SHILLINGTON:** — I am sorry, I didn't follow the Member's question.

**MR. COLLVER:** — What were the total loans granted by SEDCO to Western Hybrid Swine at the time that the guarantee was made?

**MR. SHILLINGTON:** — We don't know at what time these loans were made. I could probably get that information for you, although I don't know if you will get it tonight.

The total SEDCO loans, at this point in time, are \$272,900. Again, I don't know what portion of these were loaned before the guarantee was given.

**MR. COLLVER:** — Would you give me the date of the guarantee?

**MR. SHILLINGTON:** — The dates of the guarantees for Western Hybrid Swine are August 20, 1974, September 16, 1975, April 13, 1976.

**MR. COLLVER:** — On December 20, 1974, SEDCO registered an instrument No. 6442 against Western Hybrid Swine in the amount of \$450,000. Were your officials aware that certainly if you guaranteed a loan with the credit union in September of the same year, that Western Hybrid were seeking that size of funds from SEDCO.

**MR. SHILLINGTON:** — My officials inform me they were aware of the loan.

**MR. COLLVER:** — In addition to that, Western Hybrid Swine on January 16, 1972 registered another instrument and the second instrument was not in replacement in the same amount, instrument No. 5161, in the amount of \$450,000. Since the officials are apprised of the circumstances of Western Hybrid, would they be prepared to comment on the totality of \$900,000 invested by SEDCO between 1972 and 1974 and their subsequent, very, very shortly after a guarantee of the loan of the Credit Union Central, a 50 per cent guarantee. But what concerns me at this point in time is: did the officials investigate or examine the possibility in the potential that the Western Hybrid Swine were using the money from Credit Union Central, which your department was guaranteeing, to pay its back obligations to SEDCO?

**MR. SHILLINGTON:** — Yes, of course they did, these people are not idiots. I know where the Member thinks he is leading the house. I think, he is trying to suggest that they were whipsawing the Government, by getting \$900,000, from SEDCO, and another few hundred thousand from the co-op. In fact the Co-op Guarantee Board and SEDCO were working together as a team, trying to finance this undertaking.

Just one correction in your information. You refer to a loan in 1972. That was a loan to a private company, by the same name. This co-op wasn't formed until 1974.

**MR. COLLVER:** — Were the same individuals involved in the private company as were involved in the co-op?

**MR. SHILLINGTON:** — Partially, but not completely.

**MR. COLLVER:** — There were some of the same owners of the company of the same name who were involved in the co-operative, that was subsequently created. Is this the same loan, perhaps, the same amount seem to be involved. Was it the same loan for the co-operative that was granted by SEDCO to the company?

**MR. SHILLINGTON:** — Yes, the loan that was guaranteed, in August 20, 1974, was a continuation of the same loan, that was made to the private company previously.

**MR. COLLVER:** — Was the loan to the private company previously in arrears to your knowledge?

**MR. SHILLINGTON:** — Yes, they were encountering financial problems in August, 1974.

**MR. COLLVER:** — What date was that again? The co-operative wasn't created until 1973. The company existed in 1972. In other words you are saying to me that the company was experiencing financial difficulties and they subsequently converted into a co-operative, which subsequently acquired loans from SEDCO and from your department guaranteeing Credit Union Central loans, all within the space of two and one half years. is that correct information?

**MR. SHILLINGTON:** — Yes, that is substantially accurate. We felt the service was one that was needed. We were prepared to take some risk to try and get it going. If we were going to lose money somewhere we were going to lose it with the producers, in the form of a co-operative, rather than with the private onus of a company. The company was having financial problems when the co-op was set up, and that was part of the scheme to try to continue the service.

**MR. COLLVER:** — What were the names, in fact, of the individuals involved in the private company, the director and who was the manager?

**MR. SHILLINGTON:** — I can get you the name of the directors and shareholders. I don't have that information here. I do have the name of the manager, Allan George. To anticipate your next question, he remained as manager after the co-op was formed.

**MR. COLLVER:** — In anticipation of my next question. You have here a private company, managed by Mr. Allan George, that is experiencing financial difficulty. You allow Mr. George to convert his private company, which is running into financial difficulties especially with SEDCO to the tune of \$450,000. To convert into a co-op, the co-op extends to this manager, Mr. Allan George, as I understand it, extends to this manager on behalf of the co-op guarantees of Credit Central loans. They also, with full knowledge, realize that the SEDCO loan is allowed to be transferred from a private organization, a company, into the co-op. The company would undoubtedly have been involved as SEDCO is involved in all of its loans, with personal guarantees of the shareholders and directors of those loans. The co-operative does not take personal guarantees from its members for the loans. So what you are suggesting to us here, this evening, is that you had weak management at the time because they were in financial trouble. You allowed them to form a co-op, getting off the hook for \$450,000. They formed a co-op, the same manager goes on to manage and your department goes along with this man for another two years and they are still in financial difficulties. As a matter of fact they are now being managed by a receiver, with SEDCO on the hook for \$270,000 and your department on the hook for half of the Credit Union Central loans. Is that a correct statement of the facts of the matter,



Mr. Minister?

**MR. SHILLINGTON:** — Virtually all of the statements the Hon. Member has made are incorrect. Allan George was neither a shareholder nor a director, nor a managing director. He was simply an employee. He was thought to be a competent manager. The problems related to the company were not thought to begin or end at his office. He was retained when it was taken over. If you are suggesting, that by converting from a private company to a co-op, that they managed to get from underneath the debt load, that is simply not accurate. That is not why Allan George stayed on.

You asked a number of questions and that is the only one that I picked out of the number asked.

**MR. COLLVER:** — Are you suggesting that Western Hybrid Swine has a guarantee of the \$450,000 SEDCO loan, still by the shareholders and directors, or major directors and shareholders that were in existence prior to the creation of the co-op.

**MR. SHILLINGTON:** — The guarantees to the Western Hybrid Co-op are still in effect, and the personal guarantees the members gave SEDCO, are still in effect.

**MR. COLLVER:** — The personal guarantees of the original corporate members are still in effect on the SEDCO loan that is still in existence with regard to the co-op. So basically what I said was inaccurate, so therefore you have just taken a weak manager to manage this business into financial difficulties, left them on for the co-op, kept extending him more and more loans and now they are in further difficulty and you are suggesting that your department, in other instances, where they did go into receivership couldn't do anything about the weak management and couldn't do anything about stock market conditions at all. Is this an accurate assessment of the situation?

**MR. SHILLINGTON:** — No, it is not an accurate assessment of the situation. I said previously the management was not weak. I do not know how the Member leaped from the facts he stated to the conclusion that the manager was weak. The manager was not weak, he was not thought to be the problem, and he was not dismissed when the form of the operation was changed.

**MR. McMILLAN:** — I should like to ask the Minister where SM Breeders is located?

**MR. SHILLINGTON:** — It is in Esk near Lanigan.

**MR. McMILLAN:** — I should also like to do some, ask you to if you could outline to me what procedure you take before you guarantee a loan to undertake a credit check of your own form. As you are well aware you make it known to Credit Union Central that you will guarantee a credit check or if you go to any financial institution in Saskatchewan and tell them that you are going to guarantee a loan to these people it is quite conceivable that the Manager of that financial institution might be a little

lax in his own personal credit checks that they would do to protect their money because their money is, in fact, already protected. I should like to know if you can give us some details about the procedure you went through to protect your Government's investment in Western Hybrid Swine?

**MR. SHILLINGTON:** — The Members may not have been in the House earlier, when I described the operation of the Co-op Guarantee Board. The application is initially made to the Credit Union Central. I know that the Member may have the notion that the Credit Union Central is some sort of a one-horse outfit. They are not, they do 40 per cent of the banking business in this province. As the largest institution, they do a check of their own, and they do credit checks. All of the information that they have is available to the Co-op Guarantee Board, to do their own analysis of it. If it is then approved, it goes on to the Department of Finance to check it again. As I said earlier, if I had a criticism of the process, it is that there are too many people checking, and the process takes too long, not that there are too few.

**MR. McMILLAN:** — I should like to ask you if Western Hybrid Swine suffered a fire which destroyed their sow operations or their barns and some of their livestock? Are you aware of whether or not that happened?

**MR. SHILLINGTON:** — I must apologize to the Hon. Member. Someone was talking to me when you were asking the question. Would you repeat it?

**MR. McMILLAN:** — I want to know if you are aware of whether or not Western Hybrid Swine had suffered any fire loss in the past few years of a barn and livestock?

**MR. SHILLINGTON:** — The answer is yes, and as I imagine the Member knows that is one of the causes of their present financial problems.

**MR. McMILLAN:** — Are you aware of what the extent of the dollar loss was involved in that?

**MR. SHILLINGTON:** — There was one boar, and 240 sows lost. The Member will have an idea of what the approximate value was. We do not have a dollars figure but those were the assets that were lost.

**MR. McMILLAN:** — Can you tell me what the dollar loss was to that corporation at that time and what I am really getting at is what level of insurance these people were covering? Was there any actual dollar loss for the immediate inventory that was lost? Was there any coverage available for loss of operating revenue as a result of the time lost from the hog operation?

**MR. SHILLINGTON:** — Yes, I am informed that the operation was fully insured for loss. What happened was that the operation ceased for quite a period of time when they lost the income. The assets themselves were fully insured.

**MR. McMILLAN:** — Well, did that include the livestock as well?

**MR. SHILLINGTON:** — That is affirmative.

**MR. McMILLAN:** — I should like to ask the Minister if he would undertake to provide us with the list of the names of the directors of that co-op?

**MR. SHILLINGTON:** — Yes, certainly I will. I will table it as soon as I can get it. I can't get it tonight.

**MR. McMILLAN:** — The number of shareholders as well please?

**MR. SHILLINGTON:** — Shareholders in the co-op?

**MR. McMILLAN:** — Yes, please.

**MR. W. H. STODALKA (Maple Creek):** — Mr. Chairman, just one more final question, we would also like the director and the number of shareholders for the SM Breeders as well?

**MR. SHILLINGTON:** — We will provide the names of the directors and shareholders as well.

**MR. STODALKA:** — Before we move off Item 1 then another area that I would like to ask a question or two about and I notice that under Item 1.

**MR. COLLVER:** — I don't believe the Minister has yet said that he would bring to this House a list of the directors and shareholders of the original private company, Western Hybrid Swine.

**MR. SHILLINGTON:** — No, I intentionally avoided making that commitment because I do not know for sure whether that information is in the Government. Certainly the Department of Co-operatives doesn't have it. If anyone had it it would be the Provincial Secretary's Department. I will undertake to assure the Hon. Member for Nipawin that if that information is within the Government we will give it to you. I can't say for sure that we have it. We might not if it was an extra-provincial company, I can't say for sure. If we have the information we will give it to you. It wouldn't be in the Department of Co-operatives, it would be in the Provincial Secretary's Department.

**MR. COLLVER:** — You do not have that information available since it allowed the company to convert into the co-operative and the assets to move, from the company to the co-operative surely it had the information as to who had owned the company and who the directors were?

**MR. SHILLINGTON:** — Yes, but I just can't say for sure if we have it.

**HON. R. J. ROMANOW (Attorney General):** — Mr. Chairman, just on this point I haven't talked to my colleague, and I am just somewhat troubled about the series of questions and answers because what is being asked here is some very detailed information about original shareholders, directors, amounts of loans outstanding, amounts of loans made, all of that. My understanding has been that in that kind of a situation with government, governments have taken the view that when dealing in private transactions, they are private but I assume that what the House wants to do here is that they want to establish a kind of a precedent which I guess I am not opposing, you see no problems in that? I have no opposition to it but I just simply say that if we establish that precedent here then we may have to follow through.

**MR. SHILLINGTON:** — The Attorney General is perhaps correct in that what information I have offered to produce from the Department of Co-ops is public information. I do not know if that is the case of SEDCO and the Provincial Secretary's Department and I perhaps should not commit myself to provide that information on behalf of the Provincial Secretary's Department.

**MR. COLLVER:** — Mr. Chairman, just a couple of comments on what the Attorney General has just said and perhaps I could elucidate for the Attorney General what one might look at under these circumstances and why we would like this information.

For example, I refer to Western Hybrid Swine - and I am making this as a supposition because we have no facts other than the instruments that have been filed and what the Minister has explained to us. But suppose for a moment that Western Hybrid Swine has a certain number of shareholders who are on the hook for a SEDCO loan of \$450,000, suppose the department guarantees loans through the Credit Union Central to Western Hybrid Co-ops which has been allowed to take over the assets and liabilities of Western Hybrid Company and that loan that is taken out through the Credit Union Central is used to pay the SEDCO loans or a large substantial portion thereof, then there is a benefit being derived by the shareholders of the company at the expense of the Government. The Government is taking over the guarantee position of the shareholders of that company by guaranteeing loans through Credit Union Central which are in turn used to pay off shareholder guarantee loans of the SEDCO loan. I think this should concern everyone in the Assembly. I think we should have this information. It is information which under the circumstances as the Minister has suggested is that this co-operative is in trouble and is being managed now by a receiver. But it is legitimate information for this Assembly to know and to know whether or not the procedures of Government are set up in such a way that that kind of circle transaction cannot take place. The only way we can know that is get the facts of the matter and to get the actual facts of the situation. You have heard the Minister today, Mr. Chairman, and Mr. Attorney General, you have heard him say that the Department was fully aware of the loan of SEDCO, they were also full aware of the fact that the Credit Union loan was used to pay up an amount of arrears owing to SEDCO. This is what he said earlier this evening. I think that is what concerns us and I think it is legitimate information and I sincerely hope the Minister will provide it to the Assembly.

**MR. ROMANOW:** — Well, Mr. Chairman, as I said, I am not quite sure what my position is on this. I suppose therefore I shouldn't be making any intervention on this matter. The Minister is making the commitment. I am just somewhat concerned that what we are dealing with here is, in effect, a form of a private operation lease, as I understand in your question at the beginning. I guess I can't add anything useful to that. Do you think you can provide that kind of information?

**MR. STODALKA:** — I might say to accentuate, I suppose what the Minister of Co-operatives said, that possibly we asked for the name of the Board of Directors and the shareholders. I think those probably would have been available to us if we just went and did the necessary searching through the records and we could have received that information.

I noticed though and according to your Co-operative Guarantee Act in the annual report of last year that the extent of your guarantees were about \$4.9 million. Let's say out of a \$4.9 million here tonight that we could find approximately \$2 million that is apparently in trouble so it is a point I mentioned earlier it would seem that a very high percentage of the guaranteed loans that you have at the present time are in difficulty.

Moving into another area here I notice under Item I the item of "other expenses" has \$74,170, and by checking Public Accounts of a previous year, I notice that under that particular item it would appear that some grants were given to the various co-operative cablevision companies that were starting. Under this grant of other expenses of \$74,000 would the Minister give us some indication as to how that \$74,000 is going to be spent in the coming year?

**MR. SHILLINGTON:** — Just one second please! I won't be cruel enough to give all the long details involved in the Member's question. That \$74,000 is available, I have got it here in front of me. I think if I read this list it would be at the last of the list for the last question he would ask. It is a long list. Perhaps it would suffice if I told the Member there is nothing here. One item is for \$11,000 for travel for the department, and I think I am correct in saying that there is no other item over \$2,000.

**MR. STODALKA:** — The rest are all smaller grants, are they then?

**MR. SHILLINGTON:** — They are not grants at all. Let me give you half a page of them. Legal fees and expenses - none, tuition fees - \$70, miscellaneous professional technical services - \$1,000. We rent some buildings and ground for \$500. We rent some office equipment, apparently for \$2,100. We may rent an aircraft for \$500, and we have that. Advertising is \$2,500. This is what I say there are a lot of small items, as this is a miscellaneous section.

**MR. STODALKA:** — Would the Minister indicate whether or not he is contemplating giving any further grants to any of the co-operative cablevision companies during the next year?

**MR. SHILLINGTON:** — I don't have anything in mind right at the moment. I would expect that we may give some grants to some of the new co-ops. I don't expect to give any grants to any of the cable co-ops that are in existence right now. If any new ones are formed in any other areas such as Maple Creek we might consider it.

**MR. MERCHANT:** — Would the Minister indicate the state of the loans to the cable co-operatives, there were guaranteed loans around the province and some of the cable co-operatives have fallen upon hard times namely they didn't get their CRTC licences. I wonder if the Minister would indicate how much money is owing by and guaranteed by the Saskatoon Cable Co-op and how much money is owing and guaranteed by the Moose Jaw Co-op?

**MR. SHILLINGTON:** — Zero, in both cases.

**MR. MERCHANT:** — No money has been guaranteed in reference to the Saskatoon Cable Co-op?

**MR. SHILLINGTON:** — The answer to that is, No!

**MR. MERCHANT:** — Not a nickel?

**MR. SHILLINGTON:** — Not a nickel!

**MR. MERCHANT:** — I asked the Minister earlier today if the two co-ops in question, namely those two which did not get a CRTC licence, if they had approached the Department of Co-operatives for assistance and a loan or a guarantee of a loan and that was one of the questions the Minister decided he wasn't particularly prepared to answer. I asked the Minister if there had been a loan or a loan guaranteed, and if the Minister were aware if those two co-ops had borrowed money elsewhere and if he were, what was the amount, and I think it is to the Royal Bank. I wonder if the Minister could tell me how much they borrowed and the terms of their loans?

**MR. SHILLINGTON:** — No, I don't have information on where the co-ops might have borrowed money apart from any guarantee we provided under the Co-operative Guarantee Act. I can't imagine them borrowing a large sum of money from the Royal Bank because they are a co-op with no equity. But if the Royal Bank are prepared to bank with this sort of a venture, I guess this is all right by me, but I don't have that information.

**MR. WIEBE:** — I wonder if the Minister could help us out in some of our searching here.

**MR. SHILLINGTON:** — That is what I am here for.

**MR. WIEBE:** — That is what you are there for, good. As the Minister will remember about a month ago the Province of Saskatchewan or the Department of Co-operation to be exact lost \$50,000 to the Government of Alberta. And I am speaking in regard to the 500 shares valued at \$100 each, which the Department of Co-operation under an Order in Council dated September 2, 1975 purchased the 500 shares in the Lamb Processors Co-operative

Limited of Alberta. Now my first question is, under what authority did the Department of Co-operation obtain approval to spend \$50,000? It is my understanding that the maximum of any shares purchased from a co-operative when the Province of Saskatchewan, and let emphasize the Province of Saskatchewan, to the benefit of co-operatives within the province is to a maximum of \$5,000. And I wonder what authority did you have to exceed that amount by 10 times and exceed the regulations by not aiding co-operatives within the Province of Saskatchewan but aiding co-operatives outside the Province of Saskatchewan?

**MR. SHILLINGTON:** — The money came out of our Subvote as I think the Member knows. If you want to put a hold on this for a couple of minutes, I will get the information. They are having it brought from downstairs. By and large, it is a Department of Agriculture operation, and not ours, but I will provide you with the information.

**MR. WIEBE:** — That's fine, Mr. Chairman, if we can revert back to Item No. 1 then at that particular point in time.

Item 1 stood.

Item 2 agreed.

### **Revert back to Item 1**

**MR. STODALKA:** — Just in concluding my remarks, I notice your budget is \$1.7 million, and you had a few problems I guess during the last year with some of the financial transactions which had taken place and it sort of altered the extent of the problems you had, and it probably exceeds the extent of the budget for the whole department. Seeing that \$1.7 million is your total expenditure and yet the number of problems that we have been able to identify here tonight, in which there could have been losses to the people of Saskatchewan, as a total in the one place at least \$600,000 and admittedly in another two cases probably could exceed even that amount, it would seem that certainly there is some room for some tightening up within the department.

**MR. SHILLINGTON:** — So what else is new! I'm sure that there isn't a financial institution in the country that doesn't loan money back in excess of whatever they pay their staff to process it. That is quite natural. To compare what we loaned and to use those figures and to compare them with our staff, is comparing apples and bananas.

**MR. STODALKA:** — Agreed there, Mr. Minister, but then if we want to go back to the total amount of the loans you have, it is four million dollars, almost five million dollars of guaranteed loans, according to what your financial report stated last year. You have two million dollars worth of trouble.

**MR. SHILLINGTON:** — Mr. Chairman, could we go on and deal with the warrants while we are waiting, or can we not? I guess we can't deal with the warrants until we deal with Item No. 1, is that accurate?

**THE CHAIRMAN:** — They are actually two different things.

**MR. SHILLINGTON:** — I see, I guess we will have to wait until we get back to it.

I can answer the Member's question. I can clear up your confusion as to how we might have \$50,000 when the statute authorizes \$5,000. The Member has undoubtedly read Chapter 23 of The Statutes of Saskatchewan, 1973-74, and he has undoubtedly applied his attention to Section 4 B (1) which limits the amount that the department may make in terms of grants, annual or otherwise, to \$5,000. If you will go on to Section 5 (c) you will see that subject to the approval of the Lieutenant-Governor-in-Council we may make loans or buy shares with no limitation on it. In suggesting that we have in some way exceeded the statutory limit, the Member read the wrong section.

**MR. E. F. A. MERCHANT (Regina Wascana):** — The Minister, no doubt if he stretches back to the period of his life 'preheaven', Mr. Chairman, before he rose to the level of the Cabinet and found that the salary just socked in, whether he did any work or not, and whether he was right or wrong, he may recall that he practised law in the good old days, and I'm sure that the Minister, in due course, when he casts his mind back to those unpleasant days, days that I am sure he will enjoy more after 1979, will note that co-operative associations and credit unions just aren't some wonderful thing like rocks and stones that everyone can sort of define on their own, and they get defined by something. I think if the Minister casts his mind back he will find that the definition of them is a definition that implies some establishment by the Legislature of this province. If the Minister would indicate what section he believes is the defining section for co-operative associations and credit unions?

**MR. SHILLINGTON:** — I suppose Mr. Chairman, we might as well consume the time of the Legislature with a legal argument as we have nothing better to do while we are waiting for the information to come back. I would refer the Hon. Member to section 5 (b) (2). In setting the limit of \$5,000 that section is clearly limited to co-operative and credit union services in Saskatchewan.

The next section has no such limitation by the ordinary rules of statutory interpretation. That means that with the next section you are not limited to co-operatives and credit unions in Saskatchewan. We are just applying the ordinary rules of statutory interpretation. I don't know what the Member for Wascana is implying.

**MR. MERCHANT:** — Mr. Chairman, I believe that since we are dealing with the Department of Co-operation and Co-operative Development that the Government is then faced with moving to chapter 250 of the Revised Statutes of Saskatchewan. The Revised Statutes of Saskatchewan, in chapter 250, defines a co-operative association, as "any association or body corporate, incorporated or registered under The Co-operative Associations Act, or The Co-operative Marketing Associations Act, or any co-operative association incorporated under any other Act of the Legislature". And I think, Mr. Chairman, that when we are reading in the



Revised Statutes of Saskatchewan and you can tell them, they are red, from other provinces, they are different colours, that may be something that you may recall, that usually when you talk about the Legislature, you are talking about the Legislature of Saskatchewan. Now, Mr. Chairman, I don't make a tremendous issue out of it, but I think legally the Government is not in a position to lend money outside of this province. It is all part of a piece, that the Government now believes that no matter what they are doing, whether it is oil or potash, or natural gas development, or whatever, they are prepared to use the taxpayers' money from this province to develop jobs elsewhere, or to invest elsewhere. They may be well-intentioned, I have never argued that they are not well-intentioned. I just don't think that they are acting within the legalities of the matter. Indeed, Mr. Chairman, we heard today that the Premier isn't all that sure that it matters whether you act within the legalities of the matter.

**MR. SHILLINGTON:** — Mr. Chairman, I do recall those balmy days when I worked fewer hours and made more money and people paid 50 bucks an hour to sit in front of me and they acted as if they liked it. Now they sit in front of me for nothing and they act like they like it.

I remember during those balmy days that the Hon. Member for Wascana, with whom I appeared occasionally in court, was very clever at developing authorities and precedents where none existed. No one ever stuck the Hon. Member for Wascana for an authority, he had one even if none existed.

You will note that earlier when he read that reference he didn't tell me the name of the Act. What he said was, he was reading out of chapter 250 of the Revised Statutes. He no doubt expected me to assume that is the Co-op Act. He had no way of knowing that earlier in the day I had opportunity to read that Act. That is the Co-operative Guarantee Act, and it has nothing to do with the Department of Co-ops. If the Hon. Member wants to refer to The Co-op Act, I will argue with him, but by using an authority which he knows has no bearing on the subject, he is creating an authority out of thin air.

**MR. MERCHANT:** — Is the Minister saying that under The Co-op Act the definition of co-operative association includes a co-operative association not incorporated in this province?

**MR. SHILLINGTON:** — Yes.

**THE CHAIRMAN:** — Subvote 1 agreed?

**MR. WIEBE:** — No, not yet, Mr. Speaker. Now that we have dispensed with the legal amenities, let's talk about the \$50,000.

**MR. SKOBERG:** — . . .

**MR. WIEBE:** — That gives me one hundred hours. Fifty thousand dollars was spent, not by the Department of Agriculture, as the Minister stated earlier, but that \$50,000 was spent by the Department of Co-operation and Co-operative Development. No. 2 of the Order in Council date of September 2, and let me read it:

It is deemed expedient to authorize the Minister of Co-operation and Co-operative Development to purchase 500 shares of \$100 each in Lamb Process Co-operative Limited at a total cost of \$50,000.

Now that money came out, not of the Department of Agriculture. It must have come out of the Department of Co-operation, because it was the Minister in charge who was authorized to advance that money to the Lamb Processing Co-operative Limited in Alberta. Now I would like to know for what reason, and what kind of guarantee did the Minister have in spending or ensuring that the spending of \$50,000 of the taxpayers' money was money that was spent properly and spent in such a manner that the people of Saskatchewan can receive just returns for that investment of \$50,000? We find now that they are not receiving any return for that \$50,000, in effect that they have no possible chance whatsoever of receiving one red cent of that \$50,000 back.

**MR. SHILLINGTON:** — I certainly didn't mean to imply to the Hon. Member that the Department of the Co-op didn't provide the money, we did. What I was saying to the Hon. Member was it was basically an operation of the Department of Agriculture, but we were assisting in it. I did not mean to imply we didn't provide the money, nor did I ever mean to imply that we wouldn't answer any question you ask on it, if it is within our knowledge.

We purchased shares up to an amount of \$50,000. When you purchase shares there is normally no security given, and you know that when you purchase shares. That's true of anything. What benefit do you get out of it! I suppose someone might ask, "What benefit do you get out of the road which goes past your farm". We might quarrel about that but we don't get an economic return off it, we get a benefit, which can't be measured in dollars and cents. The same is true of this plant. The benefit that was hoped was that there was no place to process lambs and this would provide Saskatchewan farmers with a place to process lambs. Again, I caution the Member, you are getting me out of Co-ops and into Agriculture. That was why the money was spent, as I understand it.

**MR. WIEBE:** — Well, Mr. Chairman, Mr. Minister, I think that we can get the answers by staying within the Department of Co-operation, because in effect the question that I asked was for what reason basically did you spend this money? You advised the House that you spent the money because you wanted to help Saskatchewan lamb producers to find a place in which to market their particular animals. For that reason you took \$50,000 of the taxpayers' money and used that money to invest, not in a company located in the Province of Saskatchewan, but one located in the Province of Alberta. It is difficult for me to understand the reasoning behind that because part of the reason why this particular lamb processors co-operative went under was because there were not enough lambs being marketed through that particular co-op. Part of the reason why there were not enough lambs marketed through that particular co-op is because there were next to no lambs coming from the Province Saskatchewan going to that particular co-op. The Saskatchewan Lamb Marketing Commission, instead of sending lambs to the Innisfail Lamb Processing Co-op, was instead sending its market lambs to eastern Canada. So in effect you were not helping out the Saskatchewan producers by investing that money, because in turn the marketing

board, not. commission, was in turn sending their animals to eastern Canada instead of to Innisfail.

It is my understanding that this particular practice was being undertaken by the marketing board at the time these shares were purchased and that is part of the reason why the operation did not succeed, because at the time that the shares were purchased it was my understanding that it was going to be a joint venture between the Province of Saskatchewan and the Province of Alberta, in order to apply those benefits to wool and sheep producers within both provinces. I realize that the Minister cannot answer the question as to why the sheep marketing commission in the province decided to send its lambs to eastern Canada instead of to Innisfail, but I still can't feel that I have received a justifiable answer as to why the Minister of Co-operation would spend \$50,000 of the taxpayers' money on a co-operative located outside of this province, on a co-operative that in effect was not receiving or had any assurances that they would be receiving lambs from within the Province of Saskatchewan, handled directly through a marketing board, established by the Government of Saskatchewan. In my mind there were just not enough assurances to allow this expenditure. To date we have not received that assurance. While \$50,000 when you look at the total Budget of \$1.5 billion, may not seem very much, but \$50,000 is something that we and every farmer in the province can understand, and I think we should have some justification as to why it was spent, other than the so-called shabby reason which we have received so far tonight.

**MR. SHILLINGTON:** — Surely the Hon. Member is not suggesting that the Government shouldn't spend any money out of its boundaries. We co-operate in inter-provincial projects, and that was the case with the previous administration.

The Hon. Member for Morse (Mr. Wiebe) as distinct from the Hon. Member for Wascana (Mr. Merchant) was suggesting we should not have invested money out of the province, the taxpayers' money. He suggested it might have been different had we spent it within the province. I suggest that that simply doesn't stand up. If you want to argue that the money was not well spent wherever it was spent, because eventually the thing went broke, I suppose that's a view. Our point of view was that it was a facility that was needed for the lamb producers here. That view happened to be shared with the Province of Alberta, which took the operation over, so I gather they share the view that it was a needed facility. The Hon. Member may have the view that it wasn't that we could have shipped them to the East at all times and so saved ourselves some money. I don't know that you are asking for any information, you seem to be in a debate about a matter that neither one of us can quantify. I am just going to have to admit that I can't change the Hon. Member's mind, and he is probably not going to change ours.

**MR. WIEBE:** — Mr. Chairman, I am beginning to realize that that is exactly the case and possibly to continue my questioning, and I hope that the Chairman at this particular point in time will afford some lenience to the questions which I shall be posing to the Minister of Agriculture then when we come to his Estimates. I believe that the question has not been adequately answered as to why \$50,000 was spent. We are dealing basically with two Government agencies. We are dealing with an agency that first of all advances money, and secondly a sheep and wool

marketing commission which is formed under the authority of the Province of Saskatchewan, does not even aid in the contribution towards the particular co-operative that this Government spent dollars on. You know, this is a difficult part for me to understand and I think many sheep producers in the province to understand as well and I am prepared to let it drop at this time if we can again look at it once we get into the Department of Agriculture.

**MR. SHILLINGTON:** — Mr. Chairman, I just had a brief communication with the Minister of Agriculture. He is prepared to discuss the matter in his Estimates, as this \$50,000 was spent by the Department of Agriculture. You can raise it in his Estimates.

**MR. MERCHANT:** — Mr. Chairman, let me return to the question in a legal sense of whether it is proper or improper for this Government to invest co-operative money outside of this province, because though frankly the Minister and I may deal with it as though we were two lawyers arguing over a point (and we were classmates), the fact is that that makes light of a very important question. The important question is whether this Government will do as their statutes dictate that they should do, or whether this Government will go on thinking that they are empowered to spend taxpayers' money anywhere in Western Canada, anywhere in North America. When the Minister says look at chapter 246, and quite frankly 246 is of no assistance to the Minister and defines an association as a federation . . . chapter 25, do you mean?

**MR. SHILLINGTON:** — No, I mean chapter 21.

**MR. MERCHANT:** — 21, no doubt, an Act for the Protection of Public Officers. Is this an Act that protects you from insults in the legislature, or were you in fact referring to chapter 25 in that respect of the department. Well chapter 25, Mr. Chairman makes no reference whatsoever to definitions and I've looked at chapter 25, and I then looked at all the definition sections in the various credit unions and co-operative associations sections from chapter 250 to chapter 246. Chapter 246, which is the chapter to which the Minister refers me, or referred me before he decided that public officers was more appropriate, says associations mean an association or federation of associations incorporated under this Act, etc. again under the Statutes of the Province of Saskatchewan. I believe that this is another example of the Government thinking, really of doing anything that they like. That the Government is capable of taking, taking under Orders in Council Saskatchewan money and investing or squandering or gambling no matter what word you may choose to use, anywhere in the prairies, anywhere in North America, Mr. Chairman, the money isn't large, \$50,000 isn't a large amount of money, in relation to the total expenditures, but the principle is a very significant principle and the principle is in these past few years at least this Government no longer seems to think that it's bound by the effect of the statutes that it passed, Mr. Chairman, interestingly the regulations committee of which I am the Chairman didn't catch that particular expenditure and I say to you Mr. Chairman that it is something that we will now look at, but I think that the Government has to look again at the fact that as governments do when they get old in office they start thinking that it doesn't matter particularly whether they are bound by the effect of the legislature, whether they are bound

by the rule of the law. Set it down, this is just another example of your Government paying no attention at all to the legislation which this Government has put on the Order Paper, has put in the statutes books and the Government just says well, we can just spend \$50,000,000. We did it, they would say, we did it for the good of Saskatchewan people. Well, I say to you again, that every Government, that has been in trouble probably the history of democracy has decided that Cabinet Ministers can do what they think right whether a legislature or a parliament or whatever has passed those laws or not.

**MR. SHILLINGTON:** — Mr. Chairman, this conversation has gone so far, it is ridiculous. The Hon. Member well knows that you can't use a definition in one Act to argue what a word means in a separate Act. The basic rule of interpretation is don't use definitions in one Act to assist you in defining a term in another Act. If the Hon. Member wishes to read that section he will clearly note that in one section our right to make loans, guaranteed loans, is limited to co-ops in Saskatchewan. In a separate section which provides that the Cabinet must approve it clearly states that you can provide the loans to purchase shares out of Saskatchewan. I think the Hon. Member well knows that! I am not sure, that the legal argument whether or not what the statutes say is getting us very far. I think the section is fairly clear. I am convinced of that when I hear the Hon. Member for Wascana using definitions from statutes which are basically irrelevant, from what we are discussing. I am convinced we are right because I think if he had a good argument he would use it. I suggest Mr. Chairman, we go on with the works.

Item 3 agreed.

Vote 6 agreed.

Supplementary Estimates agreed.

Item 29 agreed.

Vote 64 agreed.

The Assembly adjourned at 9:45 o'clock p.m.