

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**December 5, 1977**

**EVENING SESSION**

**Debate on Bill No. 47 Continued**

**MR. R.L. COLLVER (Leader of the Conservative Opposition):** – Mr. Speaker, the people of Saskatchewan can't afford to pay back to the oil industry a half a billion dollars and one of the major reasons that they can't afford to pay it back is the mismanagement and the squandering of opposite moneys by the government. Mr. Speaker, I always speak with authority, always with authority so if the members opposite believe I am speaking with authority in this manner and with some degree of expertise, I thank them for their confidence. member one need only examine SEDCO for millions and millions of squandered dollars, lost jobs, lost opportunities for the people of the province of Saskatchewan, lost reasons for private sector investment to occur in the province. Mr. Speaker, the people of Saskatchewan can't afford to pay back \$500 million to anyone because the government opposite wanted to invest \$11 million into Continental packers and then add more to that in the last little while as explained by the minister responsible for SEDCO, add more to that because they're now in financial difficulty.

First of all, they buy the mines and buy into the mine against the advice of everyone and in so doing they drive out other packing plants to the point where Saskatchewan from some 15 or 16 packing plants around the province is down to two or three, and those unsuccessful, and those not making a go of it, insist, Mr. Speaker, in terms of mismanagement, insist that the people of Saskatchewan and the hog producers of Saskatchewan without any word from the hog producers must have a hog marketing commission and then, Mr. Speaker, watch production in the hog industry diminish from a million hogs a year to 300,000 hogs a year and say we have to have this commission and all that income lost to the people of the province of Saskatchewan.

Mr. Speaker, the people of Saskatchewan can't afford to pay back to anyone a half billion dollars because the government members opposite insist that they have to own oil wells that the companies wanted to get rid of and so pawned them off on the members opposite, pawned off producers as they were deteriorating in their production, pawned off the gas production they had that was deteriorating in its production, pawned it off on the members opposite to the tune of \$16 million . . .

**MR. MOSTOWAY:** – No. 1.6.

**MR. COLLVER:** – . . . \$16 million, if I remember correctly in terms of Atlantic Richfield's particular involvement. The government's purchase from that organization of their production was not quite as good as the government thought, was not quite as good as the so-called experts of the government thought. The people of Saskatchewan can't afford to pay back a half billion dollars, Mr. Speaker, because the members opposite insist that only through nationalization and control of 50 per cent of the potash industry or more in Saskatchewan can they solve the potash problems the had.

Yet in this very bill, Mr. Speaker, they introduce clauses here that they could, through a mineral income tax on potash, for example, designed in approximately the same way,

examine all the books and records of each and every potash mine in Saskatchewan because that's the right that they've given themselves with regard to the oil producers. They could have introduced such a bill into our province, they could have introduced a bill such as this into the potash industry, Mr. Speaker, that would have granted the government, if they deemed it advisable, 100 per cent of the profits of a potash mine in Saskatchewan, if they deemed it advisable in terms of setting the rate – and I am not suggesting they should – but if they thought that that was what they wanted to get out of the mine, they could have set a tax rate of 100 per cent of the profit of that mine just as they can set 100 per cent of the profit of an oil well in this act. But no, only nationalization, said the Attorney General before, could possibly solve the problems facing the Government of Saskatchewan as it related to the potash industry in our province. Yet now faced with a Supreme Court decision that went against their former legislation that they were told would be unconstitutional in this legislature, that they were advised had serious constitutional difficulties in this Legislature, they nevertheless had to bring it in against the advice of the Legislature and members who subsequently have proven themselves in terms of the judiciary, members who gave advice with reference to the constitutional matter in this Legislature. The government refused that advice, against the advice, Mr. Speaker, that they could see the government of Alberta immediately to the West that sat down and worked out with the industry a program by which the bulk of the windfall profits could go to the people of Alberta and in fact the bulk of the profits have gone to the people of Alberta. In addition, Mr. Speaker, Alberta has seen a boom in drilling, a boom in the oil business, a boom in the search for new oil in the province of Alberta and continued cutbacks in the province of Saskatchewan year after year.

Well about six or eight months ago the government members suddenly realized that they had destroyed a great many lives in Estevan and surrounding community because the oil industry had cut back, suddenly realized that the oil industry in the Swift Current area had cut back substantially and a great many lives were destroyed, suddenly realized that perhaps the legislation introduced in Bill 42 was not as reasonable as it should have been. So they introduced new regulations and new legislation in order to try and encourage the industry to come back to Saskatchewan. But having pulled out of the province of Saskatchewan once, having pulled out because of the intransigence of members opposite and the refusal by members opposite to examine any form of reason and common sense in 1973, the oil industry decided, and I think decided against the interest of the people of Saskatchewan and one wishes they hadn't, to ignore Saskatchewan when it came to drilling, to ignore Saskatchewan when it came to new ventures, to ignore Saskatchewan when it came to the search for energy so badly needed by the people of the province of Saskatchewan.

About six or eight months ago the Premier realized that he must have this revenue, that he had to have this tax revenue because the social benefits that the people of Saskatchewan need could not longer be met. We were witnessing cutbacks in hospitals, in hospital beds; we were witnessing the very essence if you want of the NDP in the province of Saskatchewan, the development of a good health care program and we were witnessing a health care program deteriorate before our very eyes. The government decided they had to have this revenue from the private sector and perhaps we should adjust the regulations that were imposed in 1973 under Bill 42. The people of Saskatchewan can't afford to pay back a half billion dollars to anyone because of increasing bungling by members opposite – increasing, Mr. Chairman, because the government decides that they have to advertise Crown corporations in the province of Saskatchewan and spend the people's money to advertise Crown corporation in our province even though those Crown corporations are monopolies and the people must

use them, even though in order to accommodate the increased cost of those corporations the government has had to raise the rates for gas, the rates for electricity; they've had to raise the rates for power. Even so, with increased taxation, the government has to squander its money on advertising to prove to the people that Saskatchewan Power is a Crown corporation and that it's in a family of Crown corporations.

Mr. Speaker, the people of Saskatchewan can't afford to pay back \$500 million because the Government of Saskatchewan continues to expand the civil service at an alarming rate to no reasonable end, Mr. Speaker. In 1948 the Department of Agriculture in Saskatchewan had one civil servant for every 800 farmers approximately. Today the Government of Saskatchewan has one civil servant for every 120 Saskatchewan farmers, an increase in growth if you want, per farmer of seven times in those intervening years. The civil service continues to grow, the accommodation necessary for the civil service, therefore has to increase, but this government doesn't stop there. It expands the civil service first, then it increases the size of accommodation but then, Mr. Speaker, it sends away for a plan for Wascana Centre indicating in its judgment, in the Government of Saskatchewan's judgment, that the civil service is going to grow by eight per cent per annum compound, and therefore, what kind of accommodation should we have for the Government of Saskatchewan in the long term. And then they build office buildings but they haven't got civil servants to fill them with. So then, Mr. Speaker, they have to fill them with more civil servants which in turn adds more cost to the government, which in turn adds a greater burden to the Saskatchewan taxpayer. The people of Saskatchewan can't afford to repay to anyone \$500 million because of the blatant bungling of the present government against all rationale. Members opposite insist on raising their own salaries in this Legislature. Even though the people of Saskatchewan are in a situation where their costs are squeezed dry and their incomes are squeezed by cost, they persist in raising the cost of government, the cost of executive assistants. The Minister of Education comes in brand new and immediately adds two highly paid assistants to his staff to the tune of \$60,000 or \$70,000 a year. The people of Saskatchewan can't afford that kind of planning./

**MR. SPEAKER:** – Order. I have been attempting to follow the hon. member and his remarks to the principle of Bill 47, an Act to provide for the Taxation of Income from Oil Wells. And although I realize members should be free to bring in all arguments which are directly related to the principle of this bill, I find it difficult to realize in my mind how salaries of MLAs, public servants, Crown corporations or the duties of the Education Minister pertain to the principle of this bill. Now it's true members may cast a very wide net in bringing forward evidence to support their case but I would ask the member if he could stay a little closer to the principle of the bill.

**MR. R.L. COLLVER (Leader of the Conservative Opposition):** – Mr. Speaker, I certainly appreciate your advice. I might perhaps suggest to you that it was the Attorney General himself this afternoon who said that the principle of his bill is whether or not the people of Saskatchewan should have to foot the bill to the oil companies to the tune of \$500 million. What I'm trying to show is that the people of Saskatchewan cannot afford to foot the bill for \$500 million because of the squandering of the members opposite and the squandering of the government and the squandering of the Cabinet in this province.

Mr. Speaker, we feel that Bill 47 was specifically designed months and months ago to get the NDP who designed Bill 42, off the hook. No one knows whether Bill 47 will accomplish this end. Time alone will tell that. No one knows whether it will be attacked.

Even if the Attorney General and the Premier make deals with all of the oil industry, no one knows whether or not one oil company or two will attack the bill as being unconstitutional and it merely delays the inevitable for the people of the province of Saskatchewan, delays if it is the inevitable reckoning in terms of repaying the money that this government should have obtained but did not do so because of their bungling. We believe that this bill, as it's drawn, could set a precedent for retroactive income taxes and could set a precedent that could materially affect every farmer, every laborer, every small business man, as a matter of fact, every tax payer in the province of Saskatchewan. If that precedent is allowed to take hold, if that precedent is used in the future, we believe that the people of Saskatchewan, having paid what they felt were their legitimate taxes, as designed by the Government of Saskatchewan, we believe that this particular bill, designed admittedly for a particular purpose to save the people of Saskatchewan from having to repay a half a billion dollars to the oil industry. We believe that it could set a precedent and in that regard it is a very onerous piece of legislation. If the people cannot believe that the taxation they pay today, as set out legitimately by their government, if they cannot believe that that is the final tax bill that they will be getting, then somewhere down the road a farmer could be faced with a tax bill through a retroactive act of the Government of Saskatchewan, a retroactive income tax act – somewhere down the road a farmer could be faced with having to pay more taxes, as a matter of fact confiscatory taxes, if the government decided that it wanted to accomplish that end by putting every farmer in Saskatchewan out of business.

Mr. Speaker, we are concerned about that precedent but we believe that that precedent may be minimized since this particular act was designed to accomplish a particular thing and that was to correct the original bungling of Bill 42 in the light of the Supreme Court decision. As I have said before we believe that the bill could be construed to be unconstitutional and no one will know that. It is, as I gather, the government opposite's best attempt to try and correct this unfortunate situation.

We have suggested that perhaps if the federal government were to consider such legislation there would be no chance of it being attacked or if any would be very, very minimal. In that way our constitutional advisors advise us that if the federal government were to pass this necessary legislation that there would be less likelihood in the light of the Supreme Court decision of this matter being declared unconstitutional by the courts. It may be attacked and as a result more legal fees, more expansion of legal business of Mr. George Daly and others, it does create a few other jobs in the legal area, as the Leader of the Liberal Party suggested. It may just be that this bill may just be a stalling tactic by the government opposite. We won't know whether it's a stalling tactic or not for months if not years because we won't know if the government is going to be attacked on this legislation until in fact they're attacked and until the court settles it because the government has refused to submit the issue under The Constitutional Questions Act even after it's proclaimed, which is what our caucus suggested.

Mr. Speaker, we are also concerned to a very large extent that this bill is taxation without representation. It removes from the Legislature in total all rights pertaining to income taxation for the oil industry. The Legislature has under this bill not further rights on taxation and the rates are not spelled out, the regulations are not spelled out, and even if they were, clause 39 gives the Lieutenant-Governor in Council or the Premier the right to adjust the taxes in any way he likes either to nil or to half or to 35 per cent or to 90 per cent or to whatever the Premier in his wisdom decides. Clause 39 completely eliminates any position of the Legislature vis-a-vis to the income taxation in the oil

industry. We are not asked, Mr. Speaker, to understand what the rates and regulations are going to be in advance of the bill. We are told that maybe the rates and regulations, maybe, will be available to this Legislature at some point before third reading, maybe.

Mr. Speaker, we're concerned about that because in fact, if the Legislature does not have the power of taxation, then the people do not have the power of taxation. That battle was fought years and years and years ago but it is now being re-introduced by the government opposite. It is now being re-introduced in many ways, Mr. Speaker. It's being re-introduced in the bill that they passed last year which allows them to juggle from fund to fund. It's being re-introduced, Mr. Speaker, in the amounts of excessive borrowing of the government members opposite and the right to use those borrows for any purpose whatsoever. Mr. Speaker, it's being usurped by the government opposite in many, many ways but never quite so blatant as in Bill 47, never quite so blatant as clause 39.

Mr. Speaker, we are very concerned about these issues, as they related to Bill 47 but the people of the province of Saskatchewan cannot afford to repay half a billion dollars to the oil industry, nor should they, nor, in fact, Mr. Speaker, does anyone to my knowledge in the oil industry expect to get away without paying taxes on the resources that belong to the people of Saskatchewan. Mr. Speaker, we do not believe that the people should have to pay this money back and we have repeated that time and time again and we cannot afford to do it. Mr. Speaker, in addition to that we believe that the people of this province must realize that a bill like Bill 47 could have been brought in as it related to the potash industry, could have been brought in and saved \$375 million already of the people of Saskatchewan's money that has flown the coop from Saskatchewan and is being used to invest in New Brunswick and in Texas and all over North America but not in the province of Saskatchewan. That this money could have been used to invest here, to create jobs and opportunities here, to create new energy resources here and the Government of Saskatchewan could have achieved the same profit levels that it wants to if it so desired from a bill like this applied to the potash industry, the same as it could have . . . a bill like this applied to the oil industry.

We think it is essential, Mr. Speaker, that the people support this. Mr. Speaker, we intend to support this legislation, on second reading because we have already told the people of Saskatchewan that we support the principles of this bill. When we told the people of Saskatchewan that we do not believe they should repay the \$500 million, we supported whatever moves to be taken to ensure that the people of Saskatchewan do not have to repay the \$500 million.

Mr. Speaker, we intend to support this bill as I said, because we can't afford to pay back the money; we intend to support this bill because we want to spell out to the people of Saskatchewan, through that support, that this legislation could have been applied to the potash industry. However, Mr. Speaker, when I say that we intend to support this bill in principle, which in principle says "as spelled out by the Attorney General," in principle he said, this bill (and we are taking him at his word) this bill spells out whether or not the \$500 million should be repaid to the oil industry or not. We say the \$500 million should not be repaid to the oil industry; we said it from the day the CIGOL decision was handed down and, therefore, Mr. Speaker, we intend to support the principle of this bill. Let me emphasize, Mr. Speaker, 'the principle of this bill.'

Interjections from the floor.

**MR. COLLVER:** – In due course, Mr. Speaker, I will go on when there is a little bit . . . when there is order, Mr. Speaker, I'll speak. Mr. Speaker, I am sure that I can stand here as long as they can keep talking from their chairs.

**MR. SPEAKER:** – I want the hon. member to know that I can hear him.

**MR. COLLVER:** – You perhaps can hear me, Mr. Speaker, but I can also hear them. It's too bad they won't stand up and say these things on the record; it would be very interesting to see if they could justify their comments on the record.

Mr. Speaker, we intend as I have said, we intend to support this bill in principle and to support the principle of the bill that the people of Saskatchewan should not have to repay the \$500 million to the oil industry. We intend to bring in amendments, however, that first will exempt small Saskatchewan-owned and based producers from this bill, in order to encourage the oil industry in Saskatchewan, in order to encourage investment in the small producer sector of this industry in Saskatchewan, we intend to bring in amendments that will exempt those small producer companies.

I think, Mr. Speaker, the Attorney General, the way he was nodding would favor such an amendment. He might even bring it in himself, because he has always stood, as the NDP opposite, for small business against multinationals. They have always stood for the little guy against the big guy, including Saskoil, the big guy, the Government of Saskatchewan, the big guy, and Imperial Oil and Texaco, Seagram, BOV, and Schenley, all those other big guys. They've been in favor, Mr. Speaker, all the way along, of the little guy, so we are going to find out just how much they are in favor of the little guy. We suggest that only in that way will they prove to the little guy that in fact they are with him and in fact they will provide the little guy with a chance to compete in the province of Saskatchewan.

Second, Mr. Speaker, we intend to bring in amendments that will remove from this bill the power of the Premier to make deals behind closed doors; that any deals made by the Premier, any deals made by the Attorney General, any deals made by the Cabinet, in regard to this bill, must be brought forward. Any deals made with the multinationals, Mr. Speaker, those giants for with whom and against whom the NDP has stood forever, any deals made must come out and be examined at the time they are made, Mr. Speaker, not a year and a half or two years from now after the people of Saskatchewan have gone to the polls and the NDP can hide the deals from them and say, "Gee, we didn't make any deals." And I suggest to the Attorney General and I suggest to the members opposite that a deal made for future consideration in order that people not attack present taxes is exactly the same, Mr. Speaker, as a deal made for present taxes because all you're doing is postponing the inevitable down the road so that the people of Saskatchewan pay and pay through the nose. Mr. Speaker, we intend to bring in these amendments and we intend to bring them in with a view to having them passed in this Legislature. We hope that the Government of Saskatchewan will sincerely consider these amendments and make, if you want, or eliminate the onerous provisions of his bill which are specific in nature because the intent and the purpose of the bill is to gain for the people of Saskatchewan what the legitimately elected government of the day decided should be the taxation levels of the day.

The Government of Saskatchewan has the right to the revenue from its resources. We

agree with that principle and always have. The Government of Saskatchewan has the right to set taxation levels as it relates to resources; we agree with that principle and always have. The problem, Mr. Speaker, has been the bungling of the present government and the difficulty that the present government has had in creating legislation that would in fact gain the maximum benefit from those resources. We believe that had they looked at the situation more realistically and more reasonably in 1973, they would not be faced with this situation today where, unfortunately, the Attorney General had to make a speech in apology, as I have said earlier today, had to make another speech in apology today for the bungling of the government.

Mr. Speaker, I would like to just repeat one more time. We intend to support the principle of this bill because we cannot afford to pay back the money because: (a) the government has squandered and mismanaged the people's money to date; (b) the Government of Saskatchewan is entitled to collect revenues from its resources as it sees fit; and (c) because when we stated in the beginning that the people should not be required to pay back the half a billion dollars we automatically said that we would support whatever reasonable means there was to achieve this end. That having been said, we need to bring in amendments to this bill that will exempt small Saskatchewan owned and based producers from the provisions of this bill, and second, we will remove the power of the Premier or bring in amendments to remove the power of the Premier to make deals behind closed doors so that any deals made by the government are up front.

**MR. E.C. MALONE (Leader of the Liberal Opposition):** – I am very pleased to have the opportunity tonight to address a few comments to Bill 47 and I'd like to start off, Mr. Speaker, by addressing a few remarks in reply to some of the more spurious allegations made by the Attorney General this afternoon when he introduced this bill for second reading.

Mr. Speaker, the Attorney General never ceases to amuse and amaze me. He spent almost two and one half hours this afternoon trying to excuse the incompetency, stupidity and greed of the government opposite on the basis of morality. He says that the question now facing the Legislature is a question of morality and not a question of assessing blame where blame should lie but a question of determining whether the government is now acting in a fashion that has some degree of competency about it and that we'll be able to keep from repaying the enormous sums of money involved. He talks about morality. In doing so, Mr. Speaker, while talking about morality he took the opportunity as well to launch an attack which I believe, in many cases, could be best described as cowardly on a number of institutions, on a number of people, both within and without this province. He took a long time to talk about judges and I submit, Mr. Speaker, notwithstanding the weasel words he used and the adjectives and the adverbs, it can be only taken as an attack on the judges of the Supreme Court of Canada. He talked at length about the appointment of those judges and he seemed to indicate that because of the system of appointment of the Supreme Court and presumably of the judiciary of this country, that those judges that were appointed, were not serving themselves; they were serving another master. That is the only reasonable implication, Mr. Speaker, that can be drawn from his remarks when he talks about how seven judges of the Supreme Court of Canada decided in the manner in which they did.

He fails to point out, Mr. Speaker, though that it's well known to him and to the Premier and, I am sure, to the other lawyers in the NDP government party, that the system of the appointment of judges to the Supreme Court in this country is based on regions. It is based on so many judges

from Quebec, so many judges from Ontario, so many judges from the Maritimes, the prairies and British Columbia. He carefully does not make these statements, Mr. Speaker, because it serves his purpose to make it an attack on the seven judges of the Supreme Court of Canada who dared to hold in the manner that they did. Indeed, Mr. Speaker, he fails to point out that the same system of appointment resulted in the appointment of the Saskatchewan judges when he talks about them with such great pride because they happen to agree with his interpretation of Bill 42. That same system resulted in the appointment of the Queen's Bench judge who heard this particular judgment initially. It was the same system of appointments that appointed the Court of Appeal that heard the appeal from the original trial judge. He is also very careful, Mr. Speaker, not to point out that the judge who wrote the majority decision in the CIGOL case, Mr. Justice Martland, first of all comes from the West and, secondly, has a reputation as being a judge who invariably finds in favor of the provinces and not in favor of the so-called centralist interests of Ottawa. He is also careful not to point out, Mr. Speaker, that the judge who wrote the dissenting opinion, Mr. Justice Dickson, comes from the West and has a reputation, apparently, as being a judge who is a centralist judge who wants to hold the favor of Ottawa.

I say, Mr. Speaker, that these attacks on the Supreme Court, the method of appointment and by implication the appointment of any judges in this country are unwarranted and unfounded and are shameful. But then, Mr. Speaker, he found that he couldn't put all the blame for the disaster that has befallen the NDP as a result of his decision on the judges so he turns to a few other people to pint the blame on. He says that for some reason it is the opposition's fault that in 1973 when the Liberal opposition opposed this legislation, we somehow weren't doing out duty. Somehow we were at fault for pointing out to the people of Saskatchewan that this Bill 42 could well be found to be unconstitutional, unconstitutional because it taxed indirectly, unconstitutional because it dealt with trade and commerce. For some reason it was the opposition's fault for pointing these things out that caused this bill to be struck down by the Supreme Court of Canada.

Mr. Speaker, the opposition doesn't apologize in any way whatsoever for their comments in 1973, particularly Mr. Speaker, in view of those comments being found to be correct in every sense that they were made. Mr. Speaker, the opposition is going to continue to make comments along those lines about the bill that is now before you, Bill 47.

But then he goes on and he talks about the oil industry. Somehow the fault for Bill 42 being found to be unconstitutional was that of CIGOL and the imputation being there once again that CIGOL, or any oil company or indeed any individual is somehow not permitted to exercise a basic democratic right that this country gives to them and that's to go to court if you feel aggrieved by legislation, passed by this government, the government of Ottawa or any other government. And I suggest to you, Mr. Speaker, that the attack is not so much on the oil industry or on CIGOL, it is an attack on a system that this government does not believe in because it is a system that shows that this government is wrong time and time again.

Then, Mr. Speaker, we go from the oil industry to another pet enemy of the NDP, the federal government. And somehow the federal government is portrayed as a villain because they exercise a basic fundamental right that they have by going to court when a constitutional question is before the court, by going to court if they happen to agree with the plaintiff's position and the plaintiff's position was proven to be right by the Supreme Court of Canada. Case after case, after case, we find the federal government going to court and giving to the court that they are before their explanation as to what



they feel the constitution is and how it should be interpreted. I wonder, Mr. Speaker, if the Attorney General would like to check the law books that are in the Library just down the hall from us, and find out how many times the Government of Saskatchewan went to court on a constitutional matter and to disagree with the federal government and other provinces. It really doesn't matter how they get there, Mr. Attorney General, they have the right to be there and that's the right you say that they shouldn't have, the right you say should be only with you, only with the government that sits there. And if that right is challenged in any way somehow those people are bad or at fault or are villains.

Again, Mr. Speaker, we get out another pet hate of the New Democratic Party. Some how we find that the reason Bill 42 was unconstitutional was because of Otto Lang. Somehow Otto Lange used his influence on the Supreme Court or on the government or on members who sit on this side of the House to arrange for this decision to come out with Bill 42 being struck down. And again the argument is nonsensical. But they are not satisfied with attacking a federal Cabinet minister, with attacking the court, with attacking the opposition. He then decides that it is time to attack another institution, the Regina Chamber of Commerce. The Regina Chamber of Commerce finally girded their loins and got up and said that they disagreed with the government, disagree with the way this government was acting. And I suspect in the days ahead, Mr. Speaker, we are going to find threats against the Regina Chamber of Commerce just as the Saskatoon Chamber of Commerce was threatened, just as the people of Saskatoon were threatened with the loss of the head office of the Potash Corporation of Saskatchewan. He attacks one institution which has not manner whatsoever of replying to the attacks, again I say a cowardly attack, Mr. Speaker.

Then, Mr. Speaker – one more – the Attorney General just couldn't miss the opportunity to attack the press. Apparently there were some editorials that were written that said the government was wrong and if the press says the government is wrong, therefore, according to this government, the press must be wrong. And I find it most amusing, Mr. Speaker, to have the Attorney General talk about the responsibility of the press to report statements accurately when there is no greater expert in this House or in Saskatchewan, that I am aware of, of distorting statements made by members of the opposition, made by members who happen to disagree with the NDP government. The foremost expert in the field of distortion, Mr. Speaker, sits across from me and holds the title of Attorney General.

Then we have one more villain, one more villain that was to be expected and I am surprised it wasn't the top one on the list and that's Imperial Oil. Imperial Oil again simply exercising a right that every person in this country has, to go to court if they feel aggrieved by the way they are being handled by individuals, by other companies or by the government. What does the Attorney General say? He talks about the profits that the company took out of Saskatchewan, millions of dollars. Indeed, Mr. Speaker, profits that may be excessive, but again he fails to point out is that at the time those profits were being earned, at the time those profits were accruing to the shareholders of Imperial Oil, the government of the day was the CCF. The government of the day was led by Mr. Douglas. The government of the day had Mr. Blakeney in its Cabinet. He forgot to mention these things, Mr. Speaker. He forgot to say who permitted these terrible access profits to accrue because it was the government of the party that he now belongs to.

So, Mr. Speaker, I say the attacks of the Attorney General were unwarranted and unfounded and we still do not see in that government opposite any indication at all that the reason we are in this position today, the reason that we are in this mess, is because

of their actions and their actions alone.

**SOME HON. MEMBERS:** – Hear, hear!

**MR. MALONE:** – And then, Mr. Speaker, the Attorney General has the gall to come to this House and speak on behalf of his party and his government about morality. He says, Mr. Speaker, that what Bill 47 tries to do is to correct morality, to correct what happened with Bill 42. Let me say to the Attorney General, Mr. Speaker, that morality was righted, not by this government but by the Supreme Court of Canada several weeks ago when this decision was handed down. Mr. Speaker, I take exception to any member of that government opposite to tell us about morality. Where was their morality when they expropriated oil rights under Bill 42 without consulting the owners of those oil rights? Where was their morality when they expropriate oil rights under Bill 42 without consulting the owners of those oil rights? Where was their morality when they broke all the lease agreements at that time and changed the royalty rates? Where was their morality when they attacked people who can't defend themselves in this House or elsewhere? Where was their morality with the potash industry when they broke an agreement that was to last until 1981? Where was their morality when they broke agreements in connection with timber rights? Mr. Speaker, where is their morality, or a sense of right or sense of justice in connection with the CIGOL case. We have asked time and time again what the intention of the government is with CIGOL and I ask again, are you going to obey the law of Canada? Are you going to pay the judgment when it's presented to you? Where is your morality in that case? Where are your answers in that regard? There hasn't been a day go by when this hasn't been brought up in this Legislature as to the government's intention with CIGOL and I say to you, Mr. Attorney General and the members who sit behind you and beside you, that we will be able to judge your morality when you come to pay that CIGOL decision, that CIGOL judgment. If you don't pay it, if you don't pay that judgment when it's presented to you or at least settle the decision with CIGOL beforehand, it's your morality that's going to be in question, not ours, not the oil industry, not the other people that are involved.

Let me say once again, if the Government of Saskatchewan is not prepared to obey the laws of Saskatchewan, is not prepared to abide by judgments by the highest court of the land, why should anybody else in this province obey the law? Why should anybody else under your jurisdiction obey your laws and have any trust or faith in your institutions? There is a question for your morality, Mr. Attorney General.

Again, I resent this argument. The argument that says we are the moral side and it's a moral issue and at the same time, that they say that they do not apologize or acknowledge the stupidity, greed and incompetence. Only under the NDP, Mr. Speaker, could we have got the worst of both worlds. Since 1973, we've driven out the oil industry and now we can't even keep the money that's been paid in taxes unless remedial legislation is brought forth.

Some other comments about the Attorney General, Mr. Speaker. He says that Bill 42 was passed to protect the resources for the people of Saskatchewan. I say to you, Mr. Speaker, some protection! What protection have we gotten by Bill 42? What protection? None is the answer, Mr. Speaker. He talks as well about that protection, that protection being gained by public ownership and that the [people of Saskatchewan are in favor of that public ownership that he advocates. But I ask you again, Mr. Speaker, when in 1973 were the people of Saskatchewan consulted about the provisions of Bill 42 and when in 1975 were the people of Saskatchewan consulted about the takeover of

the potash industry? Mr. Speaker, they weren't but they're going to be consulted in 1979 and I think I know what their answer is going to be.

Mr. Speaker, the Attorney General and the Premier have been talking the last few days about this particular decision of the Supreme Court. The reversal of previous juristics, the reversal of the precedents that that have been set in days past and indeed the Attorney General today said there were many cases that took an opposite point of view. They take the position that they now seem to be surprised at the position taken by the Supreme Court and that they're shocked by the result of this decision and that they were not forewarned. Well let me again set the record straight, Mr. Speaker. If, indeed, they were so surprised, and if, indeed, there was a record of previous jurisprudence being reversed and previous precedents not being followed, I wonder why then this letter was sent to the Prime Minister in 1976.

As you know the subject of resource taxation figured prominently in the constitutional discussions held last year by Canada's ten provincial Premiers. Unanimous agreement was reached on the need to clarify and strengthen provincial jurisdiction in this area and I repeat those words, Mr. Speaker, clarify and strengthen provincial jurisdiction in this area. Indeed, the Premiers were unanimous on the specific wording of a constitutional amendment, an amendment by the way that we haven't seen in this House, that would give provinces the right to levy indirect, as well as direct taxation, on resource production. Such a provision would go far to remove one perennial source of uncertainty and grounds for litigation and the letter is signed by Allan Blakeney, Premier of Saskatchewan. In 1976, Mr. Speaker, in 1976 this government was aware of the possible decision on CIGOL. They were aware of it in 1973, Mr. Speaker, and I want to refer to the debates of that time. Again I quote the Premier on page 530, Mr. Speaker, of the Debates and Proceedings for 1973-74, Part 1. Now this is the Premier speaking:

Now we believe the position of this province in warding off this attack will be strengthened if the province get legal right, legal title to large blocks of freehold oil and gas rights in the province. As I understand it that is the position of the government of Alberta and indeed it was. The government of Alberta believes (and you can read the statement of the hon. Mr. Lougheed and the hon. Mr. Dickie and other Cabinet ministers in the government and of Alberta and they say that they believe) that they can resist encroachment on by the federal government on their powers because they have legal title to most of the oil in Alberta. Most of it comes from Crown lands and they are saying that they are not even attempting to control the oil that comes from private lands because they doubt their power to do so. Now it is because of this (and you can read these statements as well as I) that we believe that our position would be greatly strengthened if we acquire title to the gas and oil rights of about 25 large companies.

They're referring to the words, Mr. Speaker, "greatly strengthened", hardly a ringing endorsement of the constitutionality of Bill 42, Mr. Speaker. The Premier, the Attorney General, all members opposite at that time were fully aware of the implications of that particular piece of legislation. They knew it was going to be challenged and they knew that the chances were excellent that that challenge was going to be successful.

Finally, Mr. Speaker, I read somewhere recently, that the Attorney General even took it upon himself to have a little discussion with the Attorney General of Canada, Mr. Basford, not after CIGOL, not in the last few days or few weeks after the CIGOL decision was handed down, but before it was handed down, Mr. Speaker. I am advised that that

discussion with Mr. Basford - I don't get this from Mr. Basford, I get it from the newspaper – dealt with the constitutionality of Bill 42 and as to whether or not that that legislation was constitutional. So I suggest to you, Mr. Speaker, that the NDP knew in 1973, they knew in 1976, and they certainly know now that Bill 42 was illegal.

Now, Mr. Speaker, let's turn to the reasons for Bill 42. The Attorney General gave some reasons this afternoon as to why the government thought it was necessary to pass that legislation. But let's go back to the debates of 1973, now let's see what the Premier had to say at that time and what Mr. Thorson had to say at that time about the money that would accrue to the government as a result of Bill 42 and what that money would be used for. And again quoting from the Premier, page 526:

Let me state once again our basic objectives. We believe that the control of our oil resource must be firmly vested in the people of Saskatchewan. (No contradiction there, the Premier has said that all along). We say this not only because control must be vested there in order to ensure that our consumers will have fair prices for oil in the years ahead but also because we must make sure that our farmers have oil in the years ahead. (I see no change in the price structure, Mr. Speaker, really since this speech was given except it continues to go up.) Whether members opposite oppose it or not, we on this side of the House believe it is absolutely essential that we make sure that we have gas and oil and in good supply in the decades ahead. (Nobody takes exception with that Number 2, Mr. Speaker). We believe that the Government of Saskatchewan must be in a position to control if necessary sharp increases in the price of oil and gasoline in Saskatchewan. (I ask you, Mr. Speaker, since 1973 when has this government ever controlled the increase in gas and oil in Saskatchewan. They haven't controlled the power rates, they haven't controlled the rates for SGIO, they haven't controlled the rates for Sask Tel and they certainly haven't controlled the sharp increase in oil and gas in this province.) Number 3, we believe that unearned increases in crude oil prices arising from international oil policies should and must go, not to the international oil companies but to the people of Saskatchewan. (Well, they believed it then, I guess they believe it now but they certainly didn't do very much to make sure that that did happen, Mr. Speaker.) Finally, number 4, we believe that there must be more rather than less exploration for oil and natural gas in Saskatchewan.

Mr. Speaker, I think that the Minister of Mineral Resources the other day when he was speaking must have been smiling or had his tongue in cheek when he was talking about the phenomenal development which lies ahead in Saskatchewan in the area of oil well drilling this year. I think he said that there was going to be some 500 wells drilled this year, 500 wells in 1977 -78. Mr. Speaker, what he forgot to say was that in 1972 or 1971 there was something like 1200 wells drilled, 1200 wells drilled before Bill 42 was passed.

Now let's turn to what the Minister of the day had to say about the use of the moneys that will accrue as a result of Bill 42. Mr. Thorson:

Mr. Speaker, what will happen to these funds to be collected by this 100 per cent tax on future increases obtained from rising oil prices? (We all know what is going to happen now, Mr. Speaker). The revenues will go into a special oil and gas development fund and they will be used for the following purposes: (1) They will be available to reduce wholesale prices of refined

petroleum products in Saskatchewan. (I have yet to see any reduction in wholesale prices of refined petroleum products in Saskatchewan, Mr. Speaker.) (2) They will be used to fund the activities of Saskoil or any company collaborating with Saskoil in the exploration and development of oil and gas resources. (We all know the activity of Saskoil, Mr. Speaker,. The first two years they spent most of their time trying to find a general manager who finally left them.) (3) They can be used to improve energy supplies for Saskatchewan, whether it is in the form of research or investigation into yet unused sources of energy in the province. (Well, I suppose an argument can be made, Mr. Speaker, that some of those moneys went into uranium exploration.) (4) Funds can be used to encourage and assist research n oil and gas production methods. (Mr. Speaker, I have yet to hear any announcement from the government as to research in oil and gas production methods.) (56) To assist and encourage persons other than Saskoil to explore for oil and gas. (I wonder how many other persons other than Saskoil in the last few years have been exploring for oil and gas in Saskatchewan and when you compare that number which is very few indeed to the years beforehand, Mr. Speaker, it is very few by comparison at all.) (6) And finally, of course, the funds will be available to improve the general revenues of the province. (And indeed some moneys have been paid into general revenues.)

Did you notice, Mr. Speaker, there is something missing, there is something missing in this statement by Mr. Thorson, there is something missing in future statements by the Premier and the Attorney General and Mr. Messer. What's missing, Mr. Speaker, is an indication that \$320 million, I believe is the figure, of that energy reserve fund was going to be used to buy potash mines. That's missing, Mr. Speaker, during the election but we now look back and we find that no consideration at that time was given to buy potash mines which under no stretch of the imagination can be considered an energy resource, that that money was going to be used for that purpose.

Mr. Speaker, a couple of other matters raised by the Attorney Genera. He says that the province has exclusive jurisdiction over resources. And again nobody disputes that, the province does have exclusive jurisdiction over resources. Where the problem arises, Mr. Speaker, is that the federal authority whether it be a Liberal government or a Conservative government or, heaven forbid, an NDP government, also has the jurisdiction to tax, a tax by way of levying an income tax. That income tax can be levied against resource companies, whether they are Imperial Oil or whether they are very small, tiny companies. They have a legitimate claim to that tax, Mr. Speaker, just as the provinces have a legitimate claim to tax the resource industry. As we have said in this debate, Mr. Speaker, and in question period and publicly for weeks and months on end, is that nothing will be resolved until this government and the governments of the other provinces sit down with the federal authority and determine who can tax what, in what manner, how and when. They both have equally good arguments, Mr. Speaker.

Finally, Mr. Speaker, we have the claim from the Attorney General that Bill 42 was passed to act as conservation legislation. He say that the purpose of the bill was to conserve for the people of Saskatchewan years ahead the right to use that oil and the right to use that natural gas. So the government really had no intention at all of developing those resources after 1973 but they were going to keep them back somehow, keep them under the ground so that better use could be made of the resources in the years ahead. Well that seems to fly in the face of the statements of the

Premier, it seems to fly in the face of the statements of Mr. Thorson and indeed, Mr. Speaker, it flies in the face of the statements of the Minister of Mineral Resources, who said just a few days ago that the government intended on drilling some 400 wells in this province. I say, Mr. Speaker, the government can't have it both ways, the legislation is either for conservation or it isn't. If the government wanted it to be for conservation why did they, in 1974, just toy with the royalty rates just a little bit to see if they'd get back some interest in Saskatchewan in the private industry? Why in 1975 did they toy just a little more with the royalty rates? Why in 1976 did they throw them quite a bit more wide open? The reason, Mr. Speaker, was to induce that industry to come to Saskatchewan to develop the resource so that this government could use the taxes that would accrue therefrom for their other NDP socialist purposes. So there is no substance whatsoever, Mr. Speaker, in the argument that Bill 42 was meant to be a conservation device.

Mr. Speaker, let me turn if I may to Bill 47. Of course the member are going to say, are you going to support the bill? Mr. Speaker, we have one thing in mind, one fundamental principle in determining whether we are going to support this bill or not. That principle is, Mr. Speaker, will this legislation permit the people of Saskatchewan to retain all or the vast majority of the moneys that have been collected illegally since 1973 under Bill 42? And that is the question, Mr. Speaker, that we want answered. It was not answered today by the Attorney General, we hope that in due course it will be answered by other speakers from the government opposite. Until we get those answers, until those answers are given to us to our satisfaction we will not be stating whether we are supporting this bill or not.

Mr. Speaker, I have some questions I would ask the members to answer. First of all, it is very clear from the Attorney General's statements today that the government is backing off its former hard line position of retaining all the money collected under Bill 42. You will recall the Attorney General's words, "We're going to retain most of it, we're going to retain the vast bulk of it." But nowhere did he indicate, Mr. Speaker, that the government's intention was to retain all of it. So I say to the Attorney General, Mr. Speaker, how much are you going to give back to the oil industry? When are you going to tell us how much you are going to give back to the oil industry, either now with a reassessment of the tax that is to be payable under Bill 47 for the years leading up 'til now, or for the possible sweetheart deal that you'll give to the industry in the years ahead to make up for the taxes that they have been paying to date. Furthermore, Mr. Speaker, what is the tax rate or tax rates going to be? When will they be set? How will they be set? Will this Assembly be allowed by your government to debate those tax rates? Will we be allowed as an opposition, which is a traditional right of a Legislative Assembly, to give our opinion as to the rate of taxes that are going to be set?

Furthermore, Mr. Speaker, what bout future development. What does the government feel this particular act will do to permit future development of the resource in this province? Again the Attorney General was completely silent on that particular point. Some collateral issues, Mr. Speaker. What about the heavy oil plant in Lloydminster or in Saskatchewan? What effect will this bill have on that development, \$100 million and more development which the people of Saskatchewan and the people in that particular area are concerned about? What have you heard from Husky? What have you heard from the government of Alberta? What is your position on this development and will we be able to capture it for the people of Saskatchewan if this particular legislation passes?

I think perhaps, Mr. Speaker, the most important thing in Bill 47 is the fact that the tax rates have not been set. What of course this suggest to the Liberal Opposition is that there is going to be negotiation between the government and between spokesmen of

industry in setting those rates. We want to know as well, Mr. Speaker, the spirit in which the government is going to approach those negotiations. Are you going to take an intransigent position or are you going to be flexible? Are you going to acknowledge that if you want investment from the private sector you must leave room for them to gain a fair, and I stress the word 'fair', profit from that investment? What are your intentions in connection with those negotiations, when are they going to commence, who is going to be at the bargaining table, what instructions are they going to be given? These questions, Mr. Speaker, I think are essential to be answered by the Attorney General, by the Premier, by the Minister of Mineral Resources, whoever.

Then, Mr. Speaker, we want to know that if negotiations fail and that this bill has to be passed, we want to know whether the bill is going to be constitutional or not. The Attorney General today touched on this in his remarks. He gave us examples of previous retroactive legislation that had been declared constitutional by the Supreme Court of other courts. But as the Attorney General fully realizes it is just not the matter of refractivity that's important; it's the matter of retroactivity together with colorability of this particular bill that is important. That is, how similar is Bill 47 to Bill 42? As the Attorney General well knows the more similar the two bills become, the easier it is for an oil company or an interested party to attack it in the courts of Saskatchewan and in indeed in the Supreme Court of Canada. Now already there are many glaring similarities, firstly the time frame that is covered by both bill, secondly, the exemptions that have been given by both bills to holders of mineral acreages less than 1,280 acres. But what, Mr. Speaker, will be the critical factor is that if the tax rate become similar to the tax rate set in Bill 42, that is 100 per cent, then Bill 47 will in all respects be similar and the same as Bill 42 and again will be subject to the same attack that Bill 42 was. It is not a matter of just strictly retroactivity, Mr. Speaker. It goes back to the principle we have been talking about for some days in this Legislature – that the court, no court will let you do indirectly what they have told you that you can't do directly. You can't get in the back door what the court has told you they will not let you bring in the front door. Now that's one issue, Mr. Speaker, of the constitutionality of the bill. There's another one and it is the one, I think, of some concern to the Attorney General because he kept referring to it in his remarks today. Just because the government says that this is an income tax bill does not necessarily make it one. The bill must pass the test of whether or not it is a proper income tax as known in law. The Attorney General talked at length today about how this bill was brought forth in conjunction with the judgment of the Supreme Court and CIGOL, and that it was that judgment that caused this bill to be brought to this Legislature. Let me say to the Attorney General that I think that he is missing a few very, very basic points in that judgment and indeed I hope he has read it. I wouldn't want to have accused him of not having read it but I refer him to page 21 of the decision of Mr. Justice Dickson, now the judge, Mr. Speaker, who held in favor of the government. He was talking in the judgment about this very point – income tax. If you will just bear with me I would like to read a quote from the judgment because it applied to Bill 42 and I believe, Mr. Speaker, will be the test and will be applied to Bill 47.

Counsel for the province attempted to support the tax as constituting an income tax on the authority of Forbes versus the Attorney General. The so-called mineral income tax is not an income tax in any generalized recognized sense of the term. The term 'income tax' means for taxation purposes a levy on gains and profits, the evidence of Professor Barber in the case at Bar confirms that view. He defined income tax as being, according to generally accepted accounting principles and business practice, a tax imposed on net income and in determining such net income any expenses incurred in earning that income are inherently deductible.

And that is the key, Mr. Speaker, the phrase “expenses incurred in earning that income are inherently deductible.” Well I suggest to you, Mr. Speaker, that by the provisions of Section 7 of Bill 47 that they take away basic deductions that are inherently deductible in any other form of income tax – deductions such as depreciation, overhead or administrative expenses, exploration, development or preproduction expense, depletion, unless these expenses are permitted by regulation approved by the Lieutenant-Governor in Council

So, Mr. Speaker, to begin with this bill takes away from the basic provisions of what an income tax is. But it goes further, Mr. Speaker:

In my view the Nickel-Rim case does not assist the province. The tax is not levied upon net income. It is more the nature of a gross revenue tax as above, a certain statutory figure it becomes a 100 per cent levy.

And I remind you, Mr. Speaker, he is talking about Bill 42.

That has generally, in the past, been regarded as an indirect tax. The tax is in essence a flat sum which will vary according to the sale price of the oil. It is not necessarily reflective of actual expense experience. Expenses are discretionary and not inherently deductible so as to fall within the definition of an income tax.

If Section 4 (a) (and again this is Bill 42) should ever come into play the tax would be levied, not on the price received, but on a ministerial figure.

Key words, Mr. Speaker, – ‘ministerial figure.’

In sum, an income tax is a tax upon gross receipts less expenses. In the instant tax, it is possible that these two figures will be subject to ministerial discretion.

Key words, Mr. Speaker, - ‘ministerial discretion.’

Section 7 (1)(f) of Bill 47 – any deduction that is not reasonable in the circumstances.

So, Mr. Speaker, we find in Bill 47 the same inherent dangers that we find in Bill 42 – that the tax itself as projected in Bill 47 is not an income tax but perhaps some other form of tax. Indeed, if it is not shown to be an income tax, the same attack will be levied – that it is an indirect tax and again the whole house of cards goes collapsing down.

So, Mr. Speaker, there are a couple of key elements in Bill 47. They are questions that were left unanswered today by the Attorney General. The key, of course, to extricating ourselves from the entire mess, the mess that was created strictly by the members opposite and nobody else, is the rate of tax, how high that will be and how high that will be determined to a great extent by the negotiations that take place between the government and spokesmen for the oil industry.

We hope, Mr. Speaker, that those negotiations will be successful. We hope that they will be successful, and that we will find ourselves in the position of not facing an economic catastrophe for the province of Saskatchewan. We say that those



negotiations must be successful, Mr. Speaker, if we are, first of all, to get out of the mess that we are in because of Bill 42 and secondly, to have a development of this industry in the province in the years ahead. If the government in the weeks ahead or the days ahead can tell us that those negotiations are going to be successful or are successful then indeed, Mr. Speaker, we will consider our position as to whether we support this bill or not.

Mr. Speaker, if the government comes in and says the negotiations are not successful or if they adopt such an attitude in this Legislature that would lead us to believe they will take an intransigent position which in turn will permit the industry to take the same position, then we are faced, Mr. Speaker, in dealing with the constitutionality of his bill. I say, Mr. Speaker, that I have pointed out two things in the bill today which on first reading occur to just about anybody with some little legal training.

I suggest, Mr. Speaker, that the government has a duty to the people of Saskatchewan and a duty to the Legislature to send this bill to the Court of Appeal for its opinion and indeed if that opinion is not satisfactory, to the Supreme Court of Canada for its opinion. Now what is the reason the government gives for failing to do that? They say that we can't do it before the bill is passed. We have asked them, Mr. Speaker, to do it before the bill is passed or after the bill is passed. If they do it after the bill is passed the Attorney General gets up and he says that it will be some 18 months. He takes a shot at the Supreme Court for delaying the Bill 42 decision. Well I suggest to you, Mr. Speaker, that the Court of Appeal of Saskatchewan would likely give any reference to its immediate attention. And I suggest as well, Mr. Speaker, that the Supreme Court of Canada, because it's such an important constitutional issue for this whole country, would give it its very quick attention as well and even, Mr. Speaker, if it did take 18 months, we would at least be in the position after that period of time of having some certainty to the situation.

What's the alternative? The alternative is to let the matter drag through the courts again, take two or three years before it gets to the Supreme Court of Canada and then if the government is not successful in defending this bill, we find ourselves with a bill to the oil companies of not \$500 million but closer to a billion dollars. Mr. Speaker, it just does not make sense for the government not to refer this bill to the Court of Appeal for an opinion and from there refer it to the Supreme Court of Canada if necessary. If the government had nothing to fear, Mr. Speaker, I suggest to you that that is the action that they would take but what happens, Mr. Speaker. Why are they so concerned about that 18 months when you compare it to two or three years.

Well I'll tell you one thing that occurs to me, Mr. Speaker. There is going to be an intervening event. There is going to be an election and what this government wants to do is to push this issue under the table or hopefully push it under the table until such times as that election is held. I say, Mr. Speaker, that can be the only reason for delaying this legislation going to the Court of Appeal or to the Supreme Court of Canada. All my friends opposite, Mr. Speaker, are saying that they'd like an election right now. I think they better get out of the country. I think they better get out and talk to some of their supporters and what they think about Bill 42 and the CIGOL decision. So, Mr. Speaker, if I may follow in the lead of the member for Nipawin and repeat myself briefly.

Firstly, Mr. Speaker, the key is the rate of tax and in determining the rate of tax, Mr. Speaker, is that the negotiation process is going to be gone through. If that process is unsuccessful either because of the position taken by

the industry or a position taken by the government, that the only alternative left to this government, Mr. Speaker, is to refer the matter to the Court of Appeal for an opinion so that some degree of certainty can be brought to the situation and so that the people of Saskatchewan will know where they stand on this very grave and very serious issue. Mr. Speaker, we ask the government to give consideration to our requests, We ask the Attorney General and his colleagues opposite to refrain from giving his lectures on morals and morality. I suggest, Mr. Speaker, that we in the Liberal Party look very unkindly on lectures and oratory from the members opposite about morality. We suggest, Mr. Speaker, that they examine their own house before they start talking to us about matters of this nature.

Mr. Speaker, there is one further matter that has to be mentioned at this time and that is the fact that this particular legislation in no way deals with the situation in the potash industry. Most legal advisors would say that the same result as CIGOL will happen if the potash industry pursues the potash reserve tax through the courts. What I say to the government again is that don't leave us two or three years down the road facing another \$100 million or more oil land money to be paid back to that industry. I said the other day that the taxes collected were approximately \$300 million a year. Those taxes are going to be continued to be collected and again two or three or four years down the road we can face the situation when we have a \$400 or \$500 million bill being paid to the potash industry as well as to the oil industry. The time to act in connection with the potash industry is now and the way to act is through negotiation to avoid a possible catastrophe with that particular industry.

**MR. E.F.A. MERCHANT (Regina Wascana):** – Mr. Speaker, how do we come to be here this evening when obviously hon. members opposite aren't prepared to address themselves to a very – well they seem to just be shocked to be here, so shocked that none of them are prepared. We face in this legislation, Mr. Speaker, probably the most grievous error that this government has ever committed. In a very weighty matter the legislation was tabled on Friday and earlier in the evening we had an honourable member rise with our leader and try to catch your eye. Presumably the hon. member had availed himself of the 73 hours to be prepared for his address. Presumably, knowing that this was very weighty legislation, he decided that he would get something together to deliver to us in the House and from what we saw at 7:00 o'clock, Mr. Speaker, it would appear that the hon. member had decided to catch your eye in some tactical way rather than proposing to address himself to the problem that this province faces. Now, Mr. Speaker, it had crossed my mind only in terms of the tactics of the matter to ask hon. members if I might now be permitted to adjourn debate and if I had some indication from the smiles or lack of them . . . Mr. Speaker, it appears to me that we have now heard from all three parties. I am certainly prepared to speak for 40 minutes or so but I am sure with a little more preparation I could make it even longer and more tedious and painful for our hon. members opposite and I beg leave to adjourn debate.

Debate adjourned.

The Assembly adjourned at 8:30 o'clock p.m.