

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fourth Session — Eighteenth Legislature

December 5, 1977

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

On the Orders of the Day.

QUESTIONS

Briefing held for Oil Company Representatives

Mr. R.A. LARTER (Estevan): — Mr. Speaker, a question to the minister in charge of Saskoil.

At the meeting on Friday with oil industry representatives why were only Alberta headquartered companies and associations invited to the briefing by the provincial government following the tabling of Bill 47? And further, why were Saskatchewan producers that showed up at this meeting turned away?

HON. J.R. MESSER (Minister of Mineral Resources): — Mr. Speaker, I don't know specifically why the member for Estevan would address the question to the minister of charge of Saskoil, certainly Saskoil were not in any way involved, directly, in the invitations that were extended. I have no real reason to believe that the evidence that the member brings forward is legitimate. It was an undertaking of the government to invite oil industry representatives who may have some interest in the legislation that was tabled on that day. My understanding was that it was an open invitation. Certainly there was some discussion prior to the Friday meeting in the press that the industry would be invited to meet briefly with the Attorney General so that some more detailed, I guess, responses could be made in regard to that legislation and an invitation was extended to them for a period of a week to make known to the government any concerns that they may have in relation to that legislation.

MR. LARTER: — A supplementary to the Premier, Mr. Speaker. Could the Premier tell me if the small producers, Saskatchewan resident producing companies, had any input into this Bill 47?

HON. A.E. BLAKENEY (Premier): — Mr. Speaker, I believe that the primary persons speaking on behalf of the oil industry were the Canadian Petroleum Association and the Independent Petroleum Association of Canada. I think most of the majors belong to CPA. I believe most of the independents belong to IPAC, the Independent Petroleum Association of Canada. I cannot assert that all small Saskatchewan independents or indeed all small independents from Alberta or elsewhere in Canada belong to IPAC, but in general terms IPAC, does represent them, and accordingly we have in the past dealt with these two organizations as generally representative of the industry, we did so again. This does not in any way preclude other persons making representations. I can assure the House they will be given careful consideration.

MR. R.L. COLLVER (Leader of the Conservative Opposition): — Since the small producers who showed up after the presentation of the bill were in fact turned away at the door of the meeting and since the Attorney General during the course of this meeting suggested that if I can quote from the newspaper, "they could with reference to a lighter tax load in future as an incentive being granted to the oil industry in

exchange for not attacking Bill 47" . . . well, that is what is reported. I will read it again then. The Attorney General has asked whether the government might give the industry a lighter tax load in the future as an incentive not to legally challenge the new legislation. He said, 'they could' and that is the point the Attorney General invited us to respond to.

Since that has been offered, are you prepared to table in the legislature:

1. The calculations and regulations regarding future taxation before requiring the Legislature to enact the legislation.
2. Any deals that are proposed to be given regarding past taxation in order that the people of Saskatchewan know publicly how much is being given to the industry of the half a billion dollars.
3. The calculations that you agreed to provide with regard to Alberta legislation before the Legislature is required to vote on this legislation.

HON. MR. BLAKENEY: – Mr. Speaker, I think many of these questions would much better be answered in committee since they appear to deal with what additional information the hon. member feels he would want prior to voting on the bill. May I say as follows:

- (1) With respect to the Alberta calculations, we will certainly attempt to have those available for the hon. member.
- (2) With respect to deals which will be made, I can only say that none have been made by way of compromising or otherwise dealing with pass-by abilities for tax and accordingly, there are none to lay before the House, whether or not there will be any in the future I think is speculative.
- (3) With respect to the tax rates referred to, work is being done on them and we would hope that they would be available prior to the voting on the third reading of this bill. We will certainly attempt to have something available and I am sure that this matter will arise in committee.

Amend Foreign Ownership Act

MR. S.J. CAMERON (Regina South): – I was going to direct a question to the Minister of Agriculture but I will direct it in his absence to the Premier and I say in passing that you place some real limitations on the opposition with only some 47 per cent of your Cabinet present for daily question period.

Under the provisions you indicated some months ago that as a result of a large acquisition of land in the Cupar district by foreigners you were going to crack down on the amount of land that foreign people can own in this province. May I ask you if, in fact, you tried to crack down in that respect and when we might see some action in respect of it?

HON. MR. BLAKENEY: – Answer is Yes. May I first advise the House as I think many know that the Minister of Agriculture is not yet back from the second portion of the meeting of the Royal Agricultural Society of the Commonwealth which was meeting in Jamaica. It was my bad fortune not to be able to take up that invitation to be with them and the Minister of Agriculture is there on behalf of the Canadian Western Agribition. Secondly,

yes, we intend to proceed with legislation to amend The Farm Ownership Act. My recollection is that it is on the order paper. It may not be there yet but it will be there. It proposes to incorporate into law the announcement of the Minister of Agriculture last September that effective, September 16, I believe was the date, the limit under The Farm Ownership Act would be reduced or changed at least from \$15,000 of assessed value to 160 acres or one-quarter section, whichever was the larger.

MR. CAMERON: – Mr. Speaker, a supplementary. I am curious then to know why you intend, retroactively to September 15, to limit foreign owners to a quarter section of ownership of Saskatchewan farm land? Why on October 11, did your Cabinet pass an Order in Council granting an across-the-board exemption from the provisions of The Farm Ownership Act to people, foreign owners, owning in excess of \$15,000 in assessed value in respect to those holdings they presently have?

HON. MR. BLAKENEY: – Mr. Speaker, I am not aware of the Order in Council that the hon. member refers to. Obviously I will have to examine it to see whether it has the legal affect that the hon. member asserts and I will undertake to have that done.

MR. CAMERON: – Last supplementary. Let me direct the Premier's attention specifically to the Order in Council. It's OC 1511 of '77, passed October 11th, 1977 and I refer specifically to section 3 of the OC which grants an across-the-board exemption of the variety I indicated.

By way of last supplementary to the Premier, may I ask why that particular Order in Council was not attended by the usual public announcement?

HON. MR. BLAKENEY: – Mr. Speaker, I don't know what the hon. member means by the usual public announcement. There would not be a public announcement on more than 1 out of 25 Orders in Council that are passed. I would be amazed if the figure was as high as 1 and 25. All of them are public property, all of them are assiduously gone over by representatives of at least some of the caucuses and I know some of the press do go over the Orders in Council to see whether or not there is anything newsworthy there. I do not recall that particular Order in Council. That probably is why somebody did not feel that it was newsworthy. I suspect that they do not feel that it bears the legal affect that the hon. member asserts it does.

CCIL Implements – Financing

MR. W.C. THATCHER (Thunder Creek): – Mr. Speaker, a question to the Premier in the absence of the Minister of Co-operatives and the Minister of Finance. Mr. Premier, on Friday the Minister of Co-operatives in Saskatoon made reference to a situation regarding CCIL Implements out of Winnipeg, Manitoba, in which he indicated that he was prepared or was intending to request the governments of Manitoba and Alberta to change their minds as far as their refusal to guarantee financing for CCIL. I would like to ask the Premier if the Minister of Co-operatives was speaking for this government?

HON. MR. BLAKENEY: – I am not aware of the statement that the hon. member refers to which he attributes to the Minister of Co-operatives so I cannot comment on whether or not that statement reflected government policy. Our policy is that we are prepared to join with the governments of the other two prairie provinces in providing modest financial assistance to Co-operative Implements but we are not prepared to proceed alone.

MR. THATCHER: – Supplementary question, Mr. Speaker. Does the Premier consider it to be in the best financial interests of taxpayers to support a company which has been through some very buoyant years which have been very profitable years for most segments of that industry granted the past year has been an off one? Does the Premier feel that he is acting in the interests of Saskatchewan taxpayers by any form of financial aid to this company?

HON. MR. BLAKENEY: – Mr. Speaker, the answer shortly put is, yes. First we have not tendered any financial assistance yet. Secondly, we have in mind the fact that some thousands of Saskatchewan farmers have implements which they procured from that supplier. I believe many agree with me that the interests of those Saskatchewan farmers would be secured, would be enhanced by retaining that supplier in production so that supplies of spare parts, and the like, would be available. Accordingly, we think that it would be generally in the best interests of Saskatchewan farmers and, I think, the Saskatchewan economy, first to have a ready supply of spare parts for the many thousands of implements which are there now supplied by CCIL, and secondly, to have a prairie based major machinery manufacture I think has some spinoffs effects in Saskatchewan. For those two reasons, I would think that if the nature of the assistance is such as to be prudent, it would be in the interests of Saskatchewan taxpayers.

MR. THATCHER: – Last supplementary, Mr. Speaker. Since the Premier has indicated such a keen interest in the well-being of our agricultural sector, the spin-off effects of the economy that he has just alluded to, and since the government has a vast number of dollars to play around with, has the Premier considered the movement of CCIL industries into Saskatchewan where it would have a very direct effect on the number of jobs which are available, particularly when one considers that they are not a heavy manufacturing company and could be very easily moved into Saskatchewan.

HON. MR. BLAKENEY: – Mr. Speaker, I imagine that because of the deterioration of the business climate in Manitoba that that and other industries will be looking for a chance to move.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. BLAKENEY: – I understand that unemployment is rising there, that there is a significant deterioration in the climate as reported by the Winnipeg Free Press, but we have not discussed with Co-operative Implements Limited or any of their major shareholders a proposal to move the company to Saskatchewan. May I say that we would welcome CI; we would welcome any implement manufacturer to come to our province. There are many that have started up in the last few years, one more would be welcome.

Rent Appeal Commission Decision

MR. J.G. LANE (Qu'Appelle): – A question to the minister responsible for the Rentalsman and rental legislation. A decision came down in the District Court today, Citation Investments Limited and Her Majesty the Queen, wherein the judge of the District Court indicates that the Rent Appeal Commission has endorsed the breaking of the law by the Rentalsman and severely criticizes the Rent appeal Commission for their actions. My first question is, have you today discussed this case with the Rent Appeal

Commission, the Rentalsman, and if so, what action has your government taken to prevent further such activities by the Rent Appeal Commission.

HON. E. WHELAN (Minister in charge of Rent Appeal Commission): – I'll take that question as notice.

MR. LANE: – Mr. Speaker, a supplementary to the minister. When you take the matter as notice will you endeavor to advise this Assembly whether or not you or your office had any input into the original position of the Rent Appeal Commission which endorsed the breaking of the law; and secondly, will you report to this Assembly as to the actions you have taken to insure that the Rentalsman and the Rent Appeal Commission comply with the law as passed by this Assembly?

MR. WHELAN: – First, in answer to the question whether we had an input, I am sure that the hon. member should know, if he doesn't know, that both the Rentalsman and Rent Appeal Commission are completely and absolutely independent and operate as such. That's the first point. The second point is, as far as instructions to them, we give them no instructions. You will recall last year there was an amendment made to this Act to set out specifically and carefully and we made this decision after consultation with Conservative governments in places like Alberta and Ontario (they felt it was absolutely justified – that was the exact manner in which their legislation operated).

INDIAN LAND CLAIMS

MR. W.H. STODALKA (MAPLE CREEK): – My question is directed to the Premier and concerns the matter of Indian land claims.

Are, or can Indian land claims be settled by the purchase of private land and if they can be settled by the purchase of private land, what then happens to any lease land that is attached to the seller of the land? Is this lease land then in too? Will it be transferred with the private land if a settlement is reached?

HON. MR. BLAKENEY: – Mr. Speaker, I suppose it is a hypothetical question as to whether or not something could be settled by . . . in general terms, however the treaties provide for the settlement of claims by the transfer to the Indian bands of unoccupied Crown lands. This is not to suggest that either the federal government or ourselves would decline to enter into some other arrangement which might provide for the discharge of the outstanding treaty obligation – some of them outstanding for many decades now. The discussions which were held with the hon. Mr. Allmand and the hon. Mr. Bowerman last August and with the Federation of Saskatchewan Indians on this issue indicated that there might be instances when private land would be acquired, but only if the owner of the private land was agreeable to the acquisition. I think both the Federation of Saskatchewan Indians (or I should say all three of the Federation of Saskatchewan Indians and the two governments involved) were careful, I think, to point out that the Indian bands did not wish to generate opposition in their efforts to have their treaty claims satisfied by displacing persons from land when they didn't want to be displaced. So I think the answer then is, yes, it is possible, I suppose, that land might be purchased. If the person wished to leave then that would be arranged. The question of what would happen if there was Crown land in association with the patented land which was purchased I think has not been addressed and I can't tell you what the future policy would be in that regard.

MR. STODALKA: – A supplementary, Mr. Speaker. In the case where land is

transferred in this way, I understand that there is a possibility that the land would then be removed from the assessment roll of the rural municipality and because this could have dramatic effect on rural municipalities and also other local governments, what provision is there made for local municipalities to be involved or what information is provided to local municipalities when such types of negotiations are taking place?

HON. MR. BLAKENEY: — As far as I am aware no such negotiations are taking place. All the discussions to date which look like they may reach fruition in the next short while, meaning the next year or so, all involve unoccupied Crown lands, which are not taxed and do not yield a tax to the municipalities and accordingly and in respect of which the municipalities do not have a large interest in knowing whether they are owned by the Crown provincial or by an Indian band. With respect to the other point as to what would happen if, I again have to say to the hon. member that this matter has not been fully addressed and I can't therefore give him an answer as to what would happen in that event.

MR. STODALKA: — Final supplementary, Mr. Speaker. Well I have been informed, Mr. Premier, that there are some negotiations taking place between at least two Indian bands. They are negotiating with land in the Maple Creek area and there is a possibility that some of the land in the Maple Creek area might be transferred to two bands from other parts of Saskatchewan. If such is the case would there be any movement of people into the Maple Creek area? You can realize the dramatic effect it would have on say the school system and the whole RM area if such a movement took place. We are certainly interested in being aware of any movement that might be involved.

HON. MR. BLAKENEY: — I can understand the hon. member's concern and the concern of his constituents. I regret that I am not familiar with the indicated negotiations which the hon. member indicates are going on there so I can't comment on them directly. If the hon. member wishes we could get some additional information on it.

Insurance on Camper Trailers – Cash Settlements

MR. G.N. WIPF (Prince Albert-Duck Lake): – Mr. Speaker, a question to the Minister of SGIO and if I may give a little background to my question. After the hail storms that went through our area last year, the people that had SGIO insurance on camper trailers, when it came to settle for cash settlements, found that the policy for cash settlements in Prince Albert was different than the policy in North Battleford which was different again than the policy in Regina. I talked to the managers of SGIO in Prince Albert and North Battleford and they assured me that by the end of November there was supposed to be a general plan worked out. Can you tell me if there is a general settlement plan across the province? What it was, was that in Prince Albert if you had a trailer that was hail damaged, you wanted a cash settlement you could get the repairs. Let's say if it was \$1,000 you could get \$500 if the repairs were \$500. If it was Battleford you got your \$500 plus 50 per cent of your labor; they said in Regina you would get 60 per cent of your total claim. There were three different kinds of claims. Can you tell me if this has been straightened out?

MR. WHELAN: – I think probably the best procedure will be for you to put it in a letter to me. I'll be glad to give you the details. I know that there is a conflict in the manner in which these settlements are being made and there is something being worked out. I'd be glad to answer you.

Indian Land Claims

MR. L.W. BIRKBECK (Moosomin): – A question to the Minister of Tourism and Renewable Resources. In light of the Premier's reply to my question last Monday regarding the settlement of Indian land claims in which the Premier stated that we propose to meet the Treaty obligations with precision. For example, to meet all of the Indian land claims that are established as land claims from unoccupied Crown lands. Mr. Minister, would you give this Assembly the assurance that certain lands purchased with the Wildlife Development Fund will not be used as trade-off land in meeting commitments by the Government of Saskatchewan as it relates to land claim settlements in our province?

HON. A.S. MATSALLA (Minister of Tourism and Renewable Resources): – Mr. Speaker, in reply to the hon. member's question, I can't reply in precision at this point in time with respect to whether or not the wildlife development lands are going to be taken in as part of the negotiations. I would be inclined to say at this time, no. Nevertheless, I think we have to sit down with the Indian people and discuss the whole issue of land claims and where these land claims are going to be satisfied.

MR. BIRKBECK: – Final supplementary to the Minister of Tourism and Renewable Resources. Mr. Minister, I would think it would be very onerous on your part to give this assurance and put to rest the concerns of the Saskatchewan Wildlife Federation and some 100,000 sportsmen who have bought and paid for these lands by way of a compulsory check-off upon application for a hunting permit in the province of Saskatchewan. Are you going to give this assurance, Mr. Minister, that these lands will not be used in a trade-off which I have referred to?

MR. MATSALLA: – Mr. Speaker, when the complete study of the matter of land claims is made, the assurance will be given at that point in time.

Negotiations with Indian Bands

MR. E.F.A. MERCHANT (Regina Wascana): – Mr. Speaker, this is a supplementary either to that minister or to the Premier who answered questions about land claims.

There is a meeting on Friday and I ask the minister or the Premier whether they are aware of the meeting in Maple Creek between the Piapot Reserve and Lucky Man Reserve to discuss the transfer of Crown lands in the Maple Creek area, to transfer of Crown lands particularly to the Piapot Reserve? I ask the minister whether he is aware that offers have been made particularly to Piapot and assurances have been given to Piapot that they may split their band and that half of the band members may move to the Maple Creek area? I ask whether any assurances have been given to the local municipalities, any contract has been made with the local municipalities since, under the auspices of the provincial government, a great deal of negotiation has proceeded with the bands.

HON. MR. BLAKENEY: – Mr. Speaker, the hon. member gives a large amount of information on who is meeting with whom, what assurances have been given. He tactfully refrains from saying who has given those assurances. I think wisely so, since any further elaboration would I think disclose the fact that some of the alleged statements of fact are, in fact, statements of fiction. Shortly put, I am not familiar with the negotiations which the hon. member refers to. If he wishes to indicate in a question on the order paper whether or not the Government of Saskatchewan is involved in these negotiations, we could certainly pursue the matter.

It is, I think self evident that if there are negotiations between the Piapot Reserve and the Poor Man Reserve this does not involve the Government of Saskatchewan unless some how they are under our auspices. H, as I say, did not indicate how this is tied into the Government of Saskatchewan other than a simple declaration that it is some how done under our auspices. We can certainly pursue the matter to find out whether or not this meeting of citizens which is I should think well within their right to meet is done only with the support and under the umbrella of the Government of Saskatchewan or they are simply exercising their right to discuss Indian land claims which is something in their purview.

Drug Prescription Plan

MR. C.P. MacDONALD (Indian Head-Wolseley): – Mr. Speaker, I would like to direct a question to either the Minister of Health or the Minister of Social Services. I presume it probably is the Minister of Social Services.

In the month of September you made some rather dramatic changes to the Drug Prescription Plan as it relates to recipients of social service or social assistance, particularly those in nursing homes where non-formulary drugs were not longer granted under the social assistance. The minister indicated that on November 12 that next week the new policy would be announced. We have had no policy announcement that I am aware of. Can the Minister of Health indicate when that announcement will be made in relation to social recipients in senior citizens' homes?

MR. E. TCHORZEWSKI (Minister of Health): – Mr. Speaker, if it would help the

member, I can send him a copy of the press release. The announcement was indeed made in November – 15th or 16th, I am not sure now. It essentially reinstated the program in nursing homes and made some other rather major adjustments in the medical services division program which the member refers to. Essentially the problem which we identified by monitoring carefully after the announcement in October, has been met and I think it would be fair to say that it is working very well now and is assisting those people who need the assistance.

SECOND READINGS

MR. R. ROMANOW (Attorney General) moved second reading of Bill 47 – **An Act to provide for the Taxation of Income from Oil Wells**

He said: Mr. Speaker, it gives me a great deal of pleasure to rise to move second reading of The Oil Well Income Tax Act, 1977. But I do more than that, Mr. Speaker. I rise to launch a debate, the objective of which is to right a moral wrong. In the CIGOL decision the Supreme Court of Canada meted out justice under the law and we, of course, as a government and as individuals are bound by that decision and will abide by it. But however sound that decision is in law, it has created the potential for a massive injustice to the people of Saskatchewan. No one can argue that the oil companies are morally entitled to all the windfall profits from a resource which belongs to the people of the province of Saskatchewan, and Mr. Speaker, this bill is designed to see that that potential injustice does not come to pass.

I shall of course, Mr. Speaker, deal with the provisions of the bill in due course. But also I will discuss in some detail a number of closely related issues and matters related to this bill – the Supreme Court judgment itself, the questions of constitutionality and retroactivity, the aftermath of the judgment as it relates to national unity, proposals put forward in this House and outside this House and elsewhere about how the government should deal with the results of the CIGOL judgment and this government's approach to resource management. Also, Mr. Speaker, I shall have some comments on the editorial response to date to the CIGOL decision.

Let me turn first to a brief review of this government's resource policy upon which this bill is based, Mr. Speaker, in considering this bill and the events which led to its introduction. I think it is appropriate to speak for a few moments on the resource policy of this government.

Despite the CIGOL decision, this government believes that the intent of the British North America Act is clear, that the provinces have exclusive jurisdiction over the natural resources within their borders. Whatever role properly belongs to government in resource management, therefore, belongs primarily and properly to the province. How should a provincial government set about managing its valuable resources?

AN HON. MEMBER: – What about Bill 42?

HON. MR. ROMANOW: – We are going to come to Bill 42. Not many years ago there were few arguments about that. Resources were cheap in the eyes of some. They would last forever or almost forever. Governments were expected to make a few rules for private developers, collect some modest taxes and beyond that pretty well stay out of the way, the passive role. . . . the anti-Bill 42 role of the Liberals and the Conservatives. Now I

think, Mr. Speaker, that that describes pretty accurately the past and the present resource policies in a nutshell of the parties which sit to your left, whether it is the official opposition known as the Liberals or the official opposition known as the Conservatives, the same opposition parties who take the passive, non-interventionist role. The best government is the least government; keep government out of business; don't stifle private enterprise – these are all the slogans and the catch phrases that the old line Liberals and Conservatives throw out as their guideline in resource policy.

Well, Mr. Speaker, the Liberals and Conservatives may not know it yet but the world has been changing while they have stuck to their old line give-away of resources approach. The realization has dawned that we, that is the people of the industrial world, are overspending and wasting our resource bank and that we had better husband what we have left and do a good job in husbanding.

Now there may have been a time, if ever, I don't know, but there may have been a time when passive government, the old line party approach was appropriate. I say that is arguable. But I say one thing, Mr. Speaker, it is certainly not appropriate in the 1970s if it ever was. As recently as 1971, Imperial Oil was telling us in a report to their shareholders that Canada has enough energy reserves to last (and I quote not directly from the report), "For several hundred years." That, Mr. Speaker, was in 1971, what Imperial Oil said and today, six years later, Canada has a \$2 billion annual oil deficit and it is growing.

Mr. Speaker, this government came to office in 1971 and perhaps the most important issue in that election was the question of resource management, the question of resource give-aways by the former Thatcher Liberal government. We said then and it has become a cornerstone of our policy since, that the traditional passive role of government and the exploitation of our resources was no longer good enough. We said that provincial resources must be developed . . .

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – . . . in the public interest. And what is the public interest? I believe that there are three key elements upon which this bill and our entire resource legislation has been based.

1. An appropriate return to the people of the province as owners of the resource economic wrench;
2. Conservation of our resources – to use them not only for this generation but for generations that follow;
3. Protection of the environment now and in the future.

We said in 1971 and we say now that these things are simply too important to be left to chance, too important to be left to profit oriented private developers. And if it is too important to be left to chance this then demands an active and not a passive management role for government.

Now what are the management tools available to government in our democratic society? Traditionally those tools are taxation and regulation, royalties, income tax, fees, special taxes, licences, permits, leases and so forth. When we came to office we said we were going to use these traditional tools but where we differed from some other

government and certainly, Mr. Speaker, where we differed from both of the parties which sit opposite, was that we said there was yet another tool of management, public ownership. We said it not as an ideological call, we did not then nor do we now, regard public ownership as any kind of a panacea. What we said was, if the public interests cannot be served adequately through the traditional tools of taxation and regulation alone, then we as elected governments and responsible people, charged with the responsibility of government must consider public ownership as an alternative. I must say, Mr. Speaker, in the light of the CIGOL decision, public ownership is one technique which, according to the Supreme Court of Canada, is clearly within the powers constitutionally of the province.

I am not suggesting, Mr. Speaker, that we plan to apply this technique to the current problem. In fact the very bill that we are debating today, the bill introduced on Friday is the evidence of our true intent. But my point, Mr. Speaker, is this: our government was elected to govern. We take our responsibility to manage resources in the public interest as I have defined it, seriously. We have not assumed that the resource management methods of the past, the passive government role of the ole line parties opposite are written on tablets of stone. Mr. Speaker, to do nothing is politically safe, to do nothing avoids rocking the boat – the Liberal and Conservative approach. To do nothing is to have the world pass you by Mr. Member for Wascana. He doesn't know how badly the world has passed him by until the next federal election, Mr. Speaker.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – But, we, Mr. Speaker, have not taken that road.

AN HON. MEMBER: – Don't forget slippery.

HON. MR. ROMANOW: – Where innovation was called for, we innovated. Where we had to break new ground in resource policy, we broke it. Where the boat had to be rocked, we rocked it.

Mr. Speaker, I make no apology for the fact that in attempting to manage our precious fast, dwindling oil resources for the people of Saskatchewan, I make no apologies for the fact that we ran into a CIGOL decision.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Because those opposite will say that they would have avoided it, hose opposite of the Conservatives and the Liberals said, that if they had have been in government it would not have happened. You know, Mr. Speaker, I agree, it would not have happened because not one of them would have had the guts to do anything to make the oil companies pay. They would have been pure and simple patsies as they are for the oil industry of this country. They wouldn't have had the problem that is for sure, Mr. Speaker, because there wouldn't have been any \$500 million problem because they wouldn't have collected that amount of taxes if they had their way.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Oh, they opposed Bill 42. I recall the debate, and I recall the election in 1975 where the Conservatives and the Liberals went up and down this province trying to out do each other in their opposition to Bill 42. But I make no apologies, Mr. Speaker. This government makes no apologies. We will continue to

manage and manage actively this province's resources in the public interest and not in the interest of the multinational oil companies.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Now, Mr. Speaker, we are, of course, here dealing with this bill and the circumstances which have arisen to this bill's introduction with matters of law, of the constitutional divisions of powers, of the means by which a provincial government can achieve its legitimate aspiration to manage provincial resources in the interests of the people of the province.

On this question the Supreme Court has ruled that some of the provisions of Bill 42 do not meet the test. I repeat again, I do not challenge the authority of the Supreme Court but, Mr. Speaker, it is not a challenge to examine the CIGOL judgment with care as we are obligated to do and to identify in what ways the reasoning of Mr. Justice Hughes was wrong. In what ways the reasoning of Chief Justice Culliton and his colleagues of the Saskatchewan Court of Appeal was wrong; in what ways the reasoning of Mr. Justice Dickson was wrong. Mr. Justice de Grandpre, in the eyes of the majority of the Supreme Court. Because I submit, Mr. Speaker, that prior to this judgment the majority of constitutional authorities in Canada would have agreed with Mr. Justice Hughes, would have agreed with Chief Justice Culliton, would have agreed with Mr. Justice Dickson, notwithstanding the sneering approaches taken by members opposite and the member for Wascana.

Members opposite need not accept my opinion on that. They can sneer at the Court of Appeal of Saskatchewan or at the Queen's Bench court but I don't. They can seek opinions of whatever constitutional experts they will and I say that most will agree with the opinions that I have just expressed. I want to look at the judgment in this light.

Mr. Speaker, in the majority decision the mineral income tax and the royalty surcharge fell on two grounds. One, they were ruled not to constitute direct taxation and was therefore beyond the power of the province to impose. Two, they were ruled to infringe on powers related to interprovincial and international trade and commerce, which are reserved for the federal government. Both rulings turned in the large part on the question of the role of the taxes in determining the price of the product paid by the purchaser.

I am not going to dwell on the question of direct and indirect taxation. Our view in framing Bill 42 agreed with that stated by Chief Justice Culliton of the Saskatchewan Court of Appeal and I quote from page 30 of that judgment. The Chief writes as follows:

I have already held that the mineral income tax is a direct tax and thus within the power of the province; that the royalty surcharge is a royalty lawfully levied by the province as owner of the oil and gas and alternatively, if it is a tax it is a direct tax within the competence of the Legislature of Saskatchewan. The evidence is clear that neither the mineral income tax nor the royalty surcharge are in any way related to gas and oil imported into Saskatchewan. Both are imposed and are related to oil produced in the province of Saskatchewan. Neither of the charges have any effect on price. (I underline myself, Mr. Speaker, these words that the Chief writes): As a matter of fact the true situation is that the law does not influence the price but rather the price determines the law.

That was Chief Justice Culliton's view. That was our view. The Supreme Court ruled otherwise. Having done that – having ruled the taxes invalid on that count, Mr. Speaker, there was no obligation on the Supreme Court to rule any further on the question of Trade and Commerce. But I draw to the attention of the members of the House that the Supreme Court chose to so rule on Trade and Commerce. And it is that section of the ruling which many people view with concern as to its potential effect on other legislation in other provinces dealing with the management of provincial resources. Let me illustrate my point by quoting briefly from the Calgary Herald, dated November 25, 1977. The headline reads: "Parts of Alberta's oil policy may be illegal, lawyer". And the story says in part the following:

The Calgary lawyer who succeeded in having Saskatchewan's petroleum royalty system declared illegal by the Supreme Court of Canada has suggested that elements of Alberta's petroleum policy may be unconstitutional. James Crawford says there could be grounds for arguing that Alberta's creation of the Alberta petroleum Marketing Commission and provincial methods for approving the removal of natural gas from the province exceed Alberta's constitutional powers. Although emphasizing that the matter requires more serious study, Crawford said in an interview Thursday, that there are very respectable arguments that the Petroleum Marketing Commission established four years ago to sell the bulk of the province's crude oil production, represents provincial interference in interprovincial Trade and Commerce, an area exclusively under federal jurisdiction. He also said that the Alberta government's policy of taking into account the selling price of natural gas when considering company requests to remove the fuel from the province may be an infringement on federal responsibility.

Mr. Speaker, I call back particularly that quotation, particularly, to the attention of the hon. Leader of the Conservative Party, the member for Nipawin who somehow seems to regard Alberta legislation as something immaculately conceived. Mr. Speaker, I tell the member for Nipawin he had better look at that quote and look at it carefully. But now

let's also look at what the majority judgment itself says on the question of Trade and Commerce, Mr. Speaker, something that the court need not have talked about but did. I refer you to page 22 and this statement:

Thus the effect of the legislation is to set a floor price for Saskatchewan oil purchased for export by the appropriation of its potential incremental value in interprovincial and international markets or (and, Mr. Speaker, I emphasize the word 'or' in this sentence) or to ensure that the incremental value is not appropriated by persons outside the province.

Let me shorten that quotation for clarity. Thus the effect of the legislation is "to ensure that the incremental value is not appropriated by persons outside the province."

Well, Mr. Speaker, that was the effect of Bill 42, Mr. Speaker, that was its clear intent to see that the windfall increases and the value of oil was not appropriated by persons outside the province, not appropriated by the multinational oil companies in this world. But the effect of that judgment is to say that it is not within the powers of the province to enact such legislation which accomplishes that very purpose. Consider that very carefully, members of the House. This part of the majority judgment is reinforced on page 23 where it says:

The legislation gave power to the minister to fix the price receivable by Saskatchewan oil producers on their export sales of a commodity that almost has no local market in Saskatchewan. Provincial legislative authority does not extend to fixing the price to be charged or received (I underline that word myself) in respect of the sale of goods in the export market.

Mr. Speaker, I have heard and read in the press and I can imagine how here in the course of this debate from members across the way that in the light of that quotation our problem was in delegating power to the minister. That has already been said. But that, Mr. Speaker, is simply not so. I invite the members of the House to substitute in that passage of the judgment for the words 'the minister' put in the words 'the Marketing Commission'; or put in the words 'the Marketing Board' and consider that passage of the judgment then and you will see quickly why the impact of this decision extends far beyond Bill 42 and far beyond the province of Saskatchewan alone. Now, Mr. Speaker, the lawyers who sit opposite, to a man, have been stinging in their criticisms of this government and myself for accepting so-called bad advice in the drafting of Bill 42. Which among them, Mr. Speaker, which among them in light of the Supreme Court decision offered good advice? Well, I'll tell you, Mr. Speaker, it wasn't we can be sure, one member, the member for Lakeview, the present Leader of the Liberal Party. Mr. Speaker, you may or may not recall, but I do recall, the member for Lakeview got elected in a by-election in 1973 and he came into the House eager to make his maiden speech, and he made his maiden speech and his maiden speech came in the course of debating Bill 42 in the 1973-74 session. What legal advice did the Leader of the Liberal Party give us? What sections of the bill did he approve of, as a member and as a lawyer in 1973, Mr. Speaker? Well, I'll tell you. I quote from page 648 of Hansard for that session. Here's what the present Liberal leader (I did mention the lawyer too, didn't I?) had to say about this:

I should say initially that there are many portions of Bill 42 which I agree with completely, other portions with some modifications I could bring myself to support. However, the bill must be looked at in its entirety and I feel the good

portions of the bill are completely overshadowed by the contents of Part IV of the bill which deals with the expropriation of privately held mineral rights.

Now there is the advice, Mr. Speaker, of the Leader of the Liberal Party but he has more explicit. He said on the same page:

In my opinion at least the provisions of Parts I, II, III, V and VI of the bill are more than adequate to control the future operations of these oil companies and ensure a proper return to the people of Saskatchewan.

Now, Mr. Speaker, not here, not later; never did the member for Lakeview have one word about indirect taxation, Mr. Speaker, not here or then, or now, or since, has he had one word on Bill 42 – one word about Trade and Commerce. He said that Parts I, II, III, V and VI of the bill were good, more than adequate to control the future operation s of these oil companies. Sorry, we want to be in the interests of accuracy . . . But he was dead set against that bad Part IV. Mr. Speaker, I want to tell the House that Part IV was one of the parts judged by the Supreme Court to be clearly constitutional and within the powers of the province.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Well we'll bear the quality of the Liberal advice in mind when the Leader of the Liberal Party and the member for Lakeview rises to speak. I want to tell the member for Indian Head that I'll be waiting with bated breath to hear the legal advice from the member for Lakeview and his colleagues when he rises to speak on The Oil Well Income Tax Act in the light of those words on Bill 42.

Mr. Speaker, members opposite, lawyers and non-lawyers alike, Liberal and Conservative alike, the old line parties all rose in this House in the hours immediately after the Supreme Court decision was announced and with great self-righteousness condemned this government for, "accepting bad legal advice." Overjoyed by the bad news for the people of Saskatchewan, they leaped to their feet to show their condemnation of the government's so-called incompetence. They hadn't yet read a word of the judgment, of the decisions, "confuse me with the facts" they said, "put on the screws; there must be some political advantage somewhere to extract from this situation," they said the day of the judgment. Mr. Speaker, what could be more hypocritical than for example, the member for Nipawin, (Mr. Collver) demanding to know self-righteously what contingency plans we were going to put in place before we or he had studied the Court decision. What could be more hypocritical than the member for Qu'Appelle and all the Liberals who followed him, rising to talk about incompetence, not having read the judgment.

Then, Mr. Speaker, the assortment of members to your immediate left took up the cry and began to shout, "resign." They kept on saying it – yes, they say it again. Mr. Speaker, I have reviewed at some length today the far-reaching nature of the majority decision in the CIGOL case and I have referred to the considered view of lawyers and others that the decision has wide-ranging implications for other provinces and other resource legislation, including Alberta. I say to you who shouted 'resign' and who do so today, that if you call on me to resign, you should call on the Attorney General of Alberta to resign, because he stood at our side in support of Bill 42 all the way through. I say to you, who shout 'resign' that if you call on me to resign, you should also call on Mr. Justice Hughes to resign, because he held Bill 42 to be constitutionally valid within provincial powers. I say to you who shout that I should resign that you should also call on Chief Justice Culliton and Justices Woods, Hall, Brownridge and Bayda of the Court

of Appeal to resign because they to a man ruled Bill 42 to be constitutional, let alone the Supreme Court Justices de Grandpre and Dickson.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – I tell you, Mr. Speaker, I am not concerned in the slightest in this kind of personal attack on myself or on other members of the government, not at all. Mr. Speaker, I view this shouting and this attempt at an emergency debate and the debate that took place as nothing more and nothing less than a grandstand play by the Liberal Party and it's a grandstand play that is a part of a long-standing play, a long-standing piece with the Liberals' long four-year immoral battle against Bill 42 on behalf of the oil multinational industry in this province.

Mr. Speaker, this is a four-year history. They fought us tooth and nail on Bill 42; they fought us tooth and nail on Bill 42 in 1975; they said, 'don't give the money to the people of Saskatchewan, and now this is the culmination of four years, the emergency debate that calls for resignation and that calls that somehow the constitutional position of the province is now insecure. This is all part of a continuing saga of the Liberals and the Conservatives in their unqualified support for the oil industry of this country, Mr. Speaker.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Mr. Speaker, I remind the members opposite that they tried to force us to repeal Bill 42 in 1975. The member for Estevan, the Tory, got up and supported the motion for repeal. He qualified it a bit; he said he wanted to amend, he didn't want to repeal, he just wanted to amend, to give back a little bit of money to the oil companies. But cut it whatever way, he is not fully pregnant, he didn't fully oppose Bill 42, he's just a little bit pregnant, he just wants to amend it. He's not going to oppose it, Mr. Speaker.

Today there are those opposite who would still want to give back all or a substantial portion of this money to the oil companies. That's what the Liberals and the Conservatives want, Mr. Speaker; that's what is behind this particular motion and this particular bill. No, Mr. Speaker, I will not resign, not on this issue, neither will this government resign for ever having had the guts to claim what was due the people of Saskatchewan for their oil in 1973 and for moving to preserve it here in this bill in 1977, Mr. Speaker. That's what this bill will do for the people of Saskatchewan.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Now, Mr. Speaker, I want to ask the question and I ask this particularly from my Liberal friends, the members for Regina South and Regina Wascana, the Bobbsey twins of the federal Liberal Party in this House. I want to ask this question: who benefits? The member for Regina North West (Mr. Whelan) says, whose side are they on? There will be a vote, we'll know sooner or later at their convenience whose side they are on, Mr. Member. But I want to ask this question right now, Mr. Speaker, who benefits from the CIGOL decision? To answer that question, let us suppose that Saskatchewan were to pay to the oil companies right now the \$49 million collected under the mineral income tax and the royalty surcharge. I say to the member for Indian Head (Mr. MacDonald) I think he is the one who has trouble in talking and listening and understanding at the same time, so just please listen to this because I think you will be interested – who benefits? Well obviously, Mr. Speaker,

CIGOL and the oil industry benefit. But I also want to say to my Liberal Bobbsey twins, that there would be one other major beneficiary as well – that, Mr. Speaker, is the federal government, the federal Liberal government, because the federal government would save nearly \$80 million in this fiscal year with this judgment if it were allowed to stand. How? In reduced equalization payments to the have-not provinces.

I am not going to take you through the complexities of the equalization formula, but half of that \$448 million went into the revenues to be equalized. Take it out, as this judgment would do, and down go equalization payments to the non-oil producing provinces. Newfoundland would lost \$5.5 million; Prince Edward Island, \$1.2 million; Nova Scotia, \$8 million; New Brunswick, \$6.6 million; Quebec, \$60.6 million; Manitoba, \$7 million. Mr. Speaker, almost \$90 million to the federal government out of the pockets of the Atlantic provinces, Quebec and Manitoba, with this decision.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – The winners in the CIGOL decision, yes, the plaintiff oil company, perhaps in a larger sense, the plaintiff oil industry and also its legal supporter in the Supreme Court and CIGOL, the Government of Canada. Oh no, I hear, and I am sure that the Bobbsey twins of the federal party opposite will say this, that they are going to say that the federal government of Canada intervened on the side of the oil companies n a matter or principle, Mr. Speaker. That’s the line . . . \$90 million. Now, Mr. Speaker, Tommy Douglas used to say when somebody says that it is a matter of principle and not the money, you can be sure that it is the money. That’s the principle of the Liberal Party and the members opposite!!!

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Now, Mr. Speaker, let me turn to the proposals and comments made by the Leader of the Conservative Party since the Supreme Court decision. I think that is worthy of some comment as well. The Leader of the Conservative Party in the press and elsewhere I note has said, in this or some other order:

1. He has urged us, this government, to run to Ottawa, to run to Ottawa and to ask for help.
2. In some combination or other he has berated us . . . boy how I recall the berating through television of that emergency debate, Mr. Speaker, that you granted . . . berated us for not modelling our legislation and taxes on Alberta’s.
3. He accused us of mismanagement.
4. He urged us to negotiate with the oil industry.
5. He complained that this bill provides for the rate of tax to be set by the Lieutenant-Governor in Council and not the Assembly. In fact, I think there was something in the question period on that today. Now let me deal with those scatter-gun charges one at a time.

First, he would have us go to Ottawa and say, “Please, Mr. Trudeau and Mr. Lang, a nasty thing has just happened and we want you to bail us out.” May I say parenthetically

speaking, Mr. Speaker, that one of the things that I was particularly incensed about when I read in the newspaper reports the remarks of the Conservatives during the course of that emergency debate on this line, was somehow the cheap and shoddy comparison of this situation to places elsewhere in this country, saying that after all the Liberal government bailed Quebec out of the Olympics and somehow this is the same category as the Olympics. That's the category of seriousness the Conservatives put this issue in and how they would value and control the laws and the resources if they were in power. Well I want to tell the member for Nipawin, Mr. Speaker, that running to Ottawa cap in hand is simply not a winner. Let me tell you about the kind of help that we have had from Ottawa on resources taxation. There has been a great deal of talk about greed, greed. Liberals and Conservatives say, "Oh, you are too greedy." Lots of talk about greed, here and in Ottawa. I am going to deal with Senator Buckwold and deal with Mr. Lang in just a moment, if you want to know how to be greedy. I say, "Learn from the masters."

In 1974 the federal government made resource royalties paid to a provincial government non-deductible for tax purposes. That, Mr. Speaker . . . Note what the member for Indian Head says, that's to stop us from gobbling it all up. Mr. Speaker, that policy imposed double taxation on the oil companies. Their purpose – to increase the federal take on provincial resources and force the provinces to reduce the royalties. That was the purpose of that move, reduce the provinces' take of the royalties. And the member for Indian Head applauds that move still today against the provinces and for the federal government.

Secondly, Mr. Speaker, these so-called friends that the member for Nipawin is going to run to, he's going to talk to his friends down in Ottawa and say, bail us out. I want to tell him another thing, They imposed an export tax, Mr. Member, an export tax on our Saskatchewan oil and through that export tax they have taken more money in federal taxes on Saskatchewan oil – get this and mark it carefully. I ask everybody to market this carefully – that through the export tax the federal government has taken more money in federal taxes on Saskatchewan oil than all the money Saskatchewan has received under Bill 42 and they talk about greed. And the member for Indian Head said that that whole thing was designed to prevent us from gobbling it all up. And that wasn't enough . . . I'm going to come to that. Just be quiet for a moment please and maybe you'll learn something for a change with respect to this bill. I'm simply saying, Mr. Speaker . . .

MR. SPEAKER: – Order, order! I'm having trouble hearing the member and . . . Order, order. I'm sure other members want to hear what the member for Saskatoon Riversdale is saying.

HON. MR. ROMANOW: – You see, Mr. Speaker, how the application of a little truth serum affects the Liberal Party. They react so negatively and harshly. You'd think they would almost break out in a rash. Now, Mr. Speaker, that wasn't enough for the federal Liberals; they then invaded the gasoline and tax field, a field traditionally reserved to the provinces and they slapped on an additional 10 cent a gallon excise tax at the pump. Now that I submit, Mr. Speaker, is how you go about being greedy if you're a real pro. But that, Mr. Speaker, is not the most telling reason against the native suggestion of the member for Nipawin. Who has been at the side of every resource company challenging Saskatchewan's resource management in the courts? Who has been at the side? This is now speaking to your point that we should go to Ottawa to for help. You know, who has been at the side with us in CIGOL? Who has been by our side in the AMAX Supreme Court matter appeal? And, Mr. Speaker, who has been at our side in the central Canada

Potash case? Not as an intervener on constitutional issues, not as an intervener. No. That's not good enough for them. But as a co-plaintiff, party plaintiff endorsing the company's action every step of the way, who has been on the side of the companies? I'll tell the member for Nipawin – the Attorney General for Canada, the federal government, the very government you'd go to to bail us out of this situation. The truth of the matter is, Mr. Speaker, that the federal government and Mr. Lang - I say this to the member for Regina South and the member for Nipawin – the truth of the matter is that the federal government and Mr. Lang got exactly what they argued for in the CIGOL case. What possible hope would we have of help from such an adversary. More help of that kind. Mr. Speaker, more help of that kind is not in the interests of the average person of the province of Saskatchewan.

Now Mr. Speaker, the member for Nipawin raises a second point about the Alberta oil Royalty and Marketing legislation. I want to say to the member that I believe the member for Nipawin in his remarks and I think that the Alberta legislation has some merit. I say it has a great deal more applicability to Saskatchewan today than it did in 1973. Alberta confined itself to Crown oil, of which it has a great deal, something like 80 per cent of all the production, perhaps more. But in 1973, Mr. Speaker, 45 per cent of Saskatchewan production came from freehold and Alberta's legislation does not solve that problem, not would it – I stress this – solve the problem by applying retroactively this bill to recoup losses under Bill 42, which is what the member suggests and argues. But more than that, Mr. Speaker, what the member for Nipawin was pleading for in the newspapers and elsewhere was that Saskatchewan adopt the taxation levels, the Alberta tax scheme were the words that had been used in the newspaper. Don't make the oil companies mad was his rationale. Your problem was you were too greedy. You made them angry and you're now paying the price. Mr. Speaker, if we had put Alberta's legislation in place in 1973, I tell the people of this province, that we would have collected less than half of the present collections under Bill 42 – more than \$250 million additional dollars if the Conservative had their way would have gone to the oil companies and if there had been \$250 million more to the oil companies, there would have been \$250 million less for the people of Saskatchewan. Mr. Speaker, that is exactly what the member for Nipawin and the Conservative want. The member for Nipawin is challenging me, he had time to speak on this bill. I say to the member you look at your campaign literature in 1975 on Bill 42 – I say to the member you look what your member for Estevan said during the course of the Liberal's Motion to Repeal Bill 42. I tell you, you look at the words that you said here last Wednesday and I'm saying to the people of the province that the Leader of the Conservative Party pleads the cause of the oil industry and not the cause of the people of Saskatchewan. That's where they're all together – Liberals and Conservatives and Conservatives and Liberal – mouthpieces for the oil multinational companies. One says, give it all back. The other says just give \$250 million back. Now, Mr. Speaker, in response to this problem of which this bill is before us now, he had a third point, the Leader of the Conservative Party. He talked about government mismanagement, that's what the member for Nipawin talked about. And now to the member's matters on management matters. But I want to draw for him and I want to draw for the Conservative caucus, particularly the member for Thunder Creek, who I think now must be thinking a little bit about Conservative policy and philosophy in resources. I want to draw for you a full scenario of how he would manage the resources and what kind of a bill we would see today and be debating if he were the Premier of the province of Saskatchewan in this situation.

I want, Mr. Speaker, to talk about this by way of example – potash. Now the other day, the member for Nipawin (Mr. Collver) related his plans for the Potash Corporation of Saskatchewan as a fundamental in resource management. That was a key point in his speech. Well, you know, Mr. Speaker, he is going to make it a joint stock company, that's what he is going to do with the Potash Corporation of Saskatchewan. And he is not going to sell the shares he is going to give them to the people of Saskatchewan. He says they are going to be freely traded in Saskatchewan, freely traded, except that there is one rule, (I ask the member for Thunder Creek (Mr. Thatcher) to pay careful attention to this) that no individual may own more than 2 per cent of the potash shares that he is going to freely distribute. I don't know how he is going to distribute them, from an airplane or how but he is going to distribute them. Now that sounds pretty good, Mr.

Speaker. So far the press of the province has bought it hook, line and sinker. But let's say and this could happen as any stock trader knows, let's say that the maximum number of people each get control of 2 per cent of the shares, 2 per cent per person, 2 per cent times 50, that equals 100 per cent. That, Mr. Speaker, is not 950,000 people, that is 50 people who own the potash corporation of Saskatchewan. He laughs but that is what he said and you know that the member for Thunder Creek, and I don't know how you can sit there and follow that kind of policy.

SOME HON. MEMBERS: – Hear, hear! (Laughter).

HON. MR. ROMANOW: – Mr. Speaker, the hon. member for Thunder Creek could have not said it better than I would have; he will be one of the fabulous 50, that is for sure. Now, we know but the Leader of the Conservative Party is not smiling particularly now but he should a little. I want to pursue it further, Mr. Speaker. We know, of course, that with the Tory government, this management Tory government handling things, the Potash Corporation of Saskatchewan would obviously make money but who gets the dividends. The people of Saskatchewan? Not quite, the fabulous 50. But, Mr. Speaker, all of the people still have the debt which is incurred when the mines are purchased. How are they going to pay it off? Well, they will have a hard time doing it with oil revenues because, Mr. Speaker, the member for Nipawin says that his first act will be to lower the taxes on the oil industry by at least \$250 million, adopt the Alberta taxation scheme is what he says. So, Mr. Speaker, 50 good and true entrepreneurs in the good old fashioned way will get the profits, but the people of Saskatchewan will get the debts, a la Conservative and Liberal policy that has been adopted everywhere in this country, in every province of this country. That's point number three of management and the mismanagement argument of the Conservative Party.

Now let me deal, Mr. Speaker, briefly with these two other final points. I agree with the member for Nipawin, there must be negotiations with the oil industry and I have already indicated that that has been done long before he was elected and since. What puzzles me is that he calls for negotiations and when this bill is introduced his first complaining is that it provides for the rate of tax to be set by the Lieutenant-Governor in Council, in other words, the government, the big, bad government and not the Legislative Assembly. Mr. Speaker, the Leader of the Conservatives is often successful in confusing this House but he has surpassed himself. What does he deem is to be negotiated with the oil industry, the rate of tax is unrelated to negotiations, should we fix it now in the bill? I want to hear what he says about that. Or is he saying, Mr. Speaker, that the negotiations should take place not with the government but with the Assembly somehow? Now that is a new interesting prospect, a new wrinkle in parliamentary procedure that comes from the Conservative Party.

I also point out, Mr. Speaker, that in passing the setting of the rates of the tax, this is

often delegated as this bill does, by the Legislature to the Lieutenant-Governor in Council even in Alberta. Yes, even in Alberta. Now he says that the regulations are secret That is what he is quoted in the Saskatoon Star-Phoenix as saying, Mr. Speaker, the Leader of the Conservative Party knows that accusation to be about as false as every other accusation that he has made, since every regulation is made public.

But while I am on the topic of negotiations in the context of his bill, let me make one thing clear. We are not talking negotiations in the way the Progressive Conservatives and Liberals urge us to negotiate. This government will not negotiate away the revenue received for oil which the companies have already sold and made their profits, not all of it, not a substantial portion of, not a so-called reasonable amount of it as both the PCs and the Liberals suggest, Mr. Speaker.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Mr. Speaker, pearls of wisdom from the Liberals and the Conservatives have not been dropping in large numbers from the lips of the Conservative Leader of late. I commend to him the golden quality of silence. But I also point out to his House, Mr. Speaker, that there is one common thread through this grab bag of ideas, one central theme and that is this – pacify the oil industry, give them what they want, just a little bit, don't make oil companies mad and you'll stay out of trouble. That is the Liberal and the Conservative line throughout the piece. That, Mr. Speaker, is the Tory policy and the Liberal policy on resource management. That is what they stand for but it is not what the Blakeney government stands for, Mr. Speaker.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Now, Mr. Speaker, this bill, in my judgment, that is before you and Bill 42, which is obviously the forerunner of this bill that we are debating, deals with the matter of provincial resource taxation. This bill before you deals with resource taxation. Without a doubt resource taxation is one of the central questions affecting national unity in this trouble period for Canada. I don't think anybody could deny that – resources, taxation, national unity.

Mr. Speaker, there are two main actors in the unity debate, the Prime Minister, an avowed centralist and René Lévesque, an avowed separatist. They represent the two extremes on the issues. Mr. Speaker, to many people in Canada the future lies somewhere in between those two extremes. We of course need a strong central government to deal with national responsibilities but equally we must have adequate powers for the provinces clearly delineated, such as taxation of resources. The third option so-called. I say, Mr. Speaker, that the man who has won recognition across Canada as the most articulate, the best reasoned, the most level-headed spokesman for the third option is the Premier of this province.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – He as much as any other has taken this issue out of its narrow French versus English confines and made it relevant to the West and to all Canadians. Mr. Speaker, the Premier and the Prime Minister will meet less than 48 hours from now to discuss national unity, the economy, his bill and CIGOL. We have had many questions related to that and many comments. As I have said, part of the urgent backdrop to that meeting is, as the Premier said last week, the resource issue, taxation and the impact of CIGOL on the provinces and on national unity, the very issue which

has led to the introduction of this bill.

Mr. Speaker, more than a year ago the Premier called for an amendment to the British North America Act which would enable the provinces to levy indirect taxes on their resources. In October of 1976 all 10 premiers across Canada – this is the Bourassa government in Quebec as well – agreed on the wording of such an amendment and urged the federal government to accept it. Unfortunately nothing has happened. This is going to be one item of discussion on Wednesday.

Mr. Speaker, I propose as one member of this House that the Premier add another item to the agenda, that's also related to this bill, and that is the method of appointing judges to the Supreme Court. Not because only of the CIGOL case or this legislation but because appointments to the Supreme Court have long been a bone of contention between the provinces and the federal government for decades. It was one of the issues on which agreement seemed near at the Victoria Conference in 1971; that conference failed. But if we are to have a workable federation in Canada with its division of powers then surely we need to remove the suspicions which arise that one of the two levels of government has exclusive power of appointment to the body which finally determines that division of power as between the two units of government.

Mr. Speaker, let me turn to another aspect of this issue and this bill which also provides a backdrop to the meeting between the Premier and the Minister on Wednesday. It seems to me, Mr. Speaker, that we must judge the federal Liberal government's approach to the rights of the provinces on resources on this bill, Bill 42, not by what they say but by what they do. I challenge the morality of what I can only categorize as the long series of shoddy federal actions aimed at Saskatchewan's resource policy. Mr. Speaker, members opposite can talk about bad advice. I say their federal allies have acted on bad advice, bad for the people of Saskatchewan and most of that advice I say has come from one man, Saskatchewan's only representative in the federal Cabinet, Otto Lang, the former Minister of Justice. Who else, Mr. Speaker, can be responsible, member for Wascana, for the parade through the court rooms of the federal government? Holding hand in hand with the big oil and potash corporations on CIGOL, Bill 42 and the Potash Corporation Central Canada and Saskatchewan resource legislation. Who else, Mr. Speaker, has sided so consistently with the exploiters of our resource industries and against the interests of the people of this province? Who else, Mr. Speaker, seeks to deprive the provinces of their rights to resource revenues? I challenge the morality of that performance!

Mr. Speaker, the CIGOL decision which has given rise to this debate today created the potential of vast injustice to the people of Saskatchewan. Without the action we are taking through this bill the people would face the possibility of paying back to the oil companies a half billion dollars. I challenge the morality, Mr. Speaker. I challenge the morality of Otto Lang expressing satisfaction over the prospect, as he is reported to have done in the Leader Post, two and one-half days, less than two days after the CIGOL decision was down. The headline in the story says: "Lang says Ottawa could gain by Saskatchewan's loss." I say to Otto Lang's disciples in this House, the members particularly for Regina Wascana and Regina South, that that was a shameful performance. In the same story Mr. Lang is quoted as saying that he had, "little sympathy for the Government of Saskatchewan in this situation." Little sympathy and the member for Wascana also repeats that argument today. No sympathy for the government and the people of the province of Saskatchewan. What this means, member for Wascana, what this means to the Liberal Party, mark my words carefully, is that Mr. Lang has little sympathy, if any, for the people of this province, who are faced

with the prospect of a loss of hundreds of millions of dollars in provincial revenue.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – What he is saying, Mr. Speaker, is that he has little sympathy for any kind of a moral entitlement to the provincial revenues that we are debating around this area.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – What he is saying, Mr. Speaker, is he is going to argue about bungling, but he has no sympathy for the people of the province of Saskatchewan in this area. That is what he is saying, the Liberals and the Conservatives. And what about the Liberal clique who support this act, the Senator, the Senator from Saskatoon, Sid Buckwold. The Star-Phoenix of November 25 on the CIGOL decision, Mr. Speaker, reports . . .

MR. SPEAKER: – Order, order! All members will get a chance to get into this debate, standing on their feet . . . order, order! . . . standing on their feet, rather than sitting on their seat and after the Attorney General is done. I am sure he is not going to use all the time.

HON. MR. ROMANOW: – Mr. Speaker, it is indeed a sad state of affairs to see the provincial Liberal Party so inextricably intertwined with the federal Liberal Party and the actions of the federal Liberal Party. There used to be a day when the Liberals in this province were more or less independent. Today from Ottawa and Otto the comments follow as a natural consequence here in this province of Saskatchewan. I say that surely the Liberals can break that umbilical cord to at least on this occasion once to speak in the interests of the people of the province of Saskatchewan and not in the interests of their federal Liberal counterparts.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – And I want to say, Mr. Speaker, also that I was particularly at a personal level and not a political level, and I say ‘personal’ because I have a high degree of respect for Senator Buckwold to have read on November 25, the “Senator suggests that the province could go bankrupt,” which I think is pure scare tactics, and then added, and these are reported in his words, I underline this, “Politically I have to say it will be rather nice (rather nice, Mr. Speaker) to see the Government of Saskatchewan sweat it out.” Little sympathy, little sympathy, Mr. Speaker, sweat it out, sweat it out. You see, Mr. Speaker, how the Liberals criticized us for laughing on this day when this most important judgment came down. I read that in the newspaper. Today, now we see how their actions are. Sweat it out – little sympathy, nobody could be as funny if it wasn’t so serious and sad as this Liberal position taken. Little sympathy, Mr. Speaker. Sweat it out. These are the people at the centre of federal power, these are the people making federal policy, in Ottawa. Two of their number want to join that federal power structure to make federal-provincial powers. These are the spokesmen for the party that utters pious words about Canadian unity while taking political kicks at provincial rights. But I said at the beginning of my remarks, Mr. Speaker, that it is of a piece, it is of an immoral piece, I submit, with the behaviour of the members of the same party who sit opposite in the wake of the Supreme Court decision, they couldn’t wait to deliver their political kicks, to see the government and the people sweat it out and no sympathy. Now, Mr. Speaker, there are two among them who aspire to join Mr. Lang in Ottawa to represent Saskatchewan people and Saskatchewan interests in Ottawa, to represent Saskatchewan people, particularly in these critical times. The member for Regina Wascana (Mr. Merchant) and the member for Regina South (Mr. Cameron) both long associated with Mr. Lang. Mr. Speaker, the people of Regina East, I tell these two members, and I tell the House that the people of Regina East and Regina West have eyes and they have ears, and they have seen and they have heard Otto Lang and they have seen and they have heard the member for Regina Wascana and the member for Regina South, and they can judge whether these three peas should be in the same pod representing Saskatchewan’s interest. They can judge whether they want to be represented by men who side with the oil companies and the potash companies, or those who side for the people of Saskatchewan. They can adjudge whether they want to be represented by men whose vision of Canada begins and ends with federal power and I say to you that they will judge and I predict that these three will pay the price and pay the price heavily in the next federal election for the position that you have taken.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Now, Mr. Speaker, I am talking about matters which are directly related and I want to deal now on an aspect particularly with respect to constitutionality.

Mr. Speaker, before we introduce this bill, both parties opposite were reckless with the truth in their public statements about what options were open to this government to present remedial legislation which would be held unconstitutional. The impression they left (and I submit deliberately) was that all doors were virtually closed. Tories, by the way, are in the same position. They said that anything we did, anything that we introduced, given the CIGOL decision, would be invalid. That’s what you said. You said

that you said that . . . The Chamber of Commerce of Regina said that . . . you will have a chance to rebut me.

AN HON. MEMBER: – They're not here.

HON. MR. ROMANOW: – I don't care if they are here or not; they were highly irresponsible in the statements that they made without even seeing a word of the bill. I said it then and I repeat it again.

AN HON. MEMBER: – It's easy to attack.

HON. MR. ROMANOW: – Yes, easy to attack. They attack us; they never stand with the government and the people; they always speak for the Chamber interests. And I know that you and you, the Tories and the Liberals, are with the Chambers in these areas, but that is neither here nor there. I am saying that any legislation we introduce, the Chamber without seeing a word, the Tories without seeing a word, the Liberals without seeing a word, say, "Oh! It's going to be invalid. That's what they say. Now you will have a chance to say your piece in a few moments.

I say, Mr. Speaker, that any reasonable person reading the headlines would say that they are attempting to panic the people of this province. There is no other conclusion. I say, they have failed. The legal problem, of course, was completely misrepresented by the two opposition parties. While they were trying to shoulder each other out of the way to be first to push the panic button, we kept insisting that we needed time to study the judgment. The common sense of that didn't register on the members opposite, but we did study the judgment carefully and I have made my comments on that judgment.

This bill that is before us has been drafted to meet the objections of Bill 42 raised in that judgment. The tax and royalty surcharge were held to be in the nature of indirect taxes and therefore ultra vires the province of Saskatchewan. The British North America Act vest in the province the power to levy direct taxes within the province in order to raise revenue for provincial purposes. Provincial taxes on net income have long been upheld by the courts as direct taxes within the competence of a provincial legislature. This is the direction our constitutional advisors recommended and it is the course we have taken in this bill.

The Oil Well Income Tax Act, 1977, levies a tax on the income after proper allowance for deducting expenses derived from the production of oil in the province. We believe that the Act levies a direct tax, clearly within the legislative capability of the province. Because the tax is levied on a proportion of the net income we believe it does not have any effect on the price of the product, crude oil and, therefore, cannot be interpreted to offend the trade and commerce power of the federal government and, therefore, Mr. Speaker, in our judgment fully constitutional.

Now, Mr. Speaker, I would like to make another observation respecting constitutional reference. There will be those who rise in this debate, who have already risen in the course of other debates, that I have read about in the newspapers, to demand that this bill when enacted be referred to the Court of Appeal before proclamation under The Constitutional Questions Act. Tories, according to newspaper reports, joined the Liberals a few days ago in the legislature in that position. First position taken and that constitutional reference by the member for Regina South . . . Mr. Speaker, before and after he'll talk about this in just a moment, before and after. We know exactly what the member for Regina South said; it's on record, but in any event let's just view this

question of constitutional reference.

I want to say that I recognize that there is some valid concern which gives rise to the suggestion especially considering the surprising sweep of the CIGOL decision. But, Mr. Speaker, one does not by this means, I emphasize, get a speedy answer. Members opposite represent that somehow the court can act quickly and quietly when it writes a judgment and hands it back to the government on a constitutional reference, leaving that impression with the public. Not at all. Interested parties must be notified, including (I remind the member for Nipawin), the Government of Canada. Dozens may appear. Arguments and counter-argument need to be made, to be drafted. The Court of Appeal's opinion is certain to be appealed to the Supreme Court of Canada. But I want to remind the members of this House that we waited on the Supreme Court alone in the CIGOL case for over one year. I think an estimate of 18 months for court reference is too optimistic. Mr. Speaker, a hiatus of 18 months without legislation in place, without any countermeasure with respect to oil company claims, which could reach hundreds of millions of dollars, is simply not a reasonable or responsible suggestion. Those opposite talk about uncertainty. This proposal raises uncertainty; raise it to the level of government policy. Unacceptable in my point of view from a fiscal point of view. It's unacceptable from the point of view dealing with the oil industry. It's unacceptable from a moral point of view. We are here to govern, Mr. Speaker. We are here as legislators to protect the interests of the people of Saskatchewan. If we chose this road in this situation we would be abdicating our clear responsibility to govern and to protect Saskatchewan's interests and Mr. Speaker, I for one do not support that approach.

Now, Mr. Speaker, I've dealt with many aspects of this bill, dealing with national unity, resource policy, positions of Liberals and PCs and I have much more to say dealing with retroactivity and other comments anti-Tory and otherwise. And I want to at this stage of the game to specifically deal with the sections of the bill which are before you, Sir. The Oil Well Income Tax Act is a basic income tax statute which applies retroactively to January 1, 1974. The act has been drafted to meet the objections to Bill 42, raised in the reasons for judgment of the Supreme Court of Canada in the CIGOL decision. The Oil Well Income Tax Act, 1977, levies a tax on the income after proper allowance for deducting expenses derived from the production of oil in the province. We believe, as I said, that the act is thus a direct tax, and clearly within the legislative capability of the province of Saskatchewan. Under the act every person is liable for tax on his oil well income derived from the production of oil from wells located in Saskatchewan for each taxation year, ending after December 31, 1973. Owners of producing tracts, aggregating less than 1,280 acres, are exempt from liability for tax. A taxpayer's oil income for a taxation year is the aggregate of his oil well income, calculated with respect to each oil well from which he receives revenue. Accordingly, a taxpayer must calculate his oil well income under the act on a well by well basis, then aggregate that income before applying the rate or rates of tax. For flexibility, the rate or rates of tax are to be prescribed by regulation by the Lieutenant-Governor in Council. I've made some comments there with respect to the PC position in particular to that point. A taxpayer's oil well income for a taxation year in respect of each oil well is the revenue received or receivable by him from the production of oil from the oil well, less the actual outlays and expenses made or encouraged by him for the purpose of earning such revenue. This in my view is in accordance with the traditional income tax concept of income being equivalent to net income or profit; that is the amount of the taxpayer's income less the expenses incurred to earn that income. The revenue derived from the production of oil from an oil well in a taxation year is the aggregate of three amounts.

- (1) Where oil has been sold without being refined, the amount of consideration received for its sale or its fair market value, if it has been sold at less than fair market value.
- (2) Where oil has been wholly or partially treated or refined and the products have been sold at a fair market value of the oil that the wellhead at the time it was produced.
- (3) Where oil has been used or consumed by a taxpayer or by any other person at the taxpayer's direction or with his concurrence the fair market value of the oil that the wellhead at the time it was produced.

For the purposes of the second category above, it is conclusively presumed that all oil which is not sold as crude oil is wholly or partially treated or refined and the products of such treatment or refining sold within six months after the time the oil is produced unless the contrary is demonstrated to the satisfaction of the assessor. The revenue which each taxpayer must recognize in calculating his oil well income for a taxation year, is the revenue derived by him from the production of oil from the oil well whether such revenues received by the taxpayer's rentals, royalties, fees or in any other form. This would include the revenue received by the holder of a working interest in a well and any royalties received by a landowner or by a holder of gross over-riding royalties.

Under the traditional concept of an income tax, a taxpayer is allowed to deduct the expenses he incurs for the purpose of earning the income upon which he is being taxed. In the case of income earned by business or property, this is traditionally done on the basis of generally accepted accounting principles in good commercial practices, although it has long been recognized that income tax statutes may modify those concept to a certain extent without destroying the character of the tax as an income tax. In the act, section 7 and 8 impose such limits upon the deductibility of certain outlays and expenses. Deductions for certain expenses are prohibited and these are set out in section 1, such as reserve, or contingent accounts other than reasonable reserves for doubtful debts; secondly, outlays or expenses for goods or services in excess of fair market value; thirdly, any income profit or other similar taxes; fourthly, any deduction that is not reasonable in the circumstances.

The act which also limits certain other deductions such as depreciation, overhead or administrative expenses, exploration and development expenses and depletion, to amounts prescribed by regulation. The act permits a taxpayer to deduct, in computing his oil well income, certain royalties other than those paid to the Crown to the extent that such royalties are included in the taxpayer's income. A taxpayer may deduct royalties paid to a freeholder, other than a person where a 1,280 acre exemption applies, if the freeholder includes such royalty in his income. The act will apply to both freehold land and to Crown land, including freehold land expropriated under Bill 42. A royalty paid with respect to production from Crown land will be deductible from the oil well income tax payable by a taxpayer who paid the Crown royalty.

The tax collection mechanism under the act requires each taxpayer to file an annual tax return within 180 days after the end of each taxation year, or 90 days after the day the act is proclaimed in force for taxation years ending in the retroactive period. The full amount of the tax owing for that taxation year, less amounts withheld on behalf of the taxpayer, as discussed below, must accompany the return. To provide for a continuous flow of tax revenue, the act requires the operator of each oil well as an agent of the Crown to withhold an amount prescribed by regulation on payments made by him to each taxpayer from the revenues derived from the production of oil. The operator must

remit to the minister monthly, the amounts so withheld plus an instalment payment on account of the taxes payable by him. Failure to withhold and remit renders the operator liable to a penalty of the amount equal to the amount he failed to withhold and to remit.

To reinforce this collection mechanism the act effectively requires all revenues from the disposition of oil to be paid to the operator. Extensive assessment and re-assessment provisions are contained in the act – section 16 to 18 inclusive. The amount of tax payable by a taxpayer is assessed by the assessor after the annual return is delivered and a notice of assessment is sent to the taxpayer. If there has been no misrepresentation or fraud on the part of the taxpayer, the minister is limited to re-assessing within four years after the date of the original assessment. If the taxpayer objects to any assessment or re-assessment, he may appeal within 80 days to the Board of Revenue Commissioners but he must first pay the amount of tax, interest and penalties if any in issue.

The burden of proof is on the taxpayer to prove that the assessment or re-assessment is not correct. Further appeals lie under The Department of Finance Act to the Court of Queen's Bench and the Court of Appeal of Saskatchewan. Interest at a prescribed rate is payable by a taxpayer on all underpayments of tax whether initially on the filing of the annual tax return or subsequently as a result of any assessment or re-assessment. In the same manner, the province is required to pay interest on any overpayment of tax.

The act will be administered by an officer known as the assessor, to be appointed by the minister. Assistant assessors and special assessors may also be appointed and the powers of the assessor may be delegated to them. These officials have the power among other thing to inspect premises and books and records. Failure to deliver a return when required may subject a taxpayer to penalty of \$500 per day; in addition if a person wilfully attempts to evade taxes by failing to deliver a return, he may be assessed an additional penalty of 50 per cent of the amount of tax sought to be evaded. Knowingly making or signing any false statement, or furnishing any false or incorrect information, is an offence punishable on summary conviction. Section 24. The taxes, interest and penalties under the act constitute a lien on the property of each taxpayer. A contravention of any provision of the act, is an offence punishable on summary conviction and the penalty, unless otherwise specifically provided, is a fine of not less than \$100 or not more than \$500, or imprisonment for six months, or both. Extensive anti-evasion and anti-avoidance provisions have also been included in this act – Sections 31 to 36 inclusive.

A general power is given to the Lieutenant-Governor in Council to exempt any person or class of person from liability for tax under the act – Section 38. The lieutenant-Governor in Council also has the power to compromise and settle the amount of taxes owing where it would not be in the public interest to demand payment of the whole amount of any taxes – Section 39.

The act is retroactive to January 1, 1974, and is deemed to have been in force on, from, and after that date – Section 43.

This, Mr. Speaker, covers in some detail both the principle and the design of this legislation. I have gone into some detail to explain it because of the importance of the bill and the occasion, obviously, which prompts its introduction.

Now, Mr. Speaker, there are other aspects of this bill which also require some comment and the situation that we are in. I would like to deal with the question of retroactivity.

The Leader of the Liberal Party has already indicated in the press that he has some thoughts . . . hope they are a little stronger than the thoughts that he had on Bill 42 in 1973, but some thoughts on whether the retroactive application of this bill will be held valid. I shall listen with great interest to his thoughts and his advice on the point in particular. But our advice is that the law is clear on this point. A province does have the power to enact retroactive tax legislation. Let me point out first of all that the Supreme Court of Canada, in the CIGOL decision, did not question any aspects of retroactive features of Bill 42. The Supreme Court has specifically upheld the validity of retroactive legislation in a number of cases. Retroactive amendments made to taxing legislation have been upheld in at least two Supreme Court of Canada cases – the 1952 case of CPR versus the Attorney General of Saskatchewan, and the 1972 case of the executors of the Woodward Estate versus the Minister of Finance of British Columbia. In the Woodward Estate case the Supreme Court upheld a retroactive amendment to the British Columbia Succession Duty Act. There are numerous other cases in which retroactive legislation has been upheld and applied, most recent being the supreme Court of Canada 1975 case of Crouson versus Robideau. But closer to the subject matter of the bill before us, an example of retroactive tax legislation validating taxes already imposed is to be found in the Petroleum Administration Act passed by the federal parliament in 1974. There, Mr. Speaker, if the federal parliament can apply retroactive tax legislation within the scope of its powers, then I think it follows that a provincial legislature can act in a parallel manner within the scope of its powers.

Now for those of you opposite who remain unconvinced, let me call to your attention two recent examples of retroactive legislation in two other provinces – one, in the good old Tory province of Ontario, and the second in the good old new Tory province of Manitoba.

Under the federal Anti-inflation Act, note these provinces had entered into agreements with the federal government placing their provincial public sector wages and prices (I would ask the member for Estevan (Mr. Larter) to take particular note of this), placing the provincial public sector wages and prices under the federal Anti-Inflation Board. They did this without specific legislative authority from their own legislatures. In Ontario first, and then in Manitoba, the Supreme Court said, you can't do that and throw out the agreements. At stake here in both provinces was the validity of wage rollbacks administered to public service employees. Ontario introduced and passed retroactive legislation, Manitoba made a similar move in the special session just now called and underway by Premier Lyon. That's retroactive legislation.

I still suspect, Mr. Speaker, that there are members over there who will approve of this kind of retroactive legislation, but who will oppose the retroactive application of the oil well income tax legislation for retroactive features. And that's an interesting position, Mr. Speaker. That's an interesting position because it's one which I predict will fit into the political philosophy that I have been talking about of the old line parties which sit to your left. It's okay, they say, to hold down the wages of workers retroactively, no fault with that, but you can't hold down the profits of oil companies retroactively, oh, no! That's against natural justice.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – That's against natural justice they will argue. Mr. Speaker, I don't

care whether the press listens to me or not . . . I'm telling you that that's the philosophical and moral position that you are in . . . you are in that position on retroactivity. It's all right for you, Mr. Member for Wascana, to support your colleagues, the Tories, on retroactive legislation related to that aspect of wage and price; all right to control the wages of working men and women retroactively, but philosophically wrong to retroactively control the profits of oil companies.

Mr. Speaker, the retroactive application of this bill is sound; it is sound on legal grounds; it is sound and unassailable on moral grounds.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Now, Mr. Speaker, I won't get into the question of reading this, but I comment members of the House page 265, November 25, 1977 Hansard – question put by the hon. S.J. Cameron to the Premier respecting a constitutional reference which supports the contention that I made earlier about the position taken by the Liberal Party and the leading spokesman of that party in that regard.

MR. CAMERON: – 266 Roy?

HON. MR. ROMANOW: – No, no. I am just simply saying you show me where you said it otherwise, but that's fine. Fine, 266, get it in, get it in. Talk about the retroactivity and talk about the constitutional reference at that time in this bill.

Mr. Speaker, if it is the kind of getting that I have gotten in the past, I don't think I need to be here because I have heard that same old Liberal and Conservative line so many times. I could almost recite it by rote myself.

Now, Mr. Speaker, I want to make a few remarks with respect to the editorial comments surrounding Bill 42 and the proposed legislation which is now before you, which just passed in the last few days and, Mr. Speaker, it's more in sorrow than in anger that I have to turn to this question of some of the editorial comments inspired by the recent decision of the Supreme Court of Canada.

Let me make it clear that I support to the full the right and the duty of the press to freely express editorial opinion on public issues. It is an important freedom in our society and one I want to preserve. Mr. Speaker, editors are the first to point out that the counterpart of freedom is responsibility. They do it all the time when it comes to politicians. The counterpart of the right to criticize, which is their right, is the responsibility to keep the facts right and the analysis in accordance with the facts. I believe, Mr. Speaker, that at least two Saskatchewan newspapers have seriously failed to uphold the high purpose which they profess as it relates to this bill and Bill 42 in the Supreme Court. Our lowest marks go to the Regina Leader Post for its editorial on page 6 of the edition dated Friday, November 25, 1977. I quote one paragraph, Mr. Speaker; it says that:

Surely it must have been obvious to those who drafted and approved Bill 42 that provincial legislative authority could not extend to directly fixing the price to be paid for oil produced in Saskatchewan but sold outside its boundaries.

Well, Mr. Speaker, surely that was obvious but surely it was not obvious that Bill 42 did that. As I've said it has not been obvious to Mr. Justice Hughes nor to Chief Justice

Culliton or to the Court of Appeal. The Leader Post editorial then goes on to misinform the public about the nature of Alberta's oil legislation and erroneously concludes that Alberta, quote, and get these words, Mr. Speaker, "Deathly avoided the trade and commerce constitutional trap." End of quote from the editorial. Mr. Speaker, those facts are simply not correct. That analysis is clearly faulty and in the process of trying to lay all the blame on the doorstep of this government in its haste to do so, the Leader Post completely missed the wide-ranging significance of the CIGOL decision. I say that the public was not well served.

My second concern deals with the Star Phoenix editorial which appeared the following day, November 26, 1977, and of slightly different order. The facts were generally correct; the analysis well-reasoned and the significance of the judgment recognized right up to the last four paragraphs. Let me quote three of them:

However, there is a good chance the oil companies would not have challenged less ambitious legislation.

Just note this, Mr. Speaker: "They have not challenged Alberta's." Still reading from the editorial:

Now even Alberta's laws may be in trouble. In fact the control of the provincial resources could be affected. For the very reason Saskatchewan's legislation was so abhorrent to the oil companies that they found it necessary to present for the scrutiny of the Supreme Court, Premier Blakeney and his colleagues may be properly condemned by the governments of all provinces.

That's the line of the Liberals and that's the line of the Conservatives on this bill and on Bill 42 in the Supreme Court decision. That's it in a nutshell. What this says, Mr. Speaker, is that the division of powers under the BNA Act, as interpreted by the Supreme Court, is irrelevant. That's what it says. That's what the Liberals and Conservatives are saying. Irrelevant. They say that the proper way to govern is to avoid any challenge to the laws by being sure that they don't displease anyone. What the Liberals and Conservatives say is that Saskatchewan's mistake was that it made the oil companies mad; that was the other side of it. That, Mr. Speaker, is the Liberal and Conservative position as set out in that editorial. Mr. Speaker, that is irresponsibility of the highest order. I want to contrast the quality of those editorials with two others. The Financial Post of December 3rd, Mr. Speaker, the headline reads, quote, "It's a job for politicians, not judges." And the editorial says in part, the Financial Post of December 3rd:

The court may reflect and no doubt often has the mood of the day in its decisions but the federal provincial tensions in such areas as resource taxation require political solutions and cannot be sloughed off on nine Supreme Court judges, no matter how adept they may be in interpreting the law. In the absence of more precision both sides will continue to test the limits of the constitution. These adventures lead to situations such as that now confronting the Government of Saskatchewan, how to cope with the Supreme Court's decision requiring the refunding of hundreds of millions of dollars in taxes. A clear definition of powers would reduce the likelihood of such dilemmas.

Or, Mr. Speaker, this editorial, when I talked of national unity, related to this bill, this editorial of Mr. Claude Ryan in LeDevoir, November 29, 1977. The national unity issue and this bill are related but the members opposite make light of it. Mr. Ryan writes as follows on this bill, this judgment:

In this case we are far from the traditional concept of indirect taxes which is

supposed to apply to taxes where the burden falls on the consumer in the form of higher prices. In the case of the measures taken by the Blakeney government in 1973, this condition was not met. The price of Saskatchewan oil did not rise because of these measures nor would have it been reduced had the measures not been taken.

And later he writes:

The Supreme Court has just proposed an interpretation of the federal powers of indirect taxation and interprovincial and international trade which opens almost limitless horizons for the expansion of the federal presence in those areas.

And continuing:

On the other hand, the interpretation restricts provincial power to control natural resources to such an extent that there is a risk of there being reduced to almost nothing. Each time Ottawa wishes to gain the same dominance in this areas it enjoys in others.

Mr. Speaker, whatever one say about Le Devoir and Mr. Claude Ryan, at one time mooted as a possible federalist spokesman and leader of the Liberal Party in Quebec, I thin one will agree with the significant gravity of his words as one who interprets the mood and the impact of Quebec, the moods and concerns of National Unity in the light of the CIGOL decision, in the light of my remarks earlier this afternoon on National Unity, remarks which the members say are somehow not related to this bill and to this judgment. For shame on them for that position. Take in respect particularly to responsible people in other parties. Mr. Speaker, I think the contrast between the first two and the last two editorials is self-evident. A more mature and thoughtful treatment of these issues of unity, of resource policy, of legislation, by all editors would be welcome, particularly the editors of the Leader-Post and the Saskatoon Star-Phoenix in our own province of Saskatchewan. Now, Mr. Speaker, I said at the beginning of my remarks as I now come to the winding down of my remarks, that we are here today to right a moral wrong, and we are here to talk about the morality of oil companies recovering taxes paid, that is the essence of this bill, Mr. Speaker, that is the essence – to right a moral wrong. No one apart form some oil companies and political friends opposite argues that the oil industry is entitled to all of the large unearned increase in the value of oil, which occurred at the beginning of 1973, perhaps only the Liberals and Conservatives in this province. The PC Government of Alberta didn't advance that argument, the people of Saskatchewan see no merit to that argument. But who does see merit that the oil companies should have this money paid back to them. Well I have talked about who benefits from the CIGOL decision and the Federal Government, I want to answer the question of who does see merit in this argument. I'll name you one party that does, Mr. Speaker. Imperial Oil does. Yes – No – the member laughs; this is the whole point. I want to tell the member opposite that Imperial Oil, owned seventy per cent by Exxon, probably the world's largest corporation, does want the money. I just want the members to bear with me because it relates to this bill and the retroactivity. Imperial Oil is a very small part of the Exxon empire, but it is the biggest integrated oil company in Canada with gross revenues last years of 4.4 billion, a sum three times the total budget of our budget. Yes, Imperial does believe, and I say to the Leader of the Liberal Party who laughs believes that it is entitled to the return of some approximately 40 million dollars plus, collected under Bill 42 from the government it

has of Saskatchewan, and its proven desire that that money should be paid back to them. How? By launching a suit to recover the 40 million dollars. Now, Mr. Speaker, it's a question of morality here. Mr. Speaker, Saskatchewan does not loom large as a source of revenue for Imperial Oil. The Saskatchewan portion of Imperial's 1976 crude production was only about 5 million barrels. The gross revenue from that oil and other Imperial activities in Saskatchewan at the wholesale and retail level, might stretch to perhaps 200 million dollars, less than 5 per cent of Imperials' total revenue of 4.4 billion dollars. Now, Mr. Speaker, no oil company in Canada makes more profit than Imperial. In 1970 its reported profit was \$105 million dollars. By 1976, Mr. Speaker, its profit was 265 million dollars, up two and a half times, Mr. Speaker, up to 264 million dollars, all the while, while the Liberals and Conservatives would have us believe that the taxes of Bill 42 crippled the industry and crippled the company, oppressed them. I want to zero in on Imperial Oil Saskatchewan Limited, the company's main operating subsidiary extracting Saskatchewan crude oil, as I hear the member from Wascana anticipates my arguments. How has Imperial fared in Saskatchewan over the years? I say to the spokesman from Imperial Oil, well up to the end of 19783, before Bill 42, Imperial had pumped 120 million barrels of oil out of Saskatchewan. That's equivalent to two entire years of Saskatchewan production, at current levels. That oil had a value, remember those were the days of cheap oil, a value of \$314 million, and what did Imperial pay in provincial royalties on that 300 million plus that the shipped out? Mr. Speaker, I'll tell the province and the people. Imperial paid only \$5.5 million, that's a taxation rate on value of just 1.8 per cent, just 1.8 per cent to the owners of the oil, the people of Saskatchewan. Now, Mr. Speaker, that's where it is 5.5 million. Now, Imperial is taking the position, that it should pay no more, that's what the law suit takes. Taking the position that it should pay no more from all the oil that it has pumped since January 1974, and I was talking about the oil pre that time. Mr. Speaker, what d we have in reserves of proven known oil in Saskatchewan, ten fifteen, twenty years? The price of oil has gone up, what two, three, four times, and now since January, 1974 Imperial Oil wants a free ride. That long, they're only entitled to their rights, they should be entitled say the members opposite. One more set of figures. If Imperial was successful in its claim to recover, it would mean that out of an all-time total, Mr. Speaker, of more than 450 million dollars worth of oil pumped out of Saskatchewan by Imperial, if they were successful, mark my figures, of an all time total of 450 million dollars worth of production, the people of this province would have received less than 10 million dollars for 450 million dollars of oil pumped out of Saskatchewan by that large company.

Think of it, Mr. Speaker, think of the morality of that, Mr. Member from Regina South. Ninety-eight per cent to Imperial Oil, two per cent to the owners of the resource, the people of Saskatchewan. Mr. Speaker, that is not only immoral, that is unthinkable as far as this government and the people of Saskatchewan are concerned.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – I say to the company which the Liberals and the Conservatives seemingly are sympathetic and supportive of, I say to the company which pulled its refinery and jobs out of Saskatchewan, I say to the company which tried to mislead the people of Canada about the size of Canadian oil reserves, as I said in the beginning of my remarks, I say to Exxon, it will not happen,. It won't happen here.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – It might if you had a Liberal or a Conservative government but it won't happen here with this government.

I say, Mr. Speaker, that the courts will dispose of Imperial Oil's claim and we must and shall abide by that court decision. But I also say to Imperial that the level of public oil revenue will not be determined by the courts. I say to Imperial that the level of public oil revenue will not be determined by the oil company, Mr. Speaker. I say to the Liberals and the Conservatives that it will be determined by the duly elected government representing the people of the province of Saskatchewan.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – Now, Mr. Speaker, I have dealt at some length with the provisions of this bill and its constitutionality. I have stressed the importance of the Supreme Court of Canada's decision, which created the necessity to introduce Bill 47. I have commented on the untimely impact of that decision on national unity. I have, one by one, disposed of the objections, in my view, and proposals that have been put forward by those opposite to date, in any event, Mr. Speaker and save for one or two have demonstrated that they were motivated either by the thought of political gain or by a desire to advance the interests of the oil industry. And I think, Mr. Speaker, that it's probably a little bit of both, quite a bit of both, political gain and a desire to advance the interests of the oil industry. I have restated this government's revenue policy, resource policy, and I stress our resolve to continue to govern and to actively manage this province's resources in the public interest. And throughout the piece, Mr. Speaker, I have emphasized again, and again, the immorality of the proposition advocated by some voice to your left, that the people of Saskatchewan pay back to Imperial Oil and to the rest of the oil industry if not all of the money, a substantial portion of the money, that rightfully belongs to the people of this province for the use of our oil. That is the proposition that is before us and that is the proposition which this bill seeks to defeat.

Now Mr. Speaker, that there are those in this house who will say that they can't support this bill unless it is referred to the courts, (or as the member from Wascana says, because it won't work) or to a panel of constitutional experts, or unless some other thing is done. All those 'ifs' and 'buts' and 'unlesses' and side issues, Mr. Speaker, they are pure camouflage because I want to tell the Leader of the Liberal Party. I want to tell the Leader of the Conservative Party that there will be a vote on this bill. And in the crunch, the vote of each members opposite will be judged by this measure and this measure alone. Are you for, or are you against paying a half a billion dollars to the oil companies.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – That's the measure, member from Kindersley, weak speech and all, that's the measure, I say to the member from Wilkie, whether you are for the return, whether you support the morality or the immorality of that proposition. That's the position that will come in a vote. A vote will come tomorrow, maybe. I don't count on it knowing the Liberals. I don't count on it. It may come next week and I don't count on that for the Liberals and the Conservatives either. And it may not come next month. When will depend on the Liberals and the Conservatives and the Conservatives Liberals opposite. And I want to tell the people of Saskatchewan, Mr. Speaker, and I want to tell the members opposite that whenever that vote comes, tomorrow, next week, next month, whenever, there will be a vote and there will be a standing vote, Mr. Speaker. And I will challenge them to vote against Bill 47 if they do that.

SOME HON. MEMBERS: – Hear, hear!

HON. MR. ROMANOW: – You know, Mr. Speaker, if they vote against Bill 47, that's right, they can do anything, they can argue it on incompetence or competency; they can argue it on anything of that nature, but the key issue in the eyes of the people of Saskatchewan will be are you for, or against give back the \$500 million. Make no mistake about that, member from Wilkie. Make no mistake about that either giving back \$500 million, or as the Tories would say, just \$250 million adopting the Alberta taxation scheme. That's going to be the issue and I'm saying, Mr. Speaker, that if they vote on this bill they will stand for all to see whether they are with the oil industry or with the people of Saskatchewan. And I say, Mr. Speaker, that if they stand with us, if they should stand with us, and the Leader of the Liberal party is just a lot more thoughtful than many of the members of the caucus, he knows the horns of the dilemma upon which he sits. And so does the Tory Party on this. But if they stand with us, Mr. Speaker, if they stand with us, I say that they're not going to be able to stand with us in a crouching fashion. They are going to have to stand, Mr. Speaker. If they stand with us, they agree that this bill is constitutional. If they stand with us, they agree with the retroactivity of this bill. If they stand with us, they agree that the taxation objectives that I have set out are just and must be retained for the people of Saskatchewan, that's what they will do if they stand with us. But if they do not so agree, then they must stand with the oil companies against us. That's the position of the Conservative and the Liberals. Mr. Speaker, I am as I said in the beginning, moving that Bill 47 be now read a second time.

MR. COLLVER: – Mr. Speaker . . .

MR. MALONE: – Mr. Speaker, could I have the reason why you recognize the member for Nipawin.

MR. SPEAKER: – Well it's . . . to give reasons but when I turned around there were two members on their feet and I had to pick one.

MR. COLLVER: – Thank you, Mr. Speaker. Mr. Speaker, we have just heard two hours of explanation, two and a half, oh my goodness, no I don't think quite two and a half. We just heard two hours of explanation to the complex and complicated matter by the Attorney General who went into great detail and great depth of discussion and rationale and in some cases interesting rationale about the purposes of Bill 47, about the reasons why Bill 47 has come about and about the reasons why he objects to some of the things that have been said about Bill 47. Very interesting at the conclusion of his remarks he takes away from all of the complexities of this bill; he doesn't bother going into any further complexities. He says the bill boils down to one more matter and one matter only. Do the opposition parties want to pay back the \$500 million or do the opposition parties not want to pay back the \$500 million.

Well, I want to start out right now to say to the Attorney General that the Progressive Conservative Party in Saskatchewan supports the Government of Saskatchewan's right to tax its resources as it sees fit, as it deems fit, under the constitution of our country. We support the right of the Government of Saskatchewan to tax its resources as it sees fit when the law is properly designed. We support by right of the Government of Saskatchewan to tax the resources of the people of Saskatchewan because they belong to the people of Saskatchewan and we do not support the repayment or refund of \$500 million or \$250 million or \$150 million or \$100 million to the oil industry. Now I don't know how often for the benefit of the Attorney General that we have to say that for him to believe it. I don't know how often we have to explain to the Attorney General the

master of subtlety, who speaks for two hours and then comes down to a black and white choice. I don't know how to explain to him often enough when we say that the Government of Saskatchewan in 1973 should have:

(1) Consulted with the industry in advance of this legislation because the Government of Saskatchewan did not have the expertise at that time in the oil industry as it related to the kinds of laws that would work, that would function, that would encourage the oil industry and at the same time remain constitutional. When we say the Government of Saskatchewan should have implemented legislation similar to that in the province of Alberta, which his exact words 'on the record', I don't know how the Attorney General can twist 'similar' to that of the province of Alberta to 'exactly' like the province of Alberta. But he likes to twist it. Read the record Mr. Attorney General. Read the paper quotes and you will find Mr. Attorney General 'similar to the province of Alberta.' Now you check in Hansard and you'll see 'similar' to taxation program or taxation scheme in the province of Alberta.

HON. MR. ROMANOW: – Flip flap.

MR. COLLVER: – Mr. Speaker, no flip flap, no flip flap at all, Mr. Speaker. "Similar to the province of Alberta" would have achieved identical results or very close to identical results to that achieved in the province of Saskatchewan without the hassle, without the gasp, without the gamble of half a billion dollars of the people of Saskatchewan's money. People of Saskatchewan I'm going to repeat for the minister opposite one more time, people of Saskatchewan are entitled to the \$500 million. They are entitled to the \$500 million.

Now I would like to comment just a little on a few of the remarks made by the Attorney General in today's introduction. First of all, the Attorney General suggest that the legislation was designed specifically for this judgment that has been handed down a week or so ago. In other words, within the last week, the Attorney General has designed a bill on paid constitutional advice, obtained the necessary legal advice from constitutional experts, as he said he had, had it typed, had it provided for and laid it before this Assembly within that week he has done this. And the point is, that that isn't so. The Attorney General already in this Assembly stated that he had this legislation designed last summer or before in contemplation of receipt of the bill, yet today he tried to suggest to this Assembly, that he was waiting for the judgment and then this legislation is designed specifically for the judgment. That's what he said today. And the fact of the matter is it wasn't designed specifically for the judgment at all. It was designed months ago, months ago and the Attorney General knows full well that he did not have this legislation drawn up just to meet the terms of the judgment.

Mr. Speaker, I would also like to comment on another suggestion that the Attorney General made and that was in designing this legislation specifically for the judgment and specifically to be constitutionally sound in the words of the Attorney General, he says to the oil industry at a meeting from which he excluded the industry whose head offices are in Saskatchewan. They were excluded, as a matter of fact, some of them were even barred from the door when they went to attend the meeting. They were told at the door. "Oh, no, no fellow, you don't know enough to come in there. You don't know enough to come in and have this discussion that we're having with the multinationals. You're just small guys in Saskatchewan. Small producers in Saskatchewan." At this meeting the Attorney General suggest that the oil industry should consider seriously a lighter tax load. Mr. Speaker, a lighter tax load. If, this is what the Attorney General said in the words of someone who attended the meeting, the oil industry should consider a

lighter tax load in the future as an incentive not to legally attack Bill 47, that's what he said, we will provide you, say the Attorney General at the meeting, we will provide for you a lighter tax load in future providing you don't attack this bill. But, in the words of the Attorney General, in the words of the Attorney General . . .

HON. MR. ROMANOW: – I'm sorry I never at one time today said what the hon. member say. I want to challenge him to show me where I said it.

MR. COLLVER: – I am glad that the Attorney General has asked and provided such a challenge and I will therefore table a xerox copy of the press statement in which Mr. Porter was asked whether the government might give the industry a lighter tax load in the future as an incentive not to legally challenge the new legislation. He said, "They could." And that's a point the Attorney General invited us to respond to.

HON. MR. ROMANOW: – Mr. Speaker, on a point of order. I did not say those words attributed to me by Mr. Porter.

MR. SPEAKER: – I think what the member in effect was doing was denying that he said the words. He's saying the quotation was obviously wrong. I suppose that's a question for interminable debate whether it's right or wrong and the members words has to be taken that he says he didn't say that.

MR. COLLVER: – Mr. Speaker, he didn't say those words attributed in there because they weren't a quote from the Attorney General. However, if you examine the record you will see that what I said was that at the meeting it was reported, by someone who attended the meeting, that the Attorney General suggested that the oil industry should consider a lighter taxation load in future in exchange for not legally attacking this bill. And that's this bill that the Attorney General suggests is constitutionally sound. Constitutionally sound.

Now, Mr. Speaker, the Attorney General today in his usual inimitable fashion has proven once again that the other profession in the world in fact is as an apologist as was Adam who represented the first apologist. That when he ate the forbidden fruit and was kicked out of the Garden of Eden, he then had to apologize for the rest of his life. And that's the Attorney General's lot in the last number of years. He is called upon by the Premier, whose job it is to establish policy in the province, whose job it is to lead the government. The Attorney General is called upon time after time to apologize for the government opposite. To present views of the government opposite, after the fact, after it's all down the tube after things are bad, then the Attorney General comes along and says, the best defence is obviously an offence. Let's attack on this issue, we're in bad trouble here but we'll attack and the people will believe us. We'll stretch the truth farther and farther and farther and farther. And then, Mr. Speaker, after stretching the truth farther and farther, the Attorney General suggests today that there is only one issue in this bill. Only one. That's all. Nothing else. The Attorney General tried today to suggest to the press that regulations worked in secret and therefore he expected you to believe that the comment that the Government of Saskatchewan and the Premier of Saskatchewan could deal in secret without telling the people of Saskatchewan how they were dealing was false. That's what he was suggesting. Well, I suggest to the Attorney General that he read his own bill and Mr. Speaker I'd like to quote from Clause 39 of this bill:

When it is considered by the Lieutenant-Governor in Council to be in the public interest, not to demand payment of the whole amount of any taxes, interest or penalties imposed under this Act, the Lieutenant-Governor in Council may compromise and settle the matter by accepting such amount as

he considers proper and where the taxes, interest or penalties have been paid, he may refund them, or a part of them to the person or person entitled their due.

Where is that published. I ask the Attorney General? Where is that information published? Is that a regulation to be tabled at the Legislature? Oh, no. Is that a way for a regulation designed by the Government of Saskatchewan? Oh, no. What that is, Mr. Attorney General and Mr. Speaker, and ladies and gentlemen of the pres, is the way. There's a way, because the Attorney General was speaking to the press. You were speaking to the press and so were we. That's how you act in secret, Mr. Attorney General, you can adjust and subject the people to any tax you deem possible, any tax you deem advisable without ever notifying anyone in the province of Saskatchewan and bury it in all your other statistics and decide a year and one-half later, a year and a half later when the Public Accounts are examined. That's what you can do by clause 39 and the Minister in charge of Saskoil laughs but is the minister not aware that that is what he can do under that section? Obviously not but that's what it gives him the right to do.

The Attorney General, Mr. Speaker, listed today five areas he wished to discuss in putting forward the Progressive Conservative view to this Assembly. And he quoted these five: run to Ottawa, the first one; Alberta was the second one; mismanagement was the third one; negotiating was the fourth one; and rate of tax being provided was the fifth. Now it answers number five in terms of the rate of tax, in terms of the regulations. And I show in clause 39 that it is possible and not only possible but probable that the Government of Saskatchewan will make these deals behind closed doors. We'll do as Mr. Porter quotes in the Leader post, we'll make a deal with regard to the future taxes and back taxes so that the Government of Saskatchewan can say, our bill is perfect because nobody has attacked it.

In the same, way, Mr. Speaker, the Progressive Conservative Party suggested when the Supreme Court decision was handed down that the Government of Saskatchewan approach, not run, approach Ottawa with a view to having federal legislation passed ensuring, ensuring them that that which has been declared ultra vires of the provincial jurisdiction must therefore be intra vires of federal jurisdiction. But in order to preserve and protect the people of Saskatchewan from the loss of a half a billion dollars which is what the Attorney General suggests, and in order that they not face similar kinds of attacks in future, that that half a billion dollars be protected the best possible way and the best possible way was to have the Government of Canada pass such legislation. No, the Attorney General is probably right, the Government of Canada probably would not have done so, but at the very least they should have been approached. And approached they were, approached they were because today in the one breath he says, "We don't go to Ottawa," then in the next breath he says, "I have the following suggestions for the meeting to be held on Wednesday between the Premier of Saskatchewan and the Prime Minister of Canada. I have the following suggestions, we should place he says, and I heard of the member from the caucus to my right suggest that it was the biggest red herring he has ever heard in his life and I would have to, although I seldom agree with the member for Regina South (Mr. Cameron), I would certainly have to agree on this one. He said, "For the agenda on Wednesday, we must discuss the appointments to the Supreme Court of Canada." Now the Attorney General knows just as everyone else in this Assembly knows that that, of course, is an item that is being discussed

constitutionally across this country. How should the justices to the Supreme Court be appointed? But to raise the issue in the light of the CIGOL decision during a speech when he is commenting on the bill to correct their own bungling after a Supreme Court of Canada decision. I suggest that the Attorney General is going to impute the integrity of the Supreme Court of Canada in that comment trying to, very subtly, but trying to impugn their honor.

Of course it is an issue in constitution and of course it is one of the items that should be settled constitutionally but the Attorney General knows full well as well that it has taken 10 or 15 years or 20 years of constant discussion, constant and endless sessions and not reasonable change has yet occurred in the constitution of Canada and he knows that it is not going to be settled on Wednesday, and he know that he can't possibly get this on an agenda of discussion on Wednesday with reference to the kinds of urgent matters that are facing the people of this country, which are unemployment, economics and the threat to the people of Saskatchewan that they might have to pay back a half a billion dollars.

Mr. Speaker, we think that the Government of Saskatchewan should have demanded that the Government of Canada examine seriously the potential for passing federal legislation with a view to ensuring that the people retain their rightful revenue from oil over the last few years. We believe that the Government of Canada would have had no choice in this matter and that they would have had to show, had to show that they intended that the resource revenues should go to the provinces. I believe that and I believe the Government of Saskatchewan could have demanded that. But the Attorney General says on past history it probably wasn't true, but past history isn't the only criterion, I say to the Attorney General. One also has to look at the atmosphere of today in the situation as it faces the Canadian people today and then one could say, it is reasonable first to take the best way and the best way is that which is ultra vires to the province must be intra vires of the federal jurisdiction. That's the best way to protect a half a billion.

That having been said Mr. Speaker, when the Government of Saskatchewan passed its legislation and it looked, as I suggested, to the province west of us, and they saw the kind of legislation being introduced in the province of Alberta, they could have put in a similar kind of legislation to the province of Alberta and done exactly the same thing that they did with Bill 42. And that was nationalize the mineral rights of the large corporations. In Bill 42 the Government of Saskatchewan nationalized the mineral rights. Now I say to Mr. Attorney General having done that, now I say to the Minister of Saskoil, having done that the Government of Saskatchewan was now in the same position vis-a-vis Alberta as it relates to Crown lands and/or freehold. If they nationalized in 1973, that's not retroactive, Mr. Speaker. In 1973 they nationalized the mineral rights and that was upheld, as a matter of fact. Mr. Speaker, in this judgment, the nationalization of the mineral rights. Had they done that, and then brought in legislation similar to the province of Alberta, they would have found a very, very, small difference between moneys collected on the one side and moneys collected on the other; but, Mr. Speaker, a very small difference. And I'm waiting with eager anticipation, Mr. Speaker, for the Premier to table the calculations made by the Government of

Saskatchewan in determining the \$250 millions of dollars that they say the Alberta government would have collected from Saskatchewan. I'm waiting with eager anticipation.

Now, Mr. Speaker, I might also like to suggest to you that the Attorney General suggested that the federal government is attempting to intrude on provincial government's jurisdictions, and I agree. There was recently, Mr. Speaker, a report on a task force that the Premier of Saskatchewan concurred in unanimously with the other western premiers. It was published in May, 1977, but for the benefit of the Attorney General and the people of Saskatchewan, on page 50 of that report it outlines many of the areas of attack by the federal government through the courts and just as the Attorney General suggested, the federal government intervened as a co-plaintiff. They cite 10 examples, two from Manitoba, two from British Columbia, one for Prince Edward Island, one from Nova Scotia, one from Quebec, and four from Saskatchewan. Zero, for the benefit, Mr. Speaker, of the Attorney General, zero for the province of Alberta. Zero. And the Solicitor General says he was quoting from this same report, but he suggested they joined in as a co-plaintiff and attacked the government of the province of Saskatchewan's legislation and then blamed the federal government. And they are intervening, but perhaps by using their heads, Mr. Speaker, perhaps by using the constitution of our country to gain the maximum benefit for the people of this province, as did the government of Alberta, perhaps the Attorney General would not have had to make that speech today. Perhaps.

Mr. Speaker, I'd like to comment on the third one, mismanagement. Mismanagement, Mr. Speaker, has got to be in force here, has got to be in place here, because the Government of Saskatchewan, if it had been handling the affairs of the people of Saskatchewan properly would not be faced with this kind of attack and abuse. Quite frankly, Mr. Speaker, better than anyone in this assembly, proper management would never be attacked. And I know better than anyone. That's right. That's right. And if good management which presumes problems before they have them, that's good management. Good management presumes problems before they occur. And unfortunately the Government of Saskatchewan never, never presumes problems before they occur, waits until the problems occur then says, "Look at how we're correcting the problems that we made ourselves."

Mr. Speaker, when the Attorney General referred today to the Progressive Conservatives asking to negotiate, I'm afraid, Mr. Speaker, that the Attorney General was stretching the truth beyond comprehension, because we at no time, Mr. Speaker, in the light of the CIGOL case suggested that the Attorney General or the Government of Saskatchewan negotiate. What we said was that you can't negotiate people with a gun at your head. And I think that if the Attorney General checks the record that he will realize that it was my friend to my right who suggested it. Mr. Speaker, I have a great deal more to say about this matter and I beg leave to adjourn the debate.

Motion for adjournment of debate negatived on the following recorded division

YEAS – 9

Collver
Larter
Bailey

Lane (Qu’Appelle)
Birkbeck
Berntson

Katzman
Wipf
Thatcher

NAYS – 9

Malone
Wiebe
Merchant

MacDonald
Cameron
Anderson

Stodalka
McMillan
Clifford

MR. SPEAKER: – This is a position every Speaker wishes to be in at some time or other. I can’t understand why I’m in it now. I’m in the position of casting the deciding vote and I will vote in favor or not adjourning debate and my citation is Citation 75, Beauchesne’s, which in effect says . . . in order to avoid the least imputation upon his partiality, it is usual for him, when practicable, to vote in such a manner as to not make the decision of the House final and to explain his reasons which are entered in the Journal.

And, therefore, I am voting in favor of the debate continuing at this time and if that means at a later time this evening after some intervening business another motion for adjournment by a different member can take place, and if the House wishes to adjourn at that time, it may adjourn. The member for Nipawin.

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