

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Fourth Session — Eighteenth Legislature**

**January 5, 1978**

**EVENING SESSION**

**Committee of the Whole Debate Continues on Bill 47**

**Mr. R.A. Larter (Estevan):** — Mr. Chairman, I would like to make a few mentions on some of the things on the motion that is before this House.

I wasn't really going to say anything but the position that the government took in 1973 on Bill 42 and the ramifications that have happened since then, I am really surprised that the Attorney General can stand up and say in light of the fact that there is a \$500 million bill possibly facing us because of this Supreme Court ruling, I am very surprised that he can stand there knowing the money isn't going to come out of his pocket and say, I am willing to take the responsibility. Well isn't this a wonderful thing? He is willing to take the responsibility for this decision. I think this is fantastic. It is like the one that was taken in 1973.

I would think that the Attorney General would be more than anxious to table opinions from other law offices, or if he has to go to that wonderful Conservative government in Alberta and get an opinion from their legal staff. I am amazed that he doesn't try to cover his tracks by having more opinions laid on front of the people of Saskatchewan before this bill goes through. I just can't understand that. For that reason, we can't help but support this bill. I think it's not only something for the protection of the people of Saskatchewan to see the other opinions, but also it is nice to hear the Attorney General say, well I am willing to take the responsibility. But that isn't enough for the people of this province.

**Mr. Romanow:** — Mr. Chairman, I find those remarks rather strange coming from the member for Estevan, because you voted for the bill in second reading. Now you voted for it in second reading and I heard your member for Qu'Appelle say that one reason you voted for it was because of the assurances and the issues that the government had put forward. Now all of a sudden, in Committee of the Whole, you are taking a different position. Now what is it? Are you for . . . did you vote for the bill or against the bill? And if you voted for the bill in principle on second reading, which you did, then you, too, are taking the responsibility with me, which I am glad to see you share that responsibility.

But don't give me that business . . . back home in the political campaign wars saying, the Attorney General says he is going to take responsibility and he is not doing it and making a great speech out of it, because you shared that responsibility by voting with us on this bill and make no mistake about it. You did. All the Tories did.

**Some Hon. Members:** — Hear, hear!

**Mr. Malone:** — I am most amused by the remarks of the member for Estevan. I hope that your support will still be with those that sit opposite from us and not with us.

Just one question of the Attorney General. This afternoon before we adjourned the Attorney General was mentioning certain legal firms that had been consulted about Bill 47. One of the firms that was consulted was the Davies, Beck firm, or something like

that, in Toronto. The Attorney General indicated there was another firm as well. I wonder if he would indicate to this House who the other firm was?

**Mr. Romanow:** — Well, Mr. Chairman, again, when we say consulting, I am telling the members of the House that we . . . I use the word ‘consult’. I mean there were discussions, consultations. I don’t want to get hung up on the words with the firm that you mention and the other one, the other legal firm in Saskatchewan, Goldenberg, Taylor and Tallis, whatever the name is.

**Mr. Malone:** — That comes as no surprise.

Let me ask you then, did you ask for opinions or whatever you asked for them for at the same time? That is, did you retain the Davies firm and the Goldenberg firm at the same time, for an opinion on Bill 47 and did those firms know the other one had been retained, or were they under the impression they were the only one involved?

**Mr. Romanow:** — In the case of the Goldenberg firm, the Goldenberg firm has been involved in the defence of the legislation for us throughout the piece, right up to the Supreme Court. As a natural consequence from the Supreme Court decision, they are still there, advising. Some time, I don’t know when, but some time after the litigation process was involved, the firm from Toronto was asked to come in and to assist and to give us the benefit of their expertise and legal advice, which they have done. Each knows that the other is involved in the advising process.

**Mr. Malone:** — I just want to be very clear on this. The Davies firm was retained prior to CIGOL’s decision coming down, or after CIGOL’s decision came down and it became apparent that you needed legislation? What point in time?

**Mr. Romanow:** — Before the CIGOL decision came down.

**Mr. Malone:** — I see. So was legislation, draft or otherwise, submitted to the Davies firm prior to CIGOL for an opinion?

**Mr. Romanow:** — No, I am not sure that I can answer this with precision. I am sure that if I went to the files perhaps I could dig it up, but as I was saying to the member for Rosetown-Elrose, or whoever it was this afternoon, there have been a number of drafts of legislation (not a number, but one or two drafts that are around) and in the end result what you have before you in Bill 47 is sort of a composite bill which is a composite input of all the lawyers that are involved in this matter. I don’t think one can particularize. The progress was not a neat, concise — here is the bill, now bring it in and consult — it has been a changing thing. For one thing, no bill could be brought forward and presented until after a decision on CIGOL came down because we were quite optimistic that we would still win that and in any event if we lost it we would need to see the reasoning upon which to base any subsequent legislation. So it is not as clear-cut as the question suggests.

**Mr. Malone:** — Well obviously the bill is a composite thing. I am not suggesting there is anything improper about that, but I find it rather intriguing from your last answer, that the Davies firm was retained to give an opinion on a bill before CIGOL was handed down. You just said you were very confident about CIGOL going in your favour. You obviously weren’t very confident about going in your favour and I suggest to you that you had a very strong apprehension that it was not going to go in your favour and that’s why you prepared the legislation we are now considering, sent it to Davies for their opinion and

to the Goldenberg firm for their opinion. Is that not correct?

**Mr. Romanow:** — No, I wouldn't say that we had a very, very strong apprehension that the legislation would be unfavourable. I think it is correct to say that as a result of the Supreme Court hearing and the widely published remarks of the court during the course of the hearing, it would be less than prudent if we were not considering options (which is what we were doing), but I would say, nevertheless, and in particular in the light of the fact that the decision took virtually a year (in fact I think it was over a year technically) before it came down, led myself and others to be optimistic that we would win this. Keeping in mind the track record as well, we had never lost Bill 42 at any stage in the game prior to the Supreme Court operation. This, I think, lent more credibility to the belief that we could win. But it is true, that there were certain concerns which arose just by virtue of reading the newspaper coverages alone of what took place in the Supreme Court at the time that Bill 42 was argued.

**Mr. MacDonald:** — Just to follow that up and I don't want to prolong this constitutional argument again, but would the Attorney General not admit that we have been playing around with this constitutionality of Bill 42 and Bill 47? The Attorney General has given us his assurance on several occasions that he was absolutely confident that Bill 42 was constitutional, then could the Attorney General tell me why the government of Saskatchewan abandoned Bill 42 one year prior to the CIGOL decision? Because that's exactly what you did. You started to collect the royalty surcharge under The Mineral Resources Act, and the only portion that you have collected under Bill 42 is the mineral income tax. In other words, more than one year ago the NDP government, and surely under the advice of the Attorney General abandoned Bill 42, and yet you tell me that in all of this time you have been convinced of its constitutionality, and you abandoned those provisions where the taxes were being collected yourselves. You brought in The Mineral Resources Act and switched the collection of taxes to that particular bill.

Can the Minister now tell me why he persists in this argument that he was absolutely confident of the constitutionality of Bill 42? I merely point this out again to tell you the legitimate concerns that we as an opposition have, in speaking for the people of Saskatchewan.

I would like to also ask, after listening to the Conservative oil critic speak if he would entertain a question from the Liberals because his leader, and Mr. Lane stood up at the beginning of this emergency debate and expressed concern about the constitutionality of the debate, or of the bill. In fact they initiated an emergency debate in this legislature. I wonder if he could tell me whether the Conservative party has had legal advice on this bill and just exactly what that legal advice is because I find the remarks of the member for Estevan very strange when he stands on his feet and he says, 'we voted to bring the bill this far' as if all of a sudden the arguments of the Liberals and my arguments have been sufficient to convince him to change his mind in third reading, which I hope, because I cannot understand how a free enterprise party can turn around and support a legislation as bad as Bill 47, in itself as bad, with no kind of guarantee of protection for the citizens of Saskatchewan in the future. And all of a sudden he says, 'we brought . . . I want to explain to the member for Estevan to please dissect and analyze what voting in principle means. Voting in principle means that you support the principle contained in the bill, and I hope he is changing his mind, but is it because he is changing his mind because he too, and the Conservative Party has had legal advice which questions the constitutionality of the bill and therefore he is reluctant now

perhaps to endorse that bill wholeheartedly as he has done in second reading, and I would like the Attorney General to respond to that and I would certainly like my colleague or my friend, the member for Estevan, to respond on behalf of the Tories.

**Mr. Romanow:** — Well, Mr. Chairman, I will just make a very brief response. The hon. member ought not to make any big issue out of the royalty of November 1, 1976, which he refers to in saying that somehow we knew the constitutionality was in doubt and that's why it went to the royalty. I want to remind the hon. member for Indian Head that CIGOL was not even argued in the Supreme Court at the time of the switch in the royalty.

**Mr. MacDonald:** — You must have had . . .

**Mr. Romanow:** — No, absolutely not, because we at that time had not lost anywhere along the line and we hadn't even argued and our case had not even been heard in the Supreme Court, to give indication. So that's the situation, so make no effort on that.

As to the Conservatives, of course I don't know what's in their minds. I don't even know if they know what's in their minds, but if there is perhaps the hon. member for Estevan would like to make a statement.

**Mr. Larter:** — Mr. Chairman, I don't . . . Yes, we have had some legal opinions right from day one. I can tell you this. I am not going to tell you exactly what the legal opinions are but their influenced our going so far with the idea that if some of our amendments were accepted there was a possibility we could support the bill so we supported the bill in second reading. We have had opinions and this is one of the reasons that we have supported you on this motion to table the documents. We also have some doubts on the constitutionality of the bill but we have had enough legal opinion that we know we can go to third reading, and if we get our amendments approved, then there is a possibility we might even be able to go all the way with you.

**Mr. Romanow:** — Well, Mr. Chairman, would the hon. member care to have me take a look at a copy of your legal opinion?

**An Hon. Member:** — No.

**An Hon. Member:** — You just want ours but you won't give yours.

**Mr. MacDonald:** — It is kind of interesting, what my colleague, the member for Estevan, has just indicated — that the legal advice they have received is that Bill 47 is not constitutional and that is rather interesting, because he . . . now, just a minute . . . and if I haven't he can always stand on his feet and reassert his position because as I understand it he implied that as of now, they had serious doubts about the constitutionality of the bill, but if certain amendments were accepted by the government then their fears would be allayed, but if those particular amendments were not accepted, those fears would not be allayed and the bill would be unconstitutional and therefore they couldn't support the bill. That's the interpretation I took from the member for Estevan and I hope that he will please clarify his particular position or that of his party, but that certainly is the interpretation that I have taken, and I want to tell the member for Estevan that if I had any suspicion that this bill was unconstitutional, you couldn't have driven me with a team of horses and run over me with a freight train to get me to vote for it in second reading, if I thought it was unconstitutional and a potential danger in the future of this province of \$1 billion or \$1.5 billion five years down the

lane. I cannot accept or understand, may I put it that way, the position of the Conservative Party.

However, Mr. Speaker, I want to turn now to another matter. I think we have gone over and over this constitutional question and certainly, I want to tell the Attorney General that you have not as yet, allayed the fears of the opposition, not even of my Conservative friends about . . .

**Mr. Romanow:** — They voted for the bill.

**Mr. MacDonald:** — Yes, but that's why we can't figure that out. You haven't allayed my fears or theirs; your refusal to table the documents is indeed very, very strange, and if I were you, and it has nothing to do with ministerial responsibility — every government seeks legal advice, business advice, consultation, public inquiries, my God we just had one here! You're going to act upon this advice, but the Minister of Social Services is going to have responsibility to the carrying out of that operation, so all I'm suggesting to you is that that particular thing — and I would like to get on to another subject. I don't know if there is more debate on the constitutionality. I would like to call the question.

Motion negatived on the following recorded division.

#### YEAS — 16

Malone	Stodalka	Bailey
Wiebe	McMillan	Lane (Qu'Ap)
MacDonald	Nelson (As-Gr)	Birkbeck
Penner	Clifford	Katzman
Cameron	Larter	Wipf
Anderson	Stodalka	

#### NAYS — 26

Blakeney	Robbins	Vickar
Thibault	MacMurchy	Skoberg
Bowerman	Mostoway	Nelson (Yktn)
Smishek	Banda	Allen
Romanow	McNeill	Koskie
Messer	MacAuley	Johnson
Byers	Faris	Thompson
Kowalchuk	Rolfes	Lusney
Matsalla	Tchorzewski	

**Mr. Malone:** — Mr. Chairman, I have a number of other remarks that I want to make and so does my deskmate, the member for Indian Head-Wolseley. The Attorney General

indicated earlier that he had some remarks to make in reply to my opening statement and I believe you held them to the motion as topic of debate. If he wants to make those remarks maybe now would be an appropriate time, because I intend on introducing another motion in due course.

**Mr. Romanow:** — I think, Mr. Chairman, I will make just a very few brief remarks. I think the most important remark, one of the most important arguments is the one that I've already made; namely the proposed amendment to section 11 which in my judgement would amount to an interpretation in the eyes of any reasonable person as amounting to intimidation. And that would put the bill into a colourable position, for sure. I find that to be a very strange position to be taken by any party that alleges that it is making amendments to correct something which they say is wrong at this particular stage. I've talked about the incompetence of the argument. I don't think much needs to be made of that, since we've dealt with this over and over again. And I don't think it gathers much momentum or much acceptance in the public at large.

A few other minor comments. I think these can be dealt with more particularly on a clause by clause, if we get there. The Liberal leader says we need the assessor to be key figure, a person whose experience in accounting, in whom the industry has some faith and I agree with much of what the member says. I don't think we need any amendment, legislative amendment to accomplish that goal and certainly we intend to follow this particular objective. I do find it somewhat disgusting however that the Leader of the Liberal Party would say that the appointment of this person should be subject to the Provincial Auditor's approval. That I find to be a rather strange concept in the theory of parliamentary democracy. I have nothing against the Provincial Auditor but it does seem to be that you'll not be able to keep . . . talking about ministerial responsibility, that bill will get very much ministerial responsibility if the Provincial Auditor is the one who is going to be responsible for making that kind of a decision. Either we're responsible for making the decision or we're not.

Secondly, the member says that he wants the department to be the Department of Mineral Resources. I think there's no doubt about it that bill will be the Department of Mineral Resources responsibility. He says why do we have it worded this way? We've had our bills drafted in this manner now, I would say at least for the six years that I've been Attorney General. All kinds of bills in their first instance say that the bill is assigned to the minister by whom the Premier assigns it at the particular time. There's nothing unusual about that. I think to make a case out of that really doesn't wash very much.

Thirdly, the Leader of the Liberal Party talks about a double standard; he's afraid that we're going to give favourable treatment to Saskoil. And there's an amendment to that effect which says to make sure that Saskoil doesn't get a special treatment. I can only categorize that amendment or that thought, putting it bluntly, pure mischievousness and mischief thought; I can't get the word out quite exactly today, mischievous, I guess that's it. Right. I get tongue tied whenever I look at some of the members opposite from time to time. But I think that that really is unnecessary. I think the hon. member if he thinks about it seriously will recognize that that can't be as bad as a serious resolution.

The hon. member, fourthly, talks about sections 3 and 7 and the need for amendments there. He argued that we shouldn't set rates of taxation by regulation, somehow this is bad in principle. I won't reiterate again the arguments I did in second reading about examples of legislation in Canada with this similar provision. Alberta has resource legislation allowing the Alberta government to virtually set rates by regulation for a whole variety of natural resources. Again I do criticize the selectivity of opposition that the members opposite advance.

The question of section 11, I made some remarks about this but before I leave section 7, there is one other strange observation that the Leader of the Liberal Party made, that is, he said that he would refer section 7 to the Law Amendments Committee so that they could determine what the proper levels of taxation were. And again I think that that is very strange because my concept of government always was that it was the government that set the rates of taxation subject to the approval or disapproval of the legislature. That's what's being done here with the rates of taxation even though they are set by regulation. There is a mechanism of review of the regulations, there is a mechanism of check on those regulations and somehow to put that decision-making authority in the hands of a committee of the legislature I find strange, if not lacking in serious proposal.

The question of the Board of Revenue Commissioners, he wants an appeal on fact and law. Well, I don't know, I suppose we could consider that but in my judgement the question really is that the legislation here basically tries to pattern itself to other income tax legislation and you show me where there are appeals of fact in law in other areas and we'll consider that matter.

section 21, he called this an odious, vicious section. He said he had never seen anything like this before anywhere in the Canadian parliamentary system — not quite that way — in the Commonwealth system. Well, I just simply say to the hon. Leader of the Liberal Party that he should look at section 11 of the Ontario Mining Tax Act which has been judicially approved by the Supreme Court of Canada by the way and I think the Nickel Rim case — is that the case of Nickel Rim, Ontario Mining Tax Act — has been approved there. Take a look at that, this odious vicious section apparently without comment. It also has to be read in conjunction with section 27 in order to get the court order for the access to the documents. I think section 27, even if the member's representations to

the effect that 21 are correct, are certainly mitigated by section 27.

Another point, the Leader of the Liberal Party said, relates to section 25, the government shall have a lien. Yes, he was very incensed that the government would have a lien and nobody would tell anybody about this. Again there is a precedent for this, the Ontario Mining Tax Act, this particular section, section 18, judicially approved but — it's been quite some time since I have handled any kind of house sales — I wonder if the Leader of the Liberal Party would tell us what kind of a notice we get with respect to taxes that are paid or unpaid and what you do on an ordinary house sale. As a lawyer you go down to the city hall and you ask him to give you a tax certificate before you transfer and process the transfer. The same mechanism will apply here, we'll have it housed either in Land Titles or have it housed in the Department of Mineral Resources, time will tell that. But that's a very simple operation. I think every lawyer is familiar with that. Again, no big case has to be made in this regard.

I found also very strange his comments with respect to section 34. This section, Mr. Chairman, deals with tax avoidance and tax avoidance only. The Leader of the Liberal Party you will recall argued how bad this piece of legislation was and knowing full well what the answer is of course, the precedent comes from section 246 of the Income Tax Act of Canada — Liberal government legislation. He said, no, that was marked during the war. Mind you it has never been used nor has it ever been removed. It's still there as legislation. Somehow because it has never been used, it doesn't make it a valid proposition. I hope that our section is never used but it doesn't make it any less valid to have it in the legislation. That's precisely why the Liberal Party had it in there during the war otherwise and precisely the reason why the Liberal Party has not made any amendment to 1977 with respect to this. So I think that again was really a very superficial kind of an argument.

I think, Mr. Chairman, those in a very cursory way are my reactions to the amendments by the Liberal Party, all in all with all due respect, not very impressive and certainly if we accepted them they would put the constitutionality of the legislation into jeopardy. No doubt about that, especially that section 11 amendment, the very thing that the Liberals say that they are opposed to.

While I am on my feet, Mr. Chairman, I should give the House a very brief overview of the House amendments which we propose to table and I have given members of the Liberal and Conservative caucuses copies of this. I may miss on one or two of the sections; if I do, we'll talk about them when they come up. Section 2(1)(n), we are going to amend this. It was submitted to us by the CPA and IPAC, that the definition of well or oil well was not broad enough, so the proposed amendment gives the assessor power to determine that a group of wells shall be treated as one well for tax purposes in addition to those groups of wells that are specifically mentioned, namely drainage units or unit areas.

We are making amendments to section 3(3); section 4 and section 8, again at the suggestion of CPA and IPAC. The proposed amendments here will allow taxes to be calculated on a taxpayer basis rather than on individual well by well basis. I think the flexibility by this amendment will be retained depending on the design of the tax return forms to have revenues and certain direct operating costs reported by a well or suitable group of wells.

Another amendment, Mr. Chairman, relates to section 10; CPA, IPAC and the Saskatchewan based companies felt that the provision to keep books in Saskatchewan would create unnecessary hardship. We'll be making a slight accommodation by way of



an amendment there. The proposed amendment would give the assessor the authority to permit books to be kept outside the province subject to the terms and conditions which were acceptable to the assessor.

Another amendment which relates to section 11(2), CPA and IPAC suggested 180 days should be changed to six months so as to correspond to other income tax Acts and we have agreed with that amendment. Section 12(1) CPA, IPAC was concerned that the royalty payments may lag revenues slightly and fall outside the taxation year and it would be a whole year before the deduction could be made. We're going to make an amendment to cover that problem.

Section 13(3), the Saskatchewan based companies said that the 20-day deadline under this section would cause hardship in remitting withheld amounts and suggest that it should be extended to the last day of the month and we have agreed to that. We're going to be making an amendment there.

Under section 37(1), Saskatchewan based companies pointed out that the wording "less than 1,280 acres" was not identical to Bill 42; whether that's right or not it doesn't matter. Their suggestion was that it should be worked differently and we have agreed to make an amendment in that regard as well.

Now, Mr. Chairman, there are several amendments there that we will be dealing with more particularly as we get to the specific clauses. I thought since we're on the general clause 1, I should take the opportunity of setting out our general amendment direction so that you'll know what we are doing and why we are doing it. Those are my comments in response to the Liberal position and the amendments we are proposing.

**Mr. MacDonald:** — Mr. Chairman, before we move off clause 1, I have a couple of comments. I think there are two very basic propositions that must be determined before we proceed with this bill. The real fundamental question is: — is this a financial bungle of the NDP government? What will it cost the taxpayers of Saskatchewan for the past and in the future, if it will cost anything? Mr. Chairman, there are two basic fundamental questions. What is the intention or the policy of the government in relation to tax revenue from 1973 to 1977? As you and I are aware the bill provides for the negotiation of tax rates, not only of the past but in the future, within the cloak or the secrecy of the Cabinet room as it has been described. The real issue is, will the tax rate be different for the past and different in the future? Will the amount of money protected by Bill 47 for the past from 1973 to 1977 equal the amount of money that was collected under Bill 42? My colleague will be dealing with an amendment very shortly, my seatmate, the Leader of the Opposition or the Leader of the Liberal Party, dealing with the tax rates in the future.

I would like to zero in very briefly, if I might, to the question of what will be recoverable under Bill 47 of those tax revenues of Bill 42. Has this Act that was passed in 1973, despite the opposition of the oil industry, of the local businessmen who were involved in the operation and maintenance of the oil industry in Saskatchewan, of the Liberal opposition, of many, many people in the province of Saskatchewan where the NDP ran roughshod over them, ignored them . . . it resulted in strangling the exploration and development in Saskatchewan but has that bungle or will it actually cost the taxpayers of Saskatchewan money now in 1977? The Premier and the Minister of Finance have indicated that from 1973 to 1977, if I remember correctly . . . at least it is in an order for return, there was \$480 million collected under the royalty section in the mineral income tax of Bill 42. I wonder, can the minister indicate to me, or the Attorney General,

how much will be collected exactly? And what I say, exactly, I know that the Attorney General and the government have the formula now. They at least have a policy, whether it will be the goals or the achievement of that particular policy. What is the intention of the government, with the full knowledge of the danger of the colourability and the attracting of the constitutionality of this bill? What is the intention and the policy of the government? Is it their intention to collect \$480 million; is it their intention to collect \$450 million; is it their intention to collect \$430 million? I think this is a very fundamental question and I would like the Attorney General to give a specific response, even though the rates may not be achieved, certainly those civil servants, who are now working on the formula, have been given the direction of Cabinet to indicate specifically what the goal and the intention of those particular rates will be.

**Mr. Romanow:** — Mr. Chairman, we have given this answer, I think, to the hon. member now many times and I repeat it again. When Bill 47 is fully operational and the rates of taxation are set out, it is the intention of the government that the sums collected under Bill 47 will approximate the total sums collected under Bill 42.

**Mr. MacDonald:** — That is an interesting response, Mr. Attorney General, approximate. When we are talking about millions we are talking about millions. We are not talking about pennies or hundreds or thousands, we are talking about millions. What does the word 'approximate' mean? I noticed the Premier used, comparable, approximately. Everybody has hedged on the government side and refused to give any kind of an indication as to whether or not the taxpayers or the Treasury will lose several millions of dollars or many millions of dollars. You know the interpretation of the word 'approximate' is a very interesting one. Is approximate one out of a hundred, is it five out of five hundred, five million is quite a few dollars. So what does the minister mean when he says approximate?

**Mr. Romanow:** — Well, Mr. Speaker, the hon. member seizes on this and has seized on this. Again, I don't know what more can be said by way of explanation to him. We are setting out here a new taxation scheme, we are taking a look at a new taxation scheme with new methods of computing the tax. We are going to be looking at deductions. This is a new mechanism which is in a sense almost been forced on us as a result of the CIGOL decision.

I said at the time of the introduction of the second reading of this speech and I give you this answer now, the purpose of this bill is to protect the revenues collected under Bill 42 and to put into place a taxation scheme for the people of Saskatchewan, necessitated as a result of the CIGOL decision. We do not have the rates of taxation, we want to consult with the industry on the rates of taxation. The best answer and the honest answer that I can give you is that that state of intention, namely the sums collected of the sums that we are intending as best as we can to protect here in this legislation, is the objective in the policy upon which the rates of taxation are to be structured. I find no magic about that and I know you are going to seize on — ah ha, he said those words as best as they can, you know he's got a little negotiating room there — and all that kind of stuff. Well, you know, you can do that if you want but I don't know what else can be said short of me saying that here are the rates of taxation and I am going to compute it on every company and I am going to compute it over the four-year period, here is the dollar figure and it is the exact amount. There it is. You can't do that. You can't do that because (a) we haven't got the bill passed, (b) we have not had a chance to discuss with the industry, (c) this is a new taxation mechanism which is set up. So, to press the issue on this figure, on this area, I think is simply stretching, drawing a very, very long bow.

**Mr. MacDonald:** — Mr. Speaker, that is almost exactly what we are doing. We are merely saying at the outset that the bungle of the Attorney General and the NDP government in 1973 will cost the taxpayers considerable millions of dollars and the Attorney General has as much as admitted it right here and now. He has as much as admitted it. He says, why, how can we put forth the rates of taxation when the bill isn't passed. All you need to do is say the bill will not be proclaimed until the rates of taxation are tabled in the legislature. That's all. That's one week, two weeks, three weeks. There is no way in which the government or the people of Saskatchewan and this legislature should not know what that rate of taxation is and all it has to do is be the date of proclamation and the Attorney General knows it. On many other bills regulations can be prepared in advance, regulations are prepared to coincide with the legislation itself. All I am saying to the minister is that he is deliberately hiding the intention. He is saying we are going to negotiate, we have got to consider deductions. What he is saying is he is not going to collect the \$480 million and I think that's a very important point. He, himself, and his legal advisors are responsible for drafting Bill 42 and, therefore, they have some ministerial responsibility as he has indicated.

I want to turn to a different track. One of the other very major concerns of members of the opposition is whether or not there will be a difference in the rates from 1973 to 1977 and the rates as of January 1st, 1977 in the future. And because there is a real and a fundamental danger here (I hate to use the word 'deal', it's been kicked around in this Assembly once too often) I want to say that there is the possibility that within the negotiations . . .

**Mr. Messer:** — Shame.

**Mr. MacDonald:** — Why, shame? All of a sudden we have companies, international companies, we have governments in Canada that have very high reputations, federal Crown corporations offering bribes internationally to other governments, to other civil servants. We have in the United States of America, we have companies located in Canada, and don't all of a sudden say that a multinational corporation is remiss in becoming involved in negotiating a sweetheart deal with the NDP in Saskatchewan . . . (interjection) . . . I didn't say you were, I said that they would try to negotiate.

I also want to know, is it the intention of the government and can the government give us, at least, this assurance that there will be exactly the same rate of taxation from 1973 to 1977 as from 1977 in the future? Can the minister indicate whether the rate of taxation and Bill 47 will treat the future the same as the past and that there will not be any — you know it is very easy to say to the industry, you know, boys, just accept this rate of taxation and give us back that \$480 million, don't challenge it in the courts and for the same period of time, for relatively the same value of oil even though it's on the escalation, I am saying the relative same, instead of collecting \$480 million in the future we will only collect \$420 million — and say that's very reasonable we wanted to put more in for exploration and development. That's a very easy thing to do. All I want from the minister is, can he give me the assurance that it is the intention and the policy of the government to establish the same rate of taxation from 1973 to 1977 or the future as it did in the past, so that there will be a negotiation which will go on ad infinitum because as you know, the rates for the value of oil have changed from '73 to '77 and that kind of a formula can be established. Can the minister give the House this kind of an assurance?

**Mr. Romanow:** — Mr. Chairman, I am not sure what the hon. member is asking but I

will give an answer on what I think he may be asking.

First of all I want to make it clear that I do not have, nor does the government have, the rates of taxation here. We do not have them, to repeat again, because the legislation is not passed; we do not have them because we want to have an opportunity to discuss with the oil industry and we want to discuss and hear from them their views as to what the rates of taxation should be.

Now the aspect of the next question is, can I give the House as assurance that the rate of taxation (as I understood the question) from 1973 to 1977 is going to be the same rate of taxation as it is from 1977 to some time in the future. Can I give that assurance? In answer to that, I cannot give that assurance. There are different values of oil and different prices of oil. There are different expenses and there are different fair returns and different levels of return and different levels of development. Now for me to say from '73 to '77 and right straight through is going to be one rate is simplistic to the extreme. I am simply saying to the hon. member that you can't advance a criticism of the bill on that basis.

**Mr. Malone:** — Well I think we can very well criticize the bill on that basis. Let me just pursue this. Is the Attorney General suggesting to this House that for 1973-74 there may be a tax rate that will be different from 1974-75 and different from 1975-76 and 1976-77. Is that what you are suggesting to us?

**Mr. Romanow:** — Mr. Chairman, why would the hon. member find that so unusual? I don't know if that's going to come out that way but why would that be such an unusual thing? Your rates of income tax change from year to year, fortunately under the New Democratic Party government not too very often provincially . . .

**An Hon. Member:** — Oh, no!

**Mr. Romanow:** — I didn't mean the reporter to underline that pleasure or surprise, but I mean, why should it be thought that the rates of taxation can't be changed? Of course they can be changed. Yes, they may very well be. We are talking about the sums of the past, you have to consider all of these factors. I can't give you any assurance that it is going to be one rate.

**Mr. Malone:** — Obviously the Attorney General missed a very basic point. Sure income tax rates are changed. They are changed every year in this legislature and in the House of Commons in Ottawa. But the difference is that they are changed by the Legislative Assembly or the House of Commons, not the whim of some minister, not the whim of Cabinet. That to me, the suggestion of the Attorney General that these rates are going to be flexible and negotiated, confirms all our fears about this bill, that these rates are going to be negotiated in the secrecy of the Cabinet room or the minister's office with individual representatives of individual oil companies. Surely to goodness that just leads to such . . . the possibility of widespread abuse as to be almost intolerable.

**Some Hon. Members:** — Hear, hear!

**Mr. Malone:** — Now I suggest to the Attorney General two things. Firstly, if this is an income tax Act, as the Attorney General maintains, that it is the right and duty of this legislature to determine what the tax rate is going to be. The Attorney General can't point to me any other income tax legislation in any jurisdiction in the British

Commonwealth or the legislature or the Commons or whatever the Assembly is called that does not approve of the rate. Now certainly I concede on royalties, licences, fees, and so on, it is a different situation. But the Attorney General maintains this is an income tax Act. If it is, let's have the rates before us. All right, now I concede that the Attorney General probably does not have the precise rate of taxation and I concede as well that it's entirely proper to do some negotiating before that precise rate is set. But I don't concede for one minute that the Attorney General and the government don't have a proposed rate or proposed rates for various areas of the province. Surely you can't have us sit here and believe that you have done no work whatsoever in determining a proposed rate of tax to take to the oil industry.

Now I suggest to you that if you want us to pass this bill, if you want us to do our duty as legislators, you are under an obligation to disclose those rates to us. It is apparent that the guts of the bill is section 3, the rate of tax. You are asking us to approve a bill where we don't know 90 per cent of the bill, the rate of tax. So I suggest to you for two reasons, Mr., Attorney General, that it is incumbent upon you to produce those rates. Firstly, because it is our duty as a legislature to approve or disapprove of them; secondly, you have, I believe, proposed rates in your hip pocket or in the possession of one of your advisors.

So accordingly, Mr. Chairman, I would move:

That the Attorney General table immediately the proposed tax rate or tax rates as contemplated by section 3 of Bill 47.

Seconded by my seatmate, the member for Indian Head.

**Mr. Chairman:** — I find the motion in order.

Debate continues on the motion.

**Mr. Romanow:** — Mr. Chairman, before the question is called, I must urge on the members of the House to defeat this particular motion.

Now, Mr. Chairman, I find the position of the Liberals and for that matter the Conservatives, in the light of intervention from the member for Estevan tonight in Committee of the Whole, to be contradictory in this whole debate, to put it mildly. First of all, you will recall when the CIGOL decision came down and during the course of the debate, what were the Liberals saying to us and the Conservatives saying to us? Our fear is that you are too unreasonable with the oil industry, that's where Bill 42 has got you. Now they are saying, our fear is that you will be too reasonable with the industry.

**An Hon. Member:** — You never know, Roy.

**Mr. Romanow:** — You never know, that's for sure. You never know where the Liberals stand from day to day.

Then this suggestion of impropriety. Somehow the Leader of the Liberal Party and the member for Indian Head-Wolseley would have you believe that the tax rate is set on a company by company basis. All taxpayers are going to be paying the tax rate that is set. Now, your implication that somehow . . .

(Interjection)

Well, that's the first time you said it. Just take a look at the legislation. It is a taxation bill where the taxpayers have an obligation on this thing. The suggestion of impropriety is totally out of order but more importantly, Mr. Chairman, what the members say which I find contradictory again to the extreme is this. During the course of second reading debate they said to us, I hope you sit down and talk to the industry about this. In fact their argument was, I hope you negotiate with the industry. I don't subscribe to the word negotiation; I said so in the rebuttal. I said, we don't negotiate. We are the government, we set the tax rates and we take the responsibility for that but I did say that we are prepared to listen to the industry. And it was you, the Leader of the Liberal Party who got up and said, that's a good thing. I commend you passed on December 22. Today on January 5, they flip-flop around and now they say, give us the rates, the proposed rates. Without any conversation, without any consultation, over the holiday period or whatever, 'you give us those proposed rates immediately!' Now, Mr. Chairman, where is the consistency? Fear that it's unreasonable, fear that it's too reasonable. Negotiate, don't negotiate. Where else in the jurisdiction does this exist, the hon. member asks. I said in my rebuttal that the Conservatives have got a very good precedent in Alberta; the Conservatives have got a bill called the Alberta Mines and Minerals Act.

**Mr. W.H. Stodalka (Maple Creek):** — Is that an income tax Act?

**Mr. Romanow:** — Well, what is the principle? It's a taxation bill. Again, you draw

a difference. In the course of your debates on second reading you and the Tories were saying, you can't have a taxation bill go in secret. These words, you know the Cabinet in secret, somehow as you have done, and yet you conveniently overlook what Mr. Lougheed and the Tories do in Alberta. They can set in secret, taxes, O.K., it's not an income tax, it's a royalty but it's a tax. In secret they can set it on natural gas, petroleum, sodium sulphate, quartz, quarriable materials, placer claims, bituminous sands and golds — all done by regulation, in secret.

So I say, Mr. Chairman, look, if the Liberals are opposing these bills, don't get into these kinds of contradictory positions because there's no credibility. Take the position that you are opposed to this bill because it means taxing the oil companies, pure and simple. But when you start getting into these little legalisms, then you get into these kinds of contradictions which absolutely point out the fact that you really haven't thought out this position carefully, or in truth it's a smoke screen for what I feel is the position of you and the Tories all along. They're going to vote against this thing on third reading — the member for Moosomin and the member for Rosetown-Elrose, the member for Estevan tonight has as much as said he will vote against it on third reading because the Liberals and the Tories are in the same bed together. Don't beat around the bush, you're there together and you don't want the oil companies to be taxed and you are using these kinds of amendments to put forward that argument. So I'm saying to you boys, the sooner you make your position known and put your cards on the table for the people of Saskatchewan, the better we are going to be. Let the people of Saskatchewan decide who is right on this position, but do not please, submit these kinds of motions when only ten days ago you were commending us for taking the time to sit down with the industry and ten days later you are condemning us for not having gotten the proposed rates ready to go. I say, Mr. Chairman, that is not a very good show on the part of the opposition.

**Mr. Malone:** — But what we are asking, Mr. Chairman, is for the government to put its cards on the table. The Attorney General talks about supposed inconsistency on behalf of the Liberal Party but I suggest to him that his party, his spokesman, himself and the Premier are the ones who are the most inconsistent of all. The Attorney General comes in one day and says it's an income tax. The Premier comes in the next day and says it's a royalty. The Attorney General says one day well, we're going to make sure that we get the bulk of the money that was illegally collected on Bill 42. The next day he says, we're not going to give back one red cent. We don't know where you stand; we don't know what your position is, so obviously we are going to press you as hard as we can to get that position.

Let me make just one other comment. I wish it would sink through to the Attorney General that the Alberta legislation is not under attack. The Alberta legislation, whether it's royalty, fees, licences or income tax was not attacked by the courts, by the industry as being unconstitutional. It's your legislation that is under attack. It's your legislation, Bill 42, that was struck down by the courts and you are the one who has come to this House and said the way to cure all of these problems is to pass an income tax Act. All we are asking of you is to put your cards on the table. Tell us what your income tax is going to be or what it is proposed to be. We are going to give you all the opportunities in the world to negotiate with the industry but don't come to us and say that we're going to have a tax in due course that is going to be negotiated; it may have been different in 1973 than it is going to be in 1977, it may be different for one company that it is for another company, and ask us to sit here and approve that type of an approach. Obviously we can't approve that type of an approach. We don't know where you are going; we don't know whether you are going to negotiate in a meaningful way or

whether you are not going to negotiate.

Let me just ask you one question before taking my chair. When do you anticipate that your negotiations will be completed with the industry, assuming that this bill passes in the next week to ten days, when do you anticipate that your negotiations are going to be completed, that the tax rates are going to be struck and published in the Gazette as regulations?

**Mr. Romanow:** — Mr. Chairman, it is difficult to be precise. If we could pass the bill tonight, give Royal Assent to it tonight, we would start our discussions all that much sooner.

**Mr. S.J. Cameron (Regina South):** — We have already started them . . .

**Mr. Romanow:** — No, we have not started them. We have met with them and we have told them what the legislation was. I remind the . . .

**Mr. Cameron:** — You said . . .

**Mr. Romanow:** — I did not say that. I'm sorry, I will have to check the words that he said but I repeat to you this, that we have met with the industry, there may have been individual contacts, I don't know, but we have met with the industry and I have tabled before them the proposed legislation. At this stage of the game, the understanding between ourselves and the industry is that they would respond to that legislation with suggested amendments. I am responding to their suggestions by some House amendments which I have outlined already to the members of the House.

Now, the bill has to be passed. It is obviously undergoing change right now. You are recommending amendments. Who knows? Maybe by some miracle or other some of those amendments may be accepted but our amendments have to be accepted, we hope by the House as well. Now the member says, once they have been accepted, how long after the bill is passed? I can't say with precision — two months, three months, something in that order. I would hope sooner would be the timetable.

**Mr. MacDonald:** — I have listened and I have never heard so much gibberish from the Attorney General in my life. First of all, if you want to talk about inconsistency, I would like to repeat the consistent position of the Liberal Party. Number one, we introduce the bill and not pass it. We adjourn the House before Christmas, negotiate with the oil industry, prepare the rates of taxation and when they refused to do that we then moved an amendment to move it to the Law Amendments Committee to initiate discussions on what those levels of taxation would be. He says we are going to treat all the industry alike. How do we know that? This bill gives the minister the discretion to determine what the deductions will be. We don't know that you are going to treat all the oil industry alike. He talks about impropriety. Why have you not been negotiating with the oil industry? What is the matter? If you want to do it, we'll give you all the time in the world. Do not proclaim this bill. We know we are not going to lost any money. You have given us the assurance this bill is going to reclaim the money. Don't proclaim this bill until such time as those negotiations are complete and you can table the schedule of the rates of taxation before the House and before the people of Saskatchewan. That's a consistent position. And I am going to tell the Attorney General, if anybody assesses the remarks that he has just given this Assembly about what he wants the NDP government to do and to have the power to do in relation to establishing the rates of taxation of an income tax bill in this Assembly and the way in which he is trying to sidetrack the real



issue, that to me is very, very discouraging. I would hope that some of those backbenchers over there would recognize what they got elected for and that is to determine the expenditures and the collection of taxes within the province of Saskatchewan and would vote against this bill until such time as those rates of taxation are published and the schedule is put in the bill.

I hope my Tory friends will vote for this amendment and the Attorney General knows that there is something devious about the refusal to in any way present a reasonable position about the formula that will be established to establish the rates of taxation. We are not being unreasonable. Just don't proclaim the bill. I'll make that amendment for you. Don't proclaim the bill until the rates of taxation are made public in the Saskatchewan Gazette and made public for the people of Saskatchewan and for members of the press. That's all you have to do and we'll be satisfied, because then we will be able to examine those schedules before that becomes law or refer this bill back again to the committee and then bring it up a month hence. But please don't say we are inconsistent, Mr. Minister. You are the man that's inconsistent and I say it would be a dereliction of duty on our part if we didn't do everything in our power to insist that that rate of taxation be published and made public before this bill is made to become law.

Motion negatived on the following recorded division.

#### YEAS — 11

Malone  
Wiebe  
Merchant  
MacDonald

Penner  
Cameron  
Anderson  
Stodalka

McMillan  
Nelson (As-Gr)  
Clifford

#### NAYS — 31

Blakeney  
Thibault  
Bowerman  
Smishek  
Romanow  
Messer  
Snyder  
Byers  
Kramer  
Baker  
Lange

Kowalchuk  
Matsalla  
Robbins  
MacMurchy  
Mostoway  
Banda  
McNeill  
MacAuley  
Faris  
Rolfes

Tchorzewski  
Shillington  
Vickar  
Skoberg  
Nelson (Yktn)  
Allen  
Koskie  
Johnson  
Thompson  
Lusney

**Mr. Bailey:** — Mr. Chairman, we have listened during this period and yesterday and I suppose for a few more days to the dialogue between the learned lawyers on both sides of the House and certainly this most recent motion by my colleagues who sit to the right asking the government to table the rate of taxation. While I listened to them discuss Bill 47 I think that perhaps the whole House has missed a very important point

and that point is what the Attorney General said and what the Premier has said. One calls it an income tax, the other one calls it a royalty, whatever you want to call it, you are establishing a rate of taxation or a rate of revenue to go to the provincial coffers. Now under the bill as it stands and I want to say something about the inconsistency of the government because in 1975 they had the opportunity to use the principles that they are defending behind Bill 47 and let me say to the Attorney General that conceivably in this bill that you could, in effect, take 100 per cent of the income tax, that power is yours or, what is even more dangerous I suppose, that one could say it could go from one ridiculous extreme to the other, could say, well, you know, we can make a behind-the-scene deal with the oil industry and take a very small percentage. But that far ranging power is within the hands of the government. I think the key and what has not been mentioned today is this — the amount of income or the amount of profit is determined by the agreements that the government makes as to what will constitute the exemptions — that's the important part. Now I took it on my own, without going to a lawyer or anyone else, and I phoned a few people in the oil industry. They tell me the exemptions and the type of exemptions have to be very wide exemptions, in different locations, they have to depend upon the viscosity of the oil, the type of soil, the type of terrain they are drilling in and so on. So I think there is some understanding there that in working out the formula, which would be an extremely complicated formula, that the department which is going to have to handle this bill is going to have to do a lot of work. I don't think, and I suppose that is the reason why I didn't support the motion to ask for the government to table the rate of taxation, I don't think they are in any position even though they have had fairly lengthy discussions with the oil industry. The Attorney General himself mentioned tonight that discussions and dialogue had taken place with the oil industry and that was the reason why they had brought in several amendments to the bill itself.

A question I want to say, and I want to make it very clear to the House, is that to ask a government to put forth its rate at the present time without any discussion as to whatsoever was going to be the total formula, the exemption, is ridiculous at this point in time.

But I want to get back to the Attorney General in just a little bit. I think there is some inconsistency that the government has used.

In 1975 when you came forth with Bills 1 and 2 related to the potash industry, you had within that the power of expropriation, which everybody knows in this province that you have now used.

**Mr. Romanow:** — No.

**Mr. Bailey:** — Well, it's there. You have entered into negotiation but the power is there to use it. But I ask the Attorney General this — why did you not use, with the potash industry, the principle of Bill 47 and, therefore, expropriation or even the act of expropriation should never need to be in place? You have purchased them it's true with borrowed money to do so and so on, but you have not been consistent. This bill is not consistent in any way with Bills 1 and 2 and I would like the Attorney General to comment on that.

**Mr. Romanow:** — Mr. Chairman, Bills 1 and 2 are an entirely different set of bills. Bills 1 and 2 are the consequence of a series of actions by the potash industry.

1. There was a refusal to pay large sums in the millions of dollars of taxes owing. Whether it is reserves tax or income tax a la Bill 47 under potash or whatever, that's not relevant, the point is there were sums owing.
2. There was non-revelation of financial statements contrary to the law of the province of Saskatchewan.
3. There was non-expansion, non-construction, non-building for future demands of the world that the Saskatchewan industry needed to undertake by the industry. Some categorized that (I don't) but some categorized that as almost a refusal to expand as part of the taxation struggle that from their point of view they were carrying on with the government.
4. There were a series of four or five major lawsuits tying up or putting into issue three or four of those issues. The ultimate one being, as you know, nine days after the election on June 11 — June 20 when we got hit with the AMAX lawsuit which in effect was the fundamental tax which was there.

I repeat again, given those circumstances, the options for the government in the potash were very simple and the option was the option that we took because the other two options were simply unpalatable. The other two options being, namely, to give into the rate of taxation that the potash industry wanted to have, or two, do nothing which would have been the worst of all worlds and allow impasse to continue with the potash industry.

So, Bill 1 and Bill 2 is the end result of a series of developments which I would argue are not at our instance, but were basically at the instance of the industry. That's perhaps old history now but that's the way it was. That's not the situation we are dealing with under Bill 47.

**Mr. Bailey:** — Mr. Chairman, Mr. Attorney General, is it not true at the present time that the difficulty that your government is facing with Bill 47, one of the reasons why of course that you are a long way off from establishing the rate, is the fact that most of the dialogue that is taking place is in the field of what is basically the exemptions for the oil companies involved and the difference in the types of exemptions that different companies will have under different circumstances. I want to leave that question with you, but I want to throw another question at the Attorney General and I would like him to answer.

Is it not true that, retroactive legislation following the principle of this bill could have been used to correct the confrontation which this government had run into with the potash companies?

**Mr. Romanow:** — Well, Mr. Chairman, I think it would be generally correct to say that the deductions are going to present some problem. I don't want to overstate it or understate it. I don't know the size of it but I think that can be worked out. We are confident, with the expertise in mineral resources, that this can be worked out.

But to answer your question that this thing could be solved, the potash taxation problem could be solved by applying Bill 47, I repeat again to the member that on the history of the situation as it was, it would not have been solved. I repeat to the member again, that even under the taxation rate that we had, the potash companies, many of them, refused to pay the amounts owing. That was the consequence which resulted in

Bill 1 and 2. So all right, strike out the taxation policy and the level of the potash company, put in our own Bill 47 here, they still would have refused to pay and you still would have had the choices to make. So I mean the argument that you boys peddle in your magazine here, the New Horizons, which says, you could have put 100 per cent tax on the potash companies and therefore you wouldn't have had to nationalize them and we would have that money, begs the question because they refused to pay the money in the first instance. And if they refused to pay it for something less than 100 per cent, presumably they would have refused to pay it for 100 per cent. The government would have still been faced with that choice on June 20 of the three options, doing nothing, giving into the potash companies or doing what we did. We decided to do what we did. So it is not a parallel nor a logical argument, I would tell you to tell your editor, this boy had better do a bit of reading on the history of the situation if he wants to report the thing factually to his party membership.

**Mr. Bailey:** — Mr. Attorney General, we have now had approximately a month in which you have, by your own admission, stated that you have been in (you prefer not to use the word 'negotiation'), use whatever word you like, your government has been in a great deal of discussion with the oil industry in the province. You admit that all of the amendments which are government amendments to Bill 47 were brought about by agreements that you have reached with the oil companies.

My question to the Attorney General is this: we are now on Bill 47, we are still on section 1 of Bill 47 and I would like to ask the Attorney General, is it possible then, or what is the date, the approximate date? Is it within the foreseeable future where this legislature could be informed as to what the basic rates are going to be in the general overall agreement? Now if it's a general overall agreement, then I think at least the legislature could be informed of what direction the government is heading in. If you can't given us the rates and I admit that you can't give the rate but can you tell us anything more than what you're said, further than the negotiation, at least give us the date at which the people of this province can expect some idea as to what deals you have made with the oil companies.

**Mr. Romanow:** — Mr. Chairman, again the business of the deals with the oil companies . . . I don't subscribe to that. Look, we set the rates of taxation. That's our job. That's the job that we stand or fall on. That's the prerogative of a government, not the prerogative of some sort of a negotiation. That's the position I take. Look, I have this newspaper of yours, or a copy of it, Saskatchewan Horizons, "Blakeney's Bungle", that's the headline on this situation.

**Mr. Bailey:** — Where did they get that from?

**Mr. Romanow:** — I don't know. It's the . . .

**Mr. Bailey:** — Do you have a subscription?

**Mr. Romanow:** — No, I don't have a subscription. Some poisoned pen writer sent it to me anonymously in the mail. It gave me the start of my life when I saw this. But I want to tell you that I find statements like this, just on this very point, absolutely down right misleading. Here's what your paper says, quote:

However, there are some provisions in the new bill which we simply cannot accept. In its present form the bill gives the Premier . . . (Interjection — Bailey . . . the Cabinet — Well, I know but your boy keeps on saying the Premier

and you boys keep on saying the Premier. You keep on trying to make sort of an ogre of the situation. Now you tell me quietly, maybe the Cabinet. In any event . . . ) . . . the bill gives the Premier the power to set the rates of taxation as he sees fit, or to waive any part of it. In other words, he could in secret pay back some companies and not others; he could set a higher rate for some than others, all in private. It could even be possible for the Premier to favour some companies who favour the NDP, while setting exorbitant tax rates for another.

Now how that can be done? I would like to ask you to tell me how that can be done on the rates of taxation since it's not on a company by company basis but a rate of taxation for which taxpayers (the companies are to pay) . . . I would like to hear. Perhaps the member for Moosomin can enlighten me as to how this could be done. This is what your paper says. Yet today you say you can understand why we don't have the rates ready. You accept it. That's right. Well we couldn't be in that position where you agree with us unless we had the provision in the bill, the very provision that you criticize us for having. The only way to get around this is to public it in the bill. Where do we go from here? I don't know where we're at. The Tories say that they think that this is a great idea because he agrees with me that we can't have the rates published but yet they are condemning us for . . . the only way to get around it is by publishing it. I don't know why (I shouldn't say why) I would like to see the press just emphasize that because that's a pure bald fact. Pure bald fact! (Interjection) . . . Well, I'm talking to the press because clearly you boys are in the game for the politics of the situation. What can I do? I can't convince you to vote for the bill. I'm not going to convince the member for Rosetown-Elrose to say that he voted for it and go out in the country and say, oh yeah but he's against it you know . . . playing the old two-way street Tommy Douglas used to say, sitting on the fence and keeping his ear to the ground. That's a very tough thing to do that only Dick Collver can do at the same time. I just don't know where you boys sit. You guys, the Tories and you guys the Grits, your inconsistencies and contradictions keep coming through over and over and over again. That spells one thing. You guys support the oil companies!

Well, I tell you, Mr. Chairman, I want to tell the Attorney General that we not only support the exploration of the oil companies, we support business in this province, big and small and I'm not ashamed to admit that. We know what this government does to business. We know what they support. I am not ashamed to say that we would like to have twice as much oil activity in the province that you people drove out under Bill 42. I am not ashamed to say that. The member for Moose Jaw North, or wherever he's from, he knows that he drove them out. I'm not ashamed to say that we're lacking a lot. I'm not ashamed to say that I hope that we get the heavy crude oil refinery on this side of the border. I'm not ashamed to say that. I hope that it comes here. I hope that the government opposite has enough common sense in dealing with them that it does come here. I saw the exodus out of Swift Current, being close to the city of Swift Current. I know how business people in this province feel about this government. I do a lot of business in Saskatoon. I do business in Swift Current. Business people of this province view this government with a great deal of scepticism. You people know that. I'm not ashamed to say that I like to see business in the province. I didn't appreciate the comments of the Attorney General, going this way, that way. What I am saying is that you were the ones that have the inconsistency. The possibility in the bill still exists. You know very well that you are going to have to have different exemptions to different oil companies because the circumstances under which they are working are going to be different. One of the things that you are going to be criticized for, one company to the other, is going to be just like in the business that I'm in under the Liberal government, when the school units come running in here. They say, oh we need more money, that

there was no formula, there was no nothing under that regime. You come and grab what you can get. The ones who cried the loudest got a little more and so on. At least there is some consistency now and I'll give the government credit for that. But you know very well, Mr. Attorney General, that one of the problems that you are going to have with this bill from the oil companies point of view is that an oil company drilling in the Cantuar field is not going to get the same exemptions as those that are drilling in the heavy oil field at Lloydminster and that's part of the problems. That's a problem you're going to have. The oil companies are going to accuse you, rightly or wrongly, of showing favouritism to different companies.

Now when you have established what the exemptions are going to be and I suggest to the Attorney General and all of his officials, that they are a long way off from establishing what the exemptions are going to be. You can't establish income or the income tax as you want to call it, until you have established what is going to be an allowable deduction from the income. That's why this bill is perhaps well in advance and we probably can go for almost a year before you're going to establish with the company these long negotiations as to what the exemptions will be and the Attorney General might as well admit that point.

**Mr. Romanow:** — Mr. Chairman, I have already admitted that the deductions will pose some problems. That's not an issue. But what I do take issue with is this statement. Look if you say there's going to be a deduction for the heavy oil fields as opposed to a deduction in another field, that may be true, likely to be true. I concede that. But all the companies within that field will be paying a rate of taxation. You're saying in your paper that by giving us that flexibility to do that, you're saying in your paper (referring to the Premier) "He could set a higher rate for some than others, all in private. It could even be possible for the premier to favour some companies who favour the NDP while setting an exorbitant rate for another." I'm saying to you, that that is a gross misrepresentation. Now either you are for giving us some flexibility in some of the deductions or you are not for it. If you are not for it, then you subscribe to these statements and you should have voted for the Liberal amendment and the Liberal motion. But you can't have it both ways. That's all I'm saying to you.

**Mr. Cameron:** — Mr. Chairman, the Attorney General has indicated that the position taken by the Conservatives with respect to the specific rates of taxes is an inconsistent one. I couldn't agree more with him. That's very inconsistent. He's only stating the argument half as strongly as he could. The comments that he refers to from the Saskatchewan Horizon, the Conservative paper, are actually taken from comments that the member for Rosetown-Elrose made in the House on December 12. Oh yes, I want just for a moment to trace briefly for his benefit the history that his caucus has taken in respect of this particular question. When the Act was first introduced in the House one of the earliest cries for the specific rates of taxation came from the Leader of the Conservative Party . . . (interjection) . . . Yes, he was on the question early and he put it forward strongly. That was the first thing.

Member will recall I asked one day a question of the Premier about when we could expect some indication of what the rates of tax would be and the Premier indicated in a sort of conciliatory way, that we may have them ready soon. We're going to discuss them with the industry. He left it open to interpretation. There was some possibility we could have the express rates by the time we got into clause by clause study — point number two.

Point number three was, about four days later the Attorney General was asked a

question of the same kind and his answer was slightly different, at which time the Leader of the Conservative Party rose in his seat and said, "Are you now denying what the Premier said?" Now he overstated the answer of the Premier. He said the Premier had promised us to have the specific rates. Are you now withdrawing that? He was ruled out of order but it showed again his concern. Now then on December 12, Mr. Bailey is quoted in Hansard as having said this:

I want to say something to re-establish one and for all (once and for all) that the provisions in this bill and there are provisions in this bill which we in the Conservative caucus simply cannot accept. "Oh yes," he said, "we have said it before." In its present form the bill gives the Premier the power to separate the taxation as he sees fit. Or, Mr. Speaker, the bill in its present form gives the executive the power to waive any part of it.

In other words it is possible, Mr. Speaker, (and this is quoting Mr. Bailey) in secret they could conceivably set a much higher rate for some companies than they do others. There is no reason why they couldn't do that. It could even be possible for the Premier to favour some companies that happen to favour the NDP and the companies that don't favour them they could possibly get a different rate.

That was Mr. Bailey's speech. Now they had an opportunity to vote earlier for a resolution that called, you remember, for the specific rates of tax.

**An Hon. Member:** — The damn Hansard, Roy.

**Mr. Cameron:** — Our second amendment, you will recall was calling on the government to give us the specific rates of tax on second reading. Now then we had a recorded vote. We had a recorded vote. How did the Conservatives vote? They voted with the government on that one.

Now we have an amendment a moment ago moved by the Leader of the Liberal Party calling for the express rates of tax. How did the Conservatives vote this time? They didn't, they didn't vote. I don't know who is so persuasive over there. Maybe as the member for Qu'Appelle says, the Attorney General is so persuasive at all of this that that really accounts for their inconsistency.

Let me get back to the position of the Liberal Party, the Liberal caucus, when the Attorney General lumps in our inconsistency with the inconsistency of those people over there, he does us a great disservice. We have taken the position, as the Attorney General will know, right from the outset, that we oppose this bill. We have outlined to you in detail (and by your own admission) in rather persuasive terms (or at least you said good speech terms) the particular criticisms we have of the bill and why we are opposing it. We have moved amendments consistently in second reading, concerned about the constitutional aspect of the bill, concerned secondly about the specific rates of tax being missing from the bill. Then when we get to clause 1 in clause by clause we again take the same position. Our principal concern is with respect to the constitutional weakness of the bill, then we move secondly to the lack of having the specific tax rates provided for in the bill.

Whatever he may say about the inconsistency of my friends to my left (and I would agree with him in that respect) does not apply to the situation here. We have consistently opposed the bill, consistently outlined to you why in rational, logical,

thoughtful terms, and in the course of your comments don't refer to our position as being inconsistent. It has been consistent. My friends to the left have been very inconsistent.

**Some Hon. Members:** — Hear, hear!

**Mr. Merchant:** — Mr. Chairman, I would like to begin by welcoming the Minister of Mineral Resources. I notice that he is here tonight. I realize that the government isn't prepared to allow him to take his legislation through and I notice that as a special concession this afternoon they trusted your deputy to come in for the afternoon and now I am pleased that they are letting you come too and I am sure you will pick up . . .

**Mr. Messer:** — You must confess I picked some pretty competent people.

**Mr. Merchant:** — When you guys are back in power in '93 or '99 or whenever that may be, they may let you take some of your own legislation through, if you can hang onto that seat up there.

Mr. Chairman, part of the reason that I am so delighted is because a specific area that has concerned me from the beginning, is an area on which I have questioned the minister and that is the problem of different listing costs and different rates in different fields.

I ask the Attorney General first whether you anticipate that all companies will face the same rate of tax or whether there will be different rates of tax for different companies?

**Mr. Romanow:** — Mr. Chairman, the thing that I can say again, is repeat that, in a . . . first of all, the discussion has not yet started with the industry. I must repeat that again. But in essence the position is that companies will face the same rate of taxation.

**Mr. Merchant:** — So there will be no doubt every company will face the same rate of tax whether they be a large company or a small company.

**Mr. Romanow:** — I think the answer is yes. I have said that.

**Mr. Merchant:** — Then I take it that it is the intention to put into the deductions some facility to have a different end rate, I suppose, from the different fields?

**Mr. Romanow:** — Again, Mr. Chairman, to answer that question in general terms is yes. I am trying to say at all times in answering these questions that this is something that we are going to work on once the bill is passed in the House. We are thinking about this obviously now and I am giving you some indication. The answer to the question, therefore, is yes.

**Mr. Merchant:** — All right, let us in on the secret. That seems to us to be such a problem as to be almost an incurable problem, the problem of different tax rates for different fields, different tax rates for different areas in different fields and different tax rates depending upon the size of the company.

**Mr. Romanow:** — We don't know so. We think that the problem can be overcome. I have said that. I have indicated to the member for Rosetown-Elrose (Mr. Bailey) that



deductions I think will present difficulties. As I said to him I think the difficulties can be overcome and I repeat that to you too.

I should say one other thing that I talked about when I said 'the same rate'. There may be a graduated rate but in essence, yes.

**Mr. Merchant:** — Are you saying that at this point you don't know how you are going to solve the problem of the different regions; that you are going to pass the legislation, the time is going to start to run — the 180 day provision will start to run — the 90 day provision will start to run — you will be inviting the industry to go on operating; you will be saying to people, keep pumping, and you won't be able to reply to the industry and say this is the rate, these are the deductions? How long is that kind of a situation going to go on? If you are telling us now that over this very major problem that you come before the House, and you haven't solved this very major problem. You came before the House anticipating that both parties would be as weak-willed as those to my left, you anticipated, I gather . . . well it's true, we were prepared to take on the tough argument of convincing people of our position. That took a little more guts . . .

**Mr. Romanow:** — How are you coming along?

**Mr. Merchant:** — We are coming along very well. And it took a little more guts than lying down and letting the Saskatchewan taxpayer be raped or whatever.

Now you expected that you would have this legislation passed by early November.

**Mr. Romanow:** — Late November!

**Mr. Merchant:** — Late November, all right. So a month later, a month after you expected it would be passed, we are a month after the time when the Premier thought he would be able to announce the rates. He gave that very clear impression to us that we would have some idea of the tax rates. We are a month later and you still don't know how you are going to solve the problem of the different fields. You still don't have the tax rate . . . or do you have the tax rates but you are afraid to give them to us because you don't want them to see the light of day while the House is still in session?

**Mr. Romanow:** — Mr. Chairman, the member's question is predicated on the assumption that this is a very major problem, the question of the various fields and the deductions. I don't agree with that statement that it is a very major problem. I said to the member for Rosetown-Elrose and I repeat again, I think that will be one of the difficulties, perhaps the most difficult aspect of the rate setting mechanism. But to categorize it as a very major problem, I think is wrong. Secondly, the hon. member talks about 180 days. I remind the hon. member it is 180 days after proclamation and in response to what the member for Indian Head-Wolseley was saying, I think the logical step for the government would be, quite obviously to proclaim the bill at about the time when we are able to announce the rates of taxation. In the rates of taxation they will be then seen, what the deductions are and one will be able to have it clearly understood. Presumably, having been preceded by a period of consultation with the industry.

Now in terms of the final point, namely, our timetable in this whole operation, quite frankly my own timetable was no more than perhaps a little stronger than something in a hope that we would do it before Christmas. O.K., I'm off base on that, but I am not off base on it very much, a couple of weeks. So my point is that no big deal should be made out of that particular aspect of it.

**Mr. Merchant:** — Do you expect to be giving back some money to some companies, that they will owe less tax under Bill 47 than in Bill 42. Do you expect that some companies will owe additional money to the moneys that they owed under Bill 42?

**Mr. Romanow:** — I think, Mr. Chairman, in the interests of candour here (my policy when I come to Committee of the Whole) I think I have to answer that this could happen, yes. The incidence of the tax and how it applies to individual companies, I think that will work out once the deductions and the tax and everything is all set. It is possible it could be less. Again, our preliminary thought on the matter is, the preliminary examination from DMR's aspect of it and from what I can see, is that we don't think that is going to be widespread situation, nor one which will create that much of a problem.

I come back again to the answer I gave to the hon. member for Indian Head-Wolseley (Mr. MacDonald) when he was telling me he knows it exact. I am saying that we are talking about the totality of the sums collected here when we are talking about the sums that were corrected under Bill 42. Thus, the word when one says, approximate, I think that time will come out.

**Mr. Cameron:** — Mr. Chairman, just prior to the last question, did I understand the Attorney General to say that what you have in mind, generally, is that once you have had some discussions with the industry and you have the sort of tax rates sort of firmed up and ready in place, you would then proclaim the Act? Is that your intention? Did I understand you to say that?

**Mr. Romanow:** — Yes, I think that is the logical way to go. I don't think that we would be in — let me put it this way, I haven't quite decided this is government policy yet, but it would seem to me that it would not be reasonable for the government to proclaim the bill. In other words have the 180-day period in error, all the other time when it is working against the companies and then take the position, I am sorry, we haven't worked out the deductions yet or I am sorry we haven't worked out the rates of taxation. The logical thing would be to, when we have completed the review of the situation, to announce and proclaim at similar times.

**Mr. Cameron:** — O.K., it is a very interesting observation. I gather it is a considered one. I presume it is a considered observation of yours.

**Mr. Romanow:** — Yes, everything is considered.

**Mr. Cameron:** — Your intention, you are saying, is to when you have the tax rates ready, which you don't now have ready, once you have met with the industry and you have your tax rates ready you would then proclaim the bill. It is very interesting, because the Premier and you have been indicating that the debate on the bill, which is holding up its passage, is costing the government and the people some considerable amounts of money. The political suggestion has been made that that is the fault of the people in the legislature who are not easing the passage of this bill. In other words, the Liberals are standing in the way of passing the bill. That action by them is causing the loss to the province of millions of dollars. Agreed, they say. Your intention, you now say, is not to proclaim the legislation until you have the rates determined. You don't yet have the rates determined. Even if the legislation was passed as of yesterday or today you wouldn't proclaim the bill. How, then, can you accuse us of standing in the way of the passage of the bill and in consequence costing the province millions of dollars? I say

that is a very inconsistent position.

**Mr. MacDonald:** — I cannot help but rise and support my colleague. Why, then, do we need to proceed with the third reading of this bill? Why not bring this bill back to the legislature so that they can approve the rates of taxation, which is the fundamental and basic right of everybody that is elected in a democratic society; why, then, will you not pass third reading of this bill? It is normally a formality in this Assembly. It take 15 minutes, or two minutes, so that this Assembly can then come back — you are not going to make this bill law. You are not going to do anything with this bill to enforce it into action. It then merely becomes sitting on a side street, or in a closet, until such time as the negotiations with all the oil industry have been completed, which will take months. So all of a sudden those great emergency jobs that the Premier talked about yesterday that was such utter nonsense, are no longer involved.

I ask the Attorney General if it is good enough not to proclaim the bill for the benefit of the oil industry, surely to heaven it is not good enough, or it makes eminent sense not to pass third reading, for the benefit of the legislature. I say that we are far more important than the oil industry. I say that we represent one million people in Saskatchewan. I say if you are not going to proclaim this bill until the rates of taxation, bring those rates back here and give us an opportunity to peruse it on third reading of this bill.

I am going to tell the minister, I am going to get up on third reading and move that this bill not be passed until, as he said, those rates of taxation are included and are presented to the people of Saskatchewan so we can debate that right here in this Assembly, which is our fundamental and basic right and that is why we were all elected for. If you are going to do that for the oil industry, surely to heaven you have a responsibility to do it for the legislators and the people of this province.

**Some Hon. Members:** — Hear, hear!

**Mr. Romanow:** — Mr. Chairman, the hon. member tries to make an impassioned argument here, which I am afraid has a lot of sound and fury to it, but has very little significance. Because what the hon. member told us, on November 23rd, the date of the CIGOL decision, the emergency debate that the Tories moved and the second reading, right up until a few days ago, or a few minutes ago, one of the things that we needed to do was to get certainty into the industry and get the certainty of the situation settled as quickly as we could. That is one of the things that you said.

This bill has been around in this House now for over a month. I don't know how long it has been around, but over a month. The legislation is there. The regulations setting the taxation rates will be down. In all likelihood they will be down when this House is next in session, during the budget period. In all likelihood you boys will have your people there looking at those OCs once ever week, like you do all the time and they are going to be gazetted and so forth and you will have opportunity to debate it. You have your opportunities and the proof of the pudding will be in the eating, whether or not there are these sweetheart deals with the NDP kinds of companies that the Tories so spuriously suggest, or even the member for Wascana did in the course of second reading debate. You will have that. But in the meantime what you are arguing for is arguing for a period of indecision. You are arguing that we should be representing the people of Saskatchewan, that the government of Saskatchewan does not want to pass a bill which places into lace legislation for the protection of funds that are involved here; that we should not be armed, that we should not be armed and I make this point, that we should not be armed with a necessary legislative base for the enactment of

those rates of taxation. That is what you are saying. I am saying that is consistent with the Liberal Party position.

The Liberal Party position, has been you say, if the bill is unconstitutional in reality you are fighting for the oil companies. That is the only consistency in this whole argument.

**Mr. Cameron:** — Back to the slogans.

**Mr. Romanow:** — That's the only consistency because you go through all of these arguments about the constitutionality of the bill and then you propose amendments which are unconstitutional to the bill.

You talk about the question of the negotiating. Now we shouldn't be negotiating and you want those rates. One time you say we should be moving to eliminate the uncertainty, now you say, maintain the certainty. What does that amount to? That amounts to one thing, you are foot-dragging this bill for one reason only and that is because of the interest and the fact that you represent the oil companies. You and the Conservatives, member for Estevan, you are into the league with the oil companies.

**Mr. MacDonald:** — I want to take one moment and ask the Assembly to listen carefully what that man has just tried to stuff down our throat.

He said we want to eliminate the indecision; we want this law passed, but he just finished telling us he wasn't going to pass the law. This bill will not be law until it is proclaimed. It will not be in effect until it is proclaimed. It won't! All I am saying to you the day of third reading you can have the Lieutenant Governor standing outside the door, or the day after when the rules of this House permit it, and then it can be proclaimed on the day of assent. The minute that is assented just as quick is the day of proclamation.

You talk about inconsistency! You say you want to be armed with decisiveness and we want that bill passed and then you say you are not going to proclaim it. I am saying to you, you can proclaim it on the day of assent and you can bring that bill back into this Assembly so we will have an opportunity to see if that is a just, fair rate. I want to tell you something.

We saw what happened to your rates of taxation with the oil industry in 1973. The member for Estevan (Mr. Larter) will tell you what happened to his city and his constituency. There are lots of other people and the member for Kindersley will tell you what happened to his constituency. We want to have an opportunity to carry out our responsibilities and see what those rates of taxation are. If you are not going to proclaim that bill, then I say you are insulting every member in this Assembly and you are insulting everybody that elects and believes in democracy in this province, when you would turn around and not proclaim the Act in order to give the oil companies the opportunity to see the rates of taxation before it is proclaimed, but you won't give us an opportunity to take a day to debate it in this Assembly.

**Mr. Romanow:** — Mr. Chairman, I want to make it absolutely clear, I did not say that we would give the oil companies a chance to see the rates of taxation. You either weren't here, I've been saying for the whole afternoon and for the whole evening. We set the rates of taxation.

**Mr. Malone:** — In negotiations.

**Mr. Romanow:** — Not in negotiations, in consultation. You are the ones who are saying that we should be consulting.

**An Hon. Member:** — Consulting?

**Mr. Romanow:** — Yes, that's right, you are the ones that are saying that. You tell me about the inconsistency. Where is that speech that the Leader of the Liberal Party, if I could put my fingers on it, the Leader of the Liberal Party said on the 23rd, "Sit down, negotiate with the industry on the rates of taxation. The Leader of the Conservative Party was ridiculous for demanding this criticism." It's in the Leader Post. That was the big difference. Now that's exactly what we are doing, the very thing that a month ago you said we should be doing and you are criticizing us for doing it . . . (interjection) . . . Look it, you follow the logic of that argument. I could name you I don't know how many bills on the order paper today, I give you Unified Family Court, I have to have a look at it but I bet you a dime to a dollar that Act doesn't come into play until I proclaim the bill. By your logic we shouldn't be doing anything with it. By your logic we shouldn't be getting the legislation in mechanism, nor doing any of the organization in order to get the Unified Family Court going. By your logic that's the situation.

**Mr. MacDonald:** — Nonsense.

**Mr. Romanow:** — Nonsense. What can you do? I mean you cut it any way you want to cut it and the way you cut it is that you boys, Tories and Grits together, that's the only bottom line you can draw on this thing is that you are flimflamming and flip-flopping on this thing because you don't want the oil companies to pay. That's the simple line of it. You don't want the oil companies to pay. You boys are opposing this and obstructing this legislation with these arguments precisely for that reason and that's the bottom line of the situation. There is no other consistent argument.

**Mr. MacDonald:** — Mr. Chairman, what we are trying to say and I am going to say it very calmly because the Attorney General gets my ire up every once in a while. It's never happened before I want to say, Mr. Chairman. But I want to review very carefully with him once and for all, what we said to the Attorney General and what he said. We said, if you are going to proclaim the Act when the rates of taxation are included, that is done in conclusion with the oil industry. That's what he has been saying is the reason for it, that's why you want to pass this bill, so you can sit down with the oil industry and negotiate the rates of taxation. Are you trying to tell us that they won't know them before we will? What nonsense. We are telling you, Mr. Minister, that as far as I am concerned you ask me what I think you can do and I'll tell you. If you are going to treat this legislature in this cavalier attitude, then resign.

**Mr. Romanow:** — Mr. Chairman, I have had many reasons for resignation that the Liberal Party and the Tories have advocated but that's got to be the weakest one that I have ever heard. I am saying this and I repeat again to make it clear, the taxation rates are set by the government, that's the mechanism, either done by statute or done by regulation. Tory Alberta does it by regulation left, right and centre out of the Alberta Mines Act. I have said that many times and not one of you have disputed it nor have I heard the Tories who in their paper go about criticizing that, telling their Conservative friends in Saskatchewan that that's what Lougheed and Company are doing. Don't be selective about this kind of criticism. I am telling you . . . (interjection) . . . the only response that the Tories have got is that they laugh about this, but get up and tell me what your position is. Don't laugh at me, tell me what the position is. Why don't you get

up there and tell us.

I am saying to the Leader of the Liberal Party as follows, this legislation is needed. We are going to listen to the oil industry. They will know the rates of taxation at the same time you do, when they are passed and they are published.

**Mr. Malone:** — . . . negotiating . . .

**Mr. Romanow:** — We are not negotiating with the oil industry. No. We are setting the rates of taxation. We are prepared to listen to the oil industry but we are not negotiating. This is not a negotiating process. We are prepared to listen to the consultations and the submissions they make, we are prepared to listen to your submissions, if you would make submissions as to how you think the mechanism should be set up and how you think we should be protecting certain areas. Tell us now instead of politicking. We are prepared to do all that but in the end result, like they do in Alberta, like they do in Newfoundland, like they do in virtually every province in Canada, the rates are set by the government of the day. To relay the passage of a bill for the reasons advocated by the Liberals opposite surely flies in the very face of what Canadian politics and what the democratic system is all about.

**Mr. Merchant:** — Can I have only first a confirmation from the Attorney General of what I think he said before that you wouldn't ask the oil industry to face the time running until they know the initial regulations and they know the initial rates of tax. You said, as I understand it, that you are not going to — it's so eminently reasonable but only because I'm getting used to dealing with you guys I want to confirm what you said — you said and it is eminently reasonable that you would do it, you are not going to proclaim the Act until you have the initial regulations and you have the tax rates. Correct?

**Mr. Romanow:** — I said that would be the general intention. I indicated in answer to the member for Regina South that we have made no government policy decision on that. I said that just a few minutes ago and that's the position. I also said out loud that it would seem to me that that is the logical way to go and that's the answer I give you.

**Mr. Merchant:** — Well, Mr. Chairman, as I understood it, it was as my colleague says, the considered view. That was the impression that I got and now he says it is the logical thing to do. All right it's the logical thing to do and that would be the government policy you expect. Well I take it, if that is the case, then the government will have no trouble supporting the two amendments that we proposed, which say that on proclamation the initial regulations and the initial rates of tax have to be disclosed. That's all we ask. It is bad enough that you take from this legislature the power to tax, the power that legislators and the representatives of the people have had for 900 years — 800 or so — bad enough that you do that, but surely if you are going to bring the legislation into effect you wouldn't mind our little request for a guarantee on behalf of the taxpayers, that you won't start the time to run and you won't have an Act without setting the tax rates in advance. Now if it is the logical thing to do, I take it you will have no trouble supporting our logical amendments in that regard.

**Mr. Malone:** — Are you going to answer?

**Mr. Romanow:** — Mr. Chairman, I viewed those remarks in the category of a fond hope and wish and a request. We will see when the amendment comes at the time. I think that the amendment offhand — this is a kind of a preliminary response probably

very much unnecessary in the light of what I have said and, therefore, would only clutter up the situation but nevertheless we will consider it.

**Mr. Malone:** — I would like to, if I can, Mr. Chairman, pursue with the Attorney General this process the government intends to go through with the oil industry. Earlier today it was negotiations and the Attorney General was saying how they were doing exactly what we requested them to do, that is negotiate. A few moments ago it was no longer negotiations, it was something called consultation, not it is a matter of listening to the oil industry and hearing their views. I am not sure which way you are coming down now, Mr. Attorney General, negotiation, consultation or listening. But in any event, no matter which process you go through, I would like to determine from you who you intend to talk to. That is do you intend to speak to IPAC, CPA, representatives of those two associations and is that going to be the extent of your negotiation, consultations, listening to the industry, or do you intend to talk to some of the major producers in the province? Do you intend to negotiate with — sorry not negotiate — negotiate, consult or listen to, each independent operator in the province of Saskatchewan? Could you give us some idea just what you intend to do?

**Mr. Romanow:** — Our preference would be to deal with the organized associations, CPA, IPAC and the Saskatchewan based companies. We have done that already on one occasion when the bill was first tabled in the House. So I think that's the preferred route, it's the easier one because you've got sort of one or two or three voices to deal with as opposed to how many producers there are here — 300 or 400 whatever the figure is — but in any event that's the preference. But nothing is ironclad about that. If somebody wants to come in and make a submission or express a point of view on this, I am sure that we would listen but I think the primary discussions would be with the organized bodies that represent the oil industry.

**Mr. Malone:** — Is the Attorney General not aware that the members of the CPA are certainly not bound by any particular decision that the CPA executive makes? Is he not aware as well that the members of IPAC are in no way bound by any decision that the executive of IPAC makes? Surely this is going to be very, very difficult for you to go through this process with these two organizations who, I think it's fair to say, are really representative of nothing when it comes right down to it. Because any single member of those organizations can go a separate route if he so wishes from what the organization decides to do. So really when you come down to negotiating or talking to, consulting with, receiving representations from the industry, you are really facing the situation of having to deal almost with the entire industry. That is each producer, be it small, middle-sized or large.

My next question then to the Attorney General is: how are these consultations or whatever euphemism you want to describe them as, going to be conducted, or will they be at the ministerial level? Will they be at the departmental level? Will the Premier enter into them? Will you enter into them? Just what process are you going to go through?

**Mr. Romanow:** — Well, Mr. Chairman, there may be problems, there is no doubt about that, but again, nothing that a government should be unable to deal with. We receive representations from SARM, the Saskatchewan Association of Rural Municipalities, SUMA, the Saskatchewan Federation of Labour and the argument you make is equally applicable there. I suppose a trade union could say I don't support the SFL position on legislation or I don't support SUMA's position on revenue sharing. That's an example of a taxation and a revenue sharing aspect. You are seeing some breaks there. Well, a government has to listen to all sides. I know, just as an

example, SUMA has got going one way on some aspects of revenue sharing. The city of Saskatoon seems to be deviating on an example there. What happens? You listen to them. That is the same situation that is going to happen with CPA and IPAC. Now you ask how are the negotiations going to be conducted?

**Mr. Merchant:** — You changed the word.

**Mr. Romanow:** — No, the discussions are to be conducted. The talks, the discussions, call them what you will. They will be taking place, I am quite sure at the senior officials level headed up by the Department of Mineral Resources with perhaps such support staff as is required from Planning and Research or the Department of Finance. I don't anticipate that there will be direct ministerial involvement. From time to time undoubtedly the officials will be reporting to the ministers, namely the Minister of Mineral Resources and perhaps myself in a peripheral way. Presumably we will be making such decisions as are required from time to time.

**Mr. Malone:** — Just one more question on this particular point. Have there been any (I will have to be careful) negotiation, consultation, recommendations or submissions received to date by the government from IPAC, CPA, independent companies as to the rate or rates that should be struck?

**Mr. Romanow:** — No.

**Mr. R.A. Larter (Estevan):** — Mr. Chairman, I would like to ask the Attorney General, on some of these small producing Saskatchewan companies, where we have made an amendment to see if there is any chance in this Bill 47 where the small producing Saskatchewan companies whose only fault really was to put all their eggs in one basket over the past 25 years, and that is Saskatchewan. I would like to know if there is anything that is going to be done to encourage, not only these people who were originally fairly successful producers, generally the small producers, some under 100 barrels a day, are they going to get any type of a break because they are spending all of their money back into producing and back into the hole and drilling? Are they going to get any kind of a break in this Bill 47 at all? And they are very interested in finding this out.

**Mr. Romanow:** — Well, we are meeting with, or have met with the Saskatchewan based producers at the time of the tabling of the bill and gotten their comments with respect to amendments of the bill. Some of the amendments are being incorporated here and the same situation would take place as time goes on.

**Mr. Larter:** — Mr. Chairman, can the Attorney General see any improvement in the Saskatchewan based companies getting better access to the pipelines to the refineries? At the present time it is mostly Alberta oil in the lines and they are being discouraged on drilling even in their own holdings. They are being discouraged in bringing in gas and oil and is there anything being done to encourage these people by putting Saskatchewan oil into the oil line?

**Mr. Romanow:** — Well, Mr. Chairman, I had to take some advice here from the officials. I have not received representations from the small Saskatchewan based companies, so-called. In any event, it does not strike me at first blush what the government can do in this area because it seems to me, again, very quickly reacting to



this that this is a matter of private negotiations or private involvement between the companies and the pipeliners. I suppose we could perhaps facilitate something in that regard, but I am not quite sure exactly how the relevance is to Bill 47.

**Mr. Larter:** — Mr. Chairman, we know that Saskatchewan based companies are sitting, at the present time the government is forcing them, to sit on enough natural gas to supply the homes of Saskatchewan and they will not let them bring it into production. They will pay something like \$1.85 for Alberta gas and the most that the Saskatchewan producers can get is about 30 cents and they are not letting them bring it in even at that price.

**Mr. Romanow:** — Well, Mr. Chairman, my only suggestion to the hon. member is that when we come up with the Department of Mineral Resources' estimates, I think it would be a good idea to put the question to him and see how he can solve the problem. But in this area I do not know the answer.

**Mr. Cameron:** — Mr. Chairman, it is an interesting process indeed to sit back and observe the habits of the Attorney General. Whenever the questioning becomes rather close and is leading to obvious logical conclusions the Attorney General then lapses into his political flimflam and draws out all his old slogans. He can see that we are on to that game when we are not falling rapidly for those kinds of political red herrings that he keeps drawing in front of us.

Now it is an interesting situation that has developed here.

We have said to you that we want to see the specific rates of tax under the bill. That's a fundamental principal of Parliament. You don't ask us to pass a piece of legislation that has the heart of it missing. You have indicated in response to that that you are not prepared to delay the passage of the bill until you have the rates ready. You want the bill in place.

Secondly, as the premier has said consistently that the delay of the bill is causing a loss of revenue in the province. But you don't have the intention of proclaiming the bill until you have the rates ready and you don't yet have the rates ready and you won't have the rates ready for some time, therefore, you won't be proclaiming for some time. Therefore, you on your own motion, won't have the bill in place for some time. And if in fact there is a loss of revenue accruing or some loss of opportunity, the fault certainly isn't here, it is with you for not having those rates ready. Now you had drafted the legislation some lengthy time ago in anticipation, I am told, and I think the Premier one day confirmed it, before the decision came down. Now surely to goodness you gave attention at that stage to the particular rates that should be charged.

Now you are indicating tonight that you don't intend to negotiate with the companies. The government will fix the rates and give the companies the rates. Now you will consult with the industry but not negotiate. I don't know but I want to refer the Attorney General to what the Premier had to say on that. The date is December 6, 1977. I asked the Premier a question in question period about the specific rates. He said, and I quote Mr. Blakeney:

Mr. Speaker, I think that it may be a bit premature to indicate what the rates are pursuant to regulations under the bill which has not yet received second reading. Certainly tardiness cannot be charged against a government which does not produce regulations in respect of a bill which has just been

introduced on Friday last.

I wonder (and he said, 'I wonder if the hon. member for Wascana has finished his little speech in respect of an interjection.' (The Premier when on to say this) . . . I answer the member for Regina South by saying that we will be turning our attention to this. I will also point out the fact that we had some discussions with the oil industry. I have no doubt we will have additional discussions with the oil industry and it may well be that the result of those discussions would affect the tax rates. Accordingly we are at this time, if we are to be genuinely in a position to talk with the oil industry, we are accordingly in no position to put the precise rates in the bill or in regulations which we would table before the House. (He said, and I quote again): I have no doubt we will have additional discussions with the oil industry and it may well be that the result of those discussions would affect the tax rate.

Now if that isn't negotiating rates with companies, I wonder how you define 'negotiate'?

But let us suppose that that's not negotiation. That you lay before them rates, that they have something to say in response and you may change the rates depending on what their response is. Maybe that isn't negotiation under your draftsmanship and lots of things that you draft are proven in the end not to be what you thought they were, so maybe that will be the case with these negotiations too. But let's suppose you are only consulting. What you are saying to us is you are not going to proclaim this bill until you have the rates in place, after you have consulted with respect to those rates with the industry. What you are saying is you are not prepared to do for members of the legislature what you are prepared to do for the oil companies. If you are not negotiating with them, but only consulting, I ask you, will you consult with us in the same respect prior to the proclamation of the bill? When you have the rates ready are you prepared to consult with members of the legislature? And are you prepared, depending upon the kinds of consultations you have with members of the legislature, to have the tax rates maybe change over a bit as your Premier indicated you were prepared to do with the oil companies?

**Mr. Romanow:** — Well, Mr. Chairman, I don't know what was to be so devastating by that quotation from the Premier because I can subscribe to everything he says there, and I do. And what he says is exactly the same position we have been saying. It may very well be that after discussions with the oil industry, it may very well be after some discussions and consultations with this legislature and with you people which is going on right now that there will be some factors involved in the rates, the regulations that are set out. All I am saying to you is that those statements which the Premier has made are totally consistent with the position that I have been taking all day today. You say, when do we consult, we're here, we're consulting. Give us your views on what you think the rates of taxation should be and what kinds of deductions and other aspects of the matter should be. Tell us.

**Mr. Bailey:** — I want to come back to a point raised by my colleague from Estevan because I think it's extremely important. I want to emphasize how important we feel that it is. The people perhaps hardest hit in the province when Bill 42 came out were Saskatchewan based companies working solely in Saskatchewan for the benefit of Saskatchewan workers and the Saskatchewan communities in which they live. Earlier this evening when I was discussing with the Attorney General he mentioned a point that the ability under this bill and the privilege you might say that the government has in establishing the various exemptions, not the rate, the exemptions, is within the power

of this bill. I think it is incumbent upon the Attorney General tonight to give a stronger indication than he did in reply to the member for Estevan that these Saskatchewan based companies, solely Saskatchewan based companies, be given consideration. Certainly this bill gives the power, not only to encourage them in the production of oil but to render assistance to them in getting the oil into the pipelines. I'm not talking about grants but I'm talking about exemptions because of their particular positions within this province. I think that's extremely important. I think it goes without saying that the government opposite has to realize the importance of the Saskatchewan based companies.

I just have another point I was thinking about. You know, Mr. Attorney General, you mentioned earlier that this bill would be basically under the Minister of Mineral Resources. I'm wondering, due to the practice of the government here with the three legislative secretaries, with the responsibility of this bill going to the Minister of Mineral Resources, it won't be necessary to appoint one to him as well, because this is going to be quite an extensive bill.

**Mr. Romanow:** — Whom do you recommend?

**Mr. Bailey:** — Oh, there are a couple of fellow back there that would be pretty good. You know, so far you've had that opportunity. I want the Attorney general to give some assurance now and I think that's possible for him to do so, that they will in their discussions — I don't want to use the word negotiations, use whatever you like, with Saskatchewan based companies that you will, in fact, give serious consideration to helping them develop here within the province.

**Mr. Romanow:** — Well, Mr. Chairman, I can sympathize with the sentiments that are contained in the words of the hon. member. We certainly want to listen to Saskatchewan based companies and listen to their point of view. As I have said already, we are making some changes in the legislation as a result of that consultation. I just repeat that position with respect to the question and the comments you raise.

**Mr. MacDonald:** — Mr. Chairman, I just have a couple more questions to ask, but once again this Hansard is a great, great instrument. The Attorney General has repeatedly said that there has been no discussion about the specific rates of taxation with the oil industry. One of the things that we have found out ever since the 1st of December when we entered in this House, that the Premier says one thing as the Leader of the government and the Attorney General says another. I want to quote from Mr. Blakeney on January 4, 1978, yesterday on page 1291 of Hansard:

Mr. Speaker, the facts are that the — both the form of the regulations and the rates which they will contain are the subject of discussions between the industry and the Department of Mineral Resources, and I do not know whether those rates will be available to be disclosed during the committee consideration of the bill.

Now I don't know if that is consistent with what the Attorney General says because nobody else will agree with it that's for sure. However, rather than pursue that point once more, I want to do one other thing. I'm sure that the Attorney General will not have it but I'm going to ask before we get to the specific clauses in Bill 47 which deal with the rates and the power of the minister to negotiate the rates. I would like to note two or three things.

January 5, 1978

As of December 31st, I would like to know: the average price of a barrel of oil in the year 1977 of light, medium and heavy; on that particular barrel of oil I would like to know what dollar value is paid in the federal export tax; the amount that becomes taxation to the government of Saskatchewan and the amount that is paid to the oil industry. So at least we will have some opportunity to make an analysis or a comparison when the new schedule comes out. I know that in all probability the minister doesn't have that information with him but I would hope that by tomorrow morning his officials shouldn't have that much difficulty.

**Mr. Romanow:** — I'll undertake to provide that.

**Mr. Merchant:** — Mr. Chairman, am I correct in saying that I heard the hon. Attorney General say that there would be a graduated tax? The Attorney General would agree with me that moving to a graduated tax is a very dramatic change from the previous tax regime under Bill 42, where you face the same tax throughout. You would agree that's a very dramatic change?

**Mr. Romanow:** — I don't want to agree to the adjective 'dramatic' change, it's different than in Bill 42.

**Mr. Merchant:** — If you don't have a graduated tax how are you going to face this problem that your new tax under Bill 47 is a punishment to the small companies, because the big companies have a far higher level of profitability. The tax under Bill 42 dealt with units of production and the means of doing well under those years was to function as efficiently as possible. When you now move to an income tax you no longer encourage efficiency in Saskatchewan operations (or at least you don't have a tax which encourages efficiency) so you are rewarding the inefficient and secondly, you are punishing the small companies because the small companies tend to have more trouble effecting the efficiencies. The result will be that if you have a uniform tax in a field and a uniform set of deductions in a field and that's what you told us earlier, that's what you told me an hour ago you were going to do, if you impose those kinds of taxes, then what you will have is a higher tax rate all the way down the piece for the small companies because the small companies are less efficient and they don't have as high a rate of profitability on the production. The result will be that the small companies are probably the companies that are going to face the additional tax dollars that we talked about and the large companies will probably have tax dollars coming back to them. The large companies if you raise the same kind of dollar volume that you had under Bill 42 during those same years, the large companies will have money coming back and the small companies will be picking up the difference — the small companies that are basically Saskatchewan companies. You will have accomplished what you have always wanted to do, you will be well on your way to becoming the friends of the multinationals.

**Mr. Romanow:** — I was listening to the argument — now we're the friends of the multinationals. Well, I don't know I think it's going to be a tough one to sell, I say to the member for Wascana.

**Mr. Merchant:** — They won't take you, they won't have anything to do with you.

**Mr. Romanow:** — I suspect you're probably right. I am tempted to make a comment or two but I won't in the interests of moving the bill along. I just say you are making some assumptions that I don't buy, the assumptions that the smaller companies are less efficient. I don't believe that. I don't think that's a necessarily correct assumption. If you don't accept that assumption, much of what you say as a natural consequence does not follow also.

**Mr. Merchant:** — These are the kinds of numbers that I understand we are dealing with. If you have a uniform tax rate without overcoming the problem of between the fields, if you have a uniform tax rate and it tries to draw the same dollars approximately as Bill 42 and you have told us that that is your aim, a company like Shell expects to owe in the neighbourhood of an additional \$40 million. A company like Husky would be looking for a refund of anywhere from \$50 to \$100 million or at least they would have that much less tax owing. Do you intend to repay money to companies that have money coming back or do you intend to say to them, well if you paid us under Bill 42, you will

have to sue us to get the money back?

**Mr. Romanow:** — You know, Mr. Chairman, I . . . these are very difficult questions to answer, this series of questions because the member says that Shell will pay \$40 million more and Husky will get a refund of, whatever the figure was, some astronomical figure. How do you base . . . where do you get your information to get that kind of a dollar figure? I mean there are no deductions yet, nothing has transpired. This is what the whole argument is; you boys have said that we should be doing it and all of a sudden you are telling me it is coming about. How does it come about? Unless I understand that how do I go on to answer the balance of the question. Perhaps the member could elaborate because I don't understand.

**Mr. Merchant:** — All I'm saying, Mr. Chairman, is that if you have the same tax rate, if you have the same tax volume generated so you have a tax rate that will result in the same dollars as Bill 42, then there will be those kinds of dramatic switches between the fields. Now you have told me earlier that you are going to fiddle around with the deductions between the fields. Maybe you can solve that problem, but I am trying to put for you in dollar terms the complexity of the problem, the volume of the problem that in dollar terms you are looking at very large amounts of money, so fiddling around with the deductions isn't a little item. You described it earlier as a little item. Now I suppose you are saying, I can't answer that because if I answered that I would have to tell you how we are going to fiddle with the deductions, and you have told me earlier that you won't do that. Will you tell me then whether companies that have money coming back will get that money back or whether they will be faced with suing to get the money back?

**Mr. Romanow:** — Mr. Chairman, we will have to see how it breaks. We will have to see how the incidence of the tax actually applies on the companies and to deal with the problem as it arises. I can't answer a question on what is an obvious set of hypothetical facts or assumptions that the member raises. He says that if we have a uniform rate that there are going to be large variations from one and the other. I don't know that to be true. That may be a problem. If the hon. member would like to show me or lead me through how this is so, then perhaps I can proceed to the next question. All I'm saying is that that particular problem if it arises will be met at the time.

**Mr. Merchant:** — It's not if it arises. You have told us you know it will arise. Are you saying that you believe that you are going to have a law that is so close to the Bill 42 taxation that none of the companies are going to owe more money, none of the companies are going to have money coming back?

**Mr. Romanow:** — I have said to the member, I don't know what the incidence of tax will do. I said either to him or to somebody over there when he was out that there may be variations. There may be some paying more and there may be some paying less under Bill 47. I think it as the member for Regina South. I acknowledge that. I've said that, I don't know the incidence of the thing because we haven't determined the deductions; we haven't determined the rate. That is all I'm saying.

**Mr. Merchant:** — But surely all you have to do is swing your chair around and say to Mr. Meldrum, what will the effect be if some companies don't have money coming back and some don't have to pay additional money — what will the effect be if we so closely track, if we manoeuvre so that every company and every field pays just about the same tax or within a percent of the same tax over four years, what will the effect be if we so closely track the dollars? Well the effect will be that the legislation would be so patently tolerable that my colleague, the hog farmer could probably win the law suit, at least

against the guys you intend to be fielding in the last batch. Now, I think he could learn as much as your high priced counsel.

It's obvious, I say to the Attorney General that you are not going to be tracking that closely, and anyone can see that you are in one problem or another. If you track to the nickel you have blown the legislation. If you don't track to the nickel, then somebody has to pay more and somebody has money coming back. Now are you going to ask every company to sue to get the money back or are you going to have the rate in such a way that some get it back but nobody pays more. You know, any way you cut it you've got a dilemma that you have to have seen and that you must have an answer about.

**Mr. Romanow:** — Mr. Chairman, I don't know what the question is and I don't think that the questioner knows what the question is. That makes it very, very difficult. I don't know whether I can answer the hon. member. I am saying, I don't know what the incidence of the tax would be. I think that there will be, there may be these kinds of variations. You ask me what are we going to do if there is no variation. I say we will deal with the problem when it comes up.

**Mr. MacDonald:** — Mr. Chairman, we have been debating all evening here this evening about whether or not the government would put on the table the rates of taxation. We even had a standing vote and I wondered where the Premier was because I know that the Premier supports the Liberal opposition in this. I would like to quote again from Hansard. On December 5, 1977 and I would like to quote again what the Premier had to say. He said, Mr. Speaker, and this will be repeated in Hansard again I hope. He said that first of all with respect to the Alberta calculations he would certainly attempt to have them here. Number two, with respect to deals he would do a little slam at the bypass or whatever the implication. The he said, three: "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."

I am sure it will arise in committee. Now, Mr. Speaker, all we are doing in the opposition is doing exactly what the leader of the government of the province of Saskatchewan has indicated. A whole month you have had. Again he said, you know we are not inconsistent or the Attorney General said, we are inconsistent and he say, oh, my goodness he said the discussions were not really negotiations. I would like to quote again what the Premier said on December 8th and this is in relation to negotiations. He said:

I think I have to answer no, to each question. Firstly, I think it's important that the government of Saskatchewan not be dependent for its tax revenues on any administrative arrangement but rather on a firm legal foundation. We believe that Bill 47 is that legal foundation . . .

I would like to so it's not out of context. I want to give it all.

. . . and does not in any way remove the possibility of arrangements, agreements or negotiations that we will seek to lay the firm legal foundations. Secondly, we would think that if there are to be negotiations with the industry and, in effect, there are discussions now, and these must proceed from the point that we are at and we cannot leave them or set them aside while we have discussions with the federal government.

Now all I am saying to the Attorney General, we are not doing anything more than

requesting a view as the minister presenting this bill, to do exactly what the leader of the government of Saskatchewan has indicated that he would do in third reading and what he has done in the past in negotiating with the oil industry. On the Premier's assurance and I don't think that's out of line, he told us that we were going to have the tax rate before the third reading of this bill so I am going to move an amendment I warn the minister in the third reading that we not pass third reading until such time, as the Premier has indicated, those rates are presented to us. I don't think as the minister stands up and says we are so foolish, we are so ridiculous, we are so inconsistent, we are so inaccurate in suggesting that these rates be presented, when all we are doing is following the advice and the statement that the leader of the government said.

**Mr. Romanow:** — Mr. Chairman, again, I can say that on December 5th I would have said those words in all likelihood as well. Yes, I would! Oh, yes, the boys are laughing but what is being said here?

**An Hon. Member:** — On January 5th?

**Mr. Romanow:** — Yes, sure, on January 5th. The fact of the matter is that an attempt to get the rates is what the Premier indicated. That is my interpretation of the words. He is here in the House if he wants to make his comments. Obviously he will. We don't have them so what is the big deal? Yes, what is the big deal? The opposition take these quotes and they say on December 5th the Premier says, we would hope to have the regulations ready. Aha, that proves that you are going to have the regulations ready. What does it prove? On December 5th I probably told them, I think we will have the regulations for you. We might have, if we are lucky. I am telling you now, on January 5th, I don't have for all the reasons I have said. What is wrong with that? I can't see anything wrong with it. I just don't know where the debating point is there.

**Mr. Cameron:** — Let me ask you a question if I may, Mr. Chairman, in broader terms with respect to the levels of tax and the sort of broad policy that you are going to apply to determine the levels of tax.

As you know, subsequent to the passage of Bill 42, production of oil in the province declined each year subsequent to the passage of Bill 42. Now that may be attributable to a variety of circumstances including, I believe, Bill 42 is one of them. I believe it served as a depressant to production in the province. The question, in broad terms is, what tax rates do you propose to establish insofar as increases or decreases or holding the line in production in the province are concerned, for let's say five, six or seven years?

**Mr. Romanow:** — Mr. Chairman, again, I repeat my standard answer, that I think will unfold in due course after the appropriate consultations and the appropriate consideration of these factors are made.

We hear what the opposition says, namely, make sure that the taxation rates are such that exploration and production is maintained at a certain level. I do want to say this to the member for Regina South (Mr. Cameron). It is alleged that under Bill 42 the rates of taxation were so high that we drove out the oil industry and the production plummeted as a consequence thereof. I remember the eloquent words of the member for Estevan, who in second reading tried to make that point. Now, if this is the case, how do the members explain the fact that in Alberta, in 1973 to 1976 or 1977, there was an almost correspondingly similar drop in production. Yes, it is true. Alberta 1973, 522.2 million barrels; in 1976, 383 million barrels and was going down steadily every year. The



member for Estevan gets up and says if you follow the Alberta taxation scheme — that everything is correspondingly down. I am saying to you people that if you are saying to us that production, that oil activity in Saskatchewan dropped because of Bill 42's taxation rates, that you have a job to explain why it is in Alberta, which by comparison, you compare favourably.

So the point is that no matter what the — not no matter, that is an overstatement — but it could be argued that regardless of the taxation rate (not totally regardless) but regardless of the taxation rate, levels of activity cannot be influenced, because if you argue that in Alberta it was a favourable level of taxation, you still can't explain why the production dropped so dramatically.

So to answer your question, to set the rate only for exploration and for doing it for production, may not be the answer because clearly, in Alberta, it appears not to have been the answer if the logical argument is that in Alberta the rates are the kind of rates we should be having in Saskatchewan in order to maintain production.

**Mr. Cameron:** — Mr. Chairman, may I ask and I put this to you: — you set the level of taxation under Bill 42 and certainly the appearance is this, the history is this, in fact deliberately to depress production of Saskatchewan oil and it had that effect.

**Mr. Romanow:** — I am sorry, you say that Bill 42 had the effect of depressing production. Is that correct? No, I am saying that Bill 42 was not because of the reduction in production. I argue that by saying, how else do you explain Alberta's reduction in production, which presumably didn't have a Bill 42? I presume they had a reasonable rate of taxation. There were other factors for the reduction in the production, the oil production. That is all I am saying. Other factors are related to Bill 42.

**Mr. Cameron:** — All right, I agree that there were some other factors, but let's hone in on the Bill 42 factors. The level of taxation established by Bill 42 resulted, in part, in a reduction in production. It did. I put that you to as a proposition. I say to you that you did that, in part, deliberately to reduce the production in the province. Now I am asking you if you are going to carry forward the same policy with your levels of taxation under Bill 47?

**Mr. Romanow:** — Well, I don't accept the member's assumption that we used Bill 42 deliberately to reduce the level of oil activity, the level of production. To the contrary, the stated policy of Bill 42 was to capture what we have categorized or described, characterized, to capture the windfall profits which were coming into play at that stage of the game to those who own the resource, the people of the province of Saskatchewan. That is what Bill 42 did. That was the purpose of Bill 42. It was not to depress production. I might, on a personal level, concede that there was some small impact with respect to Bill 42, but even that I objectively can't concede when I compare it to the Alberta situation. It is hard for me to come around to that point of view.

I think that one of the biggest depressing factors with respect to production, to be very frank with you, is that the declining production was for one purpose and that is to provide a greater security of supply for Canadians in the future. I think that it was federal government policy. If you couldn't sell it for export, the production fell off and that was probably the biggest factor, both for Saskatchewan and Alberta than any Bill 42 or any Alberta petroleum marketing legislation. I am not saying that that is necessarily a bad social or economic policy objective, but I can't accept that Bill 42 was

put in there to reduce the production in the operation.

This is where I think my friend from Estevan so unfairly fought the campaign in 1975 and still unfairly proceeds to characterize Bill 42 in these terms. I really think that he should display a little more balance in the arguments that are represented here. In Bill 42 he attributes in place everything that falls in this, to the defeat of Bill 42, when in reality Alberta's production was down. You can tell the people of Estevan that when the production was down and there were other reasons for that production being down.

I would ask the member for Kindersley, as well, to bring in that kind of balance and argument and make sure that the fairness of the points of view are set out. I would plead the same thing of the member for Swift Current (Mr. Ham) and I think I will whenever he comes to the legislature, that he do the same kind of fairness in the arguments. That is my point.

**Mr. Cameron:** — I say, Mr. Chairman, to you that what you have just said in that response and the previous response is dead wrong, dead wrong. You intended — first of all you knew that Bill 42 was going to result in a drop in production in the province. You know that when you established that level of tax. It is a consequence that you sought at that time and no amount of rhetoric from you is going to change that fact. I say you are dead wrong when you deny it. Let me quote you what your Premier had to say from the March 13th, 1974 edition of the Saskatoon Star-Phoenix. Here is the headline, "Production of Oil in Saskatchewan to drop — Premier."

Provincial government policies will no doubt result in a slow down of oil production in Saskatchewan but that is a positive move, Premier Allan Blakeney said Tuesday night. In a speech to the annual convention of the Saskatchewan Association of Rural Municipalities the Premier said the province will have to take action on its own to conserve oil until a national policy is formulated.

Quote, quote, here is what he said, the Premier:

This is going to have some results which may at first hearing sound bad, he said. Oil production in Saskatchewan will decline but remember that is good. That means more of our oil is being saved for Saskatchewan farmers in the 1980s and the 1990s.

I see the Premier shaking his head in agreement. That's what he said and that's what he meant. That's why I asked your Attorney General if it is still your intention in establishing your levels of taxation under Bill 47 to continue that policy of keeping production in check. But he denied the premise of my question, saying you never had any intention to either hold production in decline or hold it in check with Bill 42. I said he was quite wrong in saying what he said to me in response because that's what you said in March of 1974.

Now the section question I put to you, the second proposition I put to you was that your Bill 42 did in fact result in a decline of production. You stated all over saying that wasn't so. I said it was so, I said it was the result that you wanted and I have now proven, despite what you said, that it is the result that you sought . . . (interjection) . . . Well let me quote again open, open, listen, listen — I wanted to lay the base with you for some very legitimate questions about broad policy in how you are going to determine these rates. All right, maybe I was going to say, you know this obviously, surely you do. The level of

tax that you strike, the power you have under Bill 47, is going to affect directly the amount of production of oil in Saskatchewan. Higher rates of tax will tend to decrease the rate of production, lower rates of tax intend to increase the rate of production. That's a truism. You knew that when you passed Bill 42 and that was what your Premier had to say when he said it was going to have some results which may appear bad. "Oil production is going to decline but remember that is good." That's a good result of Bill 42 he said. "It means more oil is being saved for Saskatchewan farmers in the 1980s and the 1990s."

Now let me get back to the point I was making with you — we want to ask some questions since you won't give us the specific rates of tax, some questions about the broad policy base upon which you are going to determine the rates. In other words, what effect do you want to have on production and exploration? What portion do you think you are going to leave with the industry? What portion do you hope to get for the government? What portion are you prepared to leave for the federal government to avoid confrontation there? So that first area, first area, what consequence do you propose your tax levels under Bill 47 will have in respect to production? Further decline, hold it in check or increase it?

**Mr. Romanow:** — Mr. Chairman, I must say with all due respect to the member for Regina South, I think he makes out a good legal and political case very frequently for the members of the Liberal Party but he does not on this case. He does not in this case. The question is whether or not Bill 42 was intended to retard production. That's the question. Another question is, whether or not it is true that Saskatchewan production of crude oil declined between the period of 1973 and 1977. Now I say to this House that it is true that Saskatchewan production of crude oil did decline between 1973 and 1977. I have already said that that same decline took place in Alberta. I will give you the figures if you want, on a year-by-year basis. I say to the member for Regina South that this decline has nothing to do with provincial tax policy, but rather was a direct result of the phasing out of the exports of crude oil to the United States, a federal government action. I know the comparison, the figures, again between Alberta and Saskatchewan. I think you should be interested in one percentage figure, member for Estevan. I know you will be interested in this, take it down . . . 25 million barrels production decline in Saskatchewan; in Alberta 137 billion barrels decline in that period of 1973-74 . . . percentage-wise Saskatchewan's production 30 per cent and Alberta's 35 per cent. If you apply the logic, to the member for Regina South, one could say that the Alberta legislation was designed to cut off production. The simple fact is that the markets were closed and were being dried up. The result was that production went down.

Now, the member for Regina South says, how do you account for the Premier's remarks? Well that's very simple. The fact of the matter is, that as a consequence of the series of actions, the closing of the export markets, that in fact that was a very wise and in a sense beneficial movement. The member is shaking his head and I tell you why it was.

Mr. Chairman, I know that the Liberals opposite would not agree with that because the Liberals and the Conservatives, their approach would be to pump Saskatchewan oil out of the ground as fast as you can get it and ship it to the United States as fast as you can get it. That's exactly it. You are criticizing us because of the decline in production. I am saying the decline in production is because the markets are closed off. I am saying it is worth something to the farmers and the people of Saskatchewan to have reserves, to have reserves of oil that is continually going up in value and to have reserves of a fast-

depleting, non-renewable resource. But you people, you people say you should be exporting to the United States.

**Mr. Merchant:** — It is a bad day for you Roy.

**Mr. Romanow:** — No, not a bad day, it's a very good day for me. A very good day for me because I don't think I have heard such specious arguments in a long time. The member picks up a comment and he says somehow . . . well all right, you say then the production should not be declining, that's your argument, right?

**An Hon. Member:** — Right.

**Mr. Romanow:** — But that's your argument. Your argument is that production should not be declining and that the Premier's comment, that as a consequence of declining production that was good for Saskatchewan, was bad. That's your argument. And I am saying that argument is tantamount to saying that Saskatchewan farmers and the Saskatchewan people pump out our oil and pump it to the United States as fast as we can and to give it at the cheapest price that we can. That's the simple fact of the matter.

I say, Mr. Chairman, that's consistent with the Liberal policy and the Conservative policy on oil in the province of Saskatchewan. Their policy on oil in Saskatchewan is, namely, pump it out as fast as it can go; secondly, don't charge the oil companies the full going tariff for it, none whatsoever. Don't charge them because you are going to be retarding production somehow and that's bad. The oil companies won't like it and that's the basic policy that's involved. I am saying to the Liberals and the members of this House, Mr. Chairman, that this indeed is the substance of the Liberal and Conservative argument. I am saying that when someone says that the intention of Bill 42 was to retard, that's wrong. If the consequence is an increase in reserves, which that is a consequence, an increase in reserves of a valuable product, that is a good thing. I say that's one thing that I do not agree with the Liberal Party or the Conservative Party in the province of Saskatchewan, not one bit and nor do I agree with their position of opposing Bill 47 because that's the only consistent thing. They have opposed this and opposed the policy in order to help their oil company friends. That's the bottom line of that story.

**Mr. Bailey:** — I have a question of the Attorney General using his own logic saying that Bill 42, of course, wasn't designed to decrease oil production in Saskatchewan. The question is very simple. Mr. Attorney General, the amendments which your government brought to Bill 42, was it not true that it was designed to increase oil production which, in fact, they did. Now, you can't have it both ways, Mr. Attorney General. You brought amendments to Bill 42 and as you claim they were necessary to increase oil production. I would like to hear the Attorney General answer that question.

**Mr. Romanow:** — Well, I think, Mr. Chairman, the simple situation is that one of the tests you have to look at, of course, are reserves, the reserves that are left behind. I think that is one of the important tests of the policy and in 1971 Saskatchewan's estimated proven reserves of oil in barrels, 630 million; in 1976, 645 million barrels. In Alberta it was 7,350 million down to 5,391 million. I am saying that what we did with respect to amendments and changes were designed to find more reserves, to make more of the valuable resource available and future supply secure for the province of Saskatchewan. That's what I am saying is the test. You are saying, somehow, that it isn't and those are the figures. That's exactly the point that I am saying to member for Regina

South.

**Mr. Bailey:** — A question to the Attorney General. Did the amendments to Bill 42 not increase oil production in the province of Saskatchewan? Did not the amendments to Bill 42 increase oil production in the province?

**Mr. Romanow:** — No, they increased the activity.

**Mr. Larter:** — Mr. Chairman, I would like to ask the Attorney General, do you feel that the oil companies took too much money out of Saskatchewan on oil production over the past 20 years?

**Mr. Romanow:** — In my view over the period from 1944 to whatever the figure, I have looked at 1971, the amounts of money that were pumped into Saskatchewan by the oil companies as contrasted by the amounts of money taken out of Saskatchewan by the oil companies show and clearly show the oil companies of this province have been more than adequately rewarded from Saskatchewan oil. If you want, after we get through Vote 1 tonight and I assume everybody would agree to stop the clock.

**Mr. Larter:** — Call it 10:00 o'clock.

**Mr. Romanow:** — After we get through Vote 1 tomorrow I will undertake to provide some figures to show you that.

**Mr. Chairman:** — If I might just interject as chairman. I haven't got the authority to call it 10:00 o'clock. The only this is a motion to rise and report progress.

**Mr. Larter:** — I move we rise and report progress, Mr. Chairman.

**Mr. Chairman:** — No, this has to come from the . . .

**Mr. Romanow:** — Well, Mr. Chairman, it's clear that the Conservatives don't want to let this bill go through so I think that I will move that we report progress on Bill 47. Sorry, I move that we rise, report progress and ask leave to sit again.

The committee reported progress.

The Assembly adjourned at 10:05 o'clock p.m.