

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Eighteenth Legislature

May 8, 1978

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

INTRODUCTION OF GUEST

MR. DEPUTY SPEAKER: — Members of the Assembly, I would like to introduce to the Assembly today a special guest at the table, Mr. J.C. Bartlett of Australia, and his wife Mrs. Bartlett who is seated in the Speaker's Gallery. Mr. Bartlett recently retired as Clerk of the Legislative Assembly of Western Australia after more than 44 years of service to the House. Mr. and Mrs. Bartlett are presently touring across Canada. I might mention that Mr. Bartlett has a special tie to this province as he was born in the Kelvington area and later moved to Australia with his parents. I know that I am expressing the wish of all of you, when I say we welcome Mr. and Mrs. Bartlett on their return here to Saskatchewan and will join with me in wishing them a very pleasant staywhile they are here.

HON. MEMBERS:— Hear, hear!

WELCOME TO STUDENTS

HON. H.H. ROLFES (Saskatoon Buena Vista): — Mr. Deputy Speaker, I would like to introduce to the House today a group of 50 Grade Seven students from John Lake School; they are seated in Speaker's Gallery. The students are accompanied by their teachers Mr. Broughton and Miss Schultz. I will be meeting with the students a little later, have our pictures taken and refreshments. I hope everybody will join with me to welcome them here and hope that they have an interesting and pleasant stay in the city of Regina.

HON. MEMBERS:— Hear, hear!

QUESTIONS

SGIO Claim — Buildall Construction

MR. E.F.A. MERCHANT (Regina Wascana): — Mr. Deputy Speaker, a question to the hon. Attorney General as the chief law enforcement officer. I ask the hon. Attorney General whether in the SGIO action against Buildall et al., any financial checks have been done of Buildall? I ask the hon. Attorney General whether it is not in fact true that Buildall is virtually bankrupt? I ask also whether Management Associates is close to bankruptcy or not and whether it is true that SGIO's claim will very likely fall upon the guarantors and not on the principal companies, Buildall and Management Associates?

HON. R.J. ROMANOW (Attorney General): — Mr. Speaker, the answer that I give the hon. member is much the same answer that I gave the House on Friday with respect to this whole matter and that is, that we have here engaged outside counsel for a number of reasons, and we are acting on the advice of outside counsel as to the parties which are named as the defendants and as to the course of legal action which should or should not be taken by SGIO in this particular case.

Accordingly, I don't want to make any further observations or comments with respect to the financial capacity or incapacity as the case may be, of any of the participants in this matter other than to leave it on the basis that SGIO will act as the counsel advising, the independent counsel advising SGIO, and should instruct it to act with respect to the main motion and with respect to the individual or any of the parties involved.

MR. MERCHANT: — Mr. Speaker, I ask the Attorney General, in a situation where the province is into the glue for \$1.2 million whether you don't believe that it would be appropriate to advise the people of the province what the situation is, and I ask the Attorney General if he will not reconsider his refusal to give information about the likely financial standing of the defendants and ask secondly, whether there have been any offers of settlement and whether any offers of settlement have been forthcoming from any of the defendants in the action?

MR. ROMANOW: — Mr. Speaker, it is true that SGIO is a public Crown corporation and as such, the business of SGIO is public business or the people's business. I think that is the proposition that we cannot escape. At the same time, the hon. member will know that SGIO deals in the financial world and in the business world as in this particular case, other bonding companies do. In that context certain practices and procedures must be honored by SGIO, notwithstanding what may be the high profile name of one of the persons involved in this particular matter.

It is the latter point which SGIO believes is at this time the important point, namely, that we have to see this matter run its normal course with respect to the action.

As to the matter of whether or not offers of settlement have been made or not, again this is something which I think the court case will — or the subsequent developments will show. I simply point out that if one has looked at the statement of claim which is of course, a public document and by the interest of the members opposite, presumably some will have looked at it, there is pleaded the plea that a claim has been made by SGIO 'and/or refused and/or neglected, by the defendants.' Now that does not speak to the question of settlement or the offers of settlement because I don't want to. I think that is something which should be determined in subsequent developments in the court proceeding, but the claim does indicate that as I have stated.

MR. DEPUTY SPEAKER: — Order, please. I hope that I am interpreting this in the right manner and in the right way — that matters awaiting the adjudication of a court of law should I think, not be brought forward . . . (Inaudible interjection) Order, please. And I do not think that questions, because this pertains to questions as well and I will read that part, 'questions relating to anything that might swing or sway the decision of any judges are out of order in this case' and I ask members to adhere to the regulations because I feel it is for the protection of all of you; it is for the protection of the legislative body here and I would ask for the next question please.

MR. MERCHANT: — Mr. Deputy Speaker, on a point of order, the Erskine May clearly says that questions may be asked before, . . .

MR. DEPUTY SPEAKER: — Points of order are not accepted in the . . .

MR. MERCHANT: — But the Deputy Speaker raised the point of order! Questions may be asked until the notice of trial is served and following my question, there will be other questions in this question period. . .

MR. DEPUTY SPEAKER: — I have made my ruling. I will take a question on another topic.

SEDCO Claim

MR. W.C. THATCHER (Thunder Creek): — Mr. Deputy Speaker, a question to the Minister in Charge of SEDCO. Mr. Minister, both inside this Assembly and in Crown Corporations Committee, you have been asked to make public certain records regarding Golden Acres Motel or Fairview Developments. Both in this Assembly and in the Crown Corporations Committee, the minister is on record very flatly as stating that, before any personal guarantees can be called, the asset must be disposed of first. My question to the minister is, in light of developments last week by another Crown corporation, SGIO, proceeding in a completely opposite fashion, has the minister reconsidered and decided to call the personal guarantees of Fairview Developments or the Golden Acres?

HON. N. VICKAR (Minister of Industry and Commerce): — Mr. Speaker. No, we have not changed our position.

MR. THATCHER: — A supplementary question, Mr. Deputy Speaker. Mr. Minister, in light of the very strong public reaction to this amazing double standard, will the minister tell this Assembly whether or not outside counsel was ever consulted in your decision and if they were, would you tell us who? Also, Mr. Deputy Speaker or Mr. Minister, since the minister in the Crown Corporations Committee confirmed that SEDCO regulations may very well have been breached in this matter, would the minister tell us whether the Attorney General's Department has been consulted in this area and if not, why not?

MR. ROMANOW: — Mr. Deputy Speaker, I would like to answer this on behalf of the government . . . (interjections — inaudible) . . . Mr. Deputy Speaker, I would like to answer this on behalf of the government if the PCs would give me a moment, particularly the suggestion that there has been or is a double standard.

With respect to Golden Acres the situation is that there are some assets which are now in the control of SEDCO. These assets are believed to cover, more than cover, the amount of indebtedness not only of the company but of the personal individuals who may be involved as guarantors or in other capacities with respect to that company. If and when the possibility arises that that said asset cannot be realized in order to get SEDCO's liability covered, SEDCO will then engage outside counsel as they did in SGIO and will take the appropriate legal action if that is recommended by outside counsel, as they did by SGIO, to make sure that SEDCO does not suffer a loss in Golden Acres, as in SGIO.

SOME HON. MEMBERS:— Hear, hear!

MR. THATCHER: — A final supplementary. In light of the action of SGIO last week that I think probably outraged most of the people of Saskatchewan and in light of the minister's answer, I would like to ask that minister why, in the case of Golden Acres, where you are disposing of the asset first and then in this SGIO action, the asset is not being disposed of? If the minister can tell me how that is not a double standard . . . (interjections — inaudible) . . . If that is not a double standard, what is?

MR. ROMANOW: — Well Mr. Speaker, I always hold the view that when you have no argument, you shout. The member for Thunder Creek has no argument. The simple fact

of the matter is that the allegation of the statement of claim that Mr. Deputy Speaker has ruled on this, and I do not want to get into a discussion of it, but the statement of claims speaks for itself. The action which is founded on the SGIO matter, as I understand it reading the statement of claim, is founded both in the capacity of the principal involvement by the company or companies and against the individuals in their capacities as guarantors on a bond. Now what else could SGIO do with a \$1.1 million liability? The members might suggest that SGIO should run the risk of forfeiting over \$1 million. I don't happen to agree with that submission. I say with respect to SEDCO, if and when the guarantors in Golden Acres are called upon to meet their financial obligations, SEDCO had better do, and I tell the House will do, exactly the same thing with respect to SGIO. The law applies to all of us, members inside this House and people outside the House, as the operation is set up. The member who suggests otherwise is wrong.

SGIO Claims

MR. A.N. McMILLAN (Kindersley): — Mr. Deputy Speaker, in directing a question to the Minister responsible for SGIO or the Attorney General, whoever chooses to answer.

I refer you to the Speaker's submission with respect to page 417, which covered in his submission recently, the situation with respect to questions of this nature. I would like to ask either of the ministers if it is an attempt to protect the people of Saskatchewan against the potential \$1.1 million or \$1.2 million loss, if SGIO has taken any steps to ensure that the assets of those guarantors claimed in their writ of submission aren't being bled off either out of the province of Saskatchewan or the country as a whole?

MR. ROMANOW: — Mr. Speaker, again I give the answer there as I have in the subsequent questions. We shall be guided by the advice of counsel as to what is necessary in the best interests of SGIO. And if the advice of counsel on SGIO is to take such action as the hon. member intimates, then presumably SGIO will sell that. At the present time we have not received this kind advice and that is the position of the government, the position of SGIO, I presume in any advent, that once counsel advises as to the position of the corporation it will be bound by that advice. That I think is the sensible and the correct way to proceed in this particular matter.

MR. DEPUTY SPEAKER: — Order, order, please! Now you ask a question which I consider was out of order because of the ruling I made and also the reply which I know the minister gave in reply to it. But I now take a new question on something else.

SGIO Board of Directors

MR. J. G. LANE (Qu'Appelle): — Mr. Speaker, I should like to direct a question to the Minister responsible for the Saskatchewan Government Insurance Office.

The Attorney General, on Friday, gave this Assembly the assurance that the Board of Directors of SGIO was independent and that they supposedly acted independently in this matter. I am sure that the minister is familiar with the individuals on the Board of Directors. Is the minister aware that of the Board of Directors of SGIO, two are Cabinet Ministers: some six have made contributions in either in the commonwealth or federal . . .

MR. DEPUTY SPEAKER: — Order, order! Certainly the hon. member realizes the rules of the House. They realize, I think, the statement I have made . . . Order! I have stated my

case. I have stated my report; I have stated the ruling that I have made and I intend to adhere to that ruling.

SGIO Claim — Buildall Construction

MR. C.P. MacDONALD (Indian Head-Wolseley): — Mr. Deputy Speaker, I would like to direct a question to the Attorney General. On Friday, I read in the newspaper that the defendant, Richard L. Collver, in the case with SGIO, had indicated that he had sold out all his interest with Buildall, lock, stock and barrel, in the fall of 1975. Can the minister then tell why there is an action against the defendant and why, if he sold out lock, stock and barrel, that the SGIO is proceeding in this court case?

MR. ROMANOW: — Again, I submit the answer is in the statement of claim. The statement of claim alleges, — to which there may be a defence, I don't know, we haven't seen that — but the statement of claim alleges that one of the participants in this House entered into a blanket guarantee, a blanket indemnity guarantee, in effect a guarantor, for the actions of Buildall some time in the month of November, 1974. That obligation if it is not contested by a court of law or determined otherwise, is an obligation which SGIO claims, remains with the guarantors, notwithstanding subsequent sales or re-sales of the company. If the guarantor has some private other arrangement with other parties which save him harmless that's his business and good luck to him as far as SGIO is concerned. But that is the basis of the claim which is before the Legislature, so that what took place with respect to the member for Nipawin or his associates is his matter in September, 1975. SGIO is placed in a position where there is over \$1 million owing and they are going against all of those, who they say, at law are potentially liable.

MR. MacDONALD: — Supplementary, Mr. Deputy Speaker. Could I then ask the minister if what he is saying is that the personal guarantee is related to the project in question and has no relationship to the company itself but rather to the project? Is that the correct interpretation?

MR. ROMANOW: — Well, Mr. Deputy Speaker, I don't want to get into this in detail. I believe that this is a matter which will come out, if it goes this far in court. My knowledge is limited but by reading the statement of claim, what the statement of claim indicates is that at least one of the members signed what the words imply, a blanket indemnity guarantee, a blanket one, for the contract projects of Buildall Construction. Which, if Buildall were not able to meet, SGIO would have to step in and meet which apparently is the reason for the \$1.1 million and apparently the reason for the delay, which SGIO now seeks to recover from the company, Buildall, and from the guarantors on the project that SGIO had to step into do the work on. That's the situation which is set out in the statement of claim. I repeat again, there may be defences. I don't know what the argument is or isn't going to be by the defendant. Let a court of law decide that. My point is that the statement of claim indicates that position from a rough reading of the statement of claim. That's the basis upon which the action seems to have been founded.

MR. LANE (Sa-Su): — I would like to ask the Attorney General whether, in his limited knowledge of this matter, it seems to him that all of this just came to him through the issuance of a statement of claim. Do you, in your limited knowledge, have the facts at your disposal whether or not Buildall was ever asked to pay this claim? The principals of Buildall.

MR. ROMANOW: — Mr. Speaker, it is correct I do have limited knowledge and I simply

say that my knowledge basically springs from the statement of claim and paragraph 17 of the statement of claim says: 'The plaintiff states that pursuant to the respective blanket indemnity agreements, entered into by the defendants, Richard L. Collver, Management Associates Ltd., Ronald Kirk Milne, Jim E. Hawthorne, Nels Seleshanko and Cec R. Drager, the plaintiff on or about the third day of January, A.D., 1978, by demand in writing demanded payment for the said loss and expense suffered by the plaintiff but the defendants, Richard L. Collver, Management Associates Ltd., Ronald Kirk Milne, Jim E. Hawthorne, Nels Seleshanko and Cec R. Drager, have refused and/or neglected to pay the said amount of loss and expense and indemnify the plaintiff and still refused and/or neglected to pay the same.' That is to the best of my knowledge.

MR. LANE (Sa-Su): — Supplementary. Before the member for Qu'Appelle was cut off, I think he had established that apart from the two Cabinet Ministers and other card carrying contributors to the . . .

MR. CHAIRMAN: — Order! Order! Next question please.

Payment to Management Associates Western Ltd. By SGIO

MR. S.J. CAMERON (Regina South): — A question of either the Minister in charge of SGIO or the Attorney General. The SGIO action is against, among other people, Management Associates Ltd. Is it a fact that SGIO paid a related company, Management Associates Western Ltd., some \$42,000 in association with the same thing and if so what was that payment all about?

HON. E.C. WHELAN (Consumer Affairs): — I regret very much, Mr. Speaker, to advise the hon. member that this is a matter that is before the court. Any reply that I would give in the estimation and on the advice of counsel would prejudice our opportunities to collect the \$1,100,000 or \$1,200,000, whatever it is and I think we are prejudicing our opportunities. Therefore, I regret to say that I just refuse to answer on the advice of the legal counsel that is handling this.

MR. CAMERON: — Supplementary, I am asking you a separate question. I am saying to you there is a company by the name of Management Associates Western Ltd., which isn't that of Management Associates Ltd. I am asking you if it's a fact that in 1977 SGIO paid that company \$42,000 and if that's a fact, why did it pay that company the money?

MR. WHELAN:— Mr. Speaker, I think that is a matter that will be taken up during the course when it is in the proper quorum before the courts and that is the proper forum.

MR. CHAIRMAN: — Order! Order please. I think we are treading again into area which is and will be before the courts and I think the hon. members realize this. I ask for a new question — the member for Elrose.

Increase in Grain-Handling Charges

MR. R.H. BAILEY (Rosetown-Elrose): — Mr. Deputy Speaker, I would like to direct a question to the Minister of Agriculture. One of the big concerns in Saskatchewan today, as you well know, and has been brought to your attention is the rather sharp increase of some 78 per cent granted to the Board of Grain Commissioners for the handling at the port facilities — 78 per cent. While most farmers look at the immediate cost close to home, this increase of 78 per cent, of course, did not go unnoticed by the

various farm organizations across the province and indeed western Canada. They have made their opposition to this agreement of some 78 per cent. Have you as Minister of Agriculture in the province which produces the most grain and will suffer the most from this 78 per cent, made any petition or made any request to the Grain Commission at all to re-examine their position as to the handling charges?

HON. E. KAEDING (Minister of Agriculture): — Mr. Deputy Speaker, we did send to the Board of Grain Commissioners a letter of concern over the requests that were being made by the elevator companies on grain-handling, and that involved all areas of grain-handling. We made our position known to them and we asked them before any decision was made to examine carefully the validity of some of the claims that were being made. We can only presume that they have taken that action and have made a decision based on all of the information they have before them.

MR. BAILEY: — Supplementary question, Mr. Deputy Speaker. I understand from your answer, Mr. Minister, that you made representation prior to the agreement of 78 percent. Would you not agree, Mr. Minister, that in the reaching of the decision, whatever means they used to reach this 78 per cent, that it would not be advisable at the present time to contact your colleagues in Manitoba and Alberta and to jointly protest this astronomical percentage increase? Reports that I have is that the 78 per cent increase is not going to expediate any movement of grain. It is just a direct cost which is going to be borne by the provinces. Would you tell this House now if you will in fact be in contact with your colleagues in the other two prairie provinces and make a formal protestation to the Board of Grain Commissioners on this increase?

MR. KAEDING: — Mr. Deputy Speaker, we haven't made a decision on that yet. We are waiting to get the total report from the Canada Grains Council on exactly what their divisions are. We have heard reports in the paper. We haven't got the official report on our desk yet. We would like to be able to review the whole matter, then be able to deal with it at that time.

MR. BAILEY: — Final supplementary. Mr. Minister I appreciate your response to that supplementary question. I want to just conclude with this supplementary question. Would the Premier not agree that with the difficulties being faced, particularly at the Port of Vancouver at the present time, with the number of vessels which are in waiting you say, with the demurrage charges being paid, would you not agree that the excessive long waits taking place there together with this 78 per cent increase may in fact, may in fact, ruin any chances of increased farmer income this year, despite the fact that the forecast looks pretty good for the movement of grain.

MR. KAEDING: — Mr. Speaker, I'm not sure what the 78 per cent increase has to do with the lack of grain volume going through the terminal. It appears to me from the information that I have at hand that the basic reason for the lack of grain at the terminal is the fact that there is not enough rolling stock at the present time available to get the grain to the port. I don't know whether 78 per cent increase on the terminal handling charges would have any bearing on that. Certainly, we are concerned about the 78 per cent and we will be looking at it.

ANNOUNCEMENT — New Page named

MR. DEPUTY SPEAKER: — I beg to inform the Assembly that Cathryn Nash will be a page during the remainder of this session.

POINTS OF ORDER ON QUESTION PERIOD

MR. MERCHANT: — Mr. Deputy Speaker, before the orders of the day I wonder if I might raise a point of order with you which I suspect will be read by Mr. Speaker when he returns.

I know Mr. Deputy Speaker was trying to be charitable about it but it would never have crossed my mind that there would come a time when I would be standing and saying that I would prefer to have Mr. Speaker back than Mr. Deputy Speaker.

Mr. Speaker ruled four questions out of order, one by myself, one by the member for Regina South, one by the member for Qu'Appelle and one by the member for Saskatoon, and ruled all of those questions out of order, I gather, because Mr. Deputy Speaker thought that in some way these were matters that were before the court. If Mr. Deputy Speaker looked at page 417 of Erskine May, he would find that it clearly says that:

Matters may not be raised after an action has been set down for trial or otherwise brought before the court, as for example, by notice of motion or an injunction.

This matter has not been set down for trial, only a statement of claim has been issued.

The last matter we were raising, Mr. Speaker, some weeks ago and Mr. Speaker said that we could not ask questions, and I think that he was probably right in that because there was an injunction pending at the same time, that's the CPN Cable Regina matter. In this case there is no injunction pending and until the matter is set down for trial which I suspect may be four or five months before pleadings are closed, Erskine May at least, and I think other authorities would agree, that all manner of questions of the government about the matter are in fact, appropriate and I suggest, Mr. Deputy Speaker, that ruling the questions out of order was in fact, wrong and that they were not out of order.

MR. MacDONALD: — Mr. Deputy Speaker, I want to re-emphasize what my colleague, the member for Wascana said. This is a statement of claim. There is only, and nothing else, nothing more, nothing less. There is nothing set down for trial. There is no motion, no injunction or anything else. This particular document should be available to all members of this Assembly so the general public can ask all the questions available of the minister and to deny that right, Mr. Deputy Speaker, I suggest to you is completely in error and I would recommend that you would read carefully the section that my colleague has indicated.

MR. DEPUTY SPEAKER: — I appreciate the member's points of order and I think this is the democratic right of all members. I do think that quite often it is the manner in which one translates a passage, whether it is from Beauchesne's, May's, or whatever it might be. But I believe that in Erskine May, page 417, it states that the ban applies to matters from the time set down for trial or otherwise brought before the court, 'or otherwise brought before the court'. I rule that this matter has been officially brought before the court by the filing of a claim or the filing of the statement of a claim and questions relating to it. That was my ruling: that is my reason for it and that is why I ruled it out of order.

MR. CAMERON: — On a point of order, I asked a question today that Mr. Deputy

Speaker could not possibly find was before the court. I asked a question whether there was a company by the name of Management Associates Western Limited which was paid some \$42,000 by government insurance. How can Mr. Deputy Speaker suggest to me that that is a matter before the courts? It may be, but how would Mr. Deputy Speaker know that? I asked simply if that amount of money was paid by SGIO.

Then I wanted to ask, Mr. Deputy Speaker, but you would not allow me a supplementary, whether or not the government or any one of its agencies in fact paid over \$100,000 in some income tax liability for some of the parties involved in this action. That is not a matter before the court. I think I ought to be entitled to ask those questions.

MR. DEPUTY SPEAKER: — I made my ruling because I felt that you have been treading on the verge of it. I know what your thinking is and I think you have conducted yourselves in a reasonable manner but I do think you have to realize that the duty of the Speaker and the duty of you, as members, is to co-operate and operate in the House in the manner in which you are supposed to according to our rules and regulations.

MR. MERCHANT: — Mr. Deputy Speaker, might I ask how the question posed by the member for Qu'Appelle, which may have been a tough political question but certainly it was not a question that related to anything before the courts — it was a question about the Board of Directors of SGIO and I am sure that the member for Qu'Appelle appreciates this help that I am able to give him in raising this point of order. It may be that Mr. Deputy Speaker would find that that was not interesting or compelling or urgent but certainly it was not a matter before the courts.

MR. DEPUTY SPEAKER: — I am only going to repeat again the reason for my ruling. You are all aware of it and you can look it up. Erskine May, page 417 states that the ban applies to matters from the time set down for trial or otherwise brought before the court. I rule that this matter — (interjection - inaudible) — order! I rule that this matter has been officially brought before the courts by the filing of a statement of claim. That is the ruling and I am through with it as far as the ruling goes.

MR. MacDONALD: — Mr. Deputy Speaker, may I bring up another point of order? May I make a request of the minister or of the Deputy Speaker that he contact the Attorney General's Department for legal advice as to whether or not a statement of claim is something before the courts?

MOTIONS

Change of Names — Special Committee on Rules and Procedures

MR. ROMANOW: - Mr. Deputy Speaker, I move, seconded by the Minister of Finance, the member for Regina North East (Mr. Smishek), by leave of the Assembly:

That the name of Mr. Allen be substituted for that of Mr. Dyck on the list of members comprising the Special Committee on Rules and Procedures.

Motion agreed to.

HON. R. ROMANOW (Attorney General): — Mr. Speaker, I move, seconded by the Minister of Finance, the member for Regina North East by leave of the Assembly:

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The name of Mr. Koskie be substituted for that of Mr. Banda, on the list of members comprising the Select Standing Committee on Crown corporations.

Motion agreed to.

ADJOURNED DEBATES

Second Readings

The Assembly resumed the adjourned debate on the proposed motion by the hon. Mr. Shillington that Bill No. 61 — **An Act to provide for the Celebration of the Seventy-fifth Anniversary of the Establishment of the province of Saskatchewan** be now read a second time.

Motion agreed to and bill read a second time.

The Assembly resumed the adjourned debate on the proposed motion by the hon. Mr. Smishek that Bill No. 48 — **An Act to amend The Saskatchewan Housing Corporation Act, 1973** be now read a second time.

Motion agreed to and bill read a second time.

The Assembly resumed the adjourned debate on the proposed motion by the hon. Mr. Romanow that Bill No. 65 — **An Act respecting the Establishment of a Provincial Court for Saskatchewan** be now read a second time.

Motion agreed to and bill read a second time.

COMMITTEE OF FINANCE — TOURISM AND RENEWABLE RESOURCES — VOTE 39

ITEM 1

MR. G.N. WIPF (Prince Albert-Duck Lake): — Mr. Chairman, Mr. Minister, on April 18 when we were in your estimates, we established the fact that the White Spruce Lumbermen's Association had only one role to play as far as your government was concerned and that was the role of gopher.

This association's main role as the government sees it is to go in and clean up after a mess caused by a fire or a big wind blow, or probably a large amount of timber has blown down. I find this rather appalling and outrageous, Mr. Minister, that this government would take this attitude towards the small businessman in this province where they have been discriminated against by the Saskatchewan Forest Corporation, in that they cannot get permits or cannot get a lease to make their living as they have before and must be dominated by a corporation, a Saskatchewan Crown corporation, which now has the monopoly on timber rights in this province.

As I said before, Mr. Minister, I find it appalling and I realize and recognize, of course, that this government's policy is to have total state ownership of everything and anything that is worthwhile in this province and it has been your philosophy from day one, as I said before to squeeze out the small businessman and make him buckle under by your rules and regulations. This is what has happened with the 42 or 43 small

businessmen who were in the wood handling industry up until three or four years ago when you squeezed them out.

Last year, by a stroke of bad luck, I guess you could call it, there was a large fire in the North and it allowed many of these individuals to go back and become productive and make their living again at the wood handling industry. This was good for the province and it gave us another source of revenue through some taxes.

We now have our timber stands cleaned up to a fair degree, I understand, and we have another tax base as these small businessmen are doing the work and we have created work when employment was down. However, when I asked you on the 18th, Mr. Minister, if there was any chance of the White Spruce Lumbermen's Association, the members of that organization to get a permit to go into some green white spruce cuts, you said there wasn't; that the only they could be handled is if they took a contract to work for Sask Forest Products or PA Pulp. Again, they would have to be working for and coming under the thumb of the very corporation that had squeezed them out of their livelihood in the first place. I feel this is very unfair and it does very little to encourage anybody in this province to go ahead and try and make a living and try to be independent.

Mr. Minister, the members of the Saskatchewan White Spruce Lumbermen's Association were very upset about this and so are most of the people in the North that understand the industry. They have watched the Saskatchewan Forest Products lose money on a regular basis each year and we have watched the excuses that have been given. The first one was because of the large construction cost. The second reason, when there was a big loss, was because, of start-up problems. Yet, the mills after they got started up we find that last year while they were running and producing they lost close to \$5 million. I believe, Mr. Minister, probably one of the problems for this was that there wasn't a management team in place and I accept that. One of the other problems was that they had overstocked and stock piled a lot of fence posts which I know you are aware of that were worm eaten and had to be sold at a reduced cost. This caused a lot of hardship on a few people in the business of treating posts and rails and caused them some great financial difficulties, as you are aware of. They had to lay off men and create unemployment because the government chose to make a Crown corporation look successful on the backs of the private operator. Even by doing this I think if you figure out the number of men that were laid off from the other companies, and I refer to one in my area, which is Lena Wood Preservers, if you figured out that Sask Forest Products took and the loss that was created by these layoff of men from Lena's Wood Preservers the \$5 million would have looked rather small.

Mr. Minister, when I asked earlier if you have any plans to allow the White Spruce Lumbermen's Association to get into any area to cut green white spruce you answered, No, and that your policy, as you had mentioned earlier, had not changed nor is it your intention to change your policy. The only out you gave these individuals was that they could cut other species like jack pine or black spruce or a spin. This was very surprising, Mr. Minister, when we find that Saskatchewan Forest Products by using an unlimited amount of money from the taxpayers, don't go in and cut this type of timber for themselves because it is not profitable and you can't make a profit in it, and yet you try to say that it is good enough for the private operator to go in and try to make his living on it. I think you will have to admit that this is very, very unfair and that the government is doing everything it possibly can to squeeze out the small businessman in the wood handling area. This is just one more really blatant example of the hypocrisy of your government where it will say that it is trying to help the small businessman and yet at the

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same time regulate them right out of existence. On the other hand you will allow them to go into areas where you, yourself, wouldn't go into.

Mr. Minister, in speaking to the members of this association they feel that there are a lot of areas that they could go into. They feel that there are areas that the Saskatchewan Forest Products won't go into because of their heavy equipment or big equipment and that the small operators, as I said before, a small operator could go in and do a good job of clean up. You have come up with reasons and excuses over the last few years that these small operators wasted a vast amount of timber and left a lot of roughage around. However, may I suggest to you and I suggest this and I am sure that you are going to agree with me on this, that nature alone wastes more timber than these men have ever wasted. We leave the timber standing and rotting and after it has matured it is not much good so we leave this timber out to stand and all that's left is the shell. There are millions of board feet of this timber standing today like that and if you would allow the small operator to go and clean some of these areas up that you won't go into, we wouldn't have this waste and it would allow some employment in that area.

In closing our debate on April 18 we had some more questions to ask you and I want to lead off with another one right now, and that is, if a member of the White Spruce Lumbermen's Association found timber — and this has happened up in my area where a member has gone out and found huge stands of timber, your people have checked the aerial photographs and said this timber didn't exist and the reason for it is that it was down in some pretty deep draws and it just doesn't show up on the aerial photographs as a good stand of timber. Mr. Dark, I believe it was, was taken out and shown these stands of timber by one of the operators and was still told that he couldn't get it. However, it didn't exist as far as your department was concerned and I wonder, Mr. Minister, if in the future if one of these operators knows where there is a stand of timber and it is not recorded on your map and it is not recorded in your department and they find it, can they go in and cut this stand of timber? It is small quantities and a lot of it is along the North Saskatchewan River on the south side of the North Saskatchewan River — there is some on the side of the South Saskatchewan River — but they are in draws along the river and could they go in and harvest this timber if they find it? It doesn't exist as far as your department is concerned anyway.

HON. A.S. MATSALLA (Minister of Tourism and Renewable Resources): — Mr. Chairman, before I answer the hon. member's question with respect to the finding of the timber that perhaps we do not know exists. I would like first of all to make a few comments in reply to the various statements that he has made.

May I first of all say that in 1971, the government committed itself to develop the resources of the province in the best interests of the people of the province. This not only applies to the forest resource but it applies to all the other resources that we have in the province. Then this commitment was reiterated in 1975 and of course our philosophy hasn't changed since then. We want to develop the resources of the province in the best interest and to the greatest benefit, of the people of the province, not only a certain group of people.

We have asked the White Spruce Lumbermen's Association to assist us in the salvage of the fire-kill timber and they proceeded to do so and I think they were quite happy in the location and allocation of timber that we provided for their use. To say that the government is operating the timber resource in a manner that is state owned, is not necessarily correct, because we are giving these operators an opportunity to exploit or develop the black spruce, jack pine and the aspen timber. It's true that this does not

apply to the white spruce but it does apply to other timber resource.

One of the other reasons why the government has decided to take the position of having the forest resource developed the way it is, is because many of the small operators resulted in waste and I think the hon. member has mentioned that, although he possibly does not agree with it. Some of the waste material is of course the slabs, the edging and the sawdust. Now, I think if we are going to make the best use of this resource, we certainly have to look at the slabs and the edgings and if this could be used for the purpose of pulp, then it should be used for pulp purposes.

Now, to say as well that by phasing out the small operator we have also phased out a lot of employment, this isn't the case, because other industrial activities were settled and these have provided employment for hundreds of people, in the sawmills as well as in the forests. So therefore. I would say that as far as employment is concerned, there was an increase in employment in the forest activities.

In answer to the question that was posed by the member, that if there happens to be an area of forest that has been located by the White Spruce Lumbermen's Association, or I suppose, any other group, whether or not the government would change its position. The answer is no, because the same principle applies. It is still a forest resource and our department and our officials make an effort to try to locate the resource where it is. Now we happen to miss out a small area; that doesn't mean we are going to be changing our policy because somehow or other, some timber has been found to which perhaps the same policy doesn't apply, that isn't the case. So, in answer to your question, I would say the same principle would apply, whether or not this area has been known to our department, but I think our department has fairly close and accurate statistics and records on whatever timber is available. But there may be a small area that may have been overlooked, this is possible.

MR. WIPF: — Mr. Minister, you mentioned the waste of the small operator and I am just wondering if your department has ever sat down and figured out the volume of waste by the small operator and then compared that to what they estimate the major's waste is, by the timber rotting. I don't know if you have done that or not. The question I asked about the small operator going into a find of timber that they have located, as I have said, this was mostly along rivers and it is in gullies that are fairly steep and Sask Forest Products wouldn't take their equipment in there. It would be impossible to take big equipment in but a small operator, with a little tractor or a little cab, could go in and draw this out. This timber has been . . . you know, it is huge timber and it is just sitting there. It is going to rot; nobody is going to get to it and it would employ about two or three people in the local area, if they could get a hold of it. Now, this isn't timber that is going to be used by Sask Forest Products as I say, by them going into it. The guy who was talking to me about it apparently checked with Sask Forest Products and he could sell the material to them if he could get it out, but it was your department who said he could not go in and bring it out. There was material, or a stand of timber, many stands of timber that they didn't know existed, and no slam against them because the aerial photographs don't show it up if it is in a deep cut. So that was the question on that. I would like to see, if possible, that this could be allowed. I don't imagine it is more than 200 or 300 spots. It is just enough to keep a guy going for a short while.

You said you built a policy in 1971 to make sure that the harvest was equal or good for everybody and would serve everyone. However, there is only a certain group of people who do wood harvesting and, I think, in your estimates that we talked about on the 18th, you said that the allowable cut was 225 million board feet last year and the

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Saskatchewan Forest Products only sawed about 51 million board feet — 50.4 or 50.5 or something like that.

I wonder how you can justify your policy of not allowing these operators from the White Spruce Lumbermen's Association to go in and cut white spruce when your own Crown corporation can't keep up with the allowable cut and a lot of this material will be rotting. How can you justify not allowing them to go in or closing down these 40 or 42 small operators who could be in cleaning up these small cuts?

MR. MATSALLA: — Mr. Chairman, I don't know where the hon. member got his statistics, but I don't think there is a situation that we can't meet the allowable cut. As a matter of fact there is pressure to increase the annual allowable cut. We are, of course, pretty careful in doing that because then we are not going to be operating on the principle of sustained yield basis and I think that is very important in order to have a viable forest industry over many generations to come. We have to manage our resources in such a way so that it is going to go on forever, so to speak, or perpetually.

With regard to your earlier comment indicating that there is a lot of wasted timber, by nature, because perhaps of age or maybe there could be hard to get places, or probably there could be a flooded area and so on. I think these are some of the areas that we might be able to consider for smaller operators. If Sask Forest Products is unable to operate in that area, because Sask Forest Products is our principal operator in this area, then certainly we might be able to look at those areas. There may be some areas that it might be difficult for some of the operations, the bigger operations, to get into and a small operator might fit in.

But these are, of course, going to be exceptions.

MR. WIPF: — I am glad to hear you say that you are going to consider that, Mr. Minister, because this is exactly what I am talking about — very small areas and probably a one or two man operation for a winter in the area.

The other thing, on the 18th when we were in your estimates, you talked about the three or four small contractors in the Meadow Lake area who, you say, have agreed to the phasing out process and that they will be allowed to work with Sask Forest Products to take logging contracts with the corporation. I ask you again, Mr. Minister, did the small operators — did you say they agreed to this phasing out program, did they have any alternative to agree to this phasing out process?

MR. MATSALLA: — Mr. Chairman, it was some two years ago, I believe, when this issue had come up and, of course, because of the policy that we do have that the small mill operators were not to operate in the forest in the similar manner as the White Spruce Lumbermen's Association. So, therefore, discussions have taken place and it was well understood and recognized that the operators will be phasing out and phasing into the logging operations in the forest. This was well understood by the operators that had been operating at that time. I believe there is probably another year or so to go before this phase out will be completed and the phase in will be completed.

MR. WIPF: — Then it is obvious, Mr. Minister, that the white spruce operation is going to be kept strictly for the monopoly corporation, the Saskatchewan Forest Products and there is no one else going to be able to get in on that. Is your policy on white spruce designed primarily to eliminate any competition against the monopoly or the

Saskatchewan Forest Products? Is that the backing of your policy, the reason for it, so nobody can go and have white spruce except Sask Forest Products?

MR. MATSALLA: — No, I think I mentioned that earlier, Mr. Chairman, that it is wise management of the resource. It is more a principle of proper utilization of the timber resource rather than having a monopoly on the timber, on the use of the timber. I think that's what it is. It is not sort of squeezing anybody out or anything like that. I think the basic principle is the best utilization of the resource.

MR. WIPF: — O.K. Mr. Minister, I want to go into another area of questioning. Can you give me the amount of money that LehnerWood Preservers paid in stumpage fees over the last three years?

MR. MATSALLA: — Mr. Chairman, I'm sorry we don't have the figure but we can provide you with the figures.

MR. WIPF: — Could you tell me if they have been behind in their stumpage payments, the way that you said that Sask Forest Products had been behind?

MR. MATSALLA: — Mr. Chairman, with regard to delinquency in the payment of dues, my officials indicate to me that they don't recollect that there has been a poor record of payment of dues.

MR. WIPF: — I understand that also they pay in the area of \$45,000 to \$50,000 a year in stumpage fees, they have never been behind. Mr. Minister, in your regulations for anybody that is treating posts or treating rails, or whatever it is, do you have regulations that they have to meet certain standards before they can use your timber and sell it out on the market? Do they have to meet certain standards?

MR. MATSALLA: — There are no regulations with regard to the standard of treatment of poles.

MR. WIPF: — Does anyone in your department do any testing for any of the people who do wood preserving in the province to see that if they are tendering out that they do meet certain standards?

MR. MATSALLA: — No, due to the fact there is no standard, there is not testing either.

MR. WIPF: — Mr. Minister, I have a letter which came from one of the ministers which said that the posts out of LehnerWood Preservers didn't meet the standards required by Canadian Standards, whatever it is, it didn't meet the standards. I agree that years ago in the dip process they didn't meet this. But at the present time they have a fairly sophisticated operation going there and I checked with the management of that organization and they do meet the standards. They were wondering at that point why they were being overlooked and not receiving any information on bids coming up or tenders coming up to supply the government with fence posts and timber.

MR. MATSALLA: — Mr. Chairman, I don't know just what sort of a letter the hon. member is referring to. I have indicated earlier that there are no standards with respect to the treatment of poles. I suppose it is something that the market will decide. If the treatment of the poles is of a poorer quality it will rapidly indicate whether or not the product is saleable. Therefore, it is sort of left to the market to decide whether or not it is an acceptable treatment of poles.

MR. WIPF: — Mr. Minister, I want to move to another area. Can you tell me what your long range plans are for the Nesbitt Forest Reserve? It runs from Duck Lake through Prince Albert and east there. What are your long term plans for this in conservation, recreation, recreation sites in the area, skidoo trails in winter and hiking in the summer?

MR. MATSALLA: — Mr. Chairman, with respect to the plans for use of the Nesbitt forest area, I think perhaps we could look at two areas, one is the recreational area and what our plans are is to provide for, mainly for winter recreation, snowmobile trails, cross country ski trails and with regard to the use of the timber resource, the forest area is mainly used for providing timber for domestic purposes or perhaps community purposes as well as for firewood purposes, fence posts and the like. So it sort of serves the southern fringe area with respect to the timber resource and, of course, the recreation area as well as the settlements in the timber area. Can you tell me how many board feet of timber is allowed to be taken out of there? How many fence posts you allow them to take out of there per year, out of that reserve?

MR. MATSALLA: — Mr. Chairman, the amount of timber that is taken out of this area is approximately 30,000 posts and about 10,000 cords of pulp and firewood quality.

MR. WIPF: — Is there any plan to increase that? Mr. Minister, this is the area I was mentioning, this is the reserve I was mentioning where the stands of timber are, that are rotting and haven't been identified and where I asked you if a small operator could get into?

MR. MATSALLA: — Mr. Chairman, there is no soft timber being taken out of this area at the present time. We are taking a very careful look at the area for old timber stands and we are going to consider perhaps providing these stands, if they are sufficient and adequate enough, to perhaps have some of the small operators to clean them out. But we also at the moment have a project of planting trees in the area and some 250,000 trees have been planted this time and we are going to be increasing it.

MR. WIPF: — Mr. Minister, I commend you on the attitude towards the small businessman and hopefully we will see them in that area and my next question was to do with the tree planting in the area. There is a large area against the North Saskatchewan River where a gentleman by the name of Jack Urton, to bring it right into focus, has been running cattle or his father has been running cattle on a sort of a ranch. Last year there was some of the ranch land or the grazing land that was being used for planting the nursery trees or whatever you are calling them. Is it the plan of the department to close in these prairies or these plains that are out there and use the prairie or a large part of the prairie for your tree planting program?

MR. MATSALLA: — Mr. Chairman, our officials are dealing with Mr. Urton on this and we certainly appreciate the problem that he has. Our policy of course is to plant the trees and try to keep grazing out of it if at all possible. In Mr. Urton's situation, we are attempting to find other areas for him to provide for the grazing that he has had in the area where we are planting the trees. As you are aware, livestock and grazing and tree plantations are not compatible and therefore we are going to have to attempt to accommodate Mr. Urton as much as possible. At the moment we are having discussions with him and working with him in order to try to satisfy his grazing needs.

MR. WIPF: — Mr. Minister, have you got an estimated loss of the trampled trees in the area? Was there a large percentage lost because of the grazing and the tree planting

going on in the same place?

MR. MATSALLA: — Mr. Chairman, we really don't have any record of the loss because generally speaking, the way we proceed with the planting of trees and handling the grazing is to try to remove the grazing and then do the planting, so that there is no conflict. Therefore, we can't really give you an answer as to what the losses might be.

MR. WIPF: - O.K. Again, Mr. Minister, I am going to have to commend you on the tree planting program that you had. It employed many of the local people there for the term while you were planting and it was appreciated.

I would like to go into another area in the Saskatchewan River Heritage Project which you are aware of, or your officials probably are aware of. I would like you to outline what your department is doing. Is there a complete program set up yet and what are some of your ideas for the area? Are you following the Dyck Report or there going to be more reports coming out and are the local people being involved in the meetings that you have had? Last year you stated in the Estimates that the local people would be involved in all meetings that concerned the area and I was just wondering if that has been carried out.

MR. MATSALLA: — Well, Mr. Chairman, I am sure that the hon. member is aware that this project is under the jurisdiction of Culture and Youth. It has been under the jurisdiction of the Department of Tourism and Renewable Resources but I think it is well over a year since this area of heritage and historical sites has been transferred to Culture and Youth. Therefore it is under their jurisdiction. I am quite certain that the Department of Culture and Youth is going to try to involve as many of the local people as possible in the development of this project. Our input into this project (we certainly have an interest in it) would be in the area of tourism development and if we can get some input from the local people respecting tourism, we are certainly prepared to sit down and discuss any areas that they want to discuss with us in the area of tourism.

MR. WIPF: — Mr. Minister, as you know and are as well aware of it as anybody in the Assembly here, the interest that the people of that community have in bringing tourists into the area. There is a huge tourist potential there and there are many tourists who come from all across Canada, especially through the school season and latter part of June coming there to look at the Batoche setting and the Carleton setting. The other question on this, Mr. Minister — maybe I am in the wrong department, but do you have any input into where they are going to build the communication centre or the information centre that is going to be sort of the hub of the Saskatchewan River Heritage Project? Is that in your department at all? That has got to do with tourism?

MR. MATSALLA: — Mr. Chairman, I certainly hope that we will have some involvement in this and I am quite certain that the Department of Culture and Youth and the local people, in developing this project, will be consulting with us. We would be only too

pleased to discuss this with them and work with them on this.

MR. WIPF: — Mr. Minister, there is a rumor on this information centre that it may be moved to the south down by the Rosthern area. Have you heard anything about that or do you know if there are any plans of this being done closer to Rosthern rather than leaving it right where the history of our province has been made and where it should be, in Duck Lake?

MR. MATSALLA: — No, we have no contact with regard to this.

MR. WIPF: — Mr. Minister, maybe I am in the wrong department again here for the museum in Duck Lake. Do you have any input or does your department have anything to do with helping the museum in Duck Lake? The people of the museum as you know and are well aware, are having some great financial difficulties. In that museum they have artefacts and medallions that just do not exist anywhere else and they are looking for a few bucks to try to keep this thing open. Meeting you in Ituna it was made very clear that some of the artefacts that they have there on exhibit have been valued at \$50,000. The National Historical Museum in Ottawa wants them and some people from the States want them. I was just wondering if your department has come across with any money to help them in this area, or the Historical Society, I believe too, is going to start working with the museum?

MR. MATSALLA: — Mr. Chairman, we are quite aware of the value of the museum in the Duck Lake area and we certainly would like to see the thing continue and improve and expand, but again I should tell the hon. member that this isn't under the jurisdiction of our department except for the, I suppose, the tourism end of it and that's where our interest lies. I believe that we have assisted, it wasn't the museum itself, but the area there in the development of their brochure. This is one area that we have provided assistance during the past year and again, too, we have also assisted in the setting up of the regional development area and this, hopefully, will become a part of the interest that the Regional Tourism Development Program will be able to assist in.

MR. WIPF: — O.K. Mr. Minister. I think it is a little capital they need also to help distribute those brochures. They are good brochures but they need a little working capital out there. \$1 million would really help that area. Actually what it would do, Mr. Minister, and it would tie right in to the Minister of Highways area where the history of The Battleford area has been rebuilt and they have done a lot of work there and it would be just good if you carried along on that line up to Duck Lake and sort of redeveloped everything as you went along and assisted us in that constituency. I look forward to that.

A few weeks ago, Mr. Minister, you were asked a question in here about the Little Red River Park in the Prince Albert area and we were commenting at that time on the Regional Park Development that you are involved in. The statement came, as I understood, that it was up to the city to negotiate with the Wahpeton Band about the one-quarter section of land that they have and the burial grounds. With the government's statement of having roughly a million acres of land set aside for Indian land claims, I found that statement rather odd that you would say that the local government should be negotiating land claims. Can you clarify that or straighten me out on that one?

MR. MATSALLA: — Mr. Chairman, I don't think it is a matter of negotiating a land claim. I think there are some concerns in this Red River Park area with regard to an Indian burial ground and I believe one of the other concerns was that a quarter section in this area belonged to an Indian Band. I think the third one was a concern with regard to the erosion in the area when there is going to be too much activity for the quality of soil that is there. Now, what I have indicated is what I still think, the fact that this is going to be a local project. The city is going to be involved in developing this project and if there are local concerns with the development of this area into a regional park, discussions should be held between the city and the Indian band and other local people who are concerned about the development in the area. Once there is a clear understanding as to what is being done in this area insofar as development of a park is concerned, I think then the government could come into the picture but if there is this concern locally I think it is best that there is a clear understanding on what the concerns are and whether they are real. I might say too that I have met with the mayor of the city and I believe the commissioner and we have discussed all these three problems that have been brought to my attention. It was indicated at that time that they would hold further discussions on a local basis. Now whether this has been done or not, I don't know but I think that the community needs to air out these concerns and whether or not they are real. If they are real then, of course, it concerns us a bit too but if they are not real, then that's a different matter.

MR. WIPF: — Mr. Minister, I understand that the quarter section of land is beside the development of the park; it's not within the park itself. Can your officials tell you, or do you know if this burial ground exists?

MR. MATSALLA: — Mr. Chairman, no, we don't know if it exists or not. I, as a minister, would certainly like to have some documentation whether or not it exists. It is very easy to say that a certain thing exists in a certain place but I think it has to be proven that it exists. There must be some kind of documentation, some history perhaps that might tell us that. Up to this point in time this really hasn't come to the fore. There is concern expressed by the Indian people but insofar as documentation, whether or not it exists or existed, we don't have that.

MR. WIPF: — I believe last week in the press, Mr. Minister, you stated — I'm sorry I don't have the press clipping and I never read it, it's hearsay that I'm on now — that you figured, concerning Little Red River Park, that the local people were trying to build a local park within a regional park. Am I correct on that?

MR. MATSALLA: — No, I think it is a local park at the moment. I think it's a city park or call it a local park if you wish. No, I don't think I've said anything that would indicate that the local park will be developed within a regional park. I think I referred to the regional park as being a local park that involves local people and will involve management of the park by the local people and, therefore, that's why I think that the airing out of the concerns should be done at the local level.

MR. WIPF: — Mr. Minister, if I get this correct here — a city park within a regional park, whatever it is — if they go ahead and they do these findings you ask them to do and they settle the problems in the local area, can you see any snags in your regulations that will allow your department to back out after they go ahead and do all the groundwork and find out where this burial ground is or if it exists and work with the Indian band claims, Indian band can you see anything in your regulations that will eliminate anything that

you have to do or any assistance that you have to give to build this park?

MR. MATSALLA: — As far as the regulations go covering the regional park development, there are no restrictions insofar as the Prince Albert application is concerned. Once the air is clear with respect to the concerns then I, as the minister, would have to take another look at this application and reconsider it. We must remember the fact that if it passes all the regulations, there may be, there is still one other restriction and that is the matter of finances.

MR. WIPF: — Mr. Minister, at this time are your people working hand in hand with the officials of the city of Prince Albert to iron out these problems and do the groundwork so that — I say this so that down the road when the city is finished, if your people haven't been involved (I'd like to see them involved now) — you can't come to them and say they don't qualify for it. If they are working hand in hand now, they may find a snag and say it's all over, quit doing the groundwork, it's useless. Are your people working hand in hand with the city at this time to make sure that everything is done according to your regulations?

MR. MATSALLA: — Mr. Chairman, our officials have been working with the city officials with regard to the regulations informing the city and understanding the regulations that are required in order to establish a regional park. We, of course, are prepared to continue to work with the city regarding their application.

One of the important things, and we have discussed it already, is the matter of trying to settle these concerns that there are at the present time. Then after that, once that is cleared away, then it is a question of reconsidering the application and if our finances could permit, the development of this park; then it is a question of saying, yes, to the application. But there is a question of concerns that are being expressed locally and then there is the question of finances. There is also a question of priority within the government.

MR. WIPF: — Thank you, Mr. Minister. I am sure that the hon. member for Shellbrook (Mr. Bowerman) would be very pleased to have a park built in his constituency and I know that he is going to push, along with myself, to get this done.

I have another line of questioning, Mr. Minister, and it has to do with the Carwin Park, the Carwin Park which is located on the west side of Emma Lake.

The question I have. Mr. Minister, is, apparently there was a government well, or community well, which was serving approximately 90 cottage owners in the area. Just recently, I don't know if it is this year or last fall, just recently the Department of Tourism and Renewable Resources built a pump house over that and this well serves only one residence now, that of the manager of the park or the DNR officer, or whoever it is. Is this right? Is my information right on this?

MR. MATSALLA: — Mr. Chairman, this Carwin Park is a private park and the well that the hon. member is referring to is one that has been developed by the department; the fact being that the family of the staff person that is there, required water just as well as anybody else. We discovered that the well will not provide for more; it didn't have the capacity to provide for more than one family. Therefore, there will be a need for a further water supply. The fact that this area is under the jurisdiction of a village, a resort village, I believe, means that it will be the responsibility of the village to provide a water supply for the residents in the park.

MR. WIPF: — You say that this capacity is just to serve one family. It was my understanding that it had served many of the 90 residents, cottage owners there, Mr. Minister; however, I'll have to take your word for it, I guess.

If you find that the capacity of this well is capable of handling and has handled for several years the rest of the cottage owners, are there any plans or is there a chance, I should say, of putting a pipe out, or tapping into that source of water for these owners, by your department?

MR. MATSALLA: — Well, our tests have indicated that the capacity of the well just couldn't supply enough water to much more than one family. We are prepared to test the well again to see whether something could be done to provide a greater water supply. If the well just couldn't supply a greater water supply than for the one family then I guess there is nothing more that we can do. A new water supply will have to be developed.

MR. A.N. McMILLAN (Kindersley): — Mr. Chairman, Mr. Minister, I really thought I had stumpage fees all straight in my mind there about three weeks ago when we went over them, but I just got looking at the book again and I am having so darn much trouble getting this all figured out.

The stumpage fees, I understand, went down about 30 per cent this year. Is that not correct, about 30 per cent? Sask Forest Products paid considerably less money this year in stumpage fees than they did last year. I accept that. You say they went down to about \$9 a cord, or something like that. Simpson Timber paid almost double this year what they paid last year.

They paid this year, under saw timber licence areas \$921,000 and last year they paid \$563,000. I would like to know why again, basically Sask Forest Products Corporation stumpage fees went down so drastically this year and why Simpson Timber went up so drastically?

MR. MATSALLA: — Mr. Chairman, I have a document here that I would like to read, perhaps it would help to clarify the payment of dues that up the last time we were in Estimates. The misunderstanding arose when I was asked about the amount of timber used by Saskatchewan Forest Products Corporation this year, without it being specifically identified as 1976-77 year. My estimate of timber usage increase this year, was for the 1977-78 year, when actually the hon. member was asking about increased timber usage for 1976-77 by Saskatchewan Forest Products. Now, to put the record straight, actual dues from Saskatchewan Forest Products as recorded by our Forestry Branch, are as follows:

1975-76 year, \$718,544.25. (I will read that figure again, \$718,544.25) and then the year 1976-77, the amount is \$622,274.14. The 1977-78 year, \$1,055,405.83.

In 1975-76, the high revenue figure reported in our annual report includes an over-payment on plywood dues of \$394,160.76. This over-payment was established as a credit on dues for 1976-77 and thus the low figure shown in our 1976-77 annual report, reflects only those dues which were paid by cheque; the balance being paid from the credit of \$394,160.76.

I wish to point out as well, that the credit established in 1976-77 was applied against

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dues for all products, that is, saw timber, pulpwood, plywood bolts and miscellaneous products and this breaks down as follows, according to the records of the Forestry Branch:

Saw timber, (I don't know whether the hon. member would like these figures or not but perhaps I should give them). Saw timber, received by cheque, 1976-77, \$6,056.18 and applied against credit, 1976-77, \$47,544.20. Pulpwood, received by cheque, \$10,447.86 and applied against credit, \$2,144.63. Plywood bolts, received by cheque, \$205,678.84 and applied against credit \$336,793.02. Other products, received by cheque, \$5,930. and applied against credit, \$11,968.17.

Concerning the late payment of dues by Saskatchewan Forest Products, I can report that in 1977-78, all dues payments for plywood, were made on time or within a few days following. With respect to saw timber, pulpwood and other products, there were some late payments, in 1977-78, but all late accounts were paid in June of 1977 and since that time, all dues have been paid on time.

The late payments in 1977 would not have any impact on Saskatchewan Forest Products 1977 financial statements, since their year end is October 31. Here were some late payment of dues in 1976-77 also, but again, none of the late payments in 1976-77 would have any effect on Saskatchewan Forest Products annual report.

MR. McMILLAN: — Well, I would like to ask the minister to table that information if he would, please. Two things; firstly, your 1976-77 annual report states that, Simpson Timber paid \$921,000 in saw timber licence areas compared with \$563,000 paid last year. I would like to know what accounted for the increase because I am under the impression that they received no more timber in 1976-77 than they did in 1975-76 and if they did, it was black spruce and some jack pine, but only marginally greater amounts.

MR. MATSALLA: — Why has Simpson Timber paid more in dues? Simpson was renovating the mill in 1975-76, so they only operated for part of the year, as opposed to 1976-77 and that is why the dues were much higher in 1976-77. The increase is up to about 50 or 60 per cent I believe it is, and there was a slight increase in the scale of dues as well.

MR. McMILLAN: — So for Sask Forest Products Corporation, they received about a 30 per cent reduction in their stumpage fees but Simpson Timber received a slight increase in theirs. Is that what you are saying? SFTC received a reduction and Simpson Timber received an increase?

MR. MATSALLA: — The Simpson increase has come about by way of agreement and this of course relates itself to markets, but outside of that there hasn't been any sort of basic increase in the dues. It is dependent and related to the market.

With regards to Sask Forest Products, the only reduction was in the area of plywood.

MR. McMILLAN: — I don't know why you do this to me. You told me last time that the one of the reasons that Sask Forest Product's stumpage fees had been reduced, I believe from \$14 to \$9 a cord, (my figures may be wrong there) was because that was to draw the stumpage fees in Saskatchewan into line with those in other provinces. That was your explanation. Now you tell me that there may have been a small reduction but only in plywood bolts. You tell me there was a negotiated increase with Simpson Timber. I

know that Simpson Timber has negotiated an increase with you and if you don't understand why, turn around and ask the man in charge of forestry who has been working with Simpson Timber. I talk to these fellows regularly and what they say is, what are we supposed to say when the department walks in and suggests this or suggests that? These guys have made every effort since they have been in Saskatchewan to be model, corporate citizens — absolutely every effort. They have bent over backwards to accommodate the Department of Tourism and Renewable Resources in every instance that I am aware of.

Now the negotiated settlement for an increase, a modest increase for stumpage fees is no surprise to me. They say, what are we going to do, fight it? Of course not. They give Mr. Burton credit for trying to be reasonable with them in trying to negotiate some avenue by which they can keep their mill operating at the same manpower level as it was before, although those suggestions were apparently economically unworkable.

Now you told me the other day that stumpage fees were reduced from \$14 to \$ 9 for SFPC. I would like to know if that is not true. That is what you told me the other day and Mr. Bailey will confirm that, I think. Secondly, what was the percentage increase to Simpson Timber for saw timber stumpage fees?

MR. MATSALLA: — Mr. Chairman, I would just like to repeat that what I've said with regards to reductions in dues to Sask Forest Products was for plywood only, plywood bolts only. It didn't apply to saw timber. With regards to Simpson, I think I have to agree with the hon. member that our discussions and our relationship with Simpson Timber have been very good. We cannot say that it hasn't — certainly we have had our differences but these have been discussed and we ended up with a good relationship.

Regarding the increase in dues, I might say to the hon. member that the agreement hasn't changed since 1975, but if there has been an adjustment in the dues it is because of the market conditions. As market prices increase, this has an effect on the dues and therefore it is only through that that there has been an adjustment made. It is not outside of the agreement. It is within the agreement as it was agreed to in 1975.

MR. McMILLAN: — The stumpage fees for saw timber in non-licensed areas and licensed areas in 1976-77, SFPC paid \$18,400 in stumpage fees for saw timber. I imagine that is white spruce, black spruce and jack pine. In 1975 they paid \$123,500, about eight times as much. Now you say there has been no change in the rates. Stumpage fees are allocated at the time of the sale, I believe. You are telling me that that \$18,000 this last year and \$123,000 the year before is strictly a result in the change in the sales market.

MR. MATSALLA: — I made reference to a credit when I have discussed with the hon. member the payment of dues. The difference that he finds here is because of the application of the credit to the stumpage dues.

MR. McMILLAN: — All right. Can you tell me then that the stumpage fees, for example, for white spruce saw timber to Simpson Timber and to SFPC (Sask Forest Products Corporation) is the same? Would you explain to me what the difference is and why there is a difference?

MR. MATSALLA: — Mr. Chairman, the stumpage dues for Sask Forest Products is \$3 per cord and that's pretty well the regular rate. With Simpson it is \$2 a cord, plus the index. This index would be related to the market of the product.

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MR. McMILLAN: — How much did that work out per cord last year?

MR. MATSALLA: — The adjustment was \$5.25.

MR. McMILLAN: — Added on to the \$2 a cord? So Simpson Timber then paid \$7.25 a cord for the saw timber that they harvested out of your bush but SFPC paid \$3. Then that's essentially what you are saying?

MR. MATSALLA: — Yes, this is right when the market is high. When the market is low, then of course this would change and could perhaps even go down to the basic \$2, or perhaps slightly over.

MR. McMILLAN: — When the market is high for Simpson Timber, the market is high for SFPC; when it is low for Simpson Timber, it is low for SFPC. You are operating with two different sets of rules with respect to your stumpage fees for saw timber, one set of rules for your government corporation and a completely different set of rules for a private industry — You say it was negotiated — I'll tell you I could make some darn funny negotiations if I had a gun stuck to my head! That's what Simpson Timber has had ever since Springate decided you guys should get into the saw timber business in a big way. You went into the Hudson's Bay area where Simpson Timber had been operating for 13 years or something like that, and jumped in with both feet. Simpson Timber managers aren't stupid. You got in, your mill size was estimated to be 30 million board feet a year from the Hudson Bay area, saw timber out of Carrot River. Simpson Timber knew the day that announcement was made that there wasn't enough white spruce saw timber in that area for both of you. So what kind of position did that put them in? They were either in the position of getting belligerent with you, which maybe they should have done and had been done with you, or get down on their knees and follow you people around until you threw them the scraps in the industry. That's what you have done. You have cut them back on their white spruce allocation, tried to make it up with jack pine and black spruce. It has resulted — combined with improved technology at their mill — in a lay-off of 30 some employees, as a direct result of SFPC's involvement in the Hudson Bay area and DTRR's (Department of Tourism and Renewable Resources) allocation of timber resources. Here you are, it is bad enough that you walk in and brush Simpson Timber aside, now you sit down and pour the coal to them at least last year, to \$7.25 a cord for their saw timber and you charge SFPC \$3 a cord.

I have one other question to you. In that year, how many cords of white spruce did SFPC saw? I would like to determine the exact amount outstanding that SFPC would have had to pay in stumpage fees had they been paying the same rate as Simpson Timber?

MR. MATSALLA: — Mr. Chairman, I would just like to point out to the House, to the hon. member, that with regard to the dues, the basic due with Simpson Timber is \$2 per cord, plus the index. For a normal operation and normal market conditions the dues average, roughly, about \$3 per cord. That is what the SFP (Sask Forest Products) rate is, \$3 per cord. This goes back to the 1965 agreement when it was first entered into with Simpson. There was this basic due, plus a sliding scale. So this is something that hasn't been done just only recently. This goes back to 1965 and then the agreement was renegotiated in 1975.

I might mention, too, that there is a difference between the operations of Simpson Timber and Sask Forest Products in that under Simpson Timber agreement the company has a guaranteed volume of timber under that agreement and it is up to the

government to see that they get the sufficient supplies to meet the requirements under the agreement.

In the year 1977-78 Simpson Timber Company has used over 182,000 cords compared to something like 75,000 cords by Sask Forest Products operations.

MR. McMILLAN: — Well, a couple of things. Firstly, the sliding scale is probably a good idea in the timber business. What it does is guarantee you a minimum plus a commission on sales for the utilization of timber in Saskatchewan. I think that was probably a good idea in 1965 and I think it is probably a good idea today. Now why don't you enter into that kind of an agreement with SFPC? Last year, 1976-77, was not the best year in the timber business. You are at \$5.25 payment to you per cord on their index. I would like to know what it was the year before. It is a bit irrelevant here. Why didn't you set up the same operation for SFPC? I will tell you what it has done. What it has really done — it has not bothered you people so much at your end — but I will tell you that it has made SFPC's annual statement, financial statement, a bit of a joke because the expenses that they incur in the business aren't equivalent to the expenses that Simpson Timber incurs and it is difficult for us to assume then who is doing the best job in the industry.

Now your point would be, I suppose, if you had some general empathy with the rest of your Cabinet Ministers, that if we charge SFPC the same stumpage fees as we charge Simpson Timber, we will get the additional revenue in DTRR but there will be a bigger deficit on the balance sheet in SFPC and it is just taking it out of the taxpayers' pocket here and putting in the taxpayers' pocket there. So in the long run it probably makes no difference to the taxpayers of Saskatchewan because, as a result of SFPC's involvement in the industry, we gain less money in stumpage fees but we don't lose quite as much as we would if they paid the same stumpage fees.

I say, firstly, I have no objections to a sliding scale. Secondly, I do have an objection to you treating SFPC differently than you treat Simpson Timber. Thirdly, your point about the guaranteed volume of income — I am going to ask you a question about that and that is, was there not a 10,000 cord overcut in the Hudson Bay region last year?

MR. MATSALLA: — Yes, we allowed the Simpson Timber Company to take out an extra 10,000 cords. But these 10,000 cords are going to be adjusted in your following year's allotment.

MR. McMILLAN: — All right, two things. Number one, you made reference to a guaranteed volume, that is the contract I understand you have with Simpson Timber. Do you see what's happened in the industry? I've spoken about this to you before. I said, as far as you're concerned the Minister of Tourism and Renewable Resources, my great fear was that the Minister responsible for SFPC would put pressure on you to allow an overcut in that region to feed the Carrot River Mill. That was my fear to you, I said, I just hope you don't ever succumb to that pressure because it won't be good for the timber industry and I am sure you would be very much objecting to anyone putting that kind of pressure on you. What's happened here, you cut Simpson Timber allotment back when the Carrot River Mill got going and swung that allotment to the Carrot River Mill. Yet, you had a contract to supply a volume of timber to Simpsons and in order to fulfil that contract you had to allow a 10,000 cord overcut. You've done exactly what I was worried about. You've taken Simpson allotment at the front end and given it to SFPC and then overcut at the back end in order to fulfil your contact agreement. Now my fear was, I repeat, that you would be put in a position where you had to overcut the bush in

the north to feed the SFPC mills. You've done that, last year, despite my warning and despite my plea that you not do that. Can you explain to me how you justify it?

MR. MATSALLA: — Mr. Chairman, in 1975 when the government entered into an agreement with the Simpson Timber Company, . . . (interjection) . . . Nevertheless it was an agreement and it should be honored as an agreement and the government is living up to its commitment under the agreement in supplying sufficient resource to operate the Simpson Timber Company insofar as the agreement is concerned. The fact that the member is expressing fear, it seems to me that his fear is expressed that this will in some way endanger the private corporation. I want to tell the hon. member that with the development of the saw mills, the Carrot River Sawmill, the plywood plant in Hudson Bay, it has provided something like 350 jobs so it hasn't really affected the job opportunities in the area. As a matter of fact it has improved the job opportunities in the area. The government is living up to its agreement that it has with the Simpson Timber Company. As a matter of fact we have tried to accommodate the company by providing this extra wood supply and we have also provided for other alternatives in order to improve the wood supply to the Simpson Timber Company. Some of these they have rejected offhand and others we are still hoping they might reconsider. In the meantime, there is just no way that we can supply them with more timber than has been allocated to them under the agreement. If we do then, of course, we're going to be operating against our principle of sustained yield basis.

MR. McMILLAN: — Well, only a few comments to sum this up. Firstly, the minister suggests that I might be trying to make an argument on behalf of Simpson Timber. The minister honestly knows me better than that. Any representations that I've made to your government have been firstly and foremostly in the interests of good utilization of our timber resource and conservation of our timber resource and that kind of comment isn't needed between you and me. Secondly, I have said to you for a long time what was going to happen as a result of your government's decision to follow Springate's suggestion to get into the timber business in a big way. I said there was a fear of overcutting. A real danger of that because there is tremendous political pressure on your government to make those mills run properly and they can't do that on the basis of the timber that is available now. Couldn't do it. There isn't that much timber there. The SFPC mill was set up to run on one-third aspen, one-third white spruce and one-third other woods and they can't do that. They can't use the aspen, that cut them back one-third in production and they've got no success or little success using white, pardon me, black spruce and jack pine so there is tremendous pressure there. They lost \$4.9 million this year and \$4 million last year as a result of the fact that mill at Carrot River is no good. It's a white elephant. The mill might be fine but there is no timber. It shouldn't be there. First fear with the overcut and that's happened as a direct result of that mill there. Now, you say we'll make it up against Simpson Timber next year by cutting them back on their allotment. Well, all you're doing there is going to cost some more jobs with Simpson Timber. Secondly, my fear was a loss of money because the Carrot River Mill is not economically viable in conjunction with the Simpson Timber Mill. We've proved that. In two years we've lost almost \$10 million on the Carrot River Mill. I say that's no good. You talk about more jobs. Well if you sit down and honestly assess the situation, you'll find that you don't have more jobs in the timber industry. You put a pile of private sawmill operators out of the bush, sawmill operators that were labor intensive. They didn't have the massive band saws to slab their logs; they didn't have any of that technological equipment that makes, supposedly, the Carrot River Mill far more efficient than a small operator. You didn't create any more jobs. Add up the 32 jobs you lost in Simpson Timber as a result of your involvement in the business, plus all

the jobs that were lost in the private sawmill business, plus the number of jobs you are paying for as simply a subsidization for labor, which is the loss suffered through SFPC because it shouldn't be operating in the first place. You haven't created any new jobs at all, you've simply created a \$5 million annual drain on the taxpayers of Saskatchewan. Now that's been our argument. The thing that disturbs me the most is not the Carrot River Mill and the fact that it's an economic nightmare because we knew that was coming in 1974 and 1975. We told you that. You had been snowed by Springate. You built the mill in the hope that you could saw aspen successfully and you can't. That's not the big thing with us. The jobs — well, maybe the same number of jobs are there today. What are you doing, the jobs that shouldn't be there because they aren't warranted by the economics of it — you are creating us an annual \$5 million loss through SFPC. So the jobs are there, we have little quarrel there except that it has cost the people of Saskatchewan some money. But the great fear is the overcut. Where are you going to stop with that? What are you going to do next year? SFPC lost \$5 million this year. Why? Because if they could run that mill at capacity with white spruce they probably, even with the present management and the minister responsible they might be in good shape. They might be able to make a nice dollar on it. What are they doing? Jack Messer, the minister responsible is going to come back to you in the near future, if he hasn't already, and say, I've got to get more white spruce for my mill. Your response is, Jack, we overcut 10,000 cords last year, I don't think we can do it again this year. So, he says, well, where do I get my lumber? Look at how embarrassed we are, Adolph, with all the money we've lost. It's terrible, it hurts us politically. You say, well, we've got lumber in the Meadow Lake region and the Prince Albert region that we aren't sawing now because we don't have a mill in close conjunction. Jack says, can we get that lumber to the Carrot River Mill and the Big River Mill? Your answer is, well there is a transportation problem because we can't haul enough logs at one time. Jack says, we'll get the highway regulations changed so we can haul away more lumber than we do now when the roads are frozen. And that's his answer today, we'll get more white spruce timber in there. But look at the pressure that's on your government to try to perform successfully in the saw timber business when you shouldn't be there. I say don't succumb to that kind of pressure. Suffer the embarrassment of having made a bad economic decision when you accepted Springate involvement in the business and run it like it should be run, and that isn't by over cutting and a \$5 million subsidy to SFPC by the taxpayers of Saskatchewan.

MR. MATSALLA: — Mr. Chairman, I don't want to get into the discussion of the operation of the Saskatchewan Forest Products. I think there is going to be an opportunity for that. So I just want to say that what we in the department are doing is trying to manage the forest resource in the best possible way in order to provide for the best return to the Saskatchewan people. I want to say this to the hon. member that if we didn't set up the plywood operation there nor the Carrot River sawmill operation, we would certainly not have as many jobs from the stub mill operation at Simpson. The operation isn't as labor intensive as the plywood operation is nor the dimensional sawmill operation. So, therefore, to say that if there weren't these developments the jobs would have been there, I don't think it's true because the stub mill operation is just not that labor intensive to provide for as many jobs as the plywood plant and the sawmill operation.

MR. McMILLAN: — Well, I'm not going to pursue that area with you. Suffice it to say that those of us who have taken a close look at the timber industry in Saskatchewan are not impressed by SFPC's involvement in the industry on any front whether it be labor, whether it be economics or whatever.

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That argument aside, I would like to ask you how SFPC made a \$325,000 overpayment to you? I know the Attorney General thinks maybe they plucked it out of the air. He might be a lot closer to the truth than he knows. There have been some horrid management and administrative problems in SFPC and I wouldn't be the least little bit surprised if those fellows accidentally overpaid by more than \$250,000 their stumpage fees. I would like to know if that was an administrative mistake by SFPC or whether that came about as a result of retroactive reduction in the stumpage fees payable?

MR. MATSALLA: — The explanation for the \$ 325,000 overpayment is something that I think we have related to in our last discussion and I think, again, here today and that is the adjustment in the plywood rate to Saskatchewan Forest Products. I have indicated to you earlier that the plywood rate was \$14 and then it was reduced to \$9.30, a more realistic rate. That is where this \$325,000 overpayment comes from.

MR. McMILLAN: — Was that \$325,000 considered a prepaid expense by SFPC, was it considered revenue with that respect, or was it money that was paid and at the end of the year you went back and retroactively reduced the stumpage fees?

MR. MATSALLA: — The \$325,000 overpayment that the hon. member is referring to was a retroactive payment, an adjustment on the plywood dues.

MR. McMILLAN: — Whose idea was this to retroactively change the stumpage fees? Was that a result of representations made to you by the minister or executive management of SFPC?

MR. MATSALLA: — Mr. Chairman, this was my decision.

MR. McMILLAN: — Well, I know it was your decision. The buck has to stop somewhere. I can't imagine that as the minister responsible for that resource, with the public interest at heart, that you would sit down at the end of the year and review everything and say, oh, whoops, we took in \$325,000 more than we really should have for the people of Saskatchewan. I am quite sure how the whole thing came about and I ask you, again, did you receive representations from SFPC, at the ministerial level or the executive level, to have that rate reduced?

MR. MATSALLA: — We certainly had discussions on this matter with them. We reviewed the fees and they were unrealistic in terms of comparison to the plywood dues in other jurisdictions and, therefore, we made the adjustment accordingly.

MR. McMILLAN: — I assume that was at SFPC's initiation, was it? The discussions?

MR. MATSALLA: — Not necessarily, discussion within the government.

MR. McMILLAN: — All right, then you must be having some discussions within the government of today that sort of make you wonder whether or not the stumpage fee rate you are charging for saw timber is really equitable. Now, you were worried, apparently, about the fact that \$14 was too much for anybody to pay for stumpage fees. Aren't you a little concerned now that this inequitable situation exists in Saskatchewan, where last year Simpson Timber paid \$7.25 a cord for their saw timber and SFPC paid only \$3? Now, I assume the same sort of spirit that moved you to reduce the rate on the one hand will certainly move you to increase SFPC's rate on this hand. Is that a fact?

MR. MATSALLA: — In government we are always reviewing rates and we are certainly

going to be reviewing these rates as well and very likely there may be adjustments in the near future.

MR. McMILLAN: — Well, I won't pursue that with you anymore. I think you get my point and I think you must understand that anyone, who takes a pretty close look at the situation in Saskatchewan, has to raise his eyebrows about the relationship between SFPC and DTRR. It is questionable at best, if you people operate independently of any government influence with respect to your exercising your job in the best interests of conservation in Saskatchewan. I say you are making a mistake when you are subsidizing SFPC so their financial statement looks better on an annual basis. I say that is not right at all and I hope you sit down and do some soul searching about that.

I have another question for you. I was going to pursue the question of the overcut with you but I don't think I will do that at this time. I am going to wait and see what happens this year. I will ask you this then, you say that that 10,000 cord overcut is going to be made up in the subsequent years. What are your plans this year with respect to the Hudson Bay region? Will there be an overcut, again, this year as there was last year?

MR. MATSALLA: — We don't expect that there will be an overcut this year.

MR. MCMILLAN: — Who is going to suffer the reduced cut then, Simpson Timber or the Carrot River mill?

MR. MATSALLA: — It will be the Simpson Timber Company. The increase in the cut was allowed to them on that understanding, that it will be adjusted in subsequent years.

MR. McMILLAN: — Well, I know that. But you are well aware, and if you aren't, ask Mr. Burton — Simpson Timber has made every effort since 1975 to keep their employees at the number at which they were in 1975. They fell back on inventory that they had some other time. They stretched that out. They got into the jack pine and black spruce business probably a little more involved than they were before to try and hang on to their numbers of employees. They went so far last year as to get a 10,000 cord overcut from you in order to try and maintain their mill operation labor-wise at the level they were before. Now you saying that this year, not only do they not get the 10,000 overcut but I assume it will be reduced by one-third, maybe you will try to make it up in three years, maybe two years. They aren't going to be there much longer if things keep going the way they are. Simpson Timber is going to be faced with a cut in the number of cords available to them. How much will be the reduction in their annual allowable cut this year, or Simpson Timber's allocation of timber this year, as compared to last year?

MR. MATSALLA: -The annual allowable cut to Simpson will be the same. The overcut will be spread over a period of five years. There will be an adjustment every year over a period of five years. As far as the annual allowable cut or allocation of timber is concerned, that is going to be the same. That is not going to change.

MR. McMILLAN: — O.K. The facts then are that the annual allowable cut that they generally receive, discounting the 10,000 a cord overcut they had last year, that annual allowable cut wasn't sufficient in order for them to keep their staff up. Despite the fact that they had an additional 10,000 cords last year over and above their annual allotment, they still laid off 32 people. Now this year they are going, I assume, to not only get the 10,000 cords, they are going to get roughly 2,000 cords less than they would get in a normal year when they were forced to lay off people. Have you been in consultation with them about impending lay-offs in the year to come?

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MR. MATSALLA: — Simpson Timber Company has indicated that they will be laying off 36 people; they will be shutting off one line of operation. The fact that they were operating a three-line operation, they used up their inventory, their stock. We have provided them an extra 10,000 cords to prolong their operation as long as possible. Once they go back to the two-line operation, the annual allowable cut that is allowed to Simpson Timber Company should be adequate to keep their two lines in full operation.

MR. McMILLAN: — O.K. So I see you probably understand their situation and I don't expect to hear anyone from your side or the government ever fault Simpson Timber for laying off 36 employees then. Let me simply say that. You understand that they are laying off 36 employees as a result of a reduction in the timber that they are allowed to cut by your government and an inability for them to pick up the junk timber that you would like to have them cut in the interim or to have them enter into an exchange with Manitoba for saw timber, which they say isn't economically possible.

As I say, I don't expect to hear anyone on your side of the House complaining about Simpson Timber laying off 36 employees in the days to come.

I have another question to you with regard to another matter and that is the question of settlers' permits. Mr. Bailey and Mr. Burton will be aware of the situation as we understand it as a result of some of the information that we were given at a White Spruce Cutters' Association meeting.

Is it the intention of the government to eliminate the settlers' permit that has been in effect for I don't know how long, allowing someone to cut 30,000 board feet of white spruce off his homestead or adjacent lands?

MR. MATSALLA: — There is no change in the settlers' permit at the moment. Nevertheless, regulations are being reviewed.

I just want to make a brief comment with respect to the comments made by the hon. member regarding Simpson Timber and their layoffs. At this point in time, yes we have word from Simpson's that they will proceed with laying off people commencing with May 23, but at this in time there are no layoffs. Now whether there is going to be any change in Simpson Timber Company's decision, we don't know, but I want to make this point clear that we entered into an agreement with Simpson Timber Company in 1975 to provide a certain amount of timber resource to the mill and the agreement was agreed to. We have lived up to our agreement and therefore, for Simpson Timber Company, I think, to say that it is because of government action at this point in time that they have to lay off people is a bit unfair.

MR. McMILLAN: — It is not a bit unfair; it happens to be a matter of fact. If Simpson Timber was receiving the same amount of timber that they received prior to 1975, there is little chance that they may have had to lay off anybody. They lost a lot of their cut, probably a 10,000 cord reduction, I am not sure of the figures, plus the increased deficiency of their mill with the technological change. I know that the minister is certainly not going to get up and fault them for doing that. The very reason that they kicked the private saw millers out of the bush was because they weren't efficient enough, so I know you don't consider that a fault of Simpson Timber for having to layoff people.

The fact of the matter is that Simpson Timber is laying off people because of

government action in the timber business and for no other reason. To suggest again that it is by agreement, I'll tell you that Aldo Moro is probably ready to come to some wonderful agreements with his Red Brigade terrorists. In principle, the situation is a little different. Simpson Timber was faced with co-operating with the government or having their business come to an abrupt end instead of the slow strangulation death that they are faced with now. If you keep proceeding at the rate you are with no technological breakthrough in the aspen field, Simpson Timber has got a very bleak future ahead of them indeed.

That is my only point. Simpson Timber's lay off is a result of government action and nothing else. As a result of government action taken in 1975 that has resulted in the reduction in timber or a temporary overcut that has to be reduced by 2,000 feet a year, that's your fault. It is nobody else's fault. If you had not built your Carrot River sawmill or your Big River sawmill the situation wouldn't have developed. If you can explain to me how it would have, I would be interested to hear.

MR. MATSALLA: — Well I think the hon. member will understand, or perhaps he is not aware of this point. The government entered into an agreement with Simpson Timber Company in 1975 and shortly after the agreement had been entered in to, Simpson Timber Company proceeded to make changes in their mill. That made the mill run at a higher capacity and they were fully aware of their timber allocation. So to say now that the government is not providing adequate timber resources when the company has known all along what their timber supply is going to be, I think is not a fair point.

MR. McMILLAN: — Well I bought that point to your attention. I say it is apparently a virtue in your books to have the timber industry operate as efficiently as possible. Simpson Timber unfortunately does not have that great public trough of money to go to that SFPC does and is forced certainly forced to be as efficient if not more efficient than anyone else in the industry in order to stay alive. Secondly, they are not operating in the same white spruce timber allocation than they used to be, they could afford to be a little less efficient than they had the white spruce saw timber than they can when they are forced to cut more jackpine and black spruce, so I say of course they tidied their operation up. Certainly they have. Would you suggest they should maintain an inefficient operation in order to keep 36 people on? There is 30 million, I shouldn't say 30 million, I don't know how many million board feet of white spruce are going to the Carrot River mill that could have gone to the Simpson mill had that Carrot River mill not been there and I say if the Carrot River mill was not there. Simpson Timber would not be laying off people. The arguments, I suppose we could go around and around, I can't see you disagreeing with the fact that if you had stayed out of that end of the timber business, Simpson wouldn't be in the trouble they are in.

I have another series of questions on a different matter to raise with you, if we are done with this topic. Do you have any further comments you would like to make about the saw timber business?

MR. MATSALLA: — I hope I can end up on this note to just follow through with the argument of the hon. member, that if we didn't have the Sask Forest Products operation in the vicinity there, that Simpson Timber Company would have all sorts of timber around and that is true. Then, if you follow that argument, then I would say that the hon. member doesn't believe in the proper and the best utilization of the timber. He believes that plywood bolts should also be cut into studs, the larger dimensional type timber should also be used for studs and so forth. Now that in our books is not the best

utilization of timber.

MR. McMILLAN: — Leaving the entire matter aside at the risk of going on getting the last word in for the rest of the afternoon, I would like to ask you a few questions about native hunting rights in Saskatchewan. Firstly, the matter has come to light recently as the result of the SFI brief and the brief of the Indian Brotherhood of Alberta and Manitoba with respect to the ability of native groups in Saskatchewan to hunt for commercial food purposes, fishing commercially, et cetera. Now, there seems to be some quarrel between the position taken by the SFI and the others and the Saskatchewan Wildlife Federation. The Department of Tourism and Renewable Resources is caught neatly in the middle as a result of the Northlands Agreement of, I think, 1930 which transferred the authority for conservation from the federal doorstep onto your doorstep and I would like to know what steps you are taking to resolve the issue that has been raised, or if you just intend to proceed as much as we have in the past with respect to Indian hunting rights and if there are any impending changes in that field?

MR. MATSALLA: — Mr. Chairman, this certainly is an area that is of concern to us and we are actively involved in discussions with the Saskatchewan Federation of Indians as well as the Wildlife Federation. We appreciate the fact that the Wildlife Federation has also involved itself in discussions with the Saskatchewan Federation of Indians and hopefully that through these discussions we might be able to resolve this concern that is a concern to, I would say, all of the people of Saskatchewan, the Indian people as well as the white people. Therefore, at this point in time, this is where this whole issue is at and we are hopeful that it will not be too long before we can come to some sort of an understanding and a resolution of this great big problem.

MR. McMILLAN: — Yes, you are well aware though, while that federation has raised its flag with respect to the matter as have the native groups, DTRR are the ones who will be making the decision. What steps have you taken at this time? What are you going to be doing, for example, to put a stop to the indiscriminate harvest of moose in the North that has been going on? You are aware as a result of representations made to you by Wildlife Federation, etc., that there are some practices being undertaken in Saskatchewan by people who are not licensed under the normal fashion. That raises serious conservation questions. For example, you bring in the new Moose Management Program, and I think that was a heck of a start and a good try. Hopefully it works out as well as you hope but all of that is in vain if, after the season is open, somebody goes into the Hudson Bay region (a group of people or individuals) and kills 400 cow moose after the season is over. Those questions you have to resolve, and resolve fairly quickly or all of your other conservation programs become somewhat less meaningful. I would like to know if you are taking action on these at this time.

MR. MATSALLA: — Mr. Chairman, I am sure that the hon. Member will be aware that the Indians do have the right to hunt on all unoccupied Crown land and land that they have access to. I think simply saying that it is the Indians who are bad hunters is not altogether right because amongst us white people too there are some bad hunters. Whatever goes wrong in hunting or whenever we do witness some bad hunting or bad use of our resources, somehow it relates to the Indians. I think we have to look at this in a much broader sense. The problem does not only rest with the Indians; it rests with some of our white people as well. What are we doing about it? Well, we are hoping to resolve this and we hope to resolve this through discussion and negotiation. We do have two Indian representatives on our Game Advisory Committee at this time. We only had one. Now we have appointed another person to our Game Advisory Committee and

hopefully this is going to help to create a better understanding of the position of the Indians and then the Indians will understand the position of our department with respect to the problem that is before us. Now, I think I can only answer it this way: we are hoping to resolve this through discussion with the Indians and hopefully then negotiate some sort of an understanding and on the basis of this understanding we could proceed to enforce it. I think at that time too, we will be able to have some of the Indian leaders create a better understanding amongst their own people.

MR. McMILLAN: — Well firstly, the minister suggested that I have said the Indians in Saskatchewan are bad hunters and I tell you, I don't recall having made any statements of the sort, but were you to ask me if in fact they were, I'd say, no. They are undoubtedly some of the best hunters there are. Now that may or may not be part of the problem in the minister's mind, I don't know. My question to you is, you have a serious conservation problem in Saskatchewan today. Your entire moose management project is in jeopardy as the result of moose kill that is being done outside the normal bounds of our moose management program. Your moose management program is in difficulty as a result of that. There are many areas of the province where you people go in and you fly the zones and you do an accurate count, (many areas you did an accurate count last year, some areas you weren't so accurate), but you went in and did an accurate count; you allocated a specific number of licences; you knew exactly what was to happen to that resource; you know fairly closely what the kill will be, what the breeding stock will be. You go in and you have that, in that particular zone, entirely wiped out, all of your work there as the result of moose kill that goes on after the season, maybe by Indian people, maybe by white people. The problem that you have in enforcing your conservation, with respect to white people, is an easier one than you do with respect to native people. But your program can be entirely wiped out in a zone. I keep hearing from people in the Wildlife Federation (who may be excitable about this subject), I keep hearing about it in other zones that I am personally involved in, about the slaughter of moose in particular. I want to know if, in fact, you will be taking action and you say, well we are going to try and resolve it through negotiation, but this problem has been there for quite awhile. Is it your intention to adopt any or all of the Saskatchewan Wildlife presentation suggestions in their brief that they have submitted to you?

MR. MATSALLA: — Well, Mr. Chairman, I think the Wildlife Federation understands the problem fairly well because, as a matter of fact, they have already been in discussion with the Saskatchewan Federation of Indians and they are prepared to pursue this further. So I think that the Wildlife Federation very much wants to understand the problem in every way, from the Indian point of view as well. That is why they are sitting down with the Indian leaders and discussing this further. Hopefully from these discussions, we might be able to resolve this.

MR. McMILLAN: — Certainly, no one understands the problem better than the Wildlife Federation people because they have the conservation of that resource at heart more than anyone, as much as those people in your department that work in that field. They have indeed sat down to discuss this issue with people from FSI and the other Indian organizations. You may be aware, on several occasions, certainly the Minister responsible for DNS is aware, of how those negotiations went with respect to commercial fishing rights in Saskatchewan. It was an unbelievable screaming match and I wouldn't be surprised if the Wildlife Federation never bothers to show its face in that room again. If you think you can sit by and wait until the FSI and the Wildlife Federation or the Indian people as a whole, get together and come up with some happy little set of regulations that both sides think are adequate, you're sadly mistaken. That isn't going to happen. Somewhere along the line DTRR is going to have to be involved in

this issue in a conservation manner and in an authoritarian manner. You're going to have to be the ones who draw up the regulations to protect that resource and enforce them; no one else — the Wildlife Federation is not going to be the one to enforce it. The time has come and gone when you can simply brush the whole issue aside for continued negotiations. That day has passed. Your Moose Management Program, as an example, may be emasculated this year as a result of problems in the conservation — as a result of the situation that exists now.

I asked you if you were prepared to accept any or all of the Wildlife Federation proposals with respect to this matter and I ask you that again.

MR. MATSALLA: — Well, Mr. Chairman, at the moment I don't know what all these wildlife proposals are. There are certainly quite a number of good proposals and we certainly agree to many of the proposals. I just can't say in a blanket way that I agree to all their proposals because I would want to know just exactly what their proposals are. From the comments made by the hon. member it would seem to me that he believes in sort of putting the heavy hand on the Indians; go out there and enforce the law. Now, I don't think that is a way of resolving a problem. If anything, you are going to aggravate it. I think at the moment the fact that the Wildlife organization, the government and the Indian organization are prepared to talk about this concern, indicates that we should proceed in that manner.

MR. McMILLAN: — Again the minister puts words in my mouth and suggests that I feel that the government should get involved in a heavy-handed way to put a stop to some problem that supposedly the Indians are causing in conservation; I never said that at all. Nor have I suggested it. I have only said that you can't expect the Wildlife Federation to solve this problem nor can you expect the Indian association to solve this problem. You have the responsibility to solve this problem; it will be your officers who have to enforce any regulations with respect to this problem, not Wildlife Federation people nor Indian people. Now I ask you, are you planning to do anything or are you simply going to sit there and suggest that negotiations are continuing while your Moose Management Program is in jeopardy, for example, a real contradiction in your department.

MR. MATSALLA: — Certainly, Mr. Chairman, we are concerned about this and I don't know what the member expects us to do all of a sudden. Send out a troop of enforcement officers and think that they would resolve the problem that way? I just can't see that that's going to do it. We have on our staff two Indian conservation officers. I think that's a step forward in trying to resolve this problem and I again say and I repeat, this must be about the fourth, fifth time that I've said this, and that is that we are carrying on active discussions together with the Wildlife Federation and the Indian Federation in an attempt to resolve this problem. Yes, I suppose the final decision is for us to resolve it but we believe that the best way to do it at this point in time, the fact that the feelings are high, is to sit down and discuss this whole concern, this whole problem and out of that hopefully we'll be able to resolve the concern that is before us.

MR. BIRKBECK: — The Hon. member for Kindersley will not mind my taking just one moment to ask a question in the same vein that the minister replied to some of your questioning. He stated that he didn't know what all of the proposals were of the Saskatchewan Federation of Wild Life and one of them is very simply that they are concerned that land that they have bought and paid for through the hunting permits, their fees, and under control of your department will not be used in any way in land claims settlements. Now, Mr. Minister, can you give the federation that assurance, that none of those lands will be used in the land claims settlements?

MR. MATSALLA: — At this point in time with regard to the settlement of land claims, the only lands that have been considered are the Crown lands, the unoccupied Crown lands that are, first of all, the first priority for consideration in settling the land claims. If there is a need for other lands, then of course the other lands would have to be considered as well. It hasn't been pinpointed what other claims of land would be considered next but one of the first lands that would be considered would be, of course, the unoccupied Crown lands and perhaps some of the more occupied Crown lands.

MR. BIRKBECK: — Then, Mr. Minister, are you saying that you cannot give me that assurance for the Wildlife Federation and that in fact some of those lands that they really have rights to could be placed in jeopardy at some future point?

MR. MATSALLA: — Well, I cannot say at this time. There is no indication of it but I can't say at this time, very definitely, that consideration will be given to not involve the Wildlife Development lands. But at this point in time there is no indication that these would be included in the settlements.

MR. BIRKBECK: — Well, Mr. Minister, I cannot see why you cannot. Those lands were purchased by the Wildlife Development Fund and, as I said, they were paid for by the Wildlife Federation, by the membership, the hunters, and as minister responsible I think you should be able to give them that assurance that you will fight desperately hard to retain those lands for those people. I can't see why you can't give me that assurance. If you cannot, then I am going to have to take it as read that you do not and will not stand up to defend the Federation.

MR. MATSALLA: — Just a point here. I think the member had indicated that the Wildlife Federation membership has contributed to the purchase of this land. That is partially right but it is all hunters who have contributed to the purchase of the land and those are many more than the Wildlife Federation.

MR. BIRKBECK: — Whom does the Wildlife Federation represent, other than hunters?

MR. McMILLAN: — I would like to ask the minister about a specific problem that has arisen with respect to The Game Act and that is section 8, subsection (4) of The Game Act which resulted in an individual who was hunting with a friend, a treaty Indian, and the individual was apparently not breaking any game laws. They were licensed to hunt and all. I don't know if you've ever seen this. It came out of the Northern Legal Services office with respect to the Queen versus Bathgate, I think is what it would work out to.

AN HON. MEMBER: — How did the Queen make out?

MR. McMILLAN: — I think the Queen did pretty well. She made herself \$25 on the deal. It sort of displayed a bit of an injustice perhaps or anomaly in The Game Act in which this fellow was hunting with a treaty Indian and was in fact, fined. I'll just repeat you one paragraph of the judgment. This situation arose in the case of R versus Brian Bathgate.

He was charged under Section 8, subsection (4) with hunting with a treaty Indian. He was properly licensed to hunt upland game birds and was in fact, hunting upland game birds with his friend, Hannah Nora Charles, who is a treaty Indian. The case was heard before Judge . . . etc, etc.

Now the problem is that The Game Act reads:

May 8, 1978

No person other than an Indian may assist, aid hunt with or accompany any Indian hunting big game or game birds for food permitted under subsection as (1).

And if a strict interpretation is given to this subsection, any non-treaty person hunting big game or game birds for food with a treaty Indian is committing an offence and I just want to know if that whole matter has been brought to your attention with respect to section 8 of The Game Act and if in fact, you have taken steps to sort of remove the anomaly that is involved.

MR. MATSALLA: — Well, I think in this situation that the hon. member is referring to, the charge was laid, it was brought into court and of course the court decided as to whether or not the accused was in contravention of The Game Act.

MR. McMILLAN: — Well obviously, it is the judge's decision to apply the law according to the law as it is set down in statute which it was. I say that the law, the way it is written creates the anomaly, not the judge's decision. The law says that no person other than an Indian may assist, aid, hunt with or accompany any Indian hunting big game or game birds for food, is permitted under subsection (1) so under any circumstances, any non-Indian person hunting with an Indian, whether they be duly licensed under the province or not, is technically committing an offence. That is the problem with the act.

Are you not in a position to be aware of that or are you in a position to be aware of it and are you changing it?

MR. MATSALLA: — I think I have the section before me and I think the key words are 'hunting for food'. No other person other than an Indian may assist, aid, hunt with or accompany any Indian hunting big game or game birds for food, meaning that the Indian is hunting for food purposes, as permitted under subsection (1). You would have to make references to subsection (1). I think the keywords here are 'hunting for food'.

MR. McMILLAN: — Well, the minister must be aware that — I'm not sure exactly what the Indian would be hunting for but if it wasn't for food, then there may be a problem in your department. Some would suggest that they often hunt commercially. That is not my business. Obviously, any time an Indian is out hunting he is hunting for food because, according to the treaty in the 1870's they are not entitled to hunt commercially so they have got to be hunting for food. This says that no one can hunt with them when they are hunting for food. What else would they be hunting for? Berries? You wouldn't carry a rifle to hunt berries. You are hunting for food. There is discrimination against people who want to hunt with treaty Indians because, under the technicality of the law, they can be fined for hunting with a treaty Indian, even when they are duly licensed themselves. That's the problem that arose here. I think you are probably aware of the judgment. In summation, do you not agree with the points raised by the Legal Services Office here at La Ronge, or are you not aware of that? Mr. Minister are you not aware of that?

MR. MATSALLA: — Well, Mr. Chairman, I wish I had the details of what the hon. member is pointing out. It is very difficult for me to try to attempt to explain or answer a question when I don't have the details of the particular case.

MR. McMILLAN: — Well, I will send you a copy of this again. It was at one time sent to your office on February 1st, the same information that I have here. I'll get it Xeroxed and send it to you again over the supper hour. It is 5:00 o'clock, I believe.

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