

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Eighteenth Legislature

May 19, 1978.

The Assembly met at 10:00 o'clock a.m.
On the Orders of the Day.

QUESTIONS

BLAIR MEMORIAL CLINIC

MR. J.G. LANE (Qu'Appelle): — I direct a question to the Minister of Health. You indicated in this Assembly on Wednesday and to the public, that Dr. Mallik had in fact, made no request for a high energy radiation treatment unit for the Allan Blair Memorial Clinic. Now I have before me two documents; one of which is a departmental memo dated May 29, 1975. The Allan Blair Memorial Clinic regarding Budget planning, wherein a linear accelerator was in fact, requested and secondly, a lengthy memo to the Saskatchewan Cancer Commission from Doctors Alexander, Kuan, Mallik and a couple of the physicists, which indicates that in 1975 such a unit was requested of the provincial government, that in fact, your statement of Wednesday was unproved — would you now like to correct the record?

HON. E.L. TCHORZEWSKI (Minister of Health): — Mr. Speaker, the statement of the Member for Qu'Appelle is untrue, not my statement. If he would check Hansard and if he would check any statements that I have made, he will have to say that indeed, I did not say that there had not been a request by Dr. Mallik for the high energy equipment. Indeed, I said there had been such a request. I also said that that request had gone to the Cancer Commission and I also have said that the Cancer Commission had asked Dr. Mallik to provide a report which justifies the need for such a piece of equipment and that up until now, there has not been such a submission or report from Dr. Mallik.

MR. LANE (Qu'Ap): — Supplementary. The submission, under the title. Radiotherapy in Saskatchewan, Current Status and Future Requirements, (and I am sure the minister has seen a copy n on page 6, it makes it quite clear — very pointedly, the Allan Blair Memorial Clinic does not have the required facilities to provide similar quality radiotherapy care referring to Saskatoon. "It is now time to use every method at our command to convince the provincial government that the Allan Blair Memorial Clinic be equipped with a high energy device, such as the 25 millivolt to 35 millivolt linear accelerator or betatron so that the people of southern Saskatchewan have ready access to the benefits of high energy X-ray and electron radiations.' 1976. I repeat for the minister. Do you or do you not agree that this submission from the Cancer Commission has intact, made it very clear to the government that the cancer treatment in southern Saskatchewan at the Allan Blair Memorial Clinic is, in fact, second rate? And that they are falling far behind Saskatoon and that you knew about this in 1976?

MR. TCHORZEWSKI: — Mr. Speaker, let me put the record straight. Let me go back prior to 1976 in order that the member may know what the situation has been and what it is. Let me say this. A high energy treatment facility was installed in the Saskatoon Cancer Clinic a few years ago, indeed not by this government but by the previous Liberal government, on the advice of the medical staff of the Commission. It was the intention at that time to refer all of the patients to the Saskatoon clinic who require high energy radiation treatment. Recently Dr. Mallik stated that high energy radiation treatment is required in Regina in addition to Saskatoon. I pointed that out to the members on

Wednesday. This may be so. However, as I said then and I say now, a strong case must be made to justify such an installation which will cost in the area of \$ 1 million. High energy facilities have not been denied in Regina. I underline that. But to date as I just said a minute ago, no solid request has been forthcoming. Recently Dr. Mallik was asked by the Commission to prepare a report on the need for high energy radiation in Regina and to date he has not done that.

A new radiotherapy addition is being built at the Regina clinic which the member should know about, with a scheduled completion date of the fall of this year. There is the capacity to add high energy equipment at a later date if it is deemed necessary and that is contrary to some of the statements that have been made which have alleged that the facilities being constructed will not have the capacity for installation of that kind of equipment.

MR. LANE (Qu'Ap):—Final supplementary. The report that the Cancer Commission has (1976), made some comments in comparing the Allan Blair Clinic and the Saskatoon Cancer Clinic. For example, the comment, 'Patient service waiting for the Allan Blair Memorial Clinic, very poor; for Saskatoon, excellent. Cast room, Allan Blair, very poor; Saskatoon, sufficient space.'

It goes on, and it says very pointedly, "There is general agreement that there is urgent need to update the radiotherapy facility at the Allan Blair Memorial Clinic. There is no comparison between departments at the two clinics in terms of adequate patient care." Have you, or have not seen this document? If so, why has no action been taken on this document? You have had this information since 1976, two years.

MR. TCHORZEWSKI:— Mr. Speaker. I guess we should get the member to apply for the Saskatchewan Hearing Aid plan in order that he may get his hearing tested so that he might hear what I said in reply to his questions. Or is it maybe that he doesn't want to listen?

Obviously from the negotiations that have gone on out there between the Conservative caucus and Dr. Mallik in setting up this kind of an issue, we have a political kind of thing similar to the filthy hospital debate that we had some time ago. I think, Mr. Speaker, it is outrageous that any political party would try, on the backs of cancer patients and the kind of trauma that they experience — try to discredit the cancer program of this province. In answer to the member's question who says that the Commission has not taken any action on the question of radiotherapy services, why does he not listen when I say that a new radiotherapy addition is being built right now. The government recognized several years ago that there needed to be some changes in the structure of the whole hospital system in Regina. So there is a regeneration program that is programmed and planned and indeed is being built and included in that regeneration program in Regina Hospital. There is a radiotherapy addition being built right now as part of phase one at the Allan Blair Memorial Clinic and there is a further plan to start the second phase after this phase is completed. So I conclude by saying, Mr. Speaker, that the situation is indeed well at hand and that this government is paying attention to the needs and is taking the steps that are necessary in order to assure that those services are there.

SOME HON. MEMBERS: Hear, hear!

DEAL TO PULL BILL AND ADJOURN HOUSE

MR. E.C. MALONE (Leader of the Liberal Opposition): — In the absence of the Minister of Agriculture, I would like to direct a question to the Attorney General in his capacity as house leader. When member for Niacin, last night in his remarks in debate in this House, indicated that an arrangement or a deal had been made between the Attorney General and the member for Niacin's caucus whip. to the effect that the government would be prepared to call the bill respecting cattle checkoffs. My question to the Attorney General is, was such an agreement made between yourself or the Minister of Agriculture to indeed pull that bill and indeed was that arrangement conditional on this opposition or the Conservative Opposition, allowing the government to adjourn this House today?

HON. R. ROMANOW (Attorney General): — Mr. Speaker, I heard the words of the Leader of the PC Party last night and I think his words were that no deal was arrived at. I think originally he said there was a deal and then he ended up saying that there was no deal, but he also went on to say that a proposition was made, whereby the so-called Cattle Checkoff Bill, would perhaps die on the order paper in the eventuality that the session would prorogue some time this weekend. I substantially concur in that statement of facts as indicated by the Leader of the PC Party.

MR. MALONE: — A supplementary question. Do I take it then, from the Attorney General's remarks, that your government was prepared to withdraw that bill providing you could receive an agreement from both opposition parties that we would not prolong this House, that we would not go into a detailed examination of your Estimates, the Premier's Estimates, The Elections Act, The Heritage Fund Act and all the acts that are on the order paper; you as a government were prepared to take this bill off the order paper or let it die, as the case may be. on condition that the opposition would not pursue these matters I mentioned to you, and that this House would be adjourned today or tomorrow?

MR. ROMANOW: — Mr. Speaker, first of all I want to make it absolutely clear that the opposition can take any amount of time, any time it wants, with respect to my Estimates, The Elections Act, The Cattle Checkoff Bill or any bill that is going.

In the course of the discussions it appeared to me, as house leader, that there was a consensus developing, as among all of the parties, that we could finish the proceedings in the House by this Friday (today) or by Saturday. There was that consensus developing (I am not saying that there was a consensus arrived at) that, as a part of that consensus, in order not to prolong the development of the session, the Cattle Checkoff Bill would not be proceeded with, because quite clearly, the opposition parties have indicated that, the PCs have as well, shown their opposition to the bill and they would not prolong it. That is how the situation developed.

MR. SPEAKER: — Order, order. I will take the next question. The member for Rosetown-Elrose.

CONSUMER ADVERTISING

MR. R.H. BAILEY (Rosetown-Elrose): — Mr. Speaker, on Tuesday last, just at the last of the question period. I directed a question to the Minister of Consumer Affairs..

MR. SPEAKER: — Order. I am having trouble hearing the member's question.

MR. BAILEY: — Thank you. Mr. Speaker, I was saying that last Tuesday, the last of

question period, I directed a question to the Minister of Consumer Affairs at that particular time. The time was up if you will recall and I did not have an opportunity to back in. I would like to redirect the question to the Minister of Consumer Affairs. You will recall that last Tuesday I asked you a question, and I quote, ' Does your department, at the present time, do anything in the way of taking a look at advertising in the province of Saskatchewan, picking out what could be false advertising or misleading advertising, either from the private sector or the public sector?' And your answer, Mr. Minister, is, "yes we do.' Having said that then my question to you at this time, Sir, is this. Do you have anyone in your department who is a member of the Advertising Council of Canada? And if so, would you not agree, that current advertisement such as the YES program and the Warm up Saskatchewan program, are misleading advertising, because they do not give within the advertising, the limitations as to who can benefit from the particular government programs.

HON. E.C. WHELAN (Minister of Consumer Affairs): — I think the hon. member asked me if we examine advertising. First, I should make it very clear that there is no provincial legislation that gives us control over the way advertising is presented in this province. The legislation that controls that is federal legislation. In some areas across this country, there is legislation that has to do with trade practices and it speaks clearly to the methods that are used for advertising. We watch advertising as it applies to the legislation that we administer, specifically, for instance, warranties and how a warranty is expressed regarding advertising. But to say that we have control over advertising as such, that is not the case. That is within the federal jurisdiction completely and clearly.

MR. BAILEY: — Supplementary question. Mr. Speaker. If you are concerned, (and I am not doubting your concern with Consumer Affairs), Mr. Minister, would you not think it advisable that some member of your department should find his or her way on to the Advertising Council of Canada, because, very clearly stated you can't have one rule for the private sector in advertising and another rule for the government sector in advertising. There is no question, Mr. Minister, (and I appreciate your comments), there is no question that part of your government advertising right now, has to fall in and very logically falls into that area of misleading advertising.

MR. WHELAN: — Well, you know, I think that advertising in some instances has a validity of it, the accuracy of it is seen through the eye of the beholder. I think everyone of us could pick out some advertising that is done by every political party in Canada and say that it was false or misleading or this sort of thing. As I said earlier, this is not within our jurisdiction, only in some specific sections of legislation, for instance, warranties. But the whole advertising area, as far as this province is concerned is under federal jurisdiction.

MR. BAILEY: — Supplementary, Mr. Speaker. Would you at this particular time, Mr. Minister, not agree that it would be advisable as a minister of the Crown, to seek for and ask the Advertising Council of Canada for membership on that council so that in fact, both the private and the public sector could be treated in exactly the same way. I am quite sure, Mr. Minister, I think that you will agree to this. if you saw an advertisement in any Saskatchewan paper, which stated that there was something that you could have — when you go to find out about it, under the fine print are not even in the print as in the case of advertising wasn't so; you would be the first one to decry false advertising. Would you not want to treat the public sector and the private sector the same?

MR. WHELAN: — Well, if we don't have jurisdiction, I think it is pretty illogical to be suggesting that we are seeking an area where we can make representation. When you

look at the whole picture of false advertising, nothing could have been more false or misleading than the advertising that went on in the provincial election in Manitoba, where we are talking about free enterprise. It is just entirely who is looking at what when you come to these conclusions. As I indicated earlier, it is not within our jurisdiction. We wish it was in our jurisdiction but there is no group in the House which opposed more specifically the trade practices legislation; they made speeches when it was just in the white paper stage. It would give us some control over advertising.

CATTLE CHECKOFF BILL

MR. MALONE: — A question to the Attorney General in his capacity as house leader. Would the Attorney General not agree that his attempt yesterday to prevent a proper scrutiny of his Estimates, the Attorney General's Estimates and the bills before us, on the trade-off basis of having the Cattle Checkoff bill pulled, amounts to nothing more than an attempt by you, in your capacity as house leader, to blackmail and bully the opposition in from doing its appropriate job. Would you not agree that that is the case?

MR. ROMANOW: — You know, Mr. Speaker, obviously I don't agree to that. If the bill is not proceeded with at this session, for example, there is nothing preventing the government from re-introducing that bill or any other bill six months from now. This argument of a blackmail, or a bully operation — the Leader of the Liberal Opposition can say whatever he wants to say on this matter. I am trying, in my capacity as house leader, to manage the affairs of the House as reasonably as I can. Look, you are perfectly welcome, as I am sure you will in any event, to roast me on my Estimates. I am just quaking in my boots waiting for this tough Liberal questioning that I am going to get on my Estimates. I spoke to the Premier last night; he couldn't sleep all night, because he is worried about his Estimates. All I am saying to you, blackmail or otherwise, you can do whatever you want to do, the facts are as the Leader of the PCs stated them. Now it didn't come about, fine.

MR. MALONE: — Supplementary question, Mr. Speaker.

MR. SPEAKER: — Order. I'll take the next question.

CANCER COMMISSION - BLAIR MEMORIAL

MR. E.A. BERNTSON (Souris-Cannington): — Mr. Speaker, I would like to direct a question to the Minister of Health. Dr. Amies has said that the Cancer Commission has never denied a request for high energy radiation facilities for Blair Memorial. Last Wednesday the minister said that no such request has ever been denied. In light of the fact. I believe it was two years ago, that there was in the Budgetary Estimates of 1976, I believe it was, there was provision for high energy equipment for the Blair Memorial Clinic and it was very hastily dropped without any notice to the Blair staff. Would the minister not agree that that is, in fact, a denial for high energy equipment to the Blair Memorial Clinic?

MR. TCHORZEWSKI: — Mr. Speaker, the member opposite has got all his facts and equipment confused. I will not agree that that was a denial, there has not been a denial. Indeed, I will repeat again for the third time this morning, Mr. Speaker, that the Cancer Commission recently asked Dr. Mallik in good faith to provide documentation and justification in the arguments for supplying a high energy unit. They are still waiting for that recommendation and that report. I am sure they are most anxious to get it before

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Dr. Mallik leaves on June 2nd in order that they can act on it expeditiously.

MR. BERTSON: — Supplementary, Mr. Speaker. I wonder if I could have order please, Mr. Speaker. The fact is, Mr. Speaker, that the budgetary requirements were there and later withdrawn. As it relates to the radiology ad at the Blair Memorial Clinic, would the minister not agree that it is stretching the truth just a little to suggest that a provision for a future radial high energy installation, to suggest that a vacant space outside the building is future provision is stretching the truth just a little?

MR. TCHORZEWSKI: — No, Mr. Chairman, I would not admit that at all. I said there is a capacity to add high energy equipment whenever it is decided to do so in a new radial therapy addition. I will stand by that statement.

MR. LANE (Qu'Ap): Final supplementary. In fact would you not admit that Dr. Mallik attempted in August 31, 1977, by letter, directly to yourself, coupled with the full report made to the commission in 1976 requesting the need for the high energy radiation unit, that you have, in fact, had all the information with the cost and that in December, and Dr. Mallik advised you by letter, that Treasury Board passed money for the purchase of a simulator to be put in the radiotherapy department. In December, 1976 his machine was cancelled without any further consultation with us and part of the fund was spent on a computer system, not the system requested by the Cancer Commission. That is in a letter given to you. Will you now start to come clean and start telling the truth, that in fact you had this information for two years, that you have cancelled the program, and that Allan Blair Memorial Clinic is getting second rate government support? Mr. Speaker, would you now not come clean and go for the judicial inquiry?

MR. TCHORZEWSKI: — Mr. Speaker, the member opposite talks about two different things. The piece of equipment that was not provided is a different item than the high energy unit which is being talked about here this morning and that is being referred to by Dr. Mallik. The reason that the prior piece of equipment was not provided, even though it is now in the Budget to provide, is because the agency at the federal level, which needed to provide certain components of it (and I am not being critical of them because it happens to be a fact of life) was not able to provide some of the portion of that equipment that is required. That is a simple reason for that.

I want the member to know that the cancer clinic was fully informed of this, or at least the medical director was fully informed of this. We depend on the medical director to communicate from the commission to the staff of the medical clinic and we depend on the medical director to communicate from the staff of the medical clinic to the commission. If that has not been happening then that is the kind of thing that the commission obviously has got to deal with and is in the process of doing it.

FAIRVIEW DEVELOPMENTS LTD. - THE LIMITATIONS OF THE CIVIL RIGHTS ACT

HON. N. VICKAR (Minister of Industry and Commerce): — Mr. Speaker, on Monday last. the member for Regina South (Mr. Cameron) asked me a question and a supplementary question. I will quote the question first:

Can the minister tell me, in granting the mortgage with respect to Fairview Developments Limited, did they waive the provisions of The Limitations of The Civil Rights Act?

in his supplementary question following that, he said:

So my question to you is, in granting the mortgage to SEDCO did Fairview Developments Limited waive The Limitations of The Civil Rights Act?

Mr. Speaker, my answer to that, received yesterday, was the following:

Yes. Fairview Developments Limited did waive the provisions of The Limitations of The Civil Rights Act. SEDCO as a Crown agent has the privileges of the Crown and is not bound to The Limitations of The Civil Rights Act, whether the act is waived or not. However, SEDCO does not normally find it necessary to rely on this privilege.

DEAL TO PULL BILL AND ADJOURN HOUSE

MR. MALONE: — I would like to return to the question to the Attorney General. Mr. Speaker. You have indicated to us. Attorney General, in your last response to me before I sat down, that the arrangement with the member for Nipawin presumably was that the Cattle Checkoff Bill would be pulled or allowed to die on the order paper at this session and that it would simply be re-introduced in the fall session of this Legislature.

Now my question to you is, is that the arrangement you made with the member for Nipawin and. if it is, why are you acting in such a way with that particular bill? Do you not believe in the principle of the bill? I am wondering if the Minister of Agriculture believes in the principle of the bill.

MR. ROMANOW: — No, Mr. Speaker, I did not say that that was the arrangement with the leader of the PC Party. There was no arrangement in that sense. I think that everybody knows the words of the Leader of the PC Party last night when he indicated the proposition that was advanced. I was the person who advanced that proposition. having talked to the Minister of Agriculture on behalf of, through the Minister of Agriculture. It was a more complicated process than that. But that is the situation.

With respect to the principle of the bill. My remarks, (which you seized on) were more related to your suggestion that somehow we were trying to blackmail the opposition. My point is, that it was an attempt to facilitate the business of the House in order to conclude the business of the House as fast as we can because I sensed (perhaps wrongly), I sensed but which I sensed was something that all members were gradually moving toward. If you are telling me that I sensed it wrongly, that's fine. I simply wanted to say that there is not much of blackmail in that sense, if the government was to introduce the bill six months from now, later on. So dealt as an explanation to your remarks, it has nothing to do with his remarks.

MR. S.J. CAMERON (Regina South): — I wish to ask the Attorney General by way of a supplementary. Does he consider these discussions, does he treat them as confidential discussions and go on? Did he know that the member for Nipawin was trying to disclose the subject matter, at least a part of those discussions? And was he appalled when he did it?

MR. ROMANOW: — Mr. Speaker, I have been in this House for 11 years. I have always viewed and have tried, (perhaps I have been in error sometimes) to treat private communications as private. I get much written correspondence here. I send many. I think everybody knows that well of me in the House, it's my personal trait or

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characteristic I have never used any of those personal communications ever to my knowledge (written or oral) and I try always to do that because I view them to be confidential. That was the category with which I viewed the discussions which took place on Wednesday. But there is no rule on that and if members feel, for whatever reason, that a conversation should be released, that is for the individual member. I don't know. Maybe the PC Leader felt strongly about the Cattlemen's Bill or strongly about prorogation, or both, to issue the statement. I don't know. That is up to him. But all that I am saying is, that is my personal position on this matter.

MR. CAMERON: — Let me ask you. Didn't you view it as a sort of breach of confidence? These weren't chit-chat. These were official discussions you were having with the Whip of this side and the Whip of that side. Didn't you consider it to be a breach of confidence? Let me ask you by way of a final supplementary. How do you ever expect us to enter into discussions of that kind with you and that member when ten minutes later you breached that confidence . . .

SOME HON. MEMBERS: Hear, hear!

MR. ROMANOW: — Well. Mr. Speaker, I have had many experiences in this House where I have had so-called confidential discussions suddenly end up on the floor of the House. I need to remind the members opposite that during the course of the dairy marketing strike, less than a few minutes after I had certain conversations with the Leader of the Liberal Party, the matter was on the floor of the House by the Liberals opposite.

MR. CAMERON: — It was there.

MR. ROMANOW: — No. sir. No sir, it was not. No sir it was not and I have had discussions subsequently . . .

MR. SPEAKER: — Order. I'll take the next question.

E & H TAX ON EMERGENCY VEHICLES

MR. D.M. HAM (Swift Current): — Thank you, Mr. Speaker. I would like to direct a question to the Minister of Revenue. Mr. Minister, in light of the fact that the federal government exempts sales tax on the purchase of emergency vehicles such as fire trucks and ambulances, why is your government charging Education and Hospitalization tax on these purchases to Saskatchewan institutions?

HON. W.A. ROBBINS(Minister of Revenue):— Mr. Speaker, I have to ask you to repeat it. there is too much noise.

MR. HAM: — I sure will. In light of the fact that the federal government exempts sales tax on the purchase of emergency vehicles, such as fire trucks and ambulances, why is your government charging E & H tax on these purchases to Saskatchewan institutions?

MR. ROBBINS: — One of the problems we have always, of course, with E & H tax is if begin to erode the base, it widens very appreciably. I will have to take that as notice and check to give you an answer later on.

SECOND READINGS

HON. G. MacMURCHY (Minister of Municipal Affairs) moved seconding reading of Bill No. 77 — An Act to amend The Property Improvement Grant Act. 1972.

He said: Mr. Speaker, with respect to The Property Improvement Act, 1972 that is before the House, I don't think I need to make very long comments, since it has been part of the Budget Debate and part of other debates in this Assembly. The announcement with respect to increases in the Property Improvement Grant was announced by the Minister of Finance during the Budget Debate. I think that this program combined with the foundation grants has been well received; the benefits have been well received by the taxpayers of Saskatchewan. I don't think we need to spend time in discussing it with the session.

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I might just give a brief report to the members of the House on what has happened with respect to Property Improvement Grants over the last short period of time. The program began along with the foundation grants to schools program back in 1972. At that time, it was equivalent to 13 mills with a pay-out of \$78 for the principal residence; \$130 for business; and \$ 195 to farms. In 1973 it increased to the equivalent of 18 mills — principal residence \$144; business, \$ 180; farms, \$270; again in 1974 an increase to the equivalent of 20 mills— \$160 for the principal residence, \$200 for small business and \$300 for farms; a further increase again in 1975 to 22 mills — \$200 for the principal residence, \$220 for business and \$330 for farms; finally, with this legislation today, Mr. Speaker, the increase to the equivalent of 25 mills, or \$230 for the principal residence, up to \$250 for business and \$375 for farms.

I am sure, Mr. Speaker, that all members will be supporting this legislation. I therefore move second reading of this bill.

Motion agreed to and bill read a second time.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Byers that Bill No. 54 - **An Act to amend The Liquor Act** be now read a second time.

HON. R.J. ROMANOW (Attorney General): — Mr. Speaker, yesterday I said a few words about The Liquor Act and the position taken by the Liberal Opposition in indicating that they would oppose the amendment to this particular bill.

Mr. Speaker, what this bill does is that it attempts to enforce or ply if I can put it that way, the provisions generally prohibiting the advertising of liquor to the cable television companies which are coming on stream on a province wide basis in our province at this particular time. The present law I think section 104 of The Liquor Act states quite clearly that a prohibition applies generally now to television and radio conventional operators. I think it is correct to say, Mr. Speaker, that indeed, that kind of a ban has been honoured by the conventional television companies and by the conventional radio companies. There is no doubt about that.

The fact is that we don't see any television or radio advertising on the conventional media in our province. Now, Mr. Speaker, I believe that that law is a law which is well founded in good common sense and logic. It is not a question of whether or not liquor outlet locations are publicized in a sense of printed. It is not a question of what one's views are necessarily about the evils of alcohol or otherwise. It is however, a question of the promotion of a lifestyle which I think, in the collective wisdom of the province of Saskatchewan and the people therein, we have concluded, is a lifestyle which ought not to be promoted.

Anyone who has seen some of the television commercials which exist in other parts of the country, let alone in those parts of the United States, will agree with me that, intact, the commercials are ones which glamorise the consumption of alcohol, ones which glamorise - and I say indirectly promote the use of alcohol by the people who see this matter.

Mr. Speaker, I am appalled at the suggestion that the Liberal Party would oppose amendments in this bill which, in effect, only seeks to extend that kind of a prohibition, generally, to the conventional cable operations. I am appalled because up until now I have not seen the Liberals say that they felt that the present section 104 should be repealed, opening up advertising in conventional television or conventional radio. But yet we see them here taking a legalistic - I submit legalistic - in effect almost a lawyeristic approach with respect to the constitutionality of The Liquor Act bill and seeing that the main issues respecting the consumption of alcohol slide to the side.

Mr. Speaker, there are a number of very disturbing aspects of this position taken by the Liberals. While it is important that we consider the constitutional aspects of any law - there is no doubt about it - one simply has to ask the question, why the issue of constitutionality on federally licensed cable television companies arises at this point when there is no such question raised as to the constitutionality of the same provision which applies to the federally licensed and regulated conventional television and radio companies?

Is this strictly a very selective application of constitutional argument? They argued to me, in the House, that this was an attempt to have a war on the conventional cable companies, that somehow we were extending our battle to the conventional cable companies through this liquor act amendment.

I want to tell the members of this House that this government does not view itself at being at war with the conventional cable companies. We believe that the main issues of hardware ownership have now been resolved. We resolved those back in September, October 1977. There is a war, obviously, as between CPN and the conventional cable companies. That I can't deny and perhaps CPN and the government. And as much as one may want to portrait. in terms of CPN equals the government then one might say that there is a war. But in reality, the fact of the matter is that the government's desire is to get conventional cable operations fully operational as quickly as we can. In Saskatchewan, given the factual situation in Saskatchewan of the existence of the closed circuit operations, together with the conventional cable operations.

That Sask Tel has had troubles, nobody would deny, but to suggest that this amendment, which we have before you, is somehow an extension of what I believe to be an ill-perceived view of somehow a war on the conventional cable operators, is stretching the credulity of the point, indeed, to its outer limits.

Mr. Speaker, I am concerned about statements made in the press by Cable Regina, statements which say that it can't delete liquor and beer ads. The statement, according to the Leader Post is that it will be unable to comply with proposed provincial legislation.

I am not convinced, and certainly I have not received any submissions from anyone, from Cable Regina, indicating to me that they are not able to do this. I have received nothing in writing, or nothing even verbally indicating what their technical difficulties may be.

I don't believe this is the case, that Cable Regina is telling the province, or the people of Regina that they don't intend to comply with the law. I don't think that is the case. I certainly hope that it is not the case.

The simple fact of the matter is, Mr. Speaker, a lot of people are asking me, why is it that we can print the schedules of the cable shows which come from the United States to a detail, even those which are being changed and that the cable companies know that but that they can't get an operating log of the commercials which come on stream out of the one or two outlets from the United States. Mr. Speaker, they can obtain an operating log and they can pool their efforts - I'm talking about the conventional cable companies - into one system centrally for the deletion of those ads which are required in this matter. Now, Mr. Speaker, it is argued that this problem has existed in Estevan and Weyburn for quite some time. Yes, it has. But the fact is that it is now emerging on a province-wide basis. And as such on a province-wide basis, Mr. Speaker, this requires an action on behalf of the province. I am pleased to say that the people of the province of Saskatchewan support, in vast majority, the position taken by this government and oppose the opposition which has been advocated to us here by the Liberal Party.

I note that the Leader of the Liberal Party (Mr. Malone) was on a hot line show on CBC radio a few days ago. According to my information, out of 11 callers, 8 opposed his position in opposing this bill, one supported his position and one indicated a kind of a neutral discussion comment area. I note the fact that we have received support . . . (interjection) . . . Well, the Leader of the Liberal Party thinks that these were people put up somehow by the government to make these phone calls. I don't know if they were or not, they certainly were not in my instance or at anybody's on the Treasury Benches, I am convinced of that. But I can only say that you can alibi those kinds of phone calls any way you want. The fact of the matter is that they exist there.

Mr. Speaker, you can say whatever you want about the resolutions of the Alcoholism Commission and the school boards in Regina and in Saskatoon and the letters from the various church groups, any way you want, Mr. Speaker, but they exist. Mr. Speaker, letters I get, letters Premier Blakeney gets. I have received copies of correspondence. The Premier has received copies of correspondence here and the members opposite want me to table them. I have no objection to tabling them. There must be at least 50 letters here that I have from people; the Premier has a whole slug of them as well from all parts of the province. Saskatoon, Moose Jaw, here's one from Regina. Outlining their opposition, Wawota. Saskatchewan, Mr. Speaker, outlining their opposition to liquor advertising on cable television. Mr. Speaker, that is the situation that is involved here. I am going to table these letters, Mr. Speaker, in a moment. I want to have a final opportunity of checking the wording of them to make sure we don't embarrass the letter writers. Certainly there is nothing that would cause any embarrassment to us no matter what it is. I am sure that there, as I say, these 50 letters of correspondence which exist here. . . . (Interjection) . . . I will table them, I undertake to the House that I will table them without a doubt.

AN HON. MEMBER: — . . . letter from CPN?

MR. ROMANOW: — I have no letter from CPN urging that we do this. I tell this to the members of the House. Unequivocally, I have no letter from CPN that we do this whatsoever. Or meetings, I have not met with CPN on this issue at all and that is the situation that is involved there. Mr. Speaker. . . . (interjection) . . . I don't know anything about Telephones, I would be very surprised if Telephones had anything either. But it doesn't matter, Mr. Speaker; this is the dumb position that the Liberal Party finds itself in. The dumb position the Liberal Party finds itself in is, in its haste to attack the CPN, they are taking a position opposed to this legislation all the while allowing liquor advertisements on Cable Regina and the other operations. That's the dumb position that they are in. Mr. Speaker, these people aren't giving a doggone about CPN, Cable

Regina, they are not giving a doggone about your views or our views on that matter. What troubles them is the fact that there is going to be a promotion of a life style with respect to liquor advertising which you people have not even said one word in this House on whatsoever.

Mr. Speaker, my frustration in this whole matter is not so much of the fact that I want to give the Liberal Party any particular boost but you know the position that the Liberals are in now by way of this situation is indicated. Mr. Speaker, by a hot line show that took place today on CKCK Radio, Sherv Schragge Line. If an election were called today, how would you vote in the election? Mr. Speaker, 26 NDP; 11 PC; 8 Liberals, in the province of Saskatchewan!

SOME HON. MEMBERS: Hear, hear!

MR. ROMANOW: — Sherv Schragge! All I am saying — fine, they laugh, Mr. Speaker. because they say CBC Insight was a put up job; those don't count. Sherv Schragge. nobody listens to him. That doesn't count. These letters, they don't know about the CPN fight. They don't count. The communications from a secretary of a hardware. The Liquor Act provisions, they don't count. Mr. Speaker, what in the world counts in the Liberal Party, rather than this kind of gamesmanship that is going on? What in the world counts with respect to the Liberal Party when you deal with a fundamental issue like the promotion of a lifestyle of liquor? Not a word on this by the Liberal Party of the province of Saskatchewan. Not one word whatsoever! Then you wonder why they only get eight voters phoning saying they would vote for them today and why they are in third position politically.

Mr. Speaker, I cannot believe the position that is taken in this regard. I can't help that. I can't help the Liberals or the PCs from taking a political posture and being ignorant of the interests of the province of Saskatchewan. I just simply ask them not to come in here and take the position on issues which fail to deal with the substantive issues which are before the people of the province of Saskatchewan. I don't know how we can do that. Mr. Speaker. I certainly say that it represents the dumbest political position that I have seen in a long time and the dumbest issue on an important matter that I have seen in a long time by any party whatsoever.

Well. Mr. Speaker, I am going to sit down and allow the Liberals a chance to get at me and to rebut and to further dig themselves in on the position, because that is the natural wont and the natural desire there.

I simply say, Mr. Speaker, this. Prince Edward Island passed controls of liquor ads on cable. I have here a photo copy of a report from the communications industry on this matter which says in the last paragraph, referring to Premier Campbell, "Campbell said the province would continue in its efforts to have provincial legislation banning the advertising of alcoholic beverages apply to cable TV." That's the quotation, Mr. Speaker.

The report is only a few weeks old. In fact, it is February of 1978, and the Canadian Broadcaster is the magazine. So, accordingly, if I am unconstitutional, so too must be Premier Campbell. Liberal. If I am doing such a bad thing or this government is doing such a bad thing in seeking to ban liquor from cable advertising, then so too is Premier Campbell doing a bad thing in seeking to ban the cable advertising as well.

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Mr. Speaker, make no mistake about what the issue is. The issue before us is whether or not the ban on liquor advertising which currently exists and is honoured by federally licensed television and radio stations, whether that ban applies to cable companies in the province of Saskatchewan now receiving it on a province-wide basis. That is the issue! The issue is, shall there be a natural and logical extension of that ban from the electronics media and television and radio to the next step in the evolution of electronics communication in this province, namely, cable television. That's the logical and natural question which has to be asked. No other issue is before us, Mr. Speaker. No other attempts byway of amendments or whatever apply in this particular situation.

The members can properly point out constitutional issues or other points. But I say, Mr. Speaker, that the intent of this bill is well known, namely that the promotion of the lifestyle is thought by the province of Saskatchewan to be against the interests of the people of the province of Saskatchewan, as I say by these letters of 50 or so that I have here and others which I haven't completed a search on, because these are just out of Premier Blakeney's office alone and I must have an equal number in my office, whether or not the people of the province of Saskatchewan support us. Who else has some? The members have them here as well, and I know the members opposite have, I have even checked them. They have them as well, the member for Rosetown-Elrose says. Yet, the Liberals persist in opposing this operation. That is the issue that is before us, Mr. Speaker.

Mr. Speaker, I say to the province of Saskatchewan that we are not going to bend in our efforts to make this law apply because it would be running contrary to what the efforts of all of us should be in this area of liquor advertising, notwithstanding the attack of the Liberal Party in this area. They can oppose this. They can promote a lot of promotion of liquor advertising, that is their position. But we are strong and are resolved not to permit it, Mr. Speaker. I am pleased to say that the amendment which is only a diversion off the central issue is going to be opposed by me and I am pleased to support the main motion of The Liquor Act.

SOME HON. MEMBERS: Hear, hear!

MR. S.J. CAMERON (Regina South): — Mr. Speaker, we have been treated over the course from time to time to dissertations by the Attorney General in an attempt to weave a web of misrepresentation in respect of a position taken by someone in regard to a position. I don't know that we have ever been treated to one of the kind that we have been treated to this morning. . . . I know he runs away, exactly — hit and run Romanow, they call him.

Let me read to you again the amendment which is put in, particularly with reference to the remarks of the Attorney General and I will come back to those in more detail. The amendment asks that the bill:

Be not now read a second time, but that the subject matter be referred to the Standing Committee of the Legislature.

For what purpose? To permit advertising as he would have us believe? No. It was:

That the Committee consider methods by which all advertising of beer, wine and spirits by print, radio or T.V. be prohibited within the Province of Saskatchewan.

If one didn't know that that was the amendment which we had put forward but had only listened to the Attorney General, one would have thought that we were opposing this bill, wanting liquor advertising on cable television, wanting liquor advertising on all the other outlets and media that is available in the province. That was the position one would come to listening to the Attorney General. One would, I suppose, assume that it is the Attorney General of the province speaking, it is not just a sort of political dissertation. But since it is the Attorney General and the chief law officer, perhaps there is sort of a higher level of integrity to what he said than what other members may say. Because, after all, I say, it is the Attorney General speaking. But what a web of misrepresentation.

What we are here asking is that all liquor advertising in the province, all of it, be looked at thoroughly; and that we find ways of prohibiting all of it. That's what the resolution and the amendment asks for. What kind of advertising do you have? You can pick up countless magazines on magazine stands everywhere in this city and everywhere around Saskatchewan and what do you find? You find liquor ads. They are in Time magazine, they are in McLeans, they are in the newspapers that are coming in from outside the province. There is extensive liquor advertising going on in this province in the print media. That is a fact!

Now, there was liquor advertising going on on cable television in Estevan and Weyburn for some years. It was never moved on. The question, why? There are other ways in which liquor is being advertised, subtly, I agree and not so directly. One is in government publications, which some member pointed out not long ago, indicated to tourists, of all people, where they can go to have dinner and have liquor. The liquor outlets in the province are advertised. May I ask the members opposite, some of them particularly, not with reference particularly to the Attorney General's comments is, what hypocrisy applies in this area. You know, where do you go to buy your liquor? You go to government stores. Who brings the liquor in? It is the government. Who brings the wine in? It is the government. Who allows the beverage rooms in the province? It is the government of Saskatchewan, an NDP government. Who sets up the liquor stores? Who licenses the outlets, the beverage rooms and the dining rooms and so on? There has been a massive proliferation of that in this province over the last decade or two decades. Who has done it? Successive governments have done it, that's who — including yours. Seventy-five million dollars is what you guys are this year budgeting by way of revenue from liquor sales in this province. Over \$ 100 million. Talk about a high level of hypocrisy, particularly by that member who is talking — who went out he said and consulted with his ministry, as he always does and how dastardly it was that people consume liquor! How dastardly that was and how the lifestyle was decaying through all this liquor and so on. He may well be right about it but I ask him to look about and see where it is all coming from. How many liquor outlets have you licensed in the last five years? How many additional restaurants today are serving liquor? How many additional beverage room have you permitted to be opened up? What about the volume of the liquor and the increase in the number of stores that have been selling liquor? You are doing that! Your government is doing that and so there is the \$75 million to \$100 million in revenue that this year you hope to collect from liquor sales in this province. That is why I say to you, if I ever saw the height of hypocrisy, it applies in respect to this issue.

Now, the Attorney General made a very interesting statement. Very interesting, when you consider for the time being, what the obligations of the minister are, when he is about to legislate.

The Cable Regina people have said, we have problems mechanically, in trying to blot out the liquor advertising that come in. They have said that it will cost them some \$225,000 a year to hire the people and acquire the equipment to black out the signals. As I understand their position, they are happy enough to have the liquor advertising taken off, but they are concerned about the economy of the thing, the number of employees, the amount of money and the equipment that will be required to do it.

Here is what the Attorney General says. He says those people apparently are liars. Because he referred to the statement in the press of the Cable Regina people in which they said, we are unable to comply with this law. So he is conscious of what position they take, but he says apparently, we don't believe them. We just reject it out of hand, we don't believe it. Then he goes on to say, I haven't received a single submission from them. Well, my question is, what is his obligation in these circumstances? Is it not fair that he should go to them and say, what problems do you have? What difficulties does this put in your way? Do you agree with our objective (which I am sure you do)? How are we going to overcome your problems in this area? Isn't that his obligation? He's the minister; he's government. Surely to goodness people can look to their governments to be helpful in these situations. Instead of taking this passive, negative role that he has taken, he ought to be out there taking some positive role in finding out how you can overcome the problems.

Why is he not doing it? Because we all know the background of this thing—because of the struggle between CPN and Cable Regina. He sees it, in my view, as another difficulty put in the way of Cable Regina and he smiles all the way because it is to some advantage to CPN. That is how the politics of the situation has got to interfere with sound judgment with respect to it.

One of the issues, one of the subsidiary issues here, is to be fair in the way in which you govern. The Attorney General's actions in this area are in my view, a prime example of being very unfair to people. He knows, by his own admission, that the Cable Regina people face some technical difficulties and enormous expense in blacking out these signals. He says, I have not had a single submission from them. I say it is his responsibility, if he is going to govern fairly and equitably and honestly, (and that is what people ought to expect from their government), to go to Cable Regina people and say, what is this going to cost you? How many employees do you need? What equipment do you need? and see if we can't work it out. That's the position he should be taking, that isn't the position he is taking. Again, in 15 or 20 minutes he devoted 17 minutes to politics as he always does. and three minutes to substance — and he is lapsing into that habit more and more and more. His ministry, too often in the discharge of his responsibilities he lapses into that.

Mr. Speaker. I do not know whether it is the fact that it will cost Cable Regina \$225,000 a year or whether they have problems with technical equipment; I do not know that. All of us on this side of the House support, in principle, not advertising liquor in the province. If one just takes a half honest look at the amendment that we put before the House, it is designed to be even broader than what this bill is designed to be, much broader as a matter of fact. We would like to find ways to ban the advertising of liquor in all respects, in all respects. Then the Attorney General gets up and, by twisting and turning and gross misrepresentation of our position on this situation, all the while of course glossing over his own failures in this respect by not, as the minister in charge, sitting down with the people who are affected and seeing how they are affected and

trying to work something out with them.

My question to him is this. We agreed that there ought not to be liquor advertising on the cable any more than there is in any other television or radio. Now, if in fact cable Regina is facing an impossible financial burden and technical problems in blotting those signals out, is the Attorney General prepared to consider setting aside some infinitely small portion of the liquor revenues that the province derives to achieve his objective, which is to block out the signals by going to Cable Regina and saying, right, let's find out what it costs to do this, what all equipment you need, what additional employees you need. and since we want the liquor advertising taken off and you people have no objection in principle to doing that, then we will make some funding available to you for that purpose out of the liquor revenues we derive. Maybe that is a good way to spend some of the revenue.

Mr. Speaker I want to, one last time. remind those members who are prepared to look at something a little more thoroughly than the superficial political way in which the Attorney General does, to look at the amendment that is before them.

Now the honest fact of the matter is this. There is liquor advertising going on in this province. The newspapers that come in have it; there is liquor advertising in movies. liquor advertising in magazines and so on, which you can have all over the province. There are government publications which advise people where liquor is available. It is the government itself which is selling the liquor and expanding the outlets all the time. It is the hypocrisy that exists in respect to some of these situations that are so troublesome to us. That is why we moved the amendment to refer the bill and the whole topic to a committee, so that over some time, members of the Legislature could take a look at coming to grips with the problem in its totality.

Mr. Speaker, that is why we are standing as we are, in opposition to what is being attempted, because it is too narrow and it does not go far enough and that is why we are putting forward this amendment.

Amendment negatived on the following recorded division.

YEAS — 6

Malone
Wiebe

Cameron
Anderson

McMillan
Nelson (As-Gr)

NAYS — 23

Pepper
Thibault
Bowerman
Smishek
Romanow
Sndyer
Byers
Baker

Matsalla
Robbins
MacMurchy
Mostoway
Whelan
Kaeding
MacAuley
Feschuk

Cowley
Tchorzewski
Vickar
Skoberg
Nelson (Yktn)
Allen
Johnson

May 19, 1978

HON. N. E. BYERS (Minister of the Environment): — Mr. Speaker, in rising to close debate on this bill I would like to respond to some of the questions that have been raised in the course of second reading and the vote just concluded on the amendment which, if approved, would have denied second reading of this bill.

Let me comment on some of the points then which have been made during the second reading debate.

First, Mr. Speaker, why is it necessary to prohibit US liquor advertisements? Mr. Speaker, Saskatchewan has traditionally discouraged the promotions through advertisements of liquor and alcoholic beverages. The print, radio and conventional television media in Saskatchewan has conscientiously respected this prohibition. At the present time local television stations, in conjunction and in co-operation with the national networks to which they may be affiliated, delete liquor advertisements from network programs and replace them with alternate advertisements.

The government feels that it is only consistent and logical that this long-standing policy of prohibiting the advertising of liquor should be extended to cable television licensees in Saskatchewan.

The government does not believe that a double standard should develop with respect to this prohibition. The government does not believe that it should permit cable television signals to carry liquor advertisements into the province, while at the same time prohibiting conventional radio and television broadcasters from carrying similar advertisements.

The second question that has been raised in the course of this debate, particularly by the Liberal Opposition, is, does the proposed amendment represent harassment of the cable licensees? The opposition representative suggests that the government is harassing cable licensees by introducing this particular amendment to The Liquor Act.

Mr. Speaker, I say that this suggestion is balderdash. That cable television licensees would be expected to delete USA liquor advertisements should come as no surprise to either the licensees or the Opposition.

The federal licensing granting authority, the Canadian Radio, Television and Telecommunications Commission has made it quite specific in the licenses which were issued in July, 1976 to cable licensees in Saskatchewan that it will be a condition of each of these licenses that commercial messages be deleted from television signals received from broadcasting stations not licensed to serve Canada, such deletion to take place after written notification by the commission.

The cost of this deletion shall be borne by all licensees and by licensees of the television stations in their areas in accordance with an agreement which shall be subject to CRTC approval. Licensees, Mr. Speaker, will be expected to consider the substitution of suitable material in the place of the deleted commercial messages, taking into account the acceptability to the viewers of such material.

The commission will be interested in ideas developed by its licensees to use the deletion period for the distribution of public announcements or programming by films or slides of Canadian interest.

A third matter that has been raised in the course of this debate is, does the proposed amendment place an impossible chore before cable licensees to delete United States liquor advertisements. The answer to this question, Mr. Speaker, is a resounding, no. In light of the fact that cable television licensees in Moose Jaw, Regina, Saskatoon and the Battlefords are required to share in the ownership and the operation of the receiving antenna which picks up the US television signals, it would then seem logical for the licensees to establish the required deletion equipment close to the origin of the signal or in other words, at the head end of the microwave system and thereby delete and substitute commercials before they are carried through the microwave system to the communities licensed for cable television service.

I want to bring to the attention of all members, Mr. Speaker, that the CRTC station, as a condition of the licenses that it awarded in July of 1976. that agreements for shared facilities such as the distant head end and the deletion and substitution facilities shall be subject to the approval of the commission and shall make provisions for the delivery of signals on a fair and equitable basis to any television undertaking in Saskatchewan, licensed by the commission as a result of future public hearings.

The fourth issue, Mr. Speaker, that has arisen in the course of the debate is, is it true that products advertised on US commercials are not available in Saskatchewan. Basically, up to this time liquor ads carried on cable television are limited to beer and wine commercials. Spirits are not advertised on the electric media in either Canada or the United States. However, if beverage alcohol is not removed now from the media, it is quite possible that Canadian manufacturers will use this channel to funnel ads from US sources. Furthermore, part of the reasoning behind the prohibition of liquor ads in this province is that much of it is connected with lifestyle form of ads which is why the belief to induce increased alcohol use. We believe this should be discouraged. Accordingly I move second reading of this bill.

Motion agreed to and bill read a second time on the following recorded division:

YEAS — 23

Pepper	Matsalla	Cowley
Thibault	Robbins	Tchorzewski
Bowerman	MacMurchy	Vickar
Smishek	Mostoway	Skoberg
Romanow	Whelan	Nelson (Yktn)
Snyder	Kaeding	Allen
Byers	MacAuley	Johnson
Baker	Feschuk	

NAYS — 0

Nil

COMMITTEE OF THE WHOLE

May 19, 1978

**BILL NO. 2—AN ACT TO AMEND THE NORTHERN SASKATCHEWAN ECONOMIC
DEVELOPMENT ACT, 1974**

Sections 1 to 7 agreed.

Motion agreed to and bill read a third time.

BILL NO 15—AN ACT TO AMEND THE NORTHERN ADMINISTRATION ACT

Item 1 agreed.

2, SECTION 6 AMENDED

MR. G.N. WIPF (Prince Albert-Duck Lake): — What was the reason in section 2, of making the deputy minister the administrator?

HON. G.R. BOWERMAN (Minister of Northern Saskatchewan): — Previously there was an administrator, and since the establishment of the department we have a deputy minister. Therefore it is just a housekeeping change so that you can make the wording consistent with the established position.

MR. WIPF: — Mr. Minister, have you got a spare bill that I could pick up?

MR. BOWERMAN: — Yes.

Section 2 agreed.

3, SECTION 16 AMENDED

MR. WIPF: — Just one question on this. Mr. Minister. Has the southern border of the district been changed? Is there a change in the wording of this amendment from the original bill?

MR. BOWERMAN: — No. the boundary has not been materially changed. It just incorporates metrics in the places where they need to be.

3 agreed.

4, Section 17 amended, agreed.

5, Section 21 amended, agreed.

6, Section 32 amended, agreed.

7, Section 41 amended, agreed.

8, Section 47 amended, agreed.

9, SECTION 65 AMENDED

MR. WIPF: — What did you amend in this section. Mr. Minister? The wording is just about identical, or is identical I believe, to the original bill.

MR. BOWERMAN: — Yes, metrics.

Section 9 agreed.

10, Section 124(h) amended, agreed.

11, SECTION 124(i) AMENDED

MR. WIPF: — Mr. Chairman, was this section just put in to say that the northern municipalities are under the same type of legislation as the southern ones? What is your explanation on that. just a brief explanation on it?

MR. BOWERMAN: — We have always said that the provisions in the act as it now is provided the Northern Municipal Council with the authority to be a rural municipality. They disagreed with that and their solicitors advised them that the section did not give them that authority. What this amendment does is include after the word 'municipalities' as is stated, 'accordance with the provisions of The Rural Municipality Act.' which indicates that they do have the authority of a rural municipality. It attempts to strengthen the position so that they would accept that rule.

Section 124(i) agreed.

Section 124(j) amended - Section 1 2, agreed.

Section 13 agreed.

Motion agreed to and bill read a third time.

BILL NO. 53 — AN ACT RESPECTING THE CREATION OF CORPORATIONS FOR CERTAIN PURPOSES

Items 1 to 9 agreed.

ITEM 10

MR. WIPF: — Mr. Chairman, this item 10, I believe, is the item where the corporation has the power to acquire land or get any land that it wants. What is the purpose of this clause? I haven't got the bill in front of me; I'm trying to go from memory here.

MR. COWLEY: — I think this . . . (inaudible) . . . some real hard-nosed powers to be able to take over properties and acquire — the powers with respect to the Crown corporations to acquire land are similar to the powers that were in the previous bill and have been there since 1947. It enables you, for example, if you are going to build a building to buy land.

MR. WIPF: — If the corporation wants to expand and if there's another business beside it that it wants, it can actually just take it over?

MR. COWLEY: — It has no powers in this act. Any powers which the corporations might have would be found in other acts. This doesn't give it any special powers.

Item 10 agreed.

Items 11 to 36 agreed.

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Section 38 repealed, agreed.

Section 37, 1973, chapter 96, section 18 repealed, agreed.

Section 38, 1974, chapter 35, section 24 repealed, agreed.

Section 39, coming into force. This Act comes into force on a day to be fixed by Proclamation of the Lieutenant-Governor. Agreed.

Motion agreed to and Bill read a third time.

BILL NO. 63 — AN ACT TO AMEND THE SASKATCHEWAN DENTAL NURSES ACT, 1973

Motion agreed to and Bill read a third time.

BILL NO. 12 — AN ACT RESPECTING THE SASKATCHEWAN REGISTERED NURSES' ASSOCIATION

Sections 1 to 32 agreed.

Section 33 repealed, agreed.

Section 34 agreed.

Motion agreed to and Bill read a third time.

BILL NO. 56 - AN ACT RESPECTING THE DENTAL PROFESSION IN SASKATCHEWAN

Sections 1 to 19 agreed.

WELCOME TO STUDENTS

MR. E.A. BERNTSON (Souris-Cannington): — Mr. Chairman, I wonder if I might have leave of the House to introduce to you and through you to the rest of the Assembly a group of 18 students and 4 adults from Elgin, Manitoba. Elgin, Manitoba, by the way is in the constituency of the Minister of Agriculture for Manitoba and borders the lovely constituency of Souris-Cannington. I say welcome to the students from Manitoba, teachers and chaperones. I hope you enjoy your visit with us. They are led today by their teacher, Mr. Peter Hiebert. I will be meeting with them later this afternoon. I am sure the Assembly will join with me in wishing them an informative visit and a safe journey home.

HON. MEMBERS: Hear. hear!

Committee of the Whole continues.

Sections 20 to 27 agreed.

Items 28 to 67 agreed to.

Motion agreed to and bill read a third time.

BILL NO. 69 - AN ACT TO AMEND THE DEPARTMENT OF FINANCE ACT (NO. 2)

Items 1 and 2 agreed to.

Motion agreed to and bill read a third time.

BILL NO. 46 - AN ACT TO ESTABLISH A HERITAGE FUND FOR SASKATCHEWAN

Item 1

MR. MALONE: —A question to the minister on the bill. I can't help but thinking that one of the motives behind this bill is that you looked at the situation in Alberta and found that they had a heritage fund there and no doubt, based on examination of that particular fund, in due course came to the conclusion that a similar fund would be acceptable in Saskatchewan. You may be right. I don't say that you are wrong although I think you will recall that the member for Indian Head-Wolseley suggested other possible courses of action. You may not have been in the House when he spoke .

My question to you is, did you do any studies in your department to determine what the economic impact would be if this money had not been put into a fund. so to speak, but had been used in the general economy of Saskatchewan through tax reduction, through spending on government programs, government projects, through investment in heavy oil refinery, investment through Saskoil, etc? When I say studies and plans, I mean on a long-range basis and to oversimplify it, if you just spent the money or allowed it to be spent as it accrued. Do you have any studies to indicate what the long- range benefits would be through development in the province?

MR. SMISHEK: — Mr. Speaker, there are two questions that the hon. Leader of the Liberal Party has raised is there any relationship between our Heritage Fund and the Alberta fund? As he may be aware, in the case of Alberta, all they take into their heritage fund is oil revenue. In the Saskatchewan scene we take in all of the non-renewable resources so to that extent our Heritage Fund is much broader. There is also the total control of the fund by the Legislature in case you weren't aware of that. Our fund is considerably different in the way it is going to be managed.

We did not do any detailed impact studies but as the hon. Leader of the Liberal Party will see, certainly the large portion of the fund is being spent — a large portion of it goes into consolidated revenue as we have been taking money from non-renewable resources in the past for current expenditures. The largest portion of the fund is being spent on current operating programs as well as economic development. Only a small portion is being set aside for future generations. But directly answering his question about any long term studies and the impact, no, we did not do that.

MR. MALONE: — So you can see that the bulk of the money that accrues, at least at this point in time, will be used on a current basis, if I can put it that way, either through budgetary allotments or capital expenditures and so on. I am quite sure that uranium royalties will end up in this. I assume in due course that uranium royalties will be put into the fund. Perhaps I should just stop there and ask you if it is your intention that uranium royalties will be put into the Heritage Fund?

MR. SMISHEK: — The answer is yes.

MR. MALONE: — O.K., I think it is fair to say that most of us probably don't appreciate

the enormous sums that are going to accrue once uranium comes onstream, if indeed it comes onstream. Do you plan, when those royalties start coming in to use them on a current basis as well? Now I know I am talking about the mid-1980's but surely your department has done some projections at this time when you came to set this fund up.

MR. SMISHEK: — Well, Mr. Speaker, I can probably refer the member for Lakeview to page 112 of the Estimates which is for the current year, but our estimate as to the amount of money that will be received from non-renewable resources — oil, \$349 million, rounding out the figures; natural gas, \$.5 million; potash, \$108 million; uranium, \$2.4 million and soon. Now, it is intended that the amount of, as the uranium revenues increase subject to this decision and recommendation of Bayda that the money will be put into this fund and then a certain portion will be used into consolidated fund, as set out in the next page, which will have the control of the Legislature as to what portion. He also will note that no more than 80 per cent of the fund set out by the statute can be used for current operating expenses, a certain portion to be used, as provided in the bill, for the development of new energy resources. Then, not more than 20 per cent that is left over can be used for provincial development expenditures and the balance to be invested for future purposes.

MR. MALONE: — Perhaps I didn't make myself clear. Mr. Minister, I think you will concede that, putting Bayda aside for a moment, that if uranium proceeds we expect substantially more than \$2 million a year, closer to \$200 million a year. My question to you was, do you have any plans at this stage or do you have any projections as to how those enormous sums will be used when they start accruing to the government in the mid 1980s? Has your department done any studies in this regard as to where that money is going to go? Will that be used on a current basis as this is or do you intend on just leaving it in the fund and investing it?

MR. SMISHEK: — Well, Mr. Chairman, the answer is while we, you know, subject to the Bayda Report, subject to what the decision will be on uranium development, remember that it is going to take some time before we start receiving very substantial amounts of money. Even by the early 90s our estimates are that uranium is going to represent only about 25 per cent of the total amount of non-renewable resource revenues. But the answer is, yes, a portion of it, based on the restrictions set out in The Heritage Fund Act, a part of it will be used for current operating expenditures and the provincial development expenditures as well. This is as we are able to see for the next 10 or 12 years.

MR. MALONE:—I suggest that the minister should consult with the Minister of Mineral Resources because he quite clearly stated in Crown Corporations on SMDC Estimates that it was his hope Bayda being put aside for the moment, that uranium would be coming onstream in the mid 1980s and we would be expecting at that time to receive the benefit of that resource in a very, very tangible and a real way, not the mid 1990s. But be that as it may, may I suggest to the minister that you really have a misnomer here. This isn't a heritage fund for the benefit of future generations. Agreed, some of the money will be set aside for that but not really a large percentage of the money that's going to be accruing in the years ahead. Basically, what you are doing is setting up a source of money to be used for the ongoing operations of the government, either in a capital sense or in the sense of a budgetary sense. So I suggest to you that for you to call it a fund, such as Alberta has done, is completely inaccurate. Now I believe Alberta has found themselves in very severe difficulties because of the, strangely enough,

enormous sums of money that's accruing to that province and that's their problem. But for you to call this a fund is not correct. What you are intending on doing is using 80 per cent, I believe, of the amount of money that accrues each year on a current basis. Is that not correct?

MR. SMISHEK: — Mr. Speaker, if you check the figures you will note that while we are placing a maximum, on the amount that can be used for current operating expenditures, of 80 per cent, you will note that really this year only 63 per cent is being used of the Heritage Fund for operating expenditures, so we set that maximum. In case of Alberta, for example, a large portion of their oil revenue is used for current operating expenditures. They are not putting all of that into the fund for future investment. We foresee this fund growing on a long-term basis. In fact, in the way we are trying to set up the fund the fund will be operating in perpetuity. Admitted that a sizeable portion of it will be used for current expenditures. I think that the present generation has a right and an entitlement to those nonrenewable resources to be used for their benefit, but a certain percentage of them because these are nonrenewable resources. We think we owe it to future generations to set a portion of it away so that they may be the beneficiaries of the current exploitation of our resources. I think that there is legislative control. I believe that we have provided all the necessary controls financially, both by the Department of Finance as well as the Legislature. Now, in the future who knows what further limitation they may place on the expenditures, or for that matter, they may even increase the amount. I think at this stage, as we foresee a need for money, of ensuring that some of it is set aside, we are taking these steps in this fund to have that kind of control.

MR. MALONE: — Can the minister give me an approximation as to the amount that will be transferred from the existing Energy Fund once this bill has been passed? It is my understanding that you will just switch it over once the bill has been proclaimed. Can you give me an approximate amount as to what is in that fund?

MR. SMISHEK: — Mr. Chairman, our estimate as at March 31. this isn't the finalized figure, it is not an audited figure, is that the total assets which will be transferred to the fund are \$429,116.304.

MR. MALONE: — O.K. My question to you is, is that figure, the \$429 million reflected in this statement here?

MR. SMISHEK: — No, what I gave you is the balance sheet. What is reflected on page 112 and 113, is the current revenue for the coming fiscal year, coming in and the current expenditures for the coming fiscal year.

MR. MALONE: — I'm sorry, Mr. Minister, I'm having difficulty following you. We got hung up on this a few weeks ago. I assumed that the figures given on page 112 give the amount of money that is going to accrue from March 31, 1978 to March 31, 1979. Is that correct? Now, what I am asking you— you already have some money sitting in the Energy Fund, you told me \$400 million. As of March 31, 1978, is there approximately \$400 million that is not reflected on page 112?

MR. SMISHEK: — What I gave you, that is not in cash. This is the assets. The amount that has been invested in potash, in SMDC, as well as the cash position.

MR. MALONE: — I am sorry, I am obviously not making myself clear to you. But you have told me that as of March 31, 1978, the old Energy Fund had \$400 million. Is that right?

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MR. SMISHEK: — In assets, that's correct, \$429 million.

MR. MALONE: — Well. what do you mean, assets? Is it in cash or securities?

MR. SMISHEK: — The assets are: there is \$75 million due to the fund from the Consolidated Fund; there is just about \$10 million in investments through Government Finance Office; \$343,500,000 of investment in the Potash Corporation of Saskatchewan. Those are going to be the assets that are going to be held by the fund.

MR. MALONE: — So that's where the assets are. Well, let me ask you this. How much is in the Energy Fund at this time in a cash or a liquid position, not in investments or so- called assets?

MR. SMISHEK: — Mr. Chairman. \$75 million, as at March 31.

MR. MALONE: — Is that the \$75 million that is owed by, as you indicated earlier, by the Consolidated Fund?

MR. SMISHEK: — Correct.

MR. MALONE: — Now that is owed as a result of just going into the Consolidated Fund; is it drawing from the Energy Fund?

MR. SMISHEK: — When the money comes in from the various royalties, it is deposited in the Consolidated Fund, including what was labelled as the Energy Fund, it is deposited into the Consolidated Fund initially and then what we will do, following the passage of this legislation, \$75 million will be transferred into the Heritage Fund from the Consolidated Fund.

MR. MALONE: — What you are telling us, Mr. Minister, and I am bearing in mind the remarks of the Premier a few days when he spoke on this bill, is that since about 1973, you have collected from the oil industry. I believe, \$790 million, was the figure that if I am not mistaken, that the Premier gave us. All that is left of \$790 million is \$75 million and all the rest of it has been given to multinational potash corporations, or spent on other projects. So of the \$790 million all you have remaining is some \$75 million. Is that not correct?

MR. SMISHEK: — There is the \$75 million, plus the investment that has been made in the Potash Corporation and the Government Finance Office.

Now. the Premier what he did say is that since the Energy Fund was established, since January 1, 1974. that in case of the oil revenues that were received, the total was \$779 million and had the government followed the Liberal policy, as was advocated during the debate on Bill 47, that we would have only received about \$233 million; under the PC proposal we would only have received about \$338 million. So under our policy the people of Saskatchewan were the beneficiaries of \$779 million from oil alone. Certainly, a sizeable portion of that amount has been used for operating purposes, to help finance our Medical Care Program, to provide money to local governments, and revenue sharing this year and many other expenditures to the benefit of the people of Saskatchewan.

The balance of it was invested in potash and other projects and there is still a cash

position of \$75 million as at March 31, 1978.

MR. MALONE: — What you are telling us is that you received \$750 million. You have \$758 million left in cash - that is right, it is on the cuff, as my colleague says; you have an outstanding investment, as you put it, of some \$359 million in the potash industry. Let me ask you, how much is that \$359 million bringing in to us every year?

MR. SMISHEK: — They are long term investments, Mr. Chairman.

MR. MALONE: — Just tell us what the \$350 million invested in the potash industry brought to the people of Saskatchewan in a real way, in money terms, last year?

MR. SMISHEK:— Mr. Chairman, in case of potash we are estimating, for this year, that potash is going to return about \$ 108 million to the people of Saskatchewan. Under the Liberal administration, seven years ago, all that we were getting is slightly over \$2 million from potash.

Mr. Chairman, I think that this is an indication of what kind of money we were losing under the Liberal administration and under a proper management resource policy of the NDP government the people of Saskatchewan are the beneficiaries. Not only that, they have acquired sizeable assets of owning the potash mines, owning the resource that is there for many years to come, for future generations.

Mr. Chairman, it is obvious that the Liberals and us differ in policy. That has been made very clear during our discussions and debates on Bill 42 and Bill 47.1 think that even some reports today on the very current poll, that the people of Saskatchewan are saying that they endorse the policies, the resource policies, of the NDP government.

MR. MALONE: — I would like to refer the member to that poll and have him do some little research that I did and determine how many people phoned in the first hour and how they voted. That is just a little aside.

Are you trying to tell me that on the \$359 million you invested in the potash industry, that the return was \$108 million? Come on, Mr. Minister, that is clearly wrong! That \$108 million comes from the taxes being paid by the private sector and the public sector.

I am going to ask you. again, how much money accrued to the people of Saskatchewan as a direct result of the \$359 million in the potash industry last year? Mr. Chairman, the hon. member wants to go through the debate on Bill 47 I guess this morning again. We have said that this is a long term investment. I can tell the hon. Leader of the Liberal Party that one of the things that have happened and is no longer a problem, is that the potash companies that have been acquired, are paying royalties without any problems, without any court harassment and that is being paid to the Provincial Treasury on a regular monthly basis. There are no deferrals, no stalling. We are getting cash-on-the- barrel from the Crown corporations; there are jobs that are there; people are receiving good pay; potash is being mined. The regrettable thing today is that we are not able to get the adequate transportation to be able to sell more potash that is being demanded so that the people can have more revenue accruing to their benefit.

Mr. Chairman, this is almost like Alice in Wonderland. The minister says what a great thing it is — nobody is challenging the reserve tax; nobody is

disputing the government's right to tax them. If he had read the Leader Post two days ago he would have found that Central Canada Potash Corporation has started another legal action against the government. I believe that that makes three actions right now, directly challenging the reserve tax. If you think that's a good situation to be in, you are living in Alice in Wonderland. Now, Mr. Minister, is it not true, that on the 359 million dollar investments that were made in the potash industry, that last year not one red cent was returned to the Energy Fund or will be returned to the Heritage Fund and that the only little money that did accrue has stayed in the clutches of the Potash Corporation of Saskatchewan and not a penny has come back to the Energy Fund because of that investment.

MR. SMISHEK: — Well. Mr. Chairman, the thing is if we had followed the Liberal advice on oil, there wouldn't be any money there to be able to purchase potash mines. Based on their advice the people of Saskatchewan would not get that kind of money to be able to invest in the acquisition of potash mines. Mr. Chairman, I am satisfied, in the case of potash acquisition, that ten years from now we will not see any opponents just like ten years ago or so the Liberals were knocking the Medical Care Plan; today the Liberals are on the band wagon supporting Medicare — so will the Liberals support, ten years from now, the acquisition of potash and will be saying, that was a good deal that the NDP made for the people of Saskatchewan.

WELCOME TO STUDENTS

HON. G.T. SNYDER (Moose Jaw South): — Mr. Chairman, I wonder if I could interrupt the proceedings of the Committee for just a moment to introduce on behalf of John Skoberg and myself, a group of some 35 Grade Four students from the Westmount School in the city of Moose Jaw. They are accompanied by Mr. Bob Whitley and Mrs. E. Wood. I know all members of the Committee would want to wish them a pleasant visit here and safe journey back home after a visit to the RCMP barracks a little later this afternoon.

SOME HON. MEMBERS: Hear, hear!

The Committee resumed debate in the Committee of the Whole on Bill No. 46.

MR. E.F.A. MERCHANT (Regina Wascana): — Mr. Chairman, could you tell us, you know, I am always fascinated to hear about Medicare and all the good things that you discuss in this House but, since you are the Minister of Finance and you have some people there who can add, do you think you could tell us how we have done on our \$359 million investment. I am just your average share-holder in an average meeting and I am sort of wondering; because I keep reading these dastardly rumours in the press that we have cleared about \$700,000 and I don't think that is a very good return on my investment. Could you tell us how we did last year on our \$359 million?

MR. SMISHEK: — Mr. Chairman, the hon. member is referring to the annual statement that was provided by the Potash Corporation for the last fiscal year. Remember, we had only acquired the Cory mine for about nine months; we had also acquired the Rocanville mine for about a month prior to the financial statement being out. It is totally unfair to be saying that the return is so small because at that point, the investment was very small. We were really only starting up the Potash Corporation and its acquisition. I think that by next year from the current annual statement that will be provided, I think a better picture will be given and it will take two or three years before the total results will be seen because the statements are always a few months behind and I'm not able to

give me hon. member any further information at this stage. Remember the Potash Corporation is an independent corporation with its own management. We are concerned as a Department of Finance at this stage that the Potash Corporation pay the royalties that are due to the consolidated fund.

MR. MERCHANT:—All right, Mr. Minister. Last year you got about \$800,000 on your \$359 million investment. You got some promises—the old business ploy. we give you coal today and we promise you gold next year. Now, presumably, as Minister of Finance, you haven't given \$359 million of the taxpayers' money over to your friend from Biggar and you haven't said, here, friend, go and play with that and do the best you can. Presumably, you've got some idea, if you're maintaining any management at all over the Heritage Fund, of how much money you are going to get this year. You say last year was a bad year; we turned less than one-third of one per cent last year. I accept that that was a bad year. Now, what's your estimate for next year? Are we going to get 1 per cent on our money or 1.5 per cent on our money? You tell this House that the Premier with his great brilliance has snatched all this money and it's being well handled. A simple question is, how will we do next year? I think anybody can judge how well you handled it last year.

MR. SMISHEK: — Mr. Chairman, first of all, the return partial to the Potash Corporation for the year of its acquisition was only for the first mine that was in operation under the jurisdiction of the Potash Corporation and one other mine for about a month as I recall. So the fact is for the period that the financial statement was prepared, the investment was not \$350 million for that period, it was considerably less as the hon. Member knows. Now. I am not in a position to give the hon. member the information as to what the return will be next year. We will have to wait for the financial report of the corporation to see what its return is. Now the hon. member I'm sure has dealt with companies and corporations and people that invest money which in the first year or two years or three years and in some cases for a period of ten years, there is limited or no return initially on the investment. The government is doing business in many respects in the same way as private business of investing on a long term basis to have a long term return. This is a long term investment which is going to produce good results on a long term basis.

MR. MERCHANT: — All right. Mr. Chairman. Now, what is the minister telling us, his words and the substance? His words are that we should wait; we should wait and see. He asks us to believe that the Minister of Finance and all of his officials have no estimate of how much money the potash corporation is going to pay on this investment. He asks us to pass an act to give him control over \$779 million plus, to give him control now over a \$359 million investment that the people of Saskatchewan didn't want and then he says, as proof of what a good money manager I am, I turned one-fifth of one per cent in my first year of management and I can't really tell you how I am going to do next year. Think back to the parable of the talents and I wonder how the father would have felt with that kind of a son coming and saying or that kind of a manager coming and saying, well, I didn't do very well last year. I turned one-fifth of one percent and I can't even tell you how I'm going to do in the coming year. I ask you, Mr. Minister, if you will stand and tell us. on what I assume is your oath of honesty, both in this House and also as a minister, that your office has not done estimates of the amount of money that the Heritage Fund will be returning in the coming year to the Heritage Fund? If you'll stand and say, we don't have any estimates and we don't know; we don't have any idea how we are going to do. then I may at least be satisfied at that point that the Ministry of Finance is out of control and the Heritage Fund has gone crazy. But I can't believe, I can't possibly believe that even the way you people run a government, you'd put \$359 million into something

and not even think about the return you are going to get in the coming year/

MR. SMISHEK: — The hon. member seems to be somewhat confused between the potash and revenues to the Heritage Fund. I think that the answers are clearly provided and I refer the hon. member to page 112 and 113 of the Estimates. There is a clear breakdown of the Heritage Fund of the revenue that will be received by the Heritage Fund and what expenditures are being made.

Mr. Chairman, it seems to me that in Crown Corporations you had a chance to discuss the potash policy and the revenues and expenditures of the Potash Corporation. It seems to me that the discussion here is becoming somewhat unrelated to the Heritage Fund.

MR. MERCHANT: — Have you done an estimate of the return on the \$359 million which you very generously described as an asset that the Heritage Fund will have in potash. Have you, or has your department, or has anybody within government done an estimate of how much money will be received in the coming year by the Heritage Fund from that investment?

MR. SMISHEK: — Well. Mr. Chairman, I have tried to tell the hon. member that this is a long term investment of the equity money that has been provided into the Potash Corporation. At the present time, as he knows, the Potash Corporation is making some renovations in certain mines, expanding certain mines.

Some of their profits will be used for that expansion and it all depends. I am not in a position, at this stage, to tell them what will be the next year return on the equity investment that has been made.

MR. MERCHANT: — Mr. Chairman, I asked the minister whether he or someone within his department, or someone within the government, has done an estimate of the return that the Heritage Fund anticipates receiving from the \$359 millions, supposedly invested in potash?

MR. SMISHEK: — Mr. Chairman, I am sure that the Potash Corporation has done its Estimates on that and it seems to me that this was the place to be asking those questions. As far as the Department of Finance is concerned we have provided the funds for investment in potash. We are satisfied that in the long term basis there will be substantial returns from the investment that has been made.

MR. MERCHANT: — I will ask the question over and over and over again until the minister tells me the answer.

Have you, or has the Ministry of Finance, or have Heritage Fund officials done an estimate of how much money you believe you will receive from the \$359 million investment? I am sure the Potash Corporation has done an estimate. I am not asking about the Potash Corporation.

MR. SMISHEK: — The answer is, no, we have not done an estimate.

MR. MERCHANT: — Has the minister heard in Cabinet or elsewhere, any estimate of the amount of money that you expect to receive on your \$359 million investment, so generously named, that you have made on behalf of the Heritage Fund in the potash

industry?

MR. SMISHEK: — Not in dollar figures, except that we are satisfied on the long term basis there will be a good return just as we have seen in the case . . . You know when one goes back to the debates of when we established the Saskatchewan Power Corporation. The Liberals of that day proposed the concept of and the idea of establishing the Power Corporation, getting into production of energy, the investment that was made in energy production through the Power Corporation, through the natural gas, that it was a sizeable investment that was made. by the people of Saskatchewan, into that corporation which is, today, not only providing a good service but also a cash return to the people of Saskatchewan.

MR. MERCHANT: — I expect that the minister may at sometime or another have made a small investment in a mutual fund or something. Wouldn't you have found it a little surprising if you had asked the top guy in your mutual fund. and this is the size of a reasonably large mutual fund — You say to the top guy in your mutual fund:

Hi, guy. You haven't done a very good job with half of the money we gave you.
You get \$359 million invested and last year you turned one-fifth of one per cent on it. How are we going to do next year?

If he had said: Oh, I don't know. I have never given it any thought. I have never asked anybody. I don't care. It's going to be around for a long time.

Don't you think, Mr. Minister, that at that point you would have taken your \$1,000 and said, well I think I will find somebody who does know?

I ask the minister now. will you obtain for the committee an estimate of how much money half of the Heritage Fund will return in the coming year? That is \$359 million half of the Heritage Fund.

MR. SMISHEK: — Mr. Chairman, first of all, I have never invested in mutual funds. The Heritage Fund or the investment in potash has no resemblance whatsoever to any investment in mutual funds. Obviously the hon. member has a complete tack of knowledge of either the way the mutual funds operate or in the way the investment in potash is going to be operating. Those are not mutual funds, but an investment that we have made in the acquisition of potash. Mr. Chairman, with all due respect, this has got no relationship to the Heritage Fund tax as it is established at the present time, or is proposed.

MR. MERCHANT: — Will the minister obtain for the committee an estimate of the amount of money that our \$359 million investment in potash will be bringing in the coming year?

MR. SMISHEK: — No. I am not able to get that estimate. Mr. Chairman.

MR. MERCHANT: — You are not able?! Well who runs the funds? Who shall I check with who runs the funds? Could the minister not ask the Potash Corporation? You made this brilliant \$359 million investment in the Potash Corporation. You've got a bunch of guys doing an on-the-job training program in money management and potash, surely you can ask one of them what their best guess is. Is the minister saying to the public of this province that we have \$359 million invested and you are not prepared to get information about what that investment is going to return in the coming year?

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MR. SMISHEK: — It seems to me that that question is best directed to the Minister in charge of the Potash Corporation. Presumably, the members have also had a chance to deal with that matter in Crown Corporations.

MR. CAMERON: — I just want to ask you to go back a little bit. I wasn't quite able to add up the figures that you gave me. Can you tell me how much went into the Energy Fund for the period January 1, 1974 to March 31, 1978 and how it has been disposed of? Can you run through those figures again?

MR. SMISHEK: — We are prepared to give you the information. Mr. Chairman. I haven't got the figures totalled but my officials are totalling at the moment. Did you want the global figure, or did you want year by year?

MR. CAMERON: — No, the global figure is fine.

MR. SMISHEK: — The global figure, total revenue was \$604,993,561 to March 31. This is for the period April 1, 1974 to March 31, 1978 — less drilling credits of \$68,926,309, for a net of \$536,067,252. That's an unaudited figure for the last fiscal year. April 1 to March 31, 1977-78.

MR. CAMERON:—Well, am I right in understanding, from January 1, 1974—I want it from January 1, 1974, that's when Bill 42 was effective. Was it as of March 31,1974, that the money began to go to the Energy Fund?

MR. SMISHEK:—. . . a figure for that three month period if the hon. Member wants to get it, for the period of April 1, 1973 to March 31,1974. but the fund didn't start until January 1, 1974. Another \$3,439,295.

MR. MERCHANT: — Mr. Minister, as are you saying that a total of \$608 million has been received?

AN HON. MEMBER: — \$605 million.

MR. MERCHANT: — No, he said, \$3 million more in the first quarter of 1974.

MR. SMISHEK: — That's right, a gross of roughly \$608 million less drilling credits of \$68 million or \$69 million.

MR. MERCHANT: — Less, what do you mean less?

MR. SMISHEK: — We paid it to the industry for drilling and development of new oil.

MR. MERCHANT: — By the \$68 million, you mean the program that — the sort of corporate welfare that you brought in after you realized that you had more or less destroyed the industry?

MR. SMISHEK: - That's right.

MR. MERCHANT: — I remember that program; it was a brilliant program, well conceived. Does that mean that the total amount of money that has been received into what now will become the Heritage Fund has been \$540 million?

MR. SMISHEK: — No. Mr. Chairman, this is what was received in the Energy Fund. The

Energy Fund only took in oil revenues. The Heritage Fund is taking in not only oil, it is also taking potash, sodium sulphate, coal and uranium — we're comparing apples and oranges here.

MR. CAMERON: — All right. You took in \$608 million into the Energy Fund from oil revenue for the period January 1, 1974 to the period March 31, 1978, a total of \$608 million. You paid out some \$68 million in credits to the oil industry so that you are left with a net, as far as the calculations have gone now, a net of \$537 million in the fund. Now my question is, what went out of the fund in addition to the \$68 million? What other expenditures were there? I want to arrive at the net figure.

MR. SMISHEK: — Mr. Chairman, financial assistance under the Oil and Gas Exploration Development and Production Incentives Regulations, we provided \$1.7 million. There were a small number of grants under the Energy and Resource Fund of \$200,000 and \$105 million at a rate of \$35 million a year was transferred to the Consolidated Fund.

If you take those figures or subtract those figures you end up with the figure that I have previously given of \$429,116,304 as the Heritage Fund asset that there will be. That brings you to the same figure.

MR. CAMERON: — Just let us continue to go then. Let's go back. You took in \$608 million; you paid out \$69 million in sort of credits to the oil industry. Is that correct? Then there was an additional \$5 million in one way or another of credits to the industry or incentives?

MR. SMISHEK: — There was an additional \$1.7 million and about \$200,000 in other grants; \$105 million went to the Consolidated Fund.

MR. CAMERON: — So then you end up with a net of, you said, \$429 million? Is that correct? As of March 31, 1978, there was a net of \$429 million. Is that correct?

MR. SMISHEK: — That is correct.

MR. CAMERON: — What additional outflow has there been? Any other items of outflow?

MR. SMISHEK: — No, I have given you all the outflows. Incidentally, Mr. Chairman, there was one faint error in the total that I gave you. Really the total, which included January 1, 1974 to March 1974, the global amount of money, was \$604 million and not \$608 million. I am sorry about that. We added it twice. You can say, for rounding out purposes so that we can get the accurate picture, it is \$605 million using round figures, and in the case of assistance to the oil industry for exploration purposes, of \$69 million, leaving \$536 million. Then there was \$200,000. the figure that I gave you before and \$1,700,000 in further incentives and \$105 million to the Consolidated Fund. leaving a balance of \$429,116,304 as an asset that is going to be transferred to the Heritage Fund.

MR. MERCHANT: — All right. That is the asset that comes in from the Energy Fund. What moneys were received in the same period from potash and from other mineral resources sources?

MR. SMISHEK: — Mr. Chairman, I am sorry I do not have that money here. The hon. members have the public accounts. That information is set out in the public accounts.

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MR. MERCHANT: — Now are those other things (the potash revenues) not going into the Heritage Fund as well, the potash and uranium revenues, in the future?

MR. SMISHEK: — Mr. Chairman, I do not know how many times one has to go through this. The answer is yes and I invite the member to look at page 112 of the Estimates.

MR. CAMERON: — I will tell you why there is some confusion here. You keep saying, how many times do I have to do through this? Tell me how this squares, and I may be missing something here, how this squares with your assessment? This is the Premier telling us, on December 15, about what went into the Energy Fund. He said:

Well, I have calculated the revenue from royalty surcharges and mineral income tax. the two levies provided for in Bill 42. from January 1, 1974 to March 31, 1978.

The total collection of regular royalty, historical royalties, road allowance royalties in Bill 42 levies, that division including a portion of composites in January 1, 1974, is \$855 million, broken down this way - road allowance levy \$20 million; regular royalty, excluding the part of the composite which has gone to the Energy and Resource Development Fund, \$215 million; royalty surcharge, including that portion of the composite, \$620 million; royalty surcharge, mineral income tax Bill No. 42, Mr. Speaker, \$855 million.

Since January 1. 1974 this \$855 million has been disposed of as follows: \$235 million Consolidated Fund; Energy and Resource Development Fund \$620 million. Of this sum of \$620 million transferred to the Energy and Resource Development Fund, as we know some money has been transferred to the Consolidated Fund. Three times \$35 million - \$105 million. In addition to that payments have been made to oil companies as incentives for production and exploration. These have amounted, or will amount by March 31, to \$65 million.

Now, after giving you effect to this maze of figures I give you, we will see that there came from that sum of money, into the Consolidated Fund, about \$ 340 million. There went back to the companies of about \$65 million and there stayed in the Energy Resource and Development Fund. for disbursing, \$450 million.

Now, there are several millions of dollars of difference between that calculation and the one you are giving us now. What I am trying to get at here is, what accounts for that?

MR. SMISHEK: — Mr. Chairman, I don't have the figures that the hon. member was quoting, in front of me. All that I can tell the hon. member is these are the figures that were provided by the comptroller's office for the period that I provided. Whether the Premier was using some estimate. I don't know. I would have to examine that.

MR. CAMERON: — Well, there is a clear \$20 million discrepancy there, clearly, however you calculate the thing. Now what accounts for that \$ 20 million? There has to be something. Surely you can concede that ..I think we ought to have some concern about the discrepancy that we got between the figures that we got on December 15 and those you are giving us today, because we want to know how much of in net is going

into this fund.

MR. SMISHEK: — Mr. Chairman, those may have been some estimates. I have given you the accurate figures as provided to me by the comptroller's office and as the hon. member knows, an estimate and the actual quite often there are differences. The estimate might be high or the estimate might be low and what I have given the hon. member is the actual figure. You say there is a discrepancy of \$20 million. I would have to look at it if he could give me the date of the Hansard quotation, we could check it out and give him this information next week.

MR. CAMERON: — Well, the reference is a speech of the Premier's on December 15, 1977, it appears on page 986 in Hansard. Now, is the difference perhaps accounted for by the fact that some producers have not been paying their taxes and is that the extent of 420 million?

MR. SMISHEK: - It could be.

MR. CAMERON: — Well, are you prepared to confirm that for us? We are not talking nickels and dimes; we are talking millions of dollars. I want to know, I want to know why there is a difference between his calculations on that date and yours today, some \$20 million. If that is accounted for (as I suggested to you) by non-payment of taxes, then I want to know if that is the fact, how much that is and then I want to ask you as well, how is this \$75 million owing by the Consolidated Fund to this fund?

MR. SMISHEK: — Mr. Chairman, we will check those figures and I haven't got the answers here. We have the reference that the hon. member has provided. In the case of the \$75 million that I referred to to be transferred to the Consolidated Fund, it is money that is coming in or money that is coming in and accumulated from the payment of royalties for oil and is deposited into the Consolidated Fund. It will now be transferred to the Heritage Fund.

MR. CAMERON: — What period are we there talking about? The \$75 million that has accumulated into the Consolidated Fund, over what period? Because I gather, in other circumstances it would have gone directly into the Energy Fund or else it would have been a transfer to the Energy Fund.

MR. SMISHEK: — For the information of the hon. member it is the Consolidated Fund that really manages the Energy and Resource Development Fund. That always has been the case. So it was earmarked as the Energy and Resource Development Fund but was managed through the consolidated fund and was invested in short term investments but that's the way the bookkeeping system works.

MR. CAMERON: — My question is, you say there is \$75 million owing from the consolidated fund to the new Heritage Fund. That's oil revenue, I think you said. My question is that's attributable to what period of time?

MR. SMISHEK: — Since the fund was established.

MR. MERCHANT: — Since the energy fund was established with your last Budget?

MR. SMISHEK: — No. no, . . .

MR. MERCHANT: — Was it since the energy fund, no, it can't be since the energy fund

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was established?

MR. SMISHEK: — That's right.

MR. MERCHANT: — Does that - you say that's it is invested in short term securities of some sort - does the benefit of the short term securities go to the consolidated fund or does that come over to the Heritage Fund with the \$75 million?

MR. SMISHEK: It flows to the consolidated fund.

MR. MERCHANT: — So that there is a further benefit that flows to the consolidated fund by delaying the transfer of money to the Heritage Fund or, before this, to the Energy Fund?

MR. SMISHEK: — I don't know whether we need to go through this whole thing from the beginning. In the case of, I think there was about \$605 million that came in from oil under the energy fund name. \$69 million was spent on drilling, \$35 million was taken into the consolidated fund. Now remember that all of that money goes to the consolidated fund, then it's earmarked for the Energy and Resource Development Fund. Now, after the expenditures that I have given, there was \$429 million in assets, of which \$349 million, or a figure somewhere there is invested in potash. The balance of \$75 million is in the Consolidated Fund earmarked as an energy resource development fund, a further \$10 million was provided to the Government Finance Office.

MR. MERCHANT: — Could I just ask one question before you do that? The minister said that you said you are not able which is astounding, you said, I am not able to give to you an estimate of how much money the \$359 million invested so-called in potash will bring to the fund in the coming year. I ask the minister whether you would be prepared over these three days, (the Minister in charge of the Potash Corporation is three yards away. you might even be able to talk to him before he gets on his next plane), if you would be prepared to inquire from the minister what his estimate is of the return to the Heritage Fund on the \$359 million? That is where the bulk of the money is invested. First I ask will you inquire what the Heritage Fund will earn? Second, since I gather that as long as the money is in the Consolidated Fund, the Heritage Fund doesn't benefit from the interest. If you would indicate when \$75 million and such further funds as may be accruing you, when those funds will be transferred to the Heritage Fund so that it will start to earn interest for the Heritage Fund rather than for the Consolidated Fund?

Committee reported progress on Bill No. 46.

The Assembly adjourned at 1:04 o'clock p.m.