

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
March 19, 1979

The Assembly met at 2 p.m.

On the Orders of the Day

WELCOME TO STUDENTS

MR. J.A. PEPPER (Weyburn): — Mr. Speaker, I would like to introduce to you and through you, a group of Grade 8 students. I believe they are 30 in number, from the Weyburn Junior High School, and they are sitting in the west gallery.

These students are accompanied by their teachers, Mr. Jim Nedelcov, Mrs. Rae Keefe and Miss Carol Boryf. Their bus driver is Mr. Delbert Foote, and Mrs. Boryf.

I am sure that you, Mr. Speaker, and all members of this Assembly join with me when I say, welcome them to our Legislative Buildings. It is our wish that their stay here proves to be pleasant and educational. I look forward to meeting them a little later this afternoon. I am sure that we all wish them a very safe journey home.

HON. MEMBERS: — Hear, hear!

QUESTIONS

Provincial Auditor's Report

MR. R.L. COLLVER (Leader of the Opposition): — Mr. Speaker, I would direct my question to the Premier, in the absence of the Minister of Finance (Hon. W.E. Smishek). Would the Premier not agree that the spectre of the auditor of Public Accounts arguing publicly with the head, or acting head of the Department of Finance over something as fundamental as the presentation of the financial information to the people of Saskatchewan, is in some way, and in many ways, a spectre that the people of Saskatchewan should not have to face?

HON. A.E. BLAKENEY (Premier): — No, I would not agree. I think that the auditing is not an exact science. Opinions will differ as to the appropriate way to present a financial statement and if there are differences of opinion between people of competence in the field, I think the best thing to do is to air their differences and I see no particular problem arising from this.

MR. COLLVER: — A supplementary question, Mr. Speaker. Would the Premier not agree that since there is no possibility that the Government of Saskatchewan would ever allow any Crown corporation to renege on its liabilities, that in effect, a guarantee exists between the Government of Saskatchewan and the Crown corporations in Saskatchewan, and that therefore, the provincial auditor is correct in his assessment that in order to adequately reflect the liability position of the Government of Saskatchewan, that the Crown corporation borrowings, whether or not guaranteed, should be reflected in the Public Accounts of the government of the province of Saskatchewan and if they are not reflected by the Government of Saskatchewan the people of Saskatchewan are being misled.

MR. BLAKENEY: — No, I would not agree with that. I can see the merit of including them

and see the merit of excluding them. Please understand that the full facts are made available, since the financial statements (the audited financial statements) of the Crown corporations are made available to the public as well. What we are talking about is whether or not it is appropriate to put out a consolidated financial statement which includes all the assets of the Crown corporations and all of the liabilities of the Crown corporations. This has, so far as I am aware, never been a practice of the Government of Saskatchewan, whether or not it should be. The financial statements in the past have, as I have recalled them, disclosed the net equity of the Crown corporations but have not always shown on the asset side accumulated surpluses of Crown corporations. But be that as it may, obviously a case can be made for including both the assets and the liabilities of Crown corporations on the balance sheet, or excluding the assets and liabilities, or certain of them on the balance sheet. No case can be made for simply including either the assets and ignoring the liabilities, or the liabilities and ignoring the assets.

MR. COLLVER: — Mr. Speaker, a supplementary question. The Premier obviously is attempting to cover up for this obvious dispute between the provincial auditor, who is responsible to this Assembly, and the acting head of the Department of Finance who is responsible to the Minister of Finance (who has exhibited to this Assembly at any rate during the last couple of weeks, his irresponsibility). Mr. Speaker, my question to the Premier is quite simply this (and I am going to give a little example first, if the House will permit me). Today, we are presented with a financial statement from the Saskatchewan Heritage Fund and on page 11 of this Saskatchewan Heritage Fund statement it indicates that there is \$75,586,686 due and payable from the consolidated fund (or in other words, in cash or short-term assets) in the Energy and Resource Development Fund as of March 31, 1978. Yet two to three weeks later an order in council was issued by the Government of Saskatchewan distributing that \$75 million to the Potash Corporation of Saskatchewan, even though prior to March 31 it was known in this Assembly that that \$75 million would be committed to the Potash Corporation of Saskatchewan. Is the Premier not aware that by his failure to include in the liabilities of the province of Saskatchewan those loans that are borrowed by the Crown corporations that he is opening the door to the Crown corporations borrowing moneys that are not reflected in the consolidated accounts, the Crown corporations in turn using that money to transfer moneys to various agencies and other corporations of government, and thereby covering up mistakes and shortfalls in cash in so far as the Government of Saskatchewan is concerned and the various agencies of the government. Is he not aware that that is what the provincial auditor is driving at?

MR. SPEAKER: — Order!

MR. COLLVER: — New question, Mr. Speaker. Is the Premier not aware that the provincial auditor in insisting that all loans for Crown corporations and other agencies of government be reflected in the consolidated accounts is merely attempting to tell the people of Saskatchewan and the Treasury Board . . .

MR. SPEAKER: — Order. The member is debating the issue. This puts me in the position of either cutting the member off or allowing the person who responds also to debate the issue. That is not the purpose of the question period. The purpose of the question period is to have a brief preamble, followed by an interrogative, such as who, what, where, why and when. Now, I don't think the member for Nipawin is conforming to that and I would ask him to conform to that.

MR. COLLVER: — Fine, then. When will the Premier become aware of the fact that the

provincial auditor is telling the government of Saskatchewan and telling the acting Deputy Minister of Finance (Mr. Wallace) and telling the Minister of Finance (Mr. Smishek) and tell you, Mr. Premier, that unless these liabilities are reflected in the financial statements of the consolidated fund, there are opportunities for manipulation of the books?

SOME HON. MEMBERS: — Hear, hear!

HON. A.E. BLAKENEY (Premier): — Mr. Speaker, I do not believe that the provincial auditor has at any time suggested that there has been manipulation of the books. Keep in mind that the provincial auditor has the authority to audit all the books of the government, whether Crown corporations or not. Keep in mind that the provincial auditor has the authority to audit all books of the government, whether Crown corporations or not, — is what I said — and that he certainly. . .

MR. COLLVER: — He passed an act last year that wouldn't allow that.

MR. BLAKENEY: — Mr. Speaker, may I continue? . . .that he has the authority to do that. It is true that with respect to Crown corporations in certain instances, other auditors, outside auditors are engaged. Fair enough. But there is no suggestion, I am sure, that the provincial auditor does not have available to him all of the financial records of the government and he can make such reports as he thinks are appropriate on them. I think what we are facing here, Mr. Speaker, that which the member for Nipawin is alluding to, is essentially a technical disagreement as to whether or not it is better to leave out the assets and liabilities of Crown corporations when they are not guaranteed by the consolidated fund, or run through the consolidated fund or whether it is better to put them in. Now heretofore, we have simply not put the assets of Crown corporations on the asset side of the consolidated fund. We have not done that and if he can find a statement, a consolidated statement which includes the net worth (note what I'm saying, the net worth) of the power corporation as an asset on the asset side of the balance sheet at any time, I'd like to know when. This has not been the practice. Perhaps it should be the practice but it is at least a highly debatable point whether it should be the practice and the suggestion that somehow this is a cover for inappropriate transactions is totally without foundation.

SOME HON. MEMBERS: — Hear, hear!

MR. COLLVER: — Supplementary question. Is the Premier not aware that the provincial auditor himself has specifically stated that he would teach or show the Government of Saskatchewan how to do this if the Government of Saskatchewan would not listen? In next year's report, it would be shown to the Government of Saskatchewan how to do it. Furthermore, is the Premier not aware that when a Crown corporation specifically appoints an outside firm of auditors that that does not make those records available to the provincial auditors; the provincial auditor only has . . .

MR. SPEAKER: — Order, order. I'll take a new question.

Increase in Telephone Rates

MR. G. MUIRHEAD (Arm River): — I have a question to the Minister of Telephones (Mr. Cody). How can you justify a 6 per cent increase in telephone rates and at the same time come before this House with Bill No. 22 and ask permission to invest the so-called profits?

HON. D. CODY (Minister of Telephones): — Mr. Speaker, the attitude of the government and the attitude of the Crown corporation, that Sask Tel and its board of directors is they should have a reasonable return on their investment, about a net of 4.5 per cent or so, 5 per cent, gross of about 11 per cent. As a result of not having that percentage, we have had to have an increase. With regard to the bill that's before the House, that bill is so that the Crown corporation has the opportunity to invest in short-term investments.

MR. MUIRHEAD: — Supplementary, Mr. Speaker. Is this 6 per cent increase designed to cover the losses due to CPN (Co-operative Programming Network) and to cover the expected losses from the expropriation difficulties from the downtown Regina development?

MR. CODY: — Well at this time we haven't anticipated any losses in CPN. I suppose if that's part in parcel of it, maybe that will go to pay for that as well as paying for putting in telephones in the town of Wolseley or paying for putting in telephones in the southern part of Regina or in Arm River or anywhere else. That's all part in parcel of running a telephone company, Mr. Speaker.

MR. MUIRHEAD: — Would the minister not agree that the time has long since passed when monopoly Crown corporations should be required to justify any rate increases before an independent public review agency in accordance with the PC (Progressive Conservatives) demands of the last four years?

SOME HON. MEMBERS: — Hear, hear!

MR. CODY: — Well as far as I'm concerned, the members have an opportunity when the Crown Corporations Committee meets to scrutinize that annual report just like they have the opportunity to scrutinize any annual report. They can ask all the questions they want at that time, in so far as why the rates were to be increased. They'll have to do that at next year's Crown corporation's sitting, I would think, but there's certainly nothing wrong with the members asking any questions they wish at that particular time. That's when we scrutinize the workings of a Crown corporation.

MR. COLLVER: — Supplementary question, Mr. Speaker. Is the minister telling this Assembly that he would have us believe that Crown corporations is in any way designed to justify future rate increases on behalf of Sask Tel or Sask Power or any other monopoly Crown corporation? Is the minister sincerely trying to have this House believe that Crown corporations has the ability to roll back any price increases?

MR. CODY: — No, Mr. Speaker, I don't think I said that. I said that if you wanted to scrutinize on a proper basis any of the workings of Sask Tel, the proper place to do it is in Crown corporations. I am sure you will have that opportunity very shortly.

Assistance for Reconstruction of Grid Roads

MR. H. SWAN (Rosetown-Elrose): — A question to the Minister of Municipal Affairs. Members of SARM (Saskatchewan Association of Rural Municipalities) are registering quite a bit of concern over the government's refusal to provide assistance for the reconstruction of the grid roads that are now becoming some 20 years or more old and are worn out. Is the government prepared to provide some assistance for the reconstruction of the older grid roads?

HON. G. MacMURCHY (Minister of Municipal Affairs): — Mr. Speaker, in response to the hon. member's question, I think I indicated at the SARM Convention that we were aware of the concern put forward re reconstruction of roads. I indicated also that the government felt there was some relationship between the reconstruction of grid roads issue, and the super grid policy and the consideration of changes in the super grid policy. The hon. member will be aware that there is a committee established to look at the super grid policy, namely the issue of oiled roads versus reconstruction of gravel roads. We will be asking the committee (I think it is already there) to consider the concern expressed by the municipalities through SARM on reconstruction as it relates to possible changes in the super grid policy.

MR. SWAN: — Supplementary, Mr. Speaker. The SARM have shown an interest all right in the super grid but most of them are expressing a concern that the super grid program is moving forward slowly and that the reconstruction is a must at this time. Is the minister prepared to divert some of the super grid funding into the reconstruction program to go ahead now to keep these roads in shape to use in our municipalities?

MR. MacMURCHY: — Mr. Speaker, with respect to the last question of the hon. member, are we prepared to shift money? The answer to that is no, not at this time certainly. I think that while there has been a slow pace established with respect to super grid, that is because both the municipalities and the government are just not sure at this time what the policy should be. Obviously there is a concern about the high cost of oiling; there is a concern of the maintenance of the oil system. We are aware of that as are many of the rural municipalities. I think before we make any decision regarding reconstruction, we should examine our super grid policy. It may well be that the reconstruction issue can be taken care of in a change in super grid. As I put forward to the convention, perhaps we should be looking at a 10,000 or 11,000 mile system of which only 2,000 or 3,000 would be oiled and perhaps 7,000 to 8,000 graded and gravelled. The actual financial commitment would be roughly the same as we have already established in the 5,000 mile regrading, 5,000 mile oiling but that possible change, which the committee is looking at, could accommodate the issue of reconstruction.

4-H Program

MRS. J. DUNCAN (Maple Creek): — A question to the Premier in the absence of the Minister of Agriculture, Mr. Speaker. A year ago there was an agreement made between the Saskatchewan 4-H Council, this government and the University of Saskatchewan whereby the 4-H Council would incorporate in order to independently administrate its government grants. My question, Mr. Premier, is why, then, last Friday was this decision reversed, the autonomy of the 4-H Council destroyed and the administration of the 4-H program taken over by the Department of Agriculture?

MR. BLAKENEY: — Mr. Speaker, I'm not familiar with the matter as raised by the hon. member and I will take the question as notice.

Heritage Fund

MR. COLLVER: — Mr. Speaker, I have one more question to address to the Premier today. I alluded to it earlier in this question period. This is with reference to the kind of financial reporting that is going on in the Government of Saskatchewan today. Is the

Premier aware that on this heritage fund balance sheet that is presented to us today, it indicates some \$75 million as at March 31, 1978 — it indicates some \$75,586,000 are held in current reserves. Is the Premier aware that on an order in council dated March 28, 1978 some \$75 million was authorized to be transferred to the Potash Corporation of Saskatchewan three days before the March 31 deadline, yet the actual transfer of funds did not occur until April of 1978 as is reflected in the Potash Corporation of Saskatchewan financial statements dated June 30, 1978. In other words, is the Premier aware that even though the order in council was dated before March 31 transferring the \$75 million, in order to show a \$75 million balance in the heritage fund it was postponed until after the deadline?

MR. BLAKENEY: — I am not familiar with the date on the order in council but I certainly don't deny what the hon. member says because there is nothing very remarkable about the circumstances. Certainly the money wouldn't be transferred until after the order in council was passed, and if it was passed late in March it's certainly not surprising that the transfer wasn't made till early in April.

MR. COLLVER: — Is the Premier not aware that that is a misrepresentation of the facts on the heritage fund for the people of Saskatchewan and that in auditing terms, for the Premier's information, it's known as kiting?

MR. BLAKENEY: — Mr. Speaker, that is not quite what is called kiting in the ordinary sense of the word. We had other politicians in this province many years ago who had more experience at kiting than perhaps any of us have . . . (inaudible interjection) . . . the member for that particular area will be familiar. But, no, would I don't think there be anything very remarkable about showing in the asset side \$75 million less as due from the consolidated fund and \$75 million more as an investment in the Potash Corporation of Saskatchewan. I want to advise the hon. member that we're not at all bashful, and not at all ashamed of our investment in the Potash Corporation of Saskatchewan. We think it's going to be a good investment, is already a good investment and if we did not feel this way, obviously there are many ways we could structure the books so that some of this heritage money would be in the Power Corporation. We could borrow money for the Potash Corporation — there's no problem. And there is no significance to be placed upon the fact that a transfer was made on one side or the other of March 31. There are transactions around each month end and there's nothing of any significance with respect to that one.

Workers' Compensation Levy for Small Businesses

MR. R. ANDREW (Kindersley): — Question to the Minister of Labour (Mr. Snyder). A case has been brought to my attention of a small electrical contractor working in the oil field. I believe the contractor has 14 employees, and it has seen its workers' compensation levy increase in the past three years from \$2,100 to \$3,800 and now to \$6,100 this year. Over the 31-year history of this company there has only been paid out on its behalf through workers' compensation something less than \$3,000. Now I don't expect the minister to be aware of the details of this particular situation but should there not be a preferred rate somehow for a small business that has proven not to be an insurance risk in this field?

HON. G.T. SNYDER (Minister of Labour): — I think the hon. member is suggesting we should dispose of or set aside the whole process that has been acknowledged since 1928 of collective liability. This allows a small business such as the one that you draw attention to, to escape the possibility of a horrendous lawsuit that could result when an

accident (perhaps a fatality or a number of fatalities) takes place in a small industry, perhaps through no fault of the employer but as a result of an unfortunate chain of circumstances. You'll know that the assessments are levied on the basis of the accident experience. As a matter of fact, there have been a number of instances where the assessment on the employers has been reduced in the order of 25 cents to 50 cents per hundred of payroll over the last 12 months. So there has been a decrease in the number of instances where the industry itself has shown a decline in the number of accidents that have taken place. The industry, in that particular classification, sets its own rates relative to the number of accidents and claims that are adjudicated in the period of any 12 months.

MR. ANDREW: — A fair statement, but does it not also indicate that when you're starting to get to a figure of \$6,100, that's a substantial expense for small business? I suggest to you that perhaps something should be made so that there is an incentive for those businesses that in fact do practice safety in their particular field.

MR. SNYDER: — What the member should do is get a copy of the Muir report. There was a very thorough review done by Judge Alistair Muir, two employer representatives and two employee representatives who indicated quite clearly that they did not recommend the merit system of determining individual company's assessments. What they suggested was that the whole process of collective liability is one that should remain. The Muir committee has not suggested that any such thing should take place. I'm not familiar with the figures you gave. I'm rather surprised that assessments should increase by that amount. If the member will give me the name of the firm I can certainly chase it through with the Workers' Compensation Board and let him know the circumstances surrounding that particular assessment which has been levied on that group of employers — not just that single employer of course, but the group of employers for the industry with which that employer is associated.

MR. ANDREW: — One final supplementary. It strikes me that when you get into a situation at \$6,100 you're getting to the point where you could probably get into the private field and buy insurance cheaper. I don't suggest that that's the field but that's not the purpose of the workers' compensation. Surely their rates should be lower than those in the private field where a profit has to be made.

SOME HON. MEMBERS: — Hear, hear!

MR. SNYDER: — Mr. Speaker, I think I've indicated, at least on two occasions since the question was originally raised, that the rates will be levied on the basis of the accident experience. It's the individual classification that makes that determination as to what the assessment rate per hundred of payroll would be. If you'll give me the details I'll certainly provide the additional information he's looking for.

Trans Canada Pipeline Proposal to Store Gas

MR. R.A. LARTER (Estevan): — Mr. Speaker, a question to the minister in charge of Sask Power Corporation. I noticed in today's Leader Post that Trans Canada Pipelines has proposed storing gas approximately one-third of Ontario's use in caverns in southeastern Alberta. With the profit you're able to make (about 600 per cent on Saskatchewan gas at the present time from Saskatchewan producers) have you given any thought to storing in caverns out in that area where we have this gas?

HON. J.R. MESSER (Minister of Mineral Resources): — Mr. Speaker, let me first

comment on the profits the member for Estevan relates to. He may want to interpret them as profits but it's because of the present policy in effect for Saskatchewan gas, that we have lower gas rates than most other regions throughout Canada, excluding the province of Alberta. Had we not that kind of policy I can assure people, consumers of gas, natural gas in Saskatchewan, they would be paying a much, much greater rate than what they are now.

To respond, Mr. Speaker, more specifically to the question of whether or not SPC is looking to the storage of natural gas in its empty caverns, the answer is yes, we do it extensively and our policy, if we have one in effect, is to attempt to use a cavern capacity as extensively as possible, hopefully placed throughout the province so that we have reserves of gas when they will be required because of some interruption in the system of transmitting that gas throughout the province.

MR. LARTER: — Supplementary, Mr. Speaker. By your own admission, Mr. Minister, you have stated that the cost of producing gas each year is going up. Now, don't you think it would be wise to go on an extensive program, the fact that you do have gas at a fairly low price and that we should really produce this gas now and go all out on it?

MR. MESSER: — Well, Mr. Speaker, it was the wisdom of this government, some years ago, to put together an independent body known as the Natural Gas Conservative and Development Board, to not only assist us in providing us with factual information as to what the reserves of gas may be in the province of Saskatchewan, but also what might best be the development policy of the province in developing and proving up, in fact, distributing that gas. It is that independent board's policy that we are pursuing now. They have made some recent recommendations that the government is giving consideration to, I think that we will continue to give first consideration to such recommendations from that board, which has done a justifiable job up to this point in time and I am sure will continue to be of some real assistance to the province in escalating or expanding its gas operations for Saskatchewan.

ANNOUNCEMENT

Passing of Alfred Bellegarde

MR. BLAKENEY: — Mr. Speaker, before orders of the day, I wonder if I might indicate to the House, for those who may not have heard, the unfortunate news of the untimely passing of Mr. Alfred Bellegarde, the Chief of the Federation of Saskatchewan Indians. It was a very sudden passing and I know that all of us would like to convey, not only to his family, but to all members of the federation, our condolences.

MR. COLLVER: — Mr. Speaker, before the orders of the day I also would like to add the word of the opposition to the words of the Premier that Mr. Bellegarde was only recently elected to his position as the head of the Federation of Saskatchewan Indians. He had great promise for the future and was a great leader of his people. We, too, express our condolences to his family.

SECOND READINGS

HON. J.R. MESSER (Minister of Mineral Resources) moved second reading of Bill No. 17 — **An Act to amend The Oil Well Income Tax Act.**

He said: Mr. Speaker, this bill, an Act to amend The Oil Well Income Tax Act, along

with a number of other bills, some of which were directed to the Non-Controversial Bills Committee, deal almost exclusively, in fact they do deal exclusively, with metrication, and the oil industry in the province of Saskatchewan. I do believe that it would have been more appropriate for this legislature to have directed all of those amendments to the Non-Controversial Bills Committee, as it would have greatly enhanced and saved the time of the members of the Legislative Assembly in looking at the routine amendments that metrication brings about.

However, Mr. Speaker, having been given the opportunity to address a few words to the second reading of these bills, starting with the Oil Well Income Tax Act, I am pleased to be able to have the Assembly consider them. The items do not necessarily emanate from action solely by the province of Saskatchewan, or the Government of Saskatchewan. They are more products of the federal government's 1970 White Paper on Metric Conversion. The decision to proceed with metrication led, as some members will be aware, to the establishment of steering committees across Canada. These committees, Mr. Speaker, were responsible for planning and assisting various segments of society in that conversion process which is now well under way.

The items that I present to this House deal only with a small portion of the overall conversion plan, specifically petroleum and natural gas industries and services and, to a very much lesser degree, with some of the bills that I will be introducing for second reading later today.

Members of this Legislative Assembly should understand that metrication of the petroleum and natural gas industry has not been hastily conceived, nor is it an action that has been imposed on the industry by this government. Certainly, in discussion with the oil industry, they to a large extent do not really believe that it has been imposed on them by the federal government either. The members of the sector dealing with oil and gas have been meeting, as I have stated, since the early 1970s. The plan adopted by the committee has been accepted, Mr. Speaker, by all major petroleum and natural gas organizations on behalf of their industry. The plan, and as a result, the legislation before you, has the support of the Canadian Petroleum Association (CPA), and the Canadian Association of Well-Drilling Contractors. I would think it goes without saying that the major producing provinces and the federal government concur with our action. Evidence of this rests in the fact that these governments have already presented metric legislation.

Mr. Speaker, the Department of Mineral Resources is well along the way to implementing metric reporting in the oil and gas industry. I'm not aware, as minister, of any objections having been received. In fact, Mr. Speaker, well drilling and completion data has been submitted in the metric unit form since August of 1978 and beginning with the month of January of this year, 1979, production data are also being submitted in metric units. I might say that this has been voluntarily undertaken by the oil industry themselves. Department staff have revised forms and undertaken changes to computer systems in order to accommodate this legislation.

Mr. Speaker, let me conclude by noting that: (1) industry is both sympathetic and fully in support of this legislation, (2) industry and other governments have participated in formulating but you will be asked to approve, (3) your approval is a procedural step to attain mutually desired housekeeping objectives.

Mr. Speaker, it is with those few short words that I move second reading of an Act to

March 19, 1979

amend The Oil Well Income Tax Act.

MR. R.A. LARTER (Estevan): — Mr. Speaker, I would like to say to the minister that our party certainly agrees that this is just a housekeeping move towards metric and we will be supporting the bill.

Motion agreed to and bill read a second time.

HON. MR. MESSER (Minister of Mineral Resources) moved second reading of Bill No. 19 — **An Act to amend The Oil and Gas Conservation, Stabilization and Development Act.**

He said: Mr. Speaker, again as I have indicated in the short comments which I made pertaining to the preceding bill, an Act to amend The Oil Well Income Tax Act, this act and its amendments to The Oil and Gas Conservation, Stabilization and Development Act, are again to deal exclusively with metric conversion. I have pointed out that there is no significant opposition to these changes, these amendments. In fact a significant portion of the industry has already converted to metric on its own. This legislation will simply provide for the complete changeover from the present system to metric and I would ask that all members give support to this legislation.

Again, Mr. Speaker, having said only a very few short words in second reading of this bill, I would ask members to approve second reading of An Act to amend The Oil and Gas Conservation, Stabilization and Development Act.

MR. LARTER: — Mr. Speaker, again we recognize this as another part of the conversion and we will be supporting the bill.

Motion agreed to and bill read a second time.

HON. MR. MESSER (Minister of Mineral Resources) moved second reading of Bill No. 20 — **An Act to amend The Road Allowances Crown Oil Act.**

He said: Mr. Speaker, again, Bill No. 20, An Act to amend The Road Allowances Crown Oil Act, is a bill which deals exclusively with metric conversion. I think that I have already indicated to this legislature the reasoning behind that and the support and the progress that has already been made pertaining to that metric conversion.

I would, therefore, ask all members to support second reading of an Act to amend The Road Allowance Crown Oil Act.

MR. R.A. LARTER (Estevan): — Just one comment on this, Mr. Minister. I believe some of the oil companies are concerned over the fact that in measuring out oil, you only take it to one decimal place. There is a chance at times in measuring your 4.6 barrels to a metre, you could, quite likely in some cases, take away one or two barrels of oil from these companies by only going to one decimal place in your measurement, and in other places they can go to three or four decimal places. I wonder if you would check into this. We will be supporting this bill.

Motion agreed to and bill read a second time.

HON. MR. MESSER moved second reading of Bill No. 21 — **An Act to amend The Pipe Lines Act.**

He said: Mr. Speaker, again for the fourth time, this bill also pertains exclusively to metric conversion. I would therefore ask the members of this Assembly to agree with second reading of an Act to amend The Pipe Lines Act.

MR. LARTER: — Mr. Minister, we will be supporting this bill.

Motion agreed to and bill read a second time.

HON. MR. MESSER moved second reading of Bill No. 39 — **An Act to amend The Power Corporation Act.**

He said: Mr. Speaker, it is the intention of this bill to amend The Power Corporation Act. For the most part, the amendments are meant to update the act in order that the Saskatchewan Power Corporation can carry out its functions with a greater and more improved administration efficiency. Some of the amendments are required to allow the corporation to fulfil its corporate objectives more efficiently and more effectively, in keeping with the present economic and social conditions that it finds itself operating in. That is not unlike any other corporate structure attempting to amend or change its mode of operation in relation to changing circumstances.

Of most importance, the amendments to section 8 and to section 55(1) will be of, I think, the most interest to members of this Assembly. In these sections, the purposes and the powers of the corporation are to be amended to permit the Saskatchewan Power Corporation to engage in energy conservation programs, programs similar to the Warm Up Saskatchewan Loan Program introduced last year.

In 1978, the Home Energy Loan Act authorized the corporation to provide interest free loans to home-owners who are improving the energy efficiency of their residences. To the end of February, Mr. Speaker, loans totalling more than \$1 million have been made. This program allows loans to all home-owners to a maximum of \$1,000, interest free. Because there are no restrictions on the age of eligible homes and because labor costs are also covered, the program, I believe, is having excellent response.

However, Mr. Speaker, we're not satisfied that this single program is enough. And that is why we are amending section 55(1) to allow the corporation to enter into yet new conservation programs with customers other than residential. We believe that greater energy savings can be accomplished in the commercial and the industrial sector as it is in those areas that very significant quantities of energy are consumed in this province. We do not, without the proposed amendments, have the power to properly introduce conservation programs for their consideration and hopefully, to their benefit.

The consumption of natural gas by residential customers has — we're happy to say — declined in recent times. And we believe this to be a continuing positive trend. We also believe, Mr. Speaker, that the Warm Up Saskatchewan program is part of the reason for this decrease in consumption. Certainly, when we relate the \$1 million that I have mentioned, one has to also relate to thousands of home-owners who have taken advantage of that program in order to get better utilization of the energy that they consume in their homes.

However, in some areas of the province, customers have unfortunately been slow to respond to the necessity of upgrading insulation levels. I would like to, when I address myself to these amendments, Mr. Speaker, urge all members of this legislature to promote this program, particularly, Mr. Speaker, the members respecting the

communities of Rosetown, Kindersley and Wilkie where in our mind the response to the program is the poorest in all of Saskatchewan. I do not, in conveying this to the Legislative Assembly, want it to be interpreted that it is the fault of the members that that is the case. But I do bring to their attention that those three constituencies by comparison to other areas in Saskatchewan have performed very poorly. In fact, Mr. Speaker, to the end of 1978 only 14 home owners in those three constituencies of the province had participated in the Warm Up Saskatchewan program. I believe, Mr. Speaker, we all have an obligation to improve on this performance and I use those three only as an example. There are other areas which, even though they have performed much better than those three constituencies, still in our mind are not at a satisfactory level.

Mr. Speaker, moving on, section 10, sub 1 of the act, will be amended to allow the corporation to sell and lease back property which it considers necessary for its own purposes. Section 25 and section 26 are to be amended to allow the corporation and the legal council, or assistant corporate legal council, of the corporation to sign expropriation documents. For the purpose of administrative efficiency it is necessary now to have additional officers within the corporation available to sign these documents. Section 27 will be amended so that disputes as to the compensation for expropriations are settled under The Expropriation Procedures Act. This amendment brings the act into line with the actual practice that's being followed in expropriation cases. The official valuator is no longer used by the Saskatchewan Power Corporation and has not been used for a good number of years. This will streamline the efficiency of the corporation and make it recognizingly legal to do what it has been doing for a number of years.

Section 30 will be amended so that releases of easements may be executed on behalf of the corporation by the corporate legal council or the assistant corporate legal council of the corporation. This amendment is made solely for the purpose of administrative efficiency and brings this section in line with the changes being made in sections 25 and 26 of this bill.

A new section 30, sub 1 is to be added and would give statutory protection to certain unregistered easements of the corporation. This is a new section, Mr. Speaker. This section only refers to rural service lines at 14.4 kva and 25 kva voltage supported by single pole structures. It would have no application, Mr. Speaker, to other lines. Lines serving industrial customers would be a good example or, for that matter, 32 kba single pole distribution lines or high voltage H frame transmission lines. Those would be excluded. For these lines registerable easements of 30 to 100 feet in width are obtained and compensation is paid with the right to appeal the amount of such compensation under The Expropriation Procedure Act. As further information, a similar amendment to The Saskatchewan Telecommunications Act was assented to on January 12 of 1978 by this Legislative Assembly. Section 42 is to be amended to provide for the guarantee of indebtedness or liability of the corporation, such as that required in a lease arrangement, to be guaranteed by the province. This is to coincide with the proposed amendment to section 10. Section 44 dealing with the investment powers of the corporation is to be amended to permit the corporation to invest in a greater range of securities than those now allowed. Section 48 is to be amended so that a person other than the provincial auditor may be appointed to audit the books and accounts of the corporation. Although the provincial auditor normally acts as the corporation's auditor, instances may arise where he is unable to perform his function and an alternate auditor may well be necessary. Section 49 will be amended to omit the references to government finance office and replace them with the Crown Investment

Corporation of Saskatchewan. It is, Mr. Speaker, proposed that the fine which may be imposed for an offence under section 60 of the act be increased to \$500 from the present \$50 amount. This section deals with persons damaging corporation property, altering meters, or improperly increasing the amount of energy supplied by the corporation. Mr. Speaker, it's with those words that I move second reading of Bill No. 39, An Act to amend The Power Corporation Act.

MR. LARTER: — There are certain things in this bill, Mr. Minister, that we would like to look over more carefully, particularly where you show making the government of Saskatchewan liable for leasing. I'm wondering if a liability is going to show up as a liability to the province of Saskatchewan on a lease, if it will show up as a permanent liability during the term of the lease. There are a number of other things such as expropriation of land here that we would like to go into a little deeper and so I beg leave to adjourn the debate.

Debate adjourned.

HON. E. KRAMER (Minister of Highways and Transportation) moved second reading of the Bill No. 24 — **An Act to amend The Highways Act.**

He said: Mr. Speaker, Bill No. 24, an Act to amend The Highways Act, is another act today similar to much of what my colleague has just introduced. It is to accommodate our measurements and so on under The Highways Act, to accommodate the metric system in Saskatchewan.

This gradual move towards metrication is something that apparently is sliding along with a number of people complaining, but still acquiescing in going along with it, for reasons best known to themselves.

Well, Mr. Speaker, I accept no responsibility for Canada's move towards the metric system. I know that it is going to mess up a number of things that we have been used to. I don't know how we are going to use some of those old sayings — 'Missed by a mile', or 'An inch is as good as a mile', or 'Give an inch and take a mile', or 'A country mile'. I don't know what they are going to do with 'The grave of seven foot Davis'. You know, Mr. Speaker, when we refer to the member for Moosomin (Mr. Birkbeck), we are going to have trouble telling him that some part of his anatomy is out a foot.

Anyway, I think that when we stop to look at the metric system and the measurements — some of these refer to changing one chain or 66 feet — nice comfortable numbers — to 20 metres. Maybe another generation may be glad that they are multiplying by tens, or the old one yard, which incidentally was devised because it was an inch or so plus the distance from the end of King Henry's nose to his thumb. That was a tremendous scientific measurement but time honored, and it is awfully difficult to change those old clumsy habits. I find that difficulty to be very real in adjusting at this point in time.

You know I hear this mumbling from across the floor, Mr. Speaker, and I would like to point out to them, maybe once more that this is not our problem. That problem, if it is a problem, was created at Ottawa in 1971. The act was passed in Ottawa in 1971. And they say, well that is another one of those damn Trudeau ideas. In fact, I heard believe it or not, a constituent of Moosomin, the member's constituent say, just giving in once again to those Frenchmen.

It might be interesting to the House to note that Quebec has not agreed with metricity

so far. Maybe they have. But it is also interesting to note, Mr. Speaker, that if the Tories are opposed to this, as a party, then you know it is amazing because when that act was passed in the House, it passed unanimously New Democrats. Social Credit and Tories must have either been delinquent or acquiescent, one or the other. They can't have it both ways.

AN HON. MEMBER: — Passed that by order in council.

MR. KRAMER: — Mr. Speaker, the member will have his opportunity to speak in his usual eloquent fashion, I am sure. He'll have his turn. I simply want the record clear that the act was passed. It is a Canadian act. It is a Canadian law. We don't have to like it but like many other things, I imagine we'll go along with it and down the road we will join the other 90 per cent of the world with a decimal system which may be appreciated by future generations. So, Mr. Speaker, I take pleasure in moving second reading of Bill No. 24, an Act to amend The Highways Act.

MR. D.M. HAM (Swift Current): — Mr. Speaker, just a comment or two. We have full intentions in this caucus of supporting the changes in the bill. Perhaps I may make a comment or two in respect to the minister's remarks. I heard recently that the United States is delaying its change to metrication. I for one, and I think probably most of the public, have maintained that if the United States wasn't changing we shouldn't have changed either. However, we are in it now. Would the minister permit a question with respect to the bill? I note under section 9, it concludes by, in each case, substituting 90 acres. Really, it doesn't make a whole lot of sense that the entire bill is changing measurements from imperial to metric, but that one appears to remain imperial. Can you explain that?

MR. SPEAKER: — Order, order. Normally it is not permitted for a member to ask a question after the member has sat down. I will allow the matter to be decided here if the members wish. I'll put myself in your hands. Are you prepared to permit a question?

MR. KRAMER: — Well simply, Mr. Speaker, the answer to that (I'll go into more detail in Committee of the Whole) is the fact that we are not changing to hectares in Saskatchewan because that is obviously going to be an impossibility. Therefore, the reference to acres will continue to maintain.

MR. SPEAKER: — I will just inform the members that I will try to stick to the rule that if the member wishes to ask a question of a brief nature for clarification, he must rise immediately upon the minister taking his seat. Otherwise it will be regarded as debate and will not allow a question.

Motion agreed to and bill read a second time.

HON. A. MATSALLA (Minister of Tourism and Renewable Resources) moved second reading of Bill No. 27 — **An Act to amend The Forest Act.**

He said: Mr. Speaker, this bill proposes amendments to the provisions of The Forest Act which set out the boundaries of the provincial forest. Hon. members will note this from the content of the bill. You will see various descriptions of lands that are being transferred. Let me put it in a nutshell. The purpose for this bill is for updating and setting out boundaries of the provincial forest. The Department of Agriculture holds land adjacent to the provincial forest boundary which have forest potential. Some of

these lands are not being used for agricultural purposes. Agreement could be reached with the co-ordinating committee that is set up to take these lands into provincial forests. On the other hand, forest land which could be used for agricultural purposes, agreement may be reached to remove the land from the forest and place it into agriculture. I want to point out that since jurisdiction for the forest resource was transferred from the federal government to the provinces in 1930, the legislature has always been asked to approve any changes in boundaries of The Forest Act.

Mr. Speaker, these amendments serve three purposes. Firstly, they change the boundaries of the provincial forest to include some additional lands. The inclusion of these lands has been recommended by the Provincial Co-ordinating Committee on Land Use. This committee is composed of officials of my department and the Department of Agriculture. The lands, with which these amendments are concerned, are adjacent to the existing boundaries of the Porcupine River and Torch River provincial forest in northeastern Saskatchewan. They are not presently being used for agriculture and have little agricultural potential. The Co-ordinating Committee on Land Use has determined that their forest potential is much greater and I have accepted this recommendation. This part is being dealt with in section 4 of the bill.

Secondly, Mr. Speaker, the amendments propose changes in wording to clarify boundary descriptions. This will make administration of the provincial forest more efficient for officials of my department and it will make dealings with these provisions more straightforward for the forest industry.

Thirdly, Mr. Speaker, the amendments propose to make the boundary of the Meadow Lake Provincial Park coterminous with the boundary of the provincial forest. This change will simplify administration and improve land use in the park area. I believe that is dealt with in section 3 of the bill.

Now, Mr. Speaker, these amendments will assist us to continue to manage Saskatchewan forests in the best interests of Saskatchewan people and in the best interests of the resource itself. I urge this House to join me in supporting these amendments. Mr. Speaker, I take pleasure in moving second reading of Bill No. 27 — an Act to amend The Forest Act.

MR. J. GARNER (Wilkie): — I would like to study further the recommendations by the co-ordinating committee on land use and also study the maps of the area where these boundary changes are to take place. I beg leave to adjourn this debate before it gets too gross.

Debate adjourned.

HON. E.E. KAEDING (Minister of Agriculture) moved second reading of Bill No. 28 — **An Act to amend The Apiaries Act.**

He said: Mr. Speaker, in 1978, the province's 68,000 hives belonging to more than 1,000 registered beekeepers produced honey and beeswax in this province valued at around \$6 million. Honey production, on an intensive scale, constitutes a rural agricultural pursuit which can provide a good livelihood for an energetic farmer and his family. It has been my government's pleasure, Mr. Speaker, to encourage qualified people through the FarmStart program to firmly establish in beekeeping and be witness of a steady increase in the production of honey in Saskatchewan over the past few years. The responsibility for providing the necessary beekeeping knowledge to honey

producers together with the task of controlling contagious bee diseases rests with the apiary administration division of the plant industry branch of my department. Mr. Speaker, our beekeepers in Saskatchewan, through their 56 year old Saskatchewan Beekeepers Association, constitute an organization which actively encourages good beekeeping practices in the province and maintains a close liaison with my department. It is at the request of the Saskatchewan Beekeepers Association and my staff that certain amendments are now proposed to the province's Apiaries Act.

The Apiaries Act is basically involved with sanitation in the beekeeping business. Two fields of sanitation are involved. One involves the cleanliness of handling honey as a human food. This involves visits to extracting and honey packing plants to see that high standards of cleanliness are maintained and the other kind of sanitation involves the health of the bees themselves. Honey bees, like any other form of life, are subject to their own specific diseases. One specific disease called foulbrood and caused by a bacterium kills the young bees in the immature stages. It does not affect the adult bee or any other living organism. When this disease becomes established in a beehive, the young bees fail to mature and the hive population dwindles. The infested hive soon becomes weak and unproductive. The nurse bees in attempting to remove the dead brood, inadvertently spread the bacteria to healthy larvae across the province. Healthy hives, within a three or four mile radius of the diseased hive, will during a shortage of nectar, plunder the weak or depopulated infected hive and in so doing will carry the infection back to their heretofore healthy hives. Foulbrood thus becomes a highly contagious bee disease in beekeeping circles and its spread is prevented by good management, inspection and treatment.

Amendments to The Apiaries Act will require of beekeepers that they pursue their profession in a manner that does not impose risks on neighboring apiaries through the possible transfer by bees or commerce of disease from infected components of healthy neighboring apiaries. The monitoring of apiaries in Saskatchewan for disease control requires that all persons engaged in beekeeping be registered by the Department of Agriculture. Maintaining registration is not difficult when people involved are residents of the province. It is more difficult when a person or persons, residents in other provinces, move bees and equipment onto farms in Saskatchewan in order to obtain a honey crop. The proposed amendments to the act provide for the registration and inspection of such migratory beekeepers by requiring renewal of licences annually before moving into the province. I would therefore, like to move, Mr. Speaker, an act to amend The Apiaries Act and that it be read a second time.

MR. R. ANDREW (Kindersley): — Mr. Speaker, in the absence of the member for Rosthern, whose responsibility is on this particular subject and I'm sure the member for Rosthern will perhaps have a few words to say on this, I would beg leave to adjourn debate.

Debate adjourned.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 29 — **An Act to amend The Prairie Agricultural Machinery Institute Act.**

He said: Mr. Speaker, this act is entitled An Act to amend The Prairie Agricultural Machinery Institute Act and it contains only two provisions. The first provision is merely a change in the terminology and the second provides for the repealing of a section of the original act.

Since the passage of The Prairie Agricultural Machinery Institute Act in 1974, The Agricultural Implements Act, 1968, was amended to simplify certain terminology used to define the various sectors of the agricultural machinery industry. In the latter act, the term general provincial distributor was shortened to distributor while dealer was substituted for the word vendor. This was done to provide uniformity in terminology between the three prairie provinces. The amendment before you, proposes to change the terminology in this act.

Mr. Speaker, the second provision is to repeal section 22 of the act. This section requires that whenever an evaluation report on an item of machinery is published by the Prairie Agricultural Machinery Institute and a copy of this report is provided to any person or firm offering such a machine for sale, that person or firm must provide a copy of the report to all prospective purchasers. Mr. Speaker, I feel that the Agricultural Implements Board is not performing that function and protection that was originally contemplated by this section and I propose to repeal it because of the following reasons:

1. This section applies only in Saskatchewan, whereas subsequent to enactment of the original legislation, an inter-provincial agreement between Saskatchewan, Alberta and Manitoba, provides for support of the institute as a three province venture.
2. The legislation does not define new or used machinery and thus, could apply to resale of machinery henceforth for many years which was not its original intent.
3. Where identical machine models are sold under different trade names and color — and this happens quite often when a jobber does work for a number of companies — and only one of them is evaluated and reported on, other manufacturers, distributors and dealers would not be obligated to provide reports to prospective customers resulting in inequitable positions.
4. The enforcement can only be done feasibly when complaints are brought to the attention of authorities. The institute, as it is presently constituted, does not have an inspection staff, nor does it provide for any regulatory function.
5. Because the institute is now publishing evaluation reports on 50 or more machines every year, the logistics and cost of providing copies of reports to all dealers, for all prospective customers, has become formidable.

It is proposed that a provision similar to section 22 be inserted in the regulations under The Agricultural Implements Act. These regulations would require that an up-to-date manual of all test reports issued by PAMI (Prairie Agricultural Machinery Institute) on the machines being offered for sale be maintained by the dealer, and that the manual be available for public perusal during regular business hours.

The Agricultural Implement Board, acting pursuant to the authority of The Agricultural Implements Act, is provided with an enforceable regulatory function which can be, and is, exercised in contrast to the limited authority granted under The Prairie Agricultural Machinery Institute Act. I would therefore, Mr. Speaker, move second reading of the bill to amend The Prairie Agricultural Machinery Institute Act.

MR. LARTER: — Mr. Speaker, I'm very pleased that the minister saw fit to remove the section where we would have had to supply the report from the institute for every machine. This, as you've mentioned in your supplementary, would have been an almost

impossible situation. I might suggest to the minister that when the licenses are purchased by the different vendors or dealers now, copies of the books that are to go to the dealer should be part of that licensing. I don't think they are at the present time. I think you have to solicit those publications. I think that should be part of your licensing program if they're required to keep a copy of those books. We will be supporting the bill.

Motion agreed to and bill read a second time.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 30 — **An Act to amend The Noxious Weeds Act.**

He said: Mr. Speaker, it has been the policy of my government and my department to allow greater freedom to municipalities in initiating and managing agricultural programs. Because of the federal government's failure to provide programs and controls which will adequately curb consistent inflation, urban municipalities are experiencing difficulty in recovering costs incurred for weed control measures undertaken on urban property.

The Noxious Weeds Act limits the amount which can be charged against urban property without previous notification to the owner, to \$20 per lot. Where land has not been subdivided the limit is \$50 per acre or any part thereof. Where the owner has been notified of the problem and has first been given the opportunity to undertake control measures but fails to do so, the municipality may undertake the required measures and charge the resultant cost against the property. In this case present legislation limits charges against the property to \$50 per lot or \$100 per acre where the property is not subdivided.

The Saskatchewan Urban Municipalities Association has advised that due to the steadily rising costs, the limits placed on charges do not allow for the recovery of costs incurred and it requested that all limits be removed. Our government believes that it would be an infringement upon the rights of an individual to remove the limits to charges made against property without previous notification to the owners. Therefore, Mr. Speaker, the legislation proposed deletes only the limits which may be charged against property where the owner has first been notified of the problem, and allowed an opportunity to undertake the required measures. The limits to expenditures, which can be made without previous notification to the owner, will remain in order to safeguard the rights of those individuals. I will therefore move, Mr. Speaker, that an amendment to the The Noxious Weeds Act be read a second time.

MR. ANDREW (Kindersley): — Again the member for Rosthern (Mr. Katzman) has indicated that he is in favor of this particular legislation and we will not (inaudible). . .

Motion agreed to and bill read a second time.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 31 — **An Act to amend The Pest Control Act.**

He said: Mr. Speaker, my department has encouraged the development and has undertaken the servicing of a number of pest control programs throughout the province. All six regional extension areas have adopted warble fly programs and almost all municipalities are participating. My department has, through its district agriculture field worker policy, encouraged the initiation and development of programs for the

control of rats throughout the province. Interest has increased and municipalities are taking positive steps to initiate action.

Mr. Speaker, The Pest Control Act is enabling legislation which provides municipalities with the authority to undertake such programs. The municipality may by a by-law provide for control and destruction of designated pests and provide for the employment of any means of controlling or destroying those pests. The present legislation states that such a by-law is only valid in the year in which it is passed. Such a limitation may be satisfactory for pest control problems of limited duration. Where long-term programs are necessary for control of a pest such as rats, the passage of a by-law each year becomes an unnecessary burden. With the initiation of long-term rat control programs in the province, municipalities have objected to present legislation and have requested an amendment.

First, Mr. Speaker, it may take several months to have a by-law passed and approved. Second, there is an added cost involved in advertising for each new by-law. Third, where joint municipal programs are undertaken, it is often necessary to renegotiate new intermunicipal agreements after each new by-law.

One of the reasons for requiring yearly passage of the by-law was that the advertising which accompanied this passage served to remind ratepayers of obligations thereunder. We believe, however, that continuous pest control programs can and must be accompanied by suitable informational programs to remind ratepayers of their obligation under the by-law and to remind them that the continuity of the program is most important.

Mr. Speaker, I would therefore propose that this amendment be passed for a second time.

MR. E.A. BERNTSON (Souris-Cannington): — Mr. Speaker, just briefly. We will be supporting the bill. The reason we will be supporting the bill is that it has been part of our policy since 1975 and, to use your own example that the reason for the amendment is to influence municipalities in getting rid of the rats, I would urge you to exercise what influence you could to have a co-ordinated program to get rid of the rats. For instance, start on the western boundary of the province and, instead of fighting on three fronts, move the things. You won't get them into Manitoba anyway, they'll probably go into North Dakota . . . (inaudible interjection) . . . but, you know, a co-ordinated effort, rather than fighting on three fronts. Get the job done and, you know, great stuff . . . (inaudible interjection) . . . right.

We agree totally with the intent of the bill. We think it's great. After all the rumblings that came from that side of the House over the last three years, perhaps in jest, that, you know, it was stupid legislation, etc., etc., we're glad that you've finally come to our side of the fence and made this amendment.

SOME HON. MEMBERS: — Hear, hear!

Motion agreed to and bill read a second time.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 36 — **An Act to amend The Department of Agriculture Act.**

He said: Mr. Speaker, The Department of Agriculture Act is, as you are aware, that act, which establishes a department of the Government of Saskatchewan charged with the responsibility of administering those acts of the legislature relating to agriculture and, in general, promoting and encouraging the development of agricultural interests in Saskatchewan.

This government has introduced, or substantially modified many agriculture programs and policies since 1971. Most of these programs have been designed to modify the worst effects of the boom and bust cycles by stabilizing our agricultural industry, and to enable the family farm to survive by anticipating changing social economic conditions while providing young people with the opportunity to start a family farm. Certainly, Mr. Speaker, members of this Assembly will be familiar with many of the legislative enactments designed to attain these goals such as The Land Bank Act, The Saskatchewan Farm Ownership Act, The Agricultural Implements Act and The Livestock Loans Guarantee Act, to name but a few. There are many of these acts. However, one of the basic mechanisms for delivering much needed programs and services to rural Saskatchewan remains The Department of Agriculture Act.

Without belaboring the point, Mr. Speaker, the Department of Agriculture Act is used for many extension and rural development programs including regional services which provides information and educational services to farmers through agricultural representatives, farm management specialists, farm development specialists, field crop and sow specialists, livestock specialists, extension communication specialists and farm accounting technicians. It provides agricultural district fieldmen grants, which provide assistance in the hiring of agricultural fieldmen to supervise various agricultural improvement projects. It provides regional program development grants which provide money in each agricultural extension region to conduct a variety of agricultural projects related to program development or promotions, for conducting agricultural demonstrations, surveys or studies related to program development. And it supplies special agricultural services which provide management and administrative services for various Indian bands and individual farm projects relating to farm and commercial activities. It provides grants to 4-H councils to assist with leadership and program development. It provides regional extension courses which offer a wide variety of three and four day short courses in conjunction with the University of Saskatchewan at various centres throughout the province. These courses bring farmers up-to-date on the latest information on farm business and production management. It offers farm training which provides beginning farmers up to eight-week courses in farm business and production management as the need arises.

Inexperienced people are provided with practical livestock production training on a modern livestock farm for a period from three to six months. It provides grants for farmer accounting recorder services to each farmer (for the first three years of service to local people and agencies) who wish to establish a farm accounting recording service. A grant is also available to assist recorders in advertising their services.

The act is also used to provide grants to farmers' markets and our agricultural organizations and exhibitors requiring economic assistance.

Purely, Mr. Speaker, The Department of Agriculture Act is an essential piece of legislation necessary for the continued provision of effective programs to meet all the needs of rural Saskatchewan.

While the proposed amendment may be regarded as housekeeping in nature, the

consequences will be to enhance the speed and extent to which we can respond to these genuine needs.

Under existing legislation any grants exceeding \$1,000 were subject to the approval of the Lieutenant-Governor in Council. In order to remove the necessity for the minister to refer the large number of individual grant items to Cabinet, the amendment proposes that only those items which involve expenditures of over \$10,000 are required to be referred to the Lieutenant-Governor in Council.

It should be noted, Mr. Speaker, that while this provides more flexibility for the minister, all expenditures must stay within the appropriations made for the various subvotes in the estimates. So it doesn't give the minister necessarily a free hand.

Finally, it should be noted that this amendment was recommended by the Select Standing Committee on Public Accounts in its reports presented to this Assembly on May 12, 1978. Mr. Speaker, I move second reading of a bill to amend The Department of Agriculture Act.

MR. R. ANDREW (Kindersley): — The member for Rosthern has indicated that he has some reservations about this bill. I believe a similar clause relating to the \$10,000 grants and under, came under The Department of Labour Act, of which he spoke at some length. He was concerned that this was a vehicle by which this government and the member opposite were going to finance a national farmers' union. As a result, I would beg leave to adjourn the debate on this matter.

Debate adjourned.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 45 — **An Act to amend The Horned Cattle Purchases Act.**

He said: Mr. Speaker, The Horned Cattle Purchases Act was passed in the legislature in 1939. A brief review of the reasons for its introduction is appropriate in introducing this bill.

A resolution by the Saskatchewan Cattle Breeders' Association, at its January, 1939 meeting, is quote as follows:

Whereas all commercial cattle with horns are now being penalized \$1 per head by the trade, and whereas this results in a diversion of many thousands of dollars, therefore be it resolved that this convention of the Saskatchewan Cattle Breeders' Association requests the Government of the province of Saskatchewan to pass an act taking the power to tax commercial horned cattle the \$1 now being taken by the trade, for such horned cattle, and that further be it resolved that these moneys as collected, be allocated to a trust fund to be used on the advice of this association for the furtherance and improvement of the cattle industry.

The bruising of slaughter cattle results in a significant loss to the industry. There are several causes of bruising, one of which is injury, caused by animals with horns. Cattle without horns are easier and safer to handle. They require less space at feeders; there is less chance of injury to those who are handling them and the bloodying effect is reduced, thus resulting in a more docile environment amongst the animals themselves.

Passage of the original legislation indicated that producers agreed with the trade in recognizing that horned slaughter animals cause damage to other animals en route to slaughter. The Horned Cattle Purchases Act simply provided a vehicle to direct the penalty funds for livestock improvement to a trust fund, and to enable producers to have a direct say in selecting the improvement programs which should be funded.

It is interesting to note some of the features of the act in the early years. For example, the original act stated that the funds could be used for the betterment of the livestock industry. Those funds were used in the early 1940s for purchasing rams and ewes under the sheep expansion program, boars for use in the dominion — provincial boar policy, and even thoroughbred stallions. This would interest the member for Rosthern (Mr. R. Katzman). Expenses associated with these animals purchased, including freight, were also paid out of the fund. In a number of cases the horned cattle trust fund was reimbursed. Thus in effect, the fund was also being used as an advance account.

During the early years of the act, the Saskatchewan Cattle Breeders' Association was the group most involved in shaping legislation and the programs funded by it. They were also instrumental in requesting a meeting which was held in mid 1951 to review expenditures of the horned cattle trust fund since 1939. The meeting was comprised of groups who represented organized cattle groups in the province as well as those who had a broad overall interest in the livestock industry in Saskatchewan. The immediate outcome of that meeting was an amendment to the act in 1952, establishing the Horned Cattle Purchases Act Advisory Committee in the format which exists to this day. Another significant amendment made the use of funds specific for the improvement of cattle, rather than for the broader use of livestock as was stated in the original bill.

The funding of the bull purchase policies which was done under this program with modifications introduced over the years, continued to be a major expenditure of this project well into the 1960s. However, in the mid 1960s a new program thrust had evolved for the Horned Cattle Purchases Act Advisory Committee. Programs comprised of premiums or incentives to individuals gradually gave way to the funding of broader based programs which would enable producers to improve their productive efficiency. Part of this new thrust was the earmarking of grants for capital construction of facilities for research and service. At the University of Saskatchewan's animal and poultry science department, \$100,000 was allocated towards the construction of a new dairy cattle facility. Mr. Speaker, \$200,000 was allocated for the beef cattle research unit and ROP beef testing unit and \$134,000 was allocated for the feed testing laboratory. At Regina, \$400,000 was used to pay for nearly half the cost of the veterinary diagnostic laboratory, \$135,000 was invested as shares in the construction of the Hereford centre and a performance testing centre for beef cattle, \$100,000 was contributed to assist in the construction of the Agribition Building at the Regina Exhibition Grounds. Over the last nine or ten years a concerted funding effort has been directed in support of beef performance testing. The benefit of this program is that it raises the productive potential of breeding animals in Saskatchewan with a resulting improved performance of animals in the feedlot.

During this period the trust fund provided about \$29,000 a year for paying part-time field men to supervise the ROP beef home-test program of about \$15,000 per year. It was used to help finance the ROP beef central test station at the University of Saskatchewan in Saskatoon. It is not the policy of the Horned Cattle Purchases Act Advisory Committee to fund on-going projects indefinitely, but rather that they try to identify a need and then help to develop a program to satisfy that need. In that light, support for paying part-time field men was terminated in 1978. A final \$5,000 grant

will be made to the central test station this year. Central test station services fees for those using it are being increased to cover the operating costs. The fee schedule for the home-test program is designed to recover 50 per cent of the cost of that program, the balance being borne by the department. The rationale for this policy is that the taxpayer benefits indirectly from improved production efficiency.

Mr. Speaker, the Horned Cattle Purchases Act Advisory Committee has always been interested in programs to improve and promote livestock production. The committee has provided \$250,000 in operating grants to the Canadian Western Agribition over the last eight years. They have placed special emphasis in promoting the feeder cattle part of the show as this event provides an opportunity to demonstrate the kind and quality of feeder cattle available in Saskatchewan.

A research project of great interest is the Parkland Pasture Management Research Project in the Melfort area. This is a joint venture between Saskatchewan agriculture and the Melfort research station. In 1974 approximately \$69,000 was provided to purchase 270 breeding heifers for this project. Acreage in the Pathlow provincial pasture was assigned to the program on which a number of items will be researched. These include methods of Russian weed control, grass varieties, fertilizer treatment and grazing rotation. Money received from the sale of offspring or culls is returned to the trust fund, so to some extent the funding support is partly in an advance account. Results from this project will be beneficial to Saskatchewan producers, especially those in the black soil zone and also to the department in manning its provincial pasture program.

I am especially pleased to point out that during this later period an increasing amount of money has been earmarked for research. There has been a project for mastitis control for dairy producers plus numerous projects which have a potential to improve the health status and nutritional aspects of cattle production. The Western College of Veterinary Medicine has done research with respect to pink eye, IBR, and diarrhea in calves, and recently \$22,000 was allocated to the VITO organization to help fund a patent and to produce a vaccine for scour in new-born calves.

In the nutrition area studies have been done on trace mineral needs, feed additives, growth promotants and other related items for the potential to improving cattle feeding efficiency. In the last ten years approximately \$2 million has been collected in the Horned Cattle Trust Fund. That is money which has been collected from cattle producers. It has provided them with numerous opportunities to do things for themselves; \$200,000 per year is a modest sum, but on the other hand the accomplishments resulting from the Horned Cattle Trust Fund have been very significant to the Saskatchewan Cattle Producers.

Mr. Speaker, the substance of this bill is of a housekeeping nature. In the last two years the Animal Industry Branch in my department has been reviewing legislation which it is required to administer and four bills have been passed as a result. This is basically the completion of their review. This bill will not impose any new requirements on the producers or the public. The changes are primarily needed to avoid misunderstanding, to facilitate present marketing practices and to make administration of the act compatible with existing procedures in other acts administered by the Animal Industry Branch. A new Section 6(1) is added at the request of the provincial auditor to establish authority for the Treasury Board to make regulations respecting the accounting of moneys from the fund.

Mr. Speaker, I move that an Act to Amend The Horned Cattle Purchasers Act be read a second time.

MR. BERNTSON: — Mr. Speaker, our agriculture critic, the member for Rosthern (Mr. Katzman) has general agreement with what is trying to be done with this amendment. However, he has some reservation about section 6(1) and I think we went through this debate at some length during your amendments to the cattle checkoff fund last year. Since I haven't studied it and our member for Rosthern (Mr. Katzman) has, I would ask leave to adjourn debate so he may comment on it when he returns.

Debate adjourned.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 46 — **An Act respecting the Funding of Agricultural Research Activities.**

He said: Mr. Speaker, it is with a great deal of pleasure that I rise on second reading of a bill to establish the Funding of Agricultural Research Activities Act which this government is proposing to this Assembly.

Agricultural research has played a major role in the development of Saskatchewan. Indeed, I for one, would not care to speculate about where our province would be today were it not for some of the developments which have resulted directly from the efforts of agricultural research. I have often pointed out the importance of wheat breeding to our whole economy. The development of a long line of wheat varieties uniquely suited to our conditions have provided higher yields, or acquired new disease resistance or some other important and required characteristic and have had an impact on our provincial economy that must be conceded to be enormous.

Indeed, without contributions from agricultural research such as plant breeding, development of suitable rotations and development of suitable equipment, our province's farmers could not have successfully turned the largely empty prairies and parkland regions of this province into the productive farms we have today in the relatively short time frame of only seven decades. Without that agricultural development, Mr. Speaker, the province of Saskatchewan as we know it could not have evolved.

There are many examples of the contribution of agricultural research to the economy of this province. The story of the Cinderella crop — rape seed — which was turned into a food oil crop of major significance to the prairie provinces in only a little more than a decade is a striking example. Research into that crop continues to improve the quality of both the oil and the meal. Farmers who are right now moving to the production of the new 00 rape seed varieties reap a portion of the benefit of that research. So do all of us as food consumers. Because of the value of the export earnings of crops such as rape seed to our total economy we can all benefit also from the opportunities created by agricultural research for further processing of our agriculture products right here in Canada and in our own province.

Mr. Speaker, this government knows there are further opportunities for the development of our agriculture and our economy which will be made available through efforts in agricultural research. We firmly believe more research into new crops and their uses will pay the same kind of dividends that the research of rape seed is now paying.

We believe that the research of livestock production and livestock health is important. We believe we need to continue to research the effective management of that most basic of our resources, the soils of our agricultural area. We see the need in other areas of agriculture, horticulture and other areas.

I must at this point, Mr. Speaker, comment on the role of the federal government in agricultural research.

Historically, agriculture research was carried out by the federal government. Indeed, agriculture research required to make the prairie provinces a successful region might be termed one of the cornerstones of national policy.

I, for one, am able to recognize the significance of the ongoing research program carried out by Agriculture Canada's Research Branch, the prairie regional laboratory of the National Research Council and the protein, oil and starch corporation and other federal agencies to our agriculture. But I must say, Mr. Speaker, that I am very concerned about the present management by the federal government of that important research effort.

We are aware of the federal policy of moving towards more research and development in the private sector. That may be fine, Mr. Speaker, on the surface. Few can argue that Canada should invest a larger share of its gross national product in research and development. It might be feasible in industries where a few large companies would be doing the research and development and could capitalize on the products developed in the future. But I am concerned, Mr. Speaker, that that is where the federal government's thinking stops. Surely their friends, the large corporations, would be looked after, but let us consider what this policy does for farmers and food consumers.

There are over 300,000 farmers in Canada. Is it realistic to expect those farmers to independently carry out the research and development needed in their industry? Of course, Mr. Speaker, the answer is no. Many farmers have, in the past, worked with agricultural researchers and I am sure will continue to do so in the future, but they haven't the resources to carry out research and development independently.

Governments must recognize agricultural research is in the public's interest, both because of the basic importance of agriculture to the total economy and because much of the impact of agricultural research is felt directly by food consumers, which really in the end includes everyone.

Is it in the long run the interest of this nation to place more of the effort in agricultural research in the private sector, for only the agri-business sector of the industry can undertake it, because the basic industry is structured in individual farm units. The consequence can only be higher costs to farmers of the new products or methods developed by agri-business and an inevitable consequence can only be the concentration of the research effort into areas where agri-business can capture returns from the sale of products or services developed.

I am very concerned that the research that could most benefit the farmer, for example research related to long-term soil management, won't get done if the federal government continues to place low priority on research and development by the public sector. Farmers will lose, in the short run, and that can only mean food consumers will lose in the long run.

The introduction of this act represents this government's firm conviction of the fact that a strong policy of public research and development in the agricultural sector is in the best interest of all Canadians.

The federal government's alternative is unacceptable because it leads directly to measures such as the proposed plant breeder's rights legislation. There may be some advantages to breeder's rights legislation in some segments of agriculture and in some regions of Canada, but in my view it is wrong for western Canada. What we need, instead, is renewed commitment from the federal government to strengthen the public effort in agricultural research. Mr. Speaker, lack of effective federal policy in agricultural research is only one of the reasons that this government has proposed this agricultural research funding act for the province of Saskatchewan. We recognize that we have unique problems in agriculture because we are a unique province. Even within our province, our geography, climate and soils vary greatly, so certainly, these factors vary from the conditions in other provinces. We recognize the responsibility of a provincial government to help provide solutions for these unique problems. As a government, we also recognize that the aspirations of our farming industry are unique in many respects. We want to support agricultural research that will assist in reaching the goals of our province's economy.

Mr. Speaker, I have on previous occasions outlined in some detail the increased emphasis on my department in supporting research activities. I have pointed out our financial support, both through the universities' global budget and directly from my department to research initiatives such as the crop development centre, the veterinary infectious diseases organization and others. We will have the opportunity to review that support when my department's estimates are reviewed. I do, however, want to make it perfectly clear that this act represents a new initiative which will allow either for new research initiatives and projects or will serve to further augment those funds which we are already making available for agricultural research.

Mr. Speaker, let me now examine with the legislature, what the new agricultural research act will do. This act will create a fund which will be used to financially support worthwhile agricultural research projects. My colleague, the Minister of Finance has already indicated that \$3.25 million will be allocated to this project to establish this fund. In the first year, while administration mechanisms are being developed, we expect the interest earned from this lump sum will meet the demand for support of some worthy projects. As a government, we intend to review annually the funding required in the field of agricultural research and will augment the fund available as may be appropriate.

The act also provides that in instances where the support from the fund leads to discovery of products from which earnings are derived that those earnings will be reinvested by the fund into future agricultural research, a much better approach in my view, than paying profits to multinational corporations in other countries from the fruits of agricultural research. The act also establishes a board which will be made up of no more than seven members, at least four of which will be practising farmers.

Mr. Speaker, I believe it is important that farmers have a major role in establishing the research priorities in agriculture. I intend to seek the advice of farm organizations in selecting board members capable of representing concerns of all farmers of the province on this important question. As well as deciding on the allocations of money from this research fund, I expect this board will, over time, make a valuable and important contribution to establishing an overall policy on strategy for agricultural research in this

province. In short, I see the establishment of this board as an important step in our expanded provincial role in agricultural research.

Mr. Speaker, the act provides powers to the board to appoint committees or advisers. I expect the board will use this power to develop a competent advisory committee made up of research scientists who will be able to give advice on overall policy as well as the particular merits or weaknesses of research proposals which will be received by the board. But in the final analysis farmers, through their representation on the board, will set the priorities. Let us examine who may be assisted in carrying out agricultural research by this fund. The act is very broad in this respect. It says persons may be assisted and defines persons in the broadest possible context. Initially, I believe that our universities will be in the best position to take advantage of the funds that will be made available. In the long run, however, I see a number of groups who will be able to utilize the funds. Assistance can be made available to farmers' organizations or commodity groups, for example, if they are involved in or wish to be involved in agricultural research which, in the board's view, merits assistance. The act also provides that assistance can be made available to corporations. I believe that it will on occasion be of benefit to Saskatchewan farmers to utilize the fund to assist corporations in their research and development projects. I will expect, however, that the board would enter into an agreement with any such corporation so that a fair proportion of the future earnings resulting from such developments are returned to the fund to provide for further research. In that way the legitimate interests of the corporation and the public will be served.

The act also provides for co-operative research ventures with agencies of the federal government where search ventures are considered desirable by the board. In short, Mr. Speaker, the board will have considerable flexibility in pursuing its goals of providing the best possible agriculture research and development programs for Saskatchewan.

Mr. Speaker, other provisions of the act relate to the technical matters of its administration. I will look forward to a more detailed examination of those sections during clause by clause study of the bill. But I would like to point out that this legislation, along with the legislation proposed by the Minister of Finance (Mr. Smishek) to provide for research in the field of health care, represents a commitment by this government to further development in two areas vital to the fabric of our province, health and agriculture.

I am confident that The Funding of Agricultural Research Activities Act will make an important contribution to that fabric. The funds provided will be significant in that accomplishment. Equally important, the research board will serve a vital role in helping to establish our Saskatchewan agricultural research priorities and strategies. I look forward to evolution of a truly strong research and development policy for agriculture in Saskatchewan as a result of the creation of this fund and board.

I take a great deal of pleasure, therefore, Mr. Speaker, to move second reading of this bill.

INTRODUCTION OF CUBS AND SCOUTS

MR. D.M. HAM (Swift Current): — I would like to introduce to you and through you some very special guests in the east gallery. They are special for a number of reasons. One, they are from my constituency. Two, most of them live in the same district of the city that I do and three, (I would like to have him stand up in a moment,) my son is in that group

and I am very proud of him.

First of all, Mr. Speaker, there are 38 of them — cubs and scouts from Pack No. 4 and Scout Troop No. 4 from the Ashley Park area of Swift Current. They bussed down this morning and had a visit with the RCMP barracks and a visit here today. I know it's very entertaining and educational for them all. Would you please help welcome, not only the cubs and scouts of Swift Current, but my son.

HON. MEMBERS: — Hear, hear!

Debate continues on Bill No. 46

MR. R. ANDREW (Kindersley): — Mr. Speaker, the members on this side clearly support any area in the total field of research, virtually in any field and particularly in the field of agriculture coming from a province like Saskatchewan. The member for Rosthern (Mr. Katzman) again, unfortunately is not here today to speak on this matter and the problem that we would perhaps have with this bill is not in the nature of the bill or in the spirit of the bill as so much as perhaps in the administration of the bill. Number one, we would hope the research foundation to be developed will be as much as possible independent of political pressures and that researchers will be recognized on their abilities and not given any particular field of what their research is involved in. A second matter that I suggest and it relates to the concept of anything that is developed through this research foundation. I take it if it was patented or something like that, the moneys that would be gained from that would go back into the research fund and I think that's only fair. I can relate to a constituent of mine who is employed by Sask Power Corporation and who, in fact, invented what Sask Power hoped to be a fairly significant invention and they're attempting at this point in time to apply for a patent on it. The unfortunate thing is that as an employee of Sask Power, he is virtually compensated with nothing. I think that perhaps there has to be some vehicle with which to create incentive. In the whole field of research, there must be incentives, besides just the pure research. There must be some monetary incentive as well. Without saying anything further, the member for Rosthern (Mr. Katzman) I'm sure will have much more to say on this and I would beg leave to adjourn debate.

Debate adjourned.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 47 — **An Act to amend The Land Bank Act.**

He said: Mr. Speaker, I'm pleased to introduce an amendment to The Land Bank Act at this session of the legislature.

Mr. Speaker, seven years have passed since this government came to grips with the problem of effecting land transfer in Saskatchewan. Contrary to the belief of the opposition (both sides), all the transfer methods in effect at that time were not and are still not in effect working to the best interests of the people of Saskatchewan or in the interests of consumers of food everywhere. Land was not allocated on the basis of need but rather on the basis of who could raise the largest number of bucks. That was the situation in 1971-72 and those who had need for land today are clearly out of the market with present day land prices. Young people who had the ability and the desire were being kept out of farming. Wealthy landowners were getting larger and larger and non-agricultural corporations were outbidding the younger farmers trying to get a start. The trend was obvious to this government. The control of land was being taken

away from those who actually did the farming.

The Land Bank Program has been the salvation of those who have been able to become involved in it. Approximately 3.7 per cent of the farmers in Saskatchewan will be involved in leasing land from the land bank in 1979, either with a full or a partial land base of leased land. To involve this number of people, the commission only controls approximately 1.4 per cent of the agricultural land in Saskatchewan.

Much has been accomplished by the commission and its staff in this short period of time. People dedicated to the objective of the program has served the people of Saskatchewan well. With initiative and foresight these people have molded the land bank plan into a very workable system of land transfer that is the envy of many other provinces in Canada and, indeed, of the agricultural states of the United States.

SOME HON. MEMBERS: — Hear, hear!

MR. KAEDING: — It might be noted, Mr. Speaker, that Senator McGovern has taken the initiative to try to get a very, very similar program through the House of Representatives in Washington.

In October, 1975, Senator George McGovern, of South Dakota, introduced a bill into Congress, which was designed from and triggered by the Saskatchewan experience. Senator McGovern was backed by such distinguished senators as Senator Mansfield, Nelson, Humphrey, Abourezk Hart, Metcalf, Mondale and Clark. These are no lightweights, Mr. Speaker, in anyone's government. They are people with foresight, men who have the best interest of those people who elected them as their number one objective.

The Liberals, during the last two elections, vowed that they would eliminate the land bank if elected and, in so promising, they eliminated themselves as part of Saskatchewan. They used so many half-truths and non-truths that the very intelligence of the voters of Saskatchewan was challenged. I warn the members opposite not to fall into a similar trap.

They said that the earlier settlers fled from their homeland to get away from state-owned land. Mr. Speaker, Saskatchewan was settled before any of these countries had state-owned land; however, many of these countries, including Russia and Britain, had the majority of their land controlled by large land barons.

If you care to refer to our history texts you will find that this was called, by most people, a feudal system. Those tenants did not have long-term secure leases that could be transferred to their children. They did not have a lease with an option to purchase; indeed they were fortunate if they received enough from their masters to keep body and soul together.

Without a program such as land bank, Saskatchewan can become a province where all of the agricultural land is controlled by a few wealthy landlords. Much land is being purchased at prices which will allow only a minimum return on investment. It certainly will not provide enough to sustain some family farmers who may be trying to make a living on it. Mr. Speaker, those in opposition to the land bank have claimed that not one acre would be sold, yet the rules set up by the land bank are the same as those which have been used by the Lands Branch of the Saskatchewan Department of Agriculture

for many years.

Let us for a moment, have a look at the Crown lands and Crown land sales in Saskatchewan. In 1930, Crown lands were transferred to the provinces from the federal government. With the transfer came the homestead program that the federal government used to settle the West. The provincial governments of the day eliminated The Homestead Act in 1939. There were no more Crown lands sold until the veterans of World War II started returning home. Through an agreement with The Veterans' Land Act, the Royal Canadian Legion and the CCF government of the province at that time, hundreds of veterans were established on Crown lands, with an option to buy after 10 years. Many stuck with it and did exercise that option and did purchase.

In 1961, the NDP government again decided to sell arable lands to lessees who had leases for five years. Through regulations permitting the sale, it said the government may sell and many lessees took advantage of that option.

We are still selling Crown lands under that very same option. There are some parcels of land that, in the best interests of Saskatchewan citizens, should never be alienated from the Crown. We've always known it, the opposition has always known it and the people of Saskatchewan have always known it. That is why the word, 'may' has always been used. That is why the Liberals, when in power from 1964 to 1971, continued in the use of the word, 'may', in taking care of that program.

Those who wished to lease land were never scared off by these tactics. As many as 64 applicants have been in competition for one farm unit. They know that they can trust the government and the commission.

The statistics in the Land Bank Commission's annual reports indicate the demand for land bank land. Mr. Speaker, let's have a look at what has happened in the area of selling land by the commission, even though it has been operated under the word, 'may'. In 1978, there were some 350 lessees who had leased, since 1973, and who became eligible to purchase. Was there a rush of people to buy from the land bank? No, there was not. About 100 asked for a price and less than 50 people decided to go ahead and purchase. This was not surprising, Mr. Speaker, because land prices are high. Net returns are low and the lessee knows full well that his purchase option does not disappear, that he can exercise it any time between now and age 65. This is an option, Mr. Speaker, that not many people have in this country.

Mr. Speaker, this government saw some advantage to a lessee owning his own quarter or some other part of his land base, so a homestead rebate program was introduced in 1978 to assist in the purchase of the home quarter, or any one other quarter if the lessee did not live on the leased land. This rebate is 20 per cent of the sale price, to a maximum of \$5,000.

In 1979, a further 450 lessees became eligible to purchase. If one adds the 300 lessees who did not purchase in 1973, this equals 750 lessees now eligible to purchase at this time. So far, only 95 lessees have asked for a price in order that they may decide whether to buy or to continue to lease. There are those who say that the five-year lease period prior to purchase should be removed. Mr. Speaker, this waiting period was placed there for a purpose. Under the land bank program, this government is committed to giving a chance to unproven, beginning farmers. Young men and young women who have no financial commitment to farming and young people who want to give it a try. These people appreciate this five-year waiting period. To them it is a

trial period, a period where they can test themselves and a period in which they can determine once and for all whether farming is the way of life that they want. Is that not better, Mr. Speaker, than committing themselves to a huge lifetime mortgage only to find out that the rosy glow of a farming career is not the one that they want?

When Senator McGovern visited Saskatchewan, he asked a land bank lessee if he intended to buy after five years. (He asked this question wherever he went.) The answer he received from the lessee was that he didn't know, that he was keeping accurate accounts and records and that at the end of five years, he would know whether it was in his best interest to buy or to continue to lease, or to give up the lease. In the meantime, the lessee was appreciative of the five-year waiting period. Indeed, Mr. Speaker, the lessees themselves (and this is important) have never raised the issue as being a problem — the five year waiting period.

The commission has been accused of paying exorbitant prices for land. The act states that the commission must offer fair and just prices for land. The commission does just that and the appraisal process is set out in regulations. In short, the commission uses the average market price of what local farmers have already seen fit to pay for similar land in a similar area. The commission offers prices that are not the lowest nor the highest available, but a fair price and an average price. Now, Mr. Speaker, does this claim of paying exorbitant prices stand up in the light of statistics? Let's look at the facts.

In 1972, in a period when the land market was depressed and few buyers were on the market, 66 per cent of the commission's offers were accepted. In 1973, 46 per cent of the offers were accepted. In 1974, 53 per cent were accepted; in '75, 48 per cent; in '76, 34 per cent were accepted and '77, 48 per cent. That's an average acceptance rate of less than 50 per cent. I would suggest, Mr. Speaker, that if the land bank had been leading in their offer prices, a far greater acceptance rate would have been achieved.

The allocation of Crown land has always been a contentious issue. In any system where there is only one winner and a large number of runners-up, there are bound to be some dissatisfied people. This government recognizes the negative effect that this may have. However, these deterrent factors were weighed against the high benefits that the program could provide for the people of Saskatchewan, and the decision was made to proceed with the program. The commission and its staff are continually working on the allocation process in order to refine it to the point where the error factor is minimal. The whole intent is to see that the land goes to the young fellow most qualified and most in need. No longer is the allocation of land based solely upon who can put up the most dollars in the marketplace, regardless of their needs.

The allocation of commissioned land falls into two main categories: (1) the lease-back or direct descendant without competition, and (2) winners of open competitions where no direct descendants are involved. Mr. Speaker, I am pleased that one of the proposed amendments to the act broadens the definition of direct descendants in the act. Many requests have been made to this government to give consideration to brothers, sisters, nieces and nephews under this section. It is normal for farmers who do not have children of their own to take over the farm, to want that land to stay in the family by having it go to a brother, a sister, a niece or a nephew. It is this government's intention to satisfy this desire in amending the act.

In the spring of 1978 I announced that rent would be based on production and the

price of the product. In order to remain sensitive to the needs of the family farms, it was necessary to move away from a rent that was based on a percentage of land values. Land values do not always relate to net returns to farmers and rent continues to go up sometimes when net returns go down. The new rental formula will see the rent fluctuate up or down but it will fluctuate in sequence to the lessee's net returns to farmers.

Mr. Speaker, the transfer of the Matador Co-op farm from one generation to the next was a highlight in the 1974-75 operation of the land bank. An amendment is to be introduced which will make such transfers easier and which will also simplify transfers of land between partnerships and corporations. I am referring here to family farm corporations. This government established a program whereby grazing land acquired by land bank would be transferred to the Lands Branch for administration. At the same time, agricultural land held by the Lands Branch is transferred to the land bank when the lease is terminated. In many cases the lessee who had been with Lands Branch is also transferred to land bank. One of the amendments will permit the lessee to carry his seniority forward for such things as determining his eligibility to purchase. If he has had five years of experience under the Lands Branch, is transferred to land bank, he immediately becomes eligible to purchase.

Mr. Speaker, one of the amendments proposed is to increase the commission's borrowing power from \$100 million to \$300 million for the purchase of land and improvements. Some \$90 million has already been spent since 1971, thus this amendment is necessary to permit the 1979 purchase program to go forward. This amendment has no impact upon the commission's purchase policy. Expenditures are still controlled by this legislature because the amount to be spent in each year is a budgetary appropriation.

The proposed amendment to the Appeal Board section permits the appointment of more than three board members. The Appeal Board operates independently of the commission. All members of the board are active farmers, thus they have other heavy demands on their time. The change in adding more members will provide more freedom for personal affairs and yet ensures that the workload of the board is not impeded.

Mr. Speaker, the amendments to The Land Bank Act which are being put forward at this time do not change the direction of the program. The majority of the amendments are of a housekeeping nature which will permit the commission to keep abreast of the changing times in agriculture. Amendments such as these will ensure that the program will continue to be sensitive and dynamic, serving the best interests of our young farmers and potential young farmers in Saskatchewan.

Mr. Speaker, there will no doubt be questions to which members of this Assembly will want answers. We will be pleased to answer those questions when we enter into clause by clause consideration of these amendments. It is with great pleasure, Mr. Speaker, that I move second reading of the amendments to an act to facilitate the acquisition and disposition of farm land in Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. R. ANDREW (Kindersley): — Mr. Speaker, I agree with the Minister of Agriculture (Mr. Kaeding) that many of the amendments in this particular bill are in fact housekeeping. We do not intend to unduly delay this House in the passing of those particular amendments. However, the one amendment which does concern members

on this side is the request to increase the borrowing from \$100 million as it presently stands, to \$300 million as proposed by the minister.

One of the policies of the Progressive Conservative Party, both provincially and federally, has been to develop some sunset laws which basically says that a bill which has been brought in three, four, five or six years past, should be brought to the floor of the Chamber again and perhaps debated to a certain degree. From that I suggest that perhaps the reality of the situation is that you are 44 and we are 17 and clearly you are going to get this particular thing through.

I will have more to say with regard to that sum and perhaps it could be modified to simply another \$100 million, so that three or four years down the road after you spend that money, perhaps that matter can be debated again. I will say, just briefly responding to the minister, that the members on this side of the House are in favor of helping the small farm and are in favour of maintaining rural Saskatchewan. We don't want to see, any more than you do, large corporate farms, etc., etc.

The question is just exactly how do you deliver that program? As I mentioned the other night, I believe the average size of farms in the province of Alberta is decreasing, whereas the average size of farms in the province of Saskatchewan is increasing. We have larger per acre farms than they do in either the province of Manitoba or the province of Alberta.

Another area that has given me some concern in this total field, and a matter that just came to my attention recently, is the whole question of appeals. A young farmer applied for and was granted land bank land and, of course, he then received notification that it was subject to appeal. This appeal is always behind closed doors. He does not have the right to be present and to cross-examine and things like this, resulting in, suddenly another person from his given area being in fact awarded the land against him. Some of these things I believe we would like to comment on. In 1972, if you read the debates, this was a hotly contested issue as it went through this particular legislature. The bills presently before this House, some 52 or 53 in number, are for the most part not controversial at all. So, I will assure you that many members of this House do wish to speak on this particular bill and, for that, I beg leave to adjourn debate.

Debate adjourned.

HON. MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 49 — **An Act to amend The Conservation and Development Act.**

He said: Mr. Speaker, The Conservation and Development Act was designed to provide for establishment of local government bodies known as conservation and development area authorities. Each area authority consists of at least three members, who are owners or occupants of land within the area. The act gives the area authority the powers to construct, operate, maintain and administer flood control projects.

For some time, the Conservation and Development Association, which is made up of approximately 100 active conservation and development area authorities, has been asking my department to approve major amendments to The Conservation and Development Act. The amendments were perceived by the conservation and development area authorities as being necessary to deal with the flooding problems experienced at the farm level, and minimize a number of the problems presently being experienced with flood control and drainage throughout the agricultural area of the

province.

A flood control and drainage study, implemented in 1976, Mr. Speaker, is being actively pursued by our government. Even with the generally dry moisture conditions experienced during the last few years, concerns and complaints dealing with drainage are still prevalent. The concerns, problems and solutions to flood control and drainage in the province of Saskatchewan have had considerable discussion by agencies such as the Saskatchewan Association of Rural Municipalities, the Saskatchewan Urban Municipal Association, Saskatchewan Federation of Agriculture, the Conservation and Development Associations, the National Farmers' Union and the Saskatchewan Wildlife Federation.

These groups have made some very valuable contributions to possible solutions to these problems, such as road construction, creating flooding and drainage problems, the damaging effect on neighboring properties and roads as a result of private ditching, downstream flood plain damages, time required to resolve quickly and satisfactorily the individual drainage complaints, as well as drainage activity conflicts with other interests such as preservation of wet lands.

There is little question that pressures for establishment of a means of resolving water related conflicts have increased substantially in the last few years, primarily because of problems created by individual uncoordinated ditching. At the present time other than the judicial system, The Conservation and Development Act provides the only alternative for local groups of farmers to cope with the excessive water problems.

Mr. Speaker, in reviewing all of the recommended amendments proposed by the Conservation and Development Association most of which were supported by the public advisory committee to the flood control and drainage study, extra care and caution were exercised to ensure that the amendments proposed in The Conservation and Development Act would not, in any way, conflict with future legislation expected to be forthcoming as a result of the flood control and drainage study now under review.

In keeping with the recommendations made by my department, to my department by the farm organizations and to ensure proper operation of the conservation and development area authorities, I am proposing the following amendments to The Conservation and Development Act.

Under section 2 it has been found necessary to define, or redefine, a number of terms referred to in the act. The term 'area authority' has been redefined to allow members to hold office by appointment as is currently provided for in the act. The term, 'owner' is expanded to include co-operatives, corporations and religious organizations, while the term 'maintenance' is being defined for the first time.

Section 6 of the act provides the minister with the power to disestablish an area or to add or withdraw lands from an area prior to the appointment of a returning officer required in conjunction with election of the first area authority.

At present the act provides an opportunity for some land owners to pressure the minister to withdraw their lands from a newly established conservation area rather than having that request dealt with directly by the area authority under section 9 of the act.

It is felt that the act provides sufficient safeguards for private individuals to have their concerns brought to the attention of the local governing bodies rather than having the minister become involved in those local affairs.

Because water released by an individual farmer can travel great distances down natural streams until it reaches a point causing damage to other individuals, area authorities are often faced with the difficult task of including, in the area, the lands of such landowners who were either directly or indirectly expected to benefit from works to be constructed.

Under existing legislation, an individual whose land is proposed to be included in the area has the option of appealing the proposed inclusion to the area authority and, subsequently, to the Saskatchewan Assessment Commission. In reviewing cases of this nature, the Saskatchewan Assessment Commission has agreed with the assessment of lands within a drainage basin. However, they have been unable to rule in favor of the conservation area authorities where it involved the proposed inclusion of lands, because of the wording in the act. It is therefore proposed to allow for inclusion into the conservation areas, all lands which are situated within a drainage basin and which may benefit from works constructed, or proposed to be constructed, to resolve drainage problems within the basin. This will give area authorities the power to assess property owners for construction of such works as may be considered necessary to rectify problems in the drainage basin caused by adjacent landowners contributing to the initial problem. The landowners affected will continue to have the opportunity to voice their objections to the Saskatchewan Assessment Commission.

Under current legislation, Mr. Speaker, the act provides an opportunity for a rural municipality to become a conservation and development area authority. Approximately 30 years ago, in order to expedite formation of an organized body to deal with flooding problems, municipal councils became area authorities by resolution. Areas so established have not proven to be satisfactory, primarily because they do not receive the required local support. Consequently, a number of area authorities so formed have become disbanded and inactive in recent years. It is therefore proposed to remove the provision to have municipal councils appointed as area authorities in the future. Municipal councils which are currently acting as area authorities will be allowed to continue under existing legislation. However, upon receipt of a resolution from that municipality, a new area authority may be elected to handle the water-related problems.

Upon receipt of a petition from a group of farmers requesting an investigation of a possible flood control and drainage project, a lengthy and complicated process is initiated for project evaluation, engineering reconnaissance, surveys and designs, all of which include a number of contacts with individual farmers in the project area. Once designs and cost estimates are prepared, they are returned to the farm group petitioning a project, following which a decision is made to either abandon the proposal or proceed with the project. The time involved in getting a project to this stage is approximately two years. If the decision is to proceed, a petition to organize a conservation area is then circulated among all farmers concerned with a drainage problem, as prescribed by the act and the regulations. If all requirements associated with circulation of the petition are met, the minister appoints a returning officer for the purpose of an election of the members of the area authority. Since a considerable amount of interest is generated by this time, the farmers concerned are most anxious to proceed with development of the project.

Assuming that the process of organizing the area proceeds without any complication, the minimum amount of time required to organize and elect a conservation area

authority is four months. Consequently, the Conservation and Development Association, as well as officials from my department, have been identifying areas where the organizational process could be shortened. One such area is in section 18 which requires a waiting period of 30 days after the publication in a Saskatchewan Gazette of the order establishing the area before a returning officer can conduct the first elections and before the returning officer may be appointed. It is proposed that the 30 day waiting period be reduced to 14 days.

Another area of concern involved the legal responsibility of the deputy returning officer during a vote process involving debenture bylaws. At present, there are no provisions in the act, outlining the criteria under which a deputy returning officer may issue a certificate indicating that an individual who is otherwise entitled to vote, has not been entered on the voters' list. By issuing this certificate himself, the deputy returning officer and not the voter is presently responsible if it is found out during a recount that a particular individual was not entitled to vote. An amendment to section 50 of the act will remove the provision to issue a certificate thus placing the responsibility of attesting to his eligibility on the voter and not on the deputy returning officer.

Responsibility for collection of taxes levied by the Conservation and Development Area Authority rests with municipalities affected by the boundaries of a conservation area. Under the present legislation, the area authority is the assessing and taxing agency while the council is merely the collection agency. However, the present act requires that any cancellation, reduction, or refunded taxes imposed by the area authority require the consent of the council of the municipality or the Minister of Municipal Affairs. It has been generally agreed amongst all parties concerned that there is no justification for requiring the consent of the councils or the Minister of Municipal Affairs, if, in the opinion of the taxing authority, the cancellation, reduction or refund of an area authority tax is justified. Section 73 is therefore amended by deleting the requirements to obtain the consent of the council or the Minister of Municipal Affairs.

Section 87 of the act, which imposes a penalty on persons who interfere with, molest or hinder any person lawfully engaged in the construction or maintenance of works or who carelessly or willfully or without authority tamper with any of the works in an area has become outdated. An amendment is proposed to update the offences and the penalties provision in this section to bring it in line with other current legislation. The maximum fine for persons found guilty of interfering or molesting personnel is increased from \$25 to \$500 while those responsible for carelessly or willfully causing damage to works would now be subject to a fine of up to \$5,000 rather than the present \$2,000 as it now exists. Conservation and Development Area Authorities, as you know, Mr. Speaker, serve a very useful function as an agency assuming responsibility to drainage problems in the agricultural community. They have been of considerable assistance to my department in providing valuable suggestions and recommendations which could result in effective program changes. The amendments proposed at this time are considerably less than those requested by the conservation and development associations, however, it was felt that the changes which are proposed will be effective in dealing with a number of the problems identified.

Therefore, Mr. Speaker, I take pleasure in moving this bill and move that it be read a second time.

SOME HON. MEMBERS: — Hear, hear!

MR. G. TAYLOR (Indian Head-Wolseley): — Mr. Speaker, I notice there are a number of

changes that the minister wants to bring into this act, I am also aware of the fact that conservation is very important to our society, especially in rural Saskatchewan. However, drainage problems and the draining of land and water draining on to another person's property has been an age-old problem in our province. I notice you are giving a considerable number of changes. One thing that did strike me in your reading, Mr. Minister, was the increase in the fines. Now there may be real justifiable reason for this but they certainly are healthy increases. I think my colleagues here would like to study this bill in further detail. As I say there are a lot of changes so I would beg leave to adjourn debate.

Debate adjourned.

MR. KAEDING (Minister of Agriculture) moved second reading of Bill No. 50 — **An Act to amend The Watershed Associations Act.**

He said Mr. Speaker, this is a companion piece to the last amendment. The Watershed Association Act is designed to provide for the establishment of local governments known as watershed associations. These associations may be comprised of rural or urban municipalities, conservation and development area authorities or other duly constituted organizations which have a common interest in the development of a project to provide for improvement, development, utilization or control of water or land resources. Watershed associations are established when multipurpose water developments are proposed thus projects provide benefits to urban centres, wildlife, recreation etc., besides agriculture. Water association boards consist of directors appointed by the agencies constituting the members of the association. The watershed association boards have the power to construct, operate and maintain and administer water development projects and assess the member agencies for its cost.

During the last 18 years, Mr. Speaker, watershed association boards have been involved in the construction and operation of works to control lake levels such as Jackfish Lake and Nut Lake and the improvement of main channels which serve as outlets for major drainage bases such as the Lanigan Creek. Other examples of an extensive multipurpose project now under development is the Yorkton Creek project. That project consists of channel improvements to the main outlet and its tributaries and the construction of a series of controlled structures to maintain water levels in the various lakes and marshes between the cities of Yorkton and Melville. To ensure a proper operation of the watershed association, Mr. Speaker, the proposed amendments could be summarized as follows:

When works proposed by a watershed association board cross railroads, pipe lines, etc., considerable additional expenditures are involved in meeting the standards set those agencies, such as the railroads. It is proposed to give the watershed boards the necessary power to charge these public utilities for the extra cost involved in crossing their works. Similar powers to charge those public utilities were granted to the Conservation and Development Area Authorities many years ago.

The proposed legislation empowering watershed association boards to charge public utilities, is similar to the provision under The Conservation and Development Act. Provisions are made in the legislation for appeal procedures to the Saskatchewan Assessment Commission in the event that no agreement can be reached between the public utility and the board, with respect to the amount payable by the public utility.

When The Watershed Association Act was drafted, the rural municipal act made

provision for maximum allowable rates for remuneration, payable to the municipal councillors. The Watershed Association Act stipulated that the remuneration paid to the board of directors would not exceed the rates specified in the rural municipal act. Since The Rural Municipality Act no longer specifies maximum rates, amendments are proposed to The Watershed Association Act to update the provisions for remuneration of the board members.

The proposed amendments are similar to the current provisions under the rural municipal act and The Conservation and Development Act. In the same amendment it is more clearly spelled out that the Department of Agriculture will pay the first year's administration costs, such as the remuneration of the directors, the secretary's salary, and so on. That provision is made because a newly established watershed association lacks the required funds to operate in the first year. Under the present wording of the act, it is necessary to refer to provisions under The Municipal Expropriations Act to determine the required procedures to be followed when a board receives a claim for damages.

Since the proposed amendment incorporates those procedures outlined in The Municipal Expropriations Act, into The Watershed Associations Act, there will be no actual changes in the procedures. The proposed amendment will only facilitate the consultation in the applicable legislation.

As outlined previously, Mr. Speaker, a Watershed Association Board obtains its required funds by levying its member agencies. Levies imposed by Watershed Association Boards are due before the end of the year in which the levy is made. The act provides for a penalty at the rate of 5 per cent per annum for any sums unpaid after December 31.

In view of the current high interest rates, the 5 per cent penalty does not provide the required incentive for a member agency to pay their assessments when due. The proposed amendment will provide for a sufficient penalty rate to be set by regulation in view of the current fluctuating interest rates.

Under The Watershed Associations Act, municipalities may raise the moneys levied by the Water Association Board by including it in their general levy, or by special levy over the entire municipality. There are no provisions for a council to impose a special levy on a portion of their municipality if the watershed does not affect the entire municipality. The proposed amendment will allow a municipal council to propose a special levy on a portion of their municipality, if, in their opinion, only the ratepayers with land in a specific watershed area should pay those costs. This proposed amendment could particularly apply where a municipality is a member of two watershed associations. In order to accomplish all of these necessary changes, Mr. Speaker, I move second reading of this bill.

SOME HON. MEMBERS: — Hear, hear!

MR. R.A. LARTER (Estevan): — Mr. Speaker, Mr. Minister, we still have not received answers back from various sources and therefore, I would like to leave it to a little later date. I beg leave to adjourn debate.

Debate adjourned.

HON. J.R. MESSER (Minister of Mineral Resources) moved second reading of Bill No.

40 — **An Act to amend The Mineral Taxation Act.**

He said: Mr. Speaker, I'm proposing that this bill be given second reading and that we keep in mind two purposes for the introduction of this bill.

1. The bill provides for certain amendments to The Mineral Taxation Act to assist in bringing about metrication in the mineral industries. We have had some discussion in this legislature earlier today in regard to those needs.

2. It provides for amendments to implement a property tax on the owners of freehold coal rights in the province of Saskatchewan.

I, Mr. Speaker, want to first deal with the coal tax. Saskatchewan's coal policy, Mr. Speaker, was announced in September 1978 and I'm sure that most members of the Legislative Assembly are now fully informed as to the implications of that announced policy. The policy consists of various elements which are structured under five broad objectives. Those objectives are, Mr. Speaker:

1. Security of energy supply first to the province of Saskatchewan; secondly, we hope that it will have some contribution to energy supply and security for Canada as well;
2. Economic benefits to Saskatchewan and to Canada;
3. Environmental protection;
4. Social benefits;
5. Research and development benefits.

The section of the policy dealing with economic benefits outlines five different means of ensuring that residents of Saskatchewan receive adequate benefits from the disposition of the resource. Those five benefits are:

1. The maximization to the extent possible of processing or upgrading of coal prior to export in whatever form;
2. The utilization by coal mining companies of Saskatchewan-based goods and services in their operations;
3. The minimization of difficulties associated with coal transportation;
4. The participation by the public sector via Saskatchewan Power Corporation in the development of the resource;
5. The collection of appropriate public revenues from the development and extraction of that resource. With regard to the public revenues, the coal policy announced that a new royalty of 15 per cent of the mine head value of coal would be levied on coal produced from Crown mineral rights. The royalty was announced and, in fact, implemented November 1, 1978. Again I am certain that all members of this Assembly are aware of that. The coal policy also announced that a property tax would be levied on owners of freehold coal rights. That the system for the collection of public revenues from coal has been in need of revision is obvious. Until November of last year the Crown royalty had only been five cents, a nickel per ton, the same royalty which had been in effect as long ago as 1930. Now that charge may have been appropriate, Mr. Speaker, in 1930 but it is certainly not appropriate or acceptable today.

In recent years the advent of the unit train and advances in strip mining have meant that coal has become more competitive in the Canadian energy market. At the same time, the value of coal has increased very substantially, in large measure, due to the recognition that coal represents one avenue for gradually reducing our dependence on our less abundant and more costly oil and natural gas resources. The people of Saskatchewan we therefore believe are entitled to much more than five cents a ton from the depletion of that now valuable resource. While the government does not believe that the coal industry has typically experienced windfall profits as has been the case in certain other resource industries, it does believe a royalty of 15 per cent of the minehead value is a reasonable price to ask. This change should not unduly affect the viability of coal firms operating in the province of Saskatchewan.

Indeed, Mr. Speaker, the Saskatchewan government understood early on in its deliberations on the new tax and royalty systems to discuss extensively with the members of the industry their particular circumstances and their views on the then alternative systems that were being proposed to them. I believe that those discussions proceeded properly and that they were most productive. I believe that while no one in a resource industry is happy with the increase, be it tax or otherwise, the coal industry understands our position and that it will find these new systems acceptable and workable.

Mr. Speaker, the government faced serious constraints in developing these new royalty and tax systems. Though the British North America Act gives the provinces control over natural resources, in the case of coal, a significant portion of the coal reserves in the province are not owned by the Crown in the legal sense. They are owned by, generally speaking, large companies such as the CPR, and to a lesser degree, by individuals. Because a good portion of the coal reserves in this province are owned therefore, by free holders, the task of designing an appropriate tax system has been more difficult than we would have desired or would have been the case if most of the coal was Crown. Why? Mr. Speaker, members will recall that in November of 1977, the Supreme Court ruled that certain provisions in Saskatchewan's Bill No. 42, the Oil and Gas Conservation Stabilization and Development Act, were unconstitutional. I see some members smiling. I take it that we all recall the significant implications of such a decision. The Supreme Court ruled that the mineral income tax and the royalty surcharge were not, Mr. Speaker, direct taxes as we had understood them to be, but indirect taxes which under our constitution may be levied only by the federal government. This decision, Mr. Speaker, imposed serious limitations on the provincial government's ability to design appropriate tax structures for resource industries, not only for the province of Saskatchewan, but for other provinces. They had the same concern and the same problem with this decision.

Specifically for Saskatchewan, in cases where the province is not the owner of the resource in a legal sense, we are restricted to direct taxation only and there are primarily only two forms of direct taxation open to us. The province can impose a tax on income or net profits of a company or it can impose a tax on mineral reserves by income or net profits of a company or it can impose a tax on mineral reserves by providing for an assessment of the value of the mineral and then levying a charge on that assessed value. Members will know that in the case of oil, we recently enacted the Oil Well Income Tax Act which provides for an income tax on the proceeds from oil produced in the province of Saskatchewan. In the case of coal we are proposing the alternative course, the property tax.

Mr. Speaker, I would like to now turn to some of the specifics of the proposed tax. The mineral coal would be liable to assessment in taxation in accordance with the proposed

section 32 sub 1 and the regulations. The assessment and tax process would be essentially a three-stage process. First, before the first day of June in each year the assessor would assess the fair value of the mineral coal within each free-hole track. In preparing his assessment role the assessor would be given sufficient powers to obtain the information necessary for his purposes. The second stage would be the posting of the assessment role and the making of appeals to the assessed values, as provided in sections 12 to 24 of the existing act. Appeals would be made to the Saskatchewan Assessment Commission. The commission having heard the appeals would confirm, alter or amend the assessment role according to its decision. The third stage would be the prescribing of a rate by the Lieutenant-Governor in Council by regulation, which would be applied to the assessed value of the mineral coal and which would determine the tax payable by each freehold owner.

Mr. Speaker, this system is not unlike the system that was introduced in the province of Alberta but has not been put into place. I want to conclude my remarks about this portion of the amendments contained in this bill in saying that the discussion not only between the officials of government and the corporations has been worthwhile, I think there is a clear understanding as to the intent and the implications of the proposed legislation. I might also say that the discussion between the ministerial level and the coal industry has also been beneficial and has been one which the parties have agreed is, given the circumstances that we find ourselves working under, likely the most acceptable means of being able to at this time properly adjust the income that Saskatchewan people should enjoy from the development of our coal resource.

I might also say that at this time, with the results of this proposed legislation being in effect, the coal industry is very optimistic about the level of activity which is now taking place in Saskatchewan and which will be taking place in Saskatchewan in the future.

Mr. Speaker, as I indicated earlier in my remarks, the second portion of the bill involves metrication and we have, I think, on other instances in this legislature, particularly earlier today, recognized the need for the change in the metric requirements of industries such as coal. I would, therefore, conclude my remarks in asking all members of the Legislative Assembly to support the amendment to Bill No. 40 and I so move second reading of this bill.

MR. LARTER: — Mr. Minister, I think probably in talking on this bill that you have proven once again that it is possible to negotiate with companies and arrive at a proper tax level. It is for this reason I can't understand why you would have trouble with free holder's oil or free holder's potash. We are talking about coal now and you are able to arrive at a tax structure that is absolutely satisfactory to you and, as you have said, is satisfactory to the coal companies.

I cannot see why this approach isn't taken in all industry. I understand the place where we get into our problems in all cases is where it is free holders.

There are still some unanswered questions that I have on this bill before I would like to see it passed, so, Mr. Speaker, I beg leave to adjourn debate.

Debate adjourned.

HON. N.E. BYERS (Minister of Northern Saskatchewan) moved second reading of Bill No. 35 — **An Act to amend The Department of Northern Saskatchewan Act.**

He said: Mr. Speaker, I have but a few brief remarks in respect to this bill as I move second reading.

The proposed changes to sections 3 and 3(a) are essentially of a housekeeping nature. The provisions more clearly outline the duties and the responsibilities of the deputy minister and the officers of the department and the administration of legislation which is the responsibility of the department within its jurisdictional area.

Section 5 is of more importance and accordingly, may be of more interest to the members of this House. The proposed amendment clarify the authority of the department to enter into contractual agreements with federal, municipal, provincial and other agencies. The amendments also formalize the mechanics of the public tender process with respect to public improvements undertaken by the department.

The contents of this bill may not necessarily remove all the operating problems experienced by the officials of the department since it has been established as a new department, but will, I think, quite clearly go a long way to reduce or minimize these.

I believe these amendments will improve the administration of the department consistent with and on a parallel basis to the existing provisions of legislation administered by southern departments. Some members may ask if the department needs these powers written into legislation now, then has the department previously been acting without legal authority? I want to assure the members of the House that the department has had full legal warrant for all acts that it has undertaken in its area of jurisdiction.

The original act gave very broad and comprehensive powers to the department and to the minister. These amendments which I have introduced will not alter the powers of the department in any way. They are concerned with increasing the clarity of the department's legal mandate. What we're doing is to say that we feel the department's powers and duties need to be more specifically spelled out than in the original act. We are, if you like, placing the department inside a tighter legal framework comparable to that of other government departments.

The section dealing with public tender process, for instance, are drawn from the Highways Act, and we feel it is appropriate for the Department of Northern Saskatchewan too, to have an authoritative statement of its tendering procedures written into legislation where it can be a subject of public knowledge.

With those few remarks, Mr. Speaker, which I think fairly and fully describe the intent of the provisions introduced, I take great pleasure in moving second reading of the bill to amend The Department of Northern Saskatchewan Act and ask all members for their support.

SOME HON. MEMBERS: — Hear, hear!

MR. G. McLEOD (Meadow Lake): — Mr. Speaker, while I'm aware of the large area involved and the need to expedite the workings of a province inside of a province, which we have in that department, certain acts with the proposed section 3.1, where it says it will give rather sweeping powers to the officers, as they're called in this amendment, the officers of the department, I'd like to study those ramifications a little bit further.

On the surface, just in looking at it very quickly, two things could happen here: First of all, could this possibly be a hideaway or a place for the Gordon McNeils of the future? And there are going to be several of them. Giving the unwillingness of several of your colleagues, Mr. Minister, to accept ministerial responsibility in this session, even in the short period of time we've been here now, could you be isolating your position as Minister of Northern Saskatchewan, or whoever succeeds you, or whatever, by setting up the scapegoats of the future for any future question of ministerial responsibility in that department?

Also, in this proposed section 5(2), I can see the way opening for some dangerous precedents if the department is allowed to bypass normal tendering practices without having more stringent guidelines than what are provided here anyway. I will have more to say on this bill after I have had more opportunity to study the ramifications, Mr. Speaker. I beg leave to adjourn debate.

Debate adjourned.

The Assembly adjourned at 4:58.