

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session — Nineteenth Legislature

April 21, 1980.

The Assembly met at 2 p.m.
On the Orders of the Day.

WELCOME TO STUDENTS

MR. R.H. PICKERING (Bengough-Milestone): — Mr. Speaker, I would like to introduce to you and through you some 14 Grade 12 students seated in the east gallery, from Avonlea High School. They are accompanied here today by Mr. McKeller, their teacher, and bus driver Mrs. Phillips. I will be meeting with them at about 3 p.m. for refreshments and to take pictures in the rotunda.

Also, Mr. Speaker, seated in the east gallery I have another group of Grade 12 students from the Yellow Grass High School. They are 10 in number and are accompanied by their teacher, Allan Wagner and their bus driver, Mr. Dietz. I would like at this time to advise them that the air conditioning is not working in here. If they can stand the heat during the introductions and during question period, I have to commend them. I hope they find their visit informative and perhaps educational. I would like all members to join with me in welcoming them to the Assembly. I wish them a safe journey home.

HON. MEMBERS: — Hear, hear!

MR. N.E. BYERS (Kelvington-Wadena): — Mr. Speaker, I am pleased to introduce to you and through you to the members of the Assembly, 26 Grades 11 and 12 students seated in the west gallery. They are from the Foam Lake Composite School. Their trip today is sponsored by the Foam Lake Co-op and Foam Lake Credit Union. They are accompanied by Mr. Elvin Toews, the manager of the Foam Lake Co-op, and Mr. Ernie Latoski, the general manager of the Foam Lake Savings and Credit Union. They are also accompanied by one of their teachers, Mr. Nick Pentluke, and their bus driver, Mr. Paul Bencharski. I am very pleased to introduce this group. I spent a number of years as a teacher on the staff of the Foam Lake Composite School. I have many pleasant memories of my teaching career there. I hope their visit today will be informative and educational, and that it will enhance their understanding and appreciation of our parliamentary process. I ask all members to join with me in welcoming this group from Foam Lake.

HON. MEMBERS: — Hear, hear!

ANNOUNCEMENTS

NOTRE DAME HOUNDS WIN HOCKEY TITLE

MR. J.G. LANE (Qu'Appelle): — Mr. Speaker, before we attempt to turn the heat onto the government today, I hope all members will join with me extending congratulations of the Assembly to the Notre Dame Hounds who, yesterday afternoon, won the national Midget hockey championship in a televised match. I am sure many members had the privilege of watching a very fine hockey team in action yesterday afternoon. I think it indicates, Mr. Speaker, the new direction that Notre Dame at Wilcox has taken in attempting to balance academic excellence with athletic skill. We see the fruition of one program this year and an admirable job done by the Notre Dame Hounds. I ask all

members to join with me in congratulating them.

HON. MEMBERS: — Hear, hear!

QUESTIONS

NEWSPAPER CLIPPINGS AND OPEN LINE RADIO SHOWS

MR. R.L. ANDREW (Kindersley): — A question to the Premier. Last day in question period you drew an analogy between the recording of open line radio shows and the clipping of letters to the editor in newspapers. Would the Premier not agree that there is a material difference, and that the radio stations by CRTC (Canadian Radio-Television and Telecommunications Commission) regulations are not required to maintain the recordings of those shows, therefore there is no check and balance against the recording being inaccurately represented at some future date, which is perhaps not the case with respect to newspapers?

HON. A.E. BLAKENEY (Premier): — Mr. Speaker, I am not aware of any CRTC regulation or any other government regulation which requires anyone to keep a copy of the newspaper. Accordingly it seems to me there is no legal requirement that either tapes or newspapers be retained. I don't see the difference the hon. member is drawing.

MR. ANDREW: — Supplementary, Mr. Speaker, to the Premier. Is it not possible, let's say the member for Rosetown-Elrose is on an open-line show (perhaps regarding the medical system), that portions of that tape recording could be taken out of context so that it could portray the member as being in favor of something which is in fact not the case? Now that tape could then misportray that to the public. Unless there is some means to check that, the member would not have a vehicle by which to counter that attack.

MR. BLAKENEY: — Mr. Speaker, I don't have any way of denying that all of that is possible. I don't know what stems from that, but clearly it is physically possible.

MR. ANDREW: — Mr. Premier, would you admit to this then — there is perhaps an unjust procedure whereby the government, at public expense, is totally the custodian of political recordings?

MR. BLAKENEY: — Mr. Speaker, the opposition, at public expense, can record those if they wish.

TABLING OF TRANSCRIPTS BY INFORMATION SERVICES

MR. J.G. LANE (Qu'Appelle): — At public expense — I'm not sure whether the Premier is extending an offer to the opposition or not; but I am sure the Premier understands the significant difference between newspaper clippings, which in most cases, are microfilmed and kept by libraries and various sources, and tape recordings of the news, which they are required to keep only for 30 days under CRTC's regulations. After that 30-day period, in fact, there will only be one source available to the public or to the opposition or to the press to check tape recordings of previous news broadcasts, and that's your government. Would the Premier not admit this is a highly improper position to be in, where the government is the sole custodian of political tapes?

MR. BLAKENEY: — Mr. Speaker, the government is not the sole custodian. If anyone

else wants to make copies, they are free to do so; in exactly the same way as they are free to store newspapers, they can store tapes. There are, in fact, a good number of libraries around with tapes in them and we certainly have no knowledge that our tape is the only tape in existence. Indeed, any government or anybody else who recorded a radio show, it seems to me, would be very foolish to assume that his tape was the only one in existence.

MR. LANE: — Supplementary to the Premier. Would the Premier be prepared to table this afternoon before he goes to Lethbridge all the transcripts of the recordings to date by the information services branch made under the new tape recording or timing system that has been installed?

MR. BLAKENEY: — Mr. Speaker, while the member is laboring under a misapprehension that the system is in any sense new, it has been going on for a fair number of months and years with respect to open-line shows and the rest, and it seems to me again entirely appropriate for a government to make records of what citizens are saying, either on open-line shows or in newspaper letters to the editor. I see no particular reason why the hon. member should suggest that somehow this is new, or different, or sinister.

MR. LANE: — The Premier very pointedly has refused to answer my question to supply the transcripts which have been typed up. Reports the other day indicated that some of the broadcasts were transcribed by a secretary. You have pointedly refused to supply those transcripts. I am going to ask you again to supply the transcripts.

MR. BLAKENEY: — Mr. Speaker, I have a little difficulty with the hon. member's language. I will check what I said a moment ago and if I have pointedly refused anything, we will attempt to find the words which add up to a pointed refusal. I don't think they will be there. I invite all hon. members to read them with care to see whether or not those words can add up to a pointed refusal. The hon. member knows full well how to get material tabled in this legislature. He knows full well that it is quite impossible to expect a minister to come into the legislature with his files and be able to table everything which hon. members opposite may ask for. He was very careful in saying, would I table it this afternoon? He wouldn't be satisfied with the tabling tomorrow as he made perfectly clear. I can only ask the hon. member, if he wishes to have anything tabled, to use the rules of the House in the appropriate way. I know he has some difficulty with the rules of the House in the appropriate way. I know he has some difficulty with the rules of House, but he can attempt to use them in the way designed by the members who made those rules.

SOME HON. MEMBERS: — Hear, hear!

MR. LANE: — The Premier seems to have some difficulty with the political morality of a government that is taping (and I say secretly because you are very reticent to give out the information) . . .

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

MAILING LIST RE LANDS FOR LEASE NOTICES

MR. R.H. PICKERING (Bengough-Milestone): — Mr. Speaker, a question to the Minister of Agriculture. On the provincial lands for lease posting notices, the mailing lists under MLAs lists a Mr. Jim Liggett, Box 516, Radville, who is a defeated NDP candidate and is also on the pay roll of the Saskatchewan Transportation Agency. Would the minister

inform this Assembly why he is on this mailing list?

HON. G. MacMURCHY (Minister of Agriculture): — Mr. Speaker, I am not aware of the mailing list that is used to send out the postings. I will be glad to check for the hon. member and provide a response to his question.

MR. PICKERING: — Supplementary, Mr. Speaker. Is the minister aware that this was brought to the attention of the former minister of agriculture and at that time was deleted from the list? What is the reason for it reappearing?

MR. MacMURCHY: — Mr. Speaker, I am sorry to say to the hon. member, I was not aware that this was brought to the attention of the former minister. He did not convey this information to me. I indicated to the hon. member I will pursue the issue and respond to him.

MR. PICKERING: — Final supplementary, Mr. Speaker. Would the minister not agree that by putting a defeated NDP candidate on the mailing list keeps him informed as to the applicants and lets the NDP apparatus advise the government as to who is politically acceptable?

MR. MacMURCHY: — Mr. Speaker, I think the hon. member knows that there is no political interference with respect to the operations of lands branch. Lands branch and the appeal system of lands branch has been in effect for a very long time. I think all hon. members will agree that it has done an outstanding job outside of the political arena.

SOME HON. MEMBERS: — Hear, hear!

REQUEST FOR COPIES OF TAPE RECORDINGS

MR. LANE: — I will direct a question to the Premier. The Premier has been highly evasive about my question asking for a copy of all of the transcripts of the tape recording done today under your system wherein you're taping news broadcasts, public affairs and whatever. Now would the Premier be prepared to turn over the matter of your taping to the privileges and elections committee so this Assembly may monitor your activities and ensure there is a permanent public record of the tapings so that the sole custodian is not the government in power?

MR. BLAKENEY: — Mr. Speaker, I would, of course, agree to turn over this or anything else to the committee on privileges and elections if the House so decides. It is neither the committee of the hon. member for Qu'Appelle nor mine — anybody who wishes to move that anything be referred to the committee of privileges on elections is free to do so. The hon. member for Qu'Appelle has not done so. I can only assume that he doesn't want it before the committee of privileges and elections.

MR. LANE: — Final supplementary to the Premier. I will ask you for the fourth time this afternoon, will you turn over the transcripts before you go to Lethbridge — the taping that you have done to date through information services?

MR. BLAKENEY: — Mr. Speaker, the hon. member asks the question in a rhetorical way knowing that I am going to leave for Lethbridge in perhaps three-quarters of an hour knowing that I can give him no assurance that those transcripts (all of them) would be available by then and knowing also that the hon. member is not making any motion before the House to have the transcripts made available to the House but is using the

question period to attempt to get the tabling of documents, which as the hon. member knows, is not the purpose of the question period.

CLAIM FOR WORKERS' COMPENSATION

MR. G.S. MUIRHEAD (Arm River): — Mr. Speaker, a question to the minister in charge of the workers' compensation board. In 1978, one Gerald Meshke, who resides in Craik, Saskatchewan, was injured in a construction accident in Manitoba. He subsequently returned to Saskatchewan where the Saskatchewan Workers' Compensation Board became the mediator between the two provinces. As a result of the lack of communication on the part of the Saskatchewan Workers' Compensation Board, Mr. Meshke has been without funds since December. He is at the point of losing his home and has no money to feed his family. My question to the minister is, will you assure this House that he will review this case and see that Mr. Meshke receives remuneration for the money he has lost due to this lack of communication?

HON. G.T. SNYDER (Minister of Labour): — Well, in response to the hon. member's question (I think obviously he will concur in my view), I suggest to him that the floor of the Assembly is hardly the place to make any kind of a judgment with respect to the validity of the claim. And obviously there are appropriate mechanisms that the hon. member can pursue; a letter directly to the workers' compensation board or through the advocates who are employees of the Department of Labour. This is the most appropriate way of getting at the facts of the case. I can't begin to assure him that I will personally check his file but certainly, if it's drawn to my attention and the file number is given to me, I'll make sure that somebody in the department or the workers' compensation board responds to his inquiry.

MR. MUIRHEAD: — Supplementary, Mr. Speaker. I have tried all these channels, Mr. Minister. I consulted the Manitoba board and have a letter in my possession from the Manitoba Workers' Compensation Board stating they have sent \$500 as a good-will gift while they determine why the Saskatchewan Workers' Compensation Board has not communicated. There was no reason for lack of communication because I have in my hand a doctor's certificate stating Mr. Meshke is unable to work. My question is, will the minister consult Mr. Frank Sotski (whom I have already consulted, having been through your channels; he is assistant director of vocational rehabilitation) to determine why there were no reports from the Saskatchewan Workers' Compensation Board with regard to Mr. Meshke to the point where he became financially strapped. Will the minister report back to us what caused this bureaucratic runaround?

MR. SNYDER: — Mr. Speaker, I am not going to become embroiled in a discussion with the hon. member with respect to an individual claim in the same manner in which the member for Regina South involved himself in an embarrassing discussion — embarrassing to him when the facts of the case were known. The matter will be dealt with when it approaches the proper channels. In the event that you indicate to me the file number and the claim, and provide me with the benefit of the correspondence to me the file number and the claim, and provide me with the benefit of the correspondence you have available to you, then I'll do all those things that are necessary in order to bring the file to the attention of the board or the advocates.

HOME DIALYSIS PROGRAM

MRS. J.H. DUNCAN (Maple Creek): — A question to the Premier, Mr. Speaker. In the past, Saskatchewan was the leader in pioneering new and bold approaches for the treatment of kidney ailments but today we stand with Prince Edward Island as the only

two Canadian provinces that do not have an operative home dialysis program. Mr. Premier, why is it that we have fallen behind in this very important aspect of health and now find ourselves in a catch-up situation?

MR. BLAKENEY: — Mr. Speaker, I don't want to concede the facts given by the hon. member nor do I want to deny them. I'm simply not aware of them. I know we have a renal dialysis program. It has been expanded significantly in the last short while. I have personally met a number of people who have been congratulating us on the fact that there now is a renal dialysis unit down at Rockglen when there wasn't before. I simply am unable to assess whether or not the hon. member is right in suggesting that our program is better or worse than that of New Brunswick. But I will certainly ask the Minister of Health to respond to the general thrust of your question when he is in the House. As all hon. members will know, he is down at a hospital opening with, I suspect, the member for Indian Head-Wolseley.

MRS. DUNCAN: — Supplementary, Mr. Speaker. Perhaps you could ask the Minister of Health to also take notice that home dialysis was not included in the budget and he could maybe inform this Assembly as to why a home dialysis program was not given very high priority.

MR. BLAKENEY: — Well, Mr. Speaker, I know home dialysis is, in fact, in operation in rural Saskatchewan. But I don't know the extent that it is in operation. It is suggested that it is not home dialysis but they have to go into the hospital. I think it varies. I can name homes (I don't know whether I can remember the name) but a home in a particular community where there is a unit supplied by the Department of Health. I believe some of the smaller hospitals now have them. I know that at an earlier time there was some resistance from the urologists to the idea of home dialysis on the grounds that the treatment works better under the direct care and supervision of a urologist. I believe that objection has now been overcome or balanced off against the fact that it's very difficult for patients to have to travel 150 to 200 miles to get renal dialysis treatment. It is my understanding that the program is expanding. Again, I cannot give the hon. member details of the extent of the expansion and will ask the Minister of Health to do that.

GRANTS TO ROSETOWN SCHOOL DIVISION

MR. H.J. SWAN (Rosetown-Elrose): — Question to the Minister of Education. Almost three weeks ago, Mr. Minister, I asked you a question with regard to the grants for the Rosetown School Division. I am going to repeat the question because I haven't received an answer. In 1979 the Rosetown School Division took a grant cut of \$47,000. And if the grant this year is adjusted to take into account underpayments carried forward and the employment of a locally appointed director of education, the 1980 grants are down an additional \$93,836. Are you aware of this, and are you aware that the cost is being passed on to the local property tax base?

HON. D.F. McARTHUR (Minister of Education): — Mr. Speaker, grants to school divisions in the province are provided under the foundation grants system. The foundation grant system is designed so that similar school divisions (that is to say, similar with respect to local assessment; similar with respect to student population) will receive the same level of grant. If, in the case of a school division the school population should decline or the assessment should increase, this can affect the distribution of the grants and therefore the change from one year to another.

I believe in the case the hon. member has mentioned, there has been a decline in the student population. There has also been a relative change in the local assessment. As a result of that, relative to other school divisions, the change in the grant is lower. And I think, in fact, in the particular case the member is correct. The grant has declined somewhat. That is a fundamental part of any system of equalization that recognizes the principle of student population and assessment. I think the hon. member will find that as a result of this system all school divisions are pretty well assured an equal level of revenue for a given level of assessment in student population. I think equalization of this principle is something that has been supported by the trustees of this province, by the teachers of this province, and is certainly supported by the government. That is the explanation for the grant coming out as it did.

MR. SWAN: — Supplementary to the minister. The Rosetown School Division has set its mill rate at 76 mills. This is 12 mills higher than the computational mill rate being recommended. Do you not agree that the formula you are using needs adjusting to recognize declining enrolments and the rising inflationary trends?

MR. McARTHUR: — Mr. Speaker the hon. member is making a suggestion that we change the foundation grants formula. I should point out to him, first of all, with respect to one comment he made, that we have made an adjustment in the formula so as to cushion the impact of declining enrolments and that factor does, to a certain extent, alleviate any changes in grants in the fashion indicated.

But I do want to indicate to the hon. member that I would have very grave reservations about, in any hurried way, moving forward to alter drastically the foundation grant system that operates in this province. It does provide an opportunity for school boards to receive, on an equalized basis in terms of students and assessment, grants on an unconditional basis. School boards are provided the opportunity under that system to make their own decisions with respect to programs. It is therefore the responsibility of school boards to make decisions about what level of local revenue they would like to raise, having received their grants. That, of course, is related to the program they want to provide within that school division. I do not think it would be proper for the Minister of Education to comment on the program being offered by a school division or on the level of mill rate increase supplied in that school division, because that is a decision the local school board has made.

I will certainly look at changes in the foundation grants system if the school trustees, for instance, as an organization should ask for that, or other important groups within the education community. At the moment it is not my understanding that any of them wish me to undertake a major change in the foundation grants formula, so therefore I have no plans in that direction.

SOME HON. MEMBERS: — Hear, hear!

MR. SWAN: — I believe indeed there have been a number of boards writing to you and asking for a change. I'm wondering if this is the method your government is using to bring in a balanced budget this year, by simply passing all the additional costs back to the local property tax base?

MR. McARTHUR: — Mr. Speaker, the hon. member well knows that under the foundation grants formula, and under the allocation system within that, the level of grant that applies to any particular school division because of the equalization

principle does not reflect the overall level of financing and change of financing for schools in the province. The hon. member well knows that in the case of the particular school division he mentions, because of changes which are inherent in the whole principle of equalization, you have the kinds of results that are shown for that school division. It is not correct for the hon. member to attempt to leave this House with the information that all school divisions are affected in a like manner. That school division is affected in this manner because of the equalization principle. I say to him that it is not true that we are having this impact in all school divisions and indeed many, many school divisions have received very, very substantial increases in school grants this year.

LAND BANK PAYMENTS DURING SGEA STRIKE

MR. R. KATZMAN (Rosthern): — A question to the Minister of Agriculture. Why was it your policy not to take payments for rent on land bank during the SGEA strike? Why did you not take payments in Regina where the office was open?

MR. MacMURCHY: — Mr. Speaker, I will check for the hon. member. I would assume likely the reason is that there wasn't staff available to take the payments. But I will be glad to check for the hon. member and confirm my answer.

MR. R. KATZMAN: — Supplementary, Mr. Minister. Could you also check why they refused to accept payments and then when the same people came back shortly after they were charged interest for making late payments? You wouldn't accept the money originally; they came back later and you charged them interest for late payments.

MR. MacMURCHY: — Well, Mr. Speaker, I will have to take notice of the question as I really did in the first case and respond to the hon. member.

ELECTORAL BOUNDARIES COMMISSION REPORT

MR. LANE: — I would like to direct a question to the Premier. I understand that the electoral boundaries commission report is ready and has been tabled with, I believe, the Clerk of the Executive Council. Would you have that document distributed prior to going to Lethbridge?

MR. BLAKENEY: — Mr. Speaker, frankly I don't know whether copies are available. I'll be frank in saying that I saw a copy an hour ago. I don't know whether there are copies available to members; if there are we will certainly make them available. I guess they are obviously back from the printers and we will certainly try to make them available as soon as possible. I don't know where they are.

MR. LANE: — I'm standing on a supplementary, Mr. Premier. The 250 copies in the normal course are distributed or available for distribution at this time?

MR. BLAKENEY: — Mr. Speaker, I certainly don't want to hold any hon. member in suspense and I suspect this will be a document which will get an early perusal by all hon. members. Accordingly we will attempt to make them available as soon as possible.

SUBSIDIZED INTEREST RATES FOR FARMERS

MR. E.A. BERNTSON (Leader of the Opposition): — Mr. Speaker, a question to the Minister of Agriculture. I am sure the minister is aware that as the result of high interest rates, the farming community is in a real financial bind. Your refusal to help in any way

seems to be aggravating the problem. The only avenue they had to raise capital to put in this year's crop was to sell a quarter section of land. Now, by your own admission, you say there are no land bank funds available. The other avenue is dried up because you threaten to kick out the foreign investors. Will you now take a serious look at providing some help by way of subsidized interest rates to the farmers of Saskatchewan?

SOME HON. MEMBERS: — Hear, hear!

MR. MacMURCHY: — Mr. Speaker, I am pleased to hear the hon. member give his support to the land bank program and to our legislation as it relates to non-resident ownership. I will say to the hon. member, with respect to interest rates, I have a meeting with the federal Minister of Agriculture on Wednesday in Ottawa and I will bring this issue of interest rates on behalf of the primary producers of Saskatchewan to his attention at that time.

MINISTERIAL STATEMENTS

FEDERAL ACTION RE FARM ISSUES

HON. G. MacMURCHY (Minister of Agriculture): — Mr. Speaker, I sent the following Telex to the Hon. Eugene Whelan, the Minister of Agriculture, this morning. Mr. Speaker, the Telex reads as follows:

In view of the serious situation facing primary producers and the lack of reference to this in the federal Speech from the Throne April 14, I will be requesting action from you at our meeting April 23 as follows:

1. Interest rates.

- (a) That current federal Farm Credit Corporation program be continued and extended as necessary.
- (b) That interest rates on farm improvement loans be lowered to the level of loans available through Farm Credit Corporation;
- (c) That operating loans be made available to primary producers at the same interest rates as Farm Credit Corporation loans.

2. Grain price.

- (a) That the federal government increase the initial price of wheat for 1980-1981 crop year to current level of approximately \$4.25 a bushel;
- (b) That the federal government guarantee farmers a final payment equal to pre-embargo levels.

3. Orderly marketing.

- (a) That the federal government implement a national marketing system for beef and hogs.
- (b) That the federal government implement meaningful stabilization plans for beef and hogs.

5. Two-price system for wheat.

- (a) That the federal government immediately adjust the minimum and maximum prices under the Two-Price Wheat Act;
- (b) That the minimum price should be based on the cost of production currently estimated at \$5 per bushel;
- (c) That the maximum price be adjusted upwards to \$6.

It's signed by myself, Minister of Agriculture for Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. E.A. BERNTSON (Leader of the Opposition): — I would first ask the minister if he would forward a copy to me, and then by way of response to his statement, I would just say that the first half of this statement was motherhood and we would have no trouble supporting that. Then he got into a great philosophical slant on national marketing systems for beef and hogs, etc. The question still is, Mr. Speaker, when are we going to do something in Saskatchewan? The problem is here; the problem is now. We have young farmers facing foreclosure. You have refused to do anything. You're going to wail on old Eugene down there till the cows come home, and nothing will happen. It never has in the past. It's not likely to in the future. Alberta has taken the initiative and helped their farmers with 6 or 8 per cent money. Manitoba has revised their views to help their . . .

MR. SPEAKER: — Order, order. Any further statements? If the member's not finished, then I'll warn the member that the response must be brief, factual, and specific. Order, order. And when the member is attempting to engage in a debate and drawing in examples from other area sin a debatable manner, it puts me in the position of having to arrest his statement, or his response to the statement.

MR. BERNTSON: — Mr. Speaker, to be brief, factual and specific, the Government of Saskatchewan has done nothing to date as it relates to helping the young farmers in the province. That's brief. It is also factual. Specifically, what should be done is provide some sort of interest subsidy to help them get through the crunch they're facing today.

SOME HON. MEMBERS: — Hear, hear!

MR. SPEAKER: — I think members should not misinterpret what I say when I say that statements should be brief, factual, and specific. The response should be brief, relevant and on the subject, which means that the member who's responding can deal with the statement the member brought forward and not create a debate. Any further statements?

ANNOUNCEMENT

NOTRE DAME HOUNDS WIN HOCKEY TITLE

HON. E.B. SHILLINGTON (Minister of Culture and Youth): — I wonder, Mr. Speaker, if I might, just before the orders of the day, on behalf of the government benches, join with the members opposite in extending congratulations to the Notre Dame Hounds. This does, indeed seem to be a banner year for sports in Saskatchewan. We've taken everything but the world series so far, and it's enlightening for us all. On behalf of the

government benches I want to join the members opposite in extending congratulations to the Notre Dame Hounds.

HON. MEMBERS: — Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Koskie (Minister of Social Services) that Bill No. 21 — **An Act to amend The Saskatchewan Computer Utility Corporation Act** be now read a second time.

MR. R. KATZMAN (Rosthern): — Mr. Speaker, before I start on this particular motion. I understand that the air conditioning is off in the buildings. Is it feasible in the Chamber, as we did about two years ago, to either take our coats off or have the doors open so that we can get some air movement in here?

MR. SPEAKER: — I would respond to the member, we must maintain proper decorum at all times, and I have never allowed members to take off their coats in the Chamber to the best of my knowledge. I've instructed the Sergeant at Arms to do as much as possible about keeping certain doors open so there will be some movement of air.

MR. R. KATZMAN: — Mr. Minister, the act to the Saskatchewan Computer Utilities Corporation has a few problems with it as far as I can see. The two things that this amendment really does it, first of all, instead of having to go to the Lieutenant-Governor or cabinet for approval, the corporation can make decisions to do many different things itself.

It also cleans up the language of the former bill and makes it a little simpler. I agree with that, but it also allows one other thing. It is basically 7(a)(iv) which indicates that they can do business with any other person, or any public or private agency or organization which means the Government of Saskatchewan Computer Utility Corporation can now go into the business of tying their computer into all the private industry and go into competition, basically, with all of the private corporations.

The original intent of the computer utility corporation was for the service of the government and Crown corporations. The facts are that anybody who is hooked into a computer, if they have the knowledge and the ability of people available to them, can pirate information off a computer. Therefore, by opening it up again they stand a very strong chance of getting pirated for information off their computers, both government and private industry.

It gives them the power like Bill No. 13 does, to get into private business. I understand for an example that one of their competitors will be Sask Tel which is now selling computer equipment in their systems and therefore, as much as this improves many aspects of the bill, there is another problem. I'm really not sure if it means what it says or not, but it basically means that the cabinet minister is not responsible for the actions of the corporation.

The way it reads (I would like the minister to correct me if I am wrong), as well as an amendment in one other bill, seems to indicate that the minister is not responsible for the Crown corporation. He can correct me if I am wrong. He is giving me a look; I believe

it is in the revision of section 5 where that happens, where you change the board of directors of the corporation. Where it used to be everything was appointed by the Lieutenant-Governor in Council, it is now the board, and it indicates that the responsibility is not to the minister, as the old bill said it was.

The old bill said, the Lieutenant-Governor in Council will decide which cabinet minister the corporation is responsible for. This one removes that, so I don't know where you find which minister is responsible.

The other thing it does is make it easier (I assume) to remove a member from the board if so required, and to accept and make replacements without having to be appointed by an order in council, which means it doesn't become information until the list of the board of directors is published the following year.

So, Mr. Minister, I realize it will make some of your meetings easier; it establishes quorum a little more easily for you and puts more authority, but the final line of the whole thing is section 7, powers of the corporation, and basically if Bill 13 from Sask Tel is any indication of the powers you're given, I'm very, very hesitant to see this bill go any further. Hopefully, in the minister's closing remarks, he will comment on that particular issue.

Second, under 7(a)(iv), would the minister consider amending that one, which basically puts the Crown utilities corporation back doing the job it was meant to do, serving government, government boards, government agencies, and Crown corporations. That one allows you to go pretty well everywhere without going to the Lieutenant-Governor and to cabinet for permission. It allows the board to do it. I realize there are some benefits there. I personally believe you should be serving the government, government agencies, Crown corporations, and that area only. That was what you were originally developed for. You've done good service there. You're complimented for it. But you shouldn't be branching further and that's what you indicate you're going to do by that 7(a)(iv). I wonder if the minister would take it back to his officials, discuss it with them, and maybe they can remove that clause. That would put you back into what you were originally supposed to do and not give you a whole new field of endeavor. I suggest to the minister that he take a solid look. The people of Saskatchewan suggested to you: for government, yes; to get into competition with every little company in the province, no. But for government (because of secrecy of documentation, because of pirating which is now happening in the computer industry), you should stay within your own circle. Therefore nobody can get the information that's in your computer. Therefore I would suggest that 7(a)(iv) be looked at very, very closer. I will comment in other departments where I am the critic. I've found clauses along this line. I've got an agreement with the minister that he has written the amendment in such a way that it meant only government departments. I would ask you to consider doing the same thing so that your service be strictly for government agencies. Crown corporations and those types of ventures rather than the private sector.

Mr. Speaker, I will have more to say on this particular bill when we get into committee of the whole on the clause by clause, but I thought I'd give the minister my one or two arguments on specific clauses so that hopefully in winding up he can either relay the fears, or maybe be able to get House amendments to cure some of the problems this bill will create. I don't think the minister really wants to get into them anyway — it's maybe bad draftsmanship. Therefore, Mr. Speaker, until I see revisions, I will have to hold which way I will vote on this bill.

HON. M.J. KOSKIE (Minister of Social Services): — Mr. Speaker, in addressing the concern of the hon. member, I just want to say that the essential substantive change in respect to section 7 was first of all that it recognize the Saskatchewan university at Regina as a legal entity. I think that is necessary because of the change in the status of the university. The second thing it does in changes — the only substantive change — is that it now allows a corporation, without having to go to the Lieutenant-Governor in Council or cabinet, to take up or enter into contracts with users. I think that since the corporation has matured and the management has been built up, we don't need to go to the Lieutenant-Governor for every contract we enter into. So those are the two essential substantive changes that have been initiated. I merely want to say that as I understand it, and I'll review section 7 before it comes into the committee of the whole, those are the only substantive changes. The powers existing under the former section 7 did provide the corporation entering into contracts to provide services to private organizations and private businesses. I don't see how this really alters it substantially in that regard. I will take a look at that before it comes into committee of the whole. But those were the substantive changes.

In respect to section 4 of the act as amended, as I said, initially we really allowed for the appointment of the board. We didn't specify in this one that it had to be a particular number between 7 and 14 (which I think makes sense); and secondly, we further provide that the board now can have executive committees (which makes eminent sense) to carry out certain duties. So those are the substantive changes as I indicated to you.

I will take a look at section 7(4) as you indicated, but I don't foresee any problem with that relative to where it was before.

Motion agreed to and bill read a second time.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Robbins (Minister of Revenue, Supply and Services) that Bill No. 67 — **An Act to amend The Education and Health Tax Act** be now read a second time.

MR. P. ROUSSEAU (Regina South): — Mr. Speaker, there have been several people who have spoken on this bill and I would like to add just a few comments to it. I would suggest to the minister a few changes which we will probably discuss at greater length in committee of the whole and suggest certain amendments. However, at the present time in the explanatory notes of this bill, I refer to no. 20:

Farm implements and parts where they are purchased by a farmer for use solely in the operation of his farm.

No. 21 has the same terminology, for use solely in the operation of his farm; as does no. 22.

I would like to suggest to the minister that rather than having the words for use solely in the operation of his farm, that this bill should read for agricultural purposes.

In no. 29, under the exemption for fuel petroleum products under The Fuel Petroleum Products Act, we note that agricultural airplanes are not exempt under this act and we feel that should be included. I am sure the minister would agree that agricultural airplanes are today very much a part of farming. The same would apply as well on page

9 of the explanatory notes no. 2, the expansion of the exemption to non-farmers engaged in agricultural activity such as crop spraying and brush clearing. Perhaps a better wording to that would be aerial crop spraying as well. The final suggestion I have on that bill, appendix A, summary of items added to the exemptions, no. 32, 'aircraft specially designed and licensed for farm spraying only,' should read 'agricultural aircraft specially designed and licensed for agricultural purposes.'

Mr. Speaker, many of my colleagues have already spoken on this bill. As I said earlier, we approve of this bill with a few minor changes. We believe that there are some exceptions which I have indicated and we will bring in an amendment at a later time, during committee of the whole.

HON. G. MacMURCHY (Minister of Agriculture): — Mr. Speaker, this bill is under the Minister of Revenue. He is not here but I take note of the suggestions put forward by the hon. member and other members this afternoon. I indicate to the hon. member that while most of his suggestions relate to wording, the agricultural aircraft one requires some consideration. We had, as a government, some consideration of it. There is a suggestion that we have more. I am sure we will follow up any debate with respect to that and any possible changes suggested can come forward under committee of the whole. I therefore believe, Mr. Speaker, that the bill can proceed into committee.

Motion agreed to and bill read a second time.

COMMITTEE OF THE WHOLE

Bill No. 20 — An Act to amend The Saskatchewan Loans Act

Sections 1 and 2 agreed.

Section 3

MR. P. ROUSSEAU (Regina South): — Mr. Chairman, I spoke earlier to the minister of this bill and he indicated to me that the bill was of a housekeeping nature. I am concerned about section 3, with the added clause:

for ordinary expenditures by way of temporary loans, where it appears to the Minister of Finance that the consolidated funds would be insufficient to meet the disbursements authorized to be made from it, in any amounts that the minister considers necessary, but at no time shall the principal amount outstanding exceed \$250 million in the aggregate.

On one hand he tells me that there is no change from the previous act. In this bill with the maximum of \$250 million, I am concerned for the reason that I don't know what the maximum was previously. I can't understand why the addition of this clause is necessary. Unless the minister can come up with some relatively sound logic and answers to my question, I would suggest we would not be supporting the bill. With that, Mr. Chairman, I would like to hear from the minister with respect to those comments.

HON. E.L. TCHORZEWSKI (Minister of Finance): — Mr. Chairman, in response to the member's question — simply put, there has not been before this amendment (should it go through) a provision for the government to borrow money by the means that is being suggested here; that is, by the means of promissory notes. Because there has not been that provision, therefore there has not been this kind of limit established. The

Saskatchewan Loans Act does not allow the government to take full advantage of the financial instruments available in today's Canadian money market. We think it's wise and prudent to take advantage of that more sophisticated money market which does now exist in Canada (which in past years has not). Therefore, we are proposing the amendment, under which we will be able, if the need should arise, to borrow through this process up to \$250 million.

Section 3 agreed.

Sections 4 to 7 agreed.

The committee agreed to report the bill.

MR. MacMURCHY: — Mr. Chairman, I think that we had expected to do some bills for Mr. Robbins. He has not yet arrived. I wonder if we could call The Agricultural Implements Act . . . We'll do The Time Act; Mr. Kaeding is ready with his official. We'll do The Time Act and The Agricultural Implements Act. If Mr. Robbins is here then . . . (inaudible interjection) . . . We're calling it, Paul, O.K.? We'll do The Time Act followed by The Agricultural Implements Act and if Mr. Robbins is here then we'll do government insurance, public service superannuation and superannuation (supplementary provisions).

MR. ROUSSEAU: — May I just ask permission, since the minister is not here — I have to excuse myself for a few minutes to the Speaker's office. If he should come in with these bills could I be called?

AN HON. MEMBER: — Agreed.

MR. ROUSSEAU: — Thank you.

BILL NO. 73 — AN ACT TO AMEND THE TIME ACT

Sections 1 to 11 agreed.

The committee agreed to report the bill.

BILL NO. 32 — AN ACT TO AMEND THE AGRICULTURAL IMPLEMENTS ACT

Sections 1 to 3 agreed.

Section 4

MR. R.A. LARTER (Estevan): — Mr. Minister, you're not in any way, according to this clause . . . I say, on this bill you are not in any way trying to interfere with the auctions method of selling farm equipment — either a farmer selling direct to another farmer . . . I say, you are not in any way trying to interfere at all? You're taking the recommendations of the board?

Sections 4 and 5 agreed.

Section 6

MR. LARTER: — Mr. Minister, are you in any way going to use the board or the moneys

collected from farm machinery to assist a customer that's in trouble through a dealer bankruptcy? Are you intending to use board money where a dealer goes bankrupt?

MR. MacMURCHY: — No.

MR. LARTER: — Where's the money going to come from then?

MR. MacMURCHY: — Mr. Chairman, I might introduce Don Lehman who is the executive director of the agricultural implements board. Mr. Lehman reports to me that the legislation exempts compensating farmers where there is in fact a bankruptcy.

MR. LARTER: — Mr. Minister, I wonder if you would mind asking Mr. Lehman . . . I think he and I had a little conversation on an amendment (I don't believe it's this act, but I wonder if it does appear here, and if it does I can't find it), whereby they were going to exclude the prairie machinery manufacturing firms from obligation as far as the dealer close-out. Could you ask Mr. Lehman about that? Have they gone any further on that? I just want to make sure it doesn't appear in this act.

MR. MacMURCHY: — There's been no change.

Section 6 agreed.

Section 7

MR. LARTER: — Mr. Minister, you mentioned the other day that there was a possibility you could provide me with a formula regarding how you arrive at assessing the various machinery companies and distributors for the fund.

MR. MacMURCHY: — Mr. Chairman, what we will do is we will write it down and send it over to the hon. member as well as indicating to the Assembly what it is.

MR. LARTER: — Mr. Minister, you know my concern on this is regarding experience by the fund or whoever administers the fund on certain machinery companies. I was talking the other day about a machinery company which may build, for want of a better word, a lemon, and you go through a period where really this machinery company should be paying the shot for a good part of that fund. Where you are assessing them all on the same basis, it might be very, very unfair at times.

MR. MacMURCHY: — I am going to send this over when I am finished trying to explain it to the hon. member, Mr. Chairman. But the formula is as follows. There is a basic charge of \$25 plus \$300 plus assessment. Now the \$300 plus assessment category comes about as a result of a hearing or hearings where the distributor was found responsible for the problem of the machine. If they were found 50 per cent responsible, or a certain assessment responsible, it would be \$300 plus the assessment. If they were found 25 per cent responsible, if they were found zero, there wouldn't be any charge under this category and they would in fact pay the a basic \$25. Now I don't know how clear that is to the hon. member but I will send this across to him. Perhaps my explanation plus what I send over will clarify the formula. This is the formula that has been developed by the board this year and is now just going out to the distributors.

MR. LARTER: — Mr. Minister, Mr. Chairman, the limit on any single claim — is it \$5,000?

MR. MacMURCHY: — Yes, any single award is \$5,000.

MR. LARTER: — I'm curious, Mr. Minister; I don't know how you arrived at a \$5,000 figure when your tractors are \$100,000 and your combines are \$100,000 now. If a man does without a combine, for instance, for a week during harvest, how would you arrive at a \$5,000 figure?

MR. MacMURCHY: — Well, this is the figure that was in the original legislation. The board has yet to award the maximum. Therefore, they feel there is no pressure on increasing the maximum. The highest award was \$4,000, it is reported to me, and it is being appealed. So there is room in the maximum in the legislation now.

Section 7 agreed.

Section 8

MR. LARTER: — Just one question on sections 8 and 9, Mr. Minister. It says that there has been an increase in penalties here, but there is an indication of more infractions. What do you mean by increase now? What percentage increase?

MR. MacMURCHY: — We don't have the accurate figure with us, Mr. Chairman. It is roughly a 10 per cent increase.

Sections 8 to 10 agreed.

Section 11

MR. LARTER: — On section 11, I think Mr. Lehman knows exactly what happens on repair parts. There are some dealers guilty (or possibly in the past have been guilty) of adding on to their suggested list price on repair parts. I realize the act states you have to put it separately on the bill; you have to add for freight or for a phone call. But I believe the dealers have been caught in a very bad situation where a good customer comes in, orders a \$2 piece and it ends up costing them \$15 with a phone call and freight (before they ever get that piece to that customer) and maybe a good will service call. I think the dealers have said, let's build in our freight and phone calls on some of these suggested list prices. I don't think the government should be too harsh on the dealers. I realize they can get carried away on that but I think some of the dealers who have done it, have done it out of necessity because they have been giving away too much and there may be a problem. I can see this new piece is going to take that out completely though.

MR. MacMURCHY: — I think the hon. member has raised a good point. The response of the board has been that the actual additional costs are very legitimate — the telephone calls, the extra express, etc. But the board has found that some dealers just put on an extra 10 per cent or an extra 15 per cent, whichever comes into their minds. It is an attempt to get at that problem they are addressing. They accept the more or less legitimate costs but not the piling on, I guess is the best way to put it.

MR. LARTER: — What brings things like this about is on certain things such as wood items or canvas belts where implement wholesale companies buy from outside sources the markup is minimal but the wholesale company still makes its markup. Say you have an average markup of 30 per cent on parts but your parts markup on wood parts or canvas parts or other things will be 12 per cent or 14 per cent and the company doesn't pass it on to the dealer. All I'm trying to do is point out that if you as a customer come in

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and I'm selling you \$100,000 worth of equipment, every second year or something, I have one heck of a time putting down \$10 for a phone call and freight. I think you know what the dealers are going through and yet I don't approve of the overall adding. I never did it and . . .

MR. MacMURCHY: — I think your last comment is a legitimate comment and the board is aware of this and takes it into account.

Section 11 agreed.

Sections 12 to 14 agreed.

Section 15

MR. LARTER: — Mr. Chairman, I think most of your long line legitimate dealers over the years — if a customer has signed a note or signed an A contract or B contract on a piece of equipment and then the customer backs out of it — almost without exception lets him back out of it. I think what this could do — by stating that if the dealer hands the customer or by registered mail sends him a signed or a registered contract signed by the dealership as well — it sometimes holds a customer. I think what you're doing here is you're binding the customer into something where the dealer used to let him off the hook. What I'm saying is that you're creating a tighter situation between the customer and the dealer. You're creating a situation that has to prevail from then on. It used to seem strange to us that a customer could sign a contract and we never could hold a customer to a contract. Yet is a dealer signed that contract, you could always hold the dealer to it. At least, this is what the customer felt, I wonder if you aren't maybe creating something by even putting this clause in.

MR. MacMURCHY: — All the amendment attempts to do is to make sure that the farmer has a legible copy or a copy that he can read. There were copies given to farmers which were poorly written so you couldn't read them. All this amendment does is make sure the farmer gets a copy that can be read. It doesn't change anything that was previously in the legislation based on the point that the hon. member makes.

Section 15 agreed.

Section 16 agreed.

Section 17

MR. MacMURCHY: — Mr. Chairman, I might perhaps speak to the amendment before the hon. member gets to his feet. Our interpretation here is that what the wording does in the amendment is the same thing as what we wanted to do in sections 48(1) and 48(2) in the legislation. It merely came from the lawyers who came up with a different wording to do the same thing. I think that's really the only explanation that I can offer.

Section 17 as amended agreed.

Sections 18 and 19 agreed.

The committee agreed to report the bill.

**BILL NO. 55 — AN ACT RESPECTING SASKATCHEWAN GOVERNMENT INSURANCE
(CONTINUED)**

Section 12

MR. ROBBINS: — In reply to the inquiries of the member for Regina South, I couldn't get a legal counsel person today. He is away. He had given me some information which I think will satisfy the gentlemen opposite. They are talking about section 12 and he points out that The Saskatchewan Government Insurance Act is a separate incorporation. It is somewhat comparable, if you want to use the example, to the Hudson's Bay Company, which has its own charter. The Hudson's Bay Company is not governed by the Companies Act in Canada. Government insurance is not like other insurers in the province because it is separately incorporated by an act of the legislature. The legislature saw fit to incorporate it as a separate act.

I want to point out that the powers and capacities of Saskatchewan Government Insurance are set out of course in The Saskatchewan Government Insurance Act and not in The Saskatchewan Insurance Act. But a good bit of the material for the administrative detail is set out in The Saskatchewan Insurance Act for the direction of the insurance business generally and it quite logically is also applicable to the business of the Saskatchewan Government Insurance Corporation. It makes no sense to duplicate such provisions and for convenience and in accordance with good drafting practices generally, section 21 of this bill simply incorporates those provisions of The Saskatchewan Insurance Act (which is the one we are dealing with) by reference. I will give you some examples. As you look at the bill, on section 12, for example section 97 of The Saskatchewan Insurance Act provides for payments to agents. There is no reason for a different procedure in so far as Saskatchewan Government Insurance is concerned and therefore it is excluded from that coverage. Section 443, also referred to here, of The Saskatchewan Insurance Act speaks about the trust relationship between agent and insurer. Since that is already in The Saskatchewan Government Insurance Act, there is no reason to have this portion applicable.

If you look at part III — it makes reference to part III there — of The Saskatchewan Insurance Act, it sets out the rules governing the making of insurance contracts in Saskatchewan. Those rules ought logically to apply to contracts made with Saskatchewan Government Insurance too. But (I refer you again back to the bill) section 119, which is part of part III that is excepted, requires that contracts be signed by the agents. There is no reason for that provision as it affects contracts with Saskatchewan Government Insurance and the reason for that is that SGI is close to the scene. It's right here in the province, whereas many insurers writing insurance may have head offices in Montreal or New York or London or Zurich or wherever. That's section 12, if you refer to part III it says — section 12 except section 119. In reference to it, part III of The Saskatchewan Insurance Act sets out the rules governing the making of insurance contracts in Saskatchewan.

Those rules ought logically to apply to contracts made with Saskatchewan Government Insurance too, and they do, but part III within that section 119 is excepted because it requires all the contracts to be countersigned by agents, and Saskatchewan Government Insurance does not require their agents to countersign.

On the other hand, I have to point out that part I of the Saskatchewan Insurance Act does not apply to The Saskatchewan Government Insurance Act because it deals with the duties and functions of the superintendent of insurance. It is not acceptable that

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such a functionary should have any administrative control over a publicly instituted body such as government insurance, which is a creature of this legislature. Therefore, the superintendent's duties and functions all outside of that.

Part XI of The Saskatchewan Government Insurance Act, for instance, deals with mutual insurance companies, a subject which is not apropos to Saskatchewan Government Insurance.

Part XII, the last section named in that subsection, deals with fraternal societies and therefore is not applicable.

Now, I hope that will satisfy the member with respect to application of The Saskatchewan Insurance Act, in subsection 12, related to Saskatchewan Government Insurance.

Section 12 agreed.

Section 13 agreed.

Section 14

MR. ROUSSEAU: — I had expressed some concerns earlier on section 14. I wonder if the minister has taken any notice of those concerns and whether or not he is prepared to make any changes in that bill on section 14?

MR. ROBBINS: — Mr. Chairman, I wonder if the member would refer to any specific part that he is concerned about?

MR. ROUSSEAU: — I don't have it underlined because I don't have my copy of the bill. However, in there you are concerned that SGI has to borrow funds from the consolidated fund which places the corporation in a non-competitive position. Can you explain your position on that? Why would that place you in a non-competitive position, by borrowing from the consolidated fund?

MR. ROBBINS: — Are you reading right from the bill?

MR. ROUSSEAU: — No, I'm reading from Hansard.

MR. ROBBINS: — And who was supposed to have said that? Me?

MR. ROUSSEAU: — You.

MR. ROBBINS: — Well, perhaps I could make some reference to . . . Paul, I think what you're saying is, if they borrow money and pay interest (and they may from time to time have to do that in terms of the short-term) it places them in a non-competitive position. Is that your comment? I think you will fully understand that insurers, generally, have an equity base. I can think of insurers selling insurance in the province of Saskatchewan who have equity bases in excess of \$300 million and, as you are aware, insurance companies get their revenue from investment income and underwriting income. Often they run into periods where they have investment income and underwriting losses. That is very common in the insurance industry. They offset their underwriting losses by investment earnings. However, if they haven't a broad equity base, they are not likely to have very much investment income. It is amazing really, when you look at the history of

it, that Saskatchewan Government Insurance has been able to write the quantities of insurance it has written (and I'm speaking now about the general insurance, totally outside The Automobile Accident Insurance Act) in this province over the years without a substantial equity base.

In the initial stages they really had no equity base at all. The government of that day loaned them \$12,000 in 1945 or 1946, and that \$12,000 was paid back before the end of the year. Then they simply operated on the basis of surpluses accrued for many, many years with no equity base at all — at least 20 to 25 years with no equity base. Then they received an advance from the government of \$4 million in terms of equity, which is still a very tiny base related to the size of the corporation. Now, currently, as you have looked at the financial statement you will see a further advance of \$30 million. But \$34 million is still a relatively light equity base for the quantity of insurance which Saskatchewan Government Insurance writes.

I'll just give you one example to illustrate this. I know of a company (and I don't suppose there's any harm in my naming it). Commercial Union of Great Britain which is a very large insurer, and has an equity base in excess of \$300 million. In the current year that company will have revenue flows of about \$42 billion in terms of investment income and underwriting losses in excess of \$25 million. It is not uncommon for an insurer to come into a market and cut rates pretty drastically in the hope of getting into the market and be willing to take underwriting losses on the assumption that somewhere along the line they will be able to hold the market and raise their rates to some degree contingent on the condition of the market. But often they will come in and take underwriting losses because they can use such losses to income tax advantage. This is often true in terms of a private insurer. I mentioned Commercial Union of Britain; Royal Insurance, another large one from Britain and Home Insurance in New York are other companies which follow the same practice.

I'll just cite one more example if I may to illustrate. I know of a case of a fairly large commercial contract in Saskatchewan last year, where a 10 cent rate per \$100 was considered a normal rate. Somebody came in on a 5 cent rate; another company came in on a 1.5 cent rate. There is simply no way any company will ever have underwriting gains or profits on the basis of 1.5 cents per \$100 coverage. It just can't be done. They know this. But they will use that underwriting loss as a means of offsetting very substantial investment income now, because they have a large equity base and are getting their money into short-term rates at very high rates.

MR. ROUSSEAU: — The minister refers to an equity position being very low all through these years starting out with \$12,000, then you added a \$4 million equity some 10 years later and now \$30 million. I don't have the most recent statement. But your equity position one year ago was over \$26 million. Of course that took a beating this year because of your losses, I agree. However, I think the minister forgets or chooses not to take into consideration the fact that SGI is not like an average, ordinary insurance company, inasmuch as you have an automatic built-in market by virtue of the fact that you have a compulsory insurance policy through your automobile insurance business.

When you started with SGIO many, many years ago, the main reason for SGI was the insuring of automobiles on a compulsory basis. Any company which has such a monopoly, that kind of built-in market, really doesn't need much of an equity base. Only through an experience such as you had last year is this kind of amendment to this bill necessary. Once in 30 years, or whatever the case might be, does not justify your reason for wanting to change and add that section to the bill. You questioned who had

said that. I read from Hansard exactly what you said on the point, Mr. Minister.

This brings me to another important section of the new legislation, Mr. Speaker. Saskatchewan Government Insurance doesn't have the same power as other Crown corporations to borrow funds to support its activities. If it becomes necessary to borrow funds they will have to be taken from the consolidated fund. This puts an unnecessary burden on the consolidated fund and places the corporation in an uncompetitive position.

I just can't fathom an uncompetitive position from being able to borrow from the consolidated fund. Many insurance companies would love to have that advantage.

The subsection 9 of section 14 gives you the power to have temporary loans from banks or others. I see nothing wrong with that. I think this could be a very legitimate need of the corporation. That's the place you would want to be borrowing without placing unnecessary burden, as you put it, on the consolidated fund.

But for you to try to convince me or members on this side that borrowing from the consolidated fund places you in an uncompetitive position or is necessary at all or that you're trying to justify it by your low equity position in SGI, which it should be . . . It should be given the market and the monopoly you have. There's no need for a high equity position. I don't know what the original charter of SGI said but I'm sure it would have said something like it is a non-profit type of corporation, that it wasn't there to make a profit but to provide better rates for the motor vehicle owners. But now you're not saying that. Now you're saying we need a high equity position.

Well, I suggest to you that your only justification for wanting a high equity position is the loss you experienced last year. Whether it was through mismanagement or whether it was through unforeseen circumstances, I don't know. Certainly your report doesn't give us that information. But that section, Mr. Minister, is just impossible for us to support. We'd like to see you make the changes in that section.

I think you would agree with me that insurance companies are really not the borrowers of money. They are lenders of money, generally speaking. Those insurance companies that have to borrow have a financial institution market they can borrow from on a temporary or short-term basis. So, our concern in that section of that bill is very simply the powers it gives to the corporation and the abuse it could create in due course. The section other than that one part of it, subsection 9, is certainly unacceptable to the opposition. If the minister would see fit to making those changes we suggest, leaving in subsection 9, is certainly unacceptable to the opposition. If the minister would see fit to making those changes we suggest, leaving in subsection 9 for the short-term borrowings and short-term loans then we would certainly be pleased and happy to support it. But we can't support it as it stands now given the reason that SGI, not necessarily insurance companies per se, does not need a high equity position. Perhaps you'd like to respond to that. We can't support it as it is.

MR. ROBBINS: — I'd like to respond to the member and simply say SGI does not have a high equity position, even after the \$30 million. It has a very low equity position in relation to the total amount of insurance it carries. I would disagree with the member when he says we have an in-built market. It's true with regard to the general insurance, and we are much the largest general insurer in this province, we have no monopoly whatsoever. We have no monopoly with regard to the extension policies on automobiles; we have no monopoly in terms of insurance, casualty insurance or anything of that kind, or bonds or anything else. We do have a monopoly in terms of licence insurance under The Automobile Accident Insurance Act. But you must realize

that The Automobile Accident Insurance Act is kept totally separate from the general insurance. It is a totally separate fund. It's true it had \$15,320,000 in reserves and they were all wiped out in the year 1979.

Now the member says he doesn't know whether it was due to mismanagement, but it's due to mismanagement of people driving on the highways. That's what it really is. It's a fact of life that you can't have a 30 per cent increase in your accident frequency in one year and not find yourself in trouble. Any and every insurance company would find themselves in that difficulty and we're completely convinced that a lot of those accidents are totally unnecessary. In fact I've seen some of them myself where it's contravention of the law or some temporary negligence which creates that situation. What I am saying is that the equity base of SGI, even after the \$30 million advance, is small in relation to the total amount of insurance they write. And you can relate that to any of the insurers around the world, if you have a look at them in relation to their equity bases and the insurance they write. I don't think we're prepared to withdraw the section from the bill that the member wants to have withdrawn. I can see his point with respect to going to outside financial institutions to borrow temporarily funds that are required on a short-run basis, but you still must have some kind of an equity base simply because the reserves are gone. They've gone for two reasons: an accident frequency which is unbelievable, but true nevertheless, and secondly, an inflation rate.

The cost of repairs for automobiles increased 17.6 per cent in the last three months of 1979. We're looking at an inflation rate of 9 per cent averaged throughout the year. A lot of that is related to the Canadian dollar in relation to the yen and the mark and other currencies in which products have come into the country. I saw (and I don't know whether you'll believe this or not) a bill the other day for a nut on the wheel of a Volkswagen Rabbit that cost \$6.25. One nut. Part of that is because the mark is high in value and the Canadian dollar is low in value. We're finding that very severe in terms of claims in the province of Saskatchewan.

I'm simply saying that we must have some kind of rationale with respect to asset-liability arrangements. And I am saying that the \$30 million is still not a high equity base at all in relation to the insurance written. The reserves in The Automobile Accident Act were wiped out and there is a \$13 million deficit in that particular fund. It will have to carry itself over a period of time and wipe out that \$13 million deficit. If the accident frequency went down or if the inflation rates went down, we would soon be in the position where we would be reducing premiums. There is no doubt about that. That has to happen only if the accident frequency declines very precipitously and whether that's going to happen or not . . . We see some evidence in the first part of this year of some improvement. Last month I think the claims in relation to the previous year were down a fair bit. Now whether that trend can be continued . . .

I definitely don't agree with you that it was mismanagement. It's true that SGI knew in the spring of 1979 they were getting into a difficult situation with regard to the claims. But winter is always a bad time for claims. The assumption was that in the summer, as happened in all other summers, the ratio would improve. It didn't last summer. It got worse and worse throughout the summer and fall, even when the weather was good. WE have to face the fact that more than \$15 million in reserves is gone and there is a \$13 million deficit in that AI (accident insurance) account. If you say that's a monopoly, that's true. The general insurance is not, but we must have an asset-liability ratio with some margin in it. All the \$30 million gives us is about a 115 per cent to 100 per cent ratio. It simply must be there for the continuous operation of the corporation.

MR. ROUSSEAU: — Mr. Chairman, I know I'll be wasting my time in debating this particular subject with the minister. I would like to comment on a few of the points he made. He is saying that the equity is not high. I know it's not high. I don't think you understood what I said. It doesn't have to be high. That's my point. SGI does not need as other insurance companies do, a high equity position. I gave you a reason why you have a monopoly on automobile insurance, the compulsory part of the licence insurance you buy.

He says there is no monopoly on general insurance. If you mean by a monopoly that you don't have it all in the province, you're right. However, you have a built-in market that many insurance companies would love to have. Few have. In fact none do. The built-in market is in your own insurance, for example, of the different departments and Crown corporations of the government. It includes all of the municipal insurance policies you write, such as the city of Regina, city of Saskatoon and all the other towns and cities in the province.

I presume you have most or all of the buildings the government owns insured by SGI. So that is a built-in market. It's a monopoly on those because nobody else, as you have admitted, no one else . . . You don't tender and no one else is allowed to bid.

The city of Regina last year found out it could save \$180,000 by buying insurance elsewhere. How long has this been going on? How long have you been getting these kinds of premiums from the municipalities, Crown corporations, agencies and so forth? There is a built-in market there as well. There is automatic renewal of insurance premiums year after year after year, that you don't have to go out and pay commissions for or solicit as does a private insurance company.

You indicated the problems you have with accident rates. You indicated that because of the increase (and I think you said 30 per cent) in accident costs . . . Well, I can give you a few suggestions on how to save some money on that. Do what other insurance companies in the world do. When a driver is to blame he pays a higher premium. He does here to a point. You can have a dozen accidents here and still not be paying more.

So those drivers in this province who are good drivers, who are safe drivers, are really paying the premiums for drivers who don't care. You shake your head as if you disagree. The fact of the matter is that the penalty, if you want to call it that, which you impose on the careless driver is insufficient to meet those high costs. Secondly, the good driver is now being penalized because of the ratio of poor drivers.

Also, you referred to the costs of repairs. Well, I'm aware of the cost of parts for Japanese and European vehicles and so on. However, I am curious and interested in knowing what the ratio of imported cars to domestic cars is in this province. I don't think it's very high. I'd like you to respond to this. I might be in for a surprise, but I don't believe the ratio of imported automobiles in this province to domestic vehicles built in North America is very high.

The other part is that you now have experimental stations in your corporation. You established those experimental stations for the sole purpose of finding better ways of estimating. There was another word I was looking for and can't find. That was the idea behind the experimental station both here, and I think you have one in Saskatoon as well. There is just the one here in Regina? Well, obviously that one hasn't performed very well, again by the virtue of the fact you're concerned about the increase in accidents and the increase in costs. I don't know if you have been able to reduce any ways of repairing or finding better ways and cheaper costs in that.

With those few comments, I still say the section of the act is unnecessary. There are other areas SGI could be looking at for better administration and better policy within the corporation. With the loss that you experienced last year, I think it is high time you took a look, in one form or another, either through the package policy system or the compulsory insurance system (I am not suggesting this is the way to go) at whether or not those reckless drivers, who are creating this kind of a cost, should be paying a little more money for their premium thereby reducing the cost for those people who are safety conscious and good drivers.

MR. ROBBINS: — Well, I appreciate the member's remarks and his concerns. He makes some incorrect assumptions, for example, the assumption that hazardous driver shoots the rate way up. It is true it has some impact. It obviously has but it is a very small proportion of the total. The fact of the matter is that last year 80 per cent of the 125,000 accidents were first-time accidents. They had never had an accident before. Of the remaining 20 per cent, 80 per cent of them were on their second accident. The assumption that the hazardous driver drives the rates way up is not true. It is true it has some impact. The assumption that we do not penalize them is not true. We have drivers in this province . . . One fellow I can think of has a \$2,893 surcharge on his driver's licence. I think that is pretty severe. He has a surcharge on his driver's licence. No, he is not a commercial driver.

MR. ROUSSEAU: — Passenger licence?

MR. ROBBINS: — That's right. His regular rate would be \$10. I know of another one that is \$1,000. I heard of another one the other day, \$483. The guy was berating me very strongly because he was surcharged. We do have a problem in this province. I hope the members opposite realize that if you get surcharges heavy (and they are heavy), some of these guys go out and drive without having a licence. If we catch them the next time, of course, we hit them again. But the real problem arises when that fellow gets involved in an accident and there is no insurance coverage.

Really one of the key points in the SGI in this province or the automobile accident insurance fund, I think, has always been the fact that when I'm driving down the road I know the member for Regina South coming towards me is also insured. I think that is important, far more important than people generally realize. I think it is true we need to make some alterations. If you go to Quebec, the Quebec people, in my view, are doing a better job in terms of protecting people against injury and liability claims. But they do nothing in protecting people with respect to having insurance on their individual cars. Now maybe that is not necessarily all bad. I wouldn't argue it as all bad.

I is important when you are driving in Quebec to realize that hundreds of those drivers

coming down the road at you have no insurance at all. They just do not. They will not put it on because of the costs. The costs are very severe in some parts of Quebec; Montreal, for example. I think that is important. Please don't get into the public mind the idea we do not surcharge drivers heavily. We do, but that is not in the final analysis, a complete answer.

I think we must somehow educate people to have a responsible position behind the wheel. I'm going to cite a person, for example, whom I witnessed less than a month ago. I was walking across the bridge in Saskatoon. There had been snow. It was slushy.

AN HON. MEMBER: — Did you fall off?

MR. ROBBINS: — No, I never fall off. I always walk a straight and narrow path. There was a line of traffic stopped with a new van at the end of the line. I heard this fellow coming up to the bridge; I realized he was coming very quickly. By the time he realized he was going as fast as he was and put on his brakes, the car went one way and then the other. He smashed into the back of the van. I know the damage to those two vehicles would exceed \$5,000. There was absolutely no reason for the accident to have occurred at all. If the fellow had been travelling 25 miles an hour or 30 miles an hour the accident would never have occurred. He was driving 50 miles an hour or 60 miles an hour.

We could look at all the arguments, but I think it is fair to say you must have some equity base. Now you are saying you had an equity base which has been wiped out by an extremely bad accident rate. I want you to realize that in 1978 the position of the corporation was very good, but the anti-inflation board said we had to reduce those rates. They didn't just say it to us; they said it to other insurers in the province as well. But I must point out we are not the only ones who lost. I read The Co-operators' report the other day. They had a \$10 million loss on their underwriting and expect \$35 million this year unless rates improve. So I disagree. They have an equity base supplied by 34 large co-operatives. It's much larger than the equity base supplied to SGI and they are not creating as much insurance.

MR. ROUSSEAU: — Well, let's not belabor the point. The minister has cited some statistics I am curious about. I would like to know a little more about them. You indicated that out of 125,000 claims last year 80 per cent were first-time accidents. Maybe you can tell me what age group these accidents represented? I further suggest you should do a very in-depth study of where these occurred and the cause of these accidents. Are we not providing sufficient driver education in this province? Are we not providing sufficient safety clinics in this province?

If you are telling me that 80 per cent of the accidents you handled last year (in other words, you are telling us almost 100,000 claims) were for first-time accidents, I find that very difficult to understand and accept. I would like further statistics, further information on the total analysis of what you have come up with in those 125,000 claims.

MR. ROBBINS: — The 16 year old to 19 year old group which people think of as bad is not; it's good. The 20 year old to 24 year old group is poor. The 24 year old to 35 year old group is not good. Beyond there it drops off again. The best groups are the senior citizens and the teenagers. I can get the statistics and hand them to you. I'll get them for you. I will be glad to give them to you.

MR. ROUSSEAU: — Mr. Chairman, I would like the minister to provide me with those. I

appreciate it very much because I think this is important if SGI is going to do a job. We over here want to know what is going on. Perhaps we can give you some suggestions on how to improve these.

MR. ROBBINS: — I would appreciate those. Mr. Chairman, I would like to make one further comment. He suggested that maybe we are not spending enough money. Last year, through SGI, we spent \$1,066,000 on driver training in the high schools. We spent \$530,000 on a safety program. Maybe it can be made more effective. I don't know, but we are trying, and trying hard. But we must have some change in public attitude. All we need is a bit more courtesy on the highways and we would cut out an awful lot of accidents.

MR. ROUSSEAU: — Mr. Chairman, I would make one final request of the minister. As long as you are going to be providing me with some statistics and information on the accident rate and age groups and so on . . . You have distracted me. I have forgotten what I was going to ask you. I will come back to it later on if you don't mind. I had it here but I was distracted by the members, Mr. Minister, I will pass it on to you later.

Section 15 agreed.

Sections 16 to 18 agreed.

Section 19

MR. ROUSSEAU: — Mr. Chairman, I would just like to comment. I'm not too happy when I receive a report as late as we received the SGI report this year. If we're going to do a credible job in the opposition to scrutinize those reports, Mr. Minister, I suggest to you that it should come out perhaps a month or so sooner than it did. This is ridiculous to get a report as late as we got the SGI report this year. Let's face it, we have a lot of work to do. You have 44 members; we only have the 15. With the number of portfolios I'm carrying right now, it is difficult. I would suggest the report be in our hands much sooner in the future.

MR. ROBBINS: — Mr. Chairman, the member has a good point. We'll do our best to get it out earlier. You're lucky to get it when you did this year. They told me they wouldn't have it ready until the last possible day, the 22nd, and we beat it by four, five or six days.

Section 19 agreed.

Sections 20 to 24 agreed.

The committee agreed to report the bill.

BILL NO. 52 — AN ACT TO AMEND THE PUBLIC SERVICE SUPERANNUATION ACT

MR. ROUSSEAU: — Would you just give me about two minutes here, please? I'm a little bit behind in my work here.

Sections 1 to 5 agreed.

The committee agreed to report the bill.

BILL NO. 50 — AN ACT TO AMEND THE SUPERANNUATION (SUPPLEMENTARY PROVISIONS) ACT

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Sections 1 and 2 agreed.

MR. CHAIRMAN: — Is section 3 agreed?

MR. ROUSSEAU: — No, hold it. I have an amendment coming in on this.

The committee reported progress.

**COMMITTEE OF FINANCE
MINERAL RESOURCES
VOTE 23**

HON. J.R. MESSER (Minister of Mineral Resources): — Mr. Chairman, I would like to introduce my officials to the members of the committee: to my right, Mr. Bob Boncur, deputy minister, whom you have met on various occasions in the past; directly behind me is Ms. Janice Rathwell who is the director of administration; to her right is Fred Heal, the director of the office of energy conservation.

Item 1

MR. R.A. LARTER (Estevan): — Mr. Minister, it goes without saying, I know the Minister of Mineral Resources would be very disappointed if I didn't give my usual little speech on philosophy and what we think of . . . It goes without saying that members on the government and opposition side of the legislature differ dramatically in their attitudes about spending priorities in many departments of this current government. The expenditure of the Department of Mineral Resources is probably one of the more long-standing and dramatic areas of this philosophical conflict.

As members, we are well aware and we have stated many times in the past and will continue to state, the Progressive Conservative party does not and cannot support the concept of government participation and ownership in the resources field. That surprises you, doesn't it, Mr. Minister? We feel that government run ventures are just less well managed and tend by and large to lose money. When government run operations lose money, there is only one place to go to pay the bills, Mr. Chairman, to the citizens of the province through taxation. You either have to tax them directly or to borrow on the money markets thus creating interest charges and possibly international exchange payments to cover the losses.

The Progressive Conservative Party believes the government serves the citizens' interests in a more effective and economically efficient manner by regulating and not participating in the development of the resource industries. The Potash Corporation of Saskatchewan is a prime example. We hear the Minister of Mineral Resources boast of PCS profits last year of \$48 million. But we very seldom hear of the \$500 million it has cost us to buy the industry, much of which has come from the Saskatchewan Heritage Fund, a matter which I will deal with in a moment.

We haven't heard too much lately of the \$2.5 billion that will be spent there by 1990, money that will likely have to be borrowed from New York or Toronto, at 17 per cent interest in Toronto and 20 per cent interest and 16 per cent U.S. exchange on U.S. dollars borrowed — to say nothing of the higher taxes and prices that are likely to follow as well. On the same note, we hear the minister and the Premier boast about the number of head office jobs PCS now has in Saskatchewan. I will concede that PCS has kept its head-office people in Saskatchewan, at least temporarily.

But there are two brief comments I would like to make while I am on the topic of job creation — first of all the government's announcement it will spend \$2.5 billion on PCS expansion until 1990. With the government's predisposition to continuously dip into the money markets of eastern Canada and the U.S., I shudder to think of the number of head-office jobs in this borrowing is creating in Toronto or Montreal or New York. An secondly I shudder to think of how many private bank accounts in Saskatchewan will be drained to pay the tax bills of this government when cash is required to expand.

PCS, as we are all only too well aware, Mr. Chairman, has been acquired by spending the majority of revenues contained in the Saskatchewan Heritage Fund. The government said it acquired equity in the corporation for its cash investment. Well, Mr. Chairman, I guess that is one way of viewing it. But as I understand the term equity, it means shares which are non-interest bearing. That to the Progressive Conservative Party is an area to which we take great exception. The government, Mr. Chairman, has expended a great portion of the Saskatchewan Heritage Fund to acquire this so-called equity in PCS and the uranium industry.

If I am not mistaken, the purpose of the heritage funds, with which I am familiar, is to provide some continuous economic activity to substitute for non-renewable resources when they are gone. To take the majority of the revenues from our rapidly depleting oil and gas reserves and then buy potash which is also finite and non-renewable seems to defeat the whole idea. The purpose of a positively managed heritage fund is to cushion the provincial economy from the boom and bust nature of an economy based on non-renewable resources.

Governments in many cases are short-sighted and we have a perfect example in the current administration in Saskatchewan which spends today and makes long-range spending commitments for tomorrow based on the boom side of the resource cycle we are currently experiencing.

But what about the inevitable tomorrow when the resources begin to rapidly deplete as our oil is doing today and we no longer have the cash inflow to pay for the expensive programs we started yesterday when we had the money? Do we drop our social programs? What will happen to our agricultural and our forestry industries, our renewable resource bases that are being ignored while we spend our diminishing non-renewable resource revenues on more non-renewable resources? We are caught with no money, Mr. Chairman, and no resources to generate it. The answer to extricate ourselves from this crazy, vicious circle we are in, Mr. Chairman is to direct much of our heritage fund wealth into renewable resources such as agriculture and forestry.

Investing in renewable resources logically, Mr. Chairman, means having a renewable source of annual revenue. The hon. members opposite will argue that agriculture and forestry are characterized as well by boom and bust cycles, and no one will argue that fact; but for my money, Mr. Chairman, I would feel far more secure in knowing that my money was invested in an industry which was annually renewable, rather than waking up one morning to find I had sunk all of my money in a resource that had gone and that, from that point onward, I owned nothing but \$3 billion or \$4 billion worth of empty holes in the ground.

Heritage fund money should be invested in ways to enhance agricultural productivity in this province. This could be done in many ways — the development of irrigation

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systems; the rehabilitation of non-productive soils; the provision of a natural gas distribution network to allow all farmers a cheaper fuel source; and the processing of agricultural products in this province rather than exporting them. These are just a few of the ways in which we could help the agricultural sector and provide long-term continuous help to our economy.

The forest industry is another renewable resource area that needs attention. Northern Saskatchewan is an area rich in forests which could be utilized in a variety of ways — enhanced pulp and paper development, lumber for construction, the raw materials for furniture manufacturing; these are only a few of the ways that we could stimulate this sector of our economy, provide for our own needs and increase our exports. But, Mr. Chairman, I do not want to dwell too long on potash. There are several other areas on which I would like to touch before I begin our question period to the minister.

Mr. Chairman, a recent headline in the Regina Leader-Post read: SaskOil's Profit Drops. My immediate reaction was, how could their profit drop at a time when other major oil companies are chalking up record profits? It would seem to me that only a socialist government would find a way to have the profit come down at a time when others in the same industry are making higher profits. Surely, Mr. Chairman, with ever-increasing demands for oil, and it being a crucial part of our non-renewable resource, we should expect more from SaskOil. Surely we should have seen a higher profit. The people are entitled to an answer.

The province of Alberta is in a position where it gets a good return on its oil, and Saskatchewan should be in the same position. I contend that surely we can do better in the development of our oil resources. The minister should give us an account of how this came about.

With respect to uranium development, Mr. Chairman, I would like to make a few observations on it as well. For the record, I would like to note that on February 9, 1980, the Progressive Conservative Party of Saskatchewan called upon the present government to stop the expenditure of public funds for uranium development. At that time it was obvious, as it is now, that the people of Saskatchewan are losing confidence in the ability of the current administration to objectively manage our resource revenues.

It is essential that an all-party resource development heritage fund committee be established, with the power to examine all pertinent information before any additional tax dollars are invested. The whole matter of uranium development, Mr. Chairman, should be carefully reviewed. The present government is not providing the taxpayers of Saskatchewan with comprehensive information on market forecasts and environmental safety considerations.

Clearly, Mr. Chairman, the split in the cabinet over uranium issues adds to the concern of taxpayers and confirms our lack of confidence in the present administration. In light of the recent announcement on the Government of British Columbia that there will be a seven-year moratorium on uranium exploration and development in that province, I believe it will be necessary for the present government to make clear its policy of using public money for funding uranium development in Saskatchewan.

The public in this province have been very vocal in their concern over nuclear development. And when one takes into consideration that the present government has already spent over \$300 million in public funds for uranium development and by 1981

the total investment will exceed \$500 million, then, Mr. Chairman, I believe the current government of this province has a moral obligation to the people to provide answers.

We, on this side of the House, Mr. Chairman, believe the current administration is guilty of three crimes with regard to uranium development: (1) it has chosen to ignore the fears of the public, (2) it has already spent so much money (public money) that it is in so far over its head it cannot reverse its position, and (3) it has gone against the policy of the federal NDP which it claims to be strong supporters of, Mr. Chairman, you could call it hypocrisy or probably mugwumping.

Mr. Chairman, the present government has had a very bad record in dealing with the incidents of environmental contamination. We need only to remember it has been four years since the PCB spill at the Federal Pioneer Plant in Regina. They are absolutely stumped in resolving and quickly deal with a disaster of such immense magnitude as a nuclear accident? How can the current administration possibly protect public health and the environment from nuclear hazard when it is so intimately involved in the development of the very thing against what it is supposed to safeguard us from?

It is now very clear this government must tell the people of Saskatchewan what its plans are for uranium development. The days of secrecy must end. The full speed ahead attitude for uranium development taken by the current administration is sad testimony to the fact that the current government either has chosen to ignore the fears being voiced by the public or, as I stated earlier, is so financially committed to the uranium development contracts it cannot withdraw.

Mr. Chairman, it is easily seen this government is not living up to the responsibilities vested in it by the people. It is now time for this government to clarify the following issues. The people want and expect a clear statement of the Saskatchewan government's present and future involvement in the uranium development. There is a need for a clear, detailed outline on how the Saskatchewan government plans to dispose of all wastes resulting from uranium mining and refining in Saskatchewan. Mr. Chairman, I believe this government should provide a complete statement on how much money has been invested in uranium development by the Government of Saskatchewan, including its Crown corporations, since 1971. There should be a committee of this legislature, a full House committee with a research budget and staff, to fully investigate the whole question of uranium development in Saskatchewan.

Questions such as: what is the estimated return on investment for tax dollars invested in uranium development? Would the clean-up from an incident of environmental pollution from uranium development be paid for by the public as a consequence of financial involvement of the Saskatchewan government in the uranium development? Must be answered. Indeed, Mr. Chairman, we call upon the government to stop all further investment of tax dollars into uranium development. I wonder if the Key Lake Commission brings back a report to the government suggesting uranium development is dangerous, will the government stop any further uranium development in this province?

Mr. Chairman, that is where we stand on uranium development. Now let the government make its position clear. In closing, Mr. Chairman, it goes without saying the Progressive Conservative Party and this current administration are philosophically miles apart on the subject of government intrusion into the resource development sector. I have a funny feeling the currently observed trend of government intervention

into this sector will not change. Likely the opposite is true until there is a change in government. I hope for the sake of the heritage of the people of Saskatchewan this change will not take too long in coming.

MR. MESSER: — Mr. Chairman, that speech is not much different from last year's or the previous year's speech. The member started off admitting that there is a significant difference in philosophy in respect to resource development in Saskatchewan — the government's vis-a-vis the Conservative caucus, here. He closes on those words as well. I guess one could simply say, well what's new with the Conservative position on resource development? — at least the Conservatives in Saskatchewan. Because they very much differ from Conservative philosophy and resource development strategies compared to other Conservative caucuses in opposition or other Conservative governments in Canada, Mr. Chairman.

He informs us that we can best develop our regulations . . . I wonder, Mr. Chairperson, if you can have the motor-mouth for the constituency of Moosomin allow me to respond to his colleague's remarks, which I have taken seriously. I expect the member for Estevan will take mine seriously, as he has in the past. I think he would like to hear them. Well, Mr. Chairman, if I may return to them. We can look at experiences in the past that all walks of government have been confronted with in the workability of regulations and non-direct participation or the lack of participation in the development of resources. And we'll find out that in many instances under unfortunate circumstances the provinces, the people and the resources that were in the process of being developed suffered significantly. The best example for the province of Saskatchewan has to be the activity the potash sector was confronted with during the 1960s when we had an oversupply. Certainly the government did not come in as an ownership entity at that time but they did take significant direct action — which up to that point in time had been criticized, or where similar actions would have been criticized by certain sectors of elected personnel — to correct the problem. So there are some very significant roles to government to play and some of them are drastic indeed. The regulations of the day certainly showed they were not able to cope with the problem the potash industry was confronted with during the period of time when there was overproduction, oversupply in respect of demand.

Now the member states that there is no place for government joint ventureship whatsoever, or participation, in the resource sector. And he criticizes the Government of Saskatchewan for pursuing a joint-ventureship, public-participation role in resource development. I listened to a similar expose of the Conservative policy in respect to resource development in Crown corporations last week by the member for Moosomin.

He chastised the government and its Crown corporations, especially the Potash Corporation of Saskatchewan, for involving themselves in the potash industry. I'm sure the member heard, on Friday or over the weekend, the Premier of the province of Manitoba indicating that IMCC (International Minerals and Chemicals Corporation) is going to spend some money on a preliminary survey in potash. I think that's an indicator that PCS made proper decisions in extending its production capabilities some time ago. And now other entities are looking at the likelihood of expanding potash in other jurisdictions, not only in Saskatchewan but in other areas as well. I see that Mr. Lyons has reserved the right to own 25 per cent of any potash operation which may establish itself in the province of Manitoba. I'm not arguing with them. I think probably the likelihood of a potash mine establishing in Manitoba is indeed very slim, but if it is, he has the foresight as a Conservative Premier to say that there is a very strong likelihood that he will want to participate in the development and the actual ownership and

operation of that resource. Clearly, that is a departure from the Conservative caucus in the province of Saskatchewan. When I look to Alberta I see Crown corporations involved in resource development; I look into British Columbia and I see the same thing; and certainly when I look into the province of Ontario I see the same thing. So these people should be identified as being very much different from any other Conservative caucus in Canada today. With all respect to the member for Estevan and his caucus, I suggest to them they are on the wrong track if they think we can develop these resources without participation directly and develop them in the best interests of the people we represent, in this instance, the people of Saskatchewan.

Now the member has made some comment with respect to answers he would like to have from certain Crown corporations, accountability of those Crown corporations. It is not my job, or my responsibility as the Minister of Mineral Resources, to defend the actions of a Crown corporation. We set down policies for them and believe they will be able to hire competent executive management in order to achieve those policies. Certainly the Crown corporation review committee gives ample opportunity for members of the legislature, who sit on that committee, to scrutinize the success or lack of success in respect to those Crown corporations.

I believe the annual reports and the achievements of those Crown corporations speak for themselves. Members will have an opportunity tomorrow to begin to review the Saskatchewan Oil and Gas Corporation. So I am not wanting to get into discussing the Crown corporation per se. We will have a better forum; we have a better forum in order to do that.

The member does, though, make some comment and alluded to a further line of questioning in regard to the heritage fund. He talked about the investment we are now taking advantage of during the boom cycle. He in fact criticizes us for investing in those resources which provide this boom in the province of Saskatchewan at this time. He suggests there is something improper in involving ourselves in the development of non-renewable resources. Well I don't know what the member would do if he were in our place. But surely one takes advantage of boom cycles in order to prepare for times of depression or declining economic opportunities. That's exactly what we are doing with our investments in the non-renewable resources.

When we started on an enhanced or escalated strategy so far as involvement in resource development was concerned, we stated quite clearly we were going to take advantage of those resources which were now in high demand, of which we had ample quantities, in order to generate larger returns to Saskatchewan people. We in turn could direct moneys to other areas which would give us a stabilized economy when those resources started to dwindle and dry up.

We are concerned about renewable energy as much, or more so, than anyone else in North America. We also are very much concerned about our largest and most important industry in the province of Saskatchewan. The member for Estevan alludes to it — the farming industry, the agricultural industry in Saskatchewan. By and large we have made giant steps in giving assistance and encouragement to the farming community in the province of Saskatchewan. One only has to compare farms in Saskatchewan 10 or 15 years ago to today to see an almost unbelievable progress having been made and certainly a stability in that farming sector (even though we are confronted now with troubled markets), a confidence which the farming community has quite likely never enjoyed in the province of Saskatchewan.

He mentions forestry. He knows we have a limited forestry potential in Saskatchewan. But we are using that to a greater and greater extent, certainly more so in the last five or six years than ever before. Again, we are doing that not only through private participation, but also public participation.

The member moved on then and said we should be spending some of this heritage money on the establishment of natural gas lines to all communities in Saskatchewan and to all farms in Saskatchewan.

Here again, I'm a little bit befuddled and I have to ask the member how he expects to have it both ways because he spends some time talking about the problem of development of a non-renewable resource and of how some day we're going to run out of this, as he put it, rapidly depleting resource. Certainly natural gas is one of those; it will deplete much faster in Saskatchewan than it will in the province of Alberta because we just don't have the reserves of it which they have. If we were going to turn on and encourage higher consumption it seems a bit difficult for him to say on one hand, these resources are going to be depleting very, very rapidly and we should be investing in other areas to bring economic stability, then on the other hand say we should be building gaslines to provide gas to all of these people in Saskatchewan including farmers and then five, six or seven years down the road tell them well, that's fine you've had five, six or seven years' use out of your gas-lines, we are now out of gas and we've done a tremendous service for you.

It just doesn't work that way. We know we have modest reserves of gas and we want to develop them in a very regulated manner in order to always have a certain element of security for our Saskatchewan consumers. It may be unfortunate but we have to go out of the province to acquire 60 per cent or 70 per cent of our gas and it might be arguable as to whether we could adjust the percentage figure by 10, 15 or 20 per cent one way or the other but the fact of the matter is that we are largely dependent on imported gas now and we will always be. We do not want to mislead people, as I suggest some members of the Conservative caucus are doing, by suggesting that it would be practicable and intelligent to attempt to service all farms in the province of Saskatchewan with natural gas.

Now the member wants to get into the government involvement in uranium and I suggest to a large extent he will be able to do this in Crown corporations when the Saskatchewan Mining Development Corporation appears before that committee. I do not know how much money has been invested in the Saskatchewan Mining Development Corporation. It certainly doesn't come from the Department of Mineral Resources and perhaps the member may ask the Minister of Finance or the minister responsible for SMDC when he is in Crown corporations. I disagree that we need a House committee to again review the uranium activities in the province of Saskatchewan. We have thoroughly investigated the expanded development of uranium in this province. I believe we have the most credible current reports that anyone could enjoy indicating the implications of expanded uranium development in Saskatchewan and on these we based our decision to continue to expand uranium activities in Saskatchewan, at least to the extent of mining and refining.

The member mentions the Key Lake Board of Inquiry so he knows whenever there is going to be any major additional activity in the province there will be proper channels that have to be respected and followed by the government and by the developer before any decision is to be made, either affirmative or negative. We, through that process, have a conscience and a knowledge of what the implications and ramifications of

continued uranium activity in the province of Saskatchewan are going to be.

We have structured, in our minds, the best possible means of being able to monitor and look ahead as to what the implications and the problems might be for uranium mining. I'm not suggesting to members of this Legislative Assembly that there are not problems with the expansion of uranium mining in Saskatchewan. There obviously are. There are obviously problems with any kind of resource development which takes place in this era because there are persons who are very much concerned about the consequence of the development in respect of environment and certainly people are concerned about the health and safety. I think we are leaders in recognizing those concerns and trying to contend with them.

Mr. Chairman, I'm just going to conclude my remarks by briefly responding to the three crimes the member said we have allowed ourselves to establish, or allowed to continue in the province of Saskatchewan. The first was the concerns and fears of the public. I ask the member to try to find some other jurisdiction which has done more in trying to convey information to the public and allow public input into the development of resources. Certainly we have been standard-bearers in that respect.

I don't know what else can be done. There is always going to be a certain element of the public which will remain opposed to, if I may use an example, uranium development. That doesn't mean one should not make a decision to continue development. We weigh the pros and cons very carefully and allow those people to have input and access to information. Then we make a decision as a responsible government should.

The second was that we have spent too much money in respect of that development. I suggest to the member that in many instances the money we spent on resource development has shown credible and legitimate returns. I suggest to him in the long haul that this expenditure, this direction of resource moneys to further enhance resource development in Saskatchewan, will prove to be the best investment we could make for those dollars we have at this point in time.

He concluded that the third sin was to depart from the federal New Democratic Party policy on resource development and in particular uranium development. I convey to the member that we do not believe we have departed from federal policy in respect to uranium development. If he would take the time to look at the position established by the federal party at its last convention in Toronto, he would know we are consistent with the policy — much more consistent as a provincial New Democratic organization vis-à-vis federal New Democratic policy than is the Conservative caucus here in Saskatchewan vis-à-vis the policies and actions of other Conservative governments in Canada.

So, Mr. Chairman, I conclude by saying that our philosophies differ very much in the development of resources. I say we're prepared to stand on our record. We can look at the activity and the stability we enjoy in Saskatchewan. With the exception of Alberta no other province in Canada enjoys that kind of security. This was not always the case. By and large the government and its policies have played a very large role in giving this kind of stability and confidence to Saskatchewan people.

SOME HON. MEMBERS: — Hear, hear!

MR. R.L. ANDREW (Kindersley): — To the minister, one of the big arguments in the constitutional crisis that's presently going on is exactly what the western provinces are

going to, or will receive for their resources, in particular for their oil and natural gas at this point in time. Can the minister advise the House as to projected production of light and medium-heavy crude in the province of Saskatchewan over the next five years?

MR. MESSER: — Well, I can't break out what the member asked for, at last not at the particular point in time, when he asked for sweet, light, medium, heavy and what we assume to be the production this year is just slightly under 60 million barrels in total. We expect over the next four to five years the production will stay relatively static but what will happen is the sweet, light, medium crudes will decline because we feel we don't have the pools or the resources there. Certainly, the accelerated activity in the South has not proven our assumption to be in error, but it will be offset by accelerated, expanded and enhanced production of heavy oils.

MR. ANDREW: — Would you be able to provide the sweet crude if we exclude that or put that as all other crudes other than the heavy crude? Would you be able to provide those figures for the Assembly, let's say for the projection over the next five years or perhaps ten years?

MR. MESSER: — Well, I am somewhat hesitant to do that. It's not because I have any problem with the figures but when we talk about assumptions in respect of heavy crude production, we're dealing now with new technology. We're on the threshold of a lot of new technology. A lot of people are optimistic but in actual application, we don't know whether it'll come on. The heavy crude is difficult to provide and I know he's not asking for it. In the medium, sweet, light or crudes, it can be done but who knows what the accelerated activity will bring about. On one hand, one might give what can be interpreted as a mildly pessimistic view in relation to production. A new discovery, a new method of extracting oil from the formation could accelerate that significant so I wouldn't want the member to assume these figures really mean a lot.

In technical terms, I guess we have to make some assumptions as to what we think is going to happen in the future. But there is so much that could take place it is just virtually unpredictable. Nobody would I put a lot of confidence in the figures. And if the member is appreciative of that, we'll try to break something down for him and provide it to him at a later date.

The committee recessed until 7 p.m.