

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
March 24, 1981

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

NOTICE OF MOTION

MR. CHAPMAN: — Mr. Speaker, I give notice of motion that on the next private members' day, I will introduce:

Be it resolved that this Assembly rejects the federal government's proposal to cut back severely transfer of payments to the provinces for the purposes of post-secondary education, and be it further resolved that this Assembly whole-heartedly supports the Minister of Continuing Education in his opposition to these proposals.

SOME HON. MEMBERS: — Hear, hear!

WELCOME TO STUDENTS

HON. MR. SMISHEK: — Mr. Speaker, I would like to introduce to you and to the members of the legislature, a group of 14 grade 8 students from Haultain School in my constituency. They are accompanied by their teacher, Mr. Ward. I would like to extend to them a warm welcome and hope that their visit to the legislature this afternoon will be a rewarding experience.

I would like to bring to the attention of the members that Haultain School is one of the older schools in the city of Regina. There have been many great scholars and many great teachers who attended that school. One who comes to my mind, in particular, is the former leader of the New Democratic Party and the CCF, M. J. Coldwell, who was one of the teachers in that school. These students are attending a school with a great deal of history. I hope that later on in the afternoon I will have a chance to meet and have a visit with them and answer any questions they may have.

HON. MEMBERS: — Hear, hear!

HON. MR. GROSS: — Mr. Speaker, I would like to introduce to you and to members of this Assembly, 27 grade 8 to grade 10 students from Cabri High School. They are accompanied here today by their teacher, Mr. Bob Litowski, and several parents. I understand I will be meeting with them later on this afternoon as well for a little discussion. I am sure members will want to wish them well, and a pleasant and educational stay at the House.

HON. MEMBERS: — Hear, hear!

MR. ALLEN: — Mr. Speaker, I would like to introduce to you and to the other members of the Assembly, four students from the Saskatchewan Boys' Centre in Rosemont constituency. They are accompanied today by Lamar Scales and Russ Thomas. I am sure all the members would like to join with me in welcoming these people to our

legislature this afternoon and wishing that they have a very educational and enjoyable stay in the legislature. Thank you, Mr. Speaker.

HON. MEMBERS: — Hear, hear!

MR. PEPPER: — Mr. Speaker, it again today gives me great pleasure to introduce to you, and to the members of this Assembly, a group of grade 8 students who are sitting in the Speaker's gallery. They are the remainder of the grade 8 class from Weyburn Junior High School. The other group I introduced yesterday. These students today, I believe they are some 51 in number, make a total of roughly 121 students from Weyburn Junior High School. They are again accompanied by their teacher, Mr. Jim Nedelcov, and today the other teacher is Miss Janice Mayer. Their bus drivers are Mr. Hanning and Mr. Borshowa. I assure you, Mr. Speaker, that I look forward to meeting with these students after the question period at which time pictures will again be taken, and I will have an opportunity to speak to them briefly in room 218. I am sure all members join with me in welcoming these students, and it is our wish that their visit here to the provincial capital and to their provincial Legislative Assembly, proves both knowledgeable and informative, and I know we all wish them a very safe journey home. Thank you.

HON. MEMBERS: — Hear, hear!

QUESTIONS

Community Water Supply Assistance

MR. BERNTSON: — Mr. Speaker, a question to the Minister of Urban Affairs. As I think all members will agree, we are into the third or fourth year of a drought cycle. It is my understanding that there are some towns and villages (I speak specifically of Radville, Redvers, Manor and others) that are already rationing water or planning to ration water. What programs does your government or your department have in place to assist these communities in securing a good water supply?

HON. MR. SMISHEK: — Mr. Speaker, we advise the hon. member and all members of the legislature, that my department has been keeping a close eye and a close watch on the water levels and water supplies, particularly for the urban communities, which are our responsibility. I would also advise the hon. members that as a government, we have an officials committee that is being put together to monitor the water supplies and levels.

I would like to assure the hon. member that we will be assisting those communities if the need arises, with either hauling water to ensure that they have adequate supply or, in some cases, there will be need for drilling wells. We are monitoring the situation very closely. At the moment there is no emergency situation in any of the communities. There are some concerns and there may be some water rationing. As I'm sure the hon. member is aware, I do not have control over snow or rain (I'd like to have, but so far I haven't received that jurisdiction).

MR. BERNTSON: — Supplementary, Mr. Speaker, I wonder if the minister, in light of the fact that we do have a depressed oil industry in Canada today, and in light of the fact that our rigs are rushing toward the 49th parallel, would look in to the feasibility of perhaps contracting some of our oil rigs that are rushing to the 49th parallel for the purposes of seeking deep water in these drought-stricken areas.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. SMISHEK: — I appreciate the hon. members applauding. I might bring to the attention of the hon. members that the government has already given the matter consideration and, if need be, we will try to employ them.

MR. BERNTSON: — Thank you, Mr. Speaker, and final supplementary, I wonder if the minister could explain to this House why it has taken from 1977 (I know there were several reports prior to 1977, as well) . . . This is a report from your own Saskatchewan Research Council, which I provided the government with one year ago (or about one year ago), and it says:

Water supply problems that will arise during the spring can be resolved, for the most part, by providing incentives for developing deeper wells that are less affected by drought. The incentives should include provision for testing, drilling and E-logging to identify deeper aquifers, and support for well construction, based on a percentage of the total cost, including pumping equipment, rather than a fixed grant as is presently available.

The fixed grant creates a bias in favour of shallow wells and shallow wells, as we all know, are susceptible to these drought conditions.

Why did it take so long to recognize the need for deep water, and will you now consider a program based on percentage of total cost, as opposed to a fixed cost that has the obvious bias for shallow wells?

HON. MR. SMISHEK: — Mr. Speaker, the hon. member, I'm afraid, is not that well informed about the program. If he examines last year, we did provide assistance with no limits. We did provide special assistance of \$0.5 million through urban affairs and the money that was provided was adequate in terms of special drilling. In addition to that, we had \$2 million for smaller communities. The program was extended from raising the limit from \$150,000 to \$300,000 last year that did meet the needs of the communities. The program is continuing through the municipal water assistance board, and the hon. member will notice, that in the Department of Urban Affairs money is provided and budgeted for special assistance.

MR. BERNTSON: — I wonder if the minister first would provide for me the number of deep wells drilled in the province under that program, and where; and secondly, will he not admit that since the problem is obviously still with us that his program has not worked?

HON. MR. SMISHEK: — No, Mr. Speaker, I don't think that that is true, and I don't think that he will get that kind of an expression from the urban communities, because the program has worked and has been very effective, and has been endorsed and appreciated by urban communities.

SOME HON. MEMBERS: — Hear, hear!

MR. BERNTSON: — Supplementary. The minister missed the first part of the question. Will you provide me with the . . . Thank you.

Beef Stabilization Plan

MR. GARNER: — Mr. Speaker, a question to the Minister of Agriculture. Mr. Minister, in your budgetary remarks delivered on March 5, you had stated at that time (the Minister of Finance had), that we would be seeing a cattle stabilization board being set up in the province of Saskatchewan. And I think it's by your own admission, Mr. Minister, that this is a very controversial piece of legislation. Would you at this time now table and give us the details and regulations, the whole criteria of the beef stabilization plan that were introduced by your minister, by your government, on March 5?

HON. MR. MacMURCHY: — Mr. Speaker, we will be, in fact, tabling the legislation in the Assembly. I can't report to the hon. member the actual day that in fact it will be tabled, but we will be tabling the legislation. I want to report to the hon. member as well that our plans are to have a further round of discussions with the farm organizations with respect to the legislation, and the rough regulations, the administrative regulations, that will apply to the plan. We hope to see that round of meetings get under way with the farm organizations next week. I report that the deputy minister is off to Ottawa to discuss the drought issues. Thursday is the meeting of the drought committee, so that leaves next week open for discussion on stabilization.

MR. GARNER: — Supplementary, Mr. Speaker. Mr. Minister, I've received phone calls from all over the province regarding this. Now you've stated that it's going to be controversial. I would like you to tell me what organizations your department, and especially your deputy minister, are discussing regarding this beef stabilization plan, because I am concerned that just maybe there is a conflict between you and your deputy minister, and that the only one he is really listening to is the Western Canada Cow-Calf Association in the province of Saskatchewan.

HON. MR. MacMURCHY: — Mr. Speaker, I find the phone calls from all over the province to the hon. member interesting, because I was on an open-line show this morning, the George Young show, where we had a discussion about the beef stabilization in the early part of the program, and there was not one phone call on the stabilization. Mr. Speaker, in response to the hon. member's questions of whom the deputy minister will be meeting with — the deputy minister will be meeting with the farm organizations that I met with prior to the budget coming down. As I recall them, they were SARM (Saskatchewan Association of Rural Municipalities), SFA (Saskatchewan Federation of Agriculture), Saskatchewan Wheat Pool, Saskatchewan Stockgrowers' Association, Western Cow-Calf Association. Now, I'm not sure, Mr. Speaker, whether that was the total number. I will check, but that's roughly the number and I report to the hon. member that the deputy minister in his meetings will be speaking with the same groups and probably he will be meeting with them separately. I neglected to mention, and it comes to mind, that the National Farmers' Union was also in attendance at the meeting with the same ones I met with prior to the budget.

MR. GARNER: — Supplementary, Mr. Speaker. Mr. Minister, I would like to know an exact date because these phone calls are coming in to us regarding this. Will you not agree that the livestock industry in the province of Saskatchewan is at a very crucial

stage today? Something has to be done. The farmers and I are asking you: is this plan going to be retroactive to January 1? Who are the board members? What organizations are they going to come to? Mr. Minister, we have to have some answers. We can't wait another one, two or three weeks. The farmers and ranchers of Saskatchewan want to know the answers today.

HON. MR. MacMURCHY: — Mr. Speaker, I think the hon. member for Wilkie is very unreasonable, asking me at this time, prior to discussions with the representation of the farmers to the farm organizations, when the exact date is that the legislation will be tabled in the Assembly. I indicated to the hon. member that meetings will get under way next week. It may well be that those farm organizations will want to do some checking on the principles of the legislation before reporting back. To set a date at this time as to when the legislation will be tabled, I think would not be wise.

MR. BERNTSON: — Final supplementary, Mr. Speaker. It was in your budget speech (and obviously that was printed and prepared some time ago) that this legislation would be coming down the pike, how can you justify leaving the consultation with the various producing organizations to this late date, when you've already announced the legislation will be going through this session, and that it won't be tabled next week or the week after, but sometime this session? You're going to bring it in and ram it through, and you've already stated that it's going to be controversial. Is that why you're bringing it in late, so you can just ram it through?

HON. MR. MacMURCHY: — The Hon. Leader of the Opposition does not listen. I've already indicated in this Assembly a number of times (and I did today to the question from the hon. member for Wilkie), that there has already been discussion with the farm organizations by me on the principles of the legislation before the budget came down. I indicated to them then, that once the actual legislation was complete, they would have an opportunity to look at the principles of the legislation and consider some of the regulations that would apply to the legislation, prior to tabling in this Assembly. I am going to live up to that commitment to the farm organizations. I would hope the Leader of the Opposition would allow me to live up to that commitment, and would allow the farm organizations to consider this legislation, because it's very, very important legislation, and it's a very, very important program for the beef industry in this province. I would hope the hon. member will support it when it's tabled in this Assembly.

SOME HON. MEMBERS: — Hear, hear!

Control of Health Region No. 1

MR. HAM: — Thank you, Mr. Speaker. I direct a question to the Minister of Health. As the minister is aware, his department and his government have, for some years, been attempting to take control of Health Region No. 1 in Swift Current and area. Unfortunately, it appears you're on the verge of being successful. Are you aware that upon the takeover of Health Region No. 1, Swift Current and the southwest will lose the only orthodontia service we have?

HON. MR. ROLFES: — No, I'm not.

MR. HAM: — Mr. Speaker, is the minister not aware and did he not receive letters on March 17, 1980, from that same orthodontist?

HON. MR. ROLFES: — I may have, Mr. Speaker.

MR. HAM: — Supplementary, Mr. Speaker. Would the minister please report to this House with respect to the response to this letter?

HON. MR. ROLFES: — Yes.

Grain Purchases from Grain Companies

MR. THATCHER: — Mr. Speaker, a question to the Minister of Agriculture. Mr. Minister, you are probably aware that the Canadian Wheat Board has made its annual report to producers for the 1979-80 crop year. The minister, I am sure, is aware that in that report the wheat board shows an item known as, "grain purchases from other than producers." I am sure the minister knows what that is. Those are purchases from the grain companies. I am sure the minister is aware that that item is some \$13 million this year, in other words, \$13 million which the grain companies stole from western Canadian farmers, in the fashion of excess dockage, shrinkage and short weights, etc. Mr. Minister, in light of the fact that this \$13 million is a record for thievery from our producers, would the minister think it is appropriate, and would your department support the assertion that since \$13 million is being virtually stolen from the pockets of our farmers . . .

MR. SPEAKER: — Order, order! Questions must be stated without preamble, or speech or be in the nature of debate. I take the member's comments as being in the nature of debate. That means I have to allow the minister to get into the debate as well. Now, if the member has a question, if he can state it without a preamble, and without putting it in a debatable manner, I will accept it.

MR. THATCHER: — Thank you, Mr. Speaker. My question to you is this. Do you think the wheat board should publish a list of who these people are in their ranking of thievery?

HON. MR. MacMURCHY: — Mr. Speaker, I am sure I can write to the wheat board on behalf of the government to have them respond to that item. I am sure the hon. member opposite can do likewise. Perhaps when those letters are passed forward and are answered, we can consider the answers together.

MR. THATCHER: — Supplementary question to the minister. Coupled with the \$13 million is the loss of screenings which go out with every load of wheat, in other words, screenings which are not cleaned to export standards on the Prairies. Mr. Minister, in light of the fact we have a drought; in light of the fact these screenings, the total volume of them would probably carry the livestock industry for a year; in light of the fact that it's a silly situation for farmers to pay the freight to give it to somebody else at the other end, then subsidize it back, would the minister agree and would the department agree, that perhaps it is time to re-evaluate your position of allowing these screenings on a year-by-year basis to continually leave the Prairies instead of keeping them here, where they could be used?

HON. MR. MacMURCHY: — Mr. Speaker, the answer to the hon. member's question is no, we don't plan to re-evaluate our position with respect to cleaning of grain in inland terminals in Saskatchewan.

MR. THATCHER: — Final supplementary to the minister. Would it be a fair question to ask you if the bias you have demonstrated in this Assembly to the Weyburn Inland

Terminal, and to a lesser extent to the Cargill Grain Company — because they process screenings on the Prairies, either as a livestock feed or otherwise — is why your government refuses to re-evaluate this very unrealistic position?

HON. MR. MacMURCHY: — Mr. Speaker, in response to the hon. member, if the Government of Saskatchewan, and if I personally have a bias, the bias is in favour of the country elevator system.

Drug Paraphernalia Shops

MR. TAYLOR: — Mr. Speaker, my question is to the Minister of Education. Are you aware that there are drug paraphernalia shops operating in the major cities of Saskatchewan, or in short terms, "head shops"? Are you also aware that some of the home and school associations are taking action to have these removed?

HON. MR. McARTHUR: — Mr. Speaker, I am not exactly sure what kind of shops the hon. member is referring to. If he can expand upon exactly what these shops are, then perhaps I can give him some additional information.

MR. TAYLOR: — I most certainly will. These are known as head shops, and as the minister most closely connected with the youth of this province, I would point out to you that at these head shops, people of every age can buy roach clips, hashish pipes and even dashboard pipes so that drivers can have a little puff on the road. Also, Mr. Minister, there are books such as *The Marijuana Grower's Guide*, *Grow Finest Marijuana Indoors* and there is a great assortment of various hashish and marijuana pipes. As Minister of Education, do you approve of the operation of such shops in this province where our youth can be influenced? What action will you take, if you are not in approval, to get rid of these shops immediately?

HON. MR. McARTHUR: — Mr. Speaker, I fail to understand how these alleged shops relate to any of the education acts or the Department of Education. Obviously, the hon. members are of a view that if one objects to certain things that are happening in society, any minister of the Crown should step out and arbitrarily take action which he has no authority to do under the legislation. This I would say is probably the kind of practice we could expect from a Conservative government. But I want to say to the hon. member, that I am certainly concerned to hear that kind of shop is operating and I will raise the matter with the Attorney General the first opportunity I have. I believe I will be seeing him this evening and we will try to get an appropriate answer to the question.

Environmental Impact of Proposed Cold Lake Project

MR. McLEOD: — Mr. Minister, I have raised the question with you in the past regarding the environmental impact of the proposed Cold Lake heavy oil project. As we know, the national energy program has delayed that for some period of time. You may now have a chance (and I emphasize may) or you do now have a chance to step in where your department should have been in the past, to conduct some environmental assessments of the impact of that proposed project on the Beaver and the Waterhen rivers and ultimately on the Churchill River system in northern Saskatchewan. I will ask you very simply, what are your plans for this year in terms of studies and environmental assessments, funding, etc. for the impact of that project?

HON. MR. BOWERMAN: — Mr. Speaker, there has been an ongoing communication between the Department of the Environment in Saskatchewan and the Department of

the Environment in Alberta. In the review of activities in the Cold Lake area in the tar sands with respect to the development of those tar sands in the future, there have been submissions or interventions made to the hearing board in Alberta and there have been recommendations by the Department of the Environment with respect to the development of such tar sand proposals in that area. With respect to the precise activities that will go on in the current year, I would suggest that we will maintain the same kinds of activities and the same interest that we have in the past. The precise kinds of projects that may be developed, or the precise kinds of responses that we may receive from Alberta and from the developments there, can only be indicated once the experience has been had. So I can't precisely answer the hon. member's question at this date.

MR. McLEOD: — Supplementary question, Mr. Speaker. Mr. Minister, that's almost the exact same answer I received in the past from you. You say that there is an ongoing communication between your department and the department in Alberta. Are you not aware that almost total environmental impact of that project will be in Saskatchewan, which would indicate to me that it should be your department which would be monitoring this. Certainly, you don't have to depend on a neighbouring province to monitor the impact for the people of this province.

Secondly, are you not aware of the fact that the only Saskatchewan representative on the community advisory committee (as it's so-called in that area), which includes representatives of the towns, counties, municipal districts, and so on, in both Alberta and Saskatchewan, is one lady who is the secretary-treasurer of the R.M. of Beaver River? She has received no funding, no encouragement, nothing from your department, and there she is, monitoring the environmental assessment for this province with no training or anything. You haven't given her any funding, any staff, or anything else. Will you now arrange to change that situation and commit some funds and some support to that program?

HON. MR. BOWERMAN: — Mr. Speaker, the hon. member indicates that some individual person, and I don't know the person to whom he refers, is undertaking an activity on behalf of the Department of the Environment. If she was, or if they were, then the Department of the Environment certainly would be providing some funding. If the person is acting on her own behalf, or is acting out of an interest of her own, then, with due commendation, she should be accredited for that.

But I say, again, that the Department of the Environment is monitoring the situation, is up-to-date with respect to the activities in the Cold Lake area, and is up-to-date with respect to the proposals made by both the province of Alberta and the project proponents in the tar sands area. When it is deemed expedient or wise to intervene in that activity, the Department of the Environment will do so, or it will second someone or involve someone in that particular area, and provide them with the funding to do so.

Up to this point in time, I'm satisfied that we have taken whatever action we thought was necessary in order to meet the issues that are current and before us at this particular time. We can't do any more. The member says that that's the same answer I gave him last year. If he asked me the same question and there has been no more development in the area since the previous year, then the answer will likely be the same.

Constitution re Saskatchewan's Joining in the Supreme Court Challenge

MR. LANE: — Question to the minister responsible for urban affairs, in the absence of

the Premier and the Deputy Premier. The government has indicated that it will be joining the supreme court challenge to be taken by the six provinces opposing Trudeau's constitutional package. Under the legal system in Canada, they will be using the same arguments from the court of appeal in the supreme court. How do you justify your refusal to join the court of appeal action but join the supreme court action, when they're taking exactly the same arguments in both? Also, would you answer whether or not your refusal to join the court of appeal with the same arguments, in fact, was a vacation of your responsibilities to fight for western Canada and to take a common western position?

HON. MR. SMISHEK: — I take the question on notice, Mr. Speaker.

PRIORITY OF DEBATE

Grain Embargo Losses

MR. GARNER: — Before order of the day, Mr. Speaker, I rise on rule 17 as follows:

That in light of the serious financial hardships suffered by western Canadian farmers and coupled with increased agricultural input costs, the urgent and compelling matter of compensation for losses due to the U.S. grain embargo to the U.S.S.R. to western Canadian farmers be given priority of debate.

MR. SPEAKER: — The statement of the matter as read out by the member is slightly different from the notice which I received in my office today. It would appear that what the member has done is to read a motion which he suggests potentially might follow the notice which was given to my office earlier today. It is significantly close enough to the notice which I received that I believe I can deal with the notice which was given to me and which the member included with his motion when he sent up to me.

A notice regarding the matter proposed for priority of debate was received in the Clerk's office at 11:50 a.m. for which I thank the hon. member. Matters raised under rule 17 must be of urgent and public importance. I am sure that all members will agree that this matter is important. The intention of rule 17 is to provide the Legislative Assembly with the opportunity to debate a subject which was not of a continuing nature, but one which had just arisen. I am sure all hon. members will again agree that the matter of the financial position of western Canadian farmers and the increasing costs of agricultural input is one of a continuing nature and is not one that has just arisen. I, therefore, rule that this matter is not of sufficient urgency as required under rule 17 to proceed at this time.

I refer all hon. members to Beauchesne's *Parliamentary Rules and Forms*, Fifth Edition, paragraph 285, page 91, and to the precedents of the Legislative Assembly of Saskatchewan of March 2, 1981.

MR. GARNER: — Mr. Speaker, I rise on a point of order. Rule no. 39:

A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the Assembly without notice having been given under rule 38.

Prior notice having been given under rule 38, move, and I ask for leave:

That this Assembly urge the Government of Canada to make immediate compensation to the farmers of western Canada for the losses suffered as a result of the grain embargo to the USSR, and that this compensation be based on the price differential between the pre-embargo price and the embargo price of exported grain.

MR. SPEAKER: — Order. The members of the Assembly have heard the citation with regard to rule 39, which is accurate, and they've heard the motion which the member wishes to put forward. Unanimous consent of the Assembly is required, and if unanimous consent is given the rest of the business will be set aside for the time being and this matter will be dealt with. Is it the pleasure of the Assembly to give unanimous consent? Leave is not granted.

ORDERS OF THE DAY

PRIVATE BILLS

SECOND READINGS

Bill No. 03 — An Act respecting St. Peter's Hospital, Melville, being An Act to amend and consolidate An Act to incorporate St. Peter's Hospital, Melville

MR. KOWALCHUK: — I move that the bill be now read a second time and moved to the select standing committee, Mr. Speaker.

Motion agreed to, bill read a second time and referred to the select standing committee on private bills.

MOTIONS

Resolution No. 1 — Federal Petroleum and Gas Revenue Tax

MR. WHITE: — Thank you, Mr. Speaker. As I rise to move this motion condemning the federal government's imposition of the petroleum and gas revenue tax, it should already be clear to members on both sides of this House that this new tax is causing substantial injury to the oil industry in Saskatchewan, and indeed, all across western Canada. It should be clear, too, that Ottawa must make drastic changes to the petroleum and gas revenue tax and certain other features of the national energy program if Canada is to avoid a disaster in energy exploration and production sector of the economy. And, Mr. Speaker, if the present serious downturn in exploration and production continues (and it is showing signs of doing just that), or the situation worsens, which is also a distinct possibility, the responsibility rests solely with the federal Liberal government.

Mr. Speaker, I have a number of criticisms of the petroleum and gas revenue tax, and I want to say at the outset that I believe the worst aspect of the tax is clearly that it transgresses into provincial jurisdictions.

When the Fathers of Confederation drafted the document which became the British North America Act, it was their obvious intent to grant control of resources to the provinces. Section 91.5 grants to the provinces certain powers which include:

The management and sale of the public lands belonging to the province, and the time and wood thereon.

And under section 109, the provinces are granted jurisdiction over:

All lands, mines, minerals, and royalties belonging to the several provinces of Canada.

At the time the BNA Act (British North America Act) was drafted, there were only four provinces; New Brunswick, Nova Scotia, and Upper and Lower Canada (or to be more precise, Canada East and Canada West). British Columbia and Prince Edward Island later entered confederation and were granted equal rights. The Prairie provinces, however, were not granted the same powers over resources as the other provinces when they joined confederation.

Manitoba had to wait from 1870 to 1930, and Alberta and Saskatchewan from 1905 to 1930, to gain control of their resources by the natural resources transfer agreement. But those agreements were certainly intended to give the prairie provinces equal powers with the other provinces.

I spoke on this matter at length at the last session, and demonstrated that all provinces, as of 1930, possessed equal rights and powers over their natural resources. I further demonstrated that from an historical standpoint, there is no basis for Ottawa treating one energy resource differently from another.

What I said can be found in *Hansard* on pages 2102 to 2109, April 22, 1980, so there is no need to repeat it now.

For the federal government to be legislating on natural resources, as it is now doing, is not at all consistent with the wishes or intents of the Fathers of Confederation when they drafted the BNA Act in the 1860's, nor with the wishes of the King and Bennett governments when they formulated and concluded the natural resource transfer agreements some 60 years later.

Mr. Speaker, prior to the unveiling of the national energy program, the oil industry in Saskatchewan was flourishing. The year 1979 was an extremely good year from the point of view of new exploratory drilling, and as the Department of Mineral Resources recently announced, 1980 was even better. For many years it was thought that we would never see the record of 1,458 wells drilled in Saskatchewan in 1965 surpassed. But that record was equalled and broken in 1980, right here in Saskatchewan, under the resource policy of the Blakeney government. In 1980, 1,498 wells were drilled in the province, and 1,626 drilling licences were granted — again breaking the old record of 1,534, set in 1965.

Not only was 1980 the best year in Saskatchewan's history for exploratory drilling, but the sale of Crown petroleum and natural gas rights also reached an all-time high, indicating that the oil industry was planning to maintain a high level of exploration throughout the province for the foreseeable future. The oil industry was engaged in a variety of other worth-while activities too. The partners in the Saskatchewan heavy oil project agreement proved that substantially larger reserves of heavy oil exist in the Cactus Lake area of west central Saskatchewan, than had been previously thought to exist. There were encouraging developments in the enhanced recovery of heavy oil in the northwest, and the industry also moved ahead with tertiary development in the

southwest and southeast.

As I said earlier, Mr. Speaker, the oil industry in Saskatchewan was flourishing. But today, just three months into 1981, and more importantly, just three months after the introduction of the petroleum and gas revenue tax, what do we see when we look at the oil industry in our province, or anywhere else in western Canada, for that matter?

Well, first of all, we see a lot less of the industry than we saw a year ago because many rigs have left western Canada for the United States. Oil industry records reveal that in mid-February, 546 oil rigs were working in western Canada, which was a reduction of 130 since the national energy program was announced last fall. Another 77 rigs were scheduled to go at that time, and many are now drilling in North Dakota and Montana. Almost one rig per day has been crossing the border to the United States to begin drilling there, and with each rig, 60 Canadian jobs also disappear.

In October, 98 companies were engaged in exploration in western Canada. By mid-February, 10 of them had left Canada, moving their entire operation to the United States. The industry estimates that over \$200 million in equipment has moved south, and that another \$200 million is slated to be moved when present projects are completed. In the United States an average producer can retain four times the revenue from a barrel of oil that an average Canadian producer is making at the present time. So, the trek south is likely to continue until Ottawa changes the national energy program taxes.

Crude oil production is down, too. The Swift Current fields, for example, which produce 20 per cent of Saskatchewan's oil output, have cut back to 65 per cent of their capacity.

It is pretty clear, when you look at the financial implications of the petroleum and gas revenue tax for oil companies, why production is being cut back. An average oil well in Saskatchewan produces about 20 barrels of oil per day. In most cases the producer earns between 90 cents and \$1.50 a barrel. The new 8 per cent tax levied by Ottawa, together with the other new taxes announced in the national energy program, will take, at the very least, an additional dollar from the producer.

The 8 per cent tax is not applied to the producer's profit, Mr. Speaker. That would be something with which the producers could cope. It is, rather, a tax of 8 per cent on the net operating revenues related to the production of oil and gas, and even includes income from oil and gas royalty interests. The Trudeau government stated that this tax will apply to oil companies, to individuals, and also to Crown corporations.

The petroleum and gas revenue tax quite clearly encroaches on provincial taxation jurisdiction, which I will go into in a moment. It also attempts to tax our publicly owned provincial corporations, something which this New Democratic Party does not intend to stand for and will challenge in the courts.

Mr. Speaker, section 125 of the British North America Act reads as follows:

No lands or property belonging to Canada or any province shall be liable to taxation.

Saskatchewan's Crown corporations are certainly property of the province. The recent Alberta court decision gives us reason to believe that a court challenge will prove successful.

The impact of this new federal tax regime is severe here in Saskatchewan. The vast majority of our producing wells were profitable under the old taxation system, but will obviously be uneconomic or just at the bare break even point under the new federal tax scheme. Producers have no choice but to cut back their production, as they have already started to do not just here in our province but across western Canada.

On Sunday, March 1, the Alberta government implemented a 100,000 barrel a day cutback in production. The Lougheed government intends to undertake further cutbacks in June and September which will reduce Alberta production by a further 85,000 barrels a day. That can not help but have a dramatic effect on the national economy because 185,000 barrels a day represents over 10 per cent of Canadian oil consumption.

The producing companies will also be without any financial incentive to drill for new oil here on the prairies under the new set of economic conditions. The Department of Mineral Resources has preliminary indications from the industry that exploratory drilling will be down by at least 50 per cent. From a record year in 1980, Mr. Speaker, we have gone to a deep industry-wide slump — all compliments of the federal tax system under the new energy policy.

We should take a look at a couple of these taxes, Mr. Speaker, because the petroleum and gas revenue tax is only one of a number of new federal taxes in the energy area.

The petroleum compensation charge was introduced November 1, 1980 and is levied on all domestic refineries. By year end the charge was \$2.55 a barrel. It increased \$2.50 a barrel, January 1, and will increase another \$2.50 per barrel in 1982, and in 1983. The natural gas and liquids gas tax is new, too, and will be levelled on all natural gas sales in Canada, including those to the export market. Effective November 1, the tax was set at 30 cents per thousand cubic feet, and will increase 15 cents on July 1, 1981, and January 1, 1982, and January 1, 1983.

The consumers of natural gas in Saskatchewan have already felt the effects of the new federal tax. Consumers who drive a car or heat their homes with oil will soon be shouldering the full cost of importing oil. The national energy program announced that the cost of subsidizing imported oil will be shifted, over the course of the next two to three years, from the federal treasury to the consumers. It is not enough that we must take \$17.75 a barrel for our crude oil when the international price is around \$40. But we are also expected to tolerate the massive intrusion of the federal government into traditional taxation jurisdictions of the province. As a province, Mr. Speaker, I don't think we should tolerate that. I think we should fight, and we should fight hard against what the federal government is attempting to impose.

Saskatchewan has never demanded that other Canadians be required to pay the full OPEC (Organization of Petroleum Exporting Countries) price for our domestically-produced oil, Mr. Speaker. Our position has always been that prices must increase to encourage development of new oil supplies and alternative energy resources, to promote conservation and to fairly compensate the owners of the resource, the producing province. This approach obviously leaves considerable room for negotiation between governments. It certainly does suggest that oil prices will be higher, but prices need not necessarily be the world prices.

The Saskatchewan government has also advocated a system which would provide for

any large increase in oil prices to be placed in a fund which would be dedicated to energy security for our nations. As far back as 1975, Premier Blakeney was advancing the idea of a Canada energy security fund, which could have initiated a wide variety of energy projects to further our quest for self-sufficiency. Consequently, Mr. Speaker, I don't believe the Government of Saskatchewan could be called greedy. We have been most considerate, even generous, where other Canadians have been concerned. The Trudeau government, on the other hand, has been anything but generous, and as inconsiderate as possible in bringing in its new energy program.

The situation can well be illustrated by referring to some figures set out in the national energy program. In August of last year the wellhead price for conventional crude was \$16.75 a barrel. The petroleum compensation charge, which I mentioned earlier, was then \$1.75 a barrel, or relatively small by comparison to the price for a barrel of oil. By the federal government's own projections for December 1983, the wellhead price will be \$22.75. The petroleum compensation charge will be \$10.05, or almost half the wellhead price. Remember, the petroleum compensation charge is just one of the new federal taxes on energy resources.

One might well ask, what room is there left for the producers and the provincial governments in the federal government's scheme? Well, if recent experience with the petroleum and gas tax is any indication, Mr. Lalonde and his federal colleagues don't seem to care. The federal government simply marches in and imposes a whole series of new and extremely high taxes on the producers, and the provincial treasuries are supposed to adjust to them. As the national energy program figures demonstrate, Ottawa intends to continue the process.

Four of the provinces now complain that our wellhead prices are about half of the world price. By 1983, the Lalonde blueprint calls for the provinces to be receiving less than half the Canadian price for their oil resources.

Since 1974 Saskatchewan has foregone revenues in excess of \$3.2 billion due to the fact that we have been forced to sell our oil at less than the prevailing price in the international market. Of that amount, \$1.9 billion was a benefit to the citizens of eastern Canada who were buying Saskatchewan crude and \$1.3 billion was collected by the federal government with the oil export tax.

In addition, Ottawa collected about \$400 million in corporate income taxes from Saskatchewan oil production and about \$130 million from the special excise tax introduced in 1975. This amounts to a total of \$1.8 billion that the federal government has collected from Saskatchewan oil production since 1974.

By comparison, since 1974, the Government of Saskatchewan, the rightful owner of the resources, has collected through royalties and taxes an amount only about equal to that siphoned off by the Trudeau government.

Mr. Speaker, we are not asking to become rich or dominant among Canadian provinces. We are merely asking that enough of our resource revenue be left with the provincial government to permit us to register a decent return on behalf of Saskatchewan citizens, and to undertake the development of our resources, which will be necessary to provide for the future energy security of Saskatchewan and of Canada.

Mr. Speaker, I move, seconded by the member for Estevan:

That this Assembly condemn the federal government's imposition of the 8 per cent petroleum and gas revenue tax, which will adversely affect the revenues of provincial Crown corporations such as SaskOil, invade the province's constitutional tax room and render unprofitable much of Saskatchewan's oil production activity; and urge the federal government to remove the tax on Crown corporations and to make provincial royalties deductible.

SOME HON. MEMBERS: — Hear, hear!

MR. CHAPMAN: — Mr. Speaker, in seconding the motion to condemn the federal government's imposition of the 8 per cent petroleum and gas revenue tax, I want to place before this Assembly the devastating effect that the present method of implementation of that petroleum and gas revenue tax and national energy program is having on the oil activity in the province of Saskatchewan.

In particular, Mr. Speaker, I want to deal with the section of the motion that renders unprofitable much of Saskatchewan's oil production activity.

Mr. Speaker, I beg your leave to allow me to refer very copiously to my notes, because it's a very serious concern and it's a very precise concern, and therefore has to be documented in as articulate a manner as possible.

Mr. Speaker, to properly understand the national energy program introduced in conjunction with the federal budget last October 28, one must understand the components of the federal energy policy that pre-dated the program.

By the Petroleum Administration Act, Ottawa has for some time unilaterally set the price at which oil resources can be sold. That price has, for some time, been about 50 per cent of the world market price. Further, by its oil export tax, the federal government has almost taxed away the difference between the domestic price of oil in Canada and the world price of exported oil. Thus, for 1973 to 1979, Ottawa's export tax has taken some \$900 million from Saskatchewan. From oil currently being exported Ottawa has taken another \$15 a barrel. As Saskatchewan exports over 20 million barrels a year, the export tax is now costing us something like \$300 million a year.

The Petroleum Administration Act meanwhile artificially holds down the price of our oil used in Canada. Saskatchewan produces over 30 million barrels of oil for domestic use, but, by its regulating, Ottawa reduces the price at which it can be sold by about \$20 a barrel or about \$600 million a year. As well, of the existing \$20 a barrel domestic price, Ottawa taxes away another \$8 a barrel or another \$200 million a year.

This year the federal government's total take from export and domestic taxes on Saskatchewan oil will be over \$500 million. That, Mr. Speaker, is a burden shouldered by Saskatchewan without the new national energy program. Despite that burden, Saskatchewan's oil industry continued to thrive. In fact, 1980 was a record year for the industry.

Records were set in the number of wells drilled — 1,498 wells were drilled eclipsing the old mark of 1,458 established in 1965. Drilling licences issued also reached a record level last year — 1,626 licences were issued, again surpassing the previous record of 1,534 licences set in 1965. Revenue from the sale of Crown petroleum and natural gas

rights, in 1980 reached \$78 million; the previous high for such sales was \$37.1 million set in 1979.

Particularly encouraging last year was the interest shown in the Kindersley heavy and light oil areas where a record of 460 wells were drilled, up from 271 wells in 1979. The Estevan area also showed a dramatic increase in wells drilled last year — 232, up from 145 in 1979. The point must also be made that the record-shattering year of 1980 unfolded under the existing system of royalties and taxation in Saskatchewan, and despite the hundreds of millions of dollars taken out of Saskatchewan by Ottawa, the fact that such records could be set clearly shows that our royalties and our taxes were not excessive or unfair. They simply represented a fair return for the people of Saskatchewan on a resource that after all belongs to the people.

Now, Mr. Speaker, all that has changed. The 1980 oil boom in Saskatchewan, which should have continued on into this year, has been brought to an abrupt halt by the so-called national energy program. It's difficult to see that that program is anything more than a manifestation of Ottawa's desire to take over our oil revenue. It's a program that is going to hurt producers and the producing provinces, while benefiting no one. It is yet the latest attempt by Ottawa to force producing provinces to pay for an ill-conceived federal energy policy. The program contains a host of new taxes to be paid by producers and consumers alike. I should like to briefly examine some of those taxes and the effect the program will have, and is having, on the exploration and development.

Beginning November 1, 1980, all domestic refineries were required to pay a petroleum compensation charge that, by the end of the year, was \$2.55 a barrel. That charge increased by \$2.50 a barrel on January 1, this year, and is slated for additional \$2.50 a barrel increases in 1982 and 1983. Thus, by 1983 Ottawa will have imposed new taxes of \$7.55 a barrel through the compensation charge at the refinery level alone. Consumers will foot the bill. The producing provinces will get nothing. Over the next three years, Ottawa also plans to increase the price of oil by \$2 a barrel per year at the wellhead, but by the same token, Ottawa currently taxes away a share of the wellhead price greater than the Saskatchewan government's share.

With respect to natural gas, the price will track the wellhead price for oil except the gas prices will be frozen this year to make room for the new federal natural gas sales tax — yet another revenue grab by Ottawa. The new gas tax applies to all natural gas sales in Canada, and in Saskatchewan's case, to the SPC. Saskatchewan clearly shoulders another unfair burden because, unlike the oil export tax, there is no export charge on natural gas or electricity. The same export rules ought to be equitably applied to all energy exports. The natural gas sales tax will be shouldered by all Canadians regardless of where the gas originates. At forecast consumption rates, this tax will cost Saskatchewan consumers almost another \$200 million by 1983.

Mr. Speaker, yet a further tax was also imposed by the national energy program, a tax which has attracted a great deal of attention. Ottawa's new program unveiled a petroleum and gas revenue tax set at 8 per cent of operating revenues. It's this tax which has made many oil wells in Saskatchewan uneconomical. There is a relatively simple reason for this situation. An average oil well in Saskatchewan produces about 20 barrels a day, and the producer earns a net back on old oil in a maximum tax case of between 90 cents and \$1.50 a barrel. The new federal tax regime, in particular the 8 per cent of revenue tax, will take at least an additional \$1 a barrel from the producers dropping net back to close to nothing, or even below zero. Mr. Speaker, many producers will have no choice but to shut production; there is virtually no incentive to

drill for additional oil under these economic conditions. From a record year in 1980, the industry will slump severely this year, and that slump will continue into 1982. Production will be drastically curtailed.

Prior to the new energy program, production forecasts for Saskatchewan oil were set at 165,000 barrels a day this year, rising to 178,000 barrels a day by 1985. Revised forecasts, in the light of the federal program, say production this year will be 13 per cent less at 144,000 barrels a day and by 1985 will be down 37 per cent, at 113,000 barrels a day over pre-1980 national energy program projections.

Preliminary drilling forecasts for this year say a decline in wells drilled could reach 50 per cent, and this is in large measure due to the new 8 per cent petroleum and gas revenue tax. Mr. Speaker, it has taken several years of careful planning, including dialogue with the oil industry, to bring to this province the kind of success that we saw in 1980. In a few short months the national energy program has killed the momentum that was gained from all of these efforts.

A casualty report of the drilling and service rig contractors, carried out by the Canadian Association of Drilling Contractors 90 days after the publication of the national energy program, showed 60 drilling rigs had left Canada. By April 30, it is estimated that another 60 drilling rigs and 16 servicing rigs will have left. Mr. Speaker, this represents 20 per cent of Canada's drilling and servicing capacity. By May 15, the Canadian Association of Drilling Contractors forecasts that there will be 201 drilling rigs out of service in Canada with contracts and 86 additional service rigs out of service. Another 30 per cent of the Canadian drilling and servicing capacity has been lost.

Our own forecasts indicate that in the period from 1980 to 1983, Ottawa will have muscled in on 30 per cent of Saskatchewan's oil and gas revenues. That will be more money than Saskatchewan, as the owner, will get from its resource. The result of federal blundering in on the energy field is clear. In Kindersley, Bighart Oil and Gas Limited has scrapped plans to drill 80 to 100 wells this year. Another driller active in the area, Page Petroleum Ltd. has abandoned its pre-energy program plans to drill some 80 wells.

Mr. Speaker, Ottawa is indeed damaging Canadian efforts to achieve oil self-sufficiency. Exploration and drilling will be drastically cut back. Wellhead prices will increase too slowly, and the new tax regime will put marginal wells out of production. By its actions, stemming from its ignorance of the factors that determine exploration and development, Ottawa is hurting all of the producing provinces. Saskatchewan is particularly hard pressed because, as I have mentioned, many of our wells are of a marginal nature, that is, producing less than 30 barrels a day. It is certainly the case in the constituency that I represent. There are dark days ahead for the oil industry in Saskatchewan.

Mr. Speaker, before elaborating on the particular conditions that affect the area I represent, and that is the Estevan constituency, I should like to point out that the struggle for control of our oil resource is not new. Some years ago, Premier Blakeney was forcefully arguing, right in this Assembly, that the added revenue from oil price increases should go to the producing provinces. Premier Allan Blakeney was told then in this very Assembly by the members opposite (and I quote):

The selfish attitude of the Government of Saskatchewan is wrong.

Today, the same members say it is wrong. Today, they call for a reduction in the provincial royalties and taxes. Such a move can only move for Ottawa.

Be that as it may, the national energy program has hurt Canada. It has hurt Saskatchewan and it has hurt the Estevan and Weyburn area. The member for Weyburn and I have been meeting with the Southeast Service and Supply Association, which resulted in a further meeting on March 18 with the ministers of our government and representatives from both the Southeast and Southwest Service and Supply associations. They have also developed casualty reports and some 130 days after the imposition of the 8 per cent petroleum and gas revenue tax, here are the facts.

In the Southeast, the casualty facts are from the surveys sent out to some 63 firms in the oil industry from which they had some 54 returns. These 54 returns represent a pay roll in the southeast corner of some \$11.9 million. Pre-national energy program, the 54 firms employed some 770 employees and in the spring of 1980 showed layoffs of some 85 employees. Today, we see that same group looking at 512 employees with layoffs in excess of 200.

In the Southwest, the casualty facts are also from a survey sent out. From the 39 firms in the oil industry, they have had some 30 returns. These 39 firms represent a pay roll in the southwest corner of some \$3.9 million. Pre-national energy program, the 39 firms employed some 246 employees and in the spring of 1980 showed a layoff of 21. Today, after the 8 per cent energy tax, that same group was looking at 140 employees with layoffs in excess of 93 — from 246 employees down to 140 employees; 21 layoffs up to and in excess of 93. In total, Mr. Speaker, in the pre-national energy program, out of 1,016 employees in the southern part of Saskatchewan involved in the oil industry, there were, at this particular time of the year, 106 layoffs. In the post-national energy program, out of 652 employees there are in excess of 293 people laid off. Mr. Speaker, if the present situation continues, the oil field supply and service firms in our area are predicting a further 212 people will be out of work, which will total some 400 people directly laid off due to the present national energy program.

As well as the devastating effects on the human resources in our oil industry, oil production and well activity have been seriously affected. Just about daily, in the southeast corner, we read or hear about independents announcing cancellation of drilling activity, reluctant plans to move south to maintain viability, and now a further cutback, a 50 per cent shut-in of production because of the blending quality of southeast oil and the moves of Alberta in attempting to get Ottawa's insensitive attention. Some of the verbatim comments which were documented by the associations making representations to us were:

In January and February, '78, '79, '80, I carried nine full-time employees. In January and February of '81, only four employees were working part-time. I can't last much longer at that rate. Should present conditions persist, they are going to have serious repercussions on our general oil field sales. There is a 30 per cent cutback of work at the present time. Gross revenue has dropped 24 per cent. Volume is down 25 per cent. Due to the fact that the oil industry has slowed down in this area, my sales for the period from January 1, 1981, to the present time are less than half the total sales for the same period in 1980. All indications are dismal. We are already seeking types of employment other than in the oil fields.

A city council in an oil area expressed its concern with the following comment:

The council would like to indicate to you, the Minister of Mineral Resources, its most serious concern with the effect of the national energy policy upon the city and the surrounding area.

Mr. Speaker, to say that the effect is devastating is mild. This is what I'm going to do to the hon. member for Souris-Cannington. I've spoken firmly and factually. I know the results in my constituency. I urge, in the strongest possible terms, a condemnation of the federal government for the implementation of the 8 per cent tax. I urge the federal government to remove that tax. On behalf of my constituents, I can do nothing else. I urge my government and all of the members of this Assembly to support this motion and to consider every means possible to protest the insensitive attention of the federal Government of Canada. Tell how wildly off the mark it is with the national energy program in establishing its own aims of security of supply, ultimate energy independence, and fairness in pricing. It's my pleasure to second the motion and, certainly, I will concur with it.

SOME HON. MEMBERS: — Hear, hear!

MR. ANDREW: — I have a couple of comments with regard to the motion and the seconder of the motion, Mr. Speaker. With regard to the comment, first of all, of the member for Estevan, it's perhaps a sorry day that we are left with no other option in his mind except to speak loudly and to issue a condemnation from this Assembly on private members' day. I really question how much impact that's going to have on Mr. Trudeau. The hon. member makes reference to the meetings and the quotations by various companies which have met with him or met with the provincial cabinet about their problems. I understand, further, that the same people who met with the provincial cabinet asked for a roll back, not to demonstrate that they were going to show weakness, but to roll back to where the Alberta level is. And I think that is what the members on this side of this Assembly have asked for some time. We should have a similar royalty structure to that of the province of Alberta. Because of our higher structure here, the national energy program (I don't think anybody will deny this) has a substantially more harmful impact on the province of Saskatchewan, and has brought us into a negative position. So I would simply say to the member that perhaps you could have raised that point as well. These people are losing their businesses, moving away, moving out of our province, and moving out of our country.

The member also made reference to a couple of companies in Kindersley — Bighart Oil and Gas and Page Petroleum. I wonder if the member really knows who Bighart Oil and Gas is? The president of that company is a guy by the name of Hartley, Bob Hartley. He kicked around the oil patch in Kindersley and was working on a service rig as a rig hand. He worked his way up, saved his money, built his company. One of the directors of that company happens to be a former business partner of mine in a law practice. Another person in a controlling position in that company is a local farmer in the Kindersley area.

They have all moved, I agree with that. They moved to Texas. They bought 55,000 acres of land in Texas. It cost them \$5 million. And that is where that company has gone, and the people in that company were local people from the Kindersley area who used their sweat and blood to make that company go and to build that company.

Page Petroleum is in the same situation. Tommy Jacobson, who is the president or was the president of Page Petroleum, built that company and much of the infrastructure in

the Kindersley area with regard to the oil and gas industry. And that company has gone.

And who has replaced those two companies? The member isn't quite correct when he says that oil activity in Kindersley is completely shut down because the new players in the game now are Gulf Oil and Petro-Can, and those are the companies that are drilling there now. Drilling is almost as active as last year — not because it's economical, but because they are large enough to be able to weather the storm. So what was the net result? They drove out the local independents, the local entrepreneurs who grew and developed within this province, and replaced them with the multinationals or Petro-Can. And that's the reality of what's happening.

I think the members opposite, as well, should go into this further. Rather than simply reading out the statistics (and that's important) we have to take a wider view of the national energy program. As I said before in this Assembly, the national energy program was predicated on one thing. Over the last decade, the decade of the 1970's, the federal government in a lot of fields other than energy injected itself into programs (the cost-sharing programs between provinces) with the result that a fantastic federal debt was built up that costs literally billions of dollars to service at this point. That is where the problem arises right now, because the province of Saskatchewan and the province of Alberta have the money coming in, but the federal government is in fact broke. It is out of money, and it has to get money some place.

Let's look at the objectives of the national energy program. The objectives, as set out by Mr. Lalonde and the Minister of Finance, are these.

First we have to address the question of oil self-sufficiency in Canada by 1990. That's an important question we have to ask ourselves: does the national energy program in fact address that question? That's first, and I suggest, foremost in the national energy debate right now.

The second one to address is that they must improve regional balance. I suppose that's a legitimate complaint. I don't know. But they have to have the poor provinces, or the have-not provinces, share the advantages of the have provinces. That's the second stated objective of the national energy program.

The third objective is to offset the federal deficit, which is massive right now. We all agree with that. And we all agree that it has to be addressed in some particular way.

Point number four that they wish to address is that they wish to Canadianize the oil and gas industry, and nationalize — or you can look at the two of those together, as to which way they want to go. But, that's their fourth stated objective. That, in itself, is not wrong either, as it relates to Canadianization. I don't happen to subscribe to the view that we want to move full-bore ahead and nationalize the industry. But I guess that is where the people on this side, and the people on that side, disagree philosophically. And that's fair.

The fifth point of the national energy program is that because of their election promise, in the election of 1980, they want to keep the price of oil down to the consumers, and down under the so-called 18 cents that they talked about in that last general election.

So, there are the five stated reasons of the national energy program. The problem, then, comes to this: how is the federal government going to address those five particular

points?

Clearly, the answer, as seen by Mr. Lalonde and his cronies in Ottawa, is basically this: "The West has the money; we don't. We have to take the money away from western Canada in some way or some other form." That, I agree, with the members opposite is the rationale behind the national energy program.

They wish, through the national energy program, to drain off the energy investments that would normally be slated for western Canada — particularly for Saskatchewan, Alberta, and British Columbia. They want to drain off that resource, drain off that expertise, and put it into another region of Canada. The regions are the Canadian lands, the Beaufort Sea, Hibernia, and the North generally.

I think it's interesting to note a statement by a Richard Proctor, executive director of energy, mines and resources, petroleum resource evaluation group. Here's what he had to say before a meeting in Calgary:

Citing recent geological surveys of Canadian estimates it would take 22,000 new exploratory wells in western Canada to find 2.6 billion to 3.3 billion barrels of new oil.

In contract, 75 wells in the Mackenzie Delta-Beaufort "might" find 2.4 billion to 2.6 billion barrels. In 150 wells offshore on the East Coast, there might be found 2.4 billion to 3.6 billion barrels of oil.

So, the strategy, as set out by this fellow Proctor, is basically this: "We can proceed to build 22,000 wells in the prairie region, or we can opt to drill 75 wells in the Beaufort and get the same amount of oil, by their projections, or drill 150 wells in Hibernia and get the same amount of oil."

That is clearly the strategy and the direction by which they intend to go. Obviously, the cost of developing oil in the frontier, whether it's Hibernia or the Beaufort, is substantially more expensive.

But, the thinking of the federal government is quite frankly this: those wells up there are what the industry refers to as the "elephants." We're dealing with, and I think the member referred to it correctly, 20 barrels to 25 barrels a day. Those are the average productions in the province of Saskatchewan.

By industry standards, those are referred to as marginal wells. In fact, most of Saskatchewan's oil production can be fitted into that classification of marginal wells. But, that's not the case in the Beaufort. And, that's not the case off Hibernia.

So, the federal government's strategy is this: there is a lot of oil up there; they're big hits if you get them. There's a lot of oil on the East Coast; and they're big hits if you get them.

The problem with that policy is twofold.

Firstly, although they produce far more oil from one well, the cost of producing those wells is anywhere from \$50 million to \$100 million per well, and even if they find oil there (and that is the crucial question) then the cost of developing and transporting that oil is horrendous compared to the problems of putting the oil in western Canada into the system, into the mainstream, and eventually into the gas tanks of the automobiles, or the heating systems of the homes.

So this is where the basic problem and the basic direction of the federal government is. And the reason the federal government is moving in that direction is very clear. Firstly, if they move that way it is not an incentive to drill in western Canada. They force the resources — be they the people, the expertise, the equipment and the capital — to go other places. And that is happening. Dome is moving, cutting back its production and exploration budgeting in the West, in our region, into the Beaufort and increasing its effort into the Beaufort. Mobil Oil is cutting back in Swift Current; they are cutting back seriously, but they are taking that extra dollar and they're popping it into the United States, or they are popping it into Hibernia. Again, that's the direction in which that capital is moving. It is part of the federal strategy so clearly put forward by Mr. Proctor, and that strategy is this: along with the national energy program, we also have the demonstrated claim by the federal government that Canadian lands are Canadian lands, and once they move that exploration onto the Canadian lands, then they receive the drilling permits. They receive the revenue from the land sales, and they are the people who are going to take the royalties, and no one else. Now, clearly they have a problem in Hibernia with the Newfoundland government, but they are doing the same thing to the Newfoundland government that they're doing to the western provinces, and that's saying, "You're not there; you're not a part of it." And our party in Ottawa has constantly stood for the right of the province of Newfoundland to have ownership on the offshore oil, every bit the same as the ownership of Saskatchewan or Alberta. And I might say that we are the only party that stands for that particular proposition.

As well as the financial benefits (and they are clearly many), they also have the political benefit, because by doing that, they then control where the resources are going to develop. They, and not the provinces, then control that. They force the provinces by running them down to a negative figure, or small figure; they move the industry out, and then they say that the provinces are going to be running on bended knees to them to do this, to give in, to capitulate. And by doing that they don't have to move with their emergency powers under the Canadian constitution.

But the big trouble faced by the federal government is the big "if" and it's a serious "if" when we deal with the question of oil self-sufficiency. If you go back to the early 1970s in the oil industry, you see a similar action, not caused by government, but caused in the board rooms of the big multinational oil companies (the seven sisters, if you like), and those seven sisters were basically controlled out of Toronto — Imperial Oil, Gulf Oil, Shell, Texaco, the list goes on. In the early 1970s, what those companies did was this: they said, "The market isn't there. Alberta and Saskatchewan don't look very fruitful to us. We're going to take our budgets and we're going to run the frontier with them, where we're going to find the big wells." And that's exactly what they did.

They spent millions of dollars off the West Coast; they spent millions of dollars off the East Coast and never found Hibernia. They spent literally millions of dollars in the North, only to find out that they didn't in fact find oil in any marketable quantity.

So what happened? During the same period time, the small independents in this country were developing; they were developing West Pembina in Alberta. That's where the Hunters got started, where the Domes got started. Those were the people who developed that industry, only to find when the multinationals didn't find the resources in the North, they simply came back and bought them out. They bought out the small independents or they had buy-ins with them. That's the way they developed their oil in that area.

The problem I see here is this: what happens to oil self-sufficiency in this country, if away we go again with this great plan to find the oil in the North, find the oil in the Hibernia, and what happens if we don't find it? What happens if five years go by and there's no oil produced? You can't simply turn the switch on and produce a billion barrels of oil in Saskatchewan and Alberta in one year. It's not there; it takes lead time to develop it. And that is really the serious, serious problem with the national energy program, because it is not going to address that question of oil self-sufficiency. Five years could very easily come along and instead of relying, as we are now, on the imports, that reliance could be doubled in five years.

I think anyone in this Assembly can agree that if we double our reliance on foreign oil, it's going to cost us in two ways. It's going to cost us extreme numbers of dollars. The deficit is rolling up in astronomical figures, because of that imported oil price that we have to pay. That's number one. Number two, there is a clear trend developing in the Middle East. They are not stopping their escalation of the price of oil. It's going higher and higher. In five or 10 years time, the price of oil is probably going to be at \$100 a barrel, and I don't think that's out of line in the sense of what it's going to be.

If we are forced into a situation five years from now, where we're paying \$100 a barrel for imported oil and we are doubling the amount of imported oil that we have to take, we are going to be in serious financial trouble in this country. It's absolutely stupid on the part of the federal government and the national energy program.

As well, there is another very serious problem and that is the security of supply from the Middle East. As anyone knows from an even cursory study of the serious political problems in the Middle East — in Iran now, and maybe tomorrow in Saudi, Arabia, wherever it's going to be — that oil supply could easily be cut off. We are going to be left in this country without the wherewithal to put our oil into production, whether it's our heavy oil, whether it's our tar sands and synthetics or whether it's our conventional oil that we have today. That is the most serious, fundamental problem of the national energy program, that it does not, in fact, address the question of oil self-sufficiency.

I suggest, Mr. Speaker, that we have to look at the main premises, as I set out, of the national energy program. Are they really addressing the question of the national energy program, of the premises that they have set out?

Number one, energy self-sufficiency. I don't think so. I don't think anyone in the oil industry would say that they have seriously addressed that problem. The premiers of the three or four western provinces have clearly stated that they haven't addressed that problem. They see that (and I think rightly so) as the most fundamental question on the national energy program today. The question of security of supply, as I have mentioned, has not been addressed in the same vein.

What about the question of regional balance? The strategy being advanced by the federal government is that it is going to close the gap between the regional imbalances. How do they propose to do that? First of all, they can't let the western provinces proceed on their present course because they will become far too wealthy by that. They see the western provinces as not being prepared to share that wealth. Of course, they want that wealth right at the start, not as it is circulated through the economy once or twice over.

That is where the federal government's strategy works the second time. Their theory basically is this. If we have the control of the revenue flow through the royalty rents to

us, we can distribute it. If we can control the development of the East Coast or the development in the North, the net result of what is going to happen is this: we can then shift that economic activity to the Maritimes to build the large platforms which have to be used for drilling off the East Coast. They can develop the heavy equipment and that kind of material that is required in the North. They will direct where that equipment will be manufactured, where that equipment will be built.

I say to the national government, they are wrong to think we are going to develop those 22,000 wells in Saskatchewan and Alberta, that in fact, only Saskatchewan and Alberta will gain from that development. I think all the members would have to do is to look at some of the tertiary recovery projects we see in the province of Saskatchewan today, where they are developing 100 barrels a day out of 16 or 17 wells. But the cost of that is running at something like \$6 million right now. The reason the cost is high is because of the extensive need of iron and technology to put that together.

First of all, you require a large, a massive water softening system. Most of that equipment is going to be manufactured in the foundries and factories of Ontario, because we don't have the systems available now to do it here. Clearly, it is something we have to develop, if that is to proceed with tertiary recovery. The steam injection systems, the massive steam generators — again it is ironic. It is equipment. There are jobs in building it. If we are to develop tertiary recovery, I think the latest estimates are something like \$40 a barrel, just to lift the product up, to put it into place for refining. Forty dollars — that's the kind of dollars we are talking about.

Now, that \$40 is going to create a lot of jobs, not only in the West, but throughout the country. That is the question we are not addressing again. When we move into tertiary recovery, the money is not going to be there for governments directly, in the sense of royalty rents. But the money is going to be there for governments as more jobs are created, as more people have employment in medium-or-high-technology jobs. They are making good dollars. They are paying income tax. They are building towns. They are building communities. They are building infrastructures in this province, and that's the fundamental thing we need in this country — clearly, the fundamental thing we need in the province of Saskatchewan.

I question whether or not the federal government is really concerned, or being that foresighted or looking ahead when they say they want to address the question of the gap closing. Because really what they are doing is taking the money, as the hon. member has shown; their grab of the resources is more, and more, and more. But the use they have put those resources to is not to build something new. They are using those resources to buoy up an already troubled industry in Ontario. It's not to build the steam injection systems or other technology needed to develop oil. It's going into building more automobiles the same way they built them before, quite frankly. They are pumping money into an industry which is unproductive, which is losing its way in the international situation with regard to productivity. That's where their money is going. I suppose there is some degree of sympathy for the people of Ontario when they say, "Well, we are going to have to get rid of 20,000 auto workers." Obviously, that is the problem they are addressing.

Are we really solving the problem by saying, "Well, we won't do it this year, we'll put that question off, get some loan guarantees and prop you up here and prop you up there." So the same number of people are building the same number of cars, which are inefficient and becoming obsolete as far as the industry is concerned. My question is really: is the national government addressing that question with its national energy

program and with its industrial strategy that it supposedly advances to the people of Canada? I don't think the answer is there; those are band-aid solutions. What they are doing is taking short-term measures. They are taking good economics, from an area which has growth potential, has an exciting industry that is ahead in the world in developing that energy, and they are pouring it into bad economics. Then they have the audacity to come out and tell us, "You people are bad because you're not prepared to share with the rest of your country."

I don't think there is anyone in the West who is not prepared to share with the national government and with our brother and sister provinces. What we are saying is that we want to share in a meaningful way, so we move ahead to develop better economics and a better country. That is so serious and so fundamental, and it is the thing we are not doing.

Premise number 3 of the national energy program is Canadianization. I say to the members opposite that I am not opposed to Canadianization. I think it's a good thing. Quite frankly, I'm not going to be one who stands up in defence of Gulf Oil or Imperial Oil or Texaco. They really haven't earned that kind of respect from the people of Canada. However, by the same token, is Canadianization really our priority when we look at our national energy program?

The Canadianizing program has been in force for some years now and in the last five years I think we've seen a fair amount of progress. Witness the development of Dome, Nova, Canadian Hunter or Norcen. Those companies started small and have become major players in the industry now. They are Canadian owned, with head offices in western Canada, and that can't be said by the big multinationals. We are developing in that way.

It seems we will have to look at the enormous amount of money, technical help and equipment needed to develop the energy resources in this country. It's one thing to say, "Yes, we want it Canadianized." But I think we have to prioritize that requirement with the other requirements of capital need, equipment need and technical expertise. I'm not sure we should move that quickly with that as our major priority. Another factor as it relates to Canadianization, in going back to my premise of the need for capital, equipment and people, is that it just happens that we live right next door to the United States of America, whether we endorse, from your side of the House or from our side, its present energy programs or the de-regulation of the oil programs by the Reagan government. It's going to be a fact for at least another four years in the United States, so we might as well address that question.

As we proceed to Canadianize because of our belief that we should have more ownership or control in Canada, what is happening is that those dollars, equipment and people are moving to the greener pastures which, today, are in the United States of America. They're going in large numbers. They're not just the large multinationals, because they have the capital and the equipment at least to weather the storm for a year or six months — whatever it's going to be. But the small people can't. So, when the hon. member referred to Bighart and Page Petroleum, those are the people whom we lost to the United States because of our Canadianization and the general national energy program. But those same people, who come from my area and are acquaintances or friends of mine, are moving now to Texas. I tell the members and tell the federal government that once those people go to Texas, just like once the people moved to Ontario or B.C. 15 years ago from this province, they don't very quickly come back. Neither does the equipment nor the \$5 million, \$10 million or \$100 million in

capital which they take with them.

The reality is that we want to nationalize, but surely, we must put that in a proper perspective.

The fourth premise is that we have to keep the consumer price down because that's the only way we're going to address inflation. I think, most cynical of all, is the belief that we have to keep the consumer price down because the government made an election promise not to increase the price more than 18 cents. As we face serious economic problems in this country, the Government of Canada holds out that 18 cents as something we have to live with because of that promise. They stick to that religiously, as the capital flows out and as the people and the equipment leave the country. Or, they say that an increase is going to impact too severely on us through inflation. I tell you, inflation is serious now. If we don't get a grip on the national energy program and the whole oil question now, in five years inflation is going to be far more serious than we ever thought of seeing today.

I say that, with regard to the consumer price, there is no option but that that price must increase — and it must increase fairly quickly. You can call it a blended price or anything you want, but it must go up. The price of heavy oil tertiary recovery must go up to at least \$40 per barrel. The conventional oil must go up, because if the consumers save today, they're going to pay fivefold tomorrow. That's how significant the problem is.

I won't get into any comment on nationalization other than to say this (it's again a question of priorities): if you're going to keep the price artificially low and not go above a commitment made as an election campaign promise, then, surely, you must ask yourself where the priority is to increase that price. Should we take that very small amount of an increase which we have and use it to buy Petrofina? It produces no more jobs and no more oil. It does not address the question of oil self-sufficiency; but it does bring us ownership of Petrofina so that we have gas stations in Ontario. I really question the priority without even dealing with the philosophy of the question. I question the priority of the national energy program buying Petrofina and still holding the price artificially low to the point where oil wells in our part of the country are shut-in, because they are uneconomical, because it costs them money to produce.

I suppose I can try to wrap this up. Before I move an amendment to the motion, with which I hope everybody can agree, I say to the members opposite this is really a time when we must ask for change and stand in this House and support it. But I think we also have to say to the consumers of this province and of this country that we have to make some serious sacrifices with regard to the price of energy. It has to rise fairly quickly to at least 75 per cent of world price. I know that's something with which the federal government cannot agree, but that is really another serious problem we have to face. That's the only way we are going to resolve the national energy debate that sits now between Alberta and Ottawa. Without the federal government being prepared to move and to increase the price upward, there is going to be no agreement. We are simply going to dig ourselves farther into the hold. Without any further comment, Mr. Speaker, I'd like to move this motion, seconded by my seatmate, the member for Wilkie: that the motion be amended by deleting all the words after "the federal government" in the sixth line of the motion, and substituting the following words therefor:

to recognize the serious shortcomings of the entire national energy program, in particular that it:

- (a) Fails to recognize the serious need to address the question of energy self-sufficiency;
- (b) Will seriously lead to industrial and economic slow-down throughout Canada;
- (c) Will cause such serious regional tensions in the country that it will take years to overcome.

And further, urge the federal government to modify the national energy program in order to put the country back onto a sound economic strategy for the future.

I hope that can be supported by all members. I so move that motion, Mr. Deputy Speaker, seconded by the member for Wilkie.

MR. DEPUTY SPEAKER: I find the amendment in order and debate continues concurrently on both the motion and the amendment.

MR. GARNER: — Well, Mr. Deputy Speaker, it seems to be one of the most important debates, I think, and one of the most important concerns in our Dominion of Canada today. You could almost sum it up as an energy agreement which is set out to destroy our Canada, to divide our country.

I think we can go back (and I don't want to bring politics into this, but I am afraid it is there), and we can talk about the 18 cent gas. It was promised by the former Progressive Conservative Government of Saskatchewan. We would have had an agreement, but two other political parties decided that they shouldn't govern Canada any more. It is too bad, Mr. Deputy Speaker, that they aren't governing Canada today, because I know our Canada would not be in serious trouble, whether it be over the constitutional debate or energy pricing. We would be back on the economic issues in Canada. That is the concern of the people.

People are concerned whether they can put a roof over their heads, or buy enough groceries for next month. These are the concerns, Mr. Deputy Speaker. With a Tory government, they would have been taken care of. But we have a federal Liberal government which does not care about our Canada. It does not care about the division which is taking place. It disturbs me very much when I go out to my constituency. I can see, from the past fall until now, that the momentum is building. The federal Liberals are feeding the west-fed organizations in western Canada, and it isn't good, Mr. Deputy Speaker. The federal government wants to control all of our non-renewable resources. This, Mr. Deputy Speaker, isn't only going to be oil. It is going to be potash, as well. What has the government opposite done? Have they stood together? No, they have tried to go to bed with the Liberals down east and they accomplished it. Who is going to suffer? Not only the people of Saskatchewan, but the people of Canada as a whole.

The energy agreement is having a drastic effect on the economy of western Canada by forcing people to leave Saskatchewan or Alberta and go to the States. I sure want to make it clear right now that I don't want to join the States. I don't know if our colleagues are here from that other party. But we will not join the Liberals. We will not go to bed with them. If we had the Clark government in, we would only have had an 18 cent

increase in gas tax. We wouldn't be up to 30 cents or 36 cents right now. We wouldn't have had the division in the country.

The federal government wants all of the wealth from western Canada. I don't want to give them that. I know the people from Alberta don't want that to happen. Who is standing up for Saskatchewan? Is the Premier? No. Is it the Attorney General? No. It's the Progressive Conservative Party of Saskatchewan which is standing up for the people of Saskatchewan.

We talk about the loss of jobs and the decline of the rural economy. Mr. Deputy Speaker, what is happening in the towns of Kerrobert, Kindersley, Coleville, or in many of these small towns? People are leaving. They are being forced out by the federal Liberal government and because the Premier of Saskatchewan doesn't have the guts to stand up for the people in the area. I am not going to go into many of the details, Mr. Deputy Speaker. My hon. colleague, the member for Kindersley, has laid it out in black and white. There is not another member in this House who knows more about energy agreements than the member for Kindersley. He should be the minister of mineral resources. Then we would have seen something. We would have been standing together with the other provinces. We would have had results. I have no doubt that all members of this Assembly will not only support the motion, but our amendment as well.

SOME HON. MEMBERS: — Hear, hear!

MR. BANDA: — Mr. Deputy Speaker and members of the Assembly, I think we had a fairly good resolution until the member for Kindersley amended it. If I understand the amendment correctly, he is removing the last part of the resolution which says we should remove the tax on Crown corporations and make provincial royalties deductible. If that is the case, listening to the member for Wilkie ask who stands up for Saskatchewan, I just wonder who stands up for Saskatchewan, and who stands up for the Crown corporations of Saskatchewan if you want to leave that tax on. That is what you are saying. With the new energy policy we have, that tax means about a \$40 million bill for Sask Power. You say we should have that on? Who stands up for Saskatchewan?

I wonder which members in this legislature stood up for the people of Saskatchewan in the potash debate, and in the Cigol debate? Which one of our members can the member for Wilkie accuse of not supporting the people of Saskatchewan. It is utter nonsense.

Mr. Deputy Speaker, because I want to be clear on what the member for Kindersley has amended here, I beg leave to adjourn debate.

Debate adjourned.

Resolution No. 10 — Farm Ownership Protection Legislation.

MR. LUSNEY: — Mr. Deputy Speaker, today I am pleased to move a motion commending the Government of Saskatchewan for its action in dealing with one of the fundamental problems facing our society, the loss of the family farm. The family farm is under attack right across Canada. The seriousness of this situation is constantly being thrust at us in newspaper articles like the one which appeared in the *Leader-Post* last fall. This article deals with British Columbia. I will take a few moments to discuss it before moving on to Alberta and Manitoba.

The title of the article is "West Germans Invest in B.C. Lands." I would like to quote a few passages, Mr. Speaker. It starts by noting that:

Farms and ranchlands stretching from the southern Caribou to the northern Peace River are being bought by West German investors. Realtors estimate that Germans control more than 250,000 acres of the one million acres of arable land in the Peace River block.

The article goes on to say:

That figure does not include foreign owners who invest through a local holding company or a law firm and, therefore, have Canadian addresses for assessment mailings.

A common action, which is not illegal, is for a consultant to buy an option on a piece of property and rush back to Germany to find a buyer at 40 per cent to 50 per cent more than the option price. Mr. Speaker, the speculative land boom occurring in British Columbia would also be occurring in Saskatchewan without our farm ownership protection legislation.

We had the start of it at Craik. The attitude taken by the British Columbia Minister of Agriculture is, and I quote again from the *Leader-Post*:

Government legislation would take away the right of the farmer to get a good price for his land.

If Saskatchewan took that stand (the same as the B.C. stand), our young farmers would be facing the same greatly inflated property values, and the same rush of foreign investors they have in B.C. But that wouldn't bother the Social Crediter from B.C., and it wouldn't bother Grant Devine in Saskatchewan, who, on a tour to Lloydminster last August, criticized the amendments to Bill No. 109, the bill which regulates non-resident ownership of Saskatchewan land.

Mr. Devine is quoted in the *Lloydminster Booster*, as saying:

The laws such as The Farm Ownership Act and its recent amendments, contribute to Balkanization of the country.

He criticized this legislation despite the fact that every Conservative member in the legislature voted with the government in favour of the amendments to Bill No. 109 passed last spring.

Mr. Devine, however, joins the members of the Unionest Party in opposing the bill, and it is not surprising, Mr. Speaker, that the Tories and the Unionests would defend the same interests. There is not much difference between an absentee landlord from Phoenix, Arizona, or one from Toronto, Ontario. But it appears, that the member for Nipawin, and the Leader of the Conservative Party are not the only ones who would like to see The Saskatchewan Farm Ownership Act rescinded.

The member for Indian Head-Wolseley, in his speech during the fall session, said that we should be taking a serious look at our foreign ownership bill which we passed last year. He went on to say, and I quote:

I think we are in agreement that, as far as offshore people, we are in support of the position, and probably the same with our American friends.

But he says:

I wonder, at a time when the strains in Canada — the strains of separation and alienation — are running so strong, if we are doing a great deal to keep Canada together by passing legislation that prohibits an Albertan or a Manitoban from owning anything in excess of 10 acres in this province. I just wonder if we are taking the right step there, and if we are really interested in keeping this country of Canada together, should we not be looking at rescinding that type of legislation?

Mr. Speaker, I find such a statement, made by the member for Indian Head-Wolseley, hardly in the interests of the people who he represents in his constituency, especially the young farmers in Saskatchewan.

In the opinion of the member for Indian Head-Wolseley, it would appear that if we allowed doctors, lawyers and speculators from Alberta or Manitoba or the East or the Maritimes, or anywhere else in Canada, to buy Saskatchewan farmland, financed either by themselves or by foreign interests, that this would somehow quell the talk of separatism.

Mr. Speaker, I would suggest that it is not likely to happen, since the talk of separatism is coming from the Unionests and the Conservatives, and most of it, I might add, from the province of Alberta at this point. However, there might be something to what the member for Indian Head-Wolseley is saying. It appears to me that if we allow the doctors, lawyers and the speculators to purchase most of the land in Saskatchewan, then maybe the member would be right, because then the people of Saskatchewan would have nothing to separate with.

We believe that Saskatchewan farmland should be used for producing food by Saskatchewan farmers, living in Saskatchewan. This is the position of the Saskatchewan government, but it appears that it is not the position of Tory governments in Alberta or Manitoba.

If we compare Manitoba we see the percentage of non-resident land ownership is much higher than in Saskatchewan. In a farming area south of Winnipeg in the Red River Valley and west of Portage la Prairie, about 20 per cent of the land is owned by foreign investors. The former Schreyer government attempted to limit land sales to foreign and non-farm corporations in 1977 with the Manitoba Farm Land Protection Act. The act, which was similar to Saskatchewan's at the time, limited land sales to foreign and non-farm corporations to 160 acres, and non-Manitoba resident ownership to 640 acres.

The Conservative government of Sterling Lyon did not take long to amend the act in favour of the out-of-province Canadian investors. Even though they reduced purchases by non-Canadians to 20 acres, there remains no control on corporate farms in Manitoba, and no check on foreign investors who finance land purchase through Manitoba residents. The result is that offers of up to \$1,000 an acre (and these are the 1979 figures) have been made and foreign investment has had a significant effect on the land prices throughout the area south and west of Winnipeg.

Alberta, like Manitoba, also passed legislation to deal with foreign ownership of farmland in 1977. They then passed a temporary regulation limiting non-Canadian investors to 20 acre holdings. This regulation governed land ownership by citizenship — not residence. Consequently, Alberta is wide open for Canadian corporations and for urban investors hoping to speculate on the increasing value of agricultural land. Mr. Speaker, the Government of Saskatchewan has shown a far stronger commitment to the family farm than either of her two Tory neighbours.

I'd just like to take a few minutes to trace the history of our current farm protection legislation, which is the toughest in Canada. In the early 1970s, it was expressed to the government by farm groups, producer organizations, and individuals who had a concern, that our rich agricultural land be owned by Saskatchewan people and not by foreign corporations or wealthy speculators. The Blakeney government agreed. Our policy was to try to preserve our farmland and family farm sized units, so that farming could continue to be a way of life instead of simply a business conducted by apathetic and corporate land lords. I agree with that approach. We owe it to our sons and daughters to help them avoid becoming simply tenants of the land they work.

On May 4, 1972, the Blakeney government set up a special committee on the ownership of agricultural land. The committee consisted of 11 members from both sides of the Assembly and was chaired by my colleague and friend, John Kowalchuk, the member for Melville. The committee had as its mandate to investigate the effects of the purchase and ownership of agricultural lands by corporate, foreign, and non-resident persons. The committee held 13 public hearings throughout Saskatchewan and travelled through the United States before submitting its report in the spring of 1973. The report recommended that legislation be enacted to restrict certain types of non-resident control of Saskatchewan land, which a majority of the committee regarded as clear abuse.

As a result, in April of 1974, then Agriculture Minister John Messer introduced The Saskatchewan Farm Ownership Act which had the following provisions: non-residents of Saskatchewan were originally limited to a maximum aggregate land holding, including land held by spouse and dependent children, of \$15,000 of assessed value for municipal taxation purposes. Under the original act, a resident was defined as an individual who resided in Saskatchewan for 183 days or more per year, or a farmer who lived outside of Saskatchewan for 183 days or more per year, but within 20 miles of the Saskatchewan border. Non-residents owning land in excess of the maximum were not required to dispose of any of the land holdings. Non-resident relatives of Saskatchewan farmers were exempt from the provisions of the act to acquire the farmer's land holdings.

Saskatchewan farmers who farmed in Saskatchewan for five years and who moved out of the province were not required to dispose of any land holdings. Under the original act, the non-agricultural corporations were limited to maximum aggregate land holdings of 160 acres.

In order to qualify as an agricultural corporation, the company must be primarily engaged in the business of farming and be at least 60 per cent owned and controlled by resident farmers. Non-agricultural corporations which had holdings in excess of 160 acres prior to March 31, 1974 were given until January 1, 1994 to reduce their holdings to the allowable limit.

The farm ownership board, which was established to administer the act, was granted authority to issue divestment orders where violations of the act occurred. The board was also given authority to grant exemptions to potential residents and to non-agricultural corporations wishing to acquire agricultural land for non-farming uses.

The 1974 legislation was well received by the people of Saskatchewan. The provincial government discovered, however, that the limitations imposed by the act did not provide an effective deterrent to non-residents.

Individuals and companies continued to circumvent the spirit of the legislation. Large land purchases, for example the purchase near Cupar, Saskatchewan, made it clear that groups of non-residents could come into an area and gobble up a large tract of land in spite of the legislation which was designed to prevent that very occurrence.

In the 1976 calendar year, non-residents of this province acquired titles to almost 150,000 acres of Saskatchewan farmland, of which 40,000 acres were purchased by foreign interests. In 1977 non-resident purchases totalled almost 140,000 acres, of which 50,000 acres were bought by foreign interests.

The people of rural Saskatchewan called for further limitations on non-resident activity in the farmland market. The Saskatchewan Wheat Pool, the Saskatchewan Association of Rural Municipalities, United Grain Growers, the National Farmers' Union, and the Saskatchewan Federation of Agriculture all passed resolutions demanding further restrictions.

The Blakeney government responded by ending the farm ownership act effective September 15, 1977. The major provisions were as follows: the maximum limit of land holdings for non-residents was reduced to 260 acres. Policies established under the original act remained in effect. Saskatchewan farmers and their non-resident relatives were exempt, as were farmers living outside of Saskatchewan but within 20 miles of the border. Also, non-residents were not required to dispose of land holdings acquired between March 31, 1974, and September 15, 1977.

The 1977 legislation was a deterrent to an extent. But the demand for land in Saskatchewan increased, and new techniques were found to circumvent the act by those intent upon doing so. In the 1978 calendar year, non-residents acquired title to an additional 120,000 acres. In 1979 purchases were almost 110,000 acres. The trend was not a good one. The non-resident purchases had an unfavourable influence upon the price of land, and young farmers found it hard to compete with the wealthy foreign buyers.

To further plug the loopholes, the Blakeney government brought forward some further amendments. Bill No. 109 amended The Saskatchewan Farm Ownership Act as follows: effective May 6, 1980, non-residents and non-agricultural corporations are limited to a maximum aggregate land holding of 10 acres. Land acquired prior to May 6, 1980, by non-residents does not have to be disposed of. Land in excess of 10 acres, acquired by non-agricultural corporations prior to May 6, 1980, must be disposed of by January 1, 1994. Farmers living outside Saskatchewan but within 20 miles of the border are no longer exempt from the provisions of the act.

In order to acquire additional lands in Saskatchewan, these farmers must receive a written exemption from the Saskatchewan Farm Ownership Board. It is an offence, under the act, for a resident personal corporation to acquire land holdings on behalf of

a non-resident or a non-agricultural corporation. The farm ownership board has authority to grant exemptions to both non-agricultural corporations and non-resident individuals.

In order to qualify as an agricultural corporation, the company must be primarily engaged in the business of farming and the majority of the issued and voting shares must be owned by resident farmers.

Those, then, are the recent amendments to the act. As I indicated earlier, I supported the changes and, in the future, if more changes are necessary to ensure that the spirit of the act is carried out, I will also support them. As well, I know that the people of Pelly constituency would support them.

The importance of this type of legislation cannot be overstressed. The Saskatchewan Farm Ownership Act is one of the Blakeney government's long-term commitments to the people of rural Saskatchewan to ensure that Saskatchewan farmland does not become simply a speculative commodity to be bought and sold at the whim of foreign investors or corporate speculators. We owe that to our children and grandchildren.

Mr. Speaker, I move, seconded by the member for Melville, Mr. Kowalchuk:

That this Assembly commend the Saskatchewan government for its progressive farm ownership protection legislation, which is years ahead of any similar legislation in Alberta or Manitoba, and has helped preserve Saskatchewan farmland for Saskatchewan farmers.

SOME HON. MEMBERS: — Hear, hear!

ANNOUNCEMENT

Birth Announcement

MR. ALLEN: — I wonder if I could just interrupt proceedings for a moment to bring to the attention of the House that the newest father in the NDP caucus is back in town. I refer to the member for Turtleford, Lloyd Johnson. Lloyd and his wife had a beautiful seven-pound baby girl last night. Brooke Courtney is her name, and I know that all of us want to congratulate Lloyd and his wife on this blessed event.

HON. MEMBERS: — Hear, hear!

MOTIONS

Resolution No. 10 (continued)

MR. KOWALCHUK: — Mr. Speaker, I am pleased to second the motion put forward by the member for Pelly, and compliment him on his fine presentation. As he so clearly pointed out, the farm ownership protection legislation introduced by this government is the best in Canada. More than that, it is absolutely necessary, if we hope to protect the family farm in Saskatchewan.

Incidentally, Mr. Speaker, this isn't a new idea across the North American continent. I want to say, at this time, that it was just mentioned in this House this afternoon, that two oil entrepreneurs from Kindersley bought 55,000 acres of land in Texas. This, Mr.

Speaker, will not be allowed for too long, I am sure. I am sure this won't be allowed, because already more than dozen of the states are legislating out foreign land purchases . . .

AN HON. MEMBER: — Where's that? What?

MR. KOWALCHUK: — In the United States. I'm sure the member for Morse knows that and has read about it. I think, as time goes on, the people of the United States will also insist that the land belong to their people and their farmers rather than to entrepreneurs from across the border. That is happening, Mr. Speaker, in simon-pure, free enterprise United States, and I can't say I blame them.

Members opposite are constantly harping about the decline of rural Saskatchewan. They like to point to Alberta and say that the situation there is far better than in Saskatchewan. Let us look at the most recent statistics and compare Saskatchewan to Alberta. In 1979, Saskatchewan had 69,600 farms; in 1980, Saskatchewan had 69,200 — a loss of about 0.5 per cent, Mr. Speaker. In Alberta, for the same two years, the province went from 60,000 farmers to 58,500 — a loss of 1,500 farmers or 2.5 per cent. That comparison shows the philosophy and legislation we introduced in this province is assisting. Of course, you can see there were five times the number of farms lost in Alberta when compared to Saskatchewan.

Mr. Speaker, the Conservatives like to suggest some better alternatives than the legislation passed in Bill No. 109. Perhaps I'm mistaken on that point; perhaps it is only their leader who says that. The members opposite may correct me on that point and support this resolution as they supported the amendments to Bill No. 109. I noticed that only the member for Thunder Creek was absent during the vote on the amendments on Bill No. 109; he must have disagreed with it. Perhaps he will support his leader; while the rest of the caucus have failed to; however, I believe he is too intelligent for that. I think he must recognize the seriousness of the situation if he is any kind of farmer — and he professes to be one of the biggest and one of the best. I am sure he recognizes the value of the Government of Saskatchewan's actions to try to protect the family farm. Mr. Speaker, we are not out of difficulty yet; there will have to be more amendments and improvements in the legislation if we are going to continue to save the family farm.

In the 15 years between 1961 and 1976, when the last census was taken, more than 142,000 individual farming operations ceased to exist. Nearly one farm in three disappeared, while at the same time agricultural imports grew and Canada continued to fall short of food supplies. The member for Pelly discussed the situation in the four western provinces and he did an excellent job. In the better agricultural regions in the rest of this country, the average farmer is in even worse shape with the market out of his price league. As the member for Pelly noted, German investors are buying up B.C. farmland. In Quebec it is the Swiss investors who are taking over. They are actively courted by the foreign real estate firms who solicit Canadian farms for sale and advertise them to would be European immigrants.

The Unifeller Co., owned by two Swiss businessmen with headquarters in Beloeil, Quebec, is a typical example. To attract Canadian sellers, the company places advertisements in magazines such as the *Country Guide* and states that:

Our offices in Switzerland, Germany, Austria, Holland and Japan have clients wishing to immigrate to Canada a make a success out of your farm.

Well, I don't know how many people who buy this land ever make a success out of a farm, a lot of it stands idle while they invest their loose money (which they seem to have in bundles). In Europe the company promotes the farms it has listed by means of seminars, films and brochures reminiscent of the tactics employed by the Florida land promoters a decade ago, Mr. Speaker.

In 1976, the Quebec Department of Agriculture's study showed that a minimum of 501,216 acres of Quebec rural land was owned by non-Quebec residents, mainly speculators. Only 11 per cent of it was still being cultivated. The (PQ) Parti Quebecois government has released figures showing that since 1975 the percentage has risen. Absentee landlords now hold more than 675,000 acres of rural land in Quebec, one-third of it in the St. Lawrence-Ottawa River valleys.

No studies have yet been done to discover precisely how many non-resident owners are also non-Canadian, but it is estimated by the government that a majority are probably foreign corporations, including Japanese, Arab, European, American and Swiss companies. The Parti Quebecois passed Bill 90 to prevent agricultural land from being used for other purposes, in an attempt to curb speculation. The PQ government is considering controls on non-resident ownership. Both foreign and corporate land purchases remain a serious threat to Quebec farmers who wish to continue with a family farm operation.

Conservative Ontario, with half of the country's coveted class 1 farmland, has the worst record for siding with developers against preservationists. The Niagara region of the province, blessed with land and a climate officially described as unique, produces more than 80 per cent of Canada's grapes, 75 per cent of its peaches, and 60 per cent of the nation's cherry harvest. But that land is being depleted and put in the control of foreign investors who really don't care whether it's operated or not. Yet, in the past decade, under the Conservative government of William Davis, the free enterpriser who won an election the other day, 80 per cent of the population increase in the Niagara region has been allowed to locate on prime agricultural land; 40 per cent of fruit and grape land has already been paved over. What a shame, Mr. Speaker.

The Davis government recently overruled its own municipal board's decision against development of a farming area south of Ottawa, effectively pushing farmers out of one of the better regions in eastern Canada, which is otherwise a marginal agricultural area. Elsewhere in the province, the price of land has reached a point where sons cannot afford to inherit their fathers' farms. The land is, instead, going to corporate owners or foreign buyers.

The decline in the number of individual farms in Ontario, which dropped from 178,204 to 94,722 in 1971, has slowed, but marginally. Where an average 28,000 farms had disappeared every decade until 1971, by 1976 the number of individual farms had dropped to 88,801 — a five-year decrease of about 6,000 farms. In the past five years, the price of farmland in some regions of Ontario has multiplied by as much as three to ten times. I'm sure that's evident here in Saskatchewan and Alberta, particularly Alberta. Arable land which once sold for \$300 per acre west of Toronto, sells today at \$1,000 per acre and more. In the Kitchener area, prices range as high as \$2,000 per acre, while prices of \$5,000 per acre have become frequent in the tomato growing country around Windsor and Leamington.

These are 1979 figures. Such figures have escalated beyond reason, as defined by

almost any economical formula, *Fortune* magazine reported. *Fortune* magazine reported last year that farmland prices in Ontario, generally, are running at more than 40 times current net earnings, and up to 10 times the price of blue chip stock which would earn the equivalent amount. If these trends continue, the magazine warns that the price of land will have inflated to a phenomenal 80 times annual profits by 1994.

Fuelling these phenomenal increases are foreign buyers who can come to Ontario and pay cash for farms. Some immigrate and farm, but these are few. Others buy the land and remain absentee landlords. Still others buy Ontario land through dummy Canadian corporations, as already mentioned by the member for Pelly. Foreign buyers are even eligible to have farm credit corporation mortgages transferred with the farm to its new owners. In Ontario, no provincial efforts have been aimed at regulating the sale and use of farmland by non-residents. Only a half-hearted effort, using voluntary guidelines, has been mounted to preserve prime agricultural areas from urban development.

I have cited the figures available for Quebec and Ontario because they clearly indicate what would happen without comprehensive farm protection for Saskatchewan farmers and Saskatchewan people. As land prices increased in all provinces because of speculation or competition between corporate farms, similar land speculation would inevitably have hit Saskatchewan. It has, to some degree, in spite of the legislation. Instead of commending the Government of Saskatchewan for stalling this trend, we would be watching our rural areas depopulated and our farmers dispossessed. Fortunately, through the concern of this government, and the people of Saskatchewan, this province's access to the speculative land boom occurring across Canada has been halted somewhat, but much more will have to be put into place to stop the takeover of our Saskatchewan lands by foreign speculative buyers. In my opinion, there should be restrictions on farm size, as well. It is a struggle which is not over, but what has been accomplished is worth commending. This government has shown that food production can come first and speculation should be stopped.

It is, therefore, with a great deal of pleasure that I am able to second this motion. I urge all members on both sides of this House to bring this to a conclusion with a speedy and positive vote. Thank you, Mr. Speaker.

MR. THATCHER: — Mr. Speaker, with such marvellous rhetoric and overwhelming persuasiveness, how could I possibly respond to the overwhelming logic to which I have listened? In the interest of getting on to some estimates, instead of furthering this argument to get rid of private members' day once and for all, as this afternoon's debate has done, I reluctantly yield to the overpowering logic and compelling rhetoric to which I have listened this afternoon, and will give all the responses which this compelling drivel deserves. Therefore, Mr. Speaker, I beg leave to adjourn the debate.

Debate adjourned.

Resolution No. 11 — Optics Technology

MR. NELSON: — Mr. Speaker, I am very pleased to rise and move this motion with regard to fibre optics with a fibre optic network. I am pleased because the decision to proceed with fibre optics is an historic one, and very far-sighted on behalf of the government and the management of our Crown corporation of Saskatchewan, Saskatchewan Telecommunications.

Both management and government had to have a good deal of faith to make the decision to establish the fibre optic network. Our government had to have a great deal of faith in the future of this country and in the future of Saskatchewan. We also had to have confidence in the competence of the management and the workers of Saskatchewan Telecommunications. We do have confidence in them. You have only to look at the record of the performance of Saskatchewan Telecommunications and you know that we can go ahead with this project with full confidence.

I would like to give you a few facts and figures which show why we have the full confidence in Saskatchewan Telecommunications, its workers, its management and its board.

Mr. Speaker, 34,158 new telephones were added to the Sask Tel system last year, bringing the total number of telephones in the province to over 600,000. We now have almost double the number of telephones in Saskatchewan as we had in 1970. There were 76,366 long distance TWX (teletypewriter exchange service), WATS (inward wide area telecommunications service) and data line out-of-province messages originating in this province in 1980, compared to 21,427 in 1970, an increase in volume of three and one-half times.

The local telephone service has also increased dramatically. In 1980, over 694 million calls were completed in Saskatchewan, for an average of 716 calls for every man, woman and child in the province.

Mr. Speaker, that gives you an idea of the magnitude of the Sask Tel operation. When you consider that the rates are among the lowest in Canada, if not the lowest, you can see why we, in government, have such faith in our Sask Tel management and workers. A record \$144.2 million was invested last year in the improvement and expansion of Sask Tel facilities, bringing the newest and the most modern equipment to communities, both large and small, all across Saskatchewan. That investment shows the faith of the Saskatchewan government in the people of Saskatchewan. We know that the industrious, intelligent people of our province need this improved network, and that all Saskatchewan will benefit because of it.

Mr. Speaker, we are in the final stages of a rebuilding program for our rural telephone system, a program which saw most of the rural telephone companies voluntarily assimilate into Sask Tel. Even with all those tremendous demands on our publicly owned telecommunications company, it still turned a profit last year; not a large profit at all when you think that the total operating revenues were \$225 million. But Sask Tel did make a small profit.

I want to point out two things to the opposition. First, the money is retained, half in Sask Tel and half in the Crown investments corporation for the future capital requirements. It does not leave the province to go to shareholders of a corporate parent in the United States or some other foreign nation as Bell Canada profits do. Those net earnings remain here where they can reduce the amount of borrowing that must be done when our Crown corporation requires an expansion in service.

Secondly, our telephone rates have been, as I mentioned before, the lowest or the next to lowest in Canada. This is a very good record of service to the subscribers.

Mr. Speaker, only a very foolish person could expect a large corporation like Sask Tel to run exactly at the break even point year after year. Perhaps that's the reason why the

Conservative member for Regina South advances the idea. Only a Tory would want our Crown corporations to run at a loss so that they could bring their big business friends in from the private sector and give them the lucrative portions of the Saskatchewan market on a platter.

Mr. Speaker, I am extremely pleased that Sask Tel is in such a sound position financially from the point of view of new equipment and every other respect. It permits the company to embark on this project of fibre optics with every prospect of success. As members will know, construction is already under way on the world's largest commercial fibre optic network. The length of the system will be 3,200 kilometres at a cost of \$56 million in 1979 dollars. I am proud to say that the first stage of the network is the 200 kilometre link between Regina and Yorkton which will be completed this fall. The ultimate aim of this first phase is to connect the communities with approximately 500 or more households, and to have extended service to 530,000 households within four years. Once that is completed, the province will have the backbone for a communications system, which hopefully can be extended to smaller communities — perhaps eventually to rural areas.

The Regina-Yorkton link was first chosen for a number of reasons. First, it's a good constituency. Second, it is also close to the Sask Tel head office which will permit the most effective field monitoring. In addition, the Canadian Radio-Television and Telecommunications Commission has announced that it will receive applications for licences in the Yorkton area, and we want to have that fibre optic link in place when the licence is granted for Yorkton.

The fibre optic network will permit subscribers to do a number of things they could not previously do. The system has a large bandwidth, or signal carrying capacity, which accounts for its unique ability to carry huge amounts of information, and makes it an ideal system over which telephone voices, TV, and data signals can all be carried simultaneously and over long distances. Once a house is connected to the system, the way is paved for a host of exciting consumer and industrial and educational services.

Sask Tel is planning extensive testing of videotex possibilities of the fibre optic network. Videotex is the generic name describing two-way visual information services, for the information of the member for Wilkie. Such a system typically uses a TV set, a key pad the size of a pocket calculator, a micro-processor, and a telecommunications link which allows access to a wide variety of information stored in computer banks. Videotex has a wide variety of possible applications: information retrieval, shopping from home or business, advertising, education, entertainment, electronic mail, and electronic banking, to name just a few, Mr. Speaker.

Sask Tel is also examining the possibility of providing a number of other telecommunications services in the future; among these, systems in which smoke detectors and burglar alarms could be linked through the telecommunications network to fire and police departments. As well, gas and electricity meters could be read from remote locations by utility company personnel.

Mr. Speaker, the business and social possibilities from this network are virtually mind-boggling. The uses and the benefits will be limited almost totally by the fertile imagination and the industry of the people of Saskatchewan. Mr. Speaker, we on this side of the House have great faith that the people of Saskatchewan will take this new technology in their stride, and they will put Saskatchewan in the lead in this field. In addition, there will be many worth-while benefits to the customers of the system, the

coming of fibre optics has already provided a significant addition to the Saskatchewan economy.

Northern Telecom Canada Ltd. has been awarded a \$22 million contract by Sask Tel to supply the optical fibre and the electrical components that form part of Sask Tel's 3,200 kilometre fibre optic transmission system. Northern Telecom is a Canadian company employing 34,000 people throughout the world in 56 manufacturing plants in seven countries. It is also the largest manufacturer of telecommunications equipment in Canada. The company has established an \$8 million plant in Saskatoon, Saskatchewan, for the manufacturing and marketing of fibre optic communications systems. The new 91,000 square foot plant will not only serve Sask Tel's requirements, but also world-wide markets.

It is expected that employment at the Northern Telecom plant will grow from an initial level of 70 people to more than 300 people within four years. More than half of the workforce for this high technology industry will be professionals, such as managers, engineers and technicians. Another success story, Mr. Speaker, in an economy managed by an efficient NDP government.

Northern Telecom's Saskatoon plant will also be the focal point for research into the future applications of fibre optics technology.

Mr. Speaker, aside from the obvious benefits to the provincial economy as a result of the jobs created by this high technology industry, there will be spinoff benefits such as the creation of supporting and complementary industries. That means more jobs to keep Saskatchewan's unemployment rate among the lowest in Canada.

I am waiting, with bated breath, for members opposite to say that Northern Telecom will be unable to compete in the Canadian, North American, or the world market for fibre optics. It will be most interesting to hear those members opposite declare their lack of faith in a Canadian company which puts its main plant for fibre optics in Saskatoon, Saskatchewan, instead of in New York or Chicago, in the United States.

Mr. Speaker, in Sask Tel's view, the best way to accommodate the increasing demand for various communication services is to integrate all the technologies — fibre optics, microwave radio, satellite and coaxial systems — in such a way as to provide services at the lowest possible cost to the most people in a way that is the most economically feasible.

Sask Tel's criteria for choosing fibre optics over other systems, such as a satellite earth station, were threefold: fibre optics offers the capability of two-way programming, fibre optics will allow greater local and regional programming, fibre optics allows the integration of telephone, television, and data signals.

These services either cannot be provided by a satellite earth station system or they are prohibitively expensive. I don't want to leave the impression that the fibre optics network will be inexpensive. It will cost a great deal of money, as I indicated earlier, but it will also pay tremendous economic and social dividends.

The new network will bring big-city amenities to many of the province's smaller centres. This will, in turn, encourage residents to remain within their communities rather than move to large urban centres. Thus, the system will help to ensure the viability of local

business, schools, service clubs, and churches in smaller communities throughout the province.

The network will also be capable of providing an opportunity for greater local and regional programming. This will help foster a greater understanding and appreciation of the province's cultural mosaic. In this sense, the entire project has the potential to strengthen the social fabric of Saskatchewan.

Mr. Speaker, no matter how you look at it, the move into fibre optics by this New Democratic Party government is a good one. Sask Tel is fast building one more in the long list of great success stories fashioned by our provincial Crown corporations in recent years.

Mr. Speaker, I think that is why the Conservative Party is so lukewarm about fibre optics. It represents another success story by our Crown corporations. The Conservative Party simply cannot stomach that. It doesn't fit in well with their continual plotting to discredit the corporations owned by the people of Saskatchewan.

I tell you, Mr. Speaker, that I am getting pretty tired of the attacks on the worth-while projects, and the excellent services, of our family of Crown corporations, and so are the people of Saskatchewan.

The recent attacks on Saskatchewan Government Insurance are, I am sure, an indication of the fate which awaits the fibre optics project of Sask Tel. Had their recent attacks on Bill 13 been successful, Sask Tel would have been weakened by the drastic loss of revenue. Witness, Mr. Speaker, Bell Canada's request for a 30 per cent increase in revenues, a request that was, in large part anyway, necessitated by the court ruling which allowed the CNCP Telecommunications to tap into Bell's most lucrative markets. The same thing would have happened in Saskatchewan had the PCs been successful in their attempt to scrap Bill 13.

Mr. Speaker, it is pretty clear what their motives are in these attacks on the Crown corporations. I would like to show you, by an example, why the PCs attack Sask Tel and why they will probably attack its move into fibre optics. I would like members in this House, and the people in the press gallery to look at the last report of the chief electoral officer in Canada on the financial contributions to political parties. The PC Canada fund received tens of thousands of dollars from private insurance companies. London Life gave \$7,500; Crown Life gave \$8,200; All-State gave \$1,200; Imperial gave \$5,240; Manufacturers Life gave \$5,000; and so on. There's a long list of others — so many of them that I stopped counting when I reached 60.

That's who is paying the piper, Mr. Speaker. So, is it any wonder we are constantly hearing the anti-SGI tune? Is it any wonder public insurance, and a long list of other public enterprises such as Sask Tel, are under constant attack from the chattels of big business who line the benches opposite.

Mr. Speaker, the commanding generals of big business recline in the boardrooms of Toronto and Montreal, but the little corporals have weaselled their way into this Assembly as Tory MLAs, and they are stepping to the private enterprise tune at every chance they get. It was obvious that they were stepping to another big business tune as they opposed Sask Tel in their opposition to Bill 13.

Mr. Speaker, we, on this side of the House, remain strong supporters of our Crown

corporations. They've played a prominent and even indispensable part in building the thriving and robust mixed economy of Saskatchewan. The new project by Sask Tel to build a fibre optics network will only enhance the fine tradition of Crown corporations. I ask all members to support this motion:

That this Assembly commend the Government of Saskatchewan for its initiative and foresight in enabling Saskatchewan to assume the position of world leadership in the development of fibre optics technology, thereby resulting in the creation of jobs for Saskatchewan residents in an innovative, high technology and environmentally clean manufacturing industry, and in the opportunity for both rural and urban residents of the province to enjoy the full benefits of modern communications systems and services.

MR. JOHNSON: — Mr. Speaker, in seconding the motion moved by the member for Yorkton, I would like to bring to the attention of this Assembly a few items related to the public utilities review board which members opposite have been insisting or putting forward as something that should be brought into the province of Saskatchewan. I think fibre optics, as a network for communications, is one of the areas where you can look at the impact that a utility review board has had in a very direct manner. Mr. Speaker, the public utilities review board in Alberta, when Alberta Government Telephones wanted to start a fibre optic system, indicated that it did not think that company should, but that other companies should go ahead with it. That is what has taken place. If you look in Alberta, you will find that it is the province where the first commercial telephone fibre optics link was put in by Phillips in Edmonton. It's 16 kilometres long, and it connects installations in the city. The previous experiment with fibre optics was an 8 kilometre test installed in Vancouver in about 1979.

Mr. Speaker, I've been asked to call it 5 o'clock, and I do so now.

The Assembly recessed until 7 p.m.