

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Third Session — Nineteenth Legislature**

**Tuesday, April 7, 1981.**

The Assembly met at 2 p.m.

Prayers

**ROUTINE PROCEEDINGS**

**WELCOME TO STUDENTS**

**MR. SKOBERG:** — Thank you, Mr. Speaker. It gives me a good deal of pleasure this afternoon to introduce to you, Mr. Speaker, and to the members of the legislature, a group of exchange students from St. Hilaire, Quebec, who are visiting with the group from Vanier Collegiate in Moose Jaw. They are chaperoned by Ms. Pat Kolosky and there could be some others. I must say it is a pleasure for these students to be here. It may be of interest to the House to realize that a group from Vanier school in Moose Jaw has gone to Montreal on an exchange. This is a return visit. They have visited the farm of Mr. and Mrs. Carl Wells, near Moose Jaw. I noticed that in the Moose Jaw *Times Herald*. While we call Regina the suburb of Moose Jaw, you will have noticed that yesterday part of Moose Jaw was blown into Regina with the wind. I must say it is a pleasure to have the exchange students here. I do wish you very well and I will be speaking to you later while we have some refreshments. With that, I would like to have my colleague from Yorkton say a few words to you in the language that he knows as well. Congratulations.

**HON. MEMBERS:** Hear, hear!

**MR. NELSON:** — Monsieur le President, moi aussi, je voudrais souhaiter une chaleureuse bienvenue aux visiteurs de l'école de St. Hilaire. Nous sommes très heureux de vous voir ici. Nous savons que quand les élèves de Moose Jaw étaient à Montréal vous étiez des hôtes par excellence. Nous savons que tous les élèves de Saskatchewan continuent à raconter des bonnes histoires de leur visite chez vous. Nous espérons que votre visite à notre province et à l'Assemblée sera très agréable, et que vous allez revenir nous visiter bientôt. Vous êtes toujours bienvenue chez nous.

**HON. MEMBERS:** Hear, hear!

**QUESTIONS**

**Sedco Loan to McNulty's Welding**

**MR. KATZMAN:** — A question to the minister responsible for Sedco. On Friday, an employer in Saskatoon, McNulty's Welding, began the layoff of 55 employees, which means 55 families do not now have an income. Sedco had originally suggested to this manufacturer, which produces the only product of that kind in Saskatchewan, that a loan of \$1.2 million would be forthcoming. The loan was confirmed on March 6 at 4:30 p.m. to the Bank of Montreal verbally and followed by a letter. Prior to that in February, your officials met with this group of individuals as well as the people who had loaned money to McNulty's saying you were recommending that you would give \$1.2 million. My question to you, Mr. Minister: after confirmation on March 6 at 4:30 p.m. by telephone followed by a letter, why has the cheque not come forward?

**April 7, 1981**

**HON. MR. VICKAR:** — Mr. Speaker, I don't know where the hon. member gets all that information . . . (inaudible interjection) . . . Yes, I would like to know, because I know for a fact that there never was an approval of a loan. I know for a fact that McNulty's Welding over expended itself in the town of Dundurn to the tune of many hundreds of thousands of dollars without coming to Sedco first. He went around to other financial institutions and could not obtain his line of credit; then he came to Sedco. Sedco said it would try to help, unfortunately circumstances do not allow Sedco to intervene in this case. He was definitely told, "Yes, we will try to do everything possible for you. But if circumstances do not allow, there is nothing more Sedco can do."

**MR. KATZMAN:** — Mr. Minister, I repeat on March 6 at 4:30, your officials from Sedco phoned and confirmed that the loan had been approved and the money would be forthcoming.

Mr. Minister, you now say that it was never confirmed. Your people have told Mr. Miller, told the people — the creditors — that the money was going to be recommended. On March 6 the money was promised. Are you suggesting that phone call was never made and that subsequent letter was never written?

**HON. MR. VICKAR:** — Mr. Speaker, all applications of that nature have to go to the board of directors; that's number one. So I don't see how the manager at Saskatoon could make that kind of a statement. If the manager at Saskatoon made that statement, he made it of his own volition, without authority from anybody else, and let him suffer the consequences.

**MR. KATZMAN:** — Supplementary question. I repeat, in February he said he would try; on March 6 it was confirmed by the project officer in Saskatoon, and they were notified the money was forthcoming. It went to the board; that's what he phoned them and told them.

**HON. MR. VICKAR:** — Mr. Speaker, I have said all I can say at this particular time. I would like to look at the circumstances and look at the file at Saskatoon to verify what the hon. member is trying to tell me.

**MR. KATZMAN:** — Mr. Minister, are you suggesting . . . New question, Mr. Minister. The 55 families who were guaranteed at a meeting that they would be having jobs, that bridge financing was coming from Sedco — are you denying to them that promise was ever made, both at the meeting with the creditors and March 6?

**HON. MR. VICKAR:** — Mr. Speaker, all I can do is tell you what the board of directors did in that particular case. I can't speak for anybody in the office of Sedco on a personal basis. If somebody in the office made a promise to McNulty's Welding on a personal basis, that's his business. I know what Sedco is doing.

**MR. COLLVER:** — Question to the Attorney General. Is it not true, Mr. Attorney General, that employees of any organization, including Sedco, are responsible for what they do and say and that the government must back up their actions if they are in positions of responsibility?

**HON. MR. ROMANOW:** — Mr. Speaker, I believe the hon. member is asking me to provide a legal opinion. I don't know the propriety of that with respect to the question period. But I will simply say that the member for Melfort, the Minister of Industry, has indicated his answers and has also indicated that he will be looking at the files from

April 7, 1981

Saskatoon and elsewhere. I think once he does that and we have a complete version of what took place in Saskatoon, I might be in a better position to give an answer.

**MR. COLLVER:** — Supplementary question. Unfortunately the Attorney General did not answer my question at all. The question quite simply is this: is it the Government of Saskatchewan's position that the actions of employees of Crown corporations such as Sedco, who are placed in positions of responsibility, are not to be supported by the Government of Saskatchewan or by the board of directors, who hold them out to be agents of the corporation? In your capacity as Deputy Premier of this province, is that the position of your government, both legally and morally?

**HON. MR. ROMANOW:** — Mr. Speaker, with respect to the question of political morality, this, of course, will have to be judged depending on the individual circumstances which are attached. The member obviously knows that with respect to agency. Agency is very often given under very carefully circumscribed conditions and guidelines. That is also, I'm sure, the case with respect to Sedco employees, who work, if they do have that agency, under those terms and conditions as well.

I can't answer a general question such as that. I'd have to take a look at the specifics. I think, since this question is a follow-up on a specific involving McNulty, the best bet is for the member to leave it to the minister responsible for the Department of Industry and Commerce to do a review of the file and report back if there's anything further to report.

### **Final Payments for Wheat**

**MR. THATCHER:** — Mr. Speaker, a question to the Minister of Agriculture. I'm sure the minister is aware that the final payments this year for hard wheat and for durum were as follows, when one took the initial price and the final payment into consideration: for hard wheat it was \$5.34 and for durum it was \$5.57. Mr. Minister, that's a 23-cent spread. In light of the posted differences for durum throughout the entire crop year in '79-80, did your department monitor the situation? In fact did they question this surprisingly low differential between the two kinds of wheat? If so, did they pass this information on to you and what was their conclusion?

**HON. MR. MacMURCHY:** — Mr. Speaker, I've not received any monitoring from the Department of Agriculture with respect to the pricing and final payments of the Canadian Wheat Board.

**MR. THATCHER:** — Supplementary question to the minister. Mr. Minister, I'm sure you are aware that the bulk of the grains are kept in separate pools. I'm sure you are aware that there is a separate barley pool, a separate hard wheat pool, and a separate durum pool. Let's take durum for example. If it were conclusively demonstrated to you that they were short-changed almost \$1 a bushel by the Canadian Wheat Board in terms of their payment, what action would your department take?

**HON. MR. MacMURCHY:** — Mr. Speaker, I think the hon. member knows that the Canadian Wheat Board holds meetings throughout the province, organized by the wheat board advisory committee, where there is a reporting process available to producers on the operations of the board. I think if the hon. member has an issue to be addressed, that's the place he should address it, directly confronting the advisory committee and the board at the wheat board advisory committee meetings.

**April 7, 1981**

**MR. THATCHER:** — Supplementary question to the minister. Mr. Minister, I would like to table for your perusal and your officials' perusal, the posted prices from the Winnipeg Grain Exchange as reported by James Richardson for the crop year in 1979 and '80. Mr. Minister, these documents will show you that for that crop year there is an average price in the posting of \$1.17 per bushel between durum and hard wheat. Mr. Minister, a simple calculation, taking 23 cents off, shows that anybody who grew durum in western Canada, and particularly Saskatchewan, probably was short-changed almost \$1 for every bushel that he sold. Mr. Minister, the bulk of these producers are in Saskatchewan and you are the Minister of Agriculture. Will you assure this Assembly and the people who sold durum that you will investigate this matter and take the matter up with the minister responsible for the wheat board immediately?

**HON. MR. MacMURCHY:** — Mr. Speaker, I'll be glad to examine, and have the department officials examine, the documents as tabled here in the legislature. I am also pleased to note that the hon. member for Thunder Creek is attacking the Canadian Wheat Board. I would assume that attack is a position of all members opposite, and I'll be pleased to explain that to the people of the province as well.

### **Removal of Road Tax on Propane Gas**

**MR. ANDREW:** — Question to the Minister of Finance. Mr. Minister, in view of the stated position of your government with regard to encouraging energy conservation. I'm sure you are aware this can happen in various ways, in various policies of your government. I believe that you have received representation from the Propane Gas Association of Canada (Sask. Division) advocating the removal of the road tax on the sale of propane as a means of encouraging the conversion to propane. Are you prepared to follow that recommendation, and recommend to your government that the road tax on propane be removed or scaled downward to encourage the use of that fuel as opposed to gasoline?

**HON. MR. TCHORZEWSKI:** — Mr. Speaker, I have received such a request by the propane association, and I am in the process of considering that request, and when I have had an opportunity to decide our position, I will be able to inform the member opposite. I have not yet made a decision, because I have not received all of the reports from the departments I have requested, but as I have already said, as soon as I have done that. I will be in a position to respond.

**MR. ANDREW:** — A supplementary question, Mr. Speaker. As the Minister of Finance is aware, similar initiatives have been taken in British Columbia (and of course. Alberta does not have a road tax) and in Manitoba and Ontario. Would you not agree that it would prudent for the province of Saskatchewan to go along with the wisdom of those provinces with regard to the question of energy conservation, and bring in this very positive policy?

**HON. MR. TCHORZEWSKI:** — It may very well be, Mr. Speaker. That is something, as I have indicated, we will consider. I should remind the member opposite that British Columbia, where they have brought in a new budget, has also removed an exemption that used to be provided on farm fuel. It is no longer exempt. A policy decision on such matters is something determined by the government according to what is most appropriate for Saskatchewan — not necessarily what is done in other places.

I want to remind the House, Mr. Speaker, and the member who asked the question, that the present gasoline tax exists because there is a need to pay for the construction and maintenance of our roads. It is progressive, in that those who use the roads most will

obviously pay more. It seems to me that is a perfectly adequate policy, as its application is to the propane request. As I have indicated, when I have made a decision, I will then let the member know.

### **Government Energy Conservation Program**

**MR. LANE:** — In light of your statements yesterday that the government intends to go on an energy conservation program (the government's statements) could the minister then advise this Assembly why the tax on diesel fuel was increased, on the new gasoline tax. Now, rather than the 20 per cent, it is 28 per cent, or 1.4 times that of regular gas, which creates a disincentive to conserve fuel. Why was your exorbitant diesel tax put in now, when you are going on a supposed energy conservation program?

**HON. MR. TCHORZEWSKI:** — Well, Mr. Speaker, as I understand it (the minister in charge of revenue, supply and services might better be able to answer that question), the increase in the tax on diesel goes up in the same proportion as does other gasoline fuel. So the rate of increase is not in any way different from that of ordinary gasoline. It is based on the same proportions.

**MR. LANE:** — Well, with all respect, my supplementary; is it not correct that diesel fuel is taxed at 1.4 times regular gasoline? It may be going up at the same rate, but you have made roughly a 40 per cent increase over what it was before.

My second question is, in light of your expressed policy of desired energy conservation, would the minister not admit that now is an appropriate time to announce a natural gas distribution system for rural Saskatchewan, which would be a significant energy conservation measure, and would also have the obvious effect of dramatically reducing farm input costs?

**HON. MR. TCHORZEWSKI:** — Mr. Speaker. I was in Crown corporations committee meeting this morning, at which time there was a discussion about the possibilities of extending natural gas services to unserved parts of the province. I think it is clear that before that is done, there needs to be some pretty careful analyses of what those costs might be. I understand that the Saskatchewan Power Corporation is studying this, so that we will be in a position to decide the extent that we might wish to expand the services which are provided through SPC for natural gas. It's not an insignificant expenditure and we need to know what the benefits would be for the costs which would have to be incurred.

**MR. LANE:** — Now that the government is studying the possibility of a rural natural gas distribution system, would the minister be prepared to advise this Assembly when those studies will be completed? Would the minister then be prepared to admit previous government statements that such a policy would never be given to the people of this province were, in fact, totally in error and that the Conservative Party was right all the time?

**HON. MR. McARTHUR:** — Mr. Speaker, I'm not absolutely certain whether the member was addressing his question to me, but I presume it was by the content of the question. Certainly, the power corporation has in the past and continues, with changing energy prices and changing costs of services of different forms of energy, to analyze the relative costs and benefits of different forms of supplying energy; there is no change in policy in that sense on the part of Sask Power. But we certainly have been in the past and are now looking at possibilities for extending gas service on an economic basis.

**April 7, 1981**

And where we can judge that is possible and viable we will do so. The results of that ongoing work come up periodically and when the next piece of work is complete we will make further decisions in that regard.

### **Proposals for Rural Gas Distribution Systems**

**MR. ANDREW:** — New question to the Minister of Mineral Resources. In the national energy program, the government sets out a grant up to \$800 for conversion to natural gas and also calls for an agreement between the province and the federal government with regard to assistance for rural gas distribution systems. Can you advise the Assembly as to the present status of any agreement or pending agreement between the Government of Saskatchewan and the government in Ottawa in this area? Will that \$800 grant become available to the people of Saskatchewan? It is now becoming available to many of the people in the Maritimes and the province of Quebec.

**HON. MR. COWLEY:** — Well, Mr. Speaker, the proposal which the federal government has made is much more sweeping than the member suggests. The proposal is a grant or a series of grants which will apply to anybody going off oil, basically, and onto any other form of energy. We have been in discussions with the federal government and we are currently carrying on those discussions with respect to a program which would be somewhat more limited, because, for example, I think one needs to look at the Saskatchewan scene and see where the particular problems are and whether it is indeed advantageous to encourage people to go off oil onto electricity. It might result in our having to reconstruct some rural lines where the demand would be much heavier and might result in our having to construct an additional hydro or coal-fired or some other major facility to provide electricity. And in terms of economic benefits to the province, we have been suggesting to the federal government that such a sweeping program simply didn't make sense. And neither did it make particular (in the short run at least) economic sense from the rural farmer's point of view. And so we are continuing with those discussions. I can't say, frankly, because there are two parties to the discussion, how soon there may be some resolution of the issue with respect to the discussions, but I would hope it would be in the near future.

### **Posting Gas Tax at Pumps**

**MR. BIRKBECK:** — Mr. Speaker, I would direct a question in the field of energy to the minister responsible for finance. It relates in particular, Mr. Minister, to your 20 per cent so-called progressive gas tax, which I suggest is regressive. Since you are literally hosing the consumer at the pump, could you agree that it would be a reasonable proposition to post at the pumps the provincial and federal government tax, to post in particular the provincial government tax at the pumps, so the consumers of this province know in fact how much they are paying into provincial government coffers?

**HON. MR. TCHORZEWSKI:** — Mr. Speaker, there is nothing which prevents the vendor from doing that now. As a matter of fact, in some cases when I have been filling up my car, I have seen it displayed on some pumps in some parts of the province. If the filling station operator wishes to put that kind of breakdown on his pumps to inform his customers, that's perfectly okay. He is quite able to do that at the present time.

**MR. TAYLOR:** — Mr. Minister, is it not correct that under the BNA (British North America) Act, if it's a direct tax, the person who's paying that tax has to know the amount of tax he's paying? In the case of the percentage gasoline tax in the province of

April 7, 1981

Saskatchewan, are you not contravening the BNA Act by not having that amount of tax stated on the pump?

**HON. MR. TCHORZEWSKI:** — No, Mr. Speaker. I do not believe that there is any contravention of the British North America Act. The price of gasoline and the extent of taxation on gasoline, none of which is applied to farm fuels I would like to stress, is well known. I'm not an expert on the British North America Act, but I'm quite confident in saying that there is no contravention.

**MR. COLLVER:** — My supplementary question to the minister is with regard to the position of the Government of Saskatchewan with reference to taxation on provincial Crown corporations. It has been the Government of Saskatchewan's position that provincial Crown corporations are not subject to federal taxation and, therefore, do not pay federal taxation because they are exempt. My question is: how can you take the position that you can tax Petro-Canada on the same basis that you're talking about here, because Petro-Canada has operators in the province of Saskatchewan? How can you take the position that you can tax them but they can't tax you?

**HON. MR. TCHORZEWSKI:** — Mr. Speaker, the member, who has so recently returned, should know that the tax on gasoline is not a tax on Petro-Canada. It's not a tax on Esso. The tax on gasoline at the pump is a tax which the consumer must pay. I agree with the member. He is absolutely correct. We believe that the imposition . . . (inaudible interjection) . . . If the member will allow me, I will finish my answer. We believe that the imposition of the federal government's tax on Crown corporations is wrong. We believe that it is in contravention of the British North America Act. We are challenging that taxation at the present time and we will continue to do that until the issue is resolved. Once again, the tax which is charged on gasoline is not a tax on Petro-Canada or any other company, which will pay royalties, by the way. It is a tax which is paid by the consumer at the pump.

#### **Grazing Leases re: Increase**

**MR. PICKERING:** — Mr. Speaker, question to the Minister of Agriculture. In 1978, Mr. Minister, the criteria for the lease land were changed because of the increased price of livestock. I have examples here. In 1979, some of the parcels were increased as much as six times and others about four times. In some cases, they also doubled the allotment of cattle to the pastures and increased the price by that much. Would the minister not agree that there shouldn't be a double allocation and that lease land prices shouldn't go up at substantial rates?

**HON. MR. MacMURCHY:** — Mr. Speaker, I'm not clear on the hon. member's question. If he would provide me with the information he has, we might be able to clarify it. I think he's referring to increases in grazing leases. I think that perhaps the area he may be addressing is grazing leases which were on a five-year agreement. The five years is now up. They're subject to an increase. If that's the case, I can look at the particular ones and give the hon. member an accurate response.

**MR. PICKERING:** — Supplementary, Mr. Minister. The criteria were based on cattle prices, that is what I am saying. Now, would the minister not agree that cattle prices have dropped. We had a substantial increase in 1980. There is indication of another substantial increase in 1981. I will ask you two questions. Is there going to be a substantial increase? Why are these increases coming because of the drop in the price of cattle?

**April 7, 1981**

**HON. MR. MacMURCHY:** — Mr. Speaker, there are substantial increases for the lessees who have been on the five-year arrangement because they haven't had an increase for the past five years. That may be the case that the hon. member is putting forward. There are not substantial increases in the general policy of grazing leases, but there are substantial increases for the five-year people.

### **INTRODUCTION OF BILLS**

#### **Bill No. 52 — An Act to guarantee Certain Rights to Children Whose Interests are affected in Domestic Disputes**

**MR. THATCHER:** — Mr. Speaker, I move that an Act to guarantee Certain Rights to Children Whose Interests are affected in Domestic Disputes be now introduced and read the first time.

Motion agreed to and ordered to be read a second time at the next sitting.

### **ANNOUNCEMENTS**

#### **Hockey Game Between Press and MLAs**

**MR. MOSTOWAY:** — Before the orders of the day, I wonder if I could make a statement. Last night I had the pleasure of observing a hockey game played between the legislative press and members of the Legislative Assembly. Now, fearing a whopping at the hands of the MLAs, the press resorted to bringing in imports for that game last night. I am told that they brought in some members of the so-called French Connection.

At any rate, Mr. Speaker, it was a pretty good game and mention should be made of some outstanding players. On the side of the MLAs, there was one who I shall call Earthquake Katzman who, on one particular occasion, fell on a media player who, in turn I am told, had to be revived with the aid of a respirator. Now, I believe it is because he threw him a beautiful body check.

Then there was Flash Eisler who, on occasion, got lucky. I should tell you who the scorers in the game were: Oldfield, 2; D. Eisler, 3; Andrew, 1; Katzman, 1; and Banda, 1.

Well, Mr. Speaker, while watching the game, I formulated an observation. If I tell you, I will probably live to regret it, but I am going to do so. After observing the players sliding around, I decided that hockey is a slippery game and experience counts. With this experience, the press won 5-3.

**HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** — I am sure there is no one else who wants to comment on that item.

### **ORDERS OF THE DAY**

#### **MOTIONS**

##### **Resolution No. 13 — Health and Post-Secondary Services**

**MR. SOLOMON:** — Mr. Speaker, I am introducing this motion with a mixture of



April 7, 1981

optimism and concern. My concern stems from the fact that medicare has been under attack. Doctors have been making exorbitant salary demands and engaging in extra-billing. I am also concerned because it is not clear what the federal government plans to do to replace the current federal-provincial cost-sharing agreement called the Established Programs Financing Act when it expires on March 31, 1982.

On the other hand, I feel I have some grounds for optimism about the future of medicare because I know it has the support of the Canadian people. The Hall report suggests that medicare is currently in reasonably good shape, and the federal Minister of Health, Monique Begin, has made some encouraging statements about requiring all provinces to outlaw extra billing. Madame Begin has pointed out that one province acting alone would have great difficulties in tackling the extra billing problem. Doctors and specialists from one province, which outlawed extra billing, could simply move to another which did not. It is clear that if this problem is to be resolved, action must be taken on a national basis.

We hope the federal government has the courage to take steps to outlaw extra billing across the country. As long as extra billing is allowed, the principle of universal access to medicare is threatened everywhere. The federal government must shoulder some responsibility for the problem in the first place. By not ensuring that some provinces will not divert federal funds to be earmarked for medical spending to other projects, Ottawa opened the door to such diversions. Of course problems did arise.

Conservative governments in Ontario, Alberta and British Columbia levy health premiums which create health problems. Health premiums are simply deterrent fees and they strike at the very heart of medicare. We also know that in the first three months of 1980, 33 per cent of Alberta doctors engaged in extra billing; they collected some \$1.7 million from the people of Alberta over and above the health premiums they had to pay in the first place. Such a trend in the richest province in Canada is indeed alarming. Monique Begin, the federal minister, has a duty to act on this problem, and the provinces, for their part, must co-operate in reaching a solution. Those provinces which engage in the shameful practice of levying health premiums must be told they cannot undermine the principle of universal access to medical care.

I believe it is most important that this Assembly press the federal government for a specific commitment not to restrict in any way funding currently available for health and also post-secondary educational services, either now or in the future. Indeed, an increased funding commitment is needed to meet our needs today. Such a commitment is necessary because of the remarks made by Finance Minister MacEachen in his budget speech in which he said:

A large element of our expenditures, especially in the social affairs envelope, consists of transfers to the provincial governments. I have already indicated to my provincial colleagues that we will be examining these programs closely as they come up for renewal and we expect to achieve significant savings here.

These words cause me concern, Mr. Speaker, because the federal government is prepared to reduce its commitment to these programs. I would like to take a few minutes to provide the background for the members of the current financing arrangement.

The federal government assists in financing medicare, hospital insurance and post-

**April 7, 1981**

secondary services by paying a cash or block grant to the provinces and making a roughly equivalent number of tax points available to the provinces. The amount of the cash grant is calculated from a formula which uses expenditures in 1975-76 for these programs as a base. There is also a per capita cash grant for extended health care, which is \$24.50 per capita based on 1979-80 statistics.

The financial arrangements are covered by the federal-provincial fiscal arrangements and the Established Programs Financing Act of 1977. Current arrangements expire on March 31, 1982, and new arrangements are to be in place by April 1, 1982. The block funding arrangements are covered by a federal statute which does not require provincial agreement for changes. It is, however, expected that the federal government will table its proposed revisions for discussion during the summer of this year.

It has been suggested that the federal government may try to reduce the block fund by saying that funding is being cut for post-secondary education, where the federal profile is low and public support for the program is not high, and not hospitalization and medicare, where its involvement is well-known and the programs do have public support.

Mr. Speaker, this would be a disaster for medicare. The present funding arrangement has maintained our medicare system, as Mr. Justice Hall reported, in reasonably good shape overall. It could not continue with less federal funding. In fact, as Mr. Justice Hall reported, there are some areas which need to be improved and refined.

One suggestion of Mr. Justice Hall is that the federal government cost share programs beyond hospitalization and medicare, like dental care and prescription drug coverage, in provinces which cannot afford to introduce these programs.

Such a suggestion is worthy of consideration. In Saskatchewan we have pioneered dental and drug programs just as we have pioneered hospitalization and medicare. Such programs should be available to all Canadians. The only way to ensure a basic level or basic standard for such programs for all Canadians is through the establishment of national standards. The most important asset of any country is its people. Any money spent on improving the health of the country's people is money well spent. It is therefore incumbent on Ottawa to provide a base level of funding for programs like dental care and prescription drugs.

The federal government should also recognize that some provinces face special problems which must also be taken into consideration in any new federal-provincial cost-sharing arrangement.

One problem is to adjust payments to take into account the increasing number of elderly in the population and their increased use of health services. Some allowances for provinces to meet the special needs of native people (for example, Metis and non-status Indians) who are not the direct responsibility of the federal government should also be considered. Infant mortality among the native people is simply too high. Adequate nutrition has also been shown to be a serious problem. Alcoholism and drug abuse is a source of continuing concern. A large part of the solution to such problems rests, I believe, with preventative health programs which attempt to deal with what might be termed lifestyle issues affecting a person's health.

This year's budget in Saskatchewan includes provision for a native and Indian program

April 7, 1981

development officer in the province. The job will entail identification of native health program needs, the implementation of such programs, and working with native people to improve their ability to deal more effectively with their health needs. Consultation with native organizations in the province will also be undertaken.

I will return to the question of preventative health in a moment. First, I want to examine another recommendation made by Mr. Justice Hall. The most important of his recommendations, I believe, is his strong advocacy for the development of community health care programs which emphasize prevention rather than treatment. He suggests that it is essential that the federal government take the initiative to assist the development of new programs by providing matching grants in specific areas. Again I must stress that to protect universal access, extra billing must end. So too should the health premiums levied in British Columbia, Alberta and Ontario.

Matching grants in specific areas would significantly benefit Saskatchewan, Mr. Speaker, because we have been leading the way in introducing new programs such as preventive dental care, a prescription drug plan, the Saskatchewan Aids to Independent Living program, and the hearing aid plan.

There is no doubt that prevention and promotion programs can dramatically improve the health and well-being of Canadians and dramatically reduce medical care costs.

A preventative program could include promoting the sale of healthy foods and nutritional education, examining ways of reducing the use of poisonous chemicals in society in general, and food production in particular. We should also consider ways of improving occupational health and safety standards.

My colleague for Saskatoon-Sutherland suggested that junk foods should not be sold in schools, hospitals or similar public facilities, and that junk food advertising directed at children should be banned. I support his suggestion.

We also know, for example, that it is better for babies to be breast-fed than formula-fed. Our hospitals and their medical personnel ought to be strongly encouraged to promote breast-feeding whenever possible. The advantages are numerous, both to baby and parents. While it is true that formula feeding may be more convenient for nursery staff and for mothers, the issue should be one of health, not just convenience.

Greater consideration should also be given to the entire field of holistic medicine. Holistic medicine emphasizes preventative care, with special attention on diets and lifestyles in treating an individual. There is something wrong, for example, when physicians who can treat asthma or other disorders without the use of drugs, pay a financial penalty for not writing drug prescriptions. Surely we should not actively encourage the use of drugs where not necessary.

The entire issue of preventative medicine presents, probably, the biggest challenge facing the Canadian health system in the 1980s. We, in Saskatchewan, have been given a good example of what can be done in this area by the Prince Albert Community Clinic. A recent newsletter, written by Dr. Orville Hjertaas, out of the Prince Albert Community Clinic, said, and I quote:

If we do, in fact, prevent illness by our method of delivery of health services, then one of the measurable ways in which that prevention should reveal itself is in the reduced use of hospital beds.

**April 7, 1981**

For every dollar spent by medicare to pay doctor bills, \$4.25 is spent on hospitalization. From 1973 to 1978, hospitalization costs have increased at over 17 per cent annually. This year the Saskatchewan Hospital Services Plan will receive \$351 million in funding, an increase of 16 per cent. Such increases are laudable, but if future costs continue to escalate, we may soon be faced with a major crisis. The average cost for admission to hospital in 1979 was about \$1,300. Today it is probably over \$1,500. Dr. Hjertaas points out the average cost for one day in hospital in 1979 was \$134 per patient. Today it is probably closer to \$160. An average stay in hospital per patient is about 2.5 to 3 days.

Now let's look at what the Prince Albert co-operative health centre has managed to do. In '79 their average hospital days per patient was less than one — less than half the provincial average of 2.5 to 3 days. The clinic's average cost for hospitalization per patient was less than one-third of the provincial average. In hospitalization costs alone, the Prince Albert clinic saved nearly \$4 million and for one community, that's pretty impressive.

In 1979 the provincial cost per patient for doctor bills and hospital bills was \$422. At the clinic in Prince Albert, it was \$233 — almost half. Lest anyone think the clinic was perhaps seeing fewer patients, I have some interesting statistics for you. In 1979, the average family physician in Saskatchewan saw 1,314 patients. At the Prince Albert clinic the average was 1,441 — 127 more patients per doctor than the average or about 10 per cent more. If one includes specialists, the provincial average was 864 patients per doctor, and at the clinic the average was 960 patients per doctor.

The success of the Prince Albert Community Clinic is a tribute to the staff and to the people of Prince Albert. The clinic has single-handedly demonstrated the wisdom of Justice Hall's recommendation for federal assistance in specific areas.

But to continue their progress, such clinics must have more funds. In a fee-for-service system, as we have now, community clinics do not receive reimbursement for the money they save in health costs. Yet a way must be found to increase funds for such clinics and programs if we are to truly come to grips with rising costs. Prince Albert has shown one dollar's worth of prevention can be worth five dollars of cure.

It is vitally important to the future of our health care system that the federal government and the provinces co-operate in providing funds for nutritionists, health educators, and other innovative programs, and somehow calculate and recognize the cost savings to the medical care system. I know the people of Saskatchewan recognize this approach would benefit everyone in our society, not just a few. As such, it is immeasurably preferable to suggestions made by the opponents of medicare.

One example of those suggestions is a call made by Dr. Mark Baltzan of Saskatoon (who some hon. members may recall from the past) at a medical symposium in Edmonton last September for a \$200 deductible on medical care insurance claims. Through some kind of twisted logic, Dr. Baltzan claims, and I quote:

It is in the patient's interests, and much cheaper for the patient to pay the first portion, maybe \$200, and have complete coverage for the rest.

Disputing the idea that medical care is expensive, Dr. Baltzan said the 1978 cost for

April 7, 1981

medical care of \$200 a family, "pales in comparison with other costs of living." He also said:

Housing is difficult if not impossible to obtain for less than \$3,500 per year per family, and food is in the same range. Even a car costs at least \$1,500 a year to operate.

Such an attitude indicates to me, Mr. Speaker, that Dr. Baltzan and others like him simply have no conception of what a family living on a modest or even average income has to face. Anyone flipping through a few medical trade journals, full of advertisements about investments and luxury holidays, would be able to tell that. In fact, the average Saskatchewan Medical Care Insurance Commission payment to physicians in 1979 was estimated to be \$76,000. No wonder a \$200 deterrent fee doesn't seem like much. That doesn't include extra costs which they have levied as doctors on staffs of insurance companies and workers' compensation boards.

In fact, several studies have shown, Mr. Speaker, that the health of people on low incomes suffers with rising food prices, as they delete items from their diets. A New York study of pregnant women found that women with poor diets, who drank and smoked, produced babies with smaller birth weights. Other studies in the U.S. have shown that low-birth-weight babies do not progress as well in school as do heavier babies.

A Canadian nutrition survey of 12,000 people in 1972 found a correlation between high and low intake of vitamin C, and a family's income level. While all interviewed received more than the minimum necessary to avoid scurvy, those with lower incomes received less every day.

Mr. Speaker, it is only through increased preventative and community-based health services that such conditions can be improved. It is not through deterrent fees like in Alberta, Ontario and British Columbia. I am confident preventative and community-based health services would result not only in a healthier population but lower medical care costs as well.

I have already pointed out that SHSP (Saskatchewan Hospital Services Plan) funding this year will increase by 16 per cent to over \$350 million. Included in this is funding for a community clinic at Wynyard, a health and social centre at Raymore and an extension of the Saskatoon Community Clinic. As well, \$15 million is to be spent on the Regina hospital regeneration program, and \$6 million for University Hospital renovations. A new 238-bed, level 4 facility will be built in Saskatoon, and \$4 million for capital funding has been set aside for small hospitals.

This year will also see community psychiatric programs at Shaunavon, Ponteix, Meadow Lake, Lloydminster, Maple Creek-Leader, and Melfort-Tisdale. Community alcoholism programs will be established at Melfort and North Battleford, and a psychiatric day vocational rehabilitation program is being set up in Regina.

I would like to reiterate that all across Canada there is an increasing need for a greater emphasis on preventative programs. This year in Saskatchewan several preventative package pilot projects are being introduced, initiatives of which we can be proud. One such program is the seniors counselling, a seniors pilot project, which will be initiated in 12 home care districts as a joint health and social services project. Some \$14,000 is to be spent on a prenatal nutrition counselling program in the North Battleford area.

**April 7, 1981**

This year, the departments of health and social services and Saskatchewan Housing will begin two sheltered housing pilot projects: one for senior citizens and one for the disabled.

The senior citizens project involves a resident-tenant counsellor available to elderly residents of a public housing complex on a 24-hour basis. For the disabled the project will involve a small residence for a live-in counsellor to provide a supportive and a homelike environment for the disabled. Other preventative pilot projects to be established this year include a neighbourhood health centre and an adult dental clinic in rural Saskatchewan. As well, Regina and Saskatoon will receive \$85,000 for expanded preventative community health programs. This year's budget provides for an 18 per cent increase in community clinic funding across Saskatchewan in general.

Mr. Speaker, all this is clear evidence of our government's commitment to improving health service in the province. We are moving ahead in the field of prevention, and I hope the future will bring even more initiatives in the area. Saskatchewan is showing what can be done. But, as I mentioned at the outset, the basic principles are threatened in Canada. We can only continue to move ahead if the federal government is prepared to exercise leadership in this field and continue an expanded responsibility under the Established Programs Financing Act.

Therefore, I move, seconded by the member for Saskatoon Centre:

That this Assembly continue to press the federal government to fulfil its responsibility under the Established Programs Financing Act to provide additional support funding for preventative and community-based health services, and to not restrict in any way the funding currently available for health and post-secondary services to the people of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MOSTOWAY:** — Mr. Speaker, I am pleased to second the motion put forward by the member for Regina North-West, and compliment him on his presentation. He has ably pointed out the importance of maintaining and improving the present level of federal funding of medicare, and the value of moving toward the community-based and preventative health-oriented medical care system. As he suggests, however, the task will not be an easy one. It is natural that when treatment and preventive services have to compete for part of the same budget, treatment programs usually win. How can we deny someone with cancer, for example, the best treatment that we can provide even when we may know that an extensive anti-smoking campaign would be more effective in the long term? I am sure we all agree with that. That is why it is essential that the federal government take the initiative to assist the development of new programs by providing matching grants in specific areas . . . (inaudible interjection) . . . And yes, I certainly advocate that, hon. member.

I think that we in Saskatchewan are doing our share in developing new programs. This year's budget includes a major expansion of preventive health care programs. It is a direction that the New Democratic Party, and before it the CCF, has long recognized is the best solution to increased medical care costs. I believe other parties are now agreeing with us. Mr. Speaker, I'd like to quote from some 1956 Saskatchewan campaign literature, the kind to which I am attracted. And I quote:

The CCF government made possible the formation of health regions whose

April 7, 1981

goal is the maintenance of health, the prevention of disease, the saving and prolonging of life, the provision of physical, mental and social well-being for all.

Of course we've greatly expanded our program since the formation of the first health regions, but our philosophy remains the same. I'm sure that in 20 years' time, our citizens will be able to look back to 1981 and say exactly the same thing.

In 1974, we pioneered the introduction of a dental plan for our young citizens. Prevention was a major feature of this program from the beginning. At that time, less than 30 per cent of the children in Saskatchewan received dental care on a regular basis. During the next six years, the dental plan expanded until, by the end of the 1979-80 school year, children between the ages of four and 14 were enrolled in the dental plan. The dental nurses and dental assistants have proven that they are able to provide high-quality dental care to children in schools. In fact, there was a study (I believe it was mentioned by the speaker before me) conducted by dentists in Ontario, which found that the dental nurses and assistants in Saskatchewan were doing as fine a job, or better, than the dentists back in Ontario.

Currently, over 140,000 children in Saskatchewan are receiving dental care from 177 dental nurse teams supervised by 20 dentists. I can say for sure, having been a teacher and still being a teacher, that the program is well received by parents and children.

The Department of Health is expanding preventative health programs with a number of community-based projects this year. These include demonstration projects for a preventative health program for young people, two sheltered housing projects (one for senior citizens and one for the disabled), a Seniors Helping Seniors program located in 12 home care districts, a neighbourhood health centre for senior citizens, an increase in grants to city health departments for expanded preventative programs, and a pilot project to provide adult dental care in rural areas.

But, Mr. Speaker, it is a great strain on provincial resources. When the federal government is receiving large increases in revenue from Saskatchewan and from the other two western provinces (and it now takes as much revenue from the province as our whole provincial budget), I think we are justified in expecting an increase in funding aimed at preventative and community-based health care.

It is heartening to read that Justice Hall believes that our health system is in reasonably good shape overall. But there is room for further improvement and refinement in some areas. Special reference has been made in the report to the need for the universal extension of certain basic health services such as drug coverage and dental care, as well as the community-based health care programs which I have mentioned. The Hall report urges that more effective use be made of nurses, including the extension of their role into activities which are now handled solely by doctors. This is a timely suggestion by Justice Hall and one which, I think, has a good deal of merit. It is one which I certainly hope — in fact, I will say that I know — our Minister of Health, along with the other ministers of health for the provinces of Canada, will be actively pursuing.

The predicament of status and non-status Indians, as outlined in the Hall report, is well-known to our provincial government and to the Federation of Saskatchewan Indians. I hope the federal authorities will find ways to honour their commitment to Canada's native people.

**April 7, 1981**

Mr. Speaker, I know that in the past the federal government has often involved itself in financing preventative programs relative to health in Saskatchewan and other provinces. I know that, in many cases, after a few years it withdrew its funding from such programs. That is to be regretted. I don't think it's happening as often now as it did a few years ago, but it did happen. Invariably, the province would be asked to pick up the tab. I believe that Saskatchewan's record is enviable in that regard, because nine out of ten times, they did pick up the tab, and we all realize that very often the federal government received the credit. Be that as it may (it doesn't matter), I say that the provincial government has a good record picking up the broken pieces given to us by the federal government by its refusal to continue funding programs which it initiated — sometimes on its own, and sometimes with the assistance of the provincial governments.

I believe that there are many programs we could get across to the citizens of Saskatchewan. I believe there are programs which could be mentioned in schools in an informal way, for example, the effects of prescription drugs. I don't see why that can't be introduced in schools, particularly at the junior high level. Most of the students are craving that kind of information, and I think this could be looked at by the Minister of Education — a study could be made, and I'm sure that the recommendation would be that students of that age want the information. That is a good time to influence them properly, so that they are aware of the dangers of many of these prescription drugs — drugs which doctors claim are being over prescribed by members of their profession.

I believe also that in schools (whether we have federal government funding or not, and if we don't have federal government funding, I feel that it is an obligation on the part of the provincial government), we should be teaching our children about the negative effects of alcohol and tobacco, and that that should be done at a younger age than junior high. There is no reason that can't be introduced into the school program on a formal basis, say at grade two or three — primary grade level. I know it is present now, but it is rather informal — introducing programs formally is what I mean.

Mr. Speaker, I think the record of the Saskatchewan government in preventative programs is good. I, too, along with the member for Regina North-West, want to urge the federal government to increase rather than decrease its funding, which has been the trend followed in the past.

I certainly will be supporting the motion fully.

**MR. COLLVER:** — Thank you, Mr. Speaker. I don't quite believe that the majority of the remarks made by the mover and the seconder of this motion related a whole lot to the actual motion. However, the motion being made to ask the federal government to put more money into health care misses the point of the entire discussion that should be taking place in Saskatchewan today, pertaining to the delivery of health care systems for the people of Saskatchewan.

Let me commence my remarks by saying that I will have more to say about this later, and I intend to adjourn debate at the conclusion of my remarks. But at this time, I open my few remarks with this point. You and the people may not believe it at this point, but there are certainly a great many in the province who do. Medicare is rapidly proving to be a failure, not a success.

The members in this very Chamber, on the other side of the House, today referred to



April 7, 1981

some of the problems of this failure. First of all, the extra billing by doctors is rapidly becoming a tremendous burden on the people of the province when added to the monumental burden of the taxation that they now pay.

It is interesting to note, Mr. Speaker, that every man, woman and child in Saskatchewan spends approximately \$400 for medicare. For an average family of four, that is approximately \$1,600. As a matter of fact, for the next year, that average family of four is going to be paying close to \$2,000 per year for medicare in the province.

Mr. Speaker, any place in North America where the private system of medicare is available, you can buy 100 per cent first-dollar coverage through Blue Cross and Blue Shield. Mr. Speaker, this is a fact. Everyone in other jurisdictions in North America, where the free practice of medicine is being conducted, can buy 100 per cent first-dollar coverage for less than \$200 a month. Someone over there says, "nonsense."

It just so happens that as a result of my having to spend half a year in the United States, I have only just completed purchasing a health care plan for me and my family with two children at home. I can assure you that the cost for me and my family, because I didn't want first-dollar coverage (I wanted the deductible of \$300, which included some \$10,000 life insurance, which I was required to buy as a result of the group policy) was some \$85 a month — a \$300 deductible.

Now, Mr. Speaker, think about this — for a \$300 deductible, full coverage, four people, in the state that has the free practice of medicine. Here in the province of Saskatchewan it is \$2,000 a year for the public. Read your own documents. Read what you provide for health care in the province and divide it by the number of people and you get so much per head. Take an average family of four, and quite frankly, Mr. Speaker, that's not an average family of four, that doesn't even count what the taxpayer is paying. The point is that the member for Regina and the member for Saskatoon, who spoke on this proposition so far today, have said that even at that the Government of Saskatchewan can't afford to provide the kinds of services that it wants to provide for people. It says that the federal government has to cough up more and more and more, to provide for more of the same.

Mr. Speaker, I ask the members opposite to think about something besides the cost. because that's what they have been talking about in this Assembly for the last 10 years that I know of — the cost of medical care. What they are talking about, when they talk about the poor people out there not able to find proper medical attention, is the cost of medicare. Do they once, ever, talk about the provision of medical treatment and medical care, the quality of medical care, the ability of sick people to be treated? No, they do not.

What's happening in the province of Saskatchewan? Let's take the city of Regina in the last three years. It has lost one-quarter, 25 per cent of its highly-qualified, highly-trained practitioners, and replaced them with people who are far less qualified — trained in jurisdictions that do not have the standards of Canada. And they are saying that the people of Regina still have the same quality of medical care. I say that's nonsense.

Mr. Speaker, I'd be happy to name names. I'm going to suggest to the hon. members opposite that they pick up the telephone directory and merely read the first 20 names, and find out where those 20 names under physicians were trained. They will find, Mr. Speaker, that they were trained in jurisdictions that require far less qualification than

**April 7, 1981**

the province of Saskatchewan or Canada or Great Britain. Now, that is not just in the city of Regina. That is in Saskatoon and Prince Albert. There are at least four towns in the province of Saskatchewan of substantial population which have no medical attention whatsoever, zero. Why? Because medicare is rapidly proving its true worth. It is a failure from start to finish, the member for Saskatoon knows it and the member for Regina knows it.

That is why they are crying and screaming to get the federal government to pour more money into this misunderstood, misgauged program that is driving highly-qualified people out of Saskatchewan. This is why the member for Saskatoon, in his remarks today, specifically stated that he was happy to see that registered nurses would now be providing medical care in the province of Saskatchewan. That is what he said, Mr. Speaker, and that is what I object to — the continual lowering of the quality of medical care in this province and only talking about costs and never comparing the costs to any other jurisdiction in North America. The people of Saskatchewan are paying more and more every year for less and less. They have dirty, filthy hospitals and it is worse now than when the Conservative Party brought this to the attention of the people two years ago. It is worse today than it ever has been before.

Mr. Speaker, the fact is that the people of Saskatchewan are being conned by the NDP because of words. They are being told, "Medicare is wonderful." Why? Because they are saying to people that their good health and the provision of medical attention and services are synonymous. That is what they are saying. Everybody in the province wants good health but when they don't have it and when they are sick, they want the best possible treatment. Mr. Speaker, they are not getting it today. They are not receiving it today.

**MR. SPEAKER:** — Order, order! I note that the member for Nipawin sat very quietly and listened to the debate which was put forward in the House up to this point. I think the members out of respect for the parliamentary rules, the decorum, and for the member for Nipawin for having listened quietly to them, owe him the same kind of attention. I would ask the members of the Chamber to preserve the decorum of the Chamber so that the member can be heard.

**MR. COLLVER:** — Mr. Speaker, I thank you very much.

**MR. SPEAKER:** — Order, order! Perhaps I should formally give the floor back to the member for Nipawin, rather than to the House as a whole.

**MR. COLLVER:** — Thank you so much, Mr. Speaker, for that very worthy interruption. Mr. Speaker, I want just to refer to one small personal experience with medicare. The Friday that I was required to leave Regina, after the session . . .

**AN HON. MEMBER:** — I don't blame you. Why don't you take the rest of it?

**MR. COLLVER:** — Mr. Speaker, if they would give me the floor . . . This is approximately three weeks ago. I finished here at 1 o'clock when the House adjourned, and I had to go to the Pasqua Hospital to have (and this is not a joke, Mr. Speaker) a trigger-finger syndrome corrected.

You may think I am making that up, Mr. Speaker, but I have the scar to prove it.

**AN HON. MEMBER:** — Was that a transplant?

April 7, 1981

**MR. COLLVER:** — No, it wasn't a transplant, Mr. Speaker. A trigger-finger syndrome was corrected and it only took a half an hour. The medical doctor who treated me was a very fine man, a man trained in Canada. But all of the assistants, Mr. Speaker, who were involved in that operation (and they were involved in the treatment), were trained not in the U.K. and not in Canada but in jurisdictions that every medical doctor in the province will tell you do not have the same standards of excellence that we have in the province of Saskatchewan.

That's only a personal example. I could go on and on to name people who have had the same kind of experience — people who have commented to me behind the scenes. Other members of the legislature, who sit here today, have said off the record to me, "Yes, they aren't as well qualified; yes, we have to stop this influx." But when you ask them, "How are you going to stop the influx of the less than qualified, without stopping the leaving of the highly qualified?" do you know what the answer is, Mr. Speaker? The answer is, "We have too many doctors anyway."

In the light of what the member for Saskatoon said today, that he wants registered nurses out there treating people, and to have the Government of Saskatchewan and the Government of Canada pay these thousands and thousands of dollars per family of Saskatchewan for registered nurse treatment, then, Mr. Speaker, I say to you that medicare is, in fact, a failure. We are losing our best-qualified people.

Mr. Speaker, when they say to the people of the province in their ads (the Conservatives or anyone) that medicare is a failure, they say to people, not that the provision of medical care is a failure, not that you are out to destroy the system under which we provide medical treatment, oh no, they say, "Medicare — they want to destroy medicare." In peoples' minds that means good health.

I say if that attitude continues and persists (and it's there with the people of this province), then no correction of this abysmal system will be in order. There will be no correction of the filthy hospitals, of the less than qualified people, and of the ever-increasing cost for less and less attention, and less and less real medical treatment.

I say to you, Mr. Speaker, that this system has to stop before any government pours any money into it. We have to start to devote our attention to the good health of people and to the provision of health care for sick people, instead of providing for ever-increasing costs and systems and analysts and bureaucrats, and in turn, reducing the qualifications, as the member for Saskatoon suggested today, in the provision of health care for the people.

I beg leave to adjourn the debate.

**MR. MOSTOWAY:** — Mr. Speaker, I am wondering if I may be permitted to ask a question which, I think, would be considered of . . . (inaudible interjection) . . . before he takes his seat?

**MR. SPEAKER:** — The question before the House is on adjournment of the debate. Is it the pleasure of the Assembly to adjourn the debate?

Debate adjourned.

**April 7, 1981**

**Resolution No. 19 — Irrigation in Saskatchewan**

**MR. SWAN:** — Mr. Speaker, this afternoon I would like to raise a few concerns which I have about the methods the Government of Saskatchewan is using in their Department of Agriculture. To make my points clear, I would like to take a few minutes to outline some of the concerns which I have.

To begin with, the agricultural budget has fallen far behind the inflationary trend over the past few years. This does not enable the Department of Agriculture to deliver the kinds of programs it should deliver in the agricultural field in our province. Agriculture is still one of the main industries in Saskatchewan. We have one of the largest agricultural land bases of any province in Canada. Yet, Mr. Speaker, I see that this government is not committed to putting enough dollars into the program to give agriculture its rightful place in the programs of the Government of Saskatchewan.

The government has tended to move instead, toward a very large investment in the purchase of farmlands through the land bank program. Each year we see a significant increase in the number of dollars the government is prepared to spend to buy farm land, but we don't see very much assistance for young farmers to become established. If you spend \$250,000 or more to purchase a small farm, and you put one person on that farm, you have only assisted one person. If you were to assist with \$250,000, a number of different people with subsidies, you would find that instead of putting one person on the land, you could put on 7, 8 or 10 people for the same dollars. That kind of thing would be meaningful in this province, and it is something that we have, for a long time, encouraged the government opposite to become involved in.

I would like to see young people have the opportunity to farm, but under the programs your government is using, we are going to see a very limited number of people who have that opportunity. Instead of encouraging people in the livestock industry to maintain their herds, we see, instead, the farmers in the 30 to 35 year age group, who have been the backbone of our livestock industry by maintaining herds of 50 to 100 cows, who have accumulated enough land to have an assessment which comes to \$15,000 (and at today's assessment rates, that doesn't take very much land) — we see these people instead of having their quotas for livestock increased being completely cut off and having no quota for cattle to go into the pastures owned by the province or into the co-operative pastures.

This has meant that many of our farmers in that age group have had to let their livestock herds deplete to the point that many of them now are straight grain farmers instead of being mixed farmers. That has reduced the herds in this province by 25 per cent, and those figures are from the Minister of Agriculture's statement in this House that livestock herds have indeed decreased by 25 per cent.

I think this is an example of your programs not being right for our times. Those programs need adjusting so the agricultural industry, and the livestock industry in particular, has an opportunity to increase the herd in Saskatchewan. This would provide the secondary enterprise which is necessary in the agricultural field.

We have also seen an increase in the grazing leases. Anyone holding a grazing lease in the province, when it comes due, is experiencing a very significant increase in the grazing lease rate. People who use community pastures are finding that the pasture rates have increased very rapidly, even though the price of cattle is not increasing and providing that additional income that is so necessary if the livestock industry is to

survive.

Another area that shows you don't have a commitment to the agriculture industry is the discontinuation of your farm fuel rebate. At a time when farm fuel costs have spiralled continually and this year, again, have gone up significantly, we find that the government opposite has completely discontinued the farm fuel rebate program.

At a time when there would have been good cause to have increased the amount of funding for that program, you have discontinued it. Again, I say that you have no commitment, as a government, to the agriculture industry as a whole.

Look at the irrigation area. This is something I have mentioned here several times but I'm going to mention it again today. This year, when your budget came down, most of us expected that you would show some commitment to a furtherance of the irrigation programs in the province. Instead of that, we see the capital expenditure for irrigation in your budget cut by 30 per cent.

It doesn't show that you have a concern that irrigation should be developed in the province of Saskatchewan. Rather, you show the opposite — that you think irrigation isn't valuable. Otherwise, you wouldn't have cut your budgets.

The original agreement, drafted between the province of Saskatchewan and the Government of Canada, dealing with the Diefenbaker Lake and the irrigation projects available from that lake indicates that there are 500,000 acres capable of being irrigated from that body of water. It also demanded that the Government of Saskatchewan provide that irrigation capability as early as possible after the dam was completed.

Now, there was a commitment set out — in particular, that 50,000 acres be developed within three years after the dam was filled to irrigation levels.

To date there is a capability, the Minister of Agriculture tells me, of something over that 50,000 figure. The capability is there. In some instances the farmers have not picked up on it.

My concern is that we have, in this province, the natural resource of water made available to us by the federal government. The program has been put in place; it has been there since 1967. The opportunity to irrigate larger acreages than presently exist has been there. Instead of using that water, we are seeing the water simply flow on down the Saskatchewan River and end up in the sea — a natural resource which we cannot reclaim. Once it goes, it's gone.

I believe that the Saskatchewan government has, indeed, missed a very significant opportunity to improve the agriculture base of our province.

If we were today to have that 500,000 acres under irrigation, just from this one project, if that program had been developed to its potential, Saskatchewan would not need to go to the eastern seaboard and have the screenings trucked back. They wouldn't have to be hauling hay from Ontario. They wouldn't have to haul hay products in from Alberta. Rather, they would have had all kinds of hay and fodder for the livestock right here in our own province if, indeed, you would allow the irrigation to develop to a point where secondary industries could come in. They can't do that on the limited acreage we have under water at this time. Processing plants have to be ensured of significant amounts of product before they will stabilize and put in plants in Saskatchewan.

**April 7, 1981**

In talking to a number of the different companies that have shown interest, they tell me they would indeed put plants in this province if the government would show a commitment and would put in irrigation in sufficient quantities to bring in vegetable crops, even sugar beets. These things would be possible in our province but are impossible today because of the lack of commitment by this government. I am asking this government today to take a new look at the future of the agriculture industry in our province. Indeed, we should make a commitment to the irrigation projects while we have that water, before it goes on to the ocean and proves to have provided very limited improvements to our province as it passed through.

Another area that I would like to raise again is the assessment on land under irrigation along Diefenbaker Lake that has been increased so significantly. I am speaking in particular now of the land where farmers on their own initiatives have put pumping equipment in and put their own land under irrigation. Many of these farmers have indeed spent up to \$250,000 to bring a quarter section of land under irrigation. When the assessors went through the district last summer, any piece of land along the lake that had a sprinkler system installed on it was reassessed. The land next door to it, capable of the same kind of production (the only difference being that the farmer had not taken the initiative to put water on it) was left at its present assessment rate. Indeed, what we see happening is that you are not assessing the capability of the land; rather you are assessing the enterprise of the farmer who had the courage to invest his money to put water on that land.

If it is the feeling of the assessment commission that they should assess all land on both sides of Diefenbaker Lake or bordering other bodies of water that would provide opportunities for people to irrigate, then they should assess every piece of land, not just the land where the farmer has gone ahead to irrigate, but also the land that is in proximity to water from which it is possible to irrigate. Then I would say you are assessing the land value because of the capabilities. But under the present method, I believe you are assessing the actual equipment that has been placed on that land. Now, we don't see a reassessment because a farmer buys a new tractor or a new combine; why, then, do we see a new assessment because the man has bought an irrigation sprinkler system? It doesn't seem right to me. It is a disincentive to farmers going into the irrigation business. I think it is something which needs a very serious look by the assessment commission and by the Department of Agriculture.

As well, when you are looking at irrigation systems, I believe there are other things to look at. In the assessment division, we look at the distance that a piece of property is from the market. That is a significant factor in the assessment formula. But when farmers turned to irrigation, the assessment people didn't take a look at how far that land was from the water body and they didn't take any consideration as to what the vertical lift was from the lake to the level of the land, and these are very significant things. In many cases when the lift gets up around the 300 feet, farmers are paying in excess of \$10 per acre in power bills alone to provide that water to their soil. So I think that there are a number of things that need to be looked at if we are to encourage farmers to expand irrigation of their own volition by putting in their own pumps and bringing the water onto the land.

I noticed this year when the wheat board annual report came out that there were some figures that would indicate the wheat board feels it's time to change the crow rate. They did it in perhaps a little different way than by saying openly that they are changing the crowrate, but they did it by buying 2,000 hopper cars and using farmers' funds to do it.

April 7, 1981

In that report it indicates that the cost on every tonne of grain that is shipped is 0.409 cents. Now if that were translated to wheat it amounts to just a little over one cent a bushel additional cost for the farmer and its cost for transportation. I think you might as well say that the crowrate changed by one cent at least, when the wheat board bought its 2,000 cars.

If you come back to the Saskatchewan Grain Car Corporation and the 1,000 hopper cars that have been purchased by the Government of Saskatchewan, in this instance the cost of those cars applies to the land base in the province of Saskatchewan. So they didn't purchase as many cars, but in all likelihood the cost per bushel to the Saskatchewan farmers will be the equivalent of another cent a bushel for that additional cost to move their grain to market. So we see the crowrate, when you add those two together, has in effect gone up by two cents a bushel. I don't think you fool anybody when you talk about forming a grain car corporation. The money is still coming from the agriculture base, and that is one of the things I have raised with you a number of times. There are many ways of defeating the crowrate. I have cited two ways and the Saskatchewan government is guilty of part of it and the Canadian Wheat Board is guilty of the rest of it . . . (inaudible interjection) . . . No, I am right and I have the exact figures.

I've watched the operation of the Department of Agriculture for the last few years. This year I think the things that were put in the budget to show a 35 per cent increase in the Department of Agriculture were a bit foolish. You know, when you have to bring the supplying of the gasohol test plant into agriculture to make it look like you are doing something for agriculture, you indeed are making a mockery of the agricultural industry. We do have an energy, mines and resources department in this province. If there were a need to develop a new energy source, why would it not come under the energy portfolio instead of agriculture? There is over \$7 million of your increase provided to agriculture. There is \$10 million provided for land bank which is not a very big increase in the availability of money to improve the farming picture for most people . . . (inaudible interjection) . . . No, I would like considerably less for land bank, and I explained to you earlier I would like more money put into a different method of financing to give new farmers an opportunity.

Mr. Speaker, because of a number of things which I have mentioned, I would like to move, seconded by the member for Souris-Cannington:

That this Assembly condemns the Government of Saskatchewan for its lack of commitment to the agriculture industry and for its lack of commitment to the use of our renewable resources through expanded opportunity for irrigation in this province.

**MR. BERNTSON:** — Just briefly, Mr. Speaker, in seconding the member's motion dealing with the lack of commitment of the Government of Saskatchewan to the industry of agriculture in Saskatchewan. I think the lack of commitment can be aptly demonstrated in three specific areas.

As mentioned earlier by the member who just sat down, our cattle population is down by 25 per cent. Our hog population is down by 50 per cent since the inception of the hog marketing commission by this particular government. Our rural population is ever-declining; our rural towns and villages are dying. All of this while this government expounds on the virtues of its agricultural policy.

**April 7, 1981**

We have in the neighbourhood, I think, of 40,000 acres under irrigation in Saskatchewan. In the Diefenbaker area we have a potential of 0.5 million. I think this is disgraceful. We are going into the third or fourth year of a rather serious drought cycle. With this irrigation under the ditch and properly irrigated, there would really be no reason for these costly drought programs, herd maintenance programs, etc. We would be self-sufficient in feed. The irrigation, coupled with a deep-well program, would literally make us drought resistant.

The farm fuel rebate program which this government introduces, pulls out and kicks around, seems to be a very popular item prior to election time. But immediately after an election it disappears. I think that indicates a distinct lack of sincerity toward the agricultural community by this government.

Another one which I have taken a personal interest in is the Souris River basin and particularly the Rafferty Dam. I have been five years trying to get some communication going between the various levels of government. Only about one month ago it finally happened in a very informal way. I want to thank the members for Yorkton and Bengough-Milestone and Estevan for joining with me in meeting the Governor of North Dakota — I'm sorry, Assiniboia-Gravelbourg, and we had to take the member for Yorkton, yes. But I want to thank them for going down with me to meet with the Governor of North Dakota, and hearing the presentation by the citizens of the Souris River valley from North Dakota.

It's little known in these parts, I suppose, that very little water enters the Souris River between the 49th parallel and Minot, North Dakota. The main reason for the whole Garrison diversion and Burlington Dam project is to flood-proof Minot, North Dakota, and the cost of that particular project is into the hundreds of millions of dollars. The whole thing, according to the people who have studied it from one end to the other, can easily be handled by building the dam, Rafferty Dam, about three or four miles west of Estevan on the Souris River. The cost of that project will be in the neighbourhood of \$40 million. The spin-off from the project will be irrigation along the Souris River in the Torquay-Outram area, potential for a petro-chemical industry, additional capacity for Boundary Dam, resort areas, something that's lacking in southern Saskatchewan. I think it makes good sense that it should be looked at.

The people in the Government of Saskatchewan, I think, were absolutely determined that the Souris River ended at the 49th parallel and, I think in fairness, the people of North Dakota thought that's where it began, and no one has ever taken the studies from both sides of the 49th parallel and put them all in a bucket and taken a look at the total picture. I think there is some dialogue now, hopefully, and I hope the members who were with me on that particular trip have expressed the concerns of the people of the valley to their caucus — with the view toward at least taking a look at it and getting the whole picture before the International Joint Commission to see if there is any merit in the proposal.

I don't stand on it four-square, 100 per cent, but I do believe that it deserves a look, and I just can't understand why everyone's dragging their feet and not looking at it. It would go a long way to providing secondary industry in the southeast. That's what we're all about. With those few brief comments, Mr. Speaker, I take pleasure in seconding the motion of the member for Rosetown-Elrose.

**SOME HON. MEMBERS:** Hear, hear!



April 7, 1981

**MR. ENGEL:** — I've been listening with great care today to the presentation of both the member for Rosetown-Elrose and the Leader of the Opposition, in their alleging that the Government of Saskatchewan hasn't made a good commitment to the farmers of this province. After the conclusion of my remarks today, Mr. Speaker, I would like to move an amendment to this resolution. This resolution needs to be amended because of the NDP's strong commitment to agriculture. The budget announcement demonstrates our continuing commitment, Mr. Speaker. In total this year we will increase the budget (as was mentioned) by 30.5 per cent to \$77.4 million. A strengthened agricultural industry is the core of Saskatchewan's economy, Mr. Speaker. Our commitment is demonstrated by our actions.

The member who moved the resolution tried to be little what FarmStart is doing. I would just like to reaffirm what it is doing. FarmStart has provided over 5,400 grants and loans totalling \$152 million to young farmers in this province. They say that is a lack of commitment. Land bank has provided land to over 2,600 farmers to get into farming. They call that a lack of commitment to agriculture. The farm ownership board has protected farmland for Saskatchewan residents. The crop insurance corporation has dramatically improved its coverage, and for 1980 alone it paid out nearly \$135 million. Mr. Speaker, those figures spell commitment to agriculture.

Looking ahead to 1981, the land bank budget will increase to \$35 million and I think this is a good program. In my area, it is not sufficient yet. We should increase it more. FarmStart interest rates will continue to be the lowest rates available to farmers anywhere in the country. Mr. Speaker, this government moved quickly last spring to reduce the impact of the drought. We provided assistance for fodder and feed grain transportation. I've had many, many compliments on that program, on the help it has been to farmers to haul hay and feed into the area. We have assisted in the construction of community wells; we have helped in the transportation of cattle and in emergency fencing. Farmers took advantage of this drought relief program. Our government also announced in the budget a co-operative research and demonstration program involving the University of Saskatchewan, the Department of Agriculture and Saskatchewan's farmers. And this program is going to work, Mr. Speaker.

And then, in a new program, we are committing \$25 million over the next five years with \$4 million in this year's budget. This includes \$3.2 million for research (mainly at the University of Saskatchewan) emphasizing salt salinity, moisture conservation and optimum crop rotations and weed control. Mr. Speaker, I think we have done a lot to assure our farmers that we are 100 per cent behind them.

What about the livestock industry? Our livestock producers have often been discouraged from expanding because of the tremendous instability of the livestock market. In 1976, this New Democratic Party introduced the Saskatchewan Hog Assured Returns Program. The member for Rosetown indicated that because of this program we have 50 per cent fewer hogs. I think he is wrong there, Mr. Speaker. More than \$3.6 million has been paid out to help stabilize returns in the last five years — \$3.6 million just to the hog producers.

The new budget provides for a voluntary provincial beef stabilization program for slaughter cattle; \$5 million is allocated from the provincial government's share of premiums in 1981. This will provide coverage for about 200,000 slaughter cattle in the first year. I think this program will help the farmers who are in the beef cattle and the finishing cattle business.

**April 7, 1981**

Finally, as stock growers know, this new budget increases veterinary services grants by more than 80 per cent to improve veterinary services for livestock producers right across our province. As I said at the outset, in total we will increase the budget for agriculture by 30.5 per cent to \$77.4 million in the coming year.

Mr. Speaker, there is also a great deal more that we, as a government, have done to improve the quality of rural life: a new farm housing program with \$4 million of mortgage financing to build houses on farms. I remember the member who introduced this motion saying that he didn't see any vitality in our rural communities. I'm impressed as I travel around Saskatchewan and see the new houses being built. This \$4 million is going to encourage further development in housing, particularly on farms.

More flexibility to rural municipalities for road construction has been introduced this year in millions of dollars to municipalities for revenue sharing.

The resolution basically touches on irrigation. I'd like to talk a little bit about irrigation. An estimated 207,000 acres have been developed up to this year for irrigation in Saskatchewan. Each year it has been estimated that an additional 10,000 to 15,000 acres are being developed. Over the past few years, the Department of Agriculture has provided assistance toward the development of 10,000 acres a year.

The budget of March 5 brought changes to individual irrigation policy. I'd like to outline these changes, Mr. Speaker. On those projects for which water rights are obtained and equipment is suitable, a grant amounting to \$35 per acre on the first 50 acres, plus an additional \$10 per acre up to 110 acres, can be received. The total grant to an individual farmer will be \$2,850. In 1980, the maximum grant was \$1,750. So, there's an increase there of almost 50 per cent. Up to three members of a partnership, corporation or co-operative can receive grants. That's three times \$2,850. The government has provided \$280,000 for this new program.

Since 1966, a total of \$595,350 has been provided in grants to 355 farmers. This has resulted in a developed area consisting of about 29,000 acres.

On the west side, during the past few months the minister has met with representatives of a group to discuss the possibilities of irrigation development in that area. The department has indicated to these farmers that the canal can be used. However, the capital costs of providing the pumping system from Diefenbaker Lake into the canal would be the local authorities' responsibility. On the other hand, the government has accepted the responsibility for seepage problems along the canal, maintenance of the canal, and would provide grants under the individual irrigation policy to those farmers who develop irrigation.

The costs of these items have been estimated as follows: farmer cost to provide main pumping facilities for 5,000 acres of development, \$700,000; government cost of seepage control, approximately \$1 million.

I am sure that some of the things which I've discussed today indicate we have done a lot to stabilize agriculture. We've done a lot to promote it. Therefore, I would like to move, seconded by the member for Turtleford:

That Resolution No. 19 be amended by striking out the word "condemns" in the first line and substituting the word "commends", and by striking out the

words "lack of" in the second line and in the third line.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** — I find the amendment to be in order and debate continues concurrently on the motion and the amendment.

**MR. JOHNSON:** — Mr. Speaker, in seconding the amendment to the motion, I'd like to point out several things which were brought up by the original mover of the motion. One of the things which I found very interesting in his presentation was that there should be a fairly large capital expenditure made for an irrigation area which is in his constituency. I would like to point out to the member that if he turned around and spoke to the member for Kelsey-Tisdale sitting behind him he would probably find a member in his own caucus who would be far more interested in seeing sums of money spent on drainage rather than on irrigation.

There is one other aspect of putting large amounts of capital into an irrigation project or right onto the farm. What you do in a lot of cases, when you irrigate an area or provide the land base with water rights and the ability to irrigate, is that you increase the property value by as high as probably four or five times what it would be if it remained as dry land. So what the member is proposing to this Assembly, to some degree, is that there would be a windfall of a fairly large amount of money to a number of individuals if the large capital expenditure is picked up by the province. The benefits would accrue to a number of individuals who live in the 500,000 acres of irrigated land.

I speak with some knowledge on what the impact does for improvement to land, because in my constituency the improvement is to clear the land. Once the land is cleared, the value of the property increases considerably. That is where the payment is made for the cost of clearing. And subsequent to that, the member opposite indicated that reassessment takes place because some individual was prepared to put forward the effort to irrigate the land. It is well recognized that the assessment increases when an individual makes improvements. That is what the local tax base is all about. If you make an improvement you will be faced with an increase in taxes. Generally speaking, the increase is there to cover the costs which will accrue to the R.M. in providing services, because an area which is irrigated will be turning out more product, will have a larger amount of traffic to and from it, and in doing so will generate a larger cost to the R.M. for the services it is providing. He could just as well turn around and speak to the member behind him, the member for Kelsey-Tisdale, who has been a reeve of an R.M. and who would recognize the increased costs which occur from more productivity in an area.

Mr. Speaker, the member as well indicated that in the area of agriculture there was no commitment by this government. I would like to rephrase that a little bit. The commitment is to rural Saskatchewan. As the member well knows, if he would take a look in the education budget and the way the operating grants are formulated, those children who are basically in rural Saskatchewan receive from the province about twice as much money as they would receive if they were urban residents. That is just simply the way the formula is set up. If the member doesn't agree with it, he should take a look at what is actually happening. As well, the member should look at what is taking place in the Department of Highways. The construction over the last 10 years has been basically on the highways which provide service in the rural areas, rather than the highways which link the major centres.

**April 7, 1981**

Mr. Speaker, the member opposite simply wants to put on a set of blinders and look straight down the centre. He said that the Department of Agriculture was being increased in value by moving stuff which he thought was in energy, mines and resources in to that particular department. I think what he was meaning to say was in some other department, because that one isn't a department of the province, as I understand. Anyway, he was saying that what is happening is that funding is being moved from there into the Department of Agriculture. By doing so, the agricultural budget is being ballooned.

Well, Mr. Speaker, I cannot see why a process which is going to be using agricultural products should be considered something that goes under another department. It is agriculture.

The only thing we do, in the province of Saskatchewan, is produce energy. We produce it in a number of different areas — food, oil, uranium (those are marketable products). You can then turn to fertilizer (which is potash) which is energy for the production of food.

What the member is trying to say is totally irrational. I would like to say that I support the amendment to the motion, and I hope we will be voting on this.

**MR. GARNER:** — Mr. Speaker, I've been waiting for a chance to get into this, especially since hearing the hon. member for Turtleford talk about the great commitment by this socialist government in Saskatchewan today.

We could talk about that Mickey Mouse \$5 million beef stabilization program which, when implemented, will give every beef producer in the province of Saskatchewan \$5 per head when he's losing about \$150 a head. That's a commitment?

A rural housing program of 100 homes in rural Saskatchewan is two homes per constituency. Part of the criteria is that the land be land bank land. So, what do you do if you are a young farmer and you go to mortgage the land, Mr. Speaker? You can mortgage the land. The only thing you have left to mortgage is the machinery.

So, if the year continues the way it is right now — and it looks very dry in the south, Mr. Speaker — what is going to happen to the young farmers who have these new homes on this land bank land? We're going to see the government owning the land, the machinery, and the home. And the young farmer goes down the road to Alberta to start a new future.

Mr. Speaker, this is not a commitment by the NDP government. There is total disrespect for the farmers and people in rural Saskatchewan. They will end up with nothing but a bunch of glorified tenant farmers in Saskatchewan by owning and controlling the land, the house, and the machinery. That is a commitment? Is that the commitment the member for Turtleford talks about? No, Mr. Speaker, that's a commitment to the decline of rural Saskatchewan.

Mr. Speaker, I could add many more comments to this, but I think that has brought to light some of the things that are happening, and some of the great commitments that have been made by the government opposite in rural Saskatchewan. I beg leave to adjourn debate.

Debate adjourned.

**Resolution No. 21 — Establishment of a Public Utilities Review Commission**

**MR. ROUSSEAU:** — Mr. Speaker, this is the second time I have introduced this motion in this Assembly, the first time being last year. Of course, the members opposite weren't too anxious to debate the motion and, consequently, allowed it to die on the order paper by adjourning the debate.

I understand, as well, that the idea of a public utilities review commission had been debated in this Assembly for many years in the past. However, I can't confirm that since I wasn't here at the time and I haven't researched it to find out if it is a factor not.

There have been many arguments made, Mr. Speaker, on the requirements of a need for a public utilities review commission. As well, there have been many arguments opposing a public utilities review commission.

One of the members who has been very well versed on the subject is the member for Regina Rosemont (unfortunately he is not in the House today) — both through the media and in this legislature.

I would just like to take a minute, Mr. Speaker, to counter some of the arguments that he makes. Perhaps you'll be better able to understand why we need the public utilities review commission, particularly in light of some of the things he says. For example, on March 10, during the reply to the budget, the member for Regina Rosemont said that Ontario had a 1,042 per cent increase in retained earnings in the period of 1970-78. I don't know whether that's the correct figure or not (I haven't researched it to find out), but if it is correct (and I'll accept the member's word that it is correct), then I say all the more reason why we need a public utilities review commission, since they don't have one in Ontario.

He should have checked his facts before coming to this Assembly quoting figures like that. That is exactly what we're saying. If that is the case, that is all the more reason why we need a public utilities review commission. There isn't one in Ontario, for the information of the hon. member. If they had one, perhaps that wouldn't be there . . . (inaudible interjection) . . . We're talking about power.

Then he goes on to compare that with Saskatchewan. Again, the member should really check his facts. First of all, he doesn't talk too much about price increases or rate increases in other provinces. In 1973 to 1979, for example, he refers to Calgary at a 95 per cent increase. That's for that period of time. For a much shorter period of time in Saskatchewan, from 1976 until last year, it's over 70 per cent, Mr. Speaker.

This year alone, 1981, already we have had a 22 per cent increase in the price of gas. From 1979 to 1981 (we'll take it from that period of time which would be from June of '79 to the present time) we had a total increase of almost 40 per cent in the price of gas in the province of Saskatchewan.

The members opposite want to argue publicly, through the media and in this Assembly, that we don't need a public utilities price review commission. I suggest to them that perhaps we do, for the very reason I have just outlined. That close to 40 per cent increase in that period of time (about a year and one-half) is unreasonable and would not be allowed if we had a review commission and a body that would review these

**April 7, 1981**

needs and requirements.

Mr. Speaker, to give you an example (I've used this one before and I'll use it again), last year in Winnipeg the Greater Winnipeg Gas Company applied to the public utilities board on April 30 for a 2.4 per cent increase in its rates. That was shortly after it had been turned down by the utilities board in the month of February for a similar price increase. Therefore, Mr. Speaker, in a province like Manitoba, when they consider a price increase, it isn't the company that makes that decision. It's the public utilities price review board which reviews the profits of the corporation and determines whether or not the corporation requires and needs that particular rate increase.

Mr. Speaker, I will just be a minute if I can find my notes. I have them here somewhere. The argument which the members opposite use quite frequently is that a Crown corporation does not require a public utilities review board because it is already monitored by the public servants. Therefore, being infallible (I suppose they feel they are), they don't really need someone else to tell them what to do. Well, I suggest that that is exactly why, if we consider the increases in utility rates in the province of Saskatchewan, we most definitely need a price review commission.

Utility rate increases in Saskatchewan are not necessarily rate increases as such. For the most part, they are direct taxes to the people of Saskatchewan. If they want to argue the point that these are not taxes, then I suggest to them that they review the dividends which are paid from these utility corporations to the CIC which, in turn, puts them back into other corporations. They never go to the taxpayers.

During the period from 1971 to last year, during the term of this government, Sask Power Corporation alone paid a dividend of over \$80 million to CIC. The argument that the members want to use is that they require the profits in these Crown corporations to maintain better service and for expansion. If that is the case, why didn't that \$80 million remain in the Sask Power Corporation retained earnings? Instead, it went to the CIC. Therefore, without any arguments or any doubts, that is a direct tax. There could be no better reason for the utilities of Saskatchewan to require a utilities review board than that one.

Let's just look at some very significant price increases and taxes in Saskatchewan, for example, the 20 per cent sales tax on gasoline. That is somewhere in the neighbourhood of between 25 cents and 30 cents — closer to 30 cents a gallon today — which is at least 60 to 70 per cent higher than what it was seven or eight months ago.

Take into consideration the 28 per cent tax which we are now paying on diesel fuel (I am sure the member for Qu'Appelle will talk a little more about that particular tax in a few moments). It is (and I really stand to be corrected on this figure) well in excess of a 100 per cent increase in that period of time.

We have had increases in utilities in many other areas, such as drivers' licences; the Saskatchewan Transportation Company (STC), for example, had a 35 per cent increase in rates last year. These are exorbitant rates. These are all rates which have been paid by the taxpayers and the consumers of Saskatchewan. I can think of no better reasons than those which I have outlined for a public utilities price review commission.

I might also mention to the members opposite (and it will be of special interest to the Minister of Telephones) that there have been no government telephone increases in the province of Alberta since 1977 — again, as a result of a public utilities price review

April 7, 1981

commission. That's not bad for four years, Mr. Minister, as compared to what you have done in this province. They might be entitled to a price increase this year. They might be entitled to one after having no increase in four years in Alberta.

Another interesting note which I discovered, Mr. Deputy Speaker, where there is a public utilities price review commission (and I will use Manitoba for an example), every year for the past five years there has been a decrease, an adjustment in other words, on January 1 for electricity. That is based on the profits which are made at that time and when they looked at the profits for the year and made the adjustments, it has resulted in a price decrease. It's a fact. It was 2.91 per cent on January 1, 1980; a 3.4 per cent reduction on January 1, 1979, and I can go on and on and on. But those are facts. I know you don't like them, Mr. Minister. I know you would like to be able to claim the same facts for your government. The facts for your government are that all we have had are horrendous price increases right across the board.

We have gone through these figures so many times, Mr. Deputy Speaker, that there is really very little point in going through them once more.

I will make this comment again: the Crown corporations in Saskatchewan have a total, as of last year, of well over \$1 billion in retained earnings. That's over and above and does not include what they paid into the CIC (Crown Investments Corporation of Saskatchewan) and which was accumulated last year. So perhaps the figure will be well in excess of \$1.25 billion this year. No one will argue that retained earnings are required. That is over and above the dividends.

Mr. Deputy Speaker, the members opposite have gone on record to oppose the public utilities price review commission. We, as an opposition party, are committed to introducing and establishing a utilities price review commission when we form a government. So, therefore, having said those few words and recognizing the fact that Saskatchewan is one of only three provinces without a commission — in other words, 50 states and 7 provinces on the North American continent do have a public utilities review commission — and recognizing the need for one in this province, particularly with the profits which are being generated by these Crown corporations, Mr. Deputy Speaker, I move, seconded by the member for Qu'Appelle:

That this Assembly recommends the establishment of a public utilities review commission with adequate powers to regulate Saskatchewan utility corporations in such a manner as to prevent them from overcharging for basic requirements and to provide the best possible service at the most reasonable cost to the consumer.

**MR. LANE:** — Mr. Deputy Speaker, it gives me a great deal of pleasure to second this motion. I am sure, as well, that the motion will have unanimous support. I am sure of this because there are members on that side of the House who were elected on the statement that Crown corporations should supply services to the people of Saskatchewan at cost . . . (inaudible interjection) . . . "This is what we're doing," says the Minister of Telephones. "We're supplying them at cost."

Cost has a new definition this afternoon, because cost now includes profit. Cost includes direct taxes because that is what is happening with power and telephone rates, and, I suggest SGI, if the members opposite want to include that in the public utilities. It includes the accumulated surplus, retained earnings and a dividend to the

**April 7, 1981**

consolidated fund. Very noticeably, it does not include a dividend to the people of Saskatchewan.

So all of a sudden now, cost includes profit. It's rather a strange accounting procedure to be endorsed by the minister responsible for Sask Tel; however, I also have confidence that that rather unique, strange principle is not endorsed by the rest of the members of the treasury benches, or the members opposite. I think it is very interesting that no one on the government side has said why they object to a public utilities review commission.

They don't like it because the Conservatives proposed it, but today we had the example where, in fact, they may well be coming in with a natural gas distribution system for rural Saskatchewan. This is a very popular program. It is certainly one which has struck the imagination of the people of Saskatchewan, as has the need for a public utilities review commission. Crown corporations have a very significant impact on the economic life of this province. They supply some of the basic utilities. There is no doubt, with the draconian rate increases of SGI, and the rather significant rate increases of SPC and SaskTel, that the people are becoming very concerned as to the rate increases of the utilities of Saskatchewan.

I don't think the members opposite will deny that for one minute; they know the public is becoming concerned. The Crown Corporations have come a long way since the 1971 statement by the then opposition critic for the attorney general, when he said that Crown corporations are to serve the public at cost. They are now making profits. All of a sudden, rate increases are coming, not once a year and begrudgingly, but regularly from SPC and Sask Tel, and far too often from Saskatchewan Government Insurance. So the public is becoming concerned. Their belief in the Crown corporations' supplying service at cost is being questioned.

How do we best restore the confidence which the public so wants on the rate increases? That's an argument that's falling on deaf ears from one end of this province to the other, Mr. Deputy Speaker. In fact it has just fallen on another deaf ear right over there. The people are very, very concerned about the rate increases. They are concerned about the profits. I'm going to say it enough that maybe you will listen, because you certainly haven't been.

As a matter of fact, I suppose one could speak politically and I just say, "Woe to the government opposite if they decide to have any more rate increases after this session is over." When we have governments that won't make the commitment to this legislature that they will announce rate increases in this Assembly and have the courage and the intestinal fortitude to announce and debate those rate increases, then what other option is there but to have a public utilities review commission? There is no other option.

When we have Crown corporations where the minister responsible for Saskatchewan Mining Corporation won't even give the information on sales, when the government opposite won't give its projected increases for the following year because it's not in the public interest, what other option is there but to establish a public utilities review commission?

Mr. Speaker, the election of an NDP government failed to give the people the confidence they want that they are getting the cheapest possible rates. That's why they want a public utilities review commission. Mr. Speaker, the time has come for a public



April 7, 1981

utilities review commission. We have hidden rate increases. We have indirect taxation, and I'm sure that the member for SGI would be prepared to get up and defend it. He didn't today earlier. The 28 per cent increase in the diesel fuel tax, not the normal 20 per cent, wasn't publicly announced. Was it publicly announced? I certainly didn't see it get the same coverage as the justification the member tries to give for rate increases. I didn't see in any theatre that I went to, Mr. Deputy Speaker, any ad saying that diesel fuel is up 28 per cent. I didn't see in any theatre where I went any announcement of a 28 percent — 100 per cent increase — in diesel. I didn't see in any theatre I went to, where I saw the SGI ad, any statement of these rate increases, Mr. Speaker.

If the government opposite is so satisfied with the utility rate increases, why isn't it running ads on those rate increases? The reason is obvious, it would be political suicide. So I've given two reasons. One, there are not the answers in Crown corporations for legitimate questions on the rate increases; two, Crown corporations have been taken away from the service at cost principle of 10 years ago.

There's a third more important reason for the review commission, and that is the fact that the people of Saskatchewan are feeling the ravages of inflation. They've been sheltered because of our resource revenues for the last few years, but the impact is hitting home. It is hitting home in housing prices, in interest rates, in every day costs. It's being brought home to the people of Saskatchewan with some rather extreme utility rate increases. The people are concerned. I don't think there's a politician in this Assembly who doesn't agree that the number one issue for the people of Saskatchewan is inflation. And any government, no matter what the political stripe, has an obligation to start taking some action that's going to have a direct impact on the effects of inflation, and that will, in fact, reduce the ravages of inflation.

There are three very, very sound reasons. There are only three provinces in Canada that do not have the public utility review boards. All 50 states have them. So we can't say that this is new legislation.

But one thing we can say is it may be among the most progressive moves that any government could make in this province — to establish a public utility review commission. It would be progressive because the public would have input into the rate increases of public utilities, and I don't think that anybody could object to that. We either have Crown corporations for the people and by the people, or we have Crown corporations by the government, for the government. I say, Mr. Speaker, that I don't think there's much doubt which direction this government has taken. It's time, particularly in these inflationary times, to give to the people a reassurance that the rate increases that are coming at them regularly and far too often, are, in fact, fair and justified.

Mr. Speaker, it's time for a public utilities review commission in this province.

**SOME HON. MEMBERS:** Hear, hear!

**MR. BANDA:** — Mr. Deputy Speaker, I oppose this resolution. This resolution calls for the expenditure of public funds on the creation and operation of a body that is not likely to produce any worth-while results. Traditionally public review boards have been established in jurisdictions where private utilities hold the monopoly over the service provided. Such agencies are established to ensure utility customers are not overcharged, that stockholders owning shares in the company receive a fair return on their investment, and the utility has sufficient finances to operate and expand its

**April 7, 1981**

operations.

In Canada, electric and natural gas utilities are both privately and publicly owned, and all private utilities are regulated. Nova Scotia and B.C. hydro are the only public utilities under a complete system of public regulation at this time.

It has been a generally held view that a formal system of regulation of public utilities is redundant, as the conventional political process provides an adequate system for monitoring Crown corporations' actions. It has also been evident that the public utilities have been able to attain the goals regulatory boards seek to attain, as reliable service, non-discriminatory treatment of customers, efficiency of operations, innovation and accountability, and the encouragement of wise and efficient use of energy, without a permanent bureaucratic public review board structure overseeing their actions, as suggested by the member for Regina South.

A high level of reliable service, at the lowest possible price, has been a long-standing goal of the Saskatchewan utility corporations. Our present rates are among the lowest in Canada, Mr. Deputy Speaker. The price of our products testifies to the efficiency our operations, particularly considering the large geographic area which the electrical, telephone, and natural gas systems must cover to serve our customers, as compared with other provinces in Canada.

Our corporations have also achieved a large measure of equity in the application of their rates. Over the years rates have been consolidated to reduce the difference in the costs of service to different parts of the province. In fact, the cost of electricity to residential customers in all parts of Saskatchewan is nearly equal, Mr. Speaker. For example, as of October 1, 1980, 750 kilowatt-hours cost \$25.92 in La Ronge and \$24.43 in Regina. The gap between rural and urban service costs in many jurisdictions, including regulated provinces, is much greater than in Saskatchewan.

Public review boards also strive to improve the operating efficiencies of utilities, but unfortunately, seldom, if ever, address this issue and often produce the opposite results. Regulatory board rulings on rate increase applications have frequently produced prolonged delays which impede utilities from carrying out programs as designed. This adds to financing and construction costs. Regulatory board proceedings have been referred to by critics as persuasive systems of price control by a ponderous and time-consuming adversary process.

Evidence is far from conclusive as to whether or not public review boards improve the efficiency of operation of publicly-owned utilities. Regulatory agencies also attempt to foster innovative practices within utilities. However, in practice, regulatory rulings, on some occasions, have produced outright barriers to innovation.

We are proud of the records of our utility corporations' inventiveness and willingness to adopt new techniques. Sask Tel is moving forward with laying fibre optic cable. One must recall the delivery of electricity to farms and rural communities during the 1950s, the distribution of natural gas to a majority of Saskatchewan consumers, the use of lignite coal in the production of electricity and, more recently, the provision of electricity to isolated communities in the North, Mr. Speaker.

Currently, our research work continues in the area of waste wood gasification, coal gasification and other energy technologies which are applicable to Saskatchewan. Our role with all classes of customers in the wise and efficient use of energy over the years is also well-documented. Our current activities of promoting conservation should be

April 7, 1981

well-known and have been bolstered by this year's budget. Many of these kinds of programs do not exist in jurisdictions with active public review boards. A goal of public review boards is to make utilities more accountable to the public. This is, no doubt, necessary in cases where utilities are privately owned. But in most jurisdictions, in order to provide sufficient opportunity for public input, the public hearing process has been adopted. Board hearings involve the full legal ritual: the presentation of forecasts, cost of service studies and related exhibits, the presentation of briefs, cross-examination by lawyers and interveners, and the opportunity for rebuttals. In many cases, a determined and well-financed opponent can delay a ruling for some length of time. In the U.S. an analysis by the general accounting office of a select number of electric rate cases showed that hearing cases resolved through settlement took an average of one year's duration. Consequently, it is a current practice for review boards to allow interim annual rate adjustments without any formal review.

Mr. Speaker, it is also normal practice for regulatory authorities to allow utilities to make a guaranteed rate of return on their investments. If such a rate regulatory board existed in Saskatchewan, there is no guarantee that the establishment of a rate of return for the corporation would necessarily mean lower rates for residential and farm customers. The reverse could very well be the case.

In Saskatchewan, the public has direct and/or indirect accessibility to the establishment of customer service policies and energy rates through many avenues. First and foremost are letters containing comments, suggestions and criticisms to members of the corporation's management and staff. These same kinds of communication also go to the corporation's board of directors and members of the Legislative Assembly.

There is also a review of the corporation's financial operations by the Crown investments corporation and the cabinet's review of SPC's capital and operating expenses which includes rate increases.

Finally, Mr. Speaker, there is a review by the Crown corporations committee of the Saskatchewan legislature, and through proceedings of the Legislative Assembly itself. Thus, it appears to me that the establishment of an additional review agency is not necessary at this particular time. Mr. Speaker, I oppose the motion on those grounds.

**SOME HON. MEMBERS:** Hear, hear!

**MR. WHITE:** — Thank you, Mr. Speaker. In rising to speak on this resolution, which I won't be supporting, I want to begin by congratulating the member for Redberry for the broad overview he gave of the operation of public utility review boards. I'll be somewhat more specific in what I have to say. I want to begin by reviewing comments of gentlemen opposite on public utility review boards — certain things which they've said inside or outside the House. I want to remind people what the Leader of the Opposition has said on the subject as well. There is something common, you will see, Mr. Speaker, in everything they've said. They're consistent, but it's a consistency of simple minds.

First you have the hon. member for Wilkie. He wrote a letter to the *Leader-Post* on January 1, 1981, criticizing SGI for its rate increase and calling for a public utilities review board. He said:

A Progressive Conservative government would immediately establish a public utilities review committee to protect every citizen from needless rate increases in such Crown corporations as SGI.

**April 7, 1981**

Seek as I might, Mr. Speaker, I could find no example in his letter of where a board of this type has helped a single buyer of insurance.

Some days ago, I listened carefully to the member for Meadow Lake. Twice he referred to a public utility review board. On one occasion he stated as follows:

Members on this side of the House, our finance critic, the member for Regina South, others of us, this party, the Progressive Conservative Party of Saskatchewan (now that sounds like a lot of individuals but it was simply the 15 members on the other side) have been calling for a public utilities review commission for a long time. We believe that this is a way that consumers can be protected from gouging by government.

Nowhere in his speech did he give a single example of a board anywhere preventing what he calls "gouging" by government or anyone else.

More recently, I listened to the hon. member for Indian Head-Wolseley state as follows:

We have asked time after time in this House for a public utilities review commission.

But neither on that occasion, or on any other when I've heard him speak on the subject, did he demonstrate where such a commission has helped anyone in any manner.

Why I say that they have simple-minded consistency, Mr. Speaker, is because they fail to offer evidence to support what they propose.

Then we have the words of the Tory leader in Saskatchewan, Mr. Grant Devine. He spoke on the matter of a public utilities review board in a letter to the *Leader-Post* on October 22, 1980. He said (among other things):

I have made a positive commitment that as premier my government would establish a public utilities review committee because such an independent, quasi-judicial body would work for all citizens.

Totally lacking, again, Mr. Speaker, is any evidence that such has been the result elsewhere. One would have thought that he might have at least talked about the Alberta Utilities Review Board and how it has "worked for all people."

I could go on with these types of statements by the members opposite, but I'll content myself with one more reference, you might say, from the financial brain of the opposition, the member for Regina South, and we heard him again today.

He said some time ago:

We, Mr. Speaker, are committed to establishing one (meaning a public utilities review board) when we form government. The purpose of this commission will be to review the applications for rate increases requested by utility corporations, not only for your power, gas or telephone costs, but it

April 7, 1981

could also include transportation, freight rates, insurance costs and many others.

Though the hon. member stated that 50 of the U.S. states, and seven provinces in Canada, have such boards, he did not see fit to demonstrate by example how even one of them has helped people. So, we have the same simple-minded consistency.

Today some allegations were made about benefits from the Alberta board and the Manitoba board, but that is the first real evidence they have offered.

A short time ago, I received a copy of a Tory pamphlet which deals with the same thing. On the bottom it says:

The Progressive Conservatives have put forward a common sense proposal of a public utilities review commission. Crown corporations should justify their rate increases and note, before the increases take place (note that phrase, and watch what happens in Alberta), that you are entitled to know.

Again, there is no evidence of a public utilities review board ever helping anyone.

Now, Mr. Speaker, I would like you to note this piece. It's about 3 inches by 16 inches. It is the shape of paper you would expect to receive a message on from rather narrow-minded individuals.

The members opposite don't give any evidence at all that such a utility board would help consumers. They call for one. They simply seem to be doing it on faith. I have a serious suspicion that the trilogy of God, family, and Mary Jane cosmetics has been replaced with public utilities board, family, and Mary Jane cosmetics. Well, they call for this on faith. Remember, they are the people who constantly criticize the growth of bureaucracy.

I want to take another thing, here, Mr. Speaker — the Tory 15-point program for combating inflation, points 2, 3 and 4. First, they call for a public utility review commission. Then, they call for reduced costs of government administration, and, then for a reduction in regulation and red tape. They want things both ways.

I firmly believe that they haven't studied the operation of a single public utilities review board, let alone the red tape involved in its activities. I'll be dealing with such a matter before I sit down. It is going to take a little while; I hope you are comfortably seated, Mr. Speaker.

I'll be presenting some evidence which they might have placed before this House in support of what they are calling for. Now, it is rather a shame, I think, that an NDP member should have to dig up material to support their arguments. But, I want to provide it while I am going through this. Their publicly funded research officers, or themselves, are apparently incapable of digging up this type of information.

Before I launch into what I want to say about public utility review boards, I want to refer to a couple of editorials which have appeared in the newspapers. I think these have some bearing on the subject.

The first one appeared January 15, 1981. and read in part:

**April 7, 1981**

The provincial Tories call for a public utilities review board, a totally reasonable request for an independent body that would study utility rate increases. But the suggestions, because they come from Tories, are ignored, even if they have merit.

The implication is that the proposal has merit. But, as in Tory speeches, there is no evidence provided as to the benefits people receive from such boards.

The second editorial appeared on March 13, 1981, in the *Leader-Post*. It read:

The 31-point blueprint for economic common sense delivered Monday by finance critic Paul Rousseau is an honest attempt by the PCs to move beyond facile criticism and to propose a comprehensive package of alternatives.

The article concludes:

This approach can't fail to raise the level and quality of political deliberations and debates in the province. One result will be that the Saskatchewan voters, when they next trip to the polls, will have a chance to choose between spelled-out alternatives, rather than on the basis of sloganeering and personalities.

I sincerely hope that the press is interested in publishing the facts on these matters so that people can get away from slogans and so on, and that the press will also call slogans what they are — slogans. It is my contention, which I intend to demonstrate fairly conclusively, that the Tory calls for a public utility review board, committee, commission or whatever they want to call it, would be productive of nothing beneficial to the public, and hence can be classed as nothing but sloganeering.

In the past few weeks, I've carried out a fairly extensive examination of the establishment and operation of the Alberta public utilities review board, and I think that is a good one to look at. It's a fair choice. It was essentially created by a Tory government and has done most of its work under a Tory government. You might expect Saskatchewan Tories to create and operate a board, to all intents and purposes, as Alberta Tories have done. I will outline the operation and creation of this board and then compare the utility situation in Alberta with the utility situation in Saskatchewan under a Blakeney-led NDP government.

Such a study will show that the Tory proposal is totally lacking in merit: it's a prescription for squandering public funds to expand bureaucracy and red tape. At the same time it's a proposal which suggests that the Saskatchewan public can be conned. I am not one who thinks that lowly of my constituents: I think much higher of my fellow Saskatchewanians.

The review of electrical rates and natural gas rates charged by Alberta utilities began, for the most part, in the latter part of 1972, right after the energy crisis. It began under what could only be classed as rather curious circumstances, with Peter Lougheed and his fellow Tories running for cover in the face of existing or potential public outrage. I want to illustrate what was going on. I will refer essentially to electrical utilities; there isn't time to deal with all of them in this speech I have.

To give you the situation in Alberta, in 1972, just as today, consumers of electrical energy were supplied by a number of organizations. Various cities, among them

April 7, 1981

Calgary and Edmonton, sold power to their citizens, generating that power themselves or purchasing it in bulk from either of two privately owned companies. Those companies were Calgary Power Ltd., operating in the south, and a much smaller Canadian Utilities group of companies, now called Alberta Power, operating in the north.

Until 1972, rate increases were practically unknown in Alberta, as in Saskatchewan. Calgary Power, like Saskatchewan Power, had been cutting its rates in the 1960s as in earlier years. The one exception to this happy situation involved consumers in northern Alberta. In May of 1970, Canadian Utilities, or let us say Alberta Power, obtained approval from the public utilities review board (which by the way had very little to do at this time) for a rate increase of anywhere from 11 per cent to 36 per cent. These increases, affecting residents of about 290 communities, produced what was called "a great hue and cry." They also brought charges that the public utilities review board was "more concerned about private interests than it is with the public at large."

The increases also resulted in the farmer's union of Alberta and the union of rural electrical associations presenting a joint brief to the Lougheed government calling for a provincial takeover of electrical utilities. The Lougheed Tories didn't like to appear in anyway responsible for the rate increases, nor did they apparently want to do anything contrary to the interests of their friends the private utility operators, even though Alberta was the only province west of New Brunswick still harbouring privately owned electrical utility monopolies.

In my opinion, even less did the Alberta Tories relish the position they could find themselves in with respect to future rate increases. They could be caught in a crossfire between Calgary Power and a much larger group of electrical consumers comprising approximately three-quarters of the population of the province. I want to explain this, Mr. Speaker.

On the basis of the evidence I have examined, it is clear that in the years immediately prior to 1972, there were two methods by which privately owned electrical utilities could increase their rates in Alberta. To put it briefly, there was a different method for each company. Canadian utilities or Alberta Power, would apply to the public utilities board for an increase. Some sort of hearings would take place and the increase would be approved.

Calgary Power had to apply in a different manner. This is what particularly worried Lougheed and company. Calgary Power was three times larger (as I indicated) and serving, directly or indirectly, four times as many consumers as Alberta Power. It had to apply for a rate increase under the Water Resources Act. Any increase it received had to be approved by the legislature. To protest or oppose the rate increase by Calgary Power, all one had to do was phone, write or petition the government or the local MLA. The cost, no matter what method was adopted, was negligible, and one could be certain there would be debate of it in the legislature. Pressure would also build up on the government to scale down the proposed rate increase.

That was the situation early in 1972. In due course of the summer, the *Calgary Herald* carried headlines such as this: "Sixty Years of Cheap Power May Soon End for Calgary." The article announced that Calgary Power would soon seek an increase of about 15 per cent. Another headline read (and I might add that this one appeared annually or semi-annually for every year I researched from 1972 to 1979): "Calgary Power Earnings Up." Not ideal circumstances for the Lougheed government to approve a substantial

**April 7, 1981**

increase for Calgary Power, would you say, Mr. Speaker? They certainly weren't and Alberta Tories knew it.

In the latter part of 1972, on the heels of these reports and under the circumstances which I have described, the Lougheed government suddenly changed the method by which Calgary Power would go about raising its rates. Jurisdiction for deciding whether Calgary Power could raise its rates was taken from the legislature and given to the public utilities review board. So there would be no doubt as to who was responsible for the increases, it was further provided that the legislature could not overrule a decision by the public utilities review board. One of the critics of this new arrangement had this to say:

Now people who want to oppose a hike will have to wrestle around and raise money to pay consultants to put together an argument and to represent them during the hearing.

Opponents of rate increases would also have to pay legal fees and so forth. What was actually happening, Mr. Speaker, was simply this: with rate increases becoming a fact of life in Alberta, the cost of fighting such increases was suddenly made a good deal higher by Alberta Tories.

The Saskatchewan NDP government, Mr. Speaker, has never lowered itself to a trick like that. It faces up to its responsibilities where Saskatchewan power rates are concerned. Of the Lougheed government, the critic had this to say:

The change was the result of a deal worked out between Alberta Conservatives and Calgary Power to make it a lot tougher for Albertans to fight rate increases. It was part of a scheme to get the government itself off the hook where rate increases were concerned. The government is shielded from that. It's no secret the present government will do anything to avoid tarnishing its public image.

The Lougheed Tories were also criticized for making the announcement suddenly and taking the mass of Albertans by surprise, rather than reporting their decision to make such an important change during the forthcoming fall session of the legislature.

I think it might be somewhat useful to keep score of just what goes on, so you'll see clearly who wins in public utilities board hearings. You can say the score is: one, Calgary Power; consumers, nothing.

The Lougheed government didn't wait to make this announcement to the legislature. I think there was a reason for that. I think it had something to do with Calgary Power's timetable for rate increases. Be that as it may, within approximately two weeks after the change, Calgary Power announced that it would shortly apply to the public utilities review board for an increase of roughly 15 per cent. Not long after that, it announced that it would seek to have the increase made on an interim basis. That is to say, Calgary Power would seek permission to charge customers for power at the new rates before the board approved the increase (which takes some time). To justify its need for money, the company pointed to increased costs of borrowing brought on by inflation and expenditures on environmental protection equipment.

Calgary Power's announcement, as was to be expected and as Alberta Tories doubtless had foreseen, brought protest. The *Calgary Herald*, for example, had this to say:



**April 7, 1981**

The majority of people would probably agree that the company was entitled to a 15 per cent increase "but the same degree of indulgence is unlikely to extend to Calgary Power's application for an interim increase while the public utility review board considers the case for a permanent increase."

Why the sudden rush? The fact that Canadian Western Natural Gas sought and won an interim increase before a decision was rendered on its full application is not a convincing argument for Calgary Power to follow the same course.

**MR. SPEAKER:** — Order, order What is your point of order?

**MR. KATZMAN:** — The clock, Mr. Speaker. It is after 5 o'clock.

**MR. SPEAKER:** — I believe it is 5 o'clock. I do leave the Chair until 7 o'clock this evening.

The Assembly recessed until 7 p.m.