

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
April 27, 1981

The Assembly met at 2. p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

MR. CHAPMAN: — Mr. Speaker, it is indeed my pleasure today to introduce to you, and through you to the Legislative Assembly, several distinguished North Dakota state officials, along with the officers of two associations. All are involved in a major entity of geography that affects my constituency of Estevan, the province of Saskatchewan, the state of North Dakota, and the province of Manitoba which is the Souris River, or in the context of North Dakota, the Mouse River.

The distinguished North Dakota officials seated behind the bar on the floor of the Assembly are from the House of Senate. They are Senator Mark Adams from Lansford, Senator Bruce Bakewell from Fortuna, Senator Marvin Sorum from Kenmare. From the House of Representatives are Representative Richard J. Backes from Glenburn, and Representative Orlin Hanson from Sherwood. In the Speaker's gallery are officers with the group. Richard Johnson and Lloyd Nygard of North Dakota are with the Citizens United to Save the Valleys Organization. Paul Bachorcik from Estevan constituency is chairman of the Souris River Protective Association.

This is a return visit to our legislature and capital city in response to an invitation extended by the member for Souris-Cannington, the member for Assiniboia-Gravelbourg, the member for Yorkton, and me to their respective Houses. We visited their Assemblies on March 6, 1981. Mr. Speaker, in the main, the purpose of our visit to the North Dakota state capital by the mentioned members of this Assembly was to participate in a dialogue and a briefing session on the activities in progress and anticipated in the Souris basin.

Mr. Speaker, we well recognize the role of the type of co-operation that we've established under the International Joint Commission, and note that when formal plans are established they will be before that international body. What we have in this visit is the briefing and the dialogue that leads to and establishes the spirit of co-operation we enjoy today between our two great nations.

I ask all of the members of the Assembly to join with me in extending to the officials, and the officers, a warm Saskatchewan welcome.

HON. MEMBERS: Hear, hear!

MR. BERNTSON: — Mr. Speaker, I'd just like to join with the member for Estevan in welcoming our American friends, and our Estevan friend as well, to the legislature today. I've met them all. We were treated very, very hospitably while we visited them in North Dakota on March 6 this year. We appreciated that. It was a very informative and useful dialogue down there, as was the briefing session this morning with both the Premier and the Minister of the Environment. I wish to extend my thanks to both the

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Premier and the Minister of the Environment for taking time to meet with these people today.

As I say, I have met all of the senators and state representatives who are represented here today, but two in particular are friends of mine that I've known for some time. Orlin Hanson, state representative for district 3, is literally a neighbor of mine. I could almost throw a stone and hit his farm. He claims that I do that quite regularly. Regarding Dick Backes, I have some empathy for his position. He is the House Minority Leader in North Dakota, and also a good friend of mine, and I have known Dick for some number of years. I say welcome to Saskatchewan, on behalf of this side of the House. I'll be meeting with you again later today, and I'd just like to join with the member for Estevan and all members of the Legislative Assembly in welcoming you here today.

HON. MEMBERS: Hear, hear!

QUESTIONS

Closure of the Meadow Lake Sawmill

MR. McLEOD: — Mr. Speaker, a question to the Premier, in the absence of the minister responsible for the Crown investments corporation. Mr. Premier, on several occasions in this session, the issue of the closure of the Meadow Lake Sawmill has been raised. I know your minister has had representations from the union involved there, and also from town officials of Meadow Lake, regarding the hardships this closure has caused in that community. It has not, until this point, been a source of any demonstrated concern to your minister. It appears that it has attained some national attention and hopefully it will now get some attention from your government. Is your government now prepared to announce the reopening of the Meadow Lake Sawmill in the very near future?

HON. MR. BLAKENEY: — Mr. Speaker, as the members of the House will know, the sawmill was not closed by an act of our government, but by the act of the Prince Albert Pulp Company Ltd., which at that time was controlled by Parsons and Whittemore of New York. They made the judgment based upon their reassessment of the market for lumber and their ability or inability to operate that sawmill on a commercial basis. As far as I am aware, the facts which led them to close the mill have not changed sufficiently to lead to the conclusion that the mill ought to be opened, if economic considerations were the primary considerations.

I know that my colleagues who are responsible for the Crown investments corporation and for the Saskatchewan Forest Products Corporation are giving considerations to the matter raised by the hon. member, but I cannot give him the assurance he asks for today that the mill will be open.

MR. McLEOD: — Supplementary question, Mr. Speaker. Mr. Premier, on behalf of all the people in our community who are affected — the workers, the people out of business and so on — may I ask if you will at least give consideration to reopening the mill for two immediate reasons, even if it is on a short-term basis? Number one, rather than just paying for maintenance costs and so on, have it operating while these negotiations (or supposed negotiations) are going on with Canfor or whomever. Secondly, will you get it operating to at least use the timber that has already been purchased by the Meadow Lake Sawmill which is now lying in the bush on the mill site?

Thousands of cords of timber are deteriorating. I brought this to the attention of the

Minister of Tourism before and he gave me the assurance that it would not be allowed to deteriorate. The fact is that it is deteriorating; it is rotting in the bush and it is rotting on the mill site. Will you give some assurance that at least that will be looked after?

HON. MR. BLAKENEY: — Mr. Speaker, I am not familiar with the details of the timber to which the hon. member refers. I'll ask my colleague, the minister in charge of Saskatchewan Forest Products Corporation, who may be able to add something.

HON. MR. CODY: — Mr. Speaker, there isn't a lot that one can add to this, other than to say that we are, in PAPCO (Prince Albert Pulp Company) and in Crown investments corporation, looking at the thing very seriously. We know that some hardship to employees has been created. We also know that there are several thousand cords of wood that are in the area. However, we also want to tell the member for Meadow Lake that we understand there is no wood which is in danger of rotting at this particular time.

We're not suggesting at all that we shouldn't do something. We are actively considering the situation and it won't be very long (probably within a week or two weeks) until we have an answer for the member with regard to whether the mill can feasibly be opened or whether we cannot open it at all.

MR. McLEOD: — A new question, Mr. Speaker, rather than to the minister responsible for Saskatchewan Forest Products Corporation (who I am sure knows very little about this issue), to the minister of Tourism and Renewable Resources, who is responsible for forestry in the province.

You said, Mr. Minister, back on March 11, and I will just quote you very briefly:

I can give the member assurance that the timber will not rot and that plans are under way to utilize the timber that's involved.

You gave me that assurance on March 11. As I pointed out to the Premier, that timber is now rotting. The worms are in it. Anybody involved in the forest industry in the northwestern part of Saskatchewan says it will never last through the summer. It will be deteriorated and gone for good. What is your answer to that, please?

HON. MR. GROSS: — Mr. Speaker, the member as usual does not have his facts correct. I am advised that the wood in the yard, some 7,000 cords, is about two years in vintage, and is not deteriorated. The wood is not in a serious situation. In fact, the wood in the yard and the wood out in the bush is in relatively good shape. At the present time the problems are not as large as the member would like to suggest. However, there are thousands of cords of wood where it could be a problem in a month or two or three. I am sure that by that time some of the problems in relation to the Meadow Lake Sawmill will be rectified.

MR. McLEOD: — Final supplementary, Mr. Speaker. The minister makes reference to the facts which I have in regard to the wood as being close to factual. I say my facts are factual. You say that the wood which is there has not fully deteriorated. My question is: will you sit around and wait until it is fully deteriorated before you do something about it? Why don't you do something now?

HON. MR. GROSS: — Mr. Speaker, the answer is that we will not wait until it is fully deteriorated. I advise the member that the majority of the wood is in good shape. There are very few cords that are in a situation where in a couple of months they would start to

deteriorate or be a problem. I am sure by that time something will have happened.

MR. ROUSSEAU: — A question to the Premier. You indicated a minute ago that it wasn't as a result of anything your government has done that the mill has closed. You indicated that it was not a viable operation at this point in time to open and to operate. My first question would be: was it not a stupid move on your part to buy something that you are not going to open if it was closed at the time you bought it?

AN HON. MEMBER: — . . . Figure that one out.

MR. ROUSSEAU: — Figure it out for yourself. Surely you can understand that that makes good economic sense. If you buy something that is closed down and isn't operating, and you don't want to open it because it's not viable, obviously it wasn't a good move to buy it in the first place.

Secondly, how much are you spending today on the maintenance of that mill?

HON. MR. BLAKENEY: — Mr. Speaker, some hon. members, at least, will know that the Government of Saskatchewan did not buy a mill as such, but bought the shares of Prince Albert Pulp Company Ltd., the major asset of which was a pulp mill which is very definitely working, and a minor asset of which was a sawmill which is not working. If the hon. member can explain how the shares of Prince Albert Pulp Company Ltd. could be purchased and not purchase the sawmill at Meadow Lake, would he be good enough to explain this? I am unaware of any right the Government of Saskatchewan had to purchase the shares of the Prince Albert Pulp Company Ltd., pursuant to the agreement which has been in existence between the Government of Saskatchewan, Parsons and Whittemore and Prince Albert Pulp Company Ltd. for more than 10 years, in a way which would not have involved the de facto purchase of all the assets, including the Meadow Lake Sawmill. It is simply not possible. If members opposite can peruse the agreement, and can find a lawyer in their ranks who can find any way that it could have been done, pursuant to the provisions of the agreement, we would be happy to have the suggestion.

MR. ROUSSEAU: — I would like to remind the Premier that he has not answered the second part of my question. I would like him to reply to that. I asked: how much are you spending?

HON. MR. BLAKENEY: — Mr. Speaker, obviously I would not have in hand the figures for the maintenance of the . . . (inaudible interjection) . . . Mr. Speaker, I am having a little bit of difficulty making myself heard. I can only advise you, and the members of the legislature, that I do not have available with me, obviously, the costs of maintaining the Meadow Lake Sawmill in an operating condition or not in an operating condition. Obviously the costs of maintaining it in a stand-by position were considered by the previous owners, Prince Albert Pulp Company Ltd., when they made the decision that it was uneconomical to operate and economical to carry it on in a stand-by position. Those were their judgments. I have no reason to question that those were accurate judgments. However, as I indicated earlier, the matter is under review.

MR. McLEOD: — A supplementary question to the Premier, Mr. Speaker. Mr. Premier, you indicated, and quite correctly, that the Prince Albert Pulp Company mill is something which you have now purchased and the Meadow Lake Sawmill was a part of that. You seem to indicate that the important thing to your government is the Prince Albert Pulp Company mill and I will accept that. The people of Meadow Lake certainly

don't accept that their mill isn't important, especially those people directly involved in the mill. Mr. Premier, there are 200 people out of work. How do you answer to that?

MR. SPEAKER: — Order, Order! I definitely heard the member say that he wanted to ask a supplementary question. All I have heard to this point is debate. He is saying something which I am sure many members would like to debate, but that's not the purpose now. I will take a supplementary, but I won't take a debate.

MR. McLEOD: — Mr. Premier, how do you answer to the people who are directly involved? There are 200 people out of work; there are houses for sale in the community, a community that can ill-afford that type of economic blow. Private logging operators have literally gone bankrupt with their skidders, loggers and trucks. There are people on assistance looking for jobs outside of this province where their sons and brothers have always gone.

HON. MR. BLAKENEY: — Mr. Speaker, I would assume that the hon. member is suggesting that the Government of Saskatchewan ought to operate the Meadow Lake Sawmill even though it be uneconomic to do so. That can be the only conclusion which I draw from his remarks — we ought to operate Crown corporations even where it is uneconomical to do so.

There clearly are arguments for the operation of Crown corporations, but they are arguments which are always rejected by members opposite. When we go to Crown corporations committee, members opposite take the view that those corporations (and all of them) ought to make money. When they come into the House they argue that we ought to operate the Crown corporation even though it doesn't make money. I would like to know what their policy is and then I would be able to answer their questions.

SOME HON. MEMBERS: Hear, hear!

MR. McLEOD: — A question to the Premier. You have stated that Parsons and Whittemore had closed it, apparently on economic basis. Now that you are the 100 per cent owner (you can't deny it), will you at least show the figures to the people of Saskatchewan to prove to them that the mill is uneconomical? The people in that area don't believe it is uneconomical. Will you at least prove it now that you are the owner and you are in a position to do that?

HON. MR. BLAKENEY: — Mr. Speaker, the hon. member for Meadow Lake has had an opportunity to ask these very questions in Crown corporations committee when the management was there, when all of the figures were there. He has had the opportunity . . .

MR. SPEAKER: — Order, order! I wonder if we can have some order while we are answering questions.

Oil Well Services Assistance Program

MRS. DUNCAN: — I have a question to the Premier in the absence of the Minister of Mineral Resources. Mr. Premier, the consensus in the oil patch is that the recently announced well services assistance program is unworkable and for all intent and purposes does nothing to maintain and improve the oil industry in Saskatchewan. I would like to ask what type of perverse logic was applied to decide that the best method

of rescuing the oil industry in Saskatchewan was to subsidize a segment of it whose total viability depends upon the health of the exploration and production end of the oil industry?

HON. MR. BLAKENEY: — I am not sure I understand the hon. member's question. If she is saying that the service industry is not affected by the refurbishing and refitting of wells, the repair and general overhaul of pump jacks, if she is suggesting that this is of only marginal interest to the oil well servicing industry and that exploration is the primary interest of the oil well servicing sector of the industry, I would not have thought that to be the case. I am not now attempting to deflect her question; I'm not sure I understood it.

It is our view that the principal area of the oil industry which is suffering now is the oil well servicing industry. Admittedly, some of the drilling rigs which engage in exploration are suffering. They are suffering because of the national energy program, and they are suffering all across Canada. It is not really open to a provincial government to remedy that aspect of the industry. There is another part of the industry which is very definitely suffering — the oil well servicing end of the industry. This is because people with wells in production are not doing the ordinary servicing of those wells because by and large the wells have been rendered marginal by application of the petroleum and gas revenue tax.

We believe that the proposal we have put forward of offering a grant of 60 per cent of the cost of servicing those wells will attract a good number of oil companies. It will be attractive to them, and they will engage in the servicing of wells which might not otherwise have been serviced, and this will provide a good deal of economic activity for the service sector of the industry.

I would ask the hon. members not to be too hasty in their judgment, because we believe when the policy has had an opportunity to show its worth — and after all it's only been in for a couple of days — there will be a significant improvement in the economic status of the service portion of the oil industry.

MRS. DUNCAN: — Supplementary. Mr. Premier, do you not believe that a program subsidizing the service work end of it makes no sense at all if the oil producing company itself is not making money, or if it has to cut back, or shut down? Do you not think it would be better to sit down with officials of the oil industry (as you haven't done in the past) and hammer out a workable program which will increase the net to the producers? If the producers are in a viable position, the subsidiary services will continue without assistance.

HON. MR. BLAKENEY: — Certainly if the oil companies were making a lot of money pumping oil, they would hire the servicing end of the industry, and we would not need any special program to encourage servicing — that is true. But, the hon. member and members opposite are really suggesting that we cut back our royalties significantly. There is no question of that. It has always been the policy of the Conservative Party that royalties charged by this government to the oil industry are far too high. We simply have a difference of view with them on that.

We acknowledge that the combined impact of royalties and the petroleum and gas revenue tax puts too heavy a burden on the oil industry; we agree with that. But we do not agree with the suggestion that, simply because the federal government imposes a petroleum and gas revenue tax of 8 per cent, we ought to back off on our royalties and

allow it to raise the tax from 8 per cent to 16 per cent, and then have us back off again. That, I know, is the policy of the Conservative Party, but it is not the policy of our party, and we do not intend to make it our policy.

SOME HON. MEMBERS: Hear, hear!

MR. LANE: — Would the Premier not be prepared to admit that this dispute between two governments threatens the very existence of the oil industry of the province of Saskatchewan? And, should it not be the policy of the government opposite to ensure the survival of the oil industry in this province, instead of writing them off and throwing them out as fodder in a fight between two governments?

HON. MR. BLAKENEY: — Mr. Speaker, everything that the hon. member says about Saskatchewan is equally true of Alberta. He may believe that the best way to deal with this is for each of the provinces to back off and have the federal government move in now with an 8 per cent tax, then a 16 per cent tax, and then a 24 per cent tax. That may, indeed, be the policy of their party. It is not the policy of our party. We believe that the oil industry, in so far as production is concerned, will continue to operate in this province. We believe that the servicing industry can be maintained by the policies we announced last week. We believe that the exploration industry is in difficult straits in our province, in Alberta and in British Columbia, and that it is not effectively open to the provincial governments to remove the problems created by the petroleum and gas revenue tax.

SOME HON. MEMBERS: Hear, hear!

Problems of Kamsack

MR. MUIRHEAD: — Mr. Speaker, a question to the Minister of Urban Affairs. There have been serious allegations of wrongdoings (perhaps conflict of interest or other contraventions of the act) by certain members of the council in Kamsack. As a result, there is a cloud of confusion and bitterness hanging over this town. Would you indicate whether or not you have been made aware of these concerns and what has your department done about them, if anything?

HON. MR. SMISHEK: — Mr. Speaker, I have heard of the allegations. I might inform the hon. member that on April 1, I wrote to the mayor to set out the problems and the allegations. I am still waiting to hear from His Worship to that effect. We are waiting to identify the particular problems. He has suggested that there be an inquiry, but until I hear what the specific problems are from the town of Kamsack, it is clearly difficult for me to set up any kind of an inquiry.

MR. MUIRHEAD: — Supplementary, Mr. Speaker. I have a letter in my hand (the letter which you are talking about) in which you are answering on behalf of the Premier. If I may read it, Mr. Speaker:

I have asked my officials in the Department of Urban Affairs to review your request for an investigation into your concerns regarding the affairs of the town of Kamsack and to provide me with a recommendation.

Several matters pertaining to the activities of the town council have been brought to my attention over the past year and one-half. I understand the officials of the department have resolved these with council.

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Where did your department file any of these reports which they conducted at that time? Section 17 of The Department of Urban Affairs Act 1979-80 says that your department must file a report to the minister and to the mayor of the town. Why was there no report filed?

HON. MR. SMISHEK: — Mr. Speaker, I have had a number of reports from my officials. We now have a new mayor who was elected last fall. He is the one who makes the request. There have been a number of inquiries, investigations and reports by my officials in the past, but this is a new request and allegation. The hon. member, obviously, has a copy of the letter with which someone has provided him. Had he finished reading the letter, he will note that I also asked the mayor to provide me with specific allegations.

MR. MUIRHEAD: — Mr. Speaker, a new question to the Minister of Urban Affairs. I would like to just read part of a council meeting of January 22, 1979, in Kamsack, which has been brought to your attention before:

That we agree to sell to Kamsack Manufacturing property . . .

I won't go through the numbers of the property. This property was sold for the sum of \$1.

Mr. Minister, do you not agree that under section 192 of the old act and under section 180 of the new act the council of Kamsack contravened the act by selling 10 acres, which was never advertised for sale, for \$1? A government official, a month prior to date of sale, valued the property at \$220,000. Do you not agree that it is about time for a judicial inquiry into the problems of Kamsack?

HON. MR. SMISHEK: — Mr. Speaker, our government believes in the autonomy and the right of local governments to make decisions. Obviously, the hon. members opposite feel that local governments and municipal councils should not have the right to make their own decisions. In the process, quite often there are errors made. There are also provisions that if there are wrongdoings there is opportunity for inquiry and investigation. Until the allegations are specifically made and there is some basis for establishing an inquiry, we do not propose to jump in because someone says, "Set up an inquiry" so there then must be an inquiry.

MR. BERNTSON: — You indicated earlier today that your department had conducted an investigation and that you had received several reports.

I'm sure that the minister understands that under the act he is obliged to provide a copy of those reports to the mayor of the council as well as to you. Anything that is being investigated in that municipality, the minister is obliged to report to the mayor of the council. Would you indicate when those reports will be provided to the mayor, and will you table them in this House?

HON. MR. SMISHEK: — Mr. Speaker, the hon. member previously raised the question of a judicial inquiry. He now raises the question of investigations which have been made by the Department of Urban Affairs. I can advise the hon. member that just this morning I signed a letter to the mayor, setting out all the correspondence, documents, discussions and reports which have been submitted.

It seems to me that in all fairness the Mayor of Kamsack should have an opportunity to

look at that document first. If it is the wish of the opposition, I am prepared to provide that information to the opposition. Those are not confidential documents. It is a series of correspondence between the town and us, and the reports that are at hand.

INTRODUCTION OF BILLS

Bill No. 85 — An Act respecting the Consequential Amendments resulting from the enactment of The Jury Act, 1981

HON. MR. ROMANOW: — Mr. Speaker, I move first reading of this bill.

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

Bill No. 86 — An Act to amend The Labor Standards Act

HON. MR. SNYDER: — Mr. Speaker, I move first reading of this bill.

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

MR. SPEAKER: — Before orders of the day, I want to take this opportunity to lay on the Table the eighth annual report of the ombudsman, which has been sent to me pursuant to section 30(1) of The Ombudsman Act. This is the report covering the period January 1980 to December 31, 1980. I now lay the report on the Table.

ROYAL ASSENT TO BILLS

At 2:37 p.m. His Honor the Lieutenant-Governor entered the Chamber, took his seat upon the throne and gave royal assent to the following bills:

Bill No. 13 — An Act to amend The Community Colleges Act

Bill No. 32 — An Act to amend The Saskatchewan Oil and Gas Corporation Act

Bill No. 34 — An Act to amend The Saskatchewan Human Rights Code

Bill No. 42 — An Act to amend The Local Improvements Act

Bill No. 45 — An Act to amend The Registered Nurses Act, 1978

Bill No. 39 — An Act to amend The Department of Intergovernmental Affairs Act

Bill No. 47 — An Act respecting Dental Therapists

Bill No. 29 — An Act to amend The Automobile Accident Insurance Act

Bill No. 19 — An Act to amend The Trade Union Act

Bill No. 48 — An Act to amend The Residential Tenancies Act

Bill No. 71 — An Act to amend The Public Service Superannuation Act

Bill No. 84 — An Act for the Granting to Her Majesty Certain Sums of Money for the

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Public Service for the Fiscal Year Ending March 31, 1982.

His Honor retired from the Chamber at 2:39 p.m.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 57 — An Act respecting the Urban Municipal Administrators' Association of Saskatchewan

HON. MR. SMISHEK: — Mr. Speaker, in moving second reading of this bill, I want to take a few minutes to tell you about the urban municipal administrators. The urban municipal administrator is an important person in the machinery of local government, many towns and villages having a population of 1,000 or greater, performs many roles for the community for whom he or she works. The administrator serves the municipal council and municipality as property assessor, clerk of the council, treasurer, tax collector, paymaster, accountant, financial adviser (sometimes as legal adviser), and as an electoral officer.

There are a variety of duties, Mr. Speaker, each with its own responsibility — a manager plus. One can describe the administrator as the jack or jill of all trades. In performing these duties, the administrator is one of the key contributors to the municipal decision-making process.

In addition, many of our urban administrators perform other related duties such as secretary-treasurer of the local housing authority, local road ambulance board, local fire protection district and many others. The list goes on and on.

It is with these facts before us that this government has decided to recognize the importance of the role of the urban administrator to local governments. The bill before us will provide for the incorporation of the urban municipal administrators' association. The bill will provide for the creation of the association as a body corporate, providing the association with powers similar to those enjoyed by other professional bodies in the province of Saskatchewan, particularly those of the rural municipal secretary-treasurers' association.

The rural association was incorporated by an act of this legislature back in 1955. This bill will provide many of the same features for the urban association now enjoyed by the rural counterpart. These include the power to acquire, hold or dispose of real property. It includes the power to establish courses of training for their members, the power to pass by-laws under which to conduct their business, the power to discipline members for improper conduct in the performance of his or her duties as an urban administrator, and the power to hold inquiries into the alleged improper conduct of any of its members.

The incorporation of the association has been requested, Mr. Speaker, by the urban municipal administrators' association. It is also strongly supported by the Saskatchewan Urban Municipalities Association.

Mr. Speaker, I urge all hon. members to join me, and the government, in supporting this

bill and thereby grant to the urban administrators the professional status which they properly deserve. With those few remarks, I move second reading of this bill.

MR. SWAN: — We have studied the bill which you are proposing respecting the Urban Municipal Administrators' Association of Saskatchewan. We have talked to a number of their people, all of whom find that the bill is in order. We will be supporting the bill in second reading.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

Bill No. 68 — An Act to amend The Securities Act

HON. MR. KOSKIE: — Mr. Speaker, in moving second reading of this bill I want to point out to the hon. members that the present act contains a meaningless subsection (4) of section 6, and no subsection (5) although section 6 remains intact. The problem arose during the consolidation of the statutes. As a result, subsections (4) and (5) were run together into a meaningless section. As a consequence, we have a meaningless subsection (4) and no subsection (5).

This amendment then, in effect, corrects that error as a result of consolidation. I think all hon. members will support that particular correction. Accordingly, I move second reading of the bill to amend The Securities Act.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

Bill No. 69 — An Act respecting Trust and Loan Corporations

HON. MR. KOSKIE: — Mr. Speaker, hon. members will note that the proposed act is a new piece of legislation. The bill which is before the Assembly will replace three other acts which are being repealed. Those are The Trust Companies Act. The Loan Companies Act and The Trust and Loan Companies Licensing Act.

Neither of the first two acts cited has changed significantly over some 50 years. In 1969 some changes were made to The Trust and Loan Companies Licensing Act, an act which dates back to 1936. I believe that all members will agree that the changes in the Saskatchewan market place over the past 50 years or so have been substantial and dramatic. It is the case in the financial community, with prominent members of this community being trust and loan corporations. In the province today, Saskatchewan trust and loan corporations together have assets exceeding \$100 million. This amount has increased substantially in the last five years in particular.

Mr. Speaker, the proposed act will update and revise the laws of the province as they apply to these Saskatchewan corporations. Restrictions on certain investments will be removed to enable Saskatchewan corporations to operate more competitively with the out-of-province corporations which do business here. For example, an Alberta trust company operating in Saskatchewan may, under existing law, make personal consumer loans, financial commercial leases and engage in other investment activities. These opportunities are not presently open to our Saskatchewan corporations. So, Mr. Speaker, the new legislation will tend to allow the growth and the establishment of Saskatchewan loan and trust corporations which in turn tend to invest more heavily in Saskatchewan. It is sometimes suggested by hon. members opposite

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that this government is somehow deficient when it comes to the encouragement of investment. That is something imagined rather than real.

This bill will directly and significantly encourage private investment in the province. Under this bill, corporate control of our trust and loan corporations may not change nor may assets be sold or transferred without examination. This will allow for a monitoring of any takeover activity of a Saskatchewan firm by outside interests. As well, the bill limits the number of shares that may be held in Saskatchewan corporations by non-Canadian citizens and corporations. The proposed legislation allows for the appointment of an administrator when a Saskatchewan loan or trust corporation is in financial difficulty or where the interests of the depositors, investment certificate holders, creditors or shareholders may be prejudiced. I also wish to point out that all loan and trust and finance companies must be licensed under the proposed act. This ensures that acceptable standards are met by such corporations before they are licensed. The bill also expands the regulatory options of the Lieutenant-Governor in Council to better reflect the sometimes dramatic market place changes which occur or problems which may arise.

Mr. Speaker, the proposed act is based upon the review of existing legislation in other jurisdictions, particularly Ontario, Alberta and Manitoba. The trend in this area of law, nationally as well as provincially, is essentially to allow financial organizations more flexibility in making investments. Our bill generally allows Saskatchewan corporations more flexibility in investment management and reflects the highly competitive realities facing financial organizations of this kind in the 1980s. I am advised that this bill will not in any way limit the civil rights of Saskatchewan citizens nor additional administrative detail.

Mr. Speaker, having said that, I now move second reading of the bill to be known as The Trust and Loan Corporations Act.

MR. LANE: — Just a couple of comments. I suspect that the minister will be able to give the assurance in committee of the whole that the act is, in fact, constitutional and does not contravene the banking act which is under the jurisdiction of the Government of Canada. I'm sure the minister has some legal brief to that effect. I'm glad to hear that he says he has that assurance. I think there may be some question, although I know that the minister's intention is to expedite the business as opposed to restricting it, and for that I will be supporting the bill in principle.

The minister indicated in his comments that the opposition is saying the government opposite can't attract business and doesn't do enough for business. There was nothing in the minister's remarks which would cause me to change my mind and my position on that, Mr. Speaker. The government opposite does not do enough to attract business to this province or make the business climate more attractive. There was nothing in the comments to refute the long-standing belief to that effect, not only of the opposition, I might say, but also held by the vast majority of the people of Saskatchewan. Notwithstanding the minister's failure, Mr. Speaker, to buttress his arguments in that regard, we will be supporting the bill in principle.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

Bill No. 74 — An Act to amend The Income Tax Act

HON. MR. TCHORZEWSKI: — Mr. Speaker, I am pleased to move second reading this afternoon of this bill to amend The Income Tax Act. These amendments are an important element of this government's initiative to protect Saskatchewan residents against the effects of inflation which are at a high level at this time, as members will know. The federal government warned the Canadian people in the October 1980 budget that the state of the national economy would get worse before it got any better. That budget went on to say that as long as the rate of inflation remained high, their commitment to high interest rates would continue.

Mr. Speaker, we have seen that our federal finance minister's fears have become reality. Inflation has soared to over 12 per cent per year and interest rates remain excessive. And still no constructive action is being taken by the federal government to curb inflation or to stimulate economic growth. The federal energy and economic policies are damaging, not only to the economy of western Canada, but to the country as a whole.

The present approach of the federal government is wasting away Canada's opportunity to achieve energy self-sufficiency and is not in the interest of anyone in Canada. It said its high interest rate policy was necessary in order to curb inflation. Well, Mr. Speaker, the inflation rate is as high today as it was when the federal government adopted the monetarist policies in 1975.

The federal government's high interest rate policy has failed and should be abandoned. It is time in this country for us to make our own economic policy — a policy which does not impose punitive interest rates on those who can least afford them. In contrast, Mr. Speaker, this government is committed to providing tax relief to Saskatchewan small businessmen and individuals to assist in dealing with the problems of high inflation and interest rates.

The specific amendments contained in this bill will reduce provincial taxes by more than \$20 million on an annual basis. In combination with the \$30 million in tax savings that result from indexing the provincial tax system, more than \$50 million in annual tax relief is being provided to Saskatchewan taxpayers. And, I must add, these benefits are being provided within the framework of a balanced budget.

Our tax system provides the Saskatchewan resident with one of the most favorable tax positions in Canada for 1981. For example, Mr. Speaker, Saskatchewan families with a total income of \$15,000 will pay lower personal taxes and charges than in any other province in Canada. Even at \$25,000 of total income, only residents of Alberta face lower taxes and charges than in Saskatchewan.

Let me first turn to the sections of the bill which deal with personal income tax. Mr. Speaker, when critics of our provincial personal income tax system compare it with other provinces, they often focus on the provincial percentage rate of income tax relative to other provincial rates and they ignore the impact of certain other tax measures which form an integral part of our provincial income tax system. They ignore the impact of the low income tax reductions, in particular the general tax reduction of \$160, the \$50 per dependent child tax rebate, and the \$50 per senior citizen tax rebate. They also ignore other tax measures, such as the mortgage interest tax credit of up to \$250 per year, and the capital gains tax rebate for farmers and small businesses. Finally, they ignore the fact that our province ensures a fair distribution of tax responsibility through the provincial high income surtax.

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Mr. Speaker, when all the facts are considered, the Saskatchewan personal income tax system provides the people of this province with the most equitable tax structure in Canada. Mr. Speaker, in 1978, this government significantly reduced personal income taxes from 58.5 per cent to 53 per cent of basic federal tax. This was a 5.5 percentage point cut in the tax rate. As well, in our New Decade of Progress statement, taxpayers were assured of even further personal income tax cuts.

With this in mind, I am pleased to include as one of the amendments to The Income Tax Act, a reduction in the Saskatchewan personal income tax rate from 53 per cent to 51 per cent of basic federal tax, effective July 1, 1981. Since the new rate will apply to only the last half of the 1981 taxation year, the personal rate for 1981 will be 52 per cent. For 1981, and subsequent years, the provincial personal income tax rate will be 51 per cent.

This makes the Saskatchewan personal income tax rate the fourth lowest in Canada. It is important to note that each of the three other provinces with lower personal income tax rates impose substantial health insurance premiums. Saskatchewan does not.

A MEMBER: — What kind of governments do they have?

HON. MR. TCHORZEWSKI: — They're Conservative governments. Sorry, there's one that is a conglomeration of Conservatives and Liberals in British Columbia.

In Ontario, Mr. Speaker, the personal income tax rate is only 44 per cent of basic federal tax. But that Progressive Conservative government imposes a significant health care premium on the residents of Ontario. They raise massive amounts of revenue from these health care premiums. If Ontario were to eliminate health care premiums, they would have to increase other taxes to avoid an even larger deficit.

Mr. Speaker, to raise an equal amount of money from personal income taxes, Ontario would have to impose a personal income tax rate of 56 per cent, a full 5 percentage points or 10 per cent above the new Saskatchewan rate. And they would still have a massive deficit; Saskatchewan does not. Also, Ontario does not have the beneficial low income tax reduction that we have in Saskatchewan. And that, Mr. Speaker, is why I am proud to present this amendment to our Income Tax Act, proposed in section 1 of the bill.

To illustrate the impact of this tax cut when incorporated with the many other tax measures that have been implemented prior to 1981, let's examine a Saskatchewan resident supporting a spouse and two children. In order to pay provincial personal income tax, this individual would have to earn in excess of \$11,600. If that same person were eligible for mortgage interest tax credit, he would have to earn in excess of \$13,600.

But, Mr. Speaker, this government realizes that such a measure does not help those most in need — low income families not paying income taxes. For those residents of Saskatchewan we have a significant improvement in our family income plan for 1981. The result is a balancing of economic benefit weighted on the basis of ability to pay. That is why our income tax system is the most progressive in Canada.

Mr. Speaker, to distribute the impact of this tax cut more equitably, a second amendment to The Income Tax Act is introduced which will increase the Saskatchewan high income surtax rate effective July 1, 1981 from 10 per cent to 12 per cent of

provincial tax payable. This amendment is proposed in section 3 of the bill. It applies only to provincial tax payable by a taxpayer in excess of \$4,000 annually, thereby limiting its application to taxpayers whose taxable income exceeds \$33,000. Even for high income taxpayers, the benefit from the general tax cut exceeds the increase attributable to the increased surtax. As a result, Mr. Speaker, every Saskatchewan resident paying personal income tax will benefit from the tax cut regardless of his taxable income level.

For example, based on a 51 per cent rate of tax, an individual with a taxable income of \$40,000 will receive a net tax reduction of \$200. A taxpayer earning \$60,000 of taxable income would receive a net tax reduction of \$280. In total, Mr. Speaker, the people of Saskatchewan will receive a personal income tax cut of over \$17 million per year as a result of these two amendments.

Section 2 of the bill deals with a technical amendment to the legislation. Our provincial Income Tax Act defines Saskatchewan tax payable as a percentage of basic federal tax. Our legislation's current definition of basic federal tax is sensitive to tax credits provided by the federal government. The proposed amendment defines basic federal tax in a manner that will enable the federal government to introduce or alter its tax credits in the future without creating problems that will require amendments to the Saskatchewan Income Tax Act. This will ensure that any changes to tax credits instituted by the federal government will be automatically accommodated by our provincial definition.

Finally, Mr. Speaker, let me turn to the last amendment of this bill. It deals with the provincial corporate income tax rate for small businesses. This government remains committed to the expansion of secondary industry in our province. We appreciate the importance of this vital sector to the economic well-being of our business community. In 1977, we introduced a dual corporate income tax rate. Small businesses were provided the lower rate of 12 per cent. In keeping with our commitment in 1978, we lowered the small business rate to 11 per cent. In 1979, we amended the act to make the lower rate available to one of the most active contributors to the province's well-being — our credit unions.

Mr. Speaker, we recognize the special hardships being imposed on the small business community by high interest rates and rising costs. As I mentioned in the budget speech, this government will be introducing important measures to assist small businesses: a 37 per cent increase for the Aid to Trade program to introduce manufacturers to new international markets, and the continuation of the small business interest abatement program, which I know is supported by the member opposite who is going to speak shortly.

In keeping with this policy, Mr. Speaker, section 4 of this bill recommends a further cut in the corporate income tax rate for small businesses and credit unions, from 11 per cent to 10 per cent of taxable income. This tax reduction is being made retroactive to January 1, 1981. Our tax collection agreement with the federal government requires that any change to the corporate tax rate must be made effective on January 1 of a taxation year, while changes to the personal income tax rate may be made effective on July 1. Mr. Speaker, this measure will provide small businesses and credit unions with a tax saving of \$3.6 million in 1981.

In closing, let me just say that I am very proud of the way in which this government can

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offer tax relief to its residents while providing economic stability in the form of a balanced budget. In contrast, one has only to look at other places in the country to see that there are greater difficulties, for example, British Columbia, where in order to balance its budget the government had to raise the sales tax by 50 per cent, had to raise gasoline taxes by over 40 per cent, and in 1980, significantly raised health care premiums, indeed, indexing them. In doing so, Mr. Speaker, the British Columbia government has severely raised the personal tax burden on its citizens.

This bill to amend The Income Tax Act will lower the provincial income tax rate to 51 per cent effective July 1, 1981. It will raise the provincial high income surtax to 12 per cent, effective July 1, 1981. It will provide for a more constant definition of basic federal tax, and it will lower the provincial corporate small business rate to 10 per cent, effective January 1, 1981.

I believe, Mr. Speaker, that these are progressive measures which are necessary at this particular time. They are made possible because of the kinds of policies which this government established with regard to resource policies and resource revenues. Therefore, keeping that in mind, I move second reading of this bill to amend The Income Tax Act.

MR. ROUSSEAU: — Mr. Speaker, I certainly will want some time to reply to the speech the Minister of Finance has just delivered. I'd like to just make a couple of observations today on some of the things which he said. He started out with a criticism of the Liberal budget. He said something about (and I tried to catch as many words as I could) conditions in their budget forecasting that conditions would get much worse before they would get any better. I would have to agree with the comments of the minister on that point. That is probably one of the very few accurate statements ever made by the Liberal government in Ottawa.

I heard the minister, throughout his introduction of that bill, make comparisons with other provinces about the level of taxation and the high costs of taxes in other provinces. Of course, we've heard it so many times in this Assembly that I really believe the minister himself is starting to believe what he is reading and saying. I thought it would take a little more than that for him to start believing this kind of rhetoric.

I'd like to respond to some of those remarks which he made. The members opposite always avoid one point. That is that, regardless of where other provinces are with respect to taxation in Canada, Saskatchewan should be (but is far from being) the lowest by virtue of the fact that Saskatchewan has the greatest resources and wealth of any province in (or I might say, the potential) Canada. But they haven't learned how to develop these resources. Consequently, the people of Saskatchewan pay through the nose.

He has again brought out some figures today which indicate that they are far from being the worst in Canada. I want some time to review those figures. It's all very well to be selective in quoting figures and statistics. I suppose that we could also be selective and do the same thing. I can assure you, Mr. Minister, that I will give it a general overview and response and be a little less selective than you have been today.

I also heard you mention (and it shocked me when I heard it; I may have misheard what you said) that Saskatchewan has no debts. You'd better read your own budget . . . (inaudible interjection) . . . Yes, you did. Well, then I heard something different. I heard you say that you had no debts. I'll check *Hansard* to confirm that. If that's the case, I

suggest to you that you'd better read your own speech which you made a couple of months ago.

It was welcome, of course, to hear about the interest abatement program for small businesses. You will recall, Mr. Minister, that I suggested it in my reply to the budget. All I'm suggesting to you is that you make it a little bit more feasible and possible than the one you had in place before. What you had in place before was really an insult to the small businessmen of Saskatchewan. All you have to do is read your own industry and commerce report, Mr. Minister. If you have it in your hand, take a good look at it and you will see that what you had in place for the interest abatement program is an insult to the people of Saskatchewan and to the small businessmen.

Mr. Speaker, I won't dwell on this today. Just one more point, he was quite proud of the fact that his government brought the income tax rate down from 58.5 per cent to 53 per cent. He omitted to say that they had raised it to that level in the first place and then brought it back down. That kind of benevolence is not too well appreciated by anyone, especially the people of this province. I will certainly take some time to prepare something for this particular bill. I believe it to be a very important bill, not so much on what it has, but because of what it doesn't have. So having said that, Mr. Speaker, I beg leave to adjourn debate.

Debate adjourned.

Bill No. 80 — An Act respecting The Medical Profession

HON. MR. ROLFES: — Mr. Speaker, this bill, the revised Medical Profession Act, will provide a basis, over time, for an improved quality of medical practice in the province of Saskatchewan. This basis will be provided by redefining licensing requirements and by granting the college of physicians and surgeons certain increased disciplinary powers and powers of peer review. Instead of being mandatory statutory requirement, licensing will become an earned right, subject to a decision of the college of physicians and surgeons. The changes had the full support of both the college and the hospital sector in the province, through the Saskatchewan Health Care Association.

This bill establishes three types of licence that will be available to physicians depending on the qualifications they possess and on the kind of practice they intend to enter. The three licence types are: full, provisional, and special licences. Regardless of the type of licence received, however, all physicians will now be required to have two important basic qualifications. They will be required to be graduates in medicine of an approved university, and they will be required to have demonstrated a satisfactory, postgraduate training experience. postgraduate training will normally be in the form of an internship. Under the current Medical Profession Act, Mr. Speaker, university graduation and a satisfactory internship are not required of all physicians. Before I explain the changes further, Mr. Speaker, I would like to make it clear that the new licensing provision will apply only to physicians licensed in the future. Physicians who are now licensed and practising in Saskatchewan will be clearly and explicitly grandfathered.

Under the revised act, the majority of physicians will receive and will practise under full licences. Full licences will be awarded only on the basis of recognized North American qualifications. In addition to the two basic requirements of university graduation and satisfactory internship, physicians will be required to pass one of three equivalent qualifying examinations to receive full licences. Qualifying examinations, Mr. Speaker, are designed to test both basic medical knowledge and the practical clinical

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applications of that knowledge. The three equivalent qualifying examinations this bill will recognize are: a Canadian examination, usually called the LMCC (Licentiate of the Medical Council of Canada) examination and two similar United States examinations called the Flex and the National Board. Physicians practising with full licences will be subject to no statutory restrictions or limitations.

In the past, Mr. Speaker, physicians trained overseas have made a substantial contribution to the health care of the citizens of Saskatchewan. We expect a need for numbers of overseas-trained physicians will continue into the future. We expect as well that it would not be reasonable to expect these physicians to possess full licensing status at, or prior to, their arrival in Saskatchewan.

This bill, therefore, will create a new category of provisional licences for basically qualified physicians who have not yet written and passed a qualifying examination.

Physicians practising with provisional licences will be allowed one three-year period to become fully qualified by examination, and will ordinarily be expected to remain located in one community for the length of their qualification period.

We expect that certain other numbers of physicians with narrowly defined areas of expertise, or with special qualifications, will be required from time to time. Because of their special skills, or while they confine themselves to a particular area of expertise, or a defined practice environment, these physicians need not be required to obtain full-licensing qualifications. A revised act creates special licences for these types of physicians.

Specially licensed physicians will practise in narrowly defined areas of medicine, or in such a defined practice environment as: the public service, a hospital, or a health-related other institution. Special licences will be valid only under the conditions for which they were originally issued and if practice conditions change specially licensed physicians will be subject to regular licensing requirements.

Mr. Speaker, the revised Medical Profession Act will grant the college of physicians and surgeons increased powers for peer review to act in the public interest by establishing a special competency committee. The competency committee will be concerned with the issue of competence in its general sense with physicians whose skills may not be what they should be and with physicians having difficulties arising from infirmity or other causes.

Although the competence committee will possess limited powers of suspension, competence investigations will be handled separately from the regular disciplinary mechanism and will be subject to an appeal. Physicians under review by the competency committee may be required to undergo a physical examination, or they may be required to demonstrate their clinical skills under supervision. The competency committee will complement provisions in the existing act having to do with mentally ill and addicted physicians.

With regard to disciplinary powers, the college of physicians and surgeons will be empowered to impose a fine of up to \$5,000 as one of a number of possible alternative penalties where it has found a physician guilty of unprofessional, unbecoming, improper or discreditable conduct.

Mr. Speaker, it is quite apparent that the revised Medical Profession Act places new

powers into the hands of the college of physicians and surgeons. I am confident that these are necessary powers, that they are intended to be used in the public interest and that they will be used with the public interest as the primary consideration.

I believe, however, that it is reasonable to expect that the delegation of powers to act in the public interest should be accompanied by certain balancing factors associated with the exercise of those powers.

Mr. Speaker, the revised Medical Profession Act contains three significant public interest balancing factors.

1. Three representatives of the public will be appointed to the council of the college of physicians and surgeons by the Lieutenant-Governor in Council. These representatives of the public will be full voting members of the council and will be entirely equal in status to elected members of the council. The dean of the University of Saskatchewan College of Medicine, or his designate, will become another council member. The discipline committee of the college will be open to lay participation.

2. All physicians who are refused licences by the college of physicians and surgeons will be entitled to an appeal to a special three-person disciplinary action appeal tribunal. The appeal tribunal will be empowered to require the college to license physicians where it determines that the college may have been inaccurate in refusing a licence.

3. Provision is made for the Lieutenant-Governor in Council to vest licensing powers temporarily in the Minister of Health under special and extremely extraordinary circumstance, where members of the college are collectively withholding their services to the point where the public safety is in jeopardy, and then only if it is clear that the college of physicians and surgeons is not discharging its licensing responsibilities under the act.

Mr. Speaker, in addition to what I have mentioned, the revised Medical Profession Act has been thoroughly rewritten and certain out-of-date elements have been modernized. For example, the sections dealing with the education register governed the limited right to practise of all undergraduate and postgraduate medical students and have been reviewed with the dean of medicine. These sections now reflect contemporary educational practices.

Mr. Speaker, I am confident that this bill is a thoroughly up-to-date piece of legislation and that it incorporates a significant number of positive and needed changes. It is, therefore, with great pleasure that I move second reading of a bill to revise The Medical Profession Act.

MR. BERNTSON: — Mr. Speaker, I think the minister has properly indicated that the bill is an attempt to deal with some broad health concerns, not only of the medical community in the province, but of everyone in the province. I think likely the bill will receive broad support. It is not my intention to unduly delay its passage. I have consulted with some of the affected groups, but I haven't had response from all of them at this time. I can give the minister the assurance that when the bill comes up again in this House, we will be prepared to deal with it to its conclusion at that time. I, therefore, beg leave to adjourn debate.

Debate adjourned.

Bill No. 81 — An Act to amend The University of Regina Act

HON. MR. McARTHUR: — Mr. Speaker, I rise to move second reading of a bill to amend The University of Regina Act. I would like, in moving this bill, to make some very brief but general comments about the role of our universities in society and in Saskatchewan, and then indicate how this bill impacts on our universities, particularly the University of Regina.

Mr. Speaker, as all hon. members know, our universities in Saskatchewan have a much envied and an honored place in our history. During the earliest period of our province, the founders of this province saw fit to establish a first-class university as an important part of the social infrastructure of the province at that time. With that decision came the development of the University of Saskatchewan, which very quickly became recognized as a first-class university in an important province such as ours.

That university and its successor here in Regina, the University of Regina, have contributed in an important way to teaching and educating young as well as mature students in Saskatchewan. It has contributed in an important way to research and to science and to community education and to assisting communities with their educational needs.

Universities today, Mr. Speaker, are facing many important challenges as they move into the 1980s and 1990s. It is clear that the days of the “baby boom” induced growth in student population is practically over, and this is having an impact on the future pattern of development of the universities. During the 1960s and the early 1970s our universities grew and expanded relatively rapidly in response to the increasing teaching demands associated with the enrolments arising out of the baby boom population. However, that period is now over, and as one looks at the mid and late 1980s one can see that without some changes in participation rates and patterns of participation by young people the enrolments in our universities could actually decline, which would put important pressures and stresses upon teaching responsibilities in our universities.

In addition to that, our universities (like all educational institutions) are facing a very rapidly changing society with many important changes imposing upon the universities a need for change themselves. We’re seeing a very rapid expansion of knowledge through the development of science and other aspects of our knowledge base. We are seeing very, very rapid changes in technology, and many important changes in the way society functions. A responsive, first-class university cannot help but respond to those changes as well. I know that our universities in Saskatchewan are looking forward to responding to that change in an appropriate way.

Nowhere is the future more uncertain, Mr. Speaker, than with respect to the financing of universities as it relates to the financial support that comes from the federal government through the provinces to the universities. I think all hon. members of this Assembly are aware that the federal government is today discussing very, very substantial reductions in the transfer of funds for social programs to the provinces through the established program-financing provisions. It is a suggestion of the federal government that a very important part of the major reduction in the transfer of funds they are proposing should fall upon the universities through a reduction in direct funding from governments of the university sector. This will impose upon the

universities some very, very difficult circumstances should this come about. It would certainly be my intent, as I have indicated to members in this House before, to do all I can to try to assure that the federal government does not proceed with this foolhardy plan.

I won't go into that matter any further at this time, Mr. Speaker, but raise it because it is one of the very, very important matters that our universities must fact over the next two or three years and it is a subject that will be discussed in greater detail here in this legislature on another occasion.

Mr. Speaker, this government has recognized the important contribution and role of our universities through a number of measures it has taken. It has provided substantial direct financial assistance to our universities in such a way as to be able to support their development into first-class universities in Canada. In addition, our predecessor, the CCF government, was the first government to establish a program of financial assistance to university students through loans, which later became a national plan. In 1971, this government established supplemental bursaries to go with those loans in order to assist students with their financial needs in attending university.

This year, Mr. Speaker, we have provided funding to the universities in support of their operations with an increase that amounts to over 12 per cent in the estimates and over 13 per cent on the university financial year — a very significant increase in the financial support available to the universities. In addition to this nearly \$101 million operating grant, we have also been engaged in a very active capital program leading to the development of many new, important research and teaching facilities on our university campuses, particularly at the University of Saskatchewan.

Mr. Speaker, the amendment proposed in this bill is a measure that, while small, is another indication of our willingness to respond to the interests and needs of our universities.

This bill will, first of all, change the university's fiscal year to May 1 to April 30, from the current July 1 to June 30. This bill will make year-end financial results available to administrators prior to the time at which the university must submit its funding request for the next year to the universities commission. Obviously, Mr. Speaker, this move will eliminate a needless impediment to the planning and budgeting capability of the university.

The change in fiscal year will have a number of beneficial results, including the following:

1. The university's spring and summer sessions will now fall at the beginning of the may to April fiscal year, which will be beneficial in terms of tuition fee revenue.
2. Enrolment reporting, particularly with respect to the spring and summer sessions, will no longer be split by the old July to June fiscal year.
3. The change will allow for year-end inventories to be carried out between sessions, prior to the summer vacation period and prior to the subsequent university government budget cycle.
4. The change will reduce from three to one the number of months difference between the university fiscal year and the provincial government fiscal year, thus diminishing

the effects of the two different fiscal years on the university's financial arrangements.

5. The new May to April fiscal year will reduce the impact of salary revisions on the budget to four months from six months.

Mr. Speaker, in addition to these benefits from the change, the proposed bill will also clarify the requirements of The University of Regina Act, as it relates to The Tabling of Documents Act. It will, in effect, bring the University of Regina largely into conformity with the universities commission with regard to the tabling of documents. This change in the tabling of documents and fiscal year in the university is something which the University of Regina has requested, I should point out, Mr. Speaker.

With these relatively minor, but nevertheless important revisions to the legislation, as well as with continued determination to provide adequate leadership and support to the universities, our government shows its commitment to maintain a strong university sector as part of Saskatchewan's post-secondary education system. With these comments, I would like to move this bill be now read a second time.

MR. KATZMAN: — Mr. Speaker, the member for Indian Head-Wolseley was unavoidably detained today. He has quite a few things he would like to say on this particular issue, therefore, I beg leave to adjourn debate.

Debate adjourned.

Bill No. 82 — An Act to amend The University of Saskatchewan Act

HON. MR. McARTHUR: — Mr. Speaker, in rising to move second reading of this bill, I will not go over the ground which I have already covered. It essentially does exactly the same thing with respect to the University of Saskatchewan as the former bill did with respect to the University of Regina. With that explanatory comment, Mr. Speaker, I would now move second reading of this bill.

MR. KATZMAN: — Mr. Speaker, once again, as I said earlier, I would beg leave to adjourn debate.

Debate adjourned.

Bill No. 83 — An Act to amend The Workers' Compensation Act, 1979

HON. MR. SNYDER: — Mr. Speaker, the bill that is before us today deals with a subject area of which most of us are inclined to take for granted, that of workers' compensation. It is well-known that each province in Canada and the two territories today operate a workers' compensation program under which compensation is payable to employees suffering a work-related injury or disease as a matter of right regardless of negligence or blame. The modern system of compensation in this country is based on two major principles:

1. Collective liability on the part of the employers grouped by industry class;
2. Compulsory insurance in the province's accident fund.

However, Mr. Speaker, it should be stressed that workers' compensation is now widely regarded as an automatic and routine feature in the world of work, and in no way does it

diminish its importance and significance. Indeed, the nature of current technologically oriented industrial processes is such that there is a growing potential for many new varieties of accidents, injuries and disease arising from employment. The hectic pace of life as we enter the '80s, the use of more sophisticated equipment, increasing diversification of the economy have all combined to cause growing attention to be focussed on such issues as noise, atmospheric pollution, the use of dangerous chemicals, perpetual fatigue, the employee speed-up problem, and so on.

In this setting, Mr. Speaker, workers' compensation programs are of a more critical concern than ever before, and care must be taken to make necessary adjustments from time to time to ensure that the program is adapted to the requirements of changing industrial conditions. In practice, Mr. Speaker, workers' compensation is a form of mutual insurance. It provides employees with the assurance of economic security should they have the misfortune to be injured on the job. At the same time the system protects employers from the possibility of financial ruin as a result of a damage claim.

As is well-known, the system also eliminates the need for costly and lengthy legal proceedings. In return for guaranteed financial protection, the injured worker relinquishes his or her right to sue the employer. In this sense, the benefits from workers' compensation flow in two directions. The worker receives prompt and equitable handling of an injury claim without litigation while the employer is protected against the problem of individual liability suits.

To obtain an idea of the role and impact of the workers' compensation program, Mr. Speaker, one only has to refer to the statistical record of the operations of the Saskatchewan Workers' Compensation Board. A record for 1980 indicates that in that year, on the basis of claims settled, there were 58 industrial fatalities; there were 487 cases of permanent disability, and 17,182 instances of temporary disability. In addition, more than 20,000 workers were involved in industrial accidents in which there was no time lost. Accordingly, there were over 38,000 persons involved in industrial accidents in Saskatchewan in 1980.

As a further indicator of the significance of workers' compensation, it can be reported that the expenditures of the board on behalf of injured workers in 1980 totalled more than \$65 million. Included in this amount were \$20 million in temporary compensation, \$22 million set aside to guarantee ongoing future payments for injured workers, and over \$7 million for rehabilitation services. As all members are aware, rehabilitation represents an important component of the workers' compensation program, and I am pleased to note that the board has set aside \$3 million in 1980 in anticipation of its involvement in the construction of the new rehabilitation centre in Regina.

I might point out, Mr. Speaker, that the concept of workers' compensation, as we know it, is not one which could be taken for granted as recently as 50 or 60 years ago. As a matter of fact, the first workers' compensation act in Saskatchewan was not introduced until 1929, which is well within the lifetimes of members of this Assembly (at least some of the members of this Assembly) today.

Some hon. members may recall the horror stories which I have related in the past pertaining to the treatment of injured workers prior to that time. A worker, as it was know, was forced to bring action against the employer in the courts, if the worker could afford it. He would win only if it could be proved that the injury was due to defective machinery or negligence of some responsible person. It is little wonder then, that under these circumstances, fewer than 30 per cent of the employees injured on the

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job actually received one cent of compensation. The majority of injured workers were unable to work and their families quickly became destitute and they were forced to rely on the mercy of the state for sustenance.

Mr. Speaker, it's fair to say that the workers' compensation program in Saskatchewan, under the CCF and the NDP of the 1940s and 1950s, was ranked at the top of those compensation systems across Canada. Saskatchewan led the way in setting benefits at a full 75 per cent of earnings, and the other features of the act were among the most advanced in the country. Saskatchewan's position slipped badly, it should be remembered, under a Liberal administration in the '60s, and it has been necessary for the present government to introduce a large number of legislative changes since 1971 to restore this province to its leadership position.

For example, we brought into effect progressive increases in workers' compensation benefits to the point where they were again among the highest in the country. We raised the income ceiling on which compensation is based to its present level of \$24,000 per year, which is the highest in Canada. Moreover, we pioneered a system under which the ceiling is increased on a systematic basis according to the actual earnings of workers submitting claims to the workers' compensation board.

Another new element of the Saskatchewan approach was the establishment in 1972 of a workers' advocate service, responsible for assisting injured workers in bringing claims before the compensation board.

Innovative and significant as these changes were, Mr. Speaker, they have been overshadowed by the features of the new Workers' Compensation Act passed in 1979, which clearly established Saskatchewan as a leader in the field of workers' compensation. It will be recalled that the new compensation legislation embodies the recommendation of the 1978 Workers' Compensation Act review committee, a labor-management committee chaired by Judge Alastair Muir. The committee conducted a statutory review of compensation in this province and during the course of this examination, which included public hearings throughout the province, uncovered widespread concern about the loss of income suffered by injured workers who are forced into new jobs which often provide lower pay than was the case with previous employment.

This situation caused the Muir committee, as its highlight recommendation, to propose an alternative to the workers' compensation system — an entirely new two-part concept which would protect an injured worker against income loss as a result of the injury, and which would provide a recognition of physical impairment caused by that injury. You are aware, Mr. Speaker, this concept received the support of both labor and employer representatives on your committee.

On the basis of this recommendation, the new legislation introduced the two-part concept, the main characteristic of which involved a shifting of emphasis away from the previous process of a permanent pension based on a medical rating of disability to a scheme of income maintenance. Accordingly, the legislation affords protection against impairment of earnings rather than merely against physical impairment, as has been the case in the past. This is accomplished through the provision for maintenance of income equivalent to 75 per cent of a worker's wages at the time of the injury, even if the injury forces the worker subsequently to accept a lower paying job.

At the same time, as the second component of the two-part system, the worker is provided with a lump sum payment which represents a recognition of permanent impairment as a result of that injury.

Mr. Speaker, I think it's no exaggeration to say that the new Workers' Compensation Act is the most innovative and far-reaching of all workers' compensation legislation in effect in Canada today. It clearly points the way for a new decade of worker compensation law in Canada, suited to the emerging requirements of the 1980s.

To give some idea of the significance of the new act in establishing a Canadian pattern, representatives from five Canadian provinces, from two territories, from several United States jurisdictions, and even from as far away as Australia, have visited Saskatchewan since its passage. These persons are coming to Saskatchewan to get a first-hand look at the new system, and to study both the law and the administration of that law.

Not only do these visitors to Saskatchewan become impressed with what we are doing but they also freely reporting it to be the best in Canada and in North America.

In New Brunswick a committee of the legislature has recommended the adoption of a similar plan. The Ontario government has appointed a one-man inquiry in the person of Professor Paul Weiler, who had high praise for the Saskatchewan model, and has recommended a very similar direction for workers' compensation in Ontario.

Indeed, the most respected commentator on workers' compensation in the United States, Professor Arthur Larson, has hailed the Saskatchewan experiment as one which is noteworthy of adoption elsewhere.

Just to summarize briefly, Mr. Speaker, as it is currently operative, the new Saskatchewan legislation has four basic features.

1. The workers' wages are protected against a work injury from the time of the accident until he or she reaches the age of 65 years. At age 65 compensation is based on lost retirement income.
2. The workers real wages are protected against inflation by the inclusion of a cost of living feature. There is an annual automatic adjustment to the free accident wage base on which compensation is calculated to ensure that the worker's standard of living is maintained and not eroded by inflation.
3. Overcompensation is avoided by reducing awards by the amount payable by the Canada Pension Plan for the same accident.
4. Any physical impairment caused by the injury is compensated for by way of a lump sum payment.

When these four principles are joined to the highest workers' compensation in Canada, based on a income ceiling of \$24,000 a year, I think it can be easily seen why Saskatchewan continues to lead in this vitally important area for working people.

However, in other spheres of endeavor, Mr. Speaker, we cannot rest on our laurels on what has been done in the past. We must continue to find the ways and means of improving on the protection afforded to injured men and women, both those of the future and those who were injured in the past.

Accordingly, the amendments before the Assembly are a reflection of the need to maintain and improve workers' compensation coverage in this province. With respect to the specifics of the bill which is before us, you will find that the amendments fall into three main categories: there are the so-called housekeeping changes which are required in any statute as changing as the workers' compensation act; there are increases in certain benefits to account for ongoing inflation; and finally there are several changes which resulted from the knowledge gained in actually administering the new act since its coming into force.

In the case of the housekeeping changes, we are recommending that the lump payable for injury should include payments for psychological effects of an injury as well as for the physical effects. Therefore, the phrase, "functional impairment" is being inserted in place of the term "physical impairment" to give the workers' compensation board the flexibility to broaden the basis of payment of the lump sum.

I'm not talking here about concepts like pain, suffering or anguish, but rather about permanent psychological disorders resulting from a work injury. The remaining housekeeping measures are of lesser importance.

In the case of measures being recommended to assist those injured in the past to combat the ravages of inflation, it is our intention to increase the minimum level of compensation from \$505 a month for a total disability to a figure of \$580 a month. Included among those who will receive an increase by this method are those workers who are on partial pension so that the minimum for, say, 10 per cent disability, would be \$58 a month. This represents a 15 per cent increase in the minimum level of compensation, and places the Saskatchewan minimum at or near the level which is in effect in the rest of Canada — probably at the head of most. Surviving spouses and their dependants will also benefit from this increase in minimum compensation, for the flat rate benefits payable under legislation, formerly in effect, do not bring the worker to the rate benefits payable under legislation, formerly in effect, do not bring the worker to the minimum level. The workers' compensation board in this amendment will be empowered to increase the benefits for the spouse and dependants to \$580 a month. This will mean that in many instances the surviving spouse presently receiving compensation payments of \$400 a month will be entitled to \$580, representing a full 45 per cent increase in benefits.

It should also be noted that the amendment will increase the supplement payable to a surviving dependent spouse from the present \$75 per month to \$115 a month. The supplement is payable to age 65 or remarriage, whichever occurs first. The supplement for each child becomes \$15 per month from the present \$5. In this way, a 10 per cent cost of living increase in the supplement is provided to surviving spouses and dependent children receiving benefits under previous legislation. Where there is no surviving dependent spouse, compensation payable to orphaned children is also increased to provide a 10 per cent cost of living increase.

Equally important in helping those injured in the past and in the future are changes being recommended to section 99 of the act — the section which offsets Canada Pension Plan payments. It is proposed to amend the act in such a way that no injury or fatality results in a payment to a worker or survivor of less than the minimum compensation stipulated in the legislation. As a result, payments from the Canada Pension Plan will be offset only down to the minimum level to ensure that no totally disabled worker or survivor will receive less than \$580 a month.

Other amendments to section 99 will assist in the streamlining of the administration of the act. It often takes many months for officials of the Canada Pension Plan to determine whether workers are entitled to receive benefits under CPP and this creates a hardship for workers who are awaiting this payment. To avoid the necessity for workers and their families to face the problems and hardships caused by delays in Canada Pension Plan payments, it is proposed that the workers' compensation board will wait one year following the injury before commencing to deduct Canada Pension Plan benefits from workers' compensation payments. It is believed that this measure will significantly lessen the problems created by the administrative time lag on the part of the Canada Pension Plan operations, which necessitated on many occasions that the workers' compensation board require repayment of overpayments that had been made.

At the same time, amended section 99 provides that Canada Pension Plan benefits be treated as income. These benefits represent full taxable dollars, while workers' compensation benefits are a 75 per cent and non-taxable dollars. The treatment of Canada Pension Plan benefits as income will mean that the worker or dependants will receive a logically measured entitlement from the workers' compensation board, and will result in additional dollars in the injured workers' pockets.

Before sitting down, I want to make brief reference also to a change in the assessment portion of The Workers' Compensation Act. A fatal accident may cost from a minimum of \$1,000 to a maximum of over \$100,000, depending upon the dependency status of the deceased. It is considered more equitable that employers pay an average cost of fatalities in the event that one should occur, rather than having fate determine whether it is a high cost or a low cost fatality. Accordingly, a new section 135.1 stipulates that the workers' compensation board may make an assessment or levy to apportion the cost of fatal accidents equally among all employers involved in fatal accidents. I might add that groups representing several hundred employers had agreed to this concept when they were consulted last fall, prior to the drafting of this legislation.

Finally, Mr. Speaker, it's our intention, through the amendment being introduced, to increase the maximum lump sum payable to workers for permanent impairment by a full 50 per cent. You will know that, at the present time, the maximum lump sum payment is \$10,000. It is being increased to \$15,000.

Mr. Speaker, it is our sincere belief that the modifications and additions being proposed to this bill will go a significant distance towards the enhancement of Saskatchewan's reputation as the home of the most progressive and advanced workers' compensation system in Canada. I might caution, however, that we are not going to be content to sit back and rest on our laurels. In terms of the changing demands of our industrial society, we must continue to monitor closely the operation of the workers' compensation system with a view to making other changes which might be necessary to provide disabled employees and their families with a decent standard of living in the face of a work accident over which they have no control.

Accordingly, Mr. Speaker, it's my very great pleasure to move second reading of this bill at this time.

SOME HON. MEMBERS: Hear, hear!

MR. KATZMAN: — Mr. Speaker, before I ask leave to adjourn debate, I would like to make some comments. First of all, it is interesting to note that the minister spent the first part of his speech patting the back of the government. He didn't mention anything

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about those people who were hurt on duty and have had nothing but trouble trying to receive the benefits which are supposed to be there. He made no reference to all the problems people have when they try to collect on the plan as it is. Certainly, the indications which he has brought forward in this bill will make some improvements. If he can pass along the enthusiasm with which he was speaking to the workers handling the claims, then those who unfortunately are injured on their jobs will have to spend less time waiting for their benefits. That would be more important than a lot of fancy window dressing.

The amount of letters I receive from people trying to collect compensation, or having problems with workers' compensation when they try to arrange to get a fair and just settlement, is unfortunate. The rules, regulations and problems which they must go through, the delays and the hardships which some of them must suffer until they finally get to the right people in the right area to get the benefits they're deserving of, is unfortunate.

I refer to one case which I've just finished working on. The person was told (this refers to a death) that the person was not working at the time. The family said that the person was working. She was returning the equipment which she was required to work with every day to where she starts each morning. She would pick up her equipment in the morning, go to the job sites at several locations and then return the equipment to the place where it came from. Unfortunately, while returning the equipment she was in a vehicle accident and was killed. The family was told that she didn't qualify for workers' compensation benefits for the deceased. Fortunately, after lengthy involvement (a lawyer was needed for this one), workers' compensation has finally agreed that the family does qualify for the benefits — that she was on duty.

Mr. Speaker, the point I make is that we can give all the glowing, fancy statements we want in this House. But let's get the system working, too, so that those who are paying for their benefits through workers' compensation really receive them. That's what workers' compensation is all about.

I would like to ask the minister if he could send me some information prior to my speaking again on this one. My concern is with regard to class actions. If I am in the transportation class grouping and am involved in an accident in the transportation grouping again, are the same rights afforded to me as if I were in the transportation class and were involved with a non-transportation class? Do I have the same rights? Under the old act I didn't have the same rights and, therefore, I have some concern.

Mr. Speaker, rather than relating to many more concerns which were brought up throughout the minister's speech, I will consult with the minister's officials on one or two items and maybe we can clear matters up in that way. I beg leave to adjourn debate on this item.

Debate adjourned.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Romanow that Bill No. 63 — **An Act to amend The Wills Act** be now read a second time.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. McArthur that Bill No. 67 — **An Act to amend The Teachers' Superannuation Act** be now read a second time.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Robbins that Bill No. 73 — **An Act to amend The Superannuation (Supplementary Provisions) Act** be now read a second time.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Cowley that Bill No. 64 — **An Act to amend The Liquor Licensing Act** be now read a second time.

MR. KATZMAN: — Mr. Speaker, in Bill No. 64, which contains amendments to The Liquor Licensing Act, one of the major changes, I assume, is the allowance of a private golf course (one of which is in Saskatoon and one in Regina) to have the same rights as a publicly owned golf course. We, in our caucus (and I would assume your caucus has too) had representation from these people asking for the same rights and the same benefits. Therefore, we will be voting with the government because we think they should have the same rights. I think that in due course we will see more people looking at building private golf courses around the province. In the Saskatoon area, there are two groups looking at building private golf courses; this will give them assistance in competing with the publicly owned ones, and therefore will give golfers a chance to have additional assistance.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Romanow that Bill No. 55 — **An Act to amend The Executions Act** be now read a second time.

Motion agreed to, bill read a second time and referred to a committee of the whole at the next sitting.

COMMITTEE OF THE WHOLE

Bill No. 66 — An Act to amend The Teachers' Life Insurance (Government Contributory) Act

HON. MR. McARTHUR: — Mr. Chairman, I would like to introduce to you Mr. Wally Sawchuk, executive director of the teachers' superannuation commission and Mr. Bill Wells, who is with the educational administration branch of the Department of Education.

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SOME HON. MEMBERS: Hear, hear!

Section 1

MR. KATZMAN: — Mr. Minister, under Bill No. 66 — An Act to amend The Teachers' Life Insurance (Government Contributory) Act — is there anything in the provisions which you are recommending here that is not covered in the bargaining, or is the reason for this bill strictly to do with provincial bargaining?

HON. MR. McARTHUR: — No. In this bill, all the provisions arose as a result of the collective bargaining agreement concluded with the teachers in March.

MR. KATZMAN: — I assume they would be covered by the 45 clause which is in the normal pension plans and all other rules; therefore, there wouldn't be an opting-out provision?

HON. MR. McARTHUR: — All teachers must participate in the life insurance program which is provided.

MR. KATZMAN: — Mr. Minister, are they covered by the same general legislation — the combination of your age and years of service makes 45 and your money is therefore locked in until a certain age? What is the age at which they can first draw it?

HON. MR. McARTHUR: — Mr. Chairman, the bill under consideration is An Act to amend The Teachers' Life Insurance (Government Contributory) Act. I can't understand the hon. member's questions exactly, because they sound like superannuation questions. This is not a superannuation bill.

MR. KATZMAN: — This is strictly for your contributory share; is that what you're saying?

HON. MR. McARTHUR: — This bill is strictly to do with the teachers' life insurance legislation which provides for life insurance, and accident and dismemberment insurance. It deals strictly with the contribution to be made by the province to that plan.

Section 1 agreed.

Sections 2 and 3 agreed.

Section 4

MR. KATZMAN: — Mr. Minister, your 50 per cent share — do you pay it monthly, quarterly or yearly? If you pay it other than monthly, do you then pay the interest which would accrue to the system in the meantime?

HON. MR. McARTHUR: — Both payments, the teacher's share and the government's share, are paid monthly.

Section 4 agreed.

Section 5 agreed.

The committee agreed to report the bill.

Bill No. 72 — An Act to amend The Tobacco Tax Act

Section 1 agreed.

Section 2

MR. KATZMAN: — I assume, Mr. Minister, the list (a) to (f) is the total amount which you collect on each of these items, per cigarette, etc. Am I correct?

HON. MR. ROBBINS: — You will have to repeat that — I didn't hear you.

MR. KATZMAN: — The amount which is listed in section 2(1), which is, for example, 4 cents on every cigarette purchased by him for retail but not more than 10 cents. Are these the fees per cigarette? How do you break it down?

HON. MR. ROBBINS: — 1.32 cents per cigarette.

MR. KATZMAN: — 4 cents on each cigar, but not more than 10 cents?

HON. MR. ROBBINS: — The cigars work on the basis of the retail price. There is a scale. The only change in the tax on cigars was related to those costing more than 40 cents — very expensive cheroots, apparently. The cigarette tax works out to 1.32 cents a cigarette or 33 cents per package of 25. The straight tobacco tax has been increased from 12 cents to 13 cents for each 25 grams. If I know my metric measures, 25 grams is one ounce. (I think it is — I may be wrong.)

MR. KATZMAN: — Mr. Minister, one other question. Do you have any idea of the additional revenue or the revenue loss to your government because of the high taxation which we have on cigarettes here (which I don't argue with) and the problems we have along the Alberta border, and I assume now we will have along the Manitoba border, as I understand Manitoba's tax is less than ours at the present time?

HON. MR. ROBBINS: — The Manitoba tax on cigarettes is higher than ours. There is not likely to be very much movement back and forth, because the differential is not that great. It is 33 cents here, and 35 cents in Manitoba. In B.C. it is 34 cents. The real problem lies between B.C.-Alberta, and Saskatchewan-Alberta. The Alberta tax is 8 cents, ours is 33 cents, B.C.'s is 34 cents. So there is a problem; we know there is a problem. We are attempting to find ways and means of checking the smuggling which does occur. Obviously you don't want a border patrol or anything of that nature.

People coming in from Albert are allowed to bring in, I think, two or three cartons. It is something similar to importing from the United States. Where you run into problems is where someone is really peddling, in terms of selling.

I think we did locate a fellow who had a station wagon with 11 cases (I don't know how many thousands of cigarettes). He said that he was a heavy smoker.

MR. KATZMAN: — I think, Mr. Minister, we are talking about the same kinds of cases when you talk about the fellow with the station wagon. I heard about the fellow with the Econoline van with a closed-in half-ton truck. That's quite a considerable profit he will be making when he retails those cigarettes, when you consider the additional retail on those is about 25 cents a piece. That's a considerable amount of money. It doesn't take

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long to make the trip worth while.

I understand you had the same problem with gasoline as well. My concern, Mr. Minister, is that we deal at the wholesale level; we collect our tax at the wholesale level, if I understand correctly. For example: do you have an arrangement with the wholesalers in Alberta to make sure that for anything shipped into Saskatchewan they are collecting the Saskatchewan tax for you and reimbursing that to you?

HON. MR. ROBBINS: — The officials have some arrangement. I can't tell you all the specifics. You mention the fact that it can be very profitable. They found a case of a fellow who bought a big semi-trailer and was taking tobacco from Edmonton into Toronto. The differential there is not quite as great — about 19 cents a package. Yet, he could pay for that whole outfit very quickly if he were allowed to continue to do that. He was caught.

I do know that our officials work very closely with the officials in the other provinces and attempt to make sure that smuggling is not occurring.

MR. KATZMAN: — I am told that even if I bought cigarettes retail in Alberta and sold them here retail, it is cheaper retail in Alberta than it is wholesale in Saskatchewan. That's the reason why you have that problem.

HON. MR. ROBBINS: — Not being a user of tobacco I can't tell you, but I would rather doubt that. I think there might not be that much spread. I can get that information from the officials and pass it on to you.

MR. KATZMAN: — I just wanted you to know my concerns because I know some people who were involved last year, and having seen it happening, passed their concerns on to me. They knew of a merchant who was doing that exact thing. I spoke with one of your officials who was doing purple gas and cigarette checking. He informed me what the rules were. I went to see the fellow and told him, "Hey, you better quit or you're in trouble because it's against the law." He indicated that he was buying retail and selling retail, and was making more money than if he were buying wholesale. I just pass that on to you.

HON. MR. ROBBINS: — Thanks. I kind of doubt that, quite frankly. He was maybe boasting. The fact of the matter is that we know this is occurring; our officials are well aware of that. It's basically in tobacco line. What we have to do is get people, like the member for Regina South, to stop smoking and then that won't happen.

Item 2 agreed.

Item 3 agreed.

The committee agreed to report the bill.

The committee reported progress.

THIRD READINGS

Bill No. 66 — An Act to amend The Teachers' Life Insurance (Government Contributory) Act

HON. MR. MacMURCHY: — Mr. Speaker, on behalf of the hon. minister, I move that the said bill be now read a third time and passed under its title.

Motion agreed to and bill read a third time.

Bill No. 72 — An Act to amend The Tobacco Tax Act

HON. MR. ROBBINS: — Mr. Speaker, I move that the said bill be now read a third time and passed under its title.

Motion agreed to and bill read a third time.

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

INDUSTRY AND COMMERCE

Ordinary Expenditure — Vote 19

Item 1

MR. CHAIRMAN: — Order. We're dealing with the Department of Industry and Commerce. I'll ask the minister to introduce his officials.

HON. MR. VICKAR: — Mr. Chairman, to my immediate left I have Jeff Bugera, the deputy minister; to my immediate front right is Herb Scott, the director of administration; to my immediate front left is Bryce Baron, the business services executive director; and to my rear right is Wayne Lorch, executive director of trade; and to my rear left is Ken McNabb, executive director of support services.

MR. ROUSSEAU: — Thank you, Mr. Chairman. I don't know how much time we'll be spending on the estimates of industry and commerce, but if we went by effectiveness of that department and the results of that department I suppose we'd be here for about four minutes and then we could wrap it up. But, unfortunately, we can't do that. We have to find out why this minister — I'm going to say "this minister" because I believe he has a very competent department, competent people who work within that department. Ultimately, it is his responsibility.

In a province with the vast resources and wealth that we have in this province, the ineffectiveness of this minister is something to behold. All one has to do is read this report to see how very little this minister has done.

Mr. Minister, I am going to start by looking at the return you supplied to this House last fall. Travelling to Japan at a cost of \$17,000 (I don't have one for the European trip; I don't know what that cost the taxpayers of this province) accomplished absolutely nothing. you know, Mr. Minister, I did a little research into what could happen in this province and what hasn't been happening in this province; it is really a crying shame that we see the results printed in books like *Scott's Industrial Directory Western manufacturers*, Fifth Edition. I don't know whether you have ever looked at that book, but let me tell you it is something you should review. Mr. Minister, you are probably the most ineffective minister on that side of the House. Your department is a disgrace to

this government — a total disgrace. You've done nothing to encourage industry to come in, other than to do a little world travelling on your own with absolutely no results. As a matter of fact, your policies in government discourage industry from coming to this province and, I suppose, that's the sad part of the policies you endorse. We have everything going for us in this province. We have the resources; we have the people; we have the land. All you would have to do to develop manufacturing and industry in this province is use a little common sense. And you've not done that. I'm going to refer to *Scott's Industrial Directory Western Manufacturers* to start with. I went through some of it — these are manufacturers that exist in western Canada; we could have our share in Saskatchewan. No one looks at that. One has to wonder how many hours a day you sleep on the job, because that's exactly what it amounts to.

This is an agricultural province and we'll take a look at some of the agricultural failures. Poultry and small game dressing plants: British Columbia has 8; Alberta, 8; Manitoba, 10; and good old Saskatchewan has 3. Creamery and butter manufacturing: British Columbia, 14; Alberta, 22; Saskatchewan, 11; Manitoba, 27. Condensed and evaporated milk: B.C., 8; Alberta, 8; Saskatchewan, 3; Manitoba, 7. We're talking about a province whose main industry is agriculture and it places last in every instance. Canned specialties — admittedly we don't have the orchards of British Columbia, but even Manitoba has one; we have none. Even Alberta has five; we have none. Cereal breakfast foods (here's one that is clearly a spinoff of the product that we grow in this province): British Columbia, 4; Alberta, 4; Manitoba, 5; Saskatchewan, 2.

The list is long; there are hundreds of them. I'm going to be a little selective. Candy and other confectionery products: British Columbia, 25; Alberta, 4; Manitoba, 12; Saskatchewan, 2. Canned and cured fish and seafood (I know we don't have the sea beside us): British Columbia, 45; Alberta, 1; Manitoba, 3; good old Saskatchewan none. Macaroni, spaghetti, vermicelli and noodles (listen to this one): British Columbia, 6; Alberta, 3; Saskatchewan, 1.

Then you move into textiles industry. The textiles industry is certainly not evident in Saskatchewan, because you look down the column under Saskatchewan and it says zero, zero, zero, zero, zero, zero, zero. You have 2 of the men's, youths' and boys' suits, coats and overcoats, as compared to 9 in Manitoba, 7 in Alberta and 9 in British Columbia. I can go again through all of these textiles but because this is certainly not the main industry or the mainstay of this economy, we'll skip through them. Yet that kind of statistic is available and all you have to do is look it up for yourself.

House furnishings, except curtains and draperies (that would include all other house furnishings): Manitoba, 17; Alberta, 18; British Columbia, 35. What does Saskatchewan have? It has 10. Metal household furniture (we have a steel mill in Saskatchewan, as everyone knows, so it isn't something that could be foreign to this province, but I don't see where any attempt is made to establish any of that in this province): 16 in British Columbia, 5 in Alberta, 6 in Manitoba and zero in Saskatchewan.

You're out looking for industry to come into this province but I'll tell you, Mr. Minister, I don't think you've done very much research.

AN HON. MEMBER: — Where does the problem show up the most? Right in your population figures.

MR. ROUSSEAU: — That's right. We get into other areas here — paints, varnishes, lacquers, enamels and allied products. We shouldn't vary that much on those from Alberta and Manitoba or, for that matter, British Columbia. Let's look at the difference in numbers: 33 in British Columbia, 11 in Alberta, 6 in Manitoba. Do you know how many in Saskatchewan? One in Saskatchewan.

Nitrogenous fertilizers (that's something that in an agricultural province we should be looking to manufacturing): British Columbia, 3; Alberta, 8; Saskatchewan, 1; and Manitoba, 3. Phosphatic fertilizers: British Columbia, 2; Alberta, 4; Saskatchewan, 1; and Manitoba, 2. Fertilizers, mixing only (listen to this one): British Columbia, 3; Alberta, 4; Saskatchewan, 0; Manitoba, 1. Pesticides and agricultural chemicals not elsewhere classed: British Columbia, 6; Alberta, 10; Saskatchewan, 2; and Manitoba, 7. Chemicals and chemical preparation: British Columbia, 28; Alberta, 30; Saskatchewan, 8 (the first time we are ahead of Manitoba); Manitoba, 7. Miscellaneous plastics products (here is one which I think is really worthy of discussion): British Columbia, 141; Alberta, 133; Saskatchewan, 0. Leather goods (the North is loaded with animals for leather goods); British Columbia, 8; Alberta, 13; Saskatchewan, 1; and Manitoba, 5.

Now, I am going to go to one which I have already talked about in this House once before (not too long ago, as a matter of fact), which is manifold business forms — a product which the government itself (Crown corporations and departments) buys millions of dollars worth, and 80 per cent of the purchases are done outside of this province with the taxpayers' money. You send the business elsewhere.

Now, we are pretty well the same size of province as Manitoba. We are one-half the size of Alberta in population or a little less than that. But here are the numbers. out of 39 plants in western Canada: British Columbia, 16; Alberta, 12; Manitoba, 9; Saskatchewan, 2. And 80 per cent of what the government buys is bought outside the province. Now, that is really encouraging industry to establish in the province of Saskatchewan, isn't it? You can travel worldwide. you can travel to Japan and all over the European continent to look for industry, but you can't even find it right here at home — where you should be looking at to start with and encouraging those businesses not only to establish here but also to expand.

If that is a record which you are proud of, Mr. Minister, I would hate to see you as the Minister of Finance in this province. God help us with our taxation policies or employment, all the way around.

Brick and structural clay tile (here is another one): we have 1 in Saskatchewan out of a total of 12 in western Canada. What about metal doors, sashes, frames, moulding and trim. I would like to ask you a question which you could answer a little later on. How many of the products which go into the building of homes are actually manufactured in Saskatchewan? I say to you (and I have the figures) that if you don't know them I will provide them, and they will be shocking. But here is an example. Metal doors, sashes, frames, moulding and trim: out of a total of 170 (give or take 4 or 5) there is a total of 15 in this province. Are we getting our fair share of the manufacturing in Saskatchewan as a percentage of what we deserve, of what the people of this province deserve? Are we getting a fair share as compared to the population of Saskatchewan versus western Canada? . . . (inaudible interjection) . . . If the Minister of Tourism and Renewable Resources thinks we are, then I suggest to him that his department might improve a little if that minister got off his butt and did a little work, because this is a disgrace.

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Industrial trucks, tractors, trailers and stackers: out of a total of about 70, there are 4 in Saskatchewan. Radio and TV transmitting, signalling and detection equipment and apparatus: out of a total of 70, there are 5 in Saskatchewan. Electronic components: out of a total of 22, there is 1 in Saskatchewan. Storage batteries: now, we don't have as many cars as the rest of the provinces, but we have far more farm equipment in this province than any other province in western Canada, and they apply to that equipment as well. In fact, in that comparison, we have far more than any other province. There are 5 in British Columbia, 3 in Alberta, 1 in Manitoba and none, again, in Saskatchewan.

Manufacturing industries not elsewhere classified: well, out of a total of about 70, we have 4. Sporting and athletic goods: out of a total of 66 in the province of Saskatchewan there are 4. Signs and advertising displays: out of a total of about 270, we have 29 in Saskatchewan.

Mr. Minister, if you haven't already received or subscribed to this, I would suggest that you do so. Perhaps you might find industries which can be brought into this province to help the economy of Saskatchewan, would help to increase our population, would help to keep our young people at home and would help to reduce taxes in this province and make it a better place for everyone to live.

I think it's about time that you, as the Minister of Industry and Commerce, either resign that position and get into another one where you can't do any harm, or get off your butt and start doing a job. When I look at the statistics that we have here, when you can travel throughout the world at the expense of the taxpayers and you can't find industries as small as some of these are (the ones I called out) to move into this province, or to be established here by people who are already living here, then you are blind.

I have some questions, Mr. Minister, that I will be wanting to ask you. I'll give you an opportunity at this point to reply to my opening remarks. I have several questions I want to ask you about the performance of your department.

HON. MR. VICKAR: — Well, Mr. Chairman, the hon. member paints a very gloomy picture in his own mind. He finds information and compares the information with the rest of Canada. I want to tell the hon. member that if he would look at the statistics (which I don't have at hand to show you on a percentage basis), we are much further ahead than many of the other provinces in Canada.

Mr. Chairman, I wish to speak about the two trips which the hon. member mentioned — one to Japan last year and one to Europe this year. I wish to say to the members opposite that if they knew how it was to deal with people in Japan . . .

AN HON. MEMBER: — I have been there, I know.

HON. MR. VICKAR: — That's fine, you may know, but things just don't happen overnight. I can tell the hon. members that since our trip to Japan two years ago we have had two or three different delegations here from Japan as a result of that trip, and as a result of that trip we have things in motion. We haven't any industry established, but we do have dialogue with Japanese developers and this is an ongoing thing.

With our trip to Europe last fall, which is a different situation, we already have had results from that trip to Italy and to the Netherlands. We must have had about four or

five delegations here from Italy and Holland since we were there in November of last year. That's only a span of four or five months. These people are coming here to talk about it.

You ask, "When are they coming here to set up?" The hon. member would readily know that if you tried to set up an industry by yourself you couldn't do it in two or three months. It would take you a year or two before you were established. It takes time for these things to evolve. Somebody has to lay the groundwork, and that's what we are doing at this particular time. We are interesting people in Europe and Japan to come to establish in Saskatchewan.

When you talk about establishing industries in the province, I don't know where you people stand on that issue. Here you are talking out of one side of your mouth, saying you want to establish industry in the province, but you withhold from allowing the government to invest in these industries. You say that you don't want the government to invest. You want total private enterprise. I'm prepared to go along with you in total private investment if the private investors are around. The only way you can get those private investors to come to the province is by joint ventures. We are prepared to do that, and we have statistics to show that we have invested in ventures with manufacturers and those plants are now existing.

I want to go one step further. The hon. member asks, "What are you doing to develop and promote industrial development in the province?" We have done two things: we have travelled to Japan and we have travelled to Europe. We have interested many, many people in coming to our province. Also, we have the industrial development benefits brochures that we published about one and one-half years ago, which we have distributed to hundreds of thousands of possible investors. This brochure is now in three parts and it has detailed the possibilities which exist in Saskatchewan for investors. We have had a terrific response to that.

Let me give you a few statistics. In 1971, we had 864 new businesses which were incorporated in this province. You say that we have done nothing to this point. Well, in 1980 we had 4,400 new businesses incorporated in this province. That's quite a spread from 864 to 4,400. In 1971, manufacturing shipments in this province were only \$580 million. In 1980, manufacturing shipments were over \$2 billion. That's quite a variation. In 1971, the private sector investments in Saskatchewan were about \$636 million; and in 1980, the private sector investment was over \$2.3 billion. The capital investment in manufacturing in Saskatchewan is 430 per cent above the level of capital investment in 1971. Employment in manufacturing has increased by over 5,000 since 1971. Mr. Chairman, the hon. member is talking about the various types of agriculture and manufacturing that we are lacking in this province, that we are not interested in providing for the people. I'm sure he does this on purpose; he omits to mention the agricultural development that we have in this province. He omits to mention the agricultural manufacturing industry that we have in this province. Let me tell the hon. member that 50 per cent of PAMI (Prairie Agricultural Machinery Institute) membership exists in this province. And if you want to know what PAMI means I can tell you what that's all about as well. The manufacturing industry in Saskatchewan is by far the greatest.

Then the hon. member talks about business forms and how we are sending business out of the province. Well, to a certain degree I may have to agree with the hon. member that there is a lot of business going out of the province, but I have to say that in this respect that we believe in the tendering process, and so do all our manufacturers. If you

were to speak with any one of our manufacturers, they would tell you that the tendering process is the fairest way to do business. And, if by chance our people cannot compete with outside of the province, it's tough luck. They will agree with you. Therefore, we believe that the tendering process is the fairest way to do it, and our people haven't suffered in this province. Every manufacturer that we have that is doing business is quite happy to use that approach.

The hon. member in part of his statement is partly misleading. He told me a few moments ago that in Saskatchewan we don't have any plastic manufacturers. Well, I don't have a copy of how many we have. I don't have to look at that book. I'm just reading in my own mind and I can name five of them in this province. I don't know where you get that, but I can name you five plastic manufacturers in the province of Saskatchewan. So there must be something wrong somewhere.

As for building products, Mr. Chairman, we have various building manufacturers in the province of Saskatchewan. There again, if their tendering process does not allow them to win the tender on any of the bids that are submitted to them, that's tough luck again. But I do say that they, as well, are not suffering, because if they are not tendering here the products are being sold elsewhere where they can compete in the market.

MR. BYERS: — I hadn't intended to get into this debate, but . . . (inaudible interjection) . . . Well, you wait until I'm finished and then we'll decide who was better off to get in or get out. The hon. member for Regina South, in his opening remarks, presented us with a diatribe of statistics that deliberately misreads the actual situation in the province of Saskatchewan. I want to refer to three instances that he cited. He took a list of industries and said that there are this many in each province and there are only this many in Saskatchewan. Let's take the one on poultry processing. He said that there are only three poultry processing plants in Saskatchewan. One of those, I remind the hon. member, is Plains Poultry situated in Wynyard that processes over 70 per cent of the poultry consumed in this province. Now, perhaps he would prefer to have 50, 60, or 100 processing plants that might consist of a chopping block and an axe on a few farms or a few places instead of a modern, up-to-date processing plant that is owned by the producers and a group of retailers. It's a business that was established in the late 1950s during the CCF days by a Mr. Crawford who started a creamery in Kelliher, moved to Wynyard and set up a very, very successful business which he operated until a couple of years ago. This business employs from 250 to 350 people.

There are a large number of poultry producers in the parkland area of Saskatchewan; some are partial owners of the enterprise, and that is a very successful venture. yet the hon. member has the audacity to stand up in this House and criticize the fact that there is a very viable operation . . . (inaudible interjection) . . . You're criticizing the fact that there are only three, but one is the largest poultry operation on the Prairies, which shows that you don't have a very good grip on what the actual situation is with respect to poultry production in this province and the kind of facilities that are needed to maintain and operate a viable poultry processing operation.

I want to refer to a second statistic that he quoted, Mr. Chairman. He said, "We have no plants in this province that produce canned or cured fish." Well, most people in this province don't care much for canned or cured fish and I am one of them. I like mine fresh . . . (inaudible interjection) . . . Yes, right from Fishing Lake where the water is pure. Let me remind the hon. member that in 1969 the freshwater fish marketing corporation was established by the federal government. The processing plant for northern Ontario, Manitoba, Saskatchewan and a good portion of Alberta is situated in

the city of Winnipeg. The decision to locate the plant there was, really a decision of the federal government through FFMC. Freshwater fish marketing corporation can, if it wants to, establish plants to process our fish, but he led this House to believe that if the fish aren't canned or cured, somehow there is no action with respect to the fishery business.

Let me remind the hon. member for Regina South, who probably isn't very knowledgeable about northern Saskatchewan, that the second largest fish processing industry is right here in the province of Saskatchewan. They are processed here. They aren't canned or cured, but they're processed. The fish processing plants are at La Ronge, Prince Albert, Buffalo Narrows, Wollaston Lake and Beaver Lake. Perhaps he is not knowledgeable about this. Now, they don't cure or can them up there, but they're processed there and shipped off to the FFMC plant in Winnipeg.

These two examples, alone, Mr. Chairman, illustrate the lack of knowledge that the hon. member for Regina South has about two of our very important and leading industries in the province. The hon. member has not commented on the production going up or down, or the pricing arrangement, or the financial arrangements. He has simply picked numbers out of some strange document, presented the House with a blizzard of statistics, and misrepresented the situation very badly. I hope that the hon. member will delve a little more into what the actual facts are with respect to poultry and fish. I expect the statistics for the rest are as inaccurate as the ones we have had in those two fields.

MR. ROUSSEAU: — As I said at the beginning of your remarks, you might have been better off to not help the minister, Mr. Member.

The hon. member would like to talk about isolated clients who are in the province. They are very isolated. He mentioned two and is very proud of them. Of course, everyone who is involved with something like that is going to be proud. I'm talking about the general overall industrial strategy and development of this province. That hasn't gone through your head yet. It might take a lot longer than it has taken for the Minister of Industry and Commerce to get it through his head, because it hasn't sunk in to his head yet. If I were the hon. member sitting over there who just finished attempting to assist his minister, I would be very careful. I didn't print the book. Perhaps it would be wise of you, Mr. Member, and you, Mr. Minister, to take a good look at it and just see how little you have done and how little you have thought about this province.

I'm just going to make another comment and then get back to this at 7 p.m. There is just no question about it. You were talking about the agricultural development a little while ago. Have you looked at your "Economic Review" for 1980? I don't know whether you have seen it or not but, Mr. Minister, if you can make statements like you just made a couple of minutes ago about agricultural development in this province . . . This book is put out by your government. These statistics are your government's statistics. So, why don't you take a look at these.

You talk about agricultural development. Let's take a look at the livestock marketings in Saskatchewan. I talked about them in my reply to the budget not too long ago. I want to get back to another point you made on that as well.

Look at the marketings from 1971 (the time of your government, if you want, because that's when it reached a peak, when you arrived on the scene in 1971), for example, on hogs, 1,255,000 marketed that year. The lowest it has ever been, except for 1966, was under your government. From there it dropped; it dived. It went down to 535,000

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and the best you had was in 1979, with a little recovery of 647,000.

I have talked before in this Assembly about calves marketed in Saskatchewan. For every four calves that were marketed in 1974 in Saskatchewan you marketed one in 1979. That's improvement? That's development? Mr. Minister, what are you talking about? What agricultural development? That's the kind of development that we have to look forward to from your government — and you are proud of records like that? Of course I'm being selective in my figures and so have you been. I said that when I started out. I'm saying to you that the general overall picture of your performance is a disgrace. Mr. Chairman, it is 5 p.m.

The Assembly recessed until 7 p.m.