

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
April 29, 1981

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

NOTICE OF MOTION

MR. KATZMAN: — I give notice that on Friday next, I shall move the reading of a bill to amend the human rights code.

WELCOME TO STUDENTS

MR. NELSON: — Mr. Speaker, it is a great pleasure for me to introduce to you, and through you to the House, 65 students from the Sacred Heart Academy in Yorkton, along with two of their teachers, Sister Donna, who is the principal, and Sister Valerie, as well as two bus drivers, Mr. Peterson and Mr. Westerhaug.

The students have toured the Museum of Natural History, the University of Regina and the Legislative Building. They are going to be seeing the RCMP Museum later on this afternoon. Mr. Speaker, I might say that this is a school with a spirit that's greatly respected throughout Yorkton and throughout the whole area. Anyone or any group who makes the mistake of not respecting the spirit of that school, whether it be in sports or in scholastic achievement, is much the sorrier for it.

I would ask everyone to join with me in welcoming these students to our legislature and I will be very pleased to meet with them a little bit later. Thank you.

HON. MEMBERS: Hear, hear!

HON. MR. CODY: — Mr. Speaker, it gives me a great deal of pleasure today to have the opportunity to introduce to you, and to all members of the Assembly, 20 grade 8 students from the Aberdeen School. They are seated in the Speaker's gallery. They have travelled here today from Aberdeen and are visiting various places in the city of Regina, and now the Legislative Buildings. They are accompanied today by their teachers, Nick Peters and Mr. Dyck and also parents, Mr. Bussiere and Mr. Fembaleius.

I want to say that it's a great pleasure to have the students from Aberdeen here today. I know that after they have listed to question period, they will know that democracy truly works and hopefully they will have enjoyed themselves. I hope the balance of their day in the city of Regina is good and I wish them a very safe journey back to their home town of Aberdeen.

HON. MEMBERS: Hear, hear!

MR. KATZMAN: — I would like to join with the member for Kinistino in welcoming the Aberdeen students. Some of them are from my constituency as well as yours. I hope you have a good day.

HON. MEMBERS: Hear, hear!

INTRODUCTION OF GUESTS

HON. MR. LINGENFELTER: — Mr. Speaker, it gives me a great deal of pleasure to introduce the co-ordinator for the Voice of the Handicapped for Saskatchewan, who is seated on the floor of the Assembly, Miss Pat Danforth. I am sure all members are well aware that this is the International Year of Disabled Persons and that we should all be cognizant of the fact and of the problems that are faced and are associated with being handicapped in Canada and in the world today. I think that all members will join with me in recognizing the many non-governmental organizations which do that sort of function in the province, to make people aware and assist us in doing the job that needs to be done in making buildings accessible and that sort of thing, making life easier for those who are handicapped.

So without further ado, I would like to greet Miss Danforth and I am sure all members will join with me in attempting to make this year a great success.

HON. MEMBERS: Hear, hear!

MR. SWAN: — I would like to join with the Minister of Social Services in welcoming Miss Danforth here to our Chamber today. I believe in this, the year of the handicapped person, we really empathize with you and look forward to seeing improvements in the lot of the handicapped in our province. It is through work by people such as yourself, that this will come about. We welcome you here, and we hope that your project this year has great success.

HON. MEMBERS: Hear, hear!

QUESTIONS

Royalty Taxation on Oil Wells

MR. ANDREW: — Question to the Minister of Mineral Resources. Mr. Minister, the first definitive response to your well servicing assistance program came yesterday with Husky Oil's announcement that it will be shutting in 181 wells on the Saskatchewan side of the Lloydminster field. As well, it announced that there will be a further gradual shut-in of more wells in the future, as we go along. The reason advanced was not only the national energy program, but also the severe royalty taxation imposed by the Government of Saskatchewan. My question . . .

MR. SPEAKER: — Order. Yes, I'm interested in the question, too. I think we are getting into a debate here.

MR. ANDREW: — My question, Mr. Minister, is this: given yesterday's announcement of the beginning of a further slow-down in what I think is one of the most active and promising oil fields in Saskatchewan is the Government of Saskatchewan prepared now to re-evaluate the entire royalty program of the Government of Saskatchewan?

HON. MR. COWLEY: — Mr. Speaker, I want to say first of all that I met with the Husky people a couple of weeks ago. They indicated to us at that time that this announcement would be forthcoming. I want to say that the reason for the shut-down is exactly the reasons we have advanced to the federal government.

With respect to the impact of the national energy program, we've indicated to them that many marginal wells in the province will be shut in. In 1981, 1982, and 1983 there will be a reduction in the production of Saskatchewan oil of some 40 million barrels. I think that this is evidence of the impact of the national energy program. Last year at this time, those wells were all in production, and there was no suggestion by Husky or any other operator that they weren't economic. Last year at this time, we had precisely the same set of royalties in place that we have now. With respect to the program that was announced last Friday, with respect to workovers, they may have some minimal impact in terms of how many of those wells are shut in. It should provide some assistance to service operators. I agree with the member that it is not and was not designed to meet service operators. I agree with the member that it is not and was not designed to meet all of the circumstances caused by the national energy program. I reiterate that the announcement by Husky was predicted, in terms of the province, by us, as a result of the national energy program — pure and simple, and nothing else.

MR. ANDREW: — Supplementary question. Mr. Minister, do you not find it significant that the Husky announcement is only shut in for those wells on the Saskatchewan side of that field? Do you not also find it significant that the position taken by Husky has been very moderate? The statements coming from Mr. Blair have been very pro-Canadian, and from a person who wants to see the national energy program work. Do you not find those significant? Given that you have known about the shut-in by Husky, are you not prepared to look at a re-evaluation of the royalty structure for the province of Saskatchewan?

HON. MR. COWLEY: — Well, I want to say, Mr. Speaker, that I certainly do find it significant that Husky is shutting in, and I have no arguments with the member's comments with respect to the way in which Husky, as a corporate citizen, has carried on its business. It certainly, in my view, has been a good corporate citizen in Saskatchewan.

On the other hand, I don't believe that we in Saskatchewan should necessarily have the same levels of royalties as the Government of Alberta. That's obviously for them to decide. I believe that our level of royalties were and are reasonable for the people of the province to levy on the oil resource, which belongs to the people of this province, and once produced, we'll never be able to levy those royalties again.

I want to say, Mr. Speaker, that I accept the decision of Husky to close in some of those marginal wells. I don't say I welcome it. I understand the economics and the problems it is facing. While I might not agree in every circumstance, I understand the decision it was faced with. It has been our position, and continues to be our position, that the problem with respect to the oil industry in this province stems directly from the national energy program. Our royalties are the same today as they were one year ago. There wasn't a problem a year ago; there's a problem today. The only thing that has changed is the national energy program. I suggest the member opposite would do more for the province of Saskatchewan if he spent his time talking to Marc Lalonde, rather than criticizing this government.

SOME HON. MEMBERS: Hear, hear!

MR. ANDREW: — Final supplementary, Mr. Speaker. Some time ago, when I raised the question with regard to production, you indicated and the Minister of Finance indicated that it was all taken into consideration in your projections in this year's budget. Can you advise me if this 40,000 barrel a day shut-down by Husky Oil is part of the projections of the budget? Will we see a reduction in the proposed \$600 million the

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province receives this year?

HON. MR. COWLEY: — Well, I may be mistaken, Mr. Speaker, but I don't believe that Husky has 40,000 barrels of production in the province to shut in. They have about, I would think, 1,300 or 1,400 wells in the province. I believe they are talking about shutting in 130 wells, which is 10 per cent.

AN HON. MEMBER: — 181.

HON. MR. COWLEY: — Well, I am advised by my department it is 130 or 135. Let's say 180; I'll take the member's figure. That's 15 per cent of their wells. They are their least productive wells, so I would be extremely surprised if it approached anything like 40,000 barrels a day. Indeed, if you say 180 wells at an average of 10 barrels a day, it would be 1,800 barrels a day. I think the member is somewhat out in his figure.

With respect to my comments on the budget, we attempted to estimate the likely response of the oil industry in terms of production and what wells would be shut in, etc., in forecasting for the Minister of Finance the level of production and the consequent royalty revenue. We estimated that in 1981-82-83, there would be about 40 million barrels less oil produced in the province than would have been otherwise produced. I believe (and I cannot say well by well, because I have neither asked about it nor looked at it myself) that they have all been taken into account. I would answer the member, in a general way, and I believe this is in line with our projections of the level of production for 1981, and, consequently, the royalties available to the Minister of Finance.

Kamsack Refinery Report

MR. BERNTSON: — Mr. Speaker, a question to the Minister of Industry and Commerce. I wonder if the minister would indicate to this house whether he has found the report dealing with the Kamsack refinery? If he has found it, when will it be brought to the House?

HON. MR. VICKAR: — Mr. Speaker, if and when we find a report, it will be delivered to the House.

MR. BERNTSON: — I wonder if the minister would tell us what efforts are being made within his department to search out that report today?

HON. MR. VICKAR: — Mr. Speaker, I would like to suggest to the hon. member that he take a walk over to the Saskatchewan Power Building, and have a look at all the employees who are dressed in their overalls and are down in the basement digging up the files in order to accommodate the hon. member across the way.

Problems of Kamsack

MR. BERNTSON: — Mr. Speaker, a question to the Minister of Urban Affairs. Yesterday, we talked about the Kamsack situation and the dark cloud hanging over that town. You claimed earlier that you had, in fact, conducted an investigation; you drew that back to an inquiry; and you drew that back to having asked a few questions. Now you have said, last night or yesterday, that you had never heard directly from the mayor, and you were still waiting for details as to the allegations raised by the citizens of Kamsack.

In fact, Mr. Minister, you received by registered mail, on or about April 8, a copy of a letter that was sent to the Premier spelling out in some detail allegations of tax evasion relating to the Eagle Developments property and allegations of public lands being sold for \$1. Now, Mr. Minister, would you please tell us what you need before you will act to remove this cloud of doubt and suspicion from the citizens of Kamsack?

HON. MR. SMISHEK: — Mr. Speaker, it is really with a great deal of regret and sadness that the hon. members opposite have taken the good name of the town of Kamsack in vain and have misused it. They have made accusations and allegations about individuals and about a very good community in this province. I think that the hon. members owe an apology to the people of Kamsack.

SOME HON. MEMBERS: Hear, hear!

HON. MR. SMISHEK: — I know that the people of Kamsack are very concerned about their town, their community and individuals being accused by members opposite. I do hope that they will make a retraction and an apology.

Mr. Speaker, all I have to do is refer to yesterday's *Hansard*, where the Leader of the Opposition himself acknowledge:

I'm going to take you back to the letter of September 10, 1979, where he set forth the allegations in some detail. It is fair to say that your department did conduct an investigation or an inquiry into the activities of certain members . . .

The hon. member acknowledges that our officials did have meetings, did seek information and did try to assist. We did not establish any third party inquiry. At this stage I am still waiting to hear from the mayor to set out his particular allegations to see whether there is sufficient evidence and information for us to establish a formal inquiry as he had suggested. In his Telex to me, he talked about investigation and, following that, he is talking about a judicial inquiry. I have asked my officials in the department to get all the detailed information. As well, in my letter to the mayor, I invited the mayor to set out in some detail what particular allegations he wants us to investigate.

MR. BERNTSON: — Supplementary, Mr. Speaker. I am sure if the minister will dig up the letter of April 8 of this year, it does set out some detail. As it relates to your answer just a minute ago, where you said *Hansard* said, "The Leader of the Opposition said it is fair to say . . ." In fact it was a question by saying, "Our department did conduct an investigation."

If that is true, Mr. Minister, and you know that under the legislation existing at that time, you are compelled to file a report of any investigation with the mayor of the town, will you tell us where that report is?

HON. MR. SMISHEK: — Mr. Speaker, you know there are 495 urban communities and governments in the province of Saskatchewan. There isn't perhaps even a month that goes by that in a particular community there may be some differences. If the Department of Urban Affairs functioned on the basis of setting up judicial inquiries or other inquiries into every allegation, I suppose at any given time we could have 50 or 60 inquiries going on.

Let me give you an example. The hon. member for Arm River just last week contacted my

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deputy minister, saying that in one of the communities which he represents there are some differences between the mayor and some citizens. Does that give rise of cause of me to establish an inquiry or an investigation? I don't think so. The people of this province, and in particular our local governments, are people who have had a lot of experience in governing themselves. They also have a lot of experience in working things out among themselves. What the hon. members opposite are saying is that any time there's a difference of opinion, the province and urban affairs should thrust their will on the people of that community. I don't believe that is our role. We believe there is a time to assist; there is a time to advise; but at all cost, if possible, we should not interfere. We should give the people the opportunity to work out their own problems.

MR. BERNTSON: — A supplementary, Mr. Speaker. Would the minister tell us, simply: did you, or did you not receive the letter addressed to the Premier, with a carbon copy addressed to you, mailed April 8, dated April 8 of this month and sent by registered mail to your office?

HON. MR. SMISHEK: — Mr. Speaker, I have a copy of that letter, addressed to the Premier, dated April 8. I received that letter in my office on April 15. I have never denied it, and I have tried to deal with it. I have instructed my officials to make further inquiries to see if there is reason for establishing a formal third-party inquiry. As well, I have asked Mayor Mydonick to provide us with any further information.

AN HON. MEMBER: — You guys are clucks.

MR. MUIRHEAD: — Mr. Speaker, a question to the Minister of Urban Affairs. You're saying that the people of Kamsack will be worrying about what we are doing, Mr. Minister. At coffee row in Kamsack this morning, they were saying, "We want an investigation." I also was told that by two councils, Mr. Minister.

I want to take you to your letter where you said that you replied on April 1 to Mr. Mydonick, and then you said, "Mr. Speaker, I'm still waiting to hear from Mayor Mydonick." The papers yesterday said, "Smishek wants more specifics." It's all over the media in that area. With your permission, Mr. Speaker, I'll read one little paragraph.

Urban Affairs Minister Walter Smishek said Tuesday he has not been provided with specifics into alleged wrongdoing by Kamsack councillors. Smishek said outside the legislature he had asked the Kamsack mayor for specific charges so he can decide whether an inquiry should be set up.

I talked to the mayor this morning. Can you answer this for me? Why would the mayor said to me that he sent you a letter with the specifics? You admitted here yesterday that you answered that letter on April 8. You finally admitted it. Why are you admitting this now, and why are you saying that there was no letter of April 8 when it took three questions from the member for Souris-Cannington to get you to say that there was.

Why, Mr. Minister, does the Mayor of Kamsack say that he sent you a registered letter? He has a copy of the registration, and he has informed me that it is in the mail to you today — the copy of the registration. You have it in your hands, and he spelled out the specifics. Now, answer me, why would the mayor of the town say that?

HON. MR. SMISHEK: — Mr. Speaker, the records will show that as far as the letter of April 8 from the Mayor of Kamsack is concerned, it is just today that the Hon. Leader of the Opposition asked about that specific letter. The transcript will show that the mayor

has chosen to communicate directly with the Premier. He sent a telegram, which yesterday's record will show. May I also say that I have, since the letter was written on April 8 and received in my office on April 15, acknowledged that letter from the mayor. I sent him some information, and I'm awaiting a reply to the letter which I sent to the mayor dated April 27, 1981.

Court Action Against SGI

MR. LANE: — A question to the minister responsible for SGI (Saskatchewan Government Insurance). It turns out, in Crown corporations today, that there were several more court actions against SGI which are not set out in the annual report. One of the matters dealt with is the court action against SGI for a breach of contract on the proposed sale of the former headquarters. Today in Crown corporations, you indicated that the reason for backing out of the transaction was that there were reservations against the individuals to whom you were proposing to sell the building. Now you have had time to talk to counsel. Are you prepared to tell this Assembly what reservations you had after you had entered into the offer to sell the project?

HON. MR. ROBBINS: — Mr. Speaker, there is a possible pending litigation. I have no comment.

MR. LANE: — Would the minister not admit that there should in fact be full public disclosure of the operations of Crown corporations? I will ask you one more time what relevance your reservations about the individuals or the company to whom you are proposing to sell have to do with breaking the proposed offer.

HON. MR. ROBBINS: — There is a pending litigation. I have no comment.

MR. LANE: — Mr. Minister, I note that Sask Tel, in its annual report, puts out the court actions that are being taken against it. I note, however, that Saskatchewan Government Insurance has made no mention of the action in London, England, where it was sued for breach of contract. It makes no mention in its annual report of the action for breaching the contract on the sale of the building. I suspect there'll be no mention in the future of the actions by eight individuals against SGI and by the former treasurer against SGI. Would the minister be prepared to explain to this Assembly, today, why SGI seems to be exempt from make a full disclosure of court actions, while other Crown corporations are required by the same auditor to make reference to court actions in their annual reports?

HON. MR. ROBBINS: — There is reference in the annual report to the major reinsurance contract that was cancelled.

MR. LANE: — There is no reference.

MR. SPEAKER: — Order, order! I'll take a new question. Member for Regina South.

MR. ROUSSEAU: — Supplementary, Mr. Speaker. This morning in the replies to our questions on this subject, after saying "no comment" about 89 times, you finally agreed to seek legal advice from your legal department and advise us. Have you, as yet, sought that legal advice or have you discussed it with any of the lawyers from the legal department of SGI or the government?

HON. MR. ROBBINS: — I anticipate that material will be available tomorrow morning in

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Crown corporations.

MR. LANE: — Will that material tomorrow give us the full information on your reason for having reservations about dealing with the people to whom you proposed to sell the former headquarters?

HON. MR. ROBBINS: — It will be announced in Crown corporations tomorrow.

MR. LANE: — Are you prepared to announce it now?

HON. MR. ROBBINS: — It will be announced in Crown corporations tomorrow.

MR. SPEAKER: — Order, order! I'll take a new question. The member for Qu'Appelle.

MR. LANE: — Why will you not table that information today if you have it available and have talked to counsel?

HON. MR. ROBBINS: — It will be available tomorrow in Crown corporations.

MR. GARNER: — I have a question for the Minister of SGI. Mr. Minister, we've had a 48 per cent increase in SGI rates in less than two years. We have received numerous letters regarding what you are planning to do for the accident-free driver. With the permission of Mr. Speaker, I would like to give you a couple of quotes from some of the letters from Imperial. I quote:

"I've been driving cars and trucks since 1918 and have never had an accident so far." "I've been driving since I was 16 years of age and will be 70 next year." "I am a returned veteran and have been driving since 1937."

Mr. Minister, when are you and when is this government opposite going to stop penalizing the accident-free drivers in Saskatchewan and start to give them a break?

HON. MR. ROBBINS: — Mr. Speaker, obviously we're not penalizing the accident-free drivers. Insurance is acceptance of risk and obviously those people help pay for the people who do have accidents. That's what insurance is all about.

MR. GARNER: — Supplementary, Mr. Speaker. Mr. Minister, this morning in Crown corporations, it was tabled that you spent \$717,000 advertising SGI last year, something that you can't get anywhere else. Don't you think that it is time . . . This socialist philosophy of yours, Mr. Minister, that everyone pays the same, regardless of whether they have an accident or not, is not fair to the people of Saskatchewan. They're asking you the questions; it's time for you to give them an answer.

HON. MR. ROBBINS: — Mr. Speaker. Of the \$700,000 the member refers to, \$399,901 was spent on the general business, which is not a monopoly. It's competing with 240 other insurance companies. The remaining amount was spent to inform the people of what is happening in The Automobile Accident Insurance Act.

MR. GARNER: — Final supplementary, Mr. Speaker. Mr. Minister (and I don't know how you can explain that to the people of Saskatchewan), your parrot-moving TV commercial cost the people of Saskatchewan \$52,000 to watch someone drive a car into the back of a van. That's part of your safety program for the people of

Saskatchewan. What about cutting some of this advertising money and giving it to the accident-free drivers in Saskatchewan?

HON. MR. ROBBINS: — Mr. Speaker, that was part of a safety program. Obviously the member doesn't like it. He told us this morning his nine-year-old son did; his son is much more astute than he is.

SOME HON. MEMBERS: Hear, hear!

Proposed Changes in Apprenticeship Program

MR. SWAN: — A question to the Minister of Labour. My question concerns the Key Lake Board of Inquiry's recommendations in relation to the apprenticeship program. I have had concerns raised by a number of contractors who work with apprentice people in their program. They tell me that the suggestions put forth by the Key Lake Board of Inquiry that apprentices, when they're away at the academic portion of their training, should still be paid at top labour rate, is going to indeed have a serious effect on the operation of the apprenticeship program within Saskatchewan as a whole.

What is your position, as minister of Labour, with respect to this proposed change in the apprenticeship program?

HON. MR. SNYDER: — I'm not sure, Mr. Speaker, whether I have the hon. member's question clearly. If I don't answer it in total, I'm sure he'll present me with a supplementary.

I think, essentially, the apprenticeship program, as it is operating in Saskatchewan and has operated for a good period of time, results from workers' becoming indentured to an employer. They enter into a contract specifying certain circumstances, with a first-year apprentice being entitled to X number of percentage points of the journeyman's wage and in the second year a somewhat higher percentage of the journeyman's wage. When the work experience is completed for the first year, then the employee goes usually to a Saskatchewan technical institute, either Saskatoon or Moose Jaw or wherever, and gains further academic knowledge, and then returns for his second year. If it's a three-year or four-year apprenticeship program, he finally graduates with a journeyman's certificate, after having completed the necessary experience requirements in addition to the academic requirements and after having written the examination.

I have attempted to lay out the basic components of the program. Perhaps the member can indicate where he believes the soft spots are.

MINISTERIAL STATEMENTS

Eighteenth Annual Child Safety Week

HON. MR. ROLFES: — Mr. Speaker, I would like to inform the House that the 18th annual Child Safety Week will be observed this year from May 1 to May 7. This annual event is sponsored nationally by the Canada Safety Council and is co-ordinated in this province by the Saskatchewan Safety Council.

I fully support Child Safety Week which serves as a valuable means of reminding parents, teachers and supervisors of the significant role they play in preventing

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accidents among children.

In Saskatchewan, accidents are the leading cause of death in the childhood and teenage years. Canada, as a whole, has one of the worst child accident records in the industrialized world. It is imperative, therefore, that we do all we can to safeguard our children and teach them to identify and avoid hazardous situations.

It is also important for us to remember that hazards do not arise only on our streets and highways, but that a high proportion of accidents to children occur within their own homes.

The government will be supporting efforts to reduce accidents among children by establishing a child safety committee. We will be inviting representatives from agencies in the fields of housing design, traffic, recreation, law enforcement, and the health professions.

The committee should be in operation by the fall. I am optimistic that it will be able to address a wide range of issues in the area of child accident prevention. The development of proper safety habits, attitudes, knowledge and skills represents the best opportunity for achieving a substantial reduction in accidents among children.

Child Safety Week seems to highlight the existing problems and to focus attention on the means for improvement. I would like to commend the Saskatchewan Safety Council for their leadership in this area. I would urge all adults in this province to do everything possible to protect the safety of our Saskatchewan children throughout this year.

HON. MEMBERS: — Hear, hear!

MR. BERNTSON: — I want to offer the support of this side of the House to the statement just presented by the Minister of Health. We, of course, support the fine efforts of the Saskatchewan Safety Council and the Canada Safety council. We regret the necessity of having to have a child safety week. In our view child safety should be a conscious thing every day of the year.

I don't want to downplay the important of Child Safety Week. It's just that it's said, in a sense, that it is necessary.

Saskatchewan Hog Assured Returns Program

HON. MR. MacMURCHY: — Mr. Speaker, I am pleased to announce today that the Saskatchewan Hog Assured Returns Program will be paying out \$1,664,960 to Saskatchewan hog producers for hogs marketed in the first quarter of this year. The average payment is \$17.90 per cwt. or \$29.90 per hog. This covers the difference between the support price of \$78.71 per cwt. and the weekly pool price received by each producer. The average market price for the quarter was \$61.39 per cwt.

The continued pay-out reflects increased feed costs as well as interest, building and labour costs, and a market price which has declined since the last quarter of 1980. This payment means that SHARP has paid out in every quarter of the 1980-81 fiscal year. Payments per hog in each of the quarters has been \$38.16, \$13.96, \$12.14 and \$29.90.

The total payments for the 12 months ended March 31, 1981 are \$4,308,871. The

total payments to date are \$5,218,233.

Mr. Speaker, the number of producers in SHARP now stands at 1,747. That is up 707 producers, or 68 per cent since we implemented improvements to SHARP, January 1, 1981. Most family farms which rely on hogs as their main source of income are now in the SHARP program; nearly 60 per cent of the hogs are now covered.

With the current payment to producers, the total advance from the government to the SHARP fund now stands at \$3.7 million. To date, producers have contributed \$700,000 in premiums and the government has matched this amount.

Price of hogs and cost of production are factors which are very difficult for producers and the Government of Saskatchewan to influence. A stabilization program, such as the SHARP program, is necessary to provide producers with a greater degree of income security.

SOME HON. MEMBERS: Hear, hear!

MR. BERNTSON: — I hope I didn't see any one of the agricultural community over there applauding when the minister said, "I am pleased to announce that SHARP paid out \$1.6 million." That seems to mean you enjoy whatever it is that is causing the price of hogs to be down below the cost of production.

SOME HON. MEMBERS: Hear, hear!

MR. BERNTSON: — I also want to point out to the minister that once you have paid out in this program more than you have generated through premiums, that cost in itself becomes inflationary and causes an increasing burden, more high-cost inputs, into the very thing we are trying to cure by paying out these payments. I am not suggesting for a moment that we should drop SHARP. All I am saying is that you boys on that side of the House, in a very significant way, contribute to inflation here in Saskatchewan . . .

MR. SPEAKER: — Order, order! I know the Leader of the Opposition doesn't want to inflame the passions of debate here in this Chamber. The rules that govern the statements by ministers are very clear with regard to brevity, factualness and specificity. The rules with regard to the answer or the response are the same; it must be brief, relevant comment, and a debate cannot take place. Some of the member's comments, I think, would lead to debate.

MR. BERNTSON: — Mr. Speaker, to deal with a little specificity (or whatever that was), I would just want to join with producers in looking forward to improved hog prices in the future, with the government off their backs.

SOME HON. MEMBERS: Hear, hear!

INTRODUCTION OF BILLS

Bill No. 88 — An Act to amend The Saskatchewan Human Rights Code (No. 2)

MR. TAYLOR: — Mr. Speaker, I move that An Act to amend The Saskatchewan Human Rights Code (No. 2) be now introduced and read the first time.

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

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 62 — An Act to amend The Northern Saskatchewan Economic Development Act.

HON. MR. HAMMERSMITH: — Mr. Speaker, I am pleased to introduce second reading of Bill No. 62, An Act to amend The Northern Saskatchewan Economic Development Act.

This bill is relatively short and I will likewise be brief and concise. Before I talk about the particular amendments I would like to say a few things about the act.

The act empowers the Department of Northern Saskatchewan to assist the commencement, continuation, expansion or diversification of any business activity in the district through the provision of loans, grants, guarantees or consultative, advisory or professional services. The purpose of the regulations governing the provision of such services is to enable residents of the northern administration district to undertake business activities that benefit persons in the district, and foster the social and economic development of those persons.

The economic development branch is only one of the activities carried out under the act. One other activity is the northern housing advance account, and while the northern housing branch is a branch within the project management sector of the department, legislative authority for the operation of the northern housing advance account is granted under The Northern Saskatchewan Economic Development Act.

When this act was first passed, both the former construction advance account and the former northern housing and development advance account of the Department for Natural Resources were included under the new act. This was because The Northern Saskatchewan Economic Development Act was to be the main legislative authority relating to the department's developmental role in the North. It provides for the operation of the northern economic development advance account, the northern construction advance account, as well as the northern housing advance account.

While the northern housing branch provides services in five major categories, two of these categories are financed through the northern housing advance account. These categories are public housing and staff housing. The advance account provides a mechanism for carrying the mortgages on public housing, as well as a mechanism for amortizing the staff housing, collecting and depositing the rentals on the staff housing units, and for providing for the maintenance and upkeep on these units.

With the exception of a couple of housekeeping amendments which I will mention in a moment, the essence of this bill is in subsection 4(2) which proposes to increase the statutory limit of the northern housing advance account from the present level of \$45 million to \$65 million. Before dwelling on the rationale for this proposal, I would point out for the benefit of those members, who may not be fully familiar with the nature of advance accounts, that increasing the statutory level of an advance account does not necessarily mean that the dollar value of the increase will be the amount additionally

spent this year, or in any other year for that matter.

In reality, the projection of the adjusted limit of the northern housing advance account is to accommodate the cash flow requirements for the housing programs of the department to the end of the 1982-83 fiscal year.

Mr. Speaker, hon. members will have a full opportunity to question the specific details in connection with northern housing programs in terms of what the proposals are for the current year. I believe that those specific proposals may be more appropriately handled during the time when the House is considering the spending estimates of the Department of Northern Saskatchewan for the 1981-82 fiscal year.

For the purposes of the legislation before us, it is essential to recognize that the present level of this advance account has not been revised since the 1977 session. One of the important points to bear in mind with regard to this current proposal is that in 1977 it was estimated that a total of 850 public housing units would be constructed to March 31, 1982. The revised forecast now shows an additional 235 units will be constructed to March 31, 1983. This increase is projected over one additional year.

Also, as a matter of interest, an additional component under the advance account will be that 46 senior citizens' housing units will be constructed under the federal-provincial agreement. The 1977 projection included a 7 per cent inflation factor. The actual inflation rate in the residential construction industry has been running at or above 10 per cent during the period 1977 through 1980.

Due to the extensive size of our public housing program in 1978, which was the last year of our initial agreement with CMHC (Canada Mortgage and Housing Corporation), the program consisted of some 275 units. There has been a delay in delivering our current three-year agreement with CMHC by six months to a year.

In the current fiscal year, an agreement was entered into by the department, CMHC and the Saskatchewan Housing Corporation, to construct 30 of the 46 senior citizen housing units in three northern communities at an approximate cost of \$2 million. This program will be initially financed in its entirety by the department, and upon completion and completion of inspections will be shared 75 per cent by CMHC, 20 per cent by Sask Housing, leaving 5 per cent to be carried by the department.

In this context, a very important consideration is that the advance account has been carrying the public housing units until completion, before CMHC comes forth with its financial share. This considerable delay provides an extreme drain on the working capital, pending the final cost settlement and inspections. Interest is charged on any interim financing provided by CMHC, thereby increasing the cost of houses being constructed.

As a final point on this matter, one additional item was not recognized in the former projection of the advance account level requirement, and that was provision for an upfront financing of \$7,000 per housing unit on contracts with local housing groups, which has speeded up the advance account cash flow requirements. It is worth pointing out at this time that over 50 per cent of the department's public housing program is now delivered by local housing groups.

I would like to say a little bit about those local housing groups, Mr. Speaker. A local housing group is an organized group of individuals from a community and is formed

into a legal entity for the purpose of constructing houses allocated to the community. A local housing group is formed with the consent of the local community authority of the local advisory council, as the case may be. Since the local council decides which housing lots are available for construction and who, ultimately, is allocated a house, the local housing group works closely with the local governments in co-ordinating lot allocations and the types of houses required by local individuals.

Once the housing group is formed, with its own set of officers, the group is registered as a non-profit organization, either under The Societies Act, or The Non-profit Corporations Act. In any case, the group has, as its main objective, the building of houses for people in its own community. It functions as a contractor, and at the same time represents the interests of the individual home-owner. During the period of construction and up to the final completion of a housing unit, the local housing group represents the owner in his dealings with the department.

The point to be recognized is the fact that a local housing group is a non-profit organization and, therefore, has no operating capital to start with. Thus the department provides a level of up-front financing which I mentioned a moment ago. Otherwise the normal functions of a building contractor could not be expected of the local housing group.

To sum up, the northern housing advance account sustains local housing groups and, implicitly, locally-based contractors, providing employment and stimulating the economy in northern communities. A land assembly scheme addressing higher housing lot prices in northern communities provides for the future financial capabilities for those communities to participate in cost-sharing programs such as those of upgrading older subdivision, improving lights, landscaping, community services and recreational facilities.

Northern contractors through small contracts, using the northern housing advance account, are being encouraged to become bonded and to remain in the North. Local housing groups ultimately become the beneficiaries of assistance and training that is available through the northern housing branch, with respect to financial management of housing construction projects.

To reiterate, the amendment in subsection 4(2) does not provide a carte blanche authority for an additional \$20 million to the housing program costs for this year. The budgetary expenditures for this year are those as provided in the departmental estimates, whereas the advance limit provides the cash flow level in respect of the northern housing advance account.

I stated earlier, Mr. Speaker, that the bill also deals with some housekeeping amendments. Section 5 of the bill clarifies the authority in respect of any agreements or arrangements that may be entered into pursuant to section 26 of the act. The existing provisions of section 26 are out of date, primarily by making reference to section 14 of the act which was repealed last year. The other reference, to section 21 of the act, is removed, and replaced with a more generalized provision. I quote in part:

. . . for the purpose of carrying out any activity, or performing any service within the meaning of this act. The Department of Northern Saskatchewan Act, or any other act that may be designated by the Lieutenant Governor in Council.

For continuity purposes, the amendment proposed by section 3 of the bill provides for the Lieutenant-Governor in Council to designate other acts for the purpose of section 26, which I just mentioned.

The only other amendment which is proposed, subsection 4(1) of the bill, replaced the word "community" with the word "municipal". In effect, all this does is clarify the intent that the loan funds available for the purpose of housing construction or improvement are not restricted to local community authorities, or LCA's, but are available to councils of all levels of municipal government organization in the North. It must be recognized that this amendment does not broaden the authority for the purposes of such loans. These existing provisions in clause 21(1)(e) make this point. Every person who meets the conditions of the northern housing program criteria is considered as eligible, and this amendment simply provides clarity to this fact.

Mr. Speaker, I briefly dealt with all the proposals of this bill, and I am therefore pleased to move second reading of An Act to amend The Northern Saskatchewan Economic Development Act.

SOME HON. MEMBERS: Hear, hear!

MR. McLEOD: — Mr. Speaker, I have very little to say about this. I wonder if the minister would entertain just a brief question on it?

MR. SPEAKER: — If I may just advise members that the time to ask for a member to respond to a question before he take his seat is immediately before the member takes his seat. I've already put the question on the bill. I've given the members a warning. However, for this instance and without setting a precedent, I will ask the members if they wish to go back and allow the minister to take a question.

MR. McLEOD: — Well, Mr. Speaker, it's really not of that much importance. I can leave it till third reading. My problem is in section 4(2), Mr. Minister. You indicate that the amount will be changed from \$45 million to \$65 million. The statute, as you say, was last revised in '78; yet the statute of '78 says \$25 million. It's okay, we can talk about it later anyway.

The essence of the bill, as you say, is to assist business activity in the North, and so on. I have very little argument with what it's trying to do. My experience in talking to some of the local housing groups, — I will point out Green Lake as an example — is this problem of cash flow. I don't know if I am interpreting this right, but I would hope that some of this extra money that's coming from your department would then help some of these groups in the cash flow problem that they face. Then the private contractors that they deal with will then not have such a long wait before being paid from your department. I hope that's the case. We can talk about it in more detail in third reading. However, I would like to peruse some of your comments on the record, and for that reason, Mr. Speaker, I'll beg leave to adjourn the debate.

Debate adjourned.

Bill No. 86 — An Act to amend the Labour Standards Act.

HON. MR. SNYDER: — Mr. Speaker, the bill that I am about to ask be given second reading by no means represents a major amendment to The Labour Standards Act.

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This doesn't mean, however, that it's not a significant amendment. It does, however, address some operational problems that have been encountered in the administration of The Labour Standards Act which have interfered with the implementation, the true spirit, and the intent of the legislation.

As you are aware, Mr. Speaker, The Labor Standards Act is the basic Saskatchewan labor statute dealing with minimum standards of wages, holidays, hours of work, and other working conditions. The rationale underlying the legislation, of course, centres on the creation of a working environment favourable to the social and economic development of the province, through the provision of fair and reasonable working conditions of employment for Saskatchewan workers.

Let me then deal with the first of two amendments to the bill before us, Mr. Speaker, a change in that portion of the act dealing with graduated termination of employment. Hon. members will remember that this provision enacted last year provides for a period of notice of termination or layoff, which lengthens with the length of service, with regular pay in lieu of notice. The notice period extends progressively from one week, for employees with more than three months but less than one year of service with an employer, up to eight weeks after an employee's service is more than 10 years.

This amendment brought Saskatchewan's legislation up to date and made it more consistent with current employment practices and with similar legislation in Canada. It was intended to give workers advance notice of loss of employment, with some financial security during that notice period, in order to enable the worker to adjust to the situation. The rationale for the graduated termination of notice is based on the principle that the longer an employee's attachment to the job, the more adjustment is likely required to make an alternative employment arrangement.

This principle is combined with one which extends to the worker some tangible recognition of the value of his or her long service to the employer. There is general agreement among workers and employers alike that this is a reasonable measure. However, we are naturally anxious that the new provision be equitable to both employer and employee.

Section 44 of the act, as it presently worded, Mr. Speaker, may in some instances place an undue financial burden on the employer. We propose, in this bill, to remedy that situation.

Let me explain, Mr. Speaker. The problem occurs when a sudden, unpredictable event causes an employer to lay off his employees for, let us say, four weeks. Under section 44, the employer must provide to a long-service employee up to eight weeks pay in lieu of notice. Accordingly, the employer can find himself required to pay to his longer-service employees both wages and layoff notice at the same time for several weeks after the four-week layoff ends.

It was intended, Mr. Speaker, to provide that a long-service employee, if he were laid off by virtue of a shortage of work for a period of four weeks, should be paid for that four weeks, but certainly it should not extend to the point of the full eight weeks, in the event that the shortage of work did not extend that full period of time.

Mr. Speaker, this double-pay situation was not intended to be the effect of the section, and I'm sure there is widespread agreement that it's not appropriate to impose this hardship on the employer. Consequently, the amendment will correct the difficulty by

specifying that the employer is obliged to make payment in lieu of notice only for the actual period of layoff, which extends for under eight weeks.

Another problem with the wording of the notice of termination portion of the act centres on the issue of just cause, as it applies to layoff. The legislation currently in place appears to leave room for the argument that there may be just cause for a layoff as well as a discharge, thereby relieving the employer of an obligation to provide notice. There has never been any intention to recognize the concept of just cause in the context of a layoff. No such argument was possible until the wording of the relevant section was changed in the 1980 amendment to the act. The present bill will correct that problem by reconfirming in clear language that just cause is relevant only in the event of discharge.

Mr. Speaker, in addition to the amendments for the graduated notice of termination provisions, the second area of change reflected in this bill relates to section 56, dealing with protection of wages owned to an employee or to an employer, or by an employer to an employee. This section stipulates that such wages are considered to be held in trust by the employer and the employer's other creditors have no right to claim against the wages held.

Some difficulty has been experienced in implementing this principle on the basis of a number of superior court decisions in Canada expressing reservations about legislation as drafted. In a number of instances, the court has found that wages owing did not take priority over all other debts of an employer. To remedy the problem, an amendment is proposed which makes more specific the circumstances under which wages receive priority. The amendment strengthens and clarifies priority to be given to wage claimants. In accomplishing this, the amendment, in recognition of the position taken by the courts, spells out the exceptions to the general rule of wage precedents. These exceptions cover certain situations involving sellers of real or personal property to the employer and lenders who provide purchase money to permit the employer to acquire real or personal property.

The amendment strengthens the priority position of wage earners while, at the same time, it recognizes that certain claimants must take priority over wage earners in order to allow employers to obtain new collateral and the financing necessary for new collateral in order to give the employer a chance to increase his assets.

With the few specific exceptions outlined in the amended section 56, Mr. Speaker, it is our expectation that we will have a workable piece of legislation which will guarantee, in the majority of cases, that workers will receive wages owed to them by an employer in financial difficulty before any other claims on the employer's assets can be made.

These then, Mr. Speaker, are the amendments to The Labor Standards Act incorporated in the bill which is before us. As I have indicated, they are not earth-shaking in their impact, but they are important and necessary to ensure that The Labor Standards Act operates in practice as it was intended to do in principle. Needless to say, the government will continue to monitor closely the administration and the application of the legislation in the future to make certain that it continues to meet society's generally accepted labor standard objectives in light of changing working environment since the 1980s. I move second reading of this bill, Mr. Speaker.

MR. KATZMAN: — Mr. Speaker, before the member takes his seat, may I ask a question?

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MR. SPEAKER: — Will the member take a question?

HON. MR. SNYDER: — Yes, by all means.

MR. KATZMAN: — I assume when you say “except for certain situations,” you are referring to page 3, a mortgage, real property, and that area, where they are used as collateral to start a business — am I correct?

HON. MR. SNYDER: — That’s right.

MR. KATZMAN: — Mr. Speaker, I will tell the minister that I will not be adjourning. I realize he is correcting something which was passed in this House a short while ago. I was not in favor of the bill when it was passed because of the length of periods of notice and so forth. But it is now law and we are correcting it so it is more efficient. Therefore, I will not delay it in the House.

May I suggest to the minister that while he is bringing in changes to The Labor Standards Act he should look at The Public Service Act, section 50, and should bring in an amendment under The Labor Standards Act to apply with it. That particular section of The Public Service Act should be brought into The Labor Standards Act, as well, which indicates:

That no person shall be, in any manner, compelled to take part in any political undertaking or to make any contributions to any political party or to be in any manner threatened or dismissed for refusing to take part in any political undertaking.

Mr. Minister, what is happening in labor unions today is that people are being forced to support political parties in which they do not believe. Saskatchewan human rights do not allow that. It is an infringement of their rights. They are required to pay amounts of money out of their dues to a political party, whether they are opposed to that party or not. If you are against it on religious grounds you don’t have to pay to a political fund through a union check-off.

I suggest, Mr. Minister, that it is about time that labor standards recognized the problem. You have given public service employees the ability to refuse to have check-offs to political parties if they are against it and they cannot be disciplined for it. Therefore I suggest to the minister that he consider bringing in an additional amendment to labor standards to allow everyone in the private area the same rights that the public service has under section 50 of The Public Service Act.

Mr. Minister, as I said earlier, I realize you are correcting something that wasn’t exactly right when we passed it last time in the House; therefore I will not delay debate on this any further.

MR. MOSTOWAY: — Mr. Speaker, I would like to say a few words in response to the remarks made by the member for Rosthern. I want to point out to him that it’s not as easy as he claims it is. There are various groups of people in the province belonging to various organizations. I take, for example, the doctors and teachers.

Teachers in Saskatchewan are obliged to pay a portion of their salaries to the STF (Saskatchewan Teachers’ Federation). We do determine indirectly how this money is

spent. What really happens is that we have an executive which makes that decision. They could spend the money on anything. I suppose they could even make (Heaven forbid!) a donation to the Tory Party if they wanted to. What we would simply do then is remove that executive by getting to the various councillors. The councillors would then in turn remove that executive. So there are far reaching implications in what the hon. members says. It's very easy to say, "It should be this way." But there are implications of which, I am sure, he is not aware.

HON. MR. SNYDER: — I don't intend to prolong the debate unnecessarily. I think the hon. member for Rosthern makes utterances which he obviously knows are inaccurate. There is nothing new or profound about that set of circumstances because he does it on a regular basis. He knows full well that the option rests with the individual to withdraw from paying that 5 cent assessment to the political organization. He knows full well that the option rests with the individual employee. For him to suggest at this stage that somehow or other The Labor Standards Act should be amended in order to provide for some far-reaching implications that have nothing to do with labor standards indicates clearly that he doesn't know nor does he attempt to understand the purpose of The Labor Standards Act.

The Labor Standards Act is devised for a very specific purpose. From day one The Labor Standards Act has been devised for the purpose of laying out a minimum standard of hours of work, holidays with pay, statutory holiday provisions and minimum wage requirements. That is the purpose of the act — to lay down minimum standards below which employees in the province of Saskatchewan shall not be remunerated. This is the intent of the thing. The intent is not to provide for other features that can be best dealt with by other pieces of legislation and other provincial statutes. I think, reading the act as it applies in Saskatchewan and as it applies in the other 10 jurisdictions, that it would lead most people to conclude that The Labor Standards Act should not be used for the purpose that the hon. member suggests. A careful reading of the act would bring anybody to that kind of logical conclusion.

I think most members will accept that that is the reality of the situation, and that the suggestion which is made is remote from any of the matters that the labor standards provisions deal with in any of the other jurisdictions or in the federal sphere of activity. Accordingly, I would hope that the House would see fit to give second reading to this bill.

SOME HON. MEMBERS: Hear, hear!

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

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Rolfes that Bill No. 80 — An Act respecting **The Medical Profession** be now read a second time.

MR. TAYLOR: — Mr. Speaker, on behalf of my seatmate, who is detained at this moment, I think we would let this bill proceed to the next stage. He pointed out that he has some serious reservations pertaining to section 32 of the bill, and that there are

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some other areas where he has minor concerns, but we will discuss those in the next phase.

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. 81 — **An Act to amend The University of Regina Act** be now read a second time.

MR. TAYLOR: — There are a few questions I would like to ask pertaining to this bill. Section 68 now reads as follows:

The board shall make an annual report of their transactions to the commission, and through the commission to the Lieutenant-Governor in Council, in which shall be set forth in detail, the receipts and expenditures for the year ending on the preceding 30th day of June, and such other particulars as the Lieutenant-Governor in Council or the commission may require.

My concern with what is implied by “other particulars as the Lieutenant-Governor in Council or the commission may require.” I see that in the new provision that is not included in the bill. I would think this is probably an important consideration. I would ask if there could be some enlargement on the other types of provisions and so on that may have been or may be requested of the universities commission by the cabinet.

HON. MR. MacMURCHY: — I don't really think it is safe for me to answer the member for Indian Head-Wolseley with respect to this issue. Perhaps the best time to deal with it would be in committee of the whole, when the minister, of course, will be here. If he stood up to answer it, which would be the case, we would have to go to committee of the whole anyway. So, I think that our best bet is to move the bill to committee of the whole, where the hon. member can discuss the matter with the minister responsible.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. McArthur that Bill No. 82 — **An Act to amend The University of Saskatchewan 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 FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

MINERAL RESOURCES

Ordinary Expenditure — Vote 23

MR. CHAIRMAN: — We are dealing with the estimates of the Department of Mineral Resources and I would ask the minister to introduce his officials.

HON. MR. COWLEY: — Thank you, Mr. Chairman. Seated beside me is Keith Laxdal, who is the acting deputy minister of mineral resources; behind him is Janice Rathwell, director of personnel and administration; behind me is Ron Sully, director of policy planning and research; and seated over there is Doug Gillard, director of the petroleum and natural gas branch.

Item 1

MR. ANDREW: — I want to first pursue, Mr. Minister, the question with regard to the proposal to build in Saskatchewan, at fairly large capital expenditure, a heavy oil upgrader. I know that SaskOil is a member of that consortium, but I think probably your department, as well, has a material interest in the construction of the upgrader.

The first question I would ask you, Mr. Minister, is about job creation. Would the minister be able to give me an idea of the number of people (depending on the size, of course) involved in the construction phase and, second, in the operating phase, once the construction is completed?

HON. MR. COWLEY: — The construction phase is always difficult, but I would expect at peak construction (depending on the size) from 1,000 to 1,500 people. we don't have anything precise. It is sort of man-years for this size and man-years for that size at this stage — at the operating level, from the 30,000 barrel size, 150 to 250 people up to the larger size of perhaps 400 people. now those are pretty rough-and-ready. It depends a little on which of the two kinds of technology and how much you automate it and so on, but that's our best estimate at this point.

MR. ANDREW: — All right, I wish then to ask a question as it relates to the proposal for feeder stock. I understand that when you made the press release of the study being conducted by the five-company consortia, you indicated that for feeder stock you were banking on existing production or heavy oil that was in place now or being produced now by the conventional methods. Is that still the view of the consortia, that in fact the oil will be the conventional heavy oil production which we have now on stream?

HON. MR. COWLEY: — I think that was the base we started from. The studies, I may say, are not complete with respect to the possible and potential locations of feed stock, but even just looking at the existing production we would be dependent upon enhanced recovery. Obviously there are other questions, such as the possibility of using Cold Lake, Alberta, for a feed stock, or southwestern Saskatchewan — the Swift Current area. So, the studies are broader than that. I think initially the discussions and the decisions were based on existing production taking into account the likely results of enhanced recovery.

MR. ANDREW: — I'll come back to that later on, Mr. Minister, with regard to location and that type of thing. I think the announcement yesterday (and I am sure you will agree) is a fairly serious blow for Saskatchewan oil production, when you see Husky Oil . . . Husky Oil (as you know) and Mr. Blair (as you know), have always been a pretty firm believer in the Canadianization program. Mr. Blair has been one of the few people in the oil industry who is prepared to ride the storm out with regard to the national energy program, etc. Now, even Mr. Blair's company, Husky, is saying, "No, we can no longer take this situation; we have to start rolling back our production as well." I think the earlier statements by Mr. Blair would indicate that the cuts are going to be more severe

for Saskatchewan than the 180 wells which are shut in now, or being proposed to be shut in. I think they have already started to be shut in.

Does the minister not feel any obligation on the part of the Saskatchewan government to make some moves in that field so that we can retain that oil industry and retain at least some production, and so that we are not chasing out one of the best oil companies that has been in the Lloydminster field for a long time? Husky Oil has been patient with the development of heavy oil; it has been patient, hoping that the price was going to go up; it has been patient, hoping that perhaps the price will rise so that we can have more enhanced recovery so that we can build an upgrader in their area.

Isn't it time, Mr. Minister, that the Government of Saskatchewan really sat down and looked at the question of Saskatchewan oil royalties, which are higher than Alberta's. They are higher and therefore the national energy program has a more severe impact on the province of Saskatchewan. Isn't it time, Mr. Minister, that you had a look at that? You told the industry that we are prepared to make some moves so that we can keep it here, that we are prepared to be a friend of the oil industry, especially companies like Husky which have been good corporate citizens for this province.

HON. MR. COWLEY: — All I can say is that I am not going to enter into a debate about whether or not Husky is a good corporate citizen. I think I answered that in question period. I think the member should realize that on these wells our royalties are already very low because they are marginal wells. I am told by my officials that if we removed all of our royalties, those wells would still be uneconomic. So the member can see obviously where the basic problem is with respect to these marginal wells.

MR. ANDREW: — All right. Mr. Minister, the annual report of Husky Oil comments on the national energy program (as you are aware, Husky Oil has production both in the province of Saskatchewan and the province of Alberta) and basically says this:

Primary production for many of the heavy oil wells under existing royalty structures in Saskatchewan, combined with the federal tax and pricing, cannot recover basic costs. Other wells are not generating sufficient cash flow to support the routine maintenance requirements.

Mr. Minister, my question to you is basically this. Much of the oil produced on the Alberta side by Husky is not all that different from the oil being produced on the Saskatchewan side. There are still a lot of marginal wells on the Alberta side, but those are not being shut in. The reason they are not being shut in, I think, is set out here in the annual report of Husky, that is, that it is not only the national energy policy but the severe royalty taxation being imposed by the Government of Saskatchewan which has caused almost the entire field to become uneconomical. So I think your answer, Mr. Minister, that you couldn't do anything with the royalties, would not seem to stand up with the statement of Mr. Blair in the annual report.

HON. MR. COWLEY: — Well, all I can answer is that on these very low productivity wells, we believe the economics would suggest in Alberta similar action to what is being taken in Saskatchewan, and that Husky would act accordingly there, as well. Now, I don't know what their circumstances are (how many wells they have, etc.), but the economics would not be (how should I say it) wildly different in Alberta for these wells producing two to four barrels per day which we are talking about here, which are very low producers.

MR. ANDREW: — The statement by the spokesman for Husky Oil yesterday in fact called for the province of Saskatchewan to reassess the royalties and said that if the province of Saskatchewan would reassess the royalties, then Husky would look at pursuing further the development of heavy oil in Saskatchewan.

Now, you indicated in question period, I believe, that you had met with and discussed the whole question with Husky Oil. Did Husky in fact tell you that there would be further cuts coming and that they would be unable to make it go because of the high royalty levels imposed by your government on that particular field?

HON. MR. COWLEY: — I don't think there was any indication. I was just trying to recall the discussion at the meeting. Certainly, this announcement indicated that it was forthcoming but not as precisely as the other announcement. There was no indication that there would necessarily be following any further similar type of announcements. That is not to say that there won't be further wells that may be deemed to be economical for one reason or another, but not on an announcement of this size (in terms of the numbers of wells), although the impact could be similar in terms of the number of barrels over time.

I would agree with the member that Husky has been doing a lot of work (and so have some other producers in Saskatchewan) in the past few months. That is based more on, I guess, hope or good faith or whatever, that the issues would be resolved in the near future, and they have been proceeding.

There is no question that every time we meet with any oil company, they argue that our royalties should be lower. I suspect the same is true in Alberta.

I would be surprised if an oil company didn't say, "Look, we don't have the necessary net-back. We don't really care who makes the room — whether it's the federal or provincial government — but somebody should." It is not of particular interest to the oil company where the taxation comes from. It's simply interested in the total at the bottom of the barrel, if you like.

Certainly, we explained our position to Husky. I don't want to put words in its mouth by saying that it agreed with us. I don't think that was the case, but I think it at least understood our position, whether or not it agreed with it with respect to royalties. I don't disagree, as I said in question period and as I said before to the members opposite.

Obviously, one solution to the current problem (it might not be a long-lasting solution) would be to simply reduce our royalties by an amount equal to the national energy program. No one can argue that that wouldn't take us back to where we were in September 1980. that is a fact. With some of the marginal wells we might have some problems. We will leave that aside; that's a detail.

I don't believe that is either prudent or a good negotiating stand for the province, nor is it an appropriate or right thing for us to do. We have argued that while our royalties are higher than those in Alberta in most cases, in 1980 we were having an extremely good year in the oil industry. We weren't hearing arguments from most of the producers that their net-backs were insufficient to carry on their businesses — not that we don't always have arguments that the net-backs should be greater. What changed was the national energy program. That's where, I believe, the fault lies. That's where, I believe, the change should be made.

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MR. ANDREW: — I take it, Mr. Minister, that in Husky's announcement yesterday, and in your discussions with Husky, they also announced that not only were they shutting in 181 wells (and more to come), but that they were cutting back on their drilling program by 15 per cent. Is that the information you received from Husky as well?

HON. MR. COWLEY: — Yes. We've been indicating since shortly after the national energy program was announced that we expected the level of drilling in Saskatchewan to decrease by about 50 per cent.

MR. ANDREW: — Have you not only dealt with Husky but with Murphy Oil and the other producers in the Lloydminster field? What have they called for? Are they saying things similar to what Husky is saying — that the royalty structure in Saskatchewan is too high when it is superimposed on by the national energy program? Have they made substantial cuts in their production? Have they shut down or curtailed much of their exploration or development of wells in the Lloydminster area?

HON. MR. COWLEY: — I met with some of the companies but not all of them. I am advised that the only company which has shut in production as a matter of policy is Mobil in southeastern Saskatchewan, and now Husky. Other companies have shut in wells as they were sanded in, needed to be worked over or whatever, on a random basis.

With respect to the representations on the net-backs, I think that all of the companies are consistent in saying that the current taxing regime, plus the national energy program, is too high. I don't think we substantially disagree with that.

MR. ANDREW: — I take it that you are simply telling us, Mr. Minister, that you are going to leave the matter in the hands of Mr. Leitch and Mr. Lalonde, who will make the decision. They are the people who are negotiating the pricing agreement. You are sitting on the outside. You are going to see what they are going to negotiate for you. Basically, you are not going to be involved in that at all. You are simply going to ride out the storm. You are not prepared to make any re-evaluation of your royalty structure, you're simply going to sit, ride out the storm, and let the chips fall where they may. Could that be basically summing up the policy of your department with regard to this present crisis?

HON. MR. COWLEY: — Well, I think that's your interpretation of it. What I want to say is that we're not prepared to capitulate to the federal government and make room with respect to royalties for the national energy program. We are not prepared to do that.

We are continually meeting with federal officials on a reasonably regular basis; I indicated that I met with Lalonde twice. I haven't bothered holding press conference before and after the meetings, although obviously there seems to be some indication from the members questions afterward that it might be desirable to indicate that we are carrying on our discussions. We don't intend to totally sit on the outside. Obviously, the crunch of the problem if you like, seems to be the question of pricing.

That is viewed by the federal government as primarily, although not exclusively, a problem with respect to Alberta; that's where they have been directing their attention. British Columbia has at least as large a concern as we do; theirs is in respect to natural gas. So, I assume and believe that B.C. is carrying on its discussions with the federal government as well. I don't think we are sitting on the sidelines waiting for something to

happen, but obviously, there is not likely to be a broad, general resolution to the problem unless there is some accord between Alberta and the federal government.

MR. THATCHER: — Mr. Minister, if I can briefly intrude into this debate, I would like to comment from some distance. I see complete insanity with the entire oil or mineral resource process in the entire country. I acknowledge that about 80 per cent of the action is in Alberta. But how can we call it a rational policy when we are talking about keeping oil companies from closing or shutting down some producing wells instead of discussing what we have to do to get them out to find more oil?

It constantly amazes me that from Ottawa through to wherever else in this country, in the fact of the deregulation of the oil industry in the United States, which is probably the single most significant factor to happen to the oil industry in Saskatchewan on an exploration basis, we can continue to nitpick as we have between Edmonton and Ottawa, and between Regina and Ottawa. We all know that the moment President Reagen announced that the industry was deregulated in the United States, the bulk of the drilling rigs were dismantled as quickly as the bolts could be taken out of them. And they headed for the 49th parallel.

It is a matter of some concern to some Americans — namely the number of Canadian companies now actively exploring for oil in the United States. It's ironic that the reverse situation has been a source of some concern to some Canadians at different times. But in Canada we have to acknowledge the American action. The Americans are determined to find all the oil which they have within the confines of their country for an obvious reason: to reduce their dependency on foreign oil.

The same prediction, although the time frame is a little later, is also true for Canada. Ultimately we are going to be dependent on foreign sources. Whether you like President Reagen or not is of no consequence, but none the less he deregulated the industry, and he said, "All right, go out and find all the oil that you can."

For goodness sakes, at a time when we should be doing everything to encourage exploration in Canada, preferably by Canadian companies (but not necessarily), why in goodness are we debating on April 29 how we can keep some wells in production? That's where I think things have gone out of whack. We've always supported this government's position that the provinces should control their natural resources. We have differed with you as to the means used to exercise this control. But there has never been any disagreement between your side and our side as to whether or not the provinces should control their natural resources exclusively. We support you in that position, and I think it's fair to say that we always have.

I accept the minister's comments when he says, "Why should we cut our royalties down to nothing in order to comply with the national energy board?" I accept that. But perhaps it's time that this government got in line with the province of Alberta, and in a very veiled way told them in central Canada, "If you'd rather go and pay the Saudi's \$40 or \$45 a barrel, go and do it." Maybe that's what it takes to simply shut the industry down — if that's what it takes to tell the federal government that we believe we should control our own resources. We've had 113 years of inequity from central Canada. Now, some forces in central Canada see paying higher energy prices as a threat to their industrial empire. With the support of central Canada, the Prime Minister, through Petro-Can, is now moving to nationalize the oil industry in an indirect fashion. I don't think you support that even though you support the process of nationalization. I don't really think you support nationalization by the use of Petro-Can.

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Now, the hypothetical situation that I have just gone through may be deemed, and rightly so, very radical. But as the minister in charge of about 15 to 20 per cent of the oil industry, how long can you sit back and allow this ludicrous situation to exist (for the Americans have deregulated their industry), and allow the illusion to persist that somehow our people are beyond that? Unless you close off that 49th parallel, our Canadian companies (and for that matter the American companies with their exploration rigs) are heading south as quickly as they can get a lease to drill on. How can you sit there and ignore this basic fact of life? How can we sit there and ignore the fact that we have a depleting resource of which there is lots more at different places or greater depths. What are we doing? We're talking today about shutting down some wells.

So, I guess, Mr. Minister, the basic question that I've taken so long to get to is: how long can we sit here? Whether we are in Alberta or Saskatchewan, how long can we sit there without facing up to reality? We have to go and find some more oil; we have to start drilling; we have to acknowledge that the Americans have deregulated their industry, and unless we lock the other companies in here, they are heading south where they can get back to doing what they do best: finding oil.

HON. MR. COWLEY: — Well, Mr. Chairman, I think with some of the member's comments I have some sympathy, and with some of them more than just some sympathy — in terms of sitting here in Canada and watching what should be going on in terms of not searching out new energy resources and more oil and natural gas as a result, basically, of governments. You can lay the blame more or less at whichever level of government you want. You obviously know where I stand on that one with my particular biases.

I don't necessarily agree, obviously, that we need to follow precisely President Reagan's pattern with respect to deregulation. I don't think that's what the member was arguing. But obviously there are numerous things that could be done in Canada in terms of higher prices and different kinds of net-backs and incentives, which could bring about similar results in Canada to being seen in the United States now, as a result of some of the changes they've made.

I only point out to the member that with respect to price, we as a province have no control. The federal government has established by legislation what the prices are. With respect to exports outside of the country, i.e. into the United States, we have no control. The federal government, through the National Energy Board, controls those. In terms of affecting net-backs to the producers, given the fact that the federal government makes this decision about price, and this decision about how much they're going to take, all that is left to us is to decide to take less so that the companies can have more, if you like.

If we were in a position to affect both price and our take from a barrel of oil, obviously we would have a great deal more flexibility, as a province, to deal with the circumstances.

The member speaks about shutting and production. In Alberta, they have shut in 160,000 barrels a day. I've been saying that we don't have a policy of shutting in oil wells in Saskatchewan, but as the member for Kindersley pointed out with respect to Husky's announcement yesterday, we have a similar policy in place in Saskatchewan and we didn't have to do anything. We just let the national energy program take effect

and we are having, and will have, a similar level of cutbacks as Alberta has. The thing that always frustrates me is that we sit here with the national energy program, which is resulting in \$20 a barrel oil in Saskatchewan being shut in and replaced by \$40 a barrel oil from Mexico or Venezuela. Canada is paying twice as much (Canadian consumers) directly or indirectly. The province is not getting the return it would have out of that \$20 a barrel oil. We have the balance of payments problem that comes from spending \$40 outside of the country instead of spending \$20 inside. On the surface, it doesn't seem to be a terribly rational policy. I think that's what the member was saying.

I guess our frustration in dealing with this is that we don't have all of the levers in our control to be able to make the kinds of decisions that would result in the level of activity which I think we all feel is necessary. Even when one gets down to discussing things such as heavy oil upgraders, obviously two of the very critical elements there are the price we are prepared to pay for the upgraded oil that comes out the other end. Consequently, what is the difference? Is it enough to make an upgrader feasible?

Now, there were some tentative positions taken by the federal government on that in the budget of last October, but circumstances and conditions are changing, and I don't think any prudent investor is going to build a \$1 billion upgrader without knowing the answers to those two questions. Those have to be resolved before we can proceed with the construction of an upgrader, unless the federal government is going to do it itself. I guess it doesn't need to know the answer to the questions, but it is not likely to get the oil out of the ground by itself. It obviously can sell it, because it can decide to pay world price for it if it wants to.

Those are some pretty critical questions that we need to resolve rapidly if we are to have that oil in place for the late 1980s in Canada. It should be more of a concern to people in central and eastern Canada than to people in western Canada, when you look at our production, even in Saskatchewan. In terms of being self-sufficient (if we can view ourselves as an island), we don't have an imminent problem. That is not to say that we won't have a problem later on.

We produce about twice as much crude oil as we consume in the province, so if we want to treat ourselves as an island, we're self-sufficient. We're not self-sufficient in refining and so on, but in terms of crude oil production, we are. That certainly isn't true of Canada, and it seems to me that the problem we have in getting this argument home to Canadians is that right now, the federal government is able to supplement or to exchange declines in production in Alberta and Saskatchewan with offshore oil from Mexico or Venezuela. It is a matter of price which they spread around; it gets lost. It is all in litres now, and most of us don't know how much we are paying per gallon anyway. All you know is how much your tank costs to fill up.

It isn't until some time in the future when something happens in Saudi Arabia (or you pick a country) and the oil is cut off, the supply isn't there, that Canadians are going to realize the opportunity we missed in 1980, 1981 and 1982 to make ourselves either self-sufficient or closer to it. It will only happen when the oil actually isn't there and you are lining up at the pumps to get your 7.3 litres for the week. I think that's what most frustrates me.

MR. THATCHER: — Mr. Minister, I don't find very much to disagree with in your comments. I really can't accept the analogy that we have no choice in Saskatchewan but to sit back and either like it or lump it. There certainly has to be an alternative course

of action to that.

Mr. Minister, I don't think anybody liked the federal budget as it pertained to the oil industry in western Canada. The other little item which was contained in the federal policy, the statutory role or the very near statutory role that Petro-Canada was given in future oil development in this country, as much as anything, has stifled oil exploration in Canada and western Canada. I would like you to make your position clear on behalf of your department and your government. Do you support (in light of the situation, in light of the repercussions) the action of the Prime Minister and the role which he intends Petro-Canada to play in future oil development in this country and in western Canada?

HON. MR. COWLEY: — Well, I have said before publicly, so I can hardly say anything different here (and I wouldn't want to), that our government has supported the concept of Canadianization of the oil industry, whether it be through Petro-Canada or through some other vehicle. I have no particular quarrels, and I don't believe our government does, with Petro-Canada having an increasing role in the oil industry in Canada. Whether or not they make good deals in buying Petrofina and that is — I don't want to say "a detail," because that suggest it is not important — an item for discussion and debate. Members can express their opinions if they so wish on that.

With respect to the provisions which allow Petro-Canada to back in on certain Canada lands in the North and so on, our government, when we established SaskOil, decided not to do that. It went into the market place as other people did on Saskatchewan lands. The only exception there would be the program where the partners are Gulf, Petro-Canada and us.

I must admit to not being fully aware of all of the implications of that in terms of Canada lands. I haven't spent a lot of time learning what's going on in the Arctic and offshore in terms of those kinds of things. I know that is the general policy, I think basically our government has been supportive of the idea and the concept of Canadianization, and supportive of the idea of an increasing role for Petro-Can. As to the vehicles or the way in which they get there, I think that has to be examined case by case to decide whether you like it or don't like it. That's our position.

MR. THATCHER: — Mr. Minister, I am sure that you have been in circles where there is a hot tip going around. You want to invest in an oil well; they'll give you some data that they have hit here and they have missed there. Do you want to invest in it? You'll hear a guy say, "Sure, I'm good for this, or good for that." The money gets raised. You know the fully thing now is that the oil well or the gas well used to be in northern Alberta or used in the Yukon or northern B.C. I'm sure you are aware of this, and you know what I am saying is true. You know where that oil well is now? It's in Oklahoma or it's in Colorado or it's in some place like that, but never in Canada.

In other words, in Canada the day of the wildcatter — maybe the wildcatter has long since gone, but whoever his replacement is (that guy who runs out and goes drilling for oil, hoping to make his million dollars), there's no place for that guy in Canada. That guy will risk everything to go out and find some oil to make his fortune. That guy or that small company or that small operation is going elsewhere. Would the minister agree that the federal government's philosophy, demanding that Petro-Canada take such a significant role, has had a devastating effect on exploration in this country?

As far as the Canadianization goes, I don't think you're going to get much debate from

anybody. Everybody would love everything to be all Canadian but, as the minister knows, that isn't possible; nor is it realistic, as the minister also knows.

But getting away from the Canadianization thing (and let's leave that as a separate issue), I would like the minister to be a trifle more specific as to his approval or disapproval of the Prime Minister's action in demanding that Petro-Canada play a role in future oil development in this country, that it be a requirement that Petro-Canada be involved. Let's leave the Canadianization out of it because, as the minister knows, this is a separate issue and it doesn't have to be tied into it.

Let's deal with the concept of Petro-Can. I don't want to get into the overall debate as to whether we need a Petro-Can. What I am asking you to take a position on is Petro-Can's position as recently put out under the terms of the federal budget, and Petro-Canada's required role in future oil development. Never mind whether we need a Petro-Canada; that's a separate issue. But do we need it in the role that Prime Minister Pierre Elliott Trudeau has designated it has to take in future developments?

HON. MR. COWLEY: — I have a couple of comments. First of all, the member talked about the role of the wildcatter or whatever you want to call him in western Canada and about his absence. I don't argue that there are fewer of them; that there are none I suspect is stretching it a little. But there are considerably fewer than there were a year or two ago. I would lay the blame for that at the doorstep of the national energy program and the PGRT (petroleum and gas resource tax) rather than Petro-Canada, because as I understand it, the requirement the federal government has laid down with respect to Petro-Canada's being involved in all activities in the industry extends only to Canada lands, which basically doesn't apply to Alberta, Saskatchewan and B.C. It's to the territories and offshore.

So that may be a circumstance there. The developments up there are of hundreds of millions of dollars and aren't the kind of things (I don't know about the member for Thunder Creek) that I get offered a piece of. Maybe for a \$100,000 well in Saskatchewan or a \$0.5 million well, somebody might say there's a hot tip, but as for a \$217 million hole they're drilling in the Beaufort Sea, no one has ever offered me a piece of it — at least at a price that I could consider.

So that may, indeed, be true in terms of larger companies on the Canada lands, but I think the problem in Saskatchewan, Alberta, and B.C. is basically the PGRT, which is part of the national energy program, and not Petro-Canada's role.

MR. ANDREW: — Let's go back to the Petro-Can question, Mr. Minister, and the stated view of the national government, which is to the effect that we must keep the consumer price of oil low, so that it doesn't impact on inflation and for various other reasons. That's its stated policy, and without getting into the specifics with regard to the way the shares were purchased of Petrofina, do you support the idea of the government takeover of Petrofina? And using that takeover, or paying for it, by partaking apart of that small margin that the federal government has left for the consumer to pay for gasoline in this province? Would it not make more sense to you, Mr. Minister, that instead of putting that cost onto the consumer, the federal government would allow that to be financed through Petro-Can and use that extra increase to go into the industry to give the industry some stimulus to go and explore for more oil or to keep production going? Would that not make more sense to you as the way the federal government should have handled Petrofina? In other words, are you in support, or against, the concept to Petro-Can passing on the cost of the purchase of Petrofina to the consumers of this country?

HON. MR. COWLEY: — Well, first of all, as I understand it, the Petro-Canada takeover of Petrofina is being financed, basically, by a tax at the pumps, as opposed to taking something out of what the producers get for a barrel of oil. Now that in a sense is a semantic argument, because if you didn't take the money for Petro-Canada, you could give a higher price for a barrel of oil. So, it's the same difference.

I don't think I have any conceptual problem with the federal government acquiring a national oil company by a tax on consumers, the argument being that if there is benefit to have a national oil company (which I believe there is), it should be paid for by the consumers who are going to benefit from it in the future. So it is a matter of whether you finance in one way or another. I don't have any particular problems with that. I think, frankly, they should be doing both. There should be a higher net-back to the producers. If this is the chosen way (toward which I have no particular objections) to finance an acquisition like Petrofina, that should be part of it. There are some other parts of some of the add-ons that I do have some concern with, such as letting the production events take place which results in lower production in western Canada and then putting an add-on at the pumps to pay for higher imported crude oil. I think that is not a very sensible policy to be following.

MR. ANDREW: — Mr. Minister, I appreciate the nature of the negotiations, but I would like to ask you a question relating to the present negotiations between Ottawa and Alberta. I take it that the main part of that negotiation or bargaining is with regard to whether or not the price of crude oil should increase. Could the minister advise the Assembly as to the parameters of that negotiation without giving out, necessarily, where each position stands.

Obviously at the one end would be the federal government saying, I suppose, in their ultimate position, "We propose to increase the price of crude oil, but not to more than the figure set out in the national energy program." The province of Alberta may be saying, "We need more money." Could the minister advise us, to his knowledge, what the parameters of that discussion are? Are we talking about an extra dollar or two dollars a barrel this year? What type of figures are we talking about with regard to those negotiations?

HON. MR. COWLEY: — Well, I can't be precise because I wasn't there, obviously. But I am not aware of any hard numbers being discussed at all.

MR. ANDREW: — Could you, then, advise me as to what price you think the federal government must increase the price of crude oil to, over the next three to four years, to put the industry back on the tracks and get it moving again? What is the Government of Saskatchewan's position as to what that increase must or should be?

HON. MR. COWLEY: — I think it's difficult to answer the member to be precise. First of all, we have not been precise with respect to saying, "Here's the pricing regime we want." You need to talk about what kind of prices we want for new oil, tertiary recovery, enhanced recovery and existing conventional oil recovery, in order to allow the federal government — if it wants some share of the pie — to take it without affecting either the net-back to producers, providing them with enough to carry on with exploration, or the net-back to the province so that it gets a greater share of the income than Ottawa does. So it's tied, really, with what Ottawa is prepared to do with things such as the PGRT (petroleum and gas revenue tax). Obviously, if the PGRT is going to remain in place, under any regime, then we need a higher price than if it's not in place, so that the needs

of the province and the producers can be satisfied. But it needs to be a higher price than was announced in the national energy program, without any question. And we need higher prices, I believe, (although I don't yet know the magnitude of them) for the enhanced recovery necessary for the feed stock, upgrader and the product coming out the other end.

MR. ANDREW: — What you are talking about is a blended price which is, I think, probably a reality in today's oil pricing. Let's go to the question of tertiary recovery in the heavy oil fields of Saskatchewan. What type of price, from your figures, is necessary for tertiary recovery? I appreciate that it is at an experimental stage now. But what type of price is necessary in order to spur the development and research necessary to proceed with the tertiary projects? What type of money is needed for that?

HON. MR. COWLEY: — In excess of \$30 a barrel. May I say that when we talk to companies, they obviously have different points of view. It depends on your taxing regimes and so on. But I think any likely outcome of the discussions is going to necessitate \$30 a barrel or more for that kind of recovery.

MR. ANDREW: — When you say \$30 a barrel you are looking at the existing taxing schemes where the federal government has its take, and the provincial government has its take?

HON. MR. COWLEY: — Has some take. It might turn out to be \$35 a barrel, and this is a fictitious number. There is nothing to back it up, particularly. It might turn out to be \$35 a barrel with the existing regime, or \$30 a barrel with some adjustments of the existing tax regimes at the federal and provincial level. Or it could be \$40 a barrel if you had higher provincial or federal tax regimes. So that's the problem with talking about price. It's tied also with what you do with the tax regimes. All I'm saying is that I think, no matter how optimistic you are about the great ability of the parties to sit down and negotiate and work it out, you are talking at a minimum of \$30 a barrel, and likely higher.

MR. ANDREW: — All right. Could you give me any figures, and I appreciate that they would be at this point experimental and hard to put into hard economics, as to the lifting cost for tertiary recovery oil, let's say, in the Aberfeldy field in Lloydminster or the one that SaskOil is participating in Meota? Any idea what the lifting costs are going to be there?

HON. MR. COWLEY: — I am just talking now about the operating costs. Now they are talking about return on capital and all that sort of stuff. I am told that some of the pilot projects run over \$15 a barrel. But they are pilot projects. So there are not the economics of scale there. The best advice I can get here (which is probably as good as there is in the country) is \$5 to \$10 a barrel — take a range in there.

AN HON. MEMBER: — \$5 to \$10?

HON. MR. COWLEY: — It is \$5 to \$10 a barrel, somewhere in there. It will vary from field to field and from circumstance to circumstance. In other words, the pilot projects may be relatively high but you can get them down to \$5 to \$10 a barrel, it is today's dollar so you can escalate that up.

MR. ANDREW: — All right, I take it then, as I understand the national energy program dealing with heavy oil, it laid out a price of \$30 a barrel. Is that sufficient, in your

department's view, or does it have to be higher than that as set out in the national energy program?

HON. MR. COWLEY: — I guess our current view is that it will have to be somewhat higher, given the existence of the PGRT and the fact that the PGRT is at 8 per cent now but is destined to go higher, if one can believe the federal budget. So there are just too many unknowns, if you like, to be very precise about the number. But I think our general comment would be that we are not certain, at all, that the \$30 is adequate.

MR. ANDREW: — I believe in one of your press statements recently, dealing with the upgrader question, you indicated that it would add an additional \$10 a barrel cost. Is that what you indicated in the statement? I don't have it with me. Is that what you indicated the extra cost of the enhanced process of an upgrader would add to that barrel of oil?

HON. MR. COWLEY: — Again, I think the studies on that are very preliminary. I don't recall saying \$10, but I am advised that the conventional wisdom (and I won't put it any higher than that in terms of level of precision) is \$8 to \$10 a barrel.

MR. ANDREW: — The question I have is with regard to the location of the upgrader (if I could come back to that question). A statement made yesterday, I believe, on Lloydminster television and in the North Battleford newspaper by the member for Redberry, was that the government was opposed to placing or locating the upgrader in Lloydminster because to do so, the benefits and the jobs would accrue to the people of Alberta and not Saskatchewan, and that as result, the government would be looking at locating the upgrader in a more central part of the province of Saskatchewan. I wonder if that is the member speaking for himself or whether that is the view of the department or of the Government of Saskatchewan, that, in fact, the upgrader should not be located at Lloydminster because the benefits would accrue to the people of Alberta and, in particular, the people working on it would probably choose to live in Alberta with a more favourable taxing system, etc. Is that the position of the Government of Saskatchewan?

HON. MR. COWLEY: — The Government of Saskatchewan hasn't taken any position with respect to the location of the refinery, except to say that we want all the options looked at. Obviously, if I were the member for North Battleford (wherever he is) trying to get the refinery in North Battleford, I would mount all of those kinds of arguments to say why the province should locate a refinery in a particular location. I suppose that is something that we will have to consider, but I would think the major considerations are these: where it makes the most sense to have it, where the most economic place to put it is and where the best place is in terms of source of supply in order to get the maximum level of upgrading.

MR. ANDREW: — Let's go to the question of infrastructure. I believe your figures showed that, at a maximum, 400 permanent jobs were created from the upgrader after the construction phase. When you talk about infrastructure, you are talking about the ability to phase those 400 people into the job market in a given community and the spinoff effects of that throughout the local economy. Is that what you're concerned about with infrastructure — schools, hospitals and those types of things?

HON. MR. COWLEY: — Yes, I think that's true. We're also concerned with the ability to cope with the impact of the construction phase, where you may have 1,000 to 1,500 people. There are very different kinds of things which you have to cope with. You don't

have to build 1,500 new homes to have 1,500 people working on construction, but it does have an impact on the community. So you obviously need to take a look at those. As I said, it's a factor, but if you look at some of the projects which have been carried out in northern Alberta, such as the tar sands project, you see that there's nothing which can't be done. There certainly weren't great big communities there with lots of infrastructure ready to do it. I don't think that precludes anybody or any particular location, but it's one of the factors I think you need to consider. That's all I have to say in terms of the location.

MR. ANDREW: — Let me go to the supply question. You indicated that you had to consider the production in the Swift Current or the southwest field. Is that actively being considered as the feeder stock for the proposed upgrader? Is that part of the consortium looking at that supply as part of the proposal for the upgrader?

HON. MR. COWLEY: — All we've said is, "Look at it." We haven't said that it has to be in it. We just said, "Here it is. Does it make any sense?" we're looking for an assured market for southwestern crude. That's an attraction to the whole province. If it doesn't make sense, it obviously won't go in. We want the consortium to at least take a look at it. We've asked them to do that to see whether it makes any sense or not and to find out what impact it would have. Maybe it doesn't make sense, but I think we should at least have them consider it.

I'd like to point out that we're not likely to build a dozen upgraders. I'd like to think we would but, realistically, we may build one large one and perhaps another one. That will be some time down the road. If we build a smaller-sized one and then maybe another one, two or three may come along a little more quickly. It's the kind of thing which we're not going to do very often in this province. We'd just like to have a broad look at what might go into it and what might come out of it, to try to maximize our opportunities.

I think you can be reasonably confident that the consortium (obviously, it will have different interests, but it will also have a similar interest in making the thing work) is going to say so. I suppose they'll say, "if you insist on it, it'll cost so much." We haven't asked or approached them in a way where we're insisting on it. We simply said, "Take a look at it, because it's an area of concern to us as a province in terms of finding an assured market for this oil."

MR. ANDREW: — All right. Last year, in mineral resources estimates, the minister then responsible for that department indicated that the conventional wisdom was that once the feeder stock for an upgrader was established (and that was the big concern that they had then, that they had enough supply to put into the proposed upgrader), what they were looking at was a 100,000 barrels a day upgrader at a cost of approximately \$1 billion. I believe your press statement announcing the formation of the consortium used the same figure of \$1 billion but had downgraded the size fairly substantially into the area of 30,000 to 50,000 barrels a day. My first question is; has the cost for the construction gone up that much? In other words, to build a 50,000 barrel a day upgrader, you are almost looking at the cost that you could have built one for 100,000 barrels a day last year. And what are you looking at, as the size of the upgrader? Are you basically homing in on the area of 50,000 barrels, or are you still contemplating 100,000 barrels?

HON. MR. COWLEY: — The figures are really just orders of magnitude, and they don't necessarily — no one has done the engineering, etc. to get a very precise figure. The order of size would be from 30,000 to 100,000 barrels that they are looking at. It

depends on which person you talk to you as to what will be the most likely outcome, frankly. The studies are just being completed. I believe, on the feed stock for the upgrader, its possible potential and all of that. And that will obviously have a major bearing on the size of it. I think (and this is a very general comment) there is some more support (is that the right word?), more inclination on the part of some people to whom I talked, to look at a smaller size rather than starting out with a larger size — that sort of thing. But it is still very preliminary because they are really just nicely getting started (the consortium) with the studies, although there was a lot of background work that they fed in.

MR. ANDREW: — All right. The other question that comes up very often is the need to be close to a supply of water. To your knowledge, how much of a water supply is necessary for the construction of the upgrader itself, as opposed to the increase in the population for a given community?

HON. MR. COWLEY: — The best answer that I can get is a significant volume, and it depends on the process, and until you've chosen that, it is really difficult to be precise. But I'll undertake to give some orders of magnitude to the member in the next two days or three days. I don't know how difficult that will be; whether it's 1,000 gallons a day, or a million gallons a day — you know, those kind of nice round numbers that we are talking about. I'm told it's critical, or quite important to the process. It depends on which process as to how much. It's a fair amount of water; but some figures are in barrels and some are in cubic metres, so we just aren't sure of the numbers. So I'll give that to you.

MR. ANDREW: — I understand Underwood McLellan is doing a feasibility study of the towns in west central Saskatchewan. That includes: Biggar, North Battleford, Unity, Wilkie, Macklin, and Kindersley. I don't think it included Lloydminster. Obviously, they have to assess (that is one of things as I understand it in talking to the people in the various towns who are looking at this) the question of water.

I wonder if those communities could have some kind of indication as to the amount of water that is needed and whether or not they are really viable in this whole operation.

HON. MR. COWLEY: — As I say, we are trying to get an assessment of what is there. Obviously, we know a fair amount to begin with. That is the reason for that study. No one has finally decided on what the process will be or what the size will be. That obviously has a big impact in terms of how much water is needed. It is difficult to be precise at this point in time.

I will do my best to get some orders of magnitude in terms of water vis-à-vis one process or another and vis-à-vis different sizes to the member. We (we not being necessarily the department but the consortium) are at too early a stage to say, "It's going to take 1.37 million gallons of water a day." Or that sort of thing.

MR. ANDREW: — The question arising out of that is that Underwood McLellan is doing that study, as I understand it, for Petro-Can. Has the Government of Saskatchewan commissioned any studies of a similar nature? What is the nature of your studies with regard to the whole program? In other words, what is the area of the proposal which you have specifically delegated to either your department or SaskOil?

HON. MR. COWLEY: — I believe (in fact I'm sure) that SaskOil is involved in that study. We have an informal committee of the department, SaskOil, the Department of Finance, and CIC (Crown Investments Corporation of Saskatchewan), which will

attempt to co-ordinate what is going on there.

I could be more precise in my answer to the member's question with respect to those studies when SaskOil comes before the Crown corporations committee. I would have the people there who are directly involved with them, if that would be okay.

MR. GARNER: — Mr. Minister, let me go back to the water. What process are you looking at? For 1,000 gallons a day to one million gallons a day, what type of process is your department looking at? Surely you must have a figure a little closer on this.

HON. MR. COWLEY: — I want to be precise. The department isn't looking at any process. The consortium is looking at the processes. Presumably when they have decided on which process or processes they are going to use, they will approach the government with them and we will take a look at them. There is no point in us duplicating their study.

The two basic processes you can go to, as I understand it, is a carbon extraction process, where you take out the stuff that is too heavy (that's a great oversimplification; you can see why I'm not an engineer), or a hydrogen addition process. Probably using natural gas you would add the hydrogen which would make the oil lighter.

Again, I think the process most commonly in use is the carbon extraction process. The frontier technology, if you like, (to the extent there is some) is the hydrogen addition process. The most enthusiastic people I meet and talk to are the hydrogen addition people these days. The 1,000 to one million gallons a day was not a real figure. I said I'd get the number for you. We don't have anything precise enough to give you. I'll undertake to get that for you in the next couple of days. We don't have it with us.

MR. ANDREW: — At what stage, Mr. Minister, is the technology for this upgrader? I've heard comments that a fair amount of R&D (research and development) is presently being done in California with regard to the upgrader process. Is the technology in place now? Is there more work that has to be done on it? What kind of a target are you looking at for that question?

HON. MR. COWLEY: — The quick answer to that is we believe the technology is in place, but it has always been applied on a smaller scale. The technical people, I am advised, are confident they can apply it to a larger scale and it will work. That is the frontier part of it, if you like — taking it from a small scale operation to a larger one. They are reasonably confident that it can be applied. There will be a fair amount of designing, etc., in terms of getting to the larger plant, but not a new process per se. the short answer is that we believe the technology is in place, and it needs to be adapted.

MR. GARNER: — Mr. Minister, what communications have you received from the towns of, for example, Kindersley, Luseland, Unity, North Battleford? What communications has your department had with them? What requests have you had from those towns in regard to this upgrader plant? We are talking about a \$1 billion project — 400 jobs, 1,500 people for construction. They must be concerned about it. I am just wondering what communication you have had with these different towns?

HON. MR. COWLEY: — Well, I didn't want to get into the discussion a long time ago about location, but I keep getting asked the question. As a result of that, I have one or two letters. I had a question from the member for Regina Victoria, which the members

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may have noticed. I haven't seen it yet, but yesterday one of my staff showed me a handful of letters (I would guess a dozen) which came in the first of the week, Monday or Tuesday. I happened to be in Biggar on Monday, and the mayor happened to catch me and said, "Gee what about this upgrader?" I received a letter from him; I am sure it's about the upgrader. I don't know all the communities that have written to me. There have been at least one dozen communities which have expressed an interest either by letter or in some other way. There could be more than that, because I have not seen today's mail. They are busy writing in.

I am responding to these letters saying the study is under way. I am forwarding a copy of their letters, where it is appropriate, to the consortium, saying, "Here are some people who are interested." I let it go at that. We are a fair ways, I believe, from even having the consortium identify what they believe are the likely sites, much less saying which one they prefer or asking us whether or not we have an opinion.

MR. GARNER: — Mr. Minister, one or two other quick questions on that. Approximately what time (with the communication you have had with the consortium) are you away from making that decision on location? And in regard to my other question, Mr. Minister, I believe people in the west central area are concerned about the location, because they are sitting there where all the oil is. I can see where mayors and R.M.s would all be quite concerned about a plant being built in Regina, when the oil is there. By your own admission, the economical place to put it would be somewhere in that west central area.

HON. MR. COWLEY: — Well, I will answer your second question first. I didn't say it was the most economical area. I don't know that. Obviously, the studies, etc., have to be done on water, people, feed stock and size before someone can say that. I said by the conventional wisdom, it will be in the Northwest. I think the two members sitting together over there and I have a small affinity for northwestern Saskatchewan.

I think we just have to wait for those studies to come in, probably some time this fall. I have difficulty being precise. If we're really lucky it could be the end of August and if we're unlucky it could be January of '82. I don't know, but the fall is the best guess I can give you.

MR. ANDREW: — There is another area where I would like some clarification, Mr. Minister. Several members from that side of the Assembly have indicated that they are opposed to the export by producers in Canada (north Saskatchewan) of natural gas to the United States. Are you opposed to the export of any natural gas to the United States? Obviously there are benefits from it with regard to balance of payments, with regard to a fairly good supply of natural gas in this country and an opportunity to open up further exploration of natural gas.

HON. MR. COWLEY: — As a matter of policy, we don't export gas out of Saskatchewan so we don't have a direct concern (we have some very major indirect concerns). Our basic policy as a province has been that there should not be exports to the United States unless we were satisfied with respect to security of supply for Canada. We basically are in agreement with the process the National Energy Board goes through — not always, but in general terms. So in general terms I think our position would be that the National Energy Board's decisions with respect to the export of natural gas are generally acceptable to us.

I just want to make one other comment on the upgrader, which I forgot to make when I

was on my feet before. I think one of the things we have to keep in mind is that for every dollar invested in an upgrader we're likely to have three or four dollars invested in terms of recovery, which is going to be a lot more manpower-intensive and spread out, so we shouldn't neglect the spinoff effects of that upgrader as well, which are going to have a very wide and broad application in northwestern Saskatchewan.

MR. THATCHER: — Mr. Minister, I was amused by your answer to the last question as it pertained to natural gas exports to the United States. If I understand your answer correctly, it was roughly, "Well, we really don't approve of it, because it's in Alberta." Did I understand you correctly?

HON. MR. COWLEY: — No, what I said was that our position on the export of natural gas is that we should not export natural gas from Canada until we are satisfied that our short-term and reasonable long-term requirements are met, and that we're basically satisfied with the process that the National Energy Board goes through and therefore we have no objections to the removal permits from Canada that they have agreed to.

MR. THATCHER: — Taking that analogy a step further (certainly nobody would ever dispute the infinite wisdom of the National energy Board — heaven forbid!), the province of Saskatchewan exports 60 per cent of its crude oil to the United States. Certainly I don't think we would be bringing in oil from Venezuela or Mexico or Saudi Arabia or wherever else Pierre Elliott can line, if we were totally self-sufficient. Obviously, we are not. So, consequently, by what perverse logic can you rationalize that you can go along with the National Energy Board and the restrictions that it puts on natural gas exports to the United States when, in fact, you're doing exactly what the National Energy Board disapproves of as far as the province of Alberta is concerned?

HON. MR. COWLEY: — Well, all exports of crude oil from Saskatchewan to the United States are approved by the National Energy Board as well. We've never made it a condition, nor have we argued, that our oil should necessarily be exported to the U.S. It's a fact because of the way the oil industry was established that our oil found its market in the Midwest, and eastern Canada obtained oil from offshore because that's the way the logistics worked out. We'd be more than happy to market all of our oil in Canada if the market were there for it and, presumably, if we had the same fiscal arrangements we have with respect to exported oil. The reason we export our oil is because that's where the market is for that particular type of crude oil that we have — the heavy oil and the medium-gravity sour crude from southwestern Saskatchewan. It has grown up that way. The refineries are there to process it, etc.

MR. THATCHER: — So in other words you are in effect saying, "We'll sell to whoever will pay us for it. We don't care who it is, we'll sell it to whoever will accept it." All right. Fair enough. I don't argue with that. But then how can you go along with the National Energy Board and its position to Alberta with regard to natural gas? Because the National Energy Board, despite its infinite wisdom, has had a nasty habit in the past two to three years of just socking it to anything in western Canada. So, because it doesn't affect you, and because it's inhibiting Alberta, and because — as far as the people across the way are concerned — it's anti-American, which has always delighted most of you over there, you agree with the National Energy Board. But then when we get back into Saskatchewan, of course, the answer is, "Well the market place has dictated that we are going to send our sour crude down to Minneapolis to be refined for use in the midwestern states."

Is it fair to assess your position, Mr. Minister, as something that we have become

accustomed to in this province, political expediency? It is politically expedient to ship our crude to the United States under the auspices of the national energy board right now because it's convenient. But, as I indicated earlier, it's not all right to agree with the national energy board because it's dealing with Alberta, and because in some way you are interfering with a Conservation government.

HON. MR. COWLEY: — I've never been accused of being politically expedient before. Well, I think the circumstances are somewhat different in the sense that we are both importing and exporting oil. I guess from the Canadian point of view, whether we sell 40,000 barrels a day at \$40 to the U.S. and buy 40,000 barrels a day from Venezuela, the net effect is nil in terms of the balance of payments and in terms of what happens to the producers. With respect to natural gas it's different, because it's a question of our exporting it. The alternative, of course, is to shut in the fields that are now marketing to the U.S. and wait until a Canadian market develops. That's the other alternative that we, as a province, have open to us. We have not taken the position as a province that we insist on that export market being available. In other words, we will be agreeable to marketing all of that oil in Canada if the market is there and the national energy board can find it for us, etc. we can work out the attendant fiscal regimes in light of the agreements that we now have with them.

MR. THATCHER: — I think what I find the most difficult to rationalize out of this particular situation is that you find it very acceptable for the national energy board to take the position with Alberta, and you find it easy to go along with them. You are shipping the oil to the United States. I have no quarrel with your sending oil to the United States, certainly not, nor do I have any quarrel with Alberta's shipping natural gas. Down the road isn't there something a bit fearsome in the attitude of the national energy board? The National Energy Board's function in the past two to three years (maybe longer than that) has been to put the shaft to the province of Alberta and to be an impediment to the development of the oil industry in Alberta. Because you are not big enough right now and your oil is already going there, the national Energy Board hasn't interfered with you for precisely the reasons which you have outlined, there is no market for your oil in Canada. There are, apparently, no plants which can receive it. In other words, it is a great deal simpler to ship that sour crude to Minneapolis and allow it to be processed.

Well, I want to ask the minister if he is not just a little bit concerned with the overall control that the National Energy Board has of western resources. I want to ask the minister how long he and his department are going to take the passive position that it is between the National Energy Board and Alberta and we are simply going along for the ride and we will come out on top. Well, we are going to come out with whoever comes on top. It is an untenable position.

I want to ask the minister, has his department ever had discussions with the corresponding department in Alberta to explore the concept of a joint position against the National Energy Board? I think one has to be naïve as a newborn baby to suggest that the National Energy Board isn't part and parcel of central Canada. The national Energy Board functions solely and exclusively for the benefit of central Canada and almost in diametric opposition to what is in the overall best interests of western Canada, particularly the resource producing provinces. If you haven't had such discussions with the province of Alberta, I really wonder why, because it is our understanding that overtures have been extended by Alberta for some sort of an informal discussion.

I want to ask the minister if he has ever considered perhaps the ultimate weapon (and I say “considered”). That is, if things become so untenable with Pierre Elliott, have you ever considered the ultimate weapon, which is a total shutdown of our resource production, should that become necessary? I agree with the minister that there is something terribly out of balance when they don’t want to pay \$20 a barrel or they grumble about \$20 a barrel or \$25 a barrel in central Canada. Then they send Pierre Elliott all over the Middle East trying to buy the stuff at \$40 or whatever price he could buy it for from the Saudis, or the Mexicans, or the Venezuelans.

So I guess I have given you several questions in there, but I guess the most important one is: have you ever considered the opposability of a total shutdown or something related to that?

HON. MR. COWLEY: — Well, have we ever considered it? I guess when Alberta announced their cutbacks, obviously, we considered it in the sense that we thought about it. I, as an individual, have thought about that, but only thought about it. We have never done any studies and there has never been any formal consideration by the government of that as a policy. I can’t say nobody has ever thought it, if you know what I mean. No one has ever formally gone through it and considered it.

With respect to Alberta, we have, from time to time, made joint or quasi-joint presentations on the level of the export tax on heavy oil, for example. We made a joint statement just before Christmas with the minister from Alberta and the minister from British Columbia on the national energy program. I think it is fair to say that my officials are in quite close contact with officials in Alberta concerning day-to-day activities in the oil industry, concerning their relationship with the federal government and the national energy program.

I met with Mr. Leitch two or three days before he met with Mr. Lalonde. I spoke with him a day or two after he met with him. I think, where we have common interests, we tend to try and work our common positions. That doesn’t always happen, but I think the relationships have been reasonably good in the four or five months that I have been directly involved as Minister of Mineral Resources.

We have some rough figures on the water thing here, if you’re interested. The answer I got is that the water requirements are roughly equal to the size of the plant. A 50,000 barrel per day plant would require about 50,000 barrels of water a day; a 100,000 barrel per day plant would require 100,000 a day. These are 35-gallon barrels — not the 45-gallon ones you have on the farm.

MR. THATCHER: — Mr. Minister, I would like to go back to the problems with the federal government right now, and the surprising inactivity on the part of your government. About eight or 10 months ago, your government apparently thought Pierre Elliott was trustworthy enough to try to negotiate a constitutional package with him. You apparently thought that Pierre Elliott could be believed to the point that something could be hammered out. In fact, you believed that to the extent . . . (inaudible interjection) . . . The Minister of the Environment says “never.” You believed it to the point that you became the western extension of the Liberal Party. Let me tell you that there are people who used to belong to the Liberal Party there who, I’m sure, recoil in horror wherever they are.

You trusted Pierre Elliott enough to literally hop into bed with him. You would do

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anything that Pierre Elliott wanted you to do. The New Democratic Party was there and you were their willing and able lackey. What happened to the good old days when the NDP used to hate the Liberals? Whatever happened to those good old-fashioned days when the Liberals and the NDP used to have something to disagree about?

Mr. Minister, my question is this: why was Pierre Elliott Trudeau so wonderful? You found out he was a shark; then you found out he was going to cut your throat in negotiations. You learned that less with Pierre Elliott; you learned that you couldn't trust him in constitutional matters. You knew that his only interest was in central Canada. Then came perhaps the worst weapon he's used on you yet — the National Energy Board.

You're content to sit back and trust that National Energy Board, which doesn't have infinite wisdom. It has stupidity, because it's ruined the oil industry. It has allowed the oil industry to vacate this country and to go south and to the Middle East. Goodness knows where it has gone. It has gone everywhere but Canada to look for oil. Under the guise of Canadianization it has allowed, encouraged and shoved Canadian companies across the 49th parallel and into Saudi Arabia — anywhere but Canada.

Do you call that infinite wisdom? I think it's stupidity. Yet a few moments ago you were saying, "Well, because the National Energy Board has said this, we go along with it. We're sort of in agreement with it." You couldn't trust Pierre Elliott a few months ago and now you're telling us you trust his biggest weapon against us — the National Energy Board. Would the minister agree that that's a bit of a contradiction?

HON. MR. COWLEY: — First of all, I think the member has the National Energy Board and the national energy program a trifle mixed there. I certainly don't always agree with the National Energy Board. In January of this year, it substantially increased the export tax on crude oil and effectively shut off the market for southwestern Saskatchewan. This is only one example of where we've had some differences of opinion with the National Energy Board. However, with all its powers I don't think that it, alone, is quite responsible for all the problems the member attributes to it; the Prime Minister may be, but not necessarily the National Energy Board.

All I said with respect to natural gas was that in that particular circumstance, whether it was by luck or good management, they happened to arrive at a formula which we were in general agreement with. Now, it may be that in other circumstances we may not agree with them. They are the body that lays down the rules etc., and we didn't have a lot to quarrel about, as a government, with respect to what they did.

The member talked about the constitution and our attempt to work out some kind of accord with the federal government. I think we are continually urged by members opposite, with respect to the national energy program, to negotiate with the federal government to get this impasse resolved. I know now, having listened to the member opposite talking about the sharks down there slitting your throat, and all the problems you have with them, that he is going to have a great deal more patience with us and our inability, at the present time, to get a negotiated settlement with the federal government, because I now understand that he fully realizes the difficulties in dealing with Pierre Elliott Trudeau and the group of people he has gathered around him down there to advise him with respect to oil policy. So, I expect that we won't have much more by way of discussion on these estimates on this issue. We seem to have come to some common ground there.

The member referred to us as having become the western extension of the Liberal Party. Well, I don't know about his constituency, but in mine there isn't much left of the Liberal party to be an extension of. There's not much point in our busily attacking Liberals when there aren't any left. So we have directed our attention to another small group that we hope to do our best to reduce to the same size as the Liberal Party in the near future.

Mr. Chairman, it seems to me that we're not likely to get finished today and . . .

AN HON. MEMBER: — One more question.

HON. MR. COWLEY: — One more question? Okay, I would hate to not give you the opportunity to ask one more question.

MR. THATCHER: — Just a very short concise one. Would the minister agree that had the old policy which was offered to the oil producing provinces by the Clark government prevailed, we would not be in the situation we are presently in, in the western Canadian oil producing provinces? In other words, did the minister (and I already know the answer, because you did) agree with the policy of the Clark government as it related to oil production in western Canada? I already know that you did.

HON. MR. COWLEY: — Well, Mr. Chairman, one question — one answer. I agree with the member that had we had the Clark oil policy in place, we would have different circumstances in the oil industry in Saskatchewan today.

The committee reported progress.

The Assembly adjourned at 4:58 p.m.