LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
May 5, 1981

EVENING SESSION

SECOND READINGS

Bill No. 94 — An Act to amend The Saskatchewan Human Rights Code (No. 3)

MR. KATZMAN: — Mr. Speaker, I wish to rise to give second reading of a bill to amend The Saskatchewan Human Rights Code (No. 3). It basically does one thing in the human rights code: it amends sections 4, 10, 11, 12, 13, 15, 16 and others, by adding "political affiliation" after "religion." It basically gives the same rights that you have under the other areas of the code respecting discrimination because of race, creed, religion, color, sex, physical disability, and so forth. What it adds, in that area, is political affiliation. I think (rather than go into a lengthy debate on that), we all know what that means. It gives the same right as you have under all other areas, but there is an escape clause in the bill which allows the political parties some rights because of their concern. And, of course, public service staff is covered by The Public Service Act.

So, basically what I am saying, Mr. Speaker, is we add the words "political affiliation" all through the bill when we amend The Saskatchewan Human Rights Code, thereby allowing the people the right (if they feel they are being discriminated against because of their political affiliation or beliefs) to say, "You cannot use that as a basis for discrimination against me." This applies to places to live, places to work, places where they must donate money through their union, business, or any other thing. They cannot be affected. That's basically what I am moving, Mr. Speaker. I think that the consequences of it are very simple — it gives that right. I don't think that it's a thing that we need to spend a lot of time on. I think the members from the other side should feel that it is an important idea and should be accepted. So, with that, I move second reading of An Act to amend The Saskatchewan Human Rights Code (No. 3).

HON. MR. ROMANOW: — Mr. Speaker, I'll be asking leave of the Assembly to adjourn the debate at the conclusion of my very few remarks. But, I would like to point out to the members of the Legislative Assembly what, at first blush, seems to be a very wide-sweeping and impractical proposal as put forward by the hon. member for Rosthern and the Conservative Party.

I note that the definition of "political affiliation" is incorporated in the bill. It defines "political affiliation" to mean "that a person has or has had, or is believed to have or have had, a political view . . . " Then it goes on to say, in subclause (ii) "an association, direct or indirect, with; or" and in subclause (iii) "an interest of any kind in." Clearly, Mr. Speaker, if you take a look at the words used, "is believed, direct, or indirect," and "an interest of any kind" and "a political party or any group associated with on the basis of political belief," you will see that this is a very wide-sweeping, all-encompassing definition and I, frankly, have difficulty seeing how it would apply. I don't know how one really defines "political view." A political view may not be necessarily a party political view, it may be a political view on the environment. It may be the political view on a variety of things which are unassociated with traditional party organizations.

All of this would make any kind of hiring practices by employers in this province impossible. It would make, for example, the chamber of commerce open to the possibility that people with directly opposite political views of the chamber of commerce would have to be accepted into its members' employment; those members

could not selectively choose the employees that would best reflect the aims and the goals of the chamber of commerce. There would be widely different views with respect to trade union movements, for example, or potentially could. Trade union movements, on the other end of the spectrum, too, would be open to this kind of wide-sweeping provision.

Mr. Speaker, I really feel that it's a provision which is unrealistic and undesirable. And I would only say, Mr. Speaker, it is insincere; insincere, because everybody in this House knows how the Conservatives choose in Crown corporations, in this committee, in this House to single out members of the cabinet and members of the government for political purposes. How many times have we heard the hon. member for Maple Creek single out the hon. member for Kinistino as having been a political hack in SGI? How many times have we heard the Conservatives opposite attack the political hacks who have made the decisions at SGI which now lead to all of the mistakes that we make? How many times have we seen the Conservatives ask orders for returns in this Legislative Assembly, wanting to know the date of appointment of the people involved, and then attacking them as being political hacks? Mr. Speaker, out of 450 returns last year — this is a rough guess — I bet you at least 50 of them were designed exactly to do that.

I recall one specific order for return which, indeed, was diarized from the date of the last provincial election and sought to identify everyone who had taken a leave of absence for "political affiliation or political purposes," which they say was being done by the political party in question for political purposes. And now, today, they have the audacity to come forward in this House and have the public of Saskatchewan believe that they support this kind of provision.

I want to tell you, Mr. Speaker, that in my judgment this Conservative Party opposite, if it ever should get into office . . . It's highly unlikely, I want to tell you. If the opinion polls indicate with any accuracy at all, not only will they not be in office, but there will only be about three or four of them who are back next time around.

AN HON. MEMBER: — I hope, Joan, you're one of them.

HON. MR. ROMANOW: — Perhaps the member for Maple Creek will be one of them. But I tell you, Mr. Speaker, that if you take a look at those kinds of actions by the Conservatives opposite there would be no political party more arrogant and more determined to enter into a political witch hunt in the history of this province than the Conservatives opposite. They tell that by their orders for return. They tell that by their actions, not by their words. They tell that by their hustings.

Something I wish one of our members would have handy — they don't have it obviously; they probably threw it out — is a little pamphlet I saw which was distributed a few months ago to most of the people in the province of Saskatchewan as a fold-out; it identified some 35 political hacks. I remember because my deputy, Howard Leeson, who has not been involved in political activity of any kind in Saskatchewan at all, was identified by the Conservative publication as being a political hack. He was one of the 35 — the deputy of intergovernmental affairs. I remember other people like John Burton and Don Cody. I remember a variety of those identified by this same political party which stands here before us saying they believe that there should be no discrimination based on political affiliation. Mr. Speaker, talk of hypocrisy — this is the height of it in this Legislative Assembly right now . . . (inaudible interjection) . . . The member for Rosthern says I'm hurting on this. I invite the hon. member for Rosthern, when this debate comes back for him to wrap up; I ask the hon. member for Rosthern to . . .

(inaudible interjection) . . . I'll have these pamphlets out, some of which are as recent as a few weeks ago at the time of the SGI building — the little gold pamphlet which goes out. I'll tell you how these guys operate, Mr. Speaker. They go through every order in council appointment and, real or imagined, they put a finger on somebody, label that person as having a political affiliation and say they would fire him if they got into office. That's a commitment that Mr. G. Devine, the leader of the Tories, has made. That is a commitment that the member for Rosetown-Elrose, himself, has made on many occasions. I know the member for Meadow Lake has indicated the same on many occasions. And they come before this House and say that they're opposed to that kind of political posture. Mr. Speaker, I say this is absolutely an unbelievable posture to take.

Mr. Speaker, I want to conclude by saying that there is virtually no way that a modern government could run if a minister could not choose his deputy minister — not on party political affiliation, necessarily, but at least could make sure that the deputy if running ideologically, or at least (forget about ideologically) in policy terms similar to the government and the minister of the day. Because if the deputy has a different political view, or (sorry) is believed by somebody to have a different political view or interest of any kind direct or indirect, Mr. Speaker, you couldn't hire him as a deputy minister — not at all. I tell you, Mr. Speaker, if there's anything that confirms that the Conservative Party of Saskatchewan knows it never will have any prospect of forming the government in this province it's this amendment. They don't ever expect to be able to run the administration of the province of Saskatchewan, Mr. Speaker, judging by this poorly drafted, too wide, and hypocritical stand taken by a disorganized, rapidly dropping political party. It's good reason to believe they never will be in charge of the administration of this province.

Mr. Speaker, I beg leave to adjourn the debate.

Debate adjourned.

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

PROVINCIAL LIBRARY

Ordinary Expenditure — Vote 29

HON. MR. BOWERMAN: — Some of those from around the legislature will recall Merry from having her place at the Chair; Donald Harazny, assistant to the provincial librarian, behind me directly; and Pat Cavill, assistant provincial librarian, to my immediate left. Mr. de Laforest is back behind the rail. That is the staff.

Item 1

MR. McLEOD: — Mr. Minister, I just have a couple of questions in two areas. One is the question of the automated library system that we had some debate over last year with your predecessor. First of all, to be specific, would you give us the area in these estimates where you're proposing to spend money this year on the automated system and tell us how much that will be? I'd like a run-down on the status now of the automated library system.

HON. MR. BOWERMAN: — The item in the blue book is subvote 3 — direct services branch. The information with respect to the automation costs is as follows: routine computer processing costs, $234,000; retrospective conversion, $30,000; outside consulting services, $10,000. This makes a total of $274,000 . . . (inaudible interjection) . . . Yes, that's last year's. I could send a copy of that page over to the hon. member if he'd like it.

MR. McLEOD: — That would be fine. Mr. Minister, I believe that last year the minister indicated that there were 54 municipalities which had opted out of the regional library system. Can you tell me the status of that now? How many municipalities are still exercising that opting-out provision?

HON. MR. BOWERMAN: — I understand, Mr. Chairman, that the present number of municipalities that have signified a desire to opt out is 53, so it hasn't changed much from last year's figure of 54, if that was the figure. We see this as a particular problem that may not have been well-addressed, in the sense that it's a matter of the funding which, I think, is not adequately understood by the municipalities. It has not been well-addressed in terms of the Provincial Library in the communication process with the municipalities. Secondly, I think that the municipalities feel they are obligated and have no real choice in the matter. I suggest to you that it is our plan to address that issue. We are proposing to address it in relationship to other issues in the Provincial Library system.

MR. McLEOD: — Last year the former minister told me that he would be conducting an in-house study to determine just why municipalities are deciding to opt out. I agree with you that in many cases they are using it as a tool to tell the government that they don't like to be dictated to in this way. Certainly, I think that if you carry it too extensively you'll find rural areas in Saskatchewan without good library service. I'll reiterate that, I believe we have good library service in the province, or the potential for it.

I would hate to see rural and remote areas like the one I represent, for example, and your own, not having a good library system with the automation that's coming and so on. So, I would say that certainly the system is good, but when you say that you are still looking within the library it means that you haven't done much about it since last year. Will you tell me now just what you are proposing? Could you be a little more specific please, for the municipalities' sake?

HON. MR. BOWERMAN: — Well, we have a committee studying the funding formula and attempting to come up with a better arrangement, or at least a different arrangement (and we hope it's better) on the basis of the funding formula. We'll be using some of the criteria which we have used in revenue sharing or some of those factors which will take into account what, in fact, is happening out there in the library system and in the library world. We are doing that; we have a committee set up to review that.

Another way we are dealing with it is through a legislative review committee. It hasn't started yet but it's beginning next week as I understand. We're holding meetings in each one of the regions; there is a board appointed to hear the regional boards, the municipalities and anybody else who wants to make a presentation as to how they perceive the problem.

With regard to this matter of opting out, I know that it's a bit frustrating out there, but the

municipalities see that as their bargaining tool. They see it as a way of saying to the libraries, "Look, you can't go and do whatever you want; if you do we're going to opt out and you won't have any support." It's not entirely bad, although I've come to understand the frustrations of the municipalities as well as the library boards and the librarians with regard to this issue. What it really does is bring the library boards and the municipalities — the people who are being asked to pay for library services — together in a situation where they have to talk with one another and deal with the issue of money.

I know they have been at least partially successful in laying that responsibility on the provincial government, saying that we haven't funded the libraries as well as we should have. I think you may be able to make a case for that although I say to the hon. member that the grants to libraries have been roughly on the same basis as the third party grants from the government. That is roughly on the same basis as municipal grants, hospital grants, school grants, and so on at the same percentage rate.

While we have been funding libraries to that extent, because of the inflationary pressures and all of those things which are general in our society the municipalities are feeling the pinch. They're pressuring the library boards and are opting out for that reason.

I think, however, once the Legislative Library review committee (or whatever we're calling it) has an opportunity to meet in these various library regions with municipalities as well as with library boards, we will have something by fall and will come in with a major piece of legislation changing the legislation generally. The legislation, as the hon. member will know, is based primarily on the development of libraries. Because we didn't have libraries, the legislation was based on the development process. Now, with the exception of the North, all regional libraries have been established. Therefore, it seems to me that we're in need of a new kind of legislation dealing with new funding approaches and new legislative approaches generally.

MR. McLEOD: — That's what I wanted to hear, Mr. Minister, because that's what I would advocate you should do. It doesn't take a great deal of study to understand what the municipalities have been saying. To take the municipalities and put them together with the regional library boards and have them talk about the capital which they need to expand the library in the rural areas doesn't solve anything unless there's an injection of capital from the provincial government, which I advocate should happen. I'm glad to hear you say you will be bringing in legislation (we'll be expecting that) to take the pressure off these municipalities. Certainly, there are very few municipal councillors or responsible people in the local government area anywhere in Saskatchewan who are against the library per se but they can't see the service they're getting for the amount of per capita money which they're being levied at the present time. You can certainly solve that problem by an injection of capital.

You say that the library is at a developmental stage; certainly it is. I'm glad to hear you say that, Mr. Minister. We'll be expecting more capital from the provincial government in the future.

MR. HARDY: — You didn't understand really why some of these municipalities were opting out. I think, basically, the reason they're opting out is that a few years ago, when you set up the regional libraries, they were funded mostly by the government, but in the last two years, the assessment per capita went up about three times in rural municipalities especially. The government has only been coming up at the rate of about

10 per cent. That is one of the reasons they're opting out. When you said that you were coming up with a new plan, I think that's very acceptable. I think it's a good idea, but I think that's one thing you have to take into consideration when you bring it up.

A town is not like a rural municipality. The people a few miles out of a town feel they use that library much less and require it much less than town people do. That is one of the reasons that the rural municipalities feel that they are either being overcharged for it, or the usage isn't there. I would like you to take that into consideration when you're thinking up this new program.

HON. MR. BOWERMAN: — Mr. Chairman, I agree with the hon. member for Kelsey-Tisdale. We are attempting to deal with that question. Library financing is not well-understood, and I know the point you raise with respect to the rural municipalities. Obviously, they don't have the same kind of services (I believe you're in the Wapiti regional library system which doesn't have the same kind of facilities) as do the major centres of Melfort, Tisdale, Prince Albert and some of the towns. At the same time they are not assessed the same amount. I think the amount in Wapiti for rural municipalities is $2.45 per capita. That goes up to $5, $6, and I think the city of Prince Albert is up as high as $10 per capita (close to $10 per capita). So, you see there is a range at which the library board attempts to assess the contributors to the library. But, it's not well-understood. The opting-out provision is there and is being used as a bargaining process and, sometimes, it's a useful mechanism, although I don't think it's the right mechanism. Once they have an opportunity to express an opinion on it, there will probably be some suggestions for change.

MR. BERNTSON: — I just have one question. Is Mr. Meadows still in the employ of the Provincial Library?

HON. MR. BOWERMAN: — Yes, he is.

Item 1 agreed.

Items 2 to 4 inclusive agreed.

The committee reported progress.

POINT OF ORDER

MR. KATZMAN: — Mr. Speaker, today we have tabled on our desks the annual report of the Saskatchewan vegetable marketing commission. In it, it indicates that the year end is June 30, 1980. I believe The Tabling of Documents Act requires this document and all other documents of the Government of Saskatchewan to be on the members' desks 90 days after, plus 15 days of sitting. I believe that this particular document, which has been tabled today, has broken the rule and I wish to bring that to the Speaker's attention and I ask for a ruling.

MR. SPEAKER: — What the member has brought to the attention of the House as a point of order may, or may not, be something that has abridged the rules of the House. If, in fact, it's noted that that has happened, and if, in fact, it is something that is contrary to the rules of the Assembly, I shall return with a statement on the matter.

MR. KATZMAN: — On my point of order, Mr. Speaker, I understand (and correct me if

I'm wrong) The Tabling of Documents Act, to which I'm referring, indicates that the rules of the House require that it should have been tabled a considerable time ago. I'm asking: who enforces it? Do we as members have to sit there and check every individual document?

MR. SPEAKER: — As I have said previously, I will examine the matter. If there is anything of concern to me or the members regarding the rules of the Assembly, I shall make a statement on it. If it doesn't pertain to me, then I shall assume that whoever feels the responsibility will respond.

SECOND READINGS

Bill No. 95 — An Act respecting the Stabilization of Returns to Beef Producers in Saskatchewan

HON. MR. MacMURCHY: — Mr. Speaker, it's with pleasure that I rise to speak on Bill 95. The Beef Stabilization Act marks a major milestone in a comprehensive program initiated by this government to provide the basis for a strong, growing, secure livestock industry in the province.

This government has undertaken a number of significant initiatives for the livestock industry, a number of which are serving as models for the development of programs by other provinces and the federal government. I say to the hon. members in this Assembly, including the hon. members opposite, the list is very impressive.

We have provided the legislative framework and the administrative support for the establishment of producer controlled marketing systems for hogs, sheep and lambs, milk, poultry and eggs.

All of these marketing systems are in place to work on behalf of producers seeking improved returns from the market place, to facilitate improved quality control and to provide greater security of supply for consumers.

This government has provided for substantial financial assistance to the university and livestock industry for research. We have provided major assistance toward the construction of the swine research centre, the establishment of the Veterinarian Infectious Disease Organization (VIDO), the Western College of Veterinary Medicine, and research on sheep and lamp production and poultry production.

Through the Saskatchewan Agricultural Research Fund, established in 1980, approximately one-third of the expenditures are going toward livestock and poultry research projects. In addition, about one-third of the expenditures under the new farm lab program will be allocated for applied research and demonstration projects, both at the university and on the farms in the livestock area.

Mr. Speaker, the department provides considerable extension support through the province for livestock producers. Livestock specialists are in place in every region. The animal industry branch provides professional support to regional staff and considerable support to the livestock industry to assist producers in achieving high quality standards and to minimize cattle losses by theft through a brand registration and inspection program.

FarmStart encourages diversification through the development of comprehensive

livestock enterprises. Assistance is provided both in the form of preferred interest loans and start-up grants. FarmStart, to date, has approved a total of $185 million in loans to 4,500 Saskatchewan producers.

The Saskatchewan Hog Assured Returns Program has now been operating for nearly five years. With improvements implemented January 1, 1981, enrolment has increased to 1,750 producers. This includes virtually all of the family-operated hog farms in the province which depend on hogs for a major portion of their income. In the past 18 months when hog prices have declined below production costs, SHARP has paid out $5.2 million. Mr. Speaker, SHARP is a widely accepted program which is viewed as a sound program, not only in Saskatchewan, but across Canada. Each year, under the market development fund, considerable assistance is made available to the livestock industry to develop markets, not only for breeding stock from producers, but for meat and poultry products produced by our processors.

The government is providing, through its investment in Intercontinental Packers, Saskatoon, and in Plains Poultry, Wynyard, the support and confidence required by these sectors to develop, grow and compete efficiently in western Canada.

The Plains Poultry for example in particular, with participation by producers, processors and retailers on the board, is being watched with interest as a way to make the most of market opportunities for Saskatchewan produced products.

Mr. Speaker, the implementation of a beef stabilization plan is a major new important step in assisting Saskatchewan livestock producers to realize the growth opportunities in livestock. Everyone agrees there are problems in the beef industry in the province. The major problem is the lack of certainty in the industry. In the past decade beef producers have seen prices vary tremendously. In 1970 the price was $28.00 a hundred. In 1973 and 1974 the price went up to the mid $40s a hundred. And then in 1976 it dropped again to $29 a hundred. Prices rose to a high of $75 a hundred in 1980, but have dropped from $7 to $10 a hundred in the first quarter of 1981. Prices go up and down, but costs only go one way, and that is up. The erratic prices have caused instability in the industry and fluctuating beef herd numbers. In 1970 there were 900,000 cows in Saskatchewan. In 1973 there were 1.3 million cows in Saskatchewan, but by 1980 this had fallen back to 1 million cows. The packing industry in Saskatchewan is held back by an uncertain supply. Saskatchewan has one-quarter of the cow herds in Canada, but only 5.9 per cent of Canadian cattle are slaughtered here in Saskatchewan. Two-thirds of the calves produced in Saskatchewan are fed and finished outside of the province.

The beef industry is a very important industry in Saskatchewan. We have a land base that is well suited for cattle; some of it is not suited for grain production at all. Some of it is made much more fertile by the presence of cattle. Over one-half of Saskatchewan farmers are involved in beef production, with sales of cattle and calves contributing 15 per cent of Saskatchewan's total farm cash income.

Bill 95 is the result of three years of consultations which have taken place with farm organizations representing beef producers. Credit is due to the former minister of agriculture, the member for Saltcoats, for initiating the process of consultation in 1978.

During the winter of 1978-79, Dr. Leo Kristjanson chaired a series of meetings with farm organizations on the beef industry. Dr. Kristjanson, now president of the

University of Saskatchewan, reported that there was interest on the part of Saskatchewan farm organizations in the government's undertaking some initiatives to provide improved security and a strong position in the market place.

During my first year as Minister of Agriculture, farm organizations continued to advise on the directions they felt the beef industry should be moving. The word was that if there were to be action, it ought to be at the national level. The Government of Canada should establish a sound national beef marketing and stabilization program.

Beef prices are determined by supplies in the North American market, indeed, on the world market. Beef is a national product. It makes sense that all Canadian taxpayers would share in stabilization costs in the industry. More importantly, the only way to deal with the multinational food chains which control the food industry in Canada is through a national commission. That's the only way to have enough beef to deal with them.

Our government agrees that there needs to be a national plan and will put the case to the federal government. The federal government has taken no action, just as it has taken no action on a federal marketing and federal stabilization program for hogs.

Mr. Speaker, Saskatchewan producers can't tolerate federal inaction. There is an agreement among Saskatchewan farm organizations that the province should act. But there are a number of different views as to what action should be taken. The National Farmers' Union believes that the stabilization plan put forward in this bill (Bill 95) does not go far enough; that a compulsory provincial marketing commission is necessary to provide the first step in a national meat authority. The Saskatchewan Stock Growers' Association believes that a stabilization plan has merit, but resists linking a stabilization plan to marketing. The president of the Saskatchewan Association of Rural Municipalities indicates that he supports the objectives of the plan and the association passed resolutions at each of its last two conventions calling for an improved marketing system for beef in Saskatchewan. The Western Canada Cow-Calf Association, the Saskatchewan Wheat Pool and the Saskatchewan Federation of Agriculture are each supportive of the objectives of the program; each suggesting slightly different methods to achieve these objectives within the industry.

Mr. Speaker, I think in Bill 95 we have a consensus of the farm organizations interested and involved in beef.

Mr. Speaker, it is not a perfect bill, but it is a start. We will learn some things as we will go along. But within the limits of what is possible for a province to do, Bill 95 is a concrete commitment on the part of Saskatchewan government to assist livestock producers in the province by removing some of the devastating instability in the industry. Bill 95 provides for a new board in the beef industry in the province; a five-to nine-member producer stabilization board.

What will this board do, Mr. Speaker? The board will administrate the Saskatchewan stabilization plan. The legislation sets out a broad framework for the plan. The legislation specifies that the plan will be voluntary. It specifies it will apply to slaughter cattle only. Producers who raise calves and finish them for sale as slaughter beef are eligible; producers or feedlot owners who purchase feeder cattle and maintain ownership for at least 120 days before selling the animal as slaughter beef are eligible to join the program. The stabilization plan will be financed by a levy on slaughter cattle enrolled and sold through the plan which would be matched dollar for dollar by the

government. Levies will be adjusted over time to maintain the actuarial soundness of the plan.

Plan deficits are guaranteed by the government and the administration costs of the stabilization program will be paid for by the government.

Producers are required to participate for a minimum period of time after joining. Delayed entry conditions will be applied after the first six months of the plan.

What does all of this mean in terms of the day-to-day operations of a beef stabilization plan? What does this mean for the producer who is considering enrolling in the plan? Perhaps the first and most important question is: what will the producer receive? We think it makes most sense to tie the level of support provided to the producer to production cost. Let me make it clear that the plan will apply only to slaughter animals. Breeding stock will continue to be sold through private sales and livestock shows, and are not included in the plan. Stocker feeders will continue to be sold through the country auctions, through the stockyards and through private sales. The plan will not apply to cows and bulls. What we are talking about is slaughter steers and slaughter heifers sold to packing plants. It is this part of the industry that the stabilization program will serve.

If the support level is to be based on the cost of production, there are two things which must be determined. Firstly, how the cost of production will be calculated. And, secondly, what the support level formula will be.

How will the cost of production be calculated? There are two broad components of the cost structure — fixed costs and cash costs. Fixed costs include depreciation on buildings machinery, investment costs and labor costs. Operating costs, on the other hand, are the direct cash costs made up of feed costs, grazing costs, bedding costs, veterinarian costs, fuel and repair costs and interest on operating capital.

Costs vary widely from producer to producer. Some have a large investment in buildings and equipment; some have much less. Some have owned land for a long period of time; some have purchased the land only recently and hence have high interest costs in the land. Some let their animals run on scrub land; others confine their animals. Feed costs vary depending on the proportion of grain and hay fed and whether this was purchased or produced on the farm.

Although the costs vary widely among producers, it is impossible to design a program that would be tailored to each individual situation. At some point, a cost must be chosen that is reasonably representative of the industry to form the basis of calculations.

Under the Saskatchewan plan, the production cost calculation will be based on an average, well-managed family farm operation. The levy required to maintain an actuarially sound plan is very sensitive to what is included in the cost of production calculation.

Mr. Speaker, a difference of one dollar in the cost of production calculation can change the levy by three-quarters of 1 per cent for each of the producer and the government.

In the discussions that are now taking place with the producers in Alberta concerning a hog stabilization program, we understand that consideration is being given to deleting

depreciation costs from the cost of production calculation. The effect of not including depreciation costs would be to reduce the support price per hog in Alberta by up to $5.

The other factor to be determined is the support or pay-out formula. A support formula must be chosen at a level which can be financed by a reasonable actuarial levy. For example, the formula could be 100 per cent of cash costs plus an average of the difference between cash costs and market price or some percentage of fixed costs.

At 4 per cent producer levy, a pay-out formula of 100 per cent of cash costs and 50 per cent of non-cash costs, over the past 20 years, major pay-outs would have been made in five of those 20 years and lesser pay-outs made in four of those 20 years.

Mr. Speaker, in the period 1975 to 1977, when beef producers suffered major losses, this plan would have paid out about $80 million to producers on 250,000 head of slaughter cattle. In 1976, the year of the highest pay-out, the payment to producers would have been in excess of $100 million.

Mr. Speaker, if all of Saskatchewan's cattle had been finished in Saskatchewan and enrolled in the plan during that period, 1975 to 1977, payments would have been over $300 million.

Beef prices reached record levels in 1979 and 1980; however, prices have decreased drastically in the first quarter of 1981, and if the price trends continue the plan would be expected to make a pay-out in 1981

The Saskatchewan stabilization plan is a plan for producers. Its aim and objectives is to provide income stability for the producer who finished slaughter animals in Saskatchewan. Most of these are cow-calf producers who will be encouraged by the plan to finish their animals to slaughter weight. But, Mr. Speaker, Saskatchewan also has a significant feeder-to-finish industry. Encouraging finishing a greater percentage of our animals in Saskatchewan means making provision in the stabilization plan to include feeder-to-finish animals. Including feeders in the plan is not without its difficulties. First, what is a feeder-to-finish animal? Is it one that is bought at 450 to 500 pounds and finished to slaughter weight or is it one that is bought at 800 pounds and then finished to slaughter weight?

There is general agreement that the plan should cover the so-called long-keep animals but not the short-keep animals. There is general agreement that the plan should include feeders if they are purchased as calves and finished by one owner but not beyond that.

Mr. Speaker, the hon. members will note that the legislation defines a long-keep period as a minimum of 120 days. There's argument that this should be 100 days and argument that this should be 140 days, but the 120 days is specified as the period of ownership in the bill.

Another problem in including feeders is determining the level of support. The feeding operation, maintaining ownership for a shorter period of time, not having the expense and the risk of the cow, and perhaps being able to purchase the calf at less than production cost, has an advantage over the cow-finish operation if the support prices are exactly the same. In other words, the feeding operation may have less cost than the cow-finish operation in producing the slaughter animal. How is this to be reflected in a

stabilization program?

It can be argued that the support level for both sides should be the same, and the price for calves would eventually be bid up as feeder-finishers know that they are assured full cost of production on the final product. The current SHARP (Saskatchewan Hog Assured Returns Program) operates on this basis, but the feeling in the country is that the higher price has not yet been fully reflected to the producer of the weaner pig or, in the case of beef, the producer of the calf who does not finish his animal.

The board could set or suggest a price for the feeder animals being bought to enrol in the stabilization plan. This would involve the board, however, in a recommended price which might not be effective at all — a regulated price which could only be accomplished if the board actually bought and sold the feeders. This is a degree of regulation which I don't think the industry would find desirable. It would be difficult to make it operational under the present circumstances so we must eliminate that.

Regulations could be developed requiring the producer, who receives the stabilization benefit on the feeder animal, to share his support payment with the producer of the stocker or the calf. This too, is a degree of regulation which we think producers might find unacceptable.

Mr. Speaker, the board could recognize the difference in the cost to the feeder-finisher operator as opposed to the cow-finish producer by paying a lower level of support to the feeder-finisher. The support would be based on the actual price of producing the stocker, with full cost of production credited only during the time the feeder-finisher retains ownership. This would result in two different pay-outs — one for the cow-finish producer and one for the feedlot operator or the feeder-finisher.

Based on our calculations, the support level of the feeder-finisher would be 85 per cent of the cow-finish support level. If the payment to cow-finish producers was $10 per hundredweight, the payment under this kind of a formula to the feeder-finisher would be $8.50 per hundredweight. While this may be the most acceptable method by which to recognize the difference, it also raises the question of how a producer who has a mixed herd would be enrolled. He has some slaughter animals from his own calves and he has some feeders he has bought to finish over the winter.

Producers would have to be relied upon to be honest as to which animals belonged to which category or inspection procedures would have to be established.

If the support price on feeder animals is to be at a lower level than that on cow-finish animals, would there be an incentive for feedlot operators to sell their animals through producers who have cow herds in order to obtain a higher support price?

These are difficult questions, but they will have to be seriously considered by the stabilization board which is to be established to administer the plan. We expect that board will be consulting with the producer organizations as they put the final details on the program. Even if the support level for feeder-finish cattle is different from that for the cow-finish, the other principles of calculating the payments would be the same.

Costs and prices used in determining support payments will be calculated on an annual basis, SHARP calculates costs and prices on a quarterly basis. In beef, this is just not feasible. Production costs are different in winter than they are in summer. Prices tend to be higher in the spring than in the fall. Higher prices do not necessarily occur at the

same time as the higher costs, and distortions in payments to producers may result. An annual calculation of cost and price will average the seasonal changes in cost and price.

Costs and prices would both be calculated on the basis of an A1 steer. Once the support price is determined on the basis of an A1 average cost and price, the same support payment would be paid to all grades of animals. In SHARP, Mr. Speaker, the support payment per hog is the same for a 100 index hog, a 92 index hog, or a 104 index hog. A cutoff level is established at index 88, below which no stabilization is paid.

The plan would be similar for beef. If the support level for a particular year was $10/cwt., which would be paid on an A1 animal, it would also be paid on a B1 animal and a C1 animal. The difference would be in the price the producer receives. Let's say an A1 animal which brings $70/cwt. on the market, plus $10 stabilization, would yield for the producer $80/cwt. A B1 animal which brought only $65/cwt. on the market, would yield the producer $75/cwt. A grade C animal, bringing $60/cwt. on the market, would yield the producer $75/cwt. in total.

A certain level will have to be established below which there could be no payment. This cutoff could be a grade (perhaps no stabilization would be paid on "D" grade animals) or could be based on weight. We have proposed a weight cutoff which would see no stabilization payment made on steers weighing less than 900 pounds, or heifers weighing less than 800 pounds.

Now, Mr. Speaker, what about joining the program? We intend to have the stabilization board appointed by June 1. We intend to have producers able to enrol in the program effective July 1. The six-month waiting period specified by the legislation (the period in which producers can join with full coverage immediately) would be from July 1 to January 1, 1982. Any animals sold after January 1, 1982 (which would include the 1981 calf crop) would be eligible for full stabilization payments. Once a producer has joined the plan, he would be required to retain membership in the plan for a period of five years.

It could be argued that the minimum membership period in the plan should be longer — the full beef cycle; let’s say eight years, ten years. When we began SHARP, Mr. Speaker, it was for five years. We think it makes sense to start the beef plan out for a five-year period as we did with SHARP. A producer who wishes to opt out of the plan during the five years, would be permitted to do so, but he would be unable to re-enter the plan for a minimum period of five years.

As indicated in the legislation, delayed entry provisions would apply if a producer decides to join after the first six months. This may be one-third coverage for the first year, two-thirds coverage for the second year and full coverage for the third year. Or, it may be a 50 per cent coverage in the first year and full coverage in the second year as he enrolls in the plan.

How many animals will a producer be able to enroll? For beef, a limit of 150 slaughter animals would make 98 per cent of the slaughter animals in the province eligible for stabilization. If the limit is reduced to 100, 95 per cent of the animals will be eligible to be enrolled in the plan — still a very large percentage of the industry.

Whether the limit is 100 or 150, all producers in Saskatchewan will be eligible for coverage under the plan. A limit of 100 would far exceed the number required by the

cow-finish producers of Saskatchewan where the average cow herd is 30 animals per producer.

With a multiple operator provision of three, 85 per cent of the farms and feedlot operators in Saskatchewan would be able to enrol their full herd.

How many animals would a producer be eligible to receive payment on in any one year? Here, Mr. Speaker, I think there are two options. A producer could specify at the time of enrolment his level of participation. He could buy in at 40 animals or at 80 animals — whatever he thinks his marketings are most likely to be. He would pay levies on that number of animals in a year. If he actually sold that many he would be eligible for stabilization on the same number. If he sold fewer than the number he specified, he would lose his levy payments on the remaining portion up to the number he had enrolled.

Alternatively, a producer could be eligible for stabilization on actual marketings. He would pay levies on what he marketed. The difficulty with this is that the incentive would be to enrol many cattle in a year of poor prices and few cattle in a year of high prices to avoid the levy.

In hogs, producers are eligible for stabilization payments on the number of hogs marketed in the previous quarter. In beef, it could be the previous year.

To more accurately take into account the beef cycle, and to build stability in the industry, it may be useful to base payments on a three-year average of marketings.

In the first year a producer would be eligible for coverage on his full marketings. In the second year a producer would be eligible for coverage on the average of the first and second year of marketings. In the third year, producers would be eligible for coverage on the average of three-year marketings and each successive year would be the three-year average.

We will be asking the stabilization board for recommendations on this issue, as with the other issues.

There are those who will argue that every detail for the stabilization plan should be in the legislation. "Here it is in legislation. Hand it to the stabilization board, and go to work." We argue, Mr. Speaker, that the producer board that will have to make the plan work should be involved in decisions — the decisions that I talked about concerning the final details of the plan. We argue, Mr. Speaker, that it is important that the board have the flexibility to make adjustments as we gain experience with the plan.

Clearly, as we have met with producer organizations in setting up the broad framework for the program, so too will the board meet with producers and organizations in putting the fine details on the program.

We would anticipate an annual review of both the support formula and the levy, as well as the method of cost calculation, to be sure the program is working in the interest of producers.

Now, Mr. Speaker, on the marketing end, the board would market the slaughter animals that came to it. In the early stages, the board may well use the existing facilities, such as the pool stockyards. The board will endeavor to obtain the highest possible prices for

producers. The board will negotiate sales with packers on behalf of producers and will look at the feasibility of reducing marketing costs through such means as direct plant shipments.

Members of the plan would notify the board when their animals are ready to ship, much as is the case with hogs. The board would make arrangements for assembly and transportation, either on a community basis or on an individual basis, depending on the number coming out of an area at any particular time.

The board would have the authority to pool prices for animals sold, for example, on a weekly basis. The pooling would be done by grade in order to preserve the integrity of the grade for producers.

Animals enrolled in the stabilization plan would be required to be marketed through the board. Producers with animals not enrolled in the plan or producers with animals in excess of the plan limit may request the board to market slaughter cattle on their behalf.

The board would not market feeders, cows, bulls or specialized breeding stock. These would be bought and sold in the normal way; however, the board could provide additional marketing services if requested by producers. Then the question is asked: why do we need marketing tied to this stabilization plan? A marketing board with more cattle at its disposal than the average producer has some hope of obtaining market clout. The board can sell directly to the packing plant. The board can make arrangements in carload lots. There is volume there, Mr. Speaker. The board has an opportunity to pay more to the producer in the market place than can any one producer individually.

The second reason, Mr. Speaker, is that the marketing data is essential to running an efficient stabilization program. We have been talking to the Government of British Columbia. They have a stabilization program there without a marketing plan and they have a great deal of difficulty verifying transactions and getting payments out. Producers appreciate that the SHARP payments are received immediately after the end of the quarter. This is possible because the data is right at hand for marketings. Compare this with the long delays experienced in pay-outs under federal stabilization programs.

Mr. Speaker, Bill No. 95 is the first of its kind in Canada. It provides for greater income and stability and security for beef producers which will in turn lead to the expanded finishing of cattle within the province. Mr. Speaker, Bill No. 95 provides the foundation for a stronger beef industry in Saskatchewan.

In closing, I would like to acknowledge the contributions and suggestions made by the six farm organizations: the Saskatchewan Federation of Agriculture, the Saskatchewan Wheat Pool, the National Farmers' Union, the Western Canada Cow-Calf Association, the Saskatchewan Stock Growers' Association and the Saskatchewan Association of Rural Municipalities.

We have, Mr. Speaker, in these organizations in Saskatchewan some of the finest leaders in Canadian agriculture. Saskatchewan farm organizations have a heritage of people who are dedicated to development and improvement of agriculture. They have served and continue to serve Saskatchewan, and many have gone on to serve agriculture in the national arena. It is these people, Mr. Speaker, with whom we have

consulted in the development of this bill. It is their efforts and assistance which has led to a beef stabilization plan which will be noted in the history books as a prime example of the pioneering, innovative spirit of Saskatchewan farmers. Indeed, I am proud to move second reading of Bill No. 95.

SOME HON. MEMBERS: Hear, hear!

MR. TAYLOR: — Mr. Speaker, I listened with interest to the minister discuss An Act respecting the Stabilization of Returns to Beef Producers in Saskatchewan. Perhaps it was the most interesting when the minister started talking at the beginning of his speech. As I listened throughout the speech, I heard much talk about marketing; the emphasis entirely was on marketing. The minister started out by saying that we in Saskatchewan have marketing boards in sheep, milk, eggs. As we on this side sat and listened to his remarks, they entirely focused upon the concept of marketing.

Now there are some questions that I have — and I will say that the minister did give answers to some of these regarding the minimum amount of time a producer would have to stay in the plan. I think he was talking about the producer staying in for five years and then having to be out for five years. These were some of the questions I had jotted down.

However, as I listened to him talking about the costs and the pay-outs for the cow owner-producer and then the feedlot producer, I was becoming more confused as to what really is the intent and what this bill is really going to bring about. In fact, it seems to me that there are many open-ended questions that one has to address in this. He was talking about perhaps 85 per cent of the payment for the feedlot industry versus the cow owner. I don't know if that is legitimate or not; I would think that maybe you could just have a stabilization payment. I don't know if you have to look at this difference or if the costs are that much different; this is one of the things that I was concerned with as I was sitting listening to him. These are the open-ended questions. I see that by this bill producers will actually be told when they will market their beef; in one of the sections here it points out the time, place and manner in which the beef will be marketed. In section 14(2) it says, "The board shall market beef on behalf of producers participating in the plan."

Mr. Speaker, I think that this bill, called at this point in time a stabilization plan, is really the first step in a marketing plan for beef in this province. The emphasis that the minister had was entirely on marketing. I didn't hear him mention anything about licensing of feedlots, but it appears to be here in section 14(2)(f), "prescribing the manner and form of licensing any person engaged in the marketing of beef for participants." So, I wonder, are we coming with the licensing of feedlots at this time? Another section, 14(2)(c) says, "respecting the exemption of any person or participant, or any class of person or participant, from any provision of the regulations respecting marketing." I don't know what it means by that.

He talks about the price of the pay-out of an A1 steer and then I look at section 14(2)(b) which says, "respecting the determination of the price, based on the grade and class of animal or based on a pooling of the returns from beef to participants." What does that mean? Does that mean that you are going to pay on the basis of the A1 steer or is the fellow who has the good cattle going to be pooled in with the fellow who has poor cattle on an average price? Is that what you mean by the pooling? You were giving some explanations there, but many of these things are very unclear at this point in time.

I notice that you are going to go right ahead with it though. You didn't state definitely as to whether there is going to be a quota of 100 or 150, but you mentioned that you are going to have a board in place by June 1, consisting of between five to nine appointed members, the majority of which, I think, have to be producers. Then a little further on I see that three members of the board can call a meeting. So it is possible that the non-producer element in the board, whoever that might be (and I suspect they will be political people in the Department of Agriculture) will be able to call the meeting if they so wish whether the producers want to or not because it says that three members can demand a meeting. So to say that it is producer-controlled, I wonder.

Just as a passing note, there is no mention of where the head office is going to be. It says that the board would determine that. But there are a lot of open-ended questions here. If you are going to have a board appointed by June 1, I think it would only be fair that, if we are to look at giving assent to this legislation, you would try to bring in the regulations posthaste so we could see them. Because looking at the last clause in the bill, it says under section 25(h), "prescribing any matter or thing required or authorized by this act to be prescribed in the regulations." If you really want to be aboveboard and open, which I hope you are with the producers and with the people on this side of the House so that we can study this, you should take it to the producers and get their viewpoints. You tell us that you've met with some of them, and I imagine there are many of them. I've talked to many of them who are wondering what's coming down in the bill. I think it would only be fair that we get a look at what the regulations pertaining to this bill are, as well as the bill, if you are going to have this in place by (I think your deadlines were) June 1 and July 1. Those are some of the concerns that we, on this side of the House, would have pertaining to Bill 95. I'm sure some of my other colleagues would like to add some words after reviewing this with their constituents and the beef producers in the area. Therefore, Mr. Speaker, I would like to beg leave to adjourn the debate.

Debate adjourned.

Bill No. 89 — An Act to amend The Marriage Act

HON. MR. ROLFES: — Mr. Speaker, it is my privilege this evening to explain the purpose of these amendments to The Marriage Act, and why they are being introduced at this particular time. At present, Mr. Speaker, the fee which marriage commissioners may receive for performing civil marriages is prescribed in section 41 of The Marriage Act. These amendments will remove the mount of the fee from the act itself, and give the Lieutenant-Governor in Council the authority to prescribe the fees by regulation under section 58 of the act.

The reason for this change is that a problem has been developing with regard to the appointment of judges as marriage commissioners. This problem relates partly to imminent changes in our court system, and partly to the fees which marriage commissioners are entitled to receive.

I would like to describe this situation more fully. All of the judges of the district court, and certain judges of the provincial court, have been appointed as marriage commissioners under section 40 for the purpose of conducting civil marriages in the province. However, as of July 1 this year, the district court will merge with the Court of Queen's Bench and all district court judges will become judges of the Court of Queen's Bench. Since judges of the Court of Queen's Bench must travel on circuit throughout the province, it is not practical for them to act as marriage commissioners. We will need

to find other individuals to replace them.

Furthermore, judges of the provincial court are becoming reluctant to serve as marriage commissioners because of increasing demands to marry people on weekends and at locations other than the courthouse, and because of the small fee that they are allowed to receive for performing such marriages.

At the present time, the fee to which a marriage commissioner is entitled for performing any marriage is prescribed in section 41 of the act as being $5. This fee has been in effect for many years and has become unrealistically low. Unless it is raised in the very near future, we will have considerable difficulty in finding enough persons to serve as marriage commissioners after July 1 of this year. Furthermore, as long as the fee continues to be defined in the act itself, it will be necessary to introduce an amendment to the act every time an increase in the fee is deemed necessary.

Therefore, Mr. Speaker, the amendments we are now considering will solve the problems I have described. They will allow a much needed increase to be made in marriage commissioners fees; they will also enable differing fees to be defined on the basis of the time or location at which marriages are performed. Finally, they will establish a more reasonable procedure for increasing these fees in the future, so that they can continue to reflect the value of the services rendered.

Therefore, Mr. Speaker, it gives me great pleasure to move second reading of An Act to amend The Marriage Act at this time.

SOME HON. MEMBERS: Hear, hear!

MR. BERNTSON: — Let the record show that the Minister of Health is trying to move his power to implement a deterrent fee from legislation to regulation, and that this side of the House is philosophically opposed to any sort of deterrent fee, except perhaps in this case. With those few brief remarks we'll allow this bill to go to committee where we will debate at some length our concerns about this particular deterrent fee and see what happens.

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

Bill No. 92 — An Act to amend The Intestate Succession Act

HON. MR. ROMANOW: — Mr. Speaker, I rise to move second reading of An Act to amend The Intestate Succession Act. During statute revision the committee rewrote section 17 and in the process substantially changed the law. This bill seeks to re-enact the section originally passed by the legislature and existing at the time of statue revision. The subsection, as rewritten, provides that only on the intestacy of the mother is the illegitimate child considered a legitimate child of his mother. This narrows the law as it existed prior to statute revision.

The proposed amendment will provide that on any intestacy an illegitimate child is treated as a legitimate child of this mother for the purposes of rights of inheritance. This was the law prior to the coming into force of the revised statutes and this amendment will be retroactive to that date, February 26, 1979.

Mr. Speaker, I move second reading of An Act to amend The Intestate Succession Act.

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

Bill No. 93 — An Act to amend The Surface Rights Acquisition and Compensation Act

HON. MR. ROMANOW: — Mr. Speaker, the bill to amend The Surface Rights Acquisition and Compensation Act is a measure which gives me satisfaction and is the result in large part of the work of a committee which was struck to consider the overall workings of this statute in the province. A committee chaired by Mr. Tom Wakeling, Q.C., of Regina with representatives of the oil industry and the surface owners, as well as department officials, spent about a year considering various problem areas in the workings of this act. Some of the recommendations of this committee formed the basis for the amendments, with slight variation, and they're set out in the bill.

Mr. Speaker, the amendments to be provided by sections 3, 4, 5 and 11 are being presented to accommodate the oil industry, by making provision for the operators to secure from the surface rights board the right to install and operate certain equipment and machinery on the well site. This equipment will be for an ancillary use, being secondary to the drilling and producing operations of the operator. An example of such ancillary use equipment would be a temporary storage tank, a separator, or cathodic protection equipment. An operator desiring to place such machinery or equipment would apply to the board if he were unable to secure agreement from the landowner in the same manner as any other right under the act. The board would consider the matter and, if it granted the operator the right to install and use such equipment and machinery, it would determine the compensation payable for that right by the operator to the surface owner.

Mr. Speaker, the revised procedure proposed in the new part VI is an attempt to strike a balance between operators who intend to abandon a well site and surface owners who are left with a site from which the drilling and producing equipment has been removed. At times the damage which is not detectable at the actual time of abandonment appears after the operator has left. If the operator no longer carries on business in the province, the owner, from a practical point of view, is left without remedy. The new procedure requires an operator who proposes to abandon the surface rights he enjoys to send a notice of his intention to the owner six months prior to abandonment, indicating the date the abandonment is to be effective. The operator is then obligated to clean up the site or come to an agreement in this regard with the owner. Where this occurs prior to the expiration of the six month period, the rights of the operator terminate at the end of the six month period. Where clean-up or agreement takes place after the six month period, the right ends at that time. When surface rights end, the obligation of the operator to pay compensation for the rights also ends.

Where an operator and an owner cannot, however, agree that a well site has been restored to its previous condition, the board may decide the issue on application of either the owner or the operator. In order to provide finality to the operator's obligation to restore the surface of land, the amendments provide a procedure whereby an operator who is unable to secure a release of his obligation from an owner will be able to approach the board three years after the service of notice of his intention to abandon the site for the purpose of securing a release. The board will entertain such an application. If the owner has not in that time applied to the board to settle the question, the board will issue a certificate to the operator stating that his obligation to restore the

surface of the land involved is discharged.

To protect landowners from damage which appears after an operator is relieved of his obligation to restore the surface (and this is the highlight of the bill) a fund will be established from which the board may award amounts to compensate the owner for the damage. The fund will consist of amounts paid by operators to the Department of Mineral Resources at the time drilling licences are applied for.

As I said earlier, the new abandonment procedure will strike a better balance between the interests of the operators encountering uncertainty with respect to receiving a discharge of their obligations to restore the surface of land on abandoning a well site and, on the other hand, the interest of surface owners to be compensated for loss suffered when damage is discovered to their land, years sometimes, after the operator has left the scene.

I spoke a little earlier about the fund to be created from which money could be ordered by the board to compensate owners for damage discovered to land where the operator's obligation to restore the land has been discharged. By section 10 an owner, who has incurred costs in clearing his title after an operator has left his land, may receive reimbursement for the costs so incurred. Mr. Speaker, the compensation payable to owners for land used as an access road or a well site is originally determined by agreement between the owners and the operators, or by procedures under the act where there is no agreement.

Since 1973 the compensation could be reviewed every five years. With the rate of increase in prices in almost every sector of our economy, it's considered appropriate that the period for reviews of compensation should be shortened. Accordingly, the bill includes procedures whereby the owner or the operator, in the absence of an agreement respecting a review of compensation, may apply to the board, not in five years, but every three years for the review and the determination of the compensation to be paid.

I fully anticipate that there may be further amendments to this act after completion by officials of my department of the Wakeling committee recommendations and other matters on this ongoing situation. However, the proposals in the bill do represent a major start and a general overhaul of an act, which will take place over the next few sessions, designed to improve and modernize the procedure of compensation that farmers have to operate with and, of course, at the same time provide stability for the oil operators.

Mr. Speaker, I move second reading of Bill No. 93 — An Act to Amend the Surface Rights Acquisition and Compensation Act.

MR. ANDREW: — Just a couple of comments before agreeing to this bill. I think it addresses a couple of important areas to which the Attorney General referred. One is the entire question of the renewability clause in the standard form lease agreements that are in place for all surface leases, as you know, in the province of Saskatchewan. The former period of five years was too long. With the inflated prices of farmland, it became a difficult situation. I'm glad to see that moved up to a three-year period.

The other problem being addressed, I think to the credit, is the abandonment problem. Back in the days when I used to work as a landman in the oil patch, very often some of the companies (especially some of the smaller companies) would go broke or pack up

their tents and leave. And very often they've left the farmer hanging. Now I see there is a fund set up to cover that type of situation.

The other positive thing is the whole question of removing caveats and forcing the removal of caveats from the property of the farmers. I think anybody in this Assembly would agree that the farmer takes the ownership of his land very seriously and does not like to see caveats placed on that land. And if they are placed on that land certainly they should be removed.

I think perhaps two areas and some submissions made by the Northwest Surface Rights Association have some merit to them, and I would hope that the Attorney General would look at them. Number one is the whole question as it relates to enhance recovery programs. As you know that puts a heavier burden on farmland in the sense that there are many more wells that sit on a very small space. The farmer still farms around it but it does create a different problem in surface rights. I think that is something that should be addressed.

The other matter put forward by the Northwest Surface Rights Association has some merit — that is to transfer the jurisdiction of this particular board from the Department of the Attorney General to the Department of Rural Affairs. I think that makes a fair amount of sense, because you are dealing with farmers under the Attorney General's department and in the past this whole field has been dealt with in a quasi-legal way. Farmers are quite capable of going before the board to defend their own cause, to advance their own cause with the help of an agrologist or an economist rather than with the assistance of a lawyer in the adversary system.

I think there is some merit in both of those proposals. I hope the Attorney General would look at those and further amendments coming down. Other than that, I would be supporting the bill.

MR. PEPPER: — Well, Mr. Speaker, I welcome and fully support the proposed changes to The Surface Rights Acquisition and Compensation Act which are now before us, because surface rights compensation is an issue which directly affects many residents of the Weyburn constituency and one which I have taken a great deal of interest in over the years.

I have had some first-hand experience with surface rights, the agreements, and have been actively involved with the surface rights association in my area of the province.

In 1968, Mr. Speaker (and I think you will well remember) the surface rights act was introduced. Everett Wood, then the member for Swift Current, and I took an active part in the debate and the proposed amendments to the legislation that had been drafted as a result of the Friesen report. Although much is changed since the surface rights act was passed in 1968 and first amended in 1972, the goal of surface rights legislation remains the same. That goal is fairness, and by fairness I mean the striking of that all-important balance that will safeguard the interests of surface rights owners, while at the same time not imposing objectives on the operators that cannot be fulfilled.

I believe that the amendments before us measure up to that all-important standard of fairness. And I'll be taking a few minutes tonight to examine how each amendment affects the parties involved. I also believe that the process which was used to arrive at these proposed changes was a fair one. The consideration of briefs from surface rights associations and oil companies, and the appointment of the Wakeling committee to

review the surface rights act as whole, was a reflection of this government's determination to ensure that all points of view and all implications were taken into account before changes were proposed.

The generally favorable reaction to these amendments, when they were announced a few months ago by the Attorney General, is a further indication that they struck an appropriate balance between the interests of the parties involved. As in all legislation which deals in areas where there are different and sometimes competing interests, nobody got everything they wanted, but I think it was clear from comments, which were made at that time, that all recognized that the amendments were fair and progressive. Proposed changes in the regulations governing abandonment procedures provide a good example of what I have been talking about because surface rights owners will be protected with the establishment of the compensation fund to cover situations where damage is discovered after an oil company's legal responsibility to clean up an abandoned well site has ended. The abandonment procedures, which the oil companies must follow under the present act, have generally worked well. They will continue to be adequate in most situations. Surface rights owners will now have additional protection in those cases where damage shows up after the operators' legal responsibilities under the abandonment procedures have expired.

It is also fair, Mr. Speaker, that the compensation is being established with money collected from levies on oil companies. The long-term damages that occur from time to time after an abandonment are a direct result of oil company operations and it makes good sense to set aside a portion of the earnings from those operations to look after potential long-term problems. Reimbursement for local expenses to remove caveats from titles to land, after an oil company has given up its right, will also be available from the abandonment compensation fund. This will assist owners with the often lengthy and expensive process of getting rid of caveats on their land titles. As in the case of long-term abandonment problems, it is the operation of the oil companies that results in caveats being in place and it is fair and sensible that they should contribute to a fund which will assist owners with the legal costs of having caveats removed.

Another change, which will be of significant benefit to surface rights owners, is the reduction in the time period between surface lease renewals from five years to three years. The five-year period may have been appropriate when it was set in 1972, but it no longer allows the process of lease renegotiation to keep up with the rapidly escalating costs of production and land values. Land prices are rising so rapidly that it is simply impossible to predict what land values will be in five years; nor is it possible to predict other factors such as the rise in other costs for farmers or what the value of oil produced from the wells will be. The three-year period will make it easier to keep up and it will mean unfair leases can be disposed of more quickly.

So the amendments meet the test of fairness. The farmers get a better deal because they'll be able to renegotiate their leases more frequently. But the leases are still long enough to retain the incentive for owners to negotiate with the oil companies and not rely on the awards by the surface rights compensation board.

Now, in addition to the proposed amendments to the surface rights act, which have come about at the request of the owners, there are some changes which were requested by the Canadian Petroleum Association. These changes deal with the use of so-called ancillary equipment on well sites and would allow equipment such as temporary storage tanks to be used by operators, with appropriate compensation to the

owner.

The amendments are fair to all parties involved because they give the oil companies the authorization for the use of more equipment that they need to conduct their operations, while ensuring that owners, also, receive compensation where extra equipment is used on their land.

As I said earlier, the amendments now before us do not give the surface rights owners or the oil companies everything they want to see in the surface rights act. That would be impossible because drafting or amending surface rights legislation is a process that involves balancing interests, so that the rights of owners are protected, but operators are not overburdened with regulations.

Surface rights legislation must also be sufficiently flexible and comprehensive to cover the multitude of different situations which can develop in the field.

Members of this Assembly, Mr. Speaker, who have had involvement with surface rights cases, will know that, no matter how good the regulations which are in place, there will still be problems because owners and operators often have different interpretations of how regulations and agreements are being observed. Legislation will never solve that particular problem, Mr. Speaker, because disagreements will exist as long as farmers and oil companies are using the same land for different purposes.

Legislation can, however, eliminate many potential surface rights problems before they occur and can ensure that a standard of fairness governs surface rights agreements. These amendments will bring the surface rights act up to date and help to ensure that those goals are achieved.

Before closing Mr. Speaker, I want to express the hope that the federal government will soon come to its senses and change its national energy program, which is having such a serious effect on the oil industry in Saskatchewan.

If Ottawa does not begin to act responsibly soon, we will have little need for legislation covering renegotiation of leases and too much need for legislation covering abandonment procedures.

Mr. Speaker, we have come a long way since The Surface Rights Acquisition and Compensation Act was passed in 1968. These amendments put our act in step with the conditions that prevail today, and I would urge all members of this Assembly to give them their support. Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. CHAPMAN: — Mr. Speaker, I, too, would like to make some brief remarks on this particular bill that's before the Assembly.

I bring my remarks as an endorsation of the principle expressed in the bill. Certainly, my presence here today is probably witness to my constituent's endorsation of the principles announced some months ago that are now before the Assembly.

SOME HON. MEMBERS: Hear, hear!

MR. CHAPMAN: — The changes dealing with the use of ancillary equipment on a well

site, a new abandonment procedure, and a compensation review period, will, I think, be beneficial to all concerned and, in particular, many farmers and landowners in my constituency.

The proposals before this Assembly are in accordance with the recommendations made by the Wakeling committee, except for one detail, which I will come to. The amendments regarding the ancillary use of well sites will assist oil and gas producers, while the new abandonment procedure better safeguards the rights of the landowner.

The decision to review compensation for surface rights every three years, instead of every five, should help ensure that appropriate compensation is being made. With the current act, the producers' rights to drill for and produce a mineral with the use of ancillary equipment is not there. Obviously, a change is needed whereby, for example, an oil producer could set up a temporary storage bank if necessary.

The amendment in the legislation before us makes provision for such a contingency by allowing the use of ancillary equipment where the board so orders and with appropriate compensation for that use.

The changed abandonment procedure will see the creation of a new fund. That fund will be used to pay compensation to landowners who have discovered damages long after an oil company's duty to clean up an abandoned well site has ended. Money for the fund will come from the oil companies and will also be available to landowners, to a maximum of $350, to cover expenses in having caveats removed from titles to land after the company has given up its rights. This point is quite important to landowners. We know it can be troublesome both legally and financially to have caveats removed. Thus, caveats which are essential to protect the third-party interest will no longer be a great burden on a landowner just because an operator has used his land to produce a mineral.

Companies will also be required to give a farmer or a landowner six months notice of intention to abandon or surrender a site. As mentioned earlier, the fund which assists with the removal of caveats is also available should damages be determined long after an oil company's duty to clean up an abandoned well site had ended.

The changes in The Surface Rights Acquisition and Compensation Act are supported by recommendations made by the Wakeling committee. There is, however, one exception, which pertains to the matter of reviewing compensation for surface rights. The current act provides for a review of that compensation every five years. The Wakeling committee, as members will know, recommended a change in the periodic review to every four years, and the amendments before us provide for a review every three years. This change will, I feel, provide a better deal for farmers, particularly at a time when prices for land, production costs and other related matters are changing rapidly.

Mr. Speaker, I am pleased with the amendments to The Surface Rights Acquisition and Compensation Act before us. Both owners and producers will benefit. A more frequent review of compensation is provided for and a new fund is created. I want to call on all members to give these amendments speedy passage. This is a matter which affects many of my constituents and one on which we can act quickly. I urge support of the changes and thank the members for their attention.

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. Romanow that Bill No. 56 — **An Act respecting Jurors and Juries** be now read a second time.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Romanow that Bill No. 85 — **An Act respecting the Consequential Amendments resulting from the enactment of The Jury Act, 1981** be now read a second time.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Romanow that Bill No. 87 — **An Act to amend The Unified Family Court Act** be now read a second time.

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

The Assembly adjourned at 8:50 p.m.