

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**December 3, 1982**

The Assembly met at 10 a.m.

Prayers

**ROUTINE PROCEEDINGS**

**WELCOME TO STUDENTS**

**MR. MUIRHEAD:** — Mr. Speaker, it is with great pleasure that I introduce to you this morning, and to the members of this legislature, a class of grade 11 and 12 students sitting in the Speaker's gallery. I believe there are 22 students. They are accompanied by their teacher, Glen Hymers. The principal is also with them, Allan Fitzsimois (I hope I am pronouncing that right), also the bus driver, Darwin Taylor.

Now this is a real pleasure, Mr. Speaker, for me to introduce this class this morning from this particular school because it is the school I graduated from in 1949. Now I didn't say what age I was when I graduated though.

Mr. Speaker, I understand they are going to be visiting Agribition today. I wish them a very good day and a safe journey home. I ask all members to join with me in welcoming them to the legislature. Thank you very much, Mr. Speaker.

**HON. MEMBERS:** — Hear, hear!

**QUESTIONS**

**Unemployment Statistics**

**MR. SHILLINGTON:** — My question is for the Minister of Labor. It has to do with this morning's alarming unemployment statistics. Just before I start I am going to issue a fervent prayer. Would you spare me the speech about how Saskatchewan's unemployment insurance rate is the lowest in Canada? Would you spare me that sermon? It is cold comfort, I say, to someone in P.A. who is out of work that there are others in Newfoundland who are equally as miserable.

My question to the minister is this: Saskatchewan's unemployment rate is 7.1 per cent. That's up from 5.5 per cent a year ago and it is up from 6.7 per cent one short month ago. That's an additional 9,000 people from last year and 3,000 people in a month. My question is: what is your government going to do to bring some relief for these people?

**HON. MR. McLAREN:** — Mr. Speaker, I am quite aware of the unemployment rate, and I won't spare you the sermon that we are the best one in Canada. I think we have done a lot this past summer as far as the creation of jobs is concerned. I am fully aware that it is 7.1 as of today, and that bothers me also; but we are working very hard at reducing that figure.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SHILLINGTON:** — I'd be delighted with a bit of detail as to exactly what you are doing. You announced a program that'll provide 2,500 new jobs. Would you explain to

me (and you may want some assistance in mathematics, like the member for Rosthern) how 9,000 people are going to share the 2,500 jobs that your job creation employment program creates?

**HON. MR. McLAREN:** — Mr. Speaker, I did a little research. I looked at the figures as of April 17, 1982 when your administration was in government. On April 17 there were 455,000 people in the workforce in Saskatchewan. On April 17 your administration had 29,000 people unemployed — a 6.3 per cent unemployment rate. On October 17 we had 466,000 people in the workforce in Saskatchewan — an increase of 11,000, which indicates to me that the people are coming back to Saskatchewan.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. McLAREN:** — And if you will look at the unemployment figure on October 17 you will find that it was 28,000 — 1,000 less than when you people were in office.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SHILLINGTON:** — Yet another new question to the minister.

**MR. SPEAKER:** — Order, order!

**MR. SHILLINGTON:** — I'm sure it's going to be a lot of comfort to the 3,000 additional people who are unemployed that you people feel that somehow or other you are only slightly worse than you were last April. I'm sure that's going to be a lot of comfort. I say to the minister that the information which your colleague in the Department of Social Services . . .

**MR. SPEAKER:** — Does the member have a supplementary? This is not a time for speeches.

**MR. SHILLINGTON:** — The information which your colleague has shows that between 900 and 1,000 people a month are losing unemployment insurance benefits and going into the social welfare rolls because there are no jobs. Do you really claim that your job creation program is going to provide any relief to those 900 to 1,000 a month who are going on the rolls?

**HON. MR. McLAREN:** — Mr. Speaker, we haven't got our work program implemented totally yet, but you will see that 5,000 people come on with jobs during the winter months. You're going to see us at least holding our own or coming down as far as the unemployment figure is concerned. And looking at next summer, with all the construction that is going to take place, you're going to see a vast reduction in the amount of unemployment in this province.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. BLAKENEY:** — Mr. Speaker, I direct a question to the Minister of Labor, and I direct it in connection with the figures which were recently released by Statistics Canada with respect to unemployment in Canada and particularly Saskatchewan. I note that the number of people unemployed in Saskatchewan, according to Statistics Canada, is 31,000 in the month of November. I ask the minister whether he has any knowledge of any time in the history of Saskatchewan since records were kept by Statistics Canada that the figure has been higher than 31,000.

**HON. MR. McLAREN:** — Well, I wasn't that old, Mr. Speaker, back in the 1930s. I can remember part of it, but maybe they were that high back in those days. I can't answer your question, sir.

**HON. MR. BLAKENEY:** — Mr. Speaker, a supplementary. The minister is clearly reaching back to the last Conservative government to get a parallel. After the Conservatives left office in 1934, is the minister aware of any time since records were kept by Statistics Canada that unemployment has been higher than 31,000 in this province?

**HON. MR. McLAREN:** — Mr. Speaker, as far as the hon. member opposite is concerned, I don't know. I'm not aware of those figures. But I would probably think that maybe the figures for all of Canada weren't as high as many of the other years as they are right now either.

**SOME HON. MEMBERS:** — Hear, hear!

### **Transfer of Harry Van Mulligen**

**MR. SHILLINGTON:** — Thank you. I have a question for the minister in charge of the Saskatchewan Housing Corporation. This morning we seem to have experienced another one of those unfortunate coincidences. Two days after the alderman for the city of Regina moved a motion opposing the wage control program, which you people set up, he was moved to Prince Albert. If you don't have the humanity to allow him to act as an alderman, do you at least have the integrity today to admit that you moved him to get him out of your hair?

**HON. MR. HARDY:** — Mr. Speaker, in answer to the hon. member's question, as you and the opposition are well aware Mr. Van Mulligen, to who you are referring, had had political affiliations with the New Democratic Party, and he is in a very sensitive position. Instead of asking for his dismissal, all we have really done is ask to have him transferred up, and place him in a less sensitive position. There is a job to be done in the North. As you know, Mr. Speaker, we took over northern housing. Northern housing was in just one terrible shape. We are going to send him up there into the North to bring back information to help us and in fact to help the northern people.

**MR. SHILLINGTON:** — That is, Mr. Speaker, an amazing admission: that you moved him because of his political belief. Is it the new policy of the government that no member of the public service may serve as an alternative unless he clears every issue with the transition team first? Is that the new policy of this government?

**HON. MR. HARDY:** — Mr. Speaker, no.

**MR. SHILLINGTON:** — Then how is Mr. Van Mulligen to interpret what you have just said: that you moved him because of his politics, and because he was in a sensitive position? How else is he to interpret that? If he had run for the position in P.A. presumably he would have to clear all of his votes with your first: is that the policy?

**HON. MR. HARDY:** — No, Mr. Speaker, that is not the case. We moved him up to Prince Albert because there's a position open as an information officer. We have moved him up there to fill that position. Probably had it been the other administration they would have fired the gentleman. We don't feel that that would have been right. We have

compassion, and instead we have transferred him to P.A. to, in fact, go up there to do a job first. We feel he can do it, we feel he is qualified to do it, and we are sending him up there.

### **Salary of Acting PCS President**

**HON. MR. McLAREN:** — Thank you, Mr. Speaker. Yesterday I took notice of a question by the Leader of the Opposition concerning the salary of the acting president of the Saskatchewan Potash Corporation. I answered several times that that salary was lower and I promised to bring you those figures today.

The former president of PCS had a salary of \$140,910. The acting president of the Potash Corporation of Saskatchewan is under the contract that you people signed with him. He is still at \$130,000 a year and I am pleased to tell this Assembly that that salary is frozen. He plus some of the other senior management in PCS voluntarily froze their salaries, and the \$10,000 that the acting president now was to get under your contract was also not taken.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. BLAKENEY:** — Minister of Labor, for simple clarification. Is the Minister of Labor stating that at no time while he was chairman of the corporation did the acting president receive a salary in excess of \$140,900 a year?

**HON. MR. McLAREN:** — The acting president, in excess of \$140,910, that is correct.

### **Transfer of Harry Van Mulligen**

**HON. MR. BLAKENEY:** — Mr. Speaker, I direct a question to the minister in charge of the Saskatchewan Housing Corporation . . . (inaudible interjection) . . . I do not blame that on the good citizens of Turtleford but on those of Qu'Appelle-Lumsden.

Mr. Speaker, I have a question for the minister in charge of the Saskatchewan Housing Corporation. Since he has admitted that Mr. Van Mulligen was transferred because, apparently, of his political beliefs, I ask the minister whether or not he is asserting to this House that Mr. Van Mulligen in any way was anything else but an exemplary employee of the Saskatchewan Housing Corporation during the period when he was minister? Do you have one instance where his alleged political leanings colored his judgment and his performance?

**HON. MR. HARDY:** — Mr. Speaker, in answer to that question, I have a letter here that was circulated around during the civic election campaign on behalf of Mr. Harry Van Mulligen.

**AN HON. MEMBER:** — Read it to the Assembly.

**HON. MR. HARDY:** — I could read it to the Assembly or I could table it. But I could read one quote out of it, Mr. Speaker. I'll just read one quote out of it.

**AN HON. MEMBER:** — Read the whole letter.

**HON. MR. HARDY:** — I'll read the whole letter then.

I'm writing to ask you for financial contributions and your help in re-electing Harry Van Mulligen to city council. Harry has worked hard to represent ward 6 and he has worked hard for the New Democratic Party for many years.

The Tory land developers have a well-financed machine at work trying to defeat Harry who has fought them at every turn. If Tories defeat New Democrats on council like they did in the recent provincial election we are all in big trouble. We need your help and your cheques. Remember, when we work together we win. And we need to win now more than almost at any time in the NDP's past.

It's signed by Greta De John, campaign manager for Harry Van Mulligen.

Mr. Speaker, I'd like to just to say that as Mr. Van Mulligen is an information officer on behalf of the Sask Housing Corporation, I would find it very hard to personally have him working with me over there with his attitude such as this.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. BLAKENEY:** — Mr. Speaker, am I now to understand from the minister that if campaign funds are raised on behalf of a person running for civic office, indicating his or her allegiance to any party other than the Progressive Conservative Party . . . (inaudible interjection) . . .

Mr. Speaker, I will repeat my question. Mr. Speaker, my question, through you, is to the minister in charge of the Saskatchewan Housing Corporation in this case. Is the minister asserting that if funds are raised on behalf of anybody who is contesting a civic election declaring the allegiance of that person to any party other than the Progressive Conservative Party, that person is subject forthwith to transfer and, accordingly, subject to being able to perform his civic duties? Is that your position?

**HON. MR. HARDY:** — No, Mr. Speaker, that's not our position.

**HON. MR. BLAKENEY:** — Mr. Speaker, we now have it rather clear, from the minister, that it is because of the letter that he is being transferred. Am I correct, Mr. Minister, in saying that it is because of the letter, which was sent out by someone who was signing herself as his campaign manager, that he is being transferred and it has had nothing to do with his performance on city council?

**HON. MR. HARDY:** — No, Mr. Speaker, I didn't say that. He's in a sensitive position, we felt, and because of problems we thought might arise, we have asked to have him moved to Prince Albert in a less sensitive position, and still retain his full pay, his full wages. We feel that's a very, very acknowledgeable thing to do.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. BLAKENEY:** — Mr. Speaker, my question is to the minister in charge of the Saskatchewan Housing Corporation. My question is this: in view of the fact that you knew that Mr. van Mulligen had been elected by his fellow citizens to serve on the Regina City Council, did you seek a less sensitive position (to use your words) in

Regina, where he could continue to serve the people who elected him, or did you purposely seek a position outside Regina, so as to thwart the desires of the people who elected him?

**HON. MR. HARDY:** — Mr. Speaker, we didn't have a position open in Regina that we could move him into that would be less sensitive. So we felt that with his knowledge and ability he'd much better serve the people of Saskatchewan who pay his wages in Prince Albert to in fact identify some of the problems in the North and to help northern people.

**HON. MR. BLAKENEY:** — Mr. Speaker, a question to the Premier. This concerns people who are in the employ of the Government of Saskatchewan and who may be elected to civic office. There are rather an impressive number of them from time to time, including numbers on the current city council. If they perform on the city council in a way which appears to upset the direction of your government, are they going, similar to Mr. Van Mulligen, to be subject peremptorily to transfer outside of Regina?

**HON. MR. DEVINE:** — Mr. Speaker, as any professional knows, his first responsibility is to his employer. People who are employed by the province of Saskatchewan in this government know that their first responsibility is to this administration. If they are going to be elected to other kinds of things, that's fine and in many cases it won't bother anybody. But if they have sensitive responsibilities and they are blatantly in disagreement with government policy, with the people who are employing them, then he should either say, "I disagree as a professional," or say, "Look, I just can't handle this position because I can't provide the professional advice because I absolutely disagree with it." In those situations, because his first responsibility is to the employee, then I would expect him to resign.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. BLAKENEY:** — Mr. Speaker, I thank the Premier for that forthright statement. I am going to ask him again, since he has made it very clear: people who work for the Government of Saskatchewan under his administration and who are elected to civic tasks, be it on school boards or elsewhere, are not — and I correctly phrasing it? — to take positions contrary to the position taken by the Government of Saskatchewan because that represents a derogation from their responsibility to your government. Is that the accurate statement?

**HON. MR. DEVINE:** — No, Mr. Speaker. What I'm talking about is fundamental policy — fundamental policy for the province of Saskatchewan. For example, when we're looking at fundamental policy we're talking about our recovery program that the people of this province elected us to provide. If a senior civil servant in a sensitive position disagrees with fundamental economic or social policy, then as a professional he should come out and say, "I cannot agree with it" and resign, or else do his job and agree with the policy and promote it. But if he's in a sensitive position, obviously he can't if he disagrees with it fundamentally or politically or anything else. You would expect that as a premier and I expect not less as premier.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. BLAKENEY:** — New question, Mr. Speaker, and this is directed to the Premier. This is a very fundamental issue that the Premier is raising and I want to pursue it but I want to pursue by analogy. There is a federal public servant, a Mr. Fraser, who has

been discharged because, as a tax auditor for the federal government, he was speaking out of turn in terms of the federal government's "fundamental policy" on (a) the metric system and (b) the constitution. And he was discharged. I think he was discharged wrongly, and I am asking the Premier whether he is following the policy of the federal government to discharge people who speak out of turn on "fundamental issue" like the constitution? Or is he following the policy advocated by Mr. Clark, which says that these people should not be discharged?

**HON. MR. DEVINE:** — Mr. Speaker, I've already stated my case with respect to the performance of professionals. This specific question is, I believe, better answered by the Attorney General because I'm not as familiar with the details.

**HON. MR. LANE:** — There is no doubt that the Federal Court of Canada has upheld the dismissal of Mr. Fraser, and I believe that the court made it quite clear that an employee has a duty of loyalty to this employer has a duty of loyalty to his employer. If he cannot carry out or support the policy of that employer, the employer has grounds for dismissal. I suggest as well that the proper course of action for senior civil servants — and I don't believe this is different in any jurisdiction — is that if they have a fundamental disagreement with government policy, the proper course for a professional to follow is to resign.

**MR. SHILLINGTON:** — Well, I have a question for the Premier, and I would remind you that in your initial answer to the question by the Leader of the Opposition, you indicated that you felt Mr. van Mulligen could not give you proper advice. I would remind you that that was not his role. It is not Mr. Van Mulligen's role to give you advice. He is an information officer. Do you have a single, solitary incident where, as an information officer, he was in breach of his duty to the Saskatchewan Housing Corporation? Can you name a single incident?

**HON. MR. DEVINE:** — Mr. Speaker, if you have somebody who is . . . (inaudible interjection) . . . I'll answer the question. If you have somebody who is in a sensitive position . . . We are developing a fundamental position on economic recovery in this province. If we have somebody in charge of information for a major department like Sask Housing who obviously disagrees with our recovery package as he is promoting Sask Housing, professionally there is conflict. What we are saying is that his first responsibility is to his employers — to the employer who is paid for the taxpayers. Taxpayers don't pay people in this province not to do the kinds of things the administration wants them to do. So clearly in this province and in every other province the first responsibility is to the employer. If he disagrees as a professional he should resign.

**MR. SHILLINGTON:** — I would remind the Premier that this individual has no responsibility for developing new programs or new policies. He explains old ones. I repeat my question: do you have a single solitary incident where in explaining a program of SHC he was in derogation of his duty to SHC? Can you name a single incident? You've been in office seven months. A single incident is all I want.

**HON. MR. DEVINE:** — Mr. Speaker let me give you an example. If this person is . . . (inaudible interjection) . . . I am answering the question. If this person is clearly in the media saying that he disagrees with the program, and at the same time he is going out trying to promote Sask Housing, I would think, Mr. Speaker, that somebody might ask him: what do you think of government policy on recovery and how does it fit with your housing program? What is he going to say? Is he going to say that he likes it? No. So how can he carry out his responsibilities as professional when he publicly disagrees with

the administration? As a professional he can't do that, and he knows it. And as a result of that he should resign.

**HON. MR. BLAKENEY:** — Mr. Speaker, a question to the Premier. With respect to this, what evidence does he have that Mr. Van Mulligen disagreed with your policy? That's the question. What?

**HON. MR. DEVINE:** — I would just turn to the media. I think it is common knowledge that the employer disagrees with our recovery package.

**AN HON. MEMBER:** — The employee.

**HON. MR. DEVINE:** — Pardon me, the employee disagrees with our recovery package. It's in the newspaper. It's all over the place. It's common knowledge.

### **ORDERS OF THE DAY**

### **GOVERNMENT ORDERS**

### **ADJOURNED DEBATES**

### **SECOND READINGS**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Taylor that Bill No. 34 — **An Act to amend The Marriage Act** be now read a second time.

**MR. LINGENFELTER:** — Mr. Speaker, in rising on second reading of The Marriage Act, I would just like to tell the minister that we do have a number of questions that we will be raising in committee of the whole. I don't believe we have any great difficulty with the bill. There are a number of clarifications that we will ask for. I leave it at that for now.

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

### **SECOND READINGS**

### **Bill No. 40 — An Act to amend The Members of the Legislative Assembly Conflict Act of Interests Act**

**HON. MR. LANE:** — Mr. Speaker, as I move second reading: it is a simple amendment recommended by the board of internal economy expanding the number of positions. It will clarify that those individuals holding those positions may receive remuneration without giving up their seats in the Assembly. Those position that have been created since the 1971 amendments to the conflict of interests act are the deputy chairman of committees, deputy vice-chairman of crown corporations and public accounts committees for which allowances are to be paid. As I indicated, it's an amendment proposed by the board of internal economy, and I urge all members to support the proposed amendment.

I move second reading of An Act to amend The Members of the Legislative Assembly Conflict of Interests Act.



**MR. KOSKIE:** — Mr. Speaker, we have an opportunity to review this act. It is primarily a housekeeping amendment, and accordingly we will support it.

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

#### **Bill No. 41 — An Act to amend The Statutes Act**

**HON. MR. LANE:** — The proposed amendments to The Statutes Act will give authority to the Deputy Clerk of the Legislative Assembly to record the date of assent on the bills, which is a function which can now only be performed by the Clerk of the Assembly.

The proposed amendment to section 10 will eliminate the requirement that the Clerk of the Assembly charge a fee by providing certified copies of acts. This amendment has been recommended by the board of internal economy because the board finds it is difficult to administer this requirement, and there are very few requests for certified copies of acts.

The amendment to section 11 will give authority to the Deputy Clerk to authenticate certified true copies of acts, which is again a function presently done solely by the Clerk of the Assembly.

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

**MR. KOSKIE:** — Similarly, Mr. Speaker, we have had an opportunity . . . We are in basic agreement with the act.

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

#### **Bill No. 43 — An Act respecting Power of Attorney**

**HON. MR. LANE:** — Mr. Speaker, under the existing law, when a power of attorney is terminated, any act done after that time by the attorney is invalid even though the attorney or other person receiving a document signed by the attorney does not know that the power has in fact been terminated.

Section 2 of this bill provides that even when the authority of a power of attorney is terminated by the grantor, an act done by the attorney is valid if the attorney or other person does not know of the termination of the authority. The attorney is not liable to the grantor for acts done if he did not know of the termination of his authority.

At present a power of attorney is terminated if the person giving the power of attorney subsequently becomes mentally infirm. In most cases, the reason a power of attorney is given is because the grantor is elderly and wishes to have someone care for his or her affairs in the event that he or she becomes affected mentally by illness or advancing age.

Therefore this bill in sections 3 and 4 provides that where a written power of attorney provides that it is to continue notwithstanding any subsequent mental infirmity of the grantor, it shall continue until the appointment of a committee of the estate of the person granting the power of attorney.

Mr. Speaker, this bill is based largely on the work of the uniform law conference, which recommended enacting of an enduring power of attorney in the legislation of 1978. Several other provinces, notably British Columbia, Manitoba, Ontario, have recently enacted legislation in this form.

Mr. Speaker, I move second reading of An Act respecting Powers of Attorney.

**MR. KOSKIE:** — Mr. Speaker, I want to have a further look at it. There are some powers being extended to the power of attorney. I want to look more fully at the details of that. I would beg leave to adjourn debate.

Debate adjourned.

### **Bill No. 44 — An Act to amend The Department of Finance Act**

**HON. MR. ANDREW:** — Mr. Speaker, the purpose of this amendment is to transfer legislative authority to vire funds from the appropriation act to The Department of Finance Act. Members of this Assembly will know a virement is a mechanisms whereby funds can be transferred between subvotes within the department's appropriation. The purpose of this mechanism is to allow departments a limited degree of flexibility to manage their budgets more efficiently as the year progresses. In effect, what a virement does is allow a department to use underexpenditures in one part of its operation to finance approved overexpenditures in another part. Naturally, overexpenditures in a vote itself for the department — that's the overall expenditure of a department — as a whole will continue to require special warrants and subsequent approval by the legislature through supplementary estimates.

So what we are dealing with here is not being able to spend more money within the department than the legislature allocated to that given department. For example, the Department of Social Services would still have to have a special warrant and would still have to bring in supplementary estimates if they overspent the total amount in the appropriation. But within a department it allows for virements to move.

While the authority to vire funds is such an important housekeeping mechanism, there are at present several situations where it is unavailable. These all derive from the same basic problem: that the authority to vire resides in the appropriation act rather than The Department of Finance Act. As a consequence of this the department cannot vire funds within their vote until the appropriation act is passed.

In a situation like the present one, where the appropriation bill has not been passed, the authority to vire is unintentionally held up. The result is that departments are forced to request additional funds by way of special warrants, even though they may have more than enough money in their subvote. This is clearly an undesirable situation since special warrants should be used only when other avenues have been exhausted.

Accordingly, I am proposing an amendment to The Department of Finance Act to transfer authority to vire funds. This will put in place a standing authority, no longer requiring the legislature to review this authority each and every year.

I should indicate that the amendment does not in any way change the way budgets are approved or controlled. The use of virements will continue as before. All that will change is the source of the legislative authority. In this sense the change is purely of a housekeeping nature.

So what I am talking about, Mr. Speaker, is this: while a department must have a budgeted item and it must go through the committee of finance to approve the total amount of that budget, it does allow an opportunity within a department to vire money from one subvote over to another subvote. Revenue supply is an example.

In revenue supply, let's say that the interest rate would be 16 per cent across the year. That interest rate drops down. There is excess money left in that particular subvote. There could be pressure on the other side, let's say, to put more cash flow into building a building. It would allow the department to manage that dollar within the department which has, in fact, been done in the past, but it does not allow them to overspend their particular budget without coming for a special warrant and without coming for supplementary estimates in the House.

I move second reading of a bill to amend The Department of Finance Act.

**MR. LINGENFELTER:** — Mr. Speaker, I understand from the minister who is moving the amendment to Bill 44, An Act to amend The Department of Finance Act, that what we are talking about is an amendment that would allow money to be moved from one subvote of estimates to another if there was shortfall. In the example he used — I suppose it's the positive side — when you have money left over in one area you can use it without coming back to the legislature and to get approval for that change in the budgeting process.

But I do have some problems. On the other side we can use the case of the Department of Social Services, for example. Here again, where you would have a shortfall in the subvote for the Saskatchewan Assistance Plan and you wanted to use the money out of the day care area, and you sue that without any scrutinizing by the legislature. I see some difficulty arising from that. Therefore I do want to take some time to study the proposed amendment and have a look at it. Therefore I beg leave to adjourn debate.

Debate adjourned.

## WELCOME TO STUDENTS

**MR. DOMOTOR:** — Mr. Speaker, I would like to introduce to you and to this Assembly a group of grades 7 and 8 students from the Radar hill School at Dana — from the Canadian forces radar site. They are accompanied by their teacher, Mr. Gary Mashinski and their principal, Mr. McLeod. They have come to Regina today to tour the Legislative Building and see some of the other sights. Their visit today will hopefully be educational and entertaining. I look forward to meeting with them a little later. I ask all members to join with me in welcoming them to this Assembly.

**SOME HON. MEMBERS:** — Hear, hear!

## SECOND READINGS

### Bill No. 48 -- An Act to amend The Liquor Act

**HON. MR. SANDBURG:** — Mr. Speaker, this bill amends The Liquor Act of 1979. It removes the limit on the number of special liquor vendors in this province. The bill will allow a greater number of municipalities the opportunity to have a special liquor vendor, if the community so desires.

The people of Saskatchewan are demanding to be heard, Mr. Speaker. The people who overwhelmingly voted for the new Premier, a new government and a change on April 26 have confidence in the new government.

Mr. Speaker, we believe the people of Saskatchewan have the wisdom to choose what is right for themselves. The people of the province rejected the previous government with their legislative and regulatory programs. We believe that the municipalities should have the right to act on the wishes of the people. Before appointing a special liquor vendor, the community, as in the past, Mr. Speaker, votes on the question of establishing a special liquor vendor. These special liquor vendors will sell liquor in part of their regular premises considered suitable and made available for this purpose, just as they do now and as they have in the past.

Mr. Speaker, years ago special liquor vendors were established to give service to the rural areas. People in rural areas of our province were neglected by the previous government. Just because the live in outlying areas of the province doesn't mean they do not deserve service much in the same way as the cities. The present legislation takes business away from villages and towns that are now struggling and have been struggling for viability. For example, if they drive 30 miles or so to buy their spirits, wine or beer, they most often do their shopping for groceries, clothing and other items at that distant town, thus taking dollars away from their own community.

Mr. Speaker, with your permission, I would like to read a couple of letters that have been sent in as an example. This is dated recently:

Dear Sir: I have had an application for a liquor vendor for the village of Small Town for the past eight years. Hopefully your government will approve my application, as this town really needs a special vendor. The population of about 300 is mainly made up of senior citizens who must either get someone to purchase the spirits for them at Small Town or Small Town, or hire someone to drive them to one of these centres which are considerable miles away.

Once they arrive at one of these centres they usually buy their groceries, hardware or whatever else they need outside of their home town, thus hurting us small business people. I have been in the grocery business for almost five years, and am finding it very difficult to make a go of this third-generation family business. I feel a vendor could increase my customer traffic and improve sales, thus preventing bankruptcy. I am still very interested in getting a vendor licence, therefore, please consider my application.

This is one letter of many hundreds that have been received, Mr. Speaker. And another says, dated September 20, 1982:

In April of 1975, my husband and I wrote our first letter to the Saskatchewan Liquor Board inquiring about the possibility of obtaining a special liquor vendor in our store in Small Town, Saskatchewan. As you know, we were informed that the present legislation allows for only 135 in the province. We have inquired about the special liquor vendor every year since 1975, and have received the same reply. We are still very interested in the special liquor vendor and now hope that you will be able to give us a more positive answer

this time.

Mr. Speaker, there are 141 towns, 336 villages, and 279 unincorporated areas in this province with a total population of approximately 970,000. Mr. Speaker, this province is starting to grow with this new government and the best Premier Saskatchewan has ever had, and will have. The point is that out of a total of 856 towns, villages and unincorporated areas, there are at present only 135 special liquor vendors.

Mr. Speaker, there is a strong demand for special liquor vendors in our province. In the past, 567 applications and inquiries have been received on liquor vendors. The answer is, and has been, "Sorry, the Quota is full. The act says 135." There have been numerous applications and inquiries over the past few months, since the people elected a new government. Mr. Speaker, the NDP ignored these requests. The limit of 135 special liquor vendors has not been changed in 12 years. The previous administration was petitioned to increase the limit but did not do so. The last change or increase was back in 1970.

Mr. Speaker, the liquor board has never had a special policy on where special liquor vendors should be, or could be, established, other than what the board deemed desirable in relation to distance between special vendors, or distance from the nearest government-operated liquor board store.

The province of Manitoba has, in the past, been a reference point on these matters. There they have no legislative limit. Ontario and British Columbia have the same policy. It has been the experience of the liquor board that these outlets have been almost, without exception, in demand over the years.

Mr. Speaker, this bill is in accord with the government policy of deregulation and better service, and I commend the bill to the consideration of this House.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. BLAKENEY:** — Mr. Speaker, this is a bill dealing with the regulation of liquor. It has been customary in this House to permit members on both sides of the House to speak on issues dealing with the regulation of liquor without reference to the position of their colleagues in the same party, since I think this is not an issue that divides us on a party basis but on other bases. I now speak as the member for Regina Elphinstone, and I speak on my own behalf and not on behalf of my party. My other colleagues will either participate or vote as they see fit, as I propose to do.

The bill before us deals simply with increasing the number of special liquor vendors, and in that regard I do not suppose is particularly objectionable since there is no magic in the number of 135. I am of the view that there ought to be a limit; that governments ought not to be pressured, as they inevitably are, to have special liquor vendors in every community in Saskatchewan. And I am concerned at some of the comments of the minister indicating (if I caught his words right) might hundreds of letters of application.

I for my part would regret any development which would have spirits available at every store, or at one store in every possible community in Saskatchewan. We have to recall that this is not the only place where alcoholic beverages are available. Virtually every hotel in Saskatchewan sells beer on an off-premises basis, as well of course as on premises. But my point is that one can go to your neighborhood hotel and pick up a

case of beer. This deals primarily with spirits and wine. Most of the special liquor vendors have little or no business in beer, have small business in beer and deal with spirits and wine, primarily because of limitations of space and the fact that hotels are fairly widely distributed across this province.

I see this as move in the direction of making liquor substantially more accessible, and I see that as a direction of which I do not approve. The figures are really quite overwhelming, and have been gathered in many, many places, that consumption of alcoholic beverages is very closely related to the accessibility of alcoholic beverages. And the figures are equally clear that as the consumption of alcoholic beverage increases, the number of road accidents and crimes related to the consumption of alcohol increases, and the rate of alcoholism in our community increases. There is no question on those scores. With a simple look at a comparison of countries, one can illustrate that the country of France consumes more absolute alcohol per capita than any other country and the alcoholism rate is highest in France. You go down and Italy is second. The alcoholism rate is second highest in Italy. One can go down the list and the correlation is almost complete. The consumption of absolute alcohol and the spread of alcoholism as a disease is almost of total correlation.

One can similarly see that the increase in the consumption of alcohol and the increase in crime and auto accidents — and some of those have criminal consequences and some do not — once again, the correlation is almost complete. Our colleague in this legislature, the Minister of Highways and the minister in charge of the highway traffic board, is quite rightly taking a strong view with respect to road accidents associated with alcohol.

If he is to be consistent, he will also have to take a strong view with respect to the general accessibility of alcohol. Here I do not wish to tie in necessarily the number of special liquor vendors but I see this as part of a general policy being adopted by the government opposite, and I think acknowledged by the minister, that they are going to deregulate and that they are going to have much less regulation.

This particular instance, perhaps not as objectionable as other deregulation, would in my judgment be making alcohol much more freely available, and, as I say, therefore making the crimes related to alcohol much more likely, the road accidents related to alcohol much more likely, and the increase in the alcoholism rate much more likely. No one I think can dispute the massive evidence, which has been gathered which confirms those facts.

I believe that we in this Assembly ought to address this question as one of the most urgent social questions facing our society. No one I think can necessarily distinguish between cause and effect, but whenever one discusses the problem of accidents on the highway we begin to discuss alcohol and the consumption thereof. Whenever we discuss problems with young people, and it is customary for older people to do that every generation, I am aware of that, but none the less when we do that we tend to discuss the consumption of alcohol and, in this case, drugs. Whenever we turn our mind to the special problems which seem to surround the lives of people of native origin sooner or later the discussion turns to alcohol and the consumption thereof. Whenever we turn our mind to the rising incidence of family break-up, and particularly of child abuse, then almost inevitably the discussion turns to the consumption of alcohol and the increase thereof. Whenever we turn our mind to another social problem of spouse battering, wife battering, and these sorts of things,

and you analyze why those circumstances take place, sooner or later, and usually sooner, you discuss the matter of alcohol and alcohol consumption, indicating, I think, that this is a real problem in our society.

I've been reading not the book but some reviews of the book by James Gray, author of *Red Lights on the Prairie*, and *Booze* — but now I think that this one is *Baccanalia Revisited*.

But talking about the consumption of alcohol and the fact that wherever the consumption is high the social problems of the kind that I have related seem to increase.

No one suggests that there is any easy solution to this problem, since it obviously surrounds our way of life, and all of us are perhaps participants in this: a much more free and easy way of life, one much less regulated by the constraints that used to perhaps constrict us or as at least guide us (pick your word), constraints that came from the smaller communities in which we lived, the religious communities of which we were a part, and the social communities of which we were part. These ties are clearly much less, and we are living a free, easy, relaxed, or less strenuous life, depending upon one's selection of terms.

The results however are the same. We are seeing mounting social problems and the great bulk of them are associated with an increase in the consumption of alcohol. I cannot help but feel that while we ought not to dictate to our people, "Thou shalt not," we ought to do nothing to encourage the further consumption of alcohol. There is clearly a line to be drawn here. A prohibition mentality is unacceptable to our people. On the other hand, it seems to me that we as legislators ought to do nothing to encourage increased consumption.

We ought not to encourage the advertising of alcoholic beverages, and we ought not to encourage the consumption of alcoholic beverages in association with sports activities and other activities where young people frequently gather. We ought not to encourage the consumption of alcoholic beverages at functions of which we are a part. Once again we are not now talking about a "Thou shalt not," but we are at least attempting to give some guidance. That is my view. I have held this view for a goodly number of years, and on that account I have, on a personal basis, tended to be apprehensive about proposals that, in my judgement, would likely increase the consumption of alcoholic beverages.

We have before us one of those . . . The particular provision itself to raise the figure from 135 does not particularly disturb me; the proposal to remove it altogether does disturb me. And I wish, if they don't like 135, they would put in 140 or 145 so they will have some basis for restricting the inevitable pressure for special liquor vendor in every store in Saskatchewan and rural Saskatchewan which feels it could use some additional business. Here I think we have to face that fact that many stores in rural Saskatchewan are under pressure and they will inevitably look to see that the special liquor vendor might offer them respite from difficult economic times. The pressure then will be on the government to respond. I well understand that but I think that the government should give itself some protection.

I understand that the votes in the local communities will be promoted or will be conducted really on the basis of the local merchant in many, many smaller communities saying, "I need the special liquor vendor; otherwise I can't stay in

business.” And what you’re voting for is whether or not you want your local store to remain in business. It’s pretty difficult under those circumstances to vote against that, even though you may have some misgivings about it.

For all of those reasons, Mr. Speaker, I am apprehensive about the direction undertaken by the new government. I am concerned that they propose in a major way to deregulate which, in my judgment, would be wrong policy in view of the mounting and overwhelming evidence of the connection of alcohol with many of our social problems.

I am, as I have indicated, not particularly concerned if they wish to increase the number of special liquor vendors by a modest amount in order to deal with some pressure points. I find myself therefore ambivalent about this bill, but certainly opposed to the direction indicated by the minister that his bill was leading us. I propose therefore to reserve judgment on how I will vote but want to put on the record these views which I feel ought to be considered by this legislature, because I think they indicate some real problems that our society is facing. Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. KOSKIE:** — I just want to say a few words, Mr. Speaker, with respect to his bill. I would draw to the attention of the members who were not here before that, with respect to addressing the question of further distribution of outlets and liquor relaxation laws, in the past what we did was to establish a legislative committee that was known as the Don Faris committee. That committee made an extensive review throughout the province and I think one of the overwhelming pieces of evidence that it brought in was that increasing the availability of alcohol increased the consumption.

I want to say that what is happening here, as the Leader of the Opposition has indicated, is we are not concerned as to whether 135 is the magic number. But I think what we have here is a signal from the opposite side, not in a comprehensive way but in a piece by piece way, of a relaxation in the liquor laws. I say that because first, they are introducing this amendment, and second, they have already amended the regulations indicating that it’s quite all right to go into a pub now to treat a friend.

They said that was archaic. It is indeed, but I say that that has a much broader implication. The implication is that liquor reps, representing breweries, go from hotel to hotel throughout the province. One of the things they do, in selling their product is to buy a round for the house. Under the previous law that was prohibited. The removal of that particular provision was not to address the problem of two friends going in, and one throwing \$5 down to pay for the two drinks. That was never a problem. There were no records ever of anyone being fined. Granted, maybe it shouldn’t have been on the books as a regulation. But the regulation did serve a purpose: that was for major treating and the promotion of products by the liquor reps and brewers’ sales representatives.

Now that has been relaxed. The representatives of Labatt’s and the various companies can go into a hotel with immunity. I say that that is a further relaxation, an encouragement of drinking and an encouragement and promotion of the product.

In want to say that, also, there is another point. I know that the members opposite have been flying the prospect of whether or not liquor should be in every corner store. They had it run through, I think, the Young show, in order to get a consensus, because that’s usually the Tory party method of finding out whether they should proceed or not. There



is certainly some discussion within the government about going another step into corner stores in the cities and larger towns.

I want to say that it is evident here that there is direction for greater relaxation in the liquor laws by the government opposite. I think that we will be seeing, not too long the future, further relaxation in respect to Taylor Field football games. I think that's in the mill also.

I'm saying that there is clear evidence that what the government is doing is not merely addressing a number of little demands from people writing in asking to have liquor in their corner store in a smaller community six miles from a liquor stores. I don't think that is the burning issue here. The issue really is: do we in fact want to increase the availability which indeed has a very close correlation with alcohol-related problems.

I want to continue my remarks. I want to draw to the attention of the minister some of the findings of the legislative committee that we had set up a few years ago in the mid-seventies. I want to draw to his attention the dangers that relaxed liquor laws can result in. I notice that the government is sending out a white paper in respect to whether or not the police or, through the medical association, the doctors can in fact have the right to test the fluids of the body in order to determine whether the individual is impaired or not. They area testing that. I would have thought that on the question of relaxation, since they're testing some of the other things and they say they're consulting with the public, perhaps they might have also consulted in respect to the overall question of relaxation and the availability of alcohol beverages to the public.

As I say, Mr. Speaker, I am going to be having more to say on this topic and I beg leave to adjourn debate.

Debate adjourned.

## ADJOURNED DEBATES

### MOTION

#### Standing Committee on Estimates

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Berntson:

That the estimates and supplementary estimates for the Legislative Assembly, subvotes 1-3, 607, 17, and 20-23 of vote 21, be withdrawn from the committee of finance and referred to the standing committee on estimates.

**MR. LINGENFELTER:** — Yes, on adjourned debates item two, in checking the record and the vote 21 item, we find that we have no problem with this and therefore we'll let it go.

Motion agree to.

## COMMITTEE OF FINANCE

**MR. CHAIRMAN:** — Order. Before commencing with our review of the estimates and

supplementary estimates which have been referred to the committee of finance, I would like to make a brief statement of explanation for the benefit of the members of the committee.

The committee has before it three different sets of estimates: the main estimates for the fiscal year ending March 31, 1983; supplementary estimates for the fiscal year ending March 31, 1982; supplementary estimates for the fiscal year ending March 31, 1983. This latter set of supplementary estimates are composed of the special warrants issued in the absence of an appropriation act during the first part of the 1982-83 fiscal year. These amounts which provided interim funding are incorporated into the main estimates for the fiscal year ending March 31, 1983 rather than being supplemental to these estimates as would normally be the case. They therefore do not need to be voted on separately by the committee, but are provided for information only.

## **CONSOLIDATED FUND BUDGETARY EXPENDITURE**

### **ENERGY AND MINES**

#### **Ordinary Expenditure — Vote 23**

**HON. MR. THATCHER:** — Mr. Chairman, I'd like to introduce the senior officials of energy and mines to this Assembly. On my immediate right is the deputy minister, Don Moroz. On my immediate left, the assistant deputy minister, or assistant deputy in charge of administration and finance, Bob Reid. Directly behind me is Doug Gillard, the executive director of the petroleum and natural gas division. And immediately behind me is Steve Zurawski, the director of mineral revenues. As the rear of the Assembly is Les Beck, the executive director of geology and mines. In the middle, Bruce Wilson, director, fiscal analysis branch, and next to that gentleman is Doug Patriquin, the assistant deputy minister of energy.

**MR. KOSKIE:** — Mr. Chairman, we've discussed it with Mr. Minister of Finance. The Leader of the Opposition will be here momentarily. He wants to commence it, and it will only be a moment. So if we could just wait two or three minutes, he should be here . . . (inaudible interjection) . . . Well, he may want to praise them. So I would beg leave of the committee just to wait two or three minutes and he'll be here.

**HON. MR. THATCHER:** — I suggest to you that I think it is being a little presumptuous for the opposition to allow this amount of time to go by. There are some rules of protocol in which I believe we have accommodated them by waiting. But it is getting down to that point now where I suggest that House business should not be held up any longer. If they have some comments or questions, we are delighted to handle them. But I think we have reached the point where propriety demands that this House proceed.

#### **Item 1**

**MR. SHILLINGTON:** — I wonder if we could begin with an explanation by the minister on one of your startling successes and that is the upgrade at Moose Jaw. It began with a sure thing and it has managed to snatch defeat from the jaws of victory.

I wonder if you could tell us the current status of that project and if you could tell us how many of the partners haven't been frightened off by the government opposite.

**HON. MR. THATCHER:** — Mr. Chairman, the member well knows the progress that was

made by the Plains consortium on the upgrader. He knows very well how much basic work had been done. And if you care to pursue that particular point, I can send to my office and find a few memos from my predecessor that somehow escaped the paper shredder and which are dated about a year ago, which I think will settle once and for all the progress his government had made toward an upgrader in Moose Jaw.

The status is simply this. The Plains consortium as it would pertain to the Archydal and Cloan sites is no longer viable, if in fact it ever was, if in fact the economics ever were. It is public knowledge that Husky has withdrawn from that consortium as well as Shell. That amounted to about 40 per cent withdrawal. The Plains consortium still remains active with the remaining members, Gulf Canada, Petro-Canada and Saskoil. The present operator is Petro-Canada. This consortium still is active. They are still working on the concept of an upgrade. Beyond that I have no intention of making any comment because it would simply not be in the interest . . .

As far as the two sites mentioned by the member, I believe I was informed that the options for purchase of the land were allowed to lapse the end of September. I've forgotten my source on that, but I believe I'm accurate.

**MR. SHILLINGTON:** — The media reports indicate that other members of the consortium are about to pull out. Does the minister have any indication that any other members of the consortium are about to abandon the project?

**HON. MR. THATCHER:** — I have not information that anyone else is about to pull out of the consortium, certainly not Saskoil and certainly not Petro-Canada. Gulf indicated some time ago that they wish to re-evaluate their position. I have had no indication of what they are going to do. To the best of my knowledge, and that goes back to two or three weeks ago, the last time I met with the consortium. Gulf was still active in it. I am unaware of any changes at this particular moment.

**MR. SHILLINGTON:** — Does the minister have any written reports or studies at economics of this project? Two questions: do you have any, and would you be prepared to table them for the benefit of members opposite?

**HON. MR. THATCHER:** — Would I be prepared to table them for the benefit of members opposite? The answer is absolutely not. Frankly, members opposite wouldn't know what to do with them; you would know how to evaluate them. You've had your change. You had the good years of the oil industry when this should have been built. You had your opportunity and you blew it. It's not very tough to do things when times are good, when markets are expanding. When things are difficult that's when they're a little tougher. And we accept that; we accept the challenge. One way or another we'll get the job done.

No, I have nothing that I would care to table. I am not going to do what my predecessor did. I am not going to raise the expectations to an unrealistic level in any community in this province. When we have a deal, when we have a sound, viable financial deal, there will be a proper and appropriate announcement with all the details for you to scrutinize.

**MR. SHILLINGTON:** — Just one additional question to the minister. It doesn't strike me that tabling a report indicating that a certain site isn't economically feasible is going to raise anybody's expectations. Are you prepared to give us the reason why you won't table the study?

**HON. MR. THATCHER:** — Would you be more specific? What study are you referring to?

**MR. SHILLINGTON:** — You implicitly indicated that you had a report or study which indicated that the site at Moose Jaw was not economically viable. I asked you if you would table that. You indicated you wouldn't because you didn't want to raise anybody's expectations. The logic of that was somewhat fleeting, I may say.

**HON. MR. THATCHER:** — I think the member is misinterpreting me. I did not say there was any particular study. Of course, I could invite you people to table the study that says Moos jaw was economic. That would be an intriguing one, because it really didn't that when one really gets down to reading it.

But the whole point is academic. A couple of members of the consortium came to the conclusion, on their own without consultation with this government, that those two sites were not viable. I'm not professional on site evaluation; these people are. If I had such a report I would not table it, but the sad fact of the matter was that two members of that consortium came to that conclusion based on their professional analysis.

**HON. MR. BLAKENEY:** — Mr. Deputy Speaker, I wonder if I might pursue the matter of an oil upgrader in a slightly more general way. The general opinion has been that in order to make an upgrade viable there would have to be a spread in the prevailing market price between light sweet oil, syncrude or some high quality oil, and the heavy oil that was the feed stock for the upgrade of a given number of dollars. Pick your figure, \$12 a barrel or whatever. What is the view of the minister and the department about the approximate spread that is needed between the value of the feed stock and the value of the end product on a per barrel basis to make the upgrader economic? And I'm not asking for any particular figure, not \$14.23 or anything, but what is the range?

**HON. MR. THATCHER:** — I think the Leader of the Opposition is basically correct in his assumption that \$12 is a realistic figure. I have heard some opinions that go as low as \$10, but probably the \$11 to \$12 range is realistic. The Leader of the Opposition, I know, is aware of the difficulties of putting together an oil upgrader. Obviously concession have to come at all levels of taxation. For instance, it is basic to the project that the finished product is going to get the world price. This is just basic to it. And it would appear that the federal government has accepted that concept.

Many of the projections that have been put toward the upgrade are modelled on the attitude that the federal government took toward the Alsands project. The feed stock going in obviously must have some selective taxation, probably from both levels of government.

The Leader of the Opposition is fully aware that the economics are dicey; they are difficult. And probably if we knew that we could sell all the crude we could produce during this decade, we wouldn't look at an oil upgrader. If we could take all our low quality crude and if we were reasonably certain that we could compete against the light, sweet crudes elsewhere . . . Probably the economics aren't there. But that's an assumption which is not valid any longer.

If we're going to have an oil industry in this province, the sad fact is toward the end of this decade we're going to have to upgrade it. That's just a fact of life in our view. Therefore an upgrader is certainly a priority with this government. But no question, the economics are dicey and that's why we're proceeding so cautiously.

**HON. MR. BLAKENEY:** — Mr. Chairman, the minister will be aware of some recent press reports coming out of Alberta, where statements are attributed to the chairman of the Alberta Petroleum Marketing Commission, Mr. Wayne Minion. The report seems a little garbled to me:

The economics won't support a heavy oil upgrader in Alberta or Saskatchewan. I haven't yet seen any project that you could justify on the basis of economics alone. (I understand what he's saying there.) The market for heavy oil produced in Alberta is already filled. The cost of upgrading heavy oil feed stock into light crude products would be too expensive to compete with other oil without government help. (I understand that statement.) It is questionable whether governments should subsidize such projects when markets are stabilized and there is a substantial surplus of heavy crude oil. (That was a straight non sequitur to me.)

Do we agree then, that if there was a ready market for the Lloydminster heavy crudes and the sour medium crudes that might be the feed stock for such an upgrader, then nobody would be talking about an upgrader? But it is because of the likelihood that there is not a market for the heavy crudes that we could produce that we are now talking about an upgrader to make the heavy crudes which could produce a marketable product.

**HON. MR. THATCHER:** — In answer to the Leader of the Opposition, I'm not convinced Mr. Minion was reflecting the views of the Alberta government. I have heard Mr. Minion, in consultation with Alberta officials and Saskatchewan officials, reflect that identical view. I am not convinced that Mr. Minion is reflecting the views of the Alberta government. It certainly would not appear that he is. I confess that I have not talked to the new Alberta energy minister, but I would be very surprised if there is a change in position by the Alberta government.

The Leader of the Opposition recalls the reason that his government started looking at a heavy oil upgrader, and probably the reasons that this government continues to look at it are not all that different than the logic which your government applied.

Under an upgrader . . . Well, let's say in the industry we have two choices. Right now we are selling everything that we can produce. We're pumping at 100 per cent capacity and if we were certain that this would continue, that we could market everything that would like to pump, probably an upgrader would not be viable. So the choice we face is really pretty basic. We can assume that we can market all the heavy oil, low quality oil, that we can produce and we've got market with Koch and with Mobil, or we can produce a syncrude and put it on the Canadian market.

My own view is that we are, in both cases, too dependent on the whims of the federal government. For example, the Leader of the Opposition is aware of some of the difficulties that producers of crude have had with the federal government in entering into long-term commitments with American refiners, and I refer, for example, to Koch. These refineries need commitments. They need long-term contracts in order to schedule their refining processes. Because of the export position of the federal government, many of these refineries which would buy Saskatchewan crude have looked elsewhere. They have alternatives — from offshore, from Mexico — because they don't view Canada as a completely reliable supplier. So, you get into an oversupply situation, and marketing becomes very keen.

I guess my answer — and I'm not trying to be wishy-washy — is that I think the way we must go is to do the additive here, have the upgrader here, the value-added product here, and if we can make the numbers crunch — and I emphasize — if we can make the numbers work out, it is my view that we should go the upgrader route.

At the same time, I want to emphasize that the priority of marketing has been taken far more seriously by this Department of Energy than I think has been in the past. We intend to make every effort to market the production. We are going to do our darnedest to minimize any shut-in oil in the coming few months. I believe that we are meeting with some success, but we are aggressively going after every potential buyer.

**HON. MR. BLAKENEY:** — Mr. Chairman, the minister has raised the prospect of shut-in oil this winter, and he may have had drawn to his attention a report attributed to the federal Department of Energy and some comments by one John Beddome, who is the crude oil committee chairman of the independent petroleum association, indicating that the federal figure showed that we were likely, and now I am talking about western Canada not Saskatchewan, to have 95,000 barrels a day of light and medium crude and 20,000 barrels of heavy crude shut in in the first three months of 1983. This is just one-half of what we had shut in last winter.

The reason is the one which has raised, I'm sure, your ire as much as it raised ours. The shut-in capacity is caused from central Canadian refineries using imported oil which is priced lower than its Canadian competition due to the structure of Ottawa's import compensation charges. Is it the present view of the department that we are likely to have shut-in oil, wells shut in, to an extent of perhaps one-half what it was last winter, or not?

**HON. MR. THATCHER:** — I can assure the Leader of the Opposition these games by the federal government raise our anger just as, I am sure, they raised yours. That whole structure of that game is just as absurd down there. I've reflected these views to the federal government as, I am sure, your people did when you were the government. You just have to wonder about what the thinking is of a government that's committed to energy self-sufficiency by 1990. You would never know it by their actions in western Canada.

The new story that the premier, or the Leader of the Opposition . . . (inaudible interjection) . . . yes, that's right I must say. I'm rapidly becoming accustomed to the view from this side. I can't overemphasize how superior the view from this side is versus the one over there.

The figures in the story are about a month old. Since that time the situation has improved rather sharply. We have additional nomination from refineries, several in the East and I believe another one or two in the United States. It does appear that for the first quarter of 1983 there is going to be very little shut-in oil. Now, how the economy goes is probably going to have some indication as to how much that is, but we are optimistic that it is going to be minimal, certainly nothing like the problems that were faced in early 1982 or the magnitude that is indicated in the story.

**HON. MR. BLAKENEY:** — Mr. Chairman, I would like the minister to comment a little bit on this. I think we all understood the box that the federal government was in at the time that the energy agreements were signed, during the period between 1980 and when the energy agreements were signed, when there was an effective battle between Ottawa and the producing provinces, when Alberta shut in production which was a

tactic in the fight, which tactic we agreed with, notwithstanding the fact that I had substantial consequences for us. The federal government, to protect itself, made a bunch of contracts, as it is alleged, with Mexico and Venezuela. Then when the contracts were signed, those contracts were to run out and it was our understanding that we were not going to be faced with this inflow of foreign oil to anything like the extent that we are still, and that we wouldn't be running into shut-in oil problems because of imports. The problem, as I now understand it, does not revolve around their pricing policy which has certain averages or pays out compensation charges based upon certain averages and allows people to go out and buy a lower grade oil cheaper than Canadian oil.

I keep having that explained to me; I keep being unable to believe it, because it sounds so devoid of any rational content. I have it explained to me again. I just want to know whether that is still your analysis of it or not?

**HON. MR. THATCHER:** — To the Leader of the Opposition, I think it is essentially correct. I join with him in having some difficulty in understanding the logic of the federal government in this area. The sad fact is when the energy agreement was signed the federal government got everything they wanted. I don't say that to cast any aspersion on the Government of Alberta or this government at the time. They were negotiating with a gun at their head. There is no question that the federal government was prepared to shut down the western oil and gas industry to get what they wanted. There is no question. I acknowledge that probably you made the best deal that you could, generally. That would appear to be the position of the federal government. They are prepared to shut it down if they have to.

It does appear to me and to this government as a complete inconsistency, on the part of the federal government to talk energy self-sufficiency by 1990 and yet make it profitable for eastern Canadian refiners to import crude oil from offshore or through a pipeline to Portland, Maine. I point out to you this is something we are going to have to live with. The pipeline from Portland, Maine to Montreal is built into the system. It is something we're going to have to live with indefinitely. I don't understand the logic in subsidizing eastern Canadian refiners to refine offshore oil at the expense of western Canadian oil.

Our position to the federal government has been (and we are supported by Alberta) and is that if the federal government is going to allow central Canadian refiners to import lower priced offshore crude, subsidize them to refine it . . . In other words, if they don't want our crude, they should allow us to export if we wish, and they should allow us to discount if we have to, to whatever the market will bear. That's in the case of shut-in to discount if we have to, to whatever the market will bear. That's in the case of shut-in oil. The federal government to this point in time has not accepted the validity of that oil. The federal government to this point in time has not accepted the validity of that position. We think it is totally unreasonable on their part. We are saying, "If you don't want our oil, let us sell it where we can, at whatever we have to, in order to move it."

**HON. MR. BLAKENEY:** — I commend the minister for pursuing that with the federal government. It seems to me that it's just going to be difficult enough for us to get a solid economic basis for developing the heavy oil in the Lloydminster area. If we find some light sweet it will look after itself somehow; it just will. But in the Lloydminster area, we either have to deliver a market through an upgrader or a market based upon some consumption from eastern Canada and some from the upper-tier states — Koch and the others in the Minnesota and Chicago area. We just have to have either the upgrader

or a solid market base which has some ability to project more than a month ahead.

It seems to me that the federal government is being grossly unreasonable in this, unless they feel that that oil is in the ground and will be good enough in the next century or something. That's an ice specious point of view from their perspective, but I think Saskatchewan needs the development of the heavy oil resource in west central Saskatchewan. It has a very, very heavy economic impact, you know. A lot more dollars are spent producing a barrel of that than a barrel of light sweet. It is virtually a commercial operation or industrial operation. It seems to me that it should be pursued with vigor, and I've no doubt that that the minister is pursuing it with vigor. I compliment him for doing it. It's not easy, always, to deal with the federal government. One must bite one's lip from time to time. Some of us are not perhaps well-suited to that, but I commend the minister for pursuing that.

I would like to ask the minister just some questions for sheer information with respect to the year that we are reviewing, up to March 31, 1983. You can give it to me either in the fiscal year '82-83 or the calendar year '82, however your statistics are. What are our projections for light oil production, medium oil production and heavy oil production? What are our projections for natural gas production? If you can give them to me both in barrels and cubic metres, I would like it. The barrels are the only ones I understand, and the records were all in cubic metres. I just have that problem, as I suspect a lot of us do.

**HON. MR. THATCHER:** — While my officials are finding that, I'll just make a couple of general comments. Perhaps rather than just reading these things into the record, I have no objection to simply sending you this chart over. I'm sorry, this is in cubic metres. If you'd like it converted to barrels, I'll have one of my officials take a moment convert it . . . (inaudible interjection) . . . All right, I'll have them convert it, and I'll send that over to you.

**HON. MR. BLAKENEY:** — As I say, all the records are in cubic metres. My memory only operates in barrels.

Basically, are we expecting that production this year would be 50 million or 60 million barrels, low fifties, I suppose?

**HON. MR. THATCHER:** — I am prepared to say that it'll be in the fifties. To the Leader of the Opposition, it would appear that it's going to be higher than last year but less than 1980.

**HON. MR. BLAKENEY:** — I'll just look at this figure. My colleague has some questions directed, I think, to southwest Saskatchewan.

**MR. LINGENFELTER:** — I know that there was a great deal of anticipation in the last couple of years in the drilling program in southwest Saskatchewan with Dome Petroleum moving in, in a relatively aggressive way, to the Shaunavon are. We've noticed since spring the lack of activity in that area in terms of drilling and I'm just wondering how long these people are going to be kept on hold in anticipation of having an upgrader that would make use of that oil as feed stock, be it at Moose Jaw or in the northwest area. Can you give us the number of wells drilled in the Swift Current area so far this year as compared to last?

**HON. MR. THATCHER:** — I would have to concede to the member for Shaunavon that the southwest is our weakest area in terms of drilling. The member for Shaunavon



mentioned Dome Petroleum. Very respectfully, I would suggest to the member that the upgrader has no connection with Dome's lack of drilling. You're aware that major land base down there is Dome Petroleum. I mean, Dome is broke.

In fact Dome has just created chaos in the energy industry because, quite frankly, they have been a total waste. They have so monopolized the Department of Energy in Ottawa that they have been unable to deal with anything else. Their deputy minister, Mickey Cohen, instead of running a department, has been working on the bail-out of Dome for I don't know how many months. In fact Dome Petroleum is probably an indictment of the Canadianization of the oil industry that we couldn't afford. Dome is a prime example. I suggest to you that Dome isn't waiting for an upgrader down in your constituency. Dome is broke.

I'm not sure whether the member is aware that Dome has not yet accepted the offer from the federal government. The shareholders and the board of directors who have made all of these wonderful decisions that have put Dome in that position have not yet accepted the offer. They're still up in the air. But that Dome thing has had ramifications far beyond. It has unfairly monopolized the federal department that has been the focal point — the Department of Energy. It brought chaos in our banking institutions. They have just been a disaster. And I suggest to the member that an upgrader has had no impact whatsoever on their decision as to whether to drill in your area. It has been their financial situation.

**MR. LINGENFELTER:** — Yes, Mr. Chairman, the example I used of Dome Petroleum was just that — an example. I know that other companies who have drilling programs in the area . . . I suppose, using that example, if that was the only reason, their drilling programs would be going ahead. But I know that the people who purchase Marathon Petroleum (I believe it's Abbotsford Petroleum) also have their drilling program cut considerably back, I believe in large part because of the fact that an upgrader to use that type of oil from southwest Saskatchewan is not proceeding. But I would like to follow up. I am not sure whether you said you would get me the number of the drilling programs to date in the Swift Current area in comparison with last year or not.

**HON. MR. THATCHER:** — I would like to re-emphasize to the member for Shaunavon that the lack of drilling activity in this area has no relation and no connection to an upgrader. Obviously an upgrader is not going to be on stream. Even if I announced today, "Look, we are doing an upgrader. It's on stream. We've got it," it's a good five to six years before it's in place, before it's probably accepting product.

The fact of the matter is that a couple of the companies in your area are looking very seriously at enhanced oil recovery projects — EOR experimental projects. They are working internally to decide whether or not they are going to proceed with them next year. I guess I shouldn't name the companies. It would be inappropriate. But they are looking very seriously at EOR and that could account for some of the hesitation.

It is our view that there is going to be greatly increased exploration in that area next year. We are optimistic. As far as the numbers are concerned, in 1981 in the Swift Current area the number of wells drilled was 56. This year it would appear we are going to be down to 36. That's a drop of 20 wells in your area. I repeat, the southwest area is our weakest area. I can rattle some numbers off here for the rest of the province.

showing some places where we are up but I am not going to take the time of the House to do that.

I acknowledge that we are not doing well in our area. We are doing our darnedest to get some activity down there. WE are optimistic that some promising EOR projects are going to be started down there next year.

**MR. LINGENFELTER:** — One more question on the topic of future development in southwest Saskatchewan and the relationship to an upgrader. Can the minister give assurances to the oil industry in southwest Saskatchewan and the smaller contractors that any consideration of an upgrader being made by this department, or any agreements that he is entering or talking about entering into, will include using the feed stock from southwest Saskatchewan as part of that arrangement?

**HON. MR. THATCHER:** — I am sure the member can appreciate that this would depend on what region of the province the upgrader is built in. Now, if the upgrader is built in southern Saskatchewan obviously Fosterton and Dollard is going to play a very significant role in that. So the answer would certainly be yes. Now, should the upgrader be built in Lloydminster, and I am giving no indication plus or minus whether that is true, obviously crude from southwest Saskatchewan is not going to play a very significant role up there. So I answer that question by saying that it is going to depend on the geography or the location, and I want to emphasize that I am giving no indication where those potential sites may be.

**MR. LINGENFELTER:** — Mr. Chairman, I noted with a great deal of interest that if an upgrader were negotiated and an agreement reached, however that were to come about, and if it were to be built in northwest Saskatchewan, that the southwest crude would not be a part of the feed stock. It's a little amazing. I don't think it's difficult to put a pipeline in that would take the crude from southwest Saskatchewan to an upgrader in the Lloydminster area. And I would just like clarification, if that is in fact what he is saying.

**HON. MR. THATCHER:** — The member for Shaunavon, I think you would be erroneous to interpret that southwest crude would not play, that I am telling you that southwest crude could play not role in an upgrader in the northwest. I think I indicated it would not play a highly significant role, and I think that's probably true in the economics. I think when the member looks at the cost involved in a pipeline to take that crude as well as acquiring diluent to make it go through a pipeline up to Lloydminster, the value-added cost is pretty significant. So in a very general sense, I'm saying the role would not be significant. At the same time I do not exclude it. I don't intend to exclude it. Obviously it's the objective of this government to ensure that, wherever an upgrader is built, maximum utilization of Saskatchewan crude will occur. That's an objective. Obviously some is going to play more of a role than others. And that in no way should be interpreted. And I want to make it very clear that that in no way should be interpreted that northwest is a preferred site.

**MR. ENGEL:** — Mr. Chair, I have several questions I would like to ask the minister. In your role as Minister of Energy, is you department looking at the potential that coal has in southern Saskatchewan. And are you doing some studies of related projects that could be developed from that source?

**HON. MR. THATCHER:** — The best answer I can give to the member for Assiniboia-Gravelbourg is that presently a study has been undertaken on behalf of CIC by a

consulting firm on the overall use of energy. Coal is include din that study. It slipped my mind who the consultant is at the moment, and I'm not sure when he is reporting. The whole study is being handled by CIC, not by energy and mines, so what information I can give you on that would be basically second hand.

**MR. ENGEL:** — So that if letters go out from the government as such, they would necessarily come from the Department of Energy.

I just have one example. In the recent rail line abandonment hearing there were two lines in question: one line from Coronach going east, and another line from Rockglen going south. When the Rockglen south hearings were being held two of your colleagues delivered a secret document to the commissioners who then made an immediate decision that that line would stay in place. Can you comment as to what the potential of that coal development would be?

**HON. MR. THATCHER:** — I am totally unaware of that situation. I don't what colleagues you are referring to, and I have no idea of what document.

**MR. ENGEL:** — Somebody from the government must have had some pretty conclusive evidence that there would be development taking place south of Rockglen. They gave us the amount of millions of tons of coal that are there, and the locations. Something is happening, and you have raised the expectations of the people of Rockglen.

When I first got elected to the House, Coronach has 300 people; today it is the second largest town in my riding. Rockglen, which is the neighboring town, is looking for that same kind of development. So, can you give us some information that would cause both the CPR and the commission to agree that that line would be worth keeping there? Or should I ask: where are you planning to haul the coal? Is it going to stay within that immediate area or are you taking it further north?

**HON. MR. THATCHER:** — I have just been informed who the colleagues might have been, but I have not consulted with them. I have no idea what was in the document, and I cannot answer your questions, as I have no information that is not in our department.

**MR. ENGEL:** — Sounds as though you are getting some information. Maybe I can give you a minute to bone up a little bit.

**HON. MR. THATCHER:** — With all due respect, information that I may be receiving right now — like that — I am not prepared to comment on without getting a technical evaluation on it. We have no information that is outside this department, and I think it is fair to say outside the estimates that we are talking about.

**MR. ENGEL:** — Are you saying that the Department of Energy, which is responsible for the natural resources of this province, non-renewable resources like coal, oil and other energy sources like that, care you saying they can be developed by another department of the government without your department knowing what is happening?

**HON. MR. THATCHER:** — Nobody can develop resources without our department knowing it. Anybody can have clients, SPC can have clients, private companies, private individuals. Before they become a reality, obviously our department must be involved in licensing and regulation of royalties.

I repeat again, I do not know the specifics of what you're referring to. If there is some plan — there may very well be some concept or plan circulating out there that we have no knowledge of — before it became a reality, certainly we will be totally involved. AT this point in time we can't comment on what you are referring to because we don't have specifics.

**MR. ENGEL:** — Further question, Mr. Chairman. If someone does drilling in an area and comes up with concrete evidence that there are so many million tons of coal, can they get that information without getting a permit or having any correspondence with your department at all? Can they make those kinds of statements? You mean to say that somebody can come into Saskatchewan and drill holes in every section of land and every quarter-section — eight or nine in a quarter — and determine how much coal is there without your department knowing how much is there?

**HON. MR. THATCHER:** — If the land is crown land, yes, they must get a permit from us, and we would be aware. If it is freehold land and the mineral rights are owned privately, they could proceed and do what they want and we would not be aware of such.

**MR. ENGEL:** — Specifically, is the area of land that surrounds the rail line from Rockglen to Killdeer private or freehold land?

**HON. MR. THATCHER:** — I cannot answer that question. If you would like our officials to check a map, we would be happy to send that information to you. I don't know offhand. If you require that information . . . Do you want it?

**MR. ENGEL:** — Yes, I'd like that information please.

**HON. MR. THATCHER:** — The department will prepare that information and we will forward it to you.

**MR. LINGENFELTER:** — Mr. Minister, I just want to go back one step to a statement you made earlier on the number of wells drilled in southwest Saskatchewan or in the Swift Current area. Can you give me a date that we're comparing?

**HON. MR. THATCHER:** — . . . (inaudible) . . . calendar year. Now I want to re-emphasize, I think I gave you the figure of 36 for 1982. That is our estimate. That's what we think it's going to end up at.

**MR. LINGENFELTER:** — Would you have a number of comparison from January 1, 1981 until October 30, 1981, and the same for 1982?

**HON. MR. THATCHER:** — If you would allow me to use November 27, or the end of November as the base date, I could give you a comparison. It is 50 in '81 versus 30 in '82.

**HON. MR. BLAKENEY:** — Mr. Chairman, with respect to the table which the minister provided to me, a table marked no. 19 up in the corner — Crude oil production by area — it has calendar years. With respect to the deep exploratory and deep development wells, can the minister give us any indication whether there are deep exploratory or deep development wells now being drilled, or about to be drilled? Have drilling permits been taken out and can he give us a little report on what's happening in that area?

**HON. MR. THATCHER:** — One company is already drilling. Four or five have indicated

that they have plans for deep exploratory wells next year. I have some hesitation about naming the companies, but yes, there are some plans in that area. It looks like about five.

**HON. MR. BLAKENEY:** — You have one drilling. With respect to something called a deep development well, is there any (and I'm referring to the press release in July which referred to royalty tax holidays of five years and three years for deep exploratory and deep development wells respectively), are we producing from any pool to a sufficient extent that you could say that another is a development well? Do we have any deep horizon production?

**HON. MR. THATCHER:** — I am advised that there is one well right now that is a deep development well. It's very minimal and it's in the southeast part of the province. I am advised the opportunities are not that great for deep development wells, as it now stands. What we do need is new discoveries and that's one of the reason that that particular incentive is in our royalty structure — to get some companies to take the chance and go after that deep one. That's what we need more than anything else — some new ones.

**HON. MR. BLAKENEY:** — Mr. Chairman, and, Mr. Minister, we've been teasing by deep development wells for a fair number of years. Is the primary interest in the area that I might call the Ratcliffe-Beaubier area just north of the U.S. border where there has been some interest before or is it in another different area?

**HON. MR. THATCHER:** — I am advised that the area is much larger than what the Leader of the Opposition questioned. It is primarily in the Williston basin which is basically in the southeast part of the province. We also have an indication that there is some interest in the Swift Current Area — how much, we don't know. It's one thing to talk; it's another thing to put your money and up and drill. There apparently is some interest in the Swift Current area.

**HON. MR. BLAKENEY:** — Mr. Chairman, and, Mr. Minister, I will want to ask some question with respect to royalty rates on various class of oil. My question to the minister is: should I be asking them of him or of the Minister of Finance?

**HON. MR. THATCHER:** — You may as well ask them right here.

**HON. MR. BLAKENEY:** — How many classes of oil do we have for the purpose of royalty rates? Could you give me the names of old, new-old oil and NORP oil? I'm quite lost.

**HON. MR. THATCHER:** — Well, we have old oil, we've got old-new oil . . .

**HON. MR. BLAKENEY:** — Old oil is defined as pre-1974?

**HON. MR. THATCHER:** — Yes. Then we have old-new and then we have NORP, and all of these are divided into light and heavy. SOOP is a special old oil price which is basically old-new oil which played a significant role in our new royalty structure on July 6

**HON. MR. BLAKENEY:** — What is the break — January 1, 1982 for NORP? Now is the '74 to '81 stuff, which I used to call new oil at one time and then old-new oil, now called SOOP? It's the same thing.

**HON. MR. THATCHER:** — The federal government calls it SOOP in its infinite wisdom.

**HON. MR. BLAKENEY:** — Special old oil price. These are divided between light and heavy?

**HON. MR. THATCHER:** — Yes.

**HON. MR. BLAKENEY:** — I think things are not going to be quite this simple.

**HON. MR. THATCHER:** — If I can facilitate this to the Leader of the Opposition, if you want information we are quite happy to get a package with the curves and send it over to you. There' no secret.

**HON. MR. BLAKENEY:** — I'm obviously going to ask questions in trying to calculate what you expect to get in oil royalties. I tell you that. Therefore, I am going to ask much light oil production, old light, old heavy. SOOP light, SOOP heavy, NORP light, NORP heavy, and what your effective royalty rate is for each to see if I can total it. There is nothing very fancy about it. Doubtless there are some qualifiers there.

**HON. MR. THATCHER:** — We do not have that information totally with us. We have no objection to providing you with the total package and sending it to you. It is certainly no secret.

**HON. MR. BLAKENEY:** — I think it would help. It is the sort of information which I would like to have and which I think is perfectly reasonable for me to have. It is difficult to get question by question in this way. I'll just take up a lot of time of people who probably . . .

**HON. MR. THATCHER:** — We will provide you with that.

**HON. MR. BLAKENEY:** — I have other questions.

The committee reported progress.

The Assembly adjourned at 12:22 p.m.