

May 24, 1984

EVENING SESSION

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

ENVIRONMENT

Ordinary Expenditure — Vote 9

Item 1 (continued)

**MR. YEWS:** — Thank you, Mr. Deputy Speaker. Just prior to the supper break, Mr. Minister, we talked about the dire necessity that required a public inquiry — a full public independent inquiry into uranium, and the developments thereof. I barely heard your response to my last question regarding the need for full public independent inquiry involving people that are affected, communities affected, etc.

I wonder, Mr. Minister, if at this time you can maybe clarify briefly to me what your position is in terms of that call for a public inquiry that was called for by the public sector of this province — people in this province, various organizations, environmental groups, labour groups, workers at the mine site, the unions, various environmental groups, church groups, people in northern Saskatchewan, including the P.A. *Herald* and the various papers up south, the *Leader-Post*, *Star-Phoenix*, etc. There is a need, a concern expressed by a large majority of people in this province, the large number of various organizations, of different groups, on this, and I would like to hear your comment again.

**HON. MR. HARDY:** — Well, Mr. Chairman, I don't think I have to repeat what I said before, because I'm sure he could get it out of *Hansard* if he didn't hear it. But there's two or three things that I think you should be aware of, Mr. Chairman, and certainly the member from Cumberland should be aware of: is that, first of all, in regards to Key Lake, which is only one mine up in the North, of several, that it was designed and the specifications and all that was done after a complete EIA (environmental impact assessment) had been done by Bayda — the Bayda report. Then it followed by a Mitchell inquiry of which I could go back and quote some of the things out of the Mitchell inquiry that says that the safe standards we have.

Thirdly, he is well aware that the major spill up at Key Lake was a very low concentrated spill, and I've heard a lot of comments on the radio in regards to some of the things he said. And I think he has a responsibility as a member of this legislature and a responsibility to the people in the North to tell them the absolute truth that . . . to let them know that it wasn't really . . . the type of spill it was and the concentration of the spill, the lowness of it. And I think that, as a member, he should be telling his people how it is, and he should be informing them of the real facts of it. Comments such as trappers endanger the lives, endanger their possibility of their income in danger because of it, it was certainly an irresponsible way of quoting those things. So what I think . . .

I believe that, first of all, a public inquiry, that those two have been carried out both by the former administration, I would say probably done quite well. And second of all, following that second inquiry by Bob Mitchell, who stated that another inquiry would not be necessary unless it was of a political nature, and I don't believe this is of a political nature now, nor should it be then.

So, with those two things in mind, I feel very strongly that the key to the whole operation up there is to get that mine running efficiently, to create those jobs up there that's needed, to create, to make sure that not only the employment . . . the safety of the worker is there and the safety of the environment. Those things are crucial.

So we got to, we want to . . . two or three things. We want to be sure there's jobs there, the environment's protected, and the workers are protected. And an inquiry has addressed all of those. They've been done by, I would assume, both very competent type of inquiries. I don't know what else I could add to that.

**MR. YEW:** — I dispute some of the stuff that you've just outlined to me, Mr. Minister. Okay, following the major spills at Key Lake, we had several groups that were strongly opposed to your decision not to call for a full public inquiry. A local citizen group requested a full independent public inquiry into the uranium mining operations related to the spills. Those independent groups at the local community level demonstrated — demonstrated right at the Pinehouse junction of Key Lake, the access road into Key Lake — demonstrated.

They weren't colleagues of mine. They weren't affiliated with my party and neither particularly, neither were they affiliated with yours, with your government. They didn't want to have any part of your government, in fact. But I, as well, concluded from that effort by that particular group that they were direly concerned about their background, about their livelihood, and about their way of life.

To date, with respect to any development, with respect to any industry in northern Saskatchewan, your government has had a very poor record in terms of involving northern residents, even the public of Saskatchewan, in any way, shape, or form, Mr. Minister.

And I'm going to ask you a question which relates to the four reports released for public scrutiny. There was a report submitted to you by — and I'll go into detail, Mr. Minister — a report of the spill and dike erosion at the Key Lake Mining Corporation's project by P. Machibroda (or whatever) Engineering Ltd. of Saskatoon; a second report submitted on the mill complex by Ed Hoyt, Lendrum Consulting Ltd. of King City, Ontario; a third report on the environmental implications of the spill by Atomic E.C.B. Consultants Ltd., of Mississauga, Ontario; and a fourth and final report submitted by Saskatchewan Environment explaining events surrounding the January 5, '84 spill and making recommendations on clean-up and other necessary measures, Mr. Minister.

I want to ask you, Mr. Minister, just how much public involvement — local community input into these reports — did you have? Are you confident that the province — that the people of this province — had sufficient involvement, input, and dialogue into these reports?

**HON. MR. HARDY:** — Well, first of all, Mr. Chairman, in regards to consulting people in the North, in regards to technical type of advice, what we've done — and certainly I'm not qualified in stating any type of technical, engineering or that type of environment advice — but we did look and we felt we had found the best there was in Canada to bring in to give us some advice in regards to the technical and engineering needs or respects of that Key Lake mine in regards to their spill and the containment of it and the clean-up of it.

I would wonder if the member opposite is saying that those people are not the type of qualified people that we should be bringing in, and I would also wonder if he's trying to say that local people, whoever they would be, could give technical advice, where technical advice certainly was needed there. Local issue was not the particular case right there. It was the idea of bringing in qualified engineers and technical people, to be able to look at it from that point of view, to give the department and Key Lake Mining the direction needed to clean it up and to keep it from happening again.

**MR. YEW:** — Mr. Minister, following the release of the four reports I indicated to you just earlier, we contacted your office and requested a copy be made available to each MLA, of those reports, of your reports. And it was specifically acknowledged to us by your secretary that we could only have one copy.

Now if that is the type of attitude we get from your administration, from your government, from this Conservative government, what is the public getting from your government out at the community level? Is it getting information? We could hardly get any information from your department, as far as that major issue was concerned. We only got one copy of your submissions, Mr. Minister, and we had to argue tooth and nail to get any additional information pertaining to the major spills at Key Lake.

And my question to you, Mr. Minister, is: when I brought out the subject of the four reports, were the public consulted, were they invited, for comment, that they have public input into the decisions made by your department? I find it very . . . You know, the reason that we didn't get any information from you indicates to me that your information and your co-operation with the public is insufficient.

**HON. MR. HARDY:** — Well just in regard to have we met with northern people, after the reports were released, I had a delegation in from the North, headed up by Mike Blackman. He had about, I think, in my office about 10 or 15 councillors or mayors from the North. And we discussed it, and they felt quite confident that it was done right and it was being handled right.

You know, I don't know what else you could do. They're not technical people. They look at it in the same point of view as I do as a layman, saying it's technical and it has to have that type of expert advice, and that's exactly what we got.

**MR. YEW:** — Following the major incident at Key Lake, Mr. Minister, you laid out a five-point program. And in summary they are: (1) to pump 100,000 m<sup>3</sup> (whatever it is) of water from Gerald Lake for use in the mill before spring breakup; (2) as soon as possible after spring breakup, repeat the monitoring program for sediment and water control of Gerald Lake; (3) submit an assessment regarding the possible impact of contaminated sediment removal from Gerald Lake; (4) clean up the culverts through the road to the tailings management area from the Gerald Lake basin muskeg before spring run-off commences; and finally, (5) twice daily, sample the spring run-off from the muskeg area, no water to be released if it does not meet provincial water quality standards.

And, Mr. Minister, you also noted that failure to comply with any of the orders will result in charges to the Key Lake Mining Corporation, penalties of \$100,000.

I want to ask you, Mr. Minister, have there been any charges laid to this, to the effect? And if not, do you find it sufficient that the conditions that your department laid in front of the Key Lake Mining Corporation and its operations, were met?

**HON. MR. HARDY:** — Well, I was just getting brief report from the officials here.

On the first part of that, they pumped back about 120,000 cubic metres of water, which was about 20,000 more than we asked them to do, because they wanted to be sure to get all of an area that was there that they had missed. When they . . . That's the reason they pumped the other 20,000, because we felt they hadn't taken right from the very deepest point of the lakes. We went back and got them to take the other 20,000 to get us all of it. They've complied with all the other ones.

The only one they're not completed with is the work of the sediment in the bottom of Gerald Lake which is just spring breakup. Now I understand they've hired a consultant to do it, to bring in a report on it. The rest, some of it's July 1st, which isn't due yet, although I understand they're working on it. They did all the rest of the requirements of the orders. So basically, yes, they've completed the order to its fullest extent and maybe a little more.

**MR. YEW:** — Could I, Mr. Minister, could I ask for specific written confirmation to that?

**HON. MR. HARDY:** — Mr. Chairman, it's on the record.

**MR. YEW:** — I certainly don't have a copy of the record, Mr. Minister. That's why I particularly wanted a copy of those agreements.

I want to go on, Mr. Minister, and indicate to you that further to the terms and conditions I outlined on your five-point program a little bit earlier, that you had, as well, further requirements of the Key Lake Mining Corporation.

Number one, Mr. Minister, you indicated apparently that the Key Lake Mining Corporation, that the need for a spill-holding reservoir was number one. And also . . . Well specifically, Mr. Minister, number four. You wanted Key Lake Mining Corporation to submit to Saskatchewan Environment no later than May 31st — and that is just about on top of us, Mr. Minister, just a few days away — May 31st, 1984, a response to the proposals by P.M. Engineering Ltd. to protect the dikes around reservoirs numbers one and two, to construct a spill-holding reservoir to contain or accommodate a maximum possible spill in that area. That is number one.

And secondly, I'd like to know, you requested a submission no later than April 30, 1984, for the approval of Saskatchewan Environment, detailed plans for ensuring run-off spills from the . . . (inaudible) . . . reservoirs numbers one and two.

And finally, Mr. Minister, you further directed Key Lake Mining Corporation to submit to the Department of the Environment no later than April 31st, a revised spill contingency plan. I wonder if the minister would comment on all three at this point in time.

**HON. MR. HARDY:** — Mr. Chairman, we've received the spill contingency report. My staff is going over it now to review it. But the Machibroda report wouldn't be in till the end of the month. I understand they have it, they're working on it, and should have it ready for us. I'm sorry — you asked one other one. I don't know which one it was.

**MR. YEW:** — The revised spill contingency plan was to be submitted to your department no later than April 30th, Mr. Minister. Have I your understanding that it hasn't been submitted?

**HON. MR. HARDY:** — Yes, Mr. Chairman, that report . . . We have received it, and it's under review right now.

**MR. YEW:** — When do you expect to outline your position on it?

**HON. MR. HARDY:** — My officials say probably a couple more weeks — as soon as I've had a chance to go through it all and review it properly.

**MR. YEW:** — Again, Mr. Minister, that is a pretty weak response to certainly an item as important as radium-contaminated water that has affected us in the earlier part of this year.

I want to go on anyway, to an item pertaining to The Environmental Assessment Act, Mr. Minister, which was proclaimed in 1908. Has your government passed any . . . My question to you, Mr. Minister, is this: has your government passed any regulations under this act?

**HON. MR. HARDY:** — No, Mr. Chairman.

**MR. YEW:** — Well, pardon me, Mr. Deputy Chairman, I was tied up with the message you . . . from one of the pages. I didn't get your response to my last question, Mr. Minister.

**HON. MR. HARDY:** — I said no, and neither had any been passed prior to us becoming government either.

**MR. YEW:** — Okay. I'll go on then, Mr. Minister, and say to you that the regulations that are there state to me that you have the veto power, the ultimate say into what The Environmental Assessment Act can do and cannot do. And I say to you, Mr. Minister, that with respect to the call for a full public inquiry, your response to the call for a full public inquiry is simply — to me anyway and to a lot of people that I know, and a lot of organizations that I know — is simply irresponsible of your government.

I want to ask you, Mr. Minister, why do you shy away, why do you shy away from holding a full independent public inquiry? Is it because the Conservative government on that side of the House is ashamed of its record? Is it because the Conservative government of that side of the House is afraid to release some pertinent information that it could possibly lose credibility?

What is it Mr. Minister? Are you afraid that you will lose the next general election in this province? What is it, Mr. Minister? Your government does not advocate public involvement — you know, getting people of the community level involved.

Well, come on. If you . . . If members . . . (inaudible interjection) . . . I can see I hit a very sensitive spot. Members on that side of the House are starting to heckle and question and jeer. I can see I'm hitting some pretty sensitive nerves. I'm getting the impression I'm hitting some pretty sensitive areas. I'm getting the impression that your government, the Conservative government of this province, does not advocate people involvement. That's my conclusion.

If that is not the case, Mr. Minister, then hold a public inquiry — number one, into the spraying of new chemicals in northern Saskatchewan, spraying of our forest resource in northern Saskatchewan — hold public inquiries. Number two, hold full independent public inquiries into the major spills at Key Lake and other mining industries in northern Saskatchewan.

I ask you, Mr. Minister, will you follow through and start involving the people of this province?

**HON. MR. HARDY:** — Well, Mr. Chairman, I don't think the former administration held a public inquiry into every spill that they ever had. I understand at Coronach there was many, many spills down there, and there wasn't one held and probably rightfully so, because it was probably technical and had to be resolved that way.

I have here a letter that was addressed to the provincial council and it was — or not a letter but a brief — that was put out by the former minister of the environment, and it was February the 21st, '81. But what he says to the council then is:

The Government of Saskatchewan accepts the recommendations of the board and decided the Key Lake Mining Corporation may develop its proposed mine and mill provided the company meets the conditions and the regulatory requirements.

And then he goes on to say, a little later in here under where he has a question-and-answer thing, and one of the questions that he said might be asked of him:

Do you agree that the report is slick, low-key is designed to ask no questions and not to embarrass the government?

And what they're talking about is the Mitchell inquiry. And his answer, his preferred answer here is what his suggested answer was:

I prefer to believe that the court confirmed that the report confirmed the correctness of the government's policy on uranium mining. I am reassured that our standards at occupational health and safety and in pollution control was found to be adequate. I believe that the board preserves strict neutrality throughout the exercise, because I

believe we can mine uranium safely and I'm happy it turned out the way it did.

Now what he's saying is that he agreed that if you should spend \$600 million in uranium mine, that the mine was safe to go ahead with, that all the specs were drawn out in 1981. And it's all set to go. We didn't draw the specs out. And the inquiries were all held a year or so before we became government. All we're doing is putting into place what was there before, and as far as the regulatory process or as far as the department staff inspection, it has not changed any. So what he's saying here is that they agreed that everything was in place then. And I read to you earlier, if there was going to be a inquiry — a public inquiry — it would only be of a political nature.

I think that it's been handled well; I think there was problems up there. I believe the management has to correct some of the problems that they have — the operational type problems, whatever the cause is. And I believe that it's been looked into by very highly technical and experienced people who can give us the very best of direction in how to prevent it from happening again and how to clean it up.

**MR. YEW:** — Mr. Minister, my response to you is this: I don't argue or dispute what was there 1981 or 1980. I dispute what you're trying to impress on us in this House and to the public, the listening audience out there.

What I am questioning is your policy. What I am questioning is your government's performance to date. To date, your government's performance has been very poor, Mr. Minister. Number one, you have indicated to me just earlier that you have no spill contingency plan. Section 25 of the Key Lake service lease agreement signed between the province and the mining corporation stated very specifically that there shall be a spill contingency plan. At this point in time, we haven't got a spill contingency plan, Mr. Minister.

Section 36 of the Key Lake service lease agreement requires a monitoring committee. Well, at this point in time, Mr. Minister, we haven't got a monitoring committee, a committee composed of northern communities, the workers, mining corporation, and government. We haven't got a monitoring committee to ensure that the training, the employment and environmental protection, and the health and safety of the workers are being adhered to.

There is absolutely no public involvement, Mr. Minister. It's government involvement and co-ordination and co-operation with the big business interests of the philosophy that you run your administration with. You're working certainly in close co-operation with the Key Lake Mining Corporation.

And thirdly, Mr. Minister, I noted that you fired your manpower secretariat in late 1982, and you have also deleted the mine's pollution control branch budget or cut it back very drastically. And you've cut back on staff very drastically. Mr. Minister, I wonder where your government's commitment is towards environmental protection in respect to the uranium industry.

**HON. MR. HARDY:** — Well, I would have to think that commitment of the government to uranium industry is not part of what the environmental estimates are all about.

Going back to your contingency plan that you referred to, that plan was in place in December of 1981 under your administration. It had been filed then. We have asked them now to file a second one, of which we will look over very carefully to be sure that it is right. Whether it was sufficient or not, I'm not one to judge. But I know there was one filed in 1981, In December of '81 under your administration, the previous administration, and that it was in place.

**MR. YEW:** — Mr. Minister, I want to get into detail here in terms of your estimates and question the mines pollution control branch at this point in time. I want to ask you, Mr. Minister, how many of the 10 positions shown for the mines pollution control branch are filled at this point in time?

**HON. MR. HARDY:** — Seven filled, three are in the process of being filled.

**MR. YEW:** — Again, Mr. Minister, that indicates to me that that is very poor performance on the part of the Department of the Environment. You know, when an urgent issue — when a very important issue and matter before us such as the spills that we are debating on, that we are questioning, and the possible harmful effects on the long run of the spills at Key Lake, I would find it rather appropriate at this point in time to have your department have a full staff available to work in that area, and to ensure that things are being run or administered very appropriately. And I find that you only have seven positions filled at this time and three positions vacant at a time when we have unemployment in northern Saskatchewan as high as 95 per cent — is just unacceptable. And the unemployment rate in southern Saskatchewan is just as urgent.

I want to ask you, Mr. Minister: when do you expect to fill the other three positions of the mines pollution control branch?

**HON. MR. HARDY:** — Well, Mr. Chairman, if the hon. member has somebody in the North that would be looking for those jobs — technical engineers and that — we'd certainly be very happy to look at them for the job. In fact, we'd be rather grateful, because there isn't many up there and it would be great if there was.

**MR. YEW:** — I want to say to you, Mr. Minister, if there is anyone concerned about forestry, about the water resource, about the wildlife resource, about the North, it's got to be Northerners. I get the impression from you, from your smile, from your smirk, whatever, that you don't think there's anyone capable or qualified in northern Saskatchewan to carry a job probably requested under your Department of Environment's standards.

Well, I'll tell you, Mr. Minister, you can put a training program up there and invite someone from northern Saskatchewan to be a part of that branch, to ensure that your department is fully responsible and that it's carrying out the necessary administration and policies that are required of the Department of the Environment.

**AN HON. MEMBER:** — Lawrence, you're kidding yourself.

**MR. YEW:** — I'm not kidding myself. The member for Cut Knife-Lloydminster suggests that I'm just blowing in the wind. I'm not. There are people out there; there's unemployment as high as 95 per cent. There are people trained. And I'll tell the member for Cut Knife-Lloydminster, I say to you that if you're concerned enough you can get there. And I'm standing here with an education of only grade 4 — an education of grade 4 — but if you have a commitment and a concern for your people or for your environment, you can do what is required of you.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. YEW:** — I didn't get, Mr. Minister, I didn't get the response of the vacancies I questioned about in terms of the three positions vacant.

**HON. MR. HARDY:** — Mr. Chairman, I said that the three were now in the process of being filled. As you know they're technical engineering positions and I think the application's out through the Public Service Commission looking for somebody to fill the jobs which will probably come from some place, either inside the public service or outside, whichever fits the position best.

**MR. YEW:** — Mr. Minister, before I get into other areas here I want to go back to the water portion of the estimates. I want to ask you, Mr. Minister, how many of the water rights and hydrology branch personnel, 53.8 person-years that you have there, are being transferred to other branches in the department and to what other departments?

**HON. MR. HARDY:** — Mr. Chairman, there will be 38 positions, all going to the new water Crown.

**MR. YEW:** — Under estimates, Mr. Minister, in your department, you stated that you will protect and enhance wildlife habitat. Now that you have a new branch in Environment with a staff of 16, however with no funding for such, could you explain to me and to the public who will be doing what in that department?

**HON. MR. HARDY:** — Mr. Chairman, I think he looked at the wrong column. There's half a million dollars in there for funding of the 16 positions.

**MR. YEW:** — Sixteen positions, Mr. Minister, and what will their responsibility be?

**HON. MR. HARDY:** — Mr. Chairman, it'll be the same responsibility they had in Parks and Renewable Resources. In fact, they're still over there working yet; they haven't been transferred across, so they're still working within Parks.

**MR. YEW:** — Mr. Minister, in terms of grants to organizations, you have a budget of \$313,200 provided for under this structure, grants to organizations for advice to the minister. I wonder, at this point in time, Mr. Minister, if you can indicate to us, to the public, which groups and organizations have received or will receive grants under this portion of the budget.

**HON. MR. HARDY:** — Well, Mr. Chairman, I don't think anybody has received grants to date. There will be \$10,000 to the environmental advisory council. There would be \$20,000 to the Canadian Council of Resource and Environment Ministers. There'll be \$200,000 to the toxicology centre in Saskatoon. There'll be \$71,000 for the Saskatchewan Drainage Appeal Board. And then there's a few other grants and I don't have a listing — a total of \$12,000, really small ones to different small groups.

**MR. YEW:** — That was rather brief, Mr. Minister. With respect to the various organizations that I am particularly interested in, I wonder if I can ask you if the Saskatchewan Natural History Society, the parks association, or the fish and game league will get any of the funding that you just outlined.

**HON. MR. HARDY:** — No, Mr. Chairman, I believe that they come under Parks and Renewable Resources or maybe some under Culture and Recreation. None would come from here.

**MR. YEW:** — Mr. Minister, do you see any northern groups or organizations or communities receiving any of this support funding to have some input into the Department of Environment's programs?

**HON. MR. HARDY:** — Well as far as our department knows, we've received no requests from any northern groups in regards to environmental advisory or any of those issues. I would suppose that the toxicology grant of \$200,000 is for everybody in Saskatchewan. The environmental advisory council covers all . . . would cover everybody in Saskatchewan.

Those ones, I would think, are for everybody, but there's none specific, other than the \$200,000, which is for everybody in Saskatchewan in regards to research into toxicology, and that's at the University of Saskatchewan in Saskatoon.

**MR. YEW:** — Thank you very much, Mr. Minister. No doubt my colleagues will have some further questions as we go through the estimates item by item, but I just want to conclude my comments to you, Mr. Minister, and indicate to you that the Conservative government of this province certainly has an irresponsible attitude to our environment. It places more towards profit, privatization, and . . . (inaudible interjection) . . . I've got that member for



Lloydminster-Cut Knife going again in terms of my comments.

But the fact is that it is true, Mr. Minister. We haven't got a responsible government on that side of the House. We haven't got a responsible government. You talk about no public independent inquiries. That indicates to me that you certainly don't advocate people involvement. You don't want people and you don't want communities, and you don't want various interest groups and organizations pressuring this government and embarrassing this government and opposing this government's philosophy — that of big business, dishing out your royalties, tax holidays, and whatever to your big-business friends. All you favour is the big business sectors, your major corporate friends.

We're in a deficit budget now of \$829 million, and certainly that is going to cut down on the quality of our services and programs. That is going to cause high interest rates. That is the type of administration that you favour, Mr. Minister. That is what the Conservative government stands for.

We have very serious problems in northern Saskatchewan, and you're not addressing those problems at all. You indicate to me, Mr. Minister, that you are certainly not fair with the communities that I have brought into this debate. I was talking earlier about the Island Falls project, the Nipawin hydro development project, and the compensation that's been paid to the big companies. To the Hudson's Bay Mining and Smelting you gave \$58.5 million. To the community of Sandy Bay, Pelican Narrows, Cumberland House you gave nothing. And to me that indicates irresponsibility, Mr. Minister, political patronage.

You got from Hudson's Bay Mining and Smelting, \$5,000 in 1982 for your political campaign. Maybe that is why you've decided to be very fair in your compensation dealings with HBMS. You gave them \$58.5 million, but the people of Sandy Bay, Cumberland House, Pelican Narrows, and the Cumberland constituency didn't vote for the Conservatives so you decide to ignore them.

Well, I want to take this a step further, Mr. Minister. The top half of this province has some 43 communities. It has some 43 communities, and it has a population of some 29 to 30,000 people. Your government says that when it is done in DNS, the Department of Northern Saskatchewan, that you wanted to streamline that department with the rest of this province and with the rest of the southern government departments.

I say to you, Mr. Minister, that you sure streamlined the rest of that top half of the province, but you streamlined it towards poverty and isolation. That is what you have done. You have not accomplished a thing for the people of northern Saskatchewan.

We have our share of jails. We have our share of unemployment which is at 95 per cent. We have our share of welfare. And I ask you, Mr. Minister: when are we going to get our share of jobs? When are we going to get our share of employment opportunities? . . . (inaudible interjection) . . . I think I must be hitting some very sensitive nerves over on that side of the House. I've got the Deputy Premier excited over this questioning of estimates on Environment. That only indicates to me, Mr. Speaker, that that government is totally and simply irresponsible and just not concerned with the plight of the people in northern Saskatchewan.

The people of this province, I want to conclude, Mr. Speaker, and Mr. Minister, that the people of this province will not stand for this kind of nonsense by your government. They may have to wait until the next provincial election, but they will put an end to your PC government's political patronage machine the same way they did, Mr. Speaker, the same way they put an end to the Jimmy Gardiner machine in 1944. That is what is going to happen.

**AN HON. MEMBER:** — What year?

**MR. YEW:** — 1944. I rest my case, Mr. Speaker.

Item 1 agreed to.

Items 2 to 9 inclusive agreed to.

**MR. CHAIRMAN:** — We are unable to deal with item 10.

Item 11 agreed to.

**HON. MR. HARDY:** — Thank you, Mr. Chairman. Yes, I'd like to thank my officials for their help in giving me the answers, necessary ones for the questions that was asked. I'd like to thank the member for Cumberland. I'd like to thank the member from Cumberland for his questions. I'm sure he has a concern in the North, the same as the rest of us do. And certainly I appreciate his concerns in regards to the environment, and certainly his concerns in regards to the jobs, as I understand the situation probably as well as he does. I'd like to thank him again and thank my officials.

**MR. YEW:** — Mr. Deputy Speaker, I'd like to join with the minister in saying that I appreciated the help that his officials gave us and the responses provided. But I await to receive further information from the minister and from his office with respect to more specific questions that I have raised in this House today. With that, Mr. Speaker, I thank them.

The committee reported progress.

## **COMMITTEE OF THE WHOLE**

### **Bill No. 66 — An Act to incorporate the Saskatchewan Water Corporation**

#### **Clause 1**

**MR. CHAIRMAN:** — Will the Minister please introduce his officials?

**HON. MR. SCHOENHALS:** — Mr. Chairman, I would like to introduce the officials that are with me. Back along the back, we have four of the vice-presidents of the corporation, Jerry Danyluk, on the extreme left as we look at them, Dave MacLeod, Stan Blackwell and Ray Pentland. And sitting beside me is (who are you anyway?) Ray Richards, and over here is Bill Meneley, two of the consultants who worked on the project and helped put the total thing together, and, of course, here is Garnet Holtzman, the solicitor from the Department of Justice.

Clause 1 agreed to.

#### **Clause 2**

**MR. THOMPSON:** — Mr. Chairman, I'd like to ask a few questions, Mr. Minister. You indicate that when the new corporation's headquarters are established in Moose Jaw that you will have a labour force of between 130 and 150 individuals. Could you indicate if they will be stationed in Moose Jaw?

**HON. MR. SCHOENHALS:** — Mr. Chairman, if I could respond to that in very, you know, round numbers, what we see taking place and the numbers you have, arose from the press conference. And when I was asked a question, I asked that . . . I indicated then that I wasn't sure but I did offer some numbers.

Something much closer — we will probably have in the corporation, when it becomes official, about 170 people in the head office and 20 people in the regional offices. By the time the

corporation moves to Moose Jaw, in 18 months to 24 months, that number will have changed and we'll probably have somewhere between 90 and 100 in the head office, and 80 to 90 — depending how it splits up — out in the field. So it'll stay around 190 even. There'll be somewhere in the 90 to 100 moving to Moose Jaw.

**MR. THOMPSON:** — And the final decision has been made to move the head office and the 190-some staff into Moose Jaw. Has this decision been made final?

**HON. MR. SCHOENHALS:** — That is correct.

**MR. THOMPSON:** — I'm going through a report here for the Saskatchewan Water Corporation in the backgrounder, and in this report you indicate, or it indicates in the report that I have here, that during the next 10 years you have identified projects that would be worth nearly \$1 billion — water-related projects. Could you just indicate what some of them major projects would be that you foresee taking place in the next 10 years?

**HON. MR. SCHOENHALS:** — If I could generalize on that identification, we have identified something in the range of \$200 million, \$220 million, in urban works in the cities; urban works in smaller communities, roughly \$100 million; irrigation development, 160 million. In terms of drainage and flood control, 80 million; the Rafferty dam as a specific project, possibly, which was mentioned in question period today, related to power — a round number would be 30 million. In order to complete the Diefenbaker Lake-Souris basin diversion irrigation project, 160 million there; Regina-Moose Jaw water supply system — and we're looking at whatever final determination and extension of their present capacity, so we're not talking pipeline only, we're talking the whole thing, and over the next decade — 200 million. And the possibility of a Lake Diefenbaker to Coronach diversion, another power project that's been identified as a possibility, 225 million. And so I would think you would prioritize from the bottom up the list.

I don't know if that's the type of answer you anticipated. If you need more detail, I'll certainly try to provide it.

**MR. THOMPSON:** — Thank you, Mr. Chairman. Mr. Minister, you're anticipating that over the next 10 years the new water corporation could spend up to \$1 billion on water-related projects, not necessarily that this is going to take place. And I'm just wondering which projects would be related to water supply, any new water supply.

**HON. MR. SCHOENHALS:** — Mr. Chairman, I would just go back to the initial part. We have identified here projects that might be anticipated or go ahead. Some are very urgent; some are much less. Some are immediate; some are in the future. A good many of these have existed for decades.

I would suggest that, in terms of water supply, probably the two we're talking about in terms of urban works, cities, and then smaller communities, if that's how I understand the question, about \$320 million, things that we could identify in the short term.

**MR. THOMPSON:** — I wonder, Mr. Minister, if your officials could indicate what the underground water supply is in the province. I have been told that there is a large underwater lake, and I'm just wondering if this is a fact and if there are any plans to tap that underwater lake, if there is such a thing.

**HON. MR. SCHOENHALS:** — No, Mr. Chairman. There are a number of aquifers. There's no underground lake. There's no — to the knowledge of the officials and I think it's fairly extensive — there is no great potential reservoir to be tapped or identified. The problem, of course, with most of the underground water is it's highly mineralized and not really that potable. And consequently, I don't think that we're going to find any major saving grace in that area.

**MR. THOMPSON:** — Do you foresee down the road that you would be looking at tapping some of the major rivers and lakes that we have in the northern part of the province and bringing that down? Have you looked into this at all?

**HON. MR. SCHOENHALS:** — Well, Mr. Chairman, we discussed this at noon a little bit, went over the province, some of the concerns in some detail.

Mr. Meneley at that time indicated, as I believe was indicated in the House, that a large portion — maybe as much as 89 per cent — of the water that we have available is in that northern area. The problem is at this time the only way to use it is to go there. The concept of diverting northern waters at this time is really not economical and has not been given any consideration by these people, or, I think, by very many other people.

**MR. SHILLINGTON:** — Mr. Minister, I am interested in knowing what work is being done, if any, on various proposals which have been floated around to divert, in a relatively grand scale, water from the South Saskatchewan to communities in southern Saskatchewan?

I'm thinking not just of Moose Jaw and Regina, but Estevan which has been complaining about its inadequacy of water and so on. And I gather there are a fair number of communities in southern Saskatchewan which think they'd like to tap into any pipeline you people get around to building. And I wonder, Mr. Minister, what work is being done on attempting to find a solution to that? Are there studies being done, or what exactly do you anticipate the water corporation doing, if anything, to try to resolve that?

**HON. MR. SCHOENHALS:** — Mr. Chairman, it's my understanding that the PFRA (Prairie Farm Rehabilitation Administration) now has a further study in progress looking at that concept. I think the concept has been around for a while and have been a lot of work done it. The answer to the final part of the question is that at this time the corporation is not doing any extensive work. The corporation is just coming into being. This act will put it in place. Obviously when you set out to manage the province's water resources on an intelligent way, that will obviously be one of the things that will bear some consideration. But at this time work has not been done by this specific group.

**MR. SHILLINGTON:** — What funds, Mr. Minister, have you budgeted for research and . . . Well let's call it basic research into water-related problems. What's the component in your budget for that figure?

**HON. MR. SCHOENHALS:** — I suppose the problem I'm having is in defining research, but in terms of collecting data that will be used for interpretation, pure research and other types, probably somewhere in the area of a million dollars.

**MR. SHILLINGTON:** — Can you give us a breakdown of that figure with respect to various projects that money is being allotted to? Could you give any breakdown on that figure?

**HON. MR. SCHOENHALS:** — Could we send you that in written form?

**MR. SHILLINGTON:** — Yes, that would be satisfactory.

Beyond pure research, is any engineering work being done on other projects which might not be called research, but which might be in the nature of money which is spent, which produces only reports and paper? Is there anything which is, I suppose, near research or engineering work being done on projects.

**HON. MR. SCHOENHALS:** — Now I believe in the number that I gave you, I included, I'm not sure of the terminology again, but near research. There's nothing else being done to generate reports, if that's the intent of the question. No.

**MR. SHILLINGTON:** — I want to express a regret, Mr. Minister, that the water pipeline was not built to Regina and Moose Jaw. I want to express a regret that this government was too timorous to take a step, which I think, and I think many people in Regina and Moose Jaw feel it's the only permanent solution to the water.

Mr. Minister, I think the government may be thankful that we will not be sitting this summer as we did in the summer of '82, because there is every reason to believe that the quality of water is going to be horrid this summer with the relative drought that will very likely aggravate the problem.

And while that isn't strictly relevant to the merits of a pipeline, it is, I think, going to sharpen the call for a water pipeline.

I think there's a feeling in both communities that a filtration plant is not the solution. The basic problem is these communities were built too far from significant bodies of water. And as I was at pains to explain to the minister of government municipalities the other night, that was a decision taken largely by a Conservative administration. And I . . . (inaudible interjection) . . . Yes, there indeed is the culprit; a statute of a culprit.

But the cities made it . . . it is possible to argue these cities were not well placed, but they are here and not very easy to move. And it would seem to be a good deal easier to move the water to the people, than the people to the water. I would just express the regret, Mr. Minister, that you chose what I think was a partial solution, a band-aid solution.

I think the only solution in the long run which is going to adequately solve the problem is the pipeline. I think that's going to happen. I think it's regrettable that your government didn't do it at a time when the jobs were needed, and when it could have been done probably for fewer bucks than it'll ever be possible to do it again.

I understand the offer from Ipsco (Interprovincial Steel and Pipe Corporation) is, may no longer be available. The plant is tooling up for other work, and that offer really might not be no longer available. So it may not be possible to salvage the offer.

But I think it's regrettable, Mr. Minister, that you allowed the past, what I think was an unparalleled, unprecedented, and probably an opportunity, one that'll probably never return to build that pipeline for a \$100 million. And I express the regret, Mr. Minister, that your government should have lost the opportunity to do this, as you have lost the opportunity to do so many other things.

**HON. MR. SCHOENHALS:** — Well, Mr. Speaker, I'd remind the member that the mistake in building the two centres was taken a good deal before 1982. I would, in reviewing the history of the problem and the proposed answers and so on, I could go back a long way before 1982 and indicate . . . You argue that the jobs were needed. Obviously, in terms of your administration, potash was having major returns. It would have been very easy to build the pipeline at that time. You chose instead to buy uranium mines, and what have you.

We have gone through a process. When I became the minister of Urban Affairs, there was already a proposal in place, prepared by your people, to build a carbon filtration plant. The only thing left was to negotiate the cost sharing.

We agree with your analysis. We have said publicly — my colleague, the present Minister of Urban Affairs has said he agrees that the pipeline is probably the only long-term solution. It would, however, seem to me to be less than rational, at this stage, having the federal government indicated that they're not interested in becoming involved in the funding of a pipeline, and have, in fact, committed to the carbon filtration plant, and considering that 80 per

cent of that expenditure will be recoverable if and when a pipeline is needed — to go ahead without giving that project a chance at this stage would seem to me to be less than realistic.

And so I think what we will do is go ahead with the carbon filtration project; act in a prudent manner, see if, in fact, the process works. If it doesn't, we'll have to look at the other solution. Now you may argue that we could have saved a few dollars by doing it in 1982 or 1983. I could argue just as easily that the problem was every bit as serious in 1977 or '78, and the project could have been gone there instead of letting it heat up and use it as an election issue. You waited one election too late, obviously, but that's not going to be the approach. We're going to go ahead with this, and see if that solves the problem, and we'll go from there.

**MR. SHILLINGTON:** — As the minister point out, as the minister candidly admits, the two solutions are not mutually exclusive. You can build the filtration plant, and I don't think very many people argue with that. I think the concern which has been expressed, and which I feel and support, is that the goal of this government should be to build that pipeline.

If the filtration plant solves the quality problem — and there are some serious doubts as to whether or not it will, expressed by none the less than the minister of Municipal Affairs at one point in time — if it does that (and myself on any occasion available), if it solves the quality problem it will not solve the quantity problem.

And there has been a shortage of water in these communities for as long as I remember. I remember as a small child in Moose Jaw, there was water rationing, and there has been water rationing on an off and on basis ever since. I think it's regrettable, Mr. Minister, that you lost an opportunity which is unlikely to return. The jobs were needed, the pipeline was needed, and it is regrettable that this government lacked the imagination and the courage to take a step that appears to be needed.

**HON. MR. SCHOENHALS:** — Mr. Chairman, we have never argued. I think it is fair to say that there are some needs in terms of quantity as well as quality. The problem will not be solved necessarily by a pipeline. You can get as much water into Buffalo Pound as you want to release. The question is getting it from Buffalo Pound to the two municipalities. And so as I indicated, we will work on the carbon filtration plant; we will see if it has an effect on the quality problem. We will continue to work with the two cities in terms of also solving the quantity. And if, in fact, the pipeline is necessary to do that, when it's built, the expenditures on the carbon filtration plant will be 80 per cent recoverable in terms of expanded size of the plant. And I think we're basically in agreement.

**MR. SHILLINGTON:** — Well I just want to leave it, Mr. Minister, by saying in some ways I found your appointment as the minister in charge in some ways unfortunate — and surprising, surprising. The member from Arm River spent a great deal of time on this problem, much of it done in opposition at his own expense, on his own time; and he had pursued the problem with a good deal of, I think, both intelligence and ability. And I found it surprising that he did not become the minister in charge of the water corporation and that you did.

I have a suspicion that part of the thinking may have been the member from Arm River is a little too imaginative and ambitious for this do-nothing government. They preferred to give the project to a minister whom they knew would never pursue it, rather than give it to the member from Arm River who, I suspect, would have found a way to build a pipeline. I think the fact that the member from Arm River was overlooked, I think may well be a compliment in disguise to him.

**HON. MR. SCHOENHALS:** — Mr. Chairman, I find myself at some times in agreement with the member opposite. There are 54 members on this side of the House, any one of whom could have handled this portfolio. However, I have great respect for the judgement of the Premier. He has made this decision, and I will simply do the best I can to carry this piece of legislation and to bring

this corporation into being.

**MR. ENGEL:** — I have several questions, Mr. Minister. Basically, how the use of water relates to farming and the program that the Department of Agriculture is talking about in broadening and expanding irrigation in Saskatchewan.

First of all, you were reading from a very interesting chart, or whatever, you had that blue cover in front of you just a while ago. Did you send that over? . . . (inaudible) . . . Oh good. I haven't seen it yet.

But on the list of projects you had that you're proposing in this billion dollar array, or more, how much of that water do you expect will be available for use in irrigation?

**HON. MR. SCHOENHALS:** — Mr. Chairman, I find myself a little less than equipped. In order to answer the question can I have the diagram back, please?

**MR. ENGEL:** — Does it say on here how much is going to be used? No. 3. There's . . . I gather the numbers along this side are dollars — there's no dollar sign there.

**HON. MR. SCHOENHALS:** — Yes, Mr. Chairman, I'll send this back immediately. As it says at the top — "Cumulative Expenditures in Millions of Dollars," along here. These '83-84, '84-85 are the years. Now then, in answer to your question on agriculture-related items, item 3 which is irrigation development — roughly \$160 million; item 4, which is drainage and flood control, we're talking about another 80. And then some of the specific projects, diversionary and so on, will certainly impact the heavy irrigation and agricultural impacts. So if you have other specific questions for which I will need this . . . If not, I'll send it back and you can have a look — hang on to it, good.

**MR. ENGEL:** — 160 million: what kind of a time frame are we looking at there?

**HON. MR. SCHOENHALS:** — Well the whole thing is an identification of potential projects over the next decade. So we're talking a 10-year period. Accumulative dollars, you can total it up and you can follow how it expands with smaller expenditures here, expanding up as we go.

**MR. ENGEL:** — The only other question that then comes to mind is: what kind of a volume of water are you looking at that's in place? Like, from the study you headed up in your water study group, how much water would you say in — we'll use whatever term you want — acre, feet or whatever, is available presently that the farmers outside of the Diefenbaker Lake system could use for irrigation?

**HON. MR. SCHOENHALS:** — We estimate something in the area of 300,000 cubic decametres are available. If I understand the question, then you want to take from that the South Saskatchewan-Diefenbaker area; if you take that whole area, you could probably take roughly one-half of that. So we're saying 150,000 cubic decametres outside of that area.

**MR. ENGEL:** — Does this extra 150,000 lie north of the Diefenbaker Lake system, or is there some of that in the south, or have you got that spread around, or do you know where that water is available?

**HON. MR. SCHOENHALS:** — Yes, it would be both north and south of the South Saskatchewan system.

**MR. ENGEL:** — I'm aware of the quantities of water that are available the further north you go. I love looking at our province and the kind of water that's there and, in fact, I felt like leaving my aircraft run overnight last night and try and blow some of that water south from P.A. And the amount of flooding that's taking place up there is . . . There's a tremendous amount of water in a

line north of Saskatoon. But when you get south of the number one, have you quartered the province off or have you got any kind of delineation at all that would tell me how much water is available south of the number one, say, for irrigation purposes?

**HON. MR. SCHOENHALS:** — I think you identified one of the reasons why this corporation is such a necessity — a unique province with unique problems. If you take that horizontal line from the north-west to the south-east of the southern part of the province you get that — the western and southern portion is primarily irrigation area; the other portions, primarily drainage. And you talk about agriculture, those are the other areas' concerns like we've indicated. Then if you're asking how much water is available for irrigation in that area, you know, I think that's rather, rather difficult. Also some of that flows out of the South Saskatchewan system and I'm not exactly sure why we took that out of the numbers. Maybe if you can clarify exactly what you're looking for, I'll see if I can provide you the information.

**MR. ENGEL:** — All I'm really saying is that there's an emphasis that verbal assent is given, or a verbal endorsement would be a better way of putting it, is given by your administration to irrigation and farmers, consequently, in the area where they need irrigation the worst. Now we've had a tremendous amount of rainfall this week, but on my farm it's been zilch. And it's too bad because a foot of rainfall in P.A. and zero in Gravelbourg isn't averaging it out very good, so that the Department of the Environment is a little bit at fault there maybe.

But the water people are telling us that we can stabilize a program by getting involved in irrigation, and I'd like to list an example, Mr. Minister, that you have discussed in this legislature as recently as today — and not you personally, but your government — that Rafferty dam is coming on stream to enable future development by Sask Power of Estevan's coal reserves. You're talking about some 100-or-plus, 200 (I don't remember the exact number, I didn't write it down), millions of dollars for additional development at Coronach that SPC might require there.

When it comes to water rights, and who has water rights and who doesn't, does your department or . . . and this Corporation. Is that going to act as a policing agency to decide which water SPC can hold, or which they can make available to farmers? Are you going to get into that kind of policing?

**HON. MR. SCHOENHALS:** — Well, Mr. Chairman, just a couple of comments. The NDP opposition can blame us for an awful lot of things, but the fact that it rained on your nominating convention, not on your farm, is hardly our fault.

However, Mr. Chairman, the answer to your question is that, yes, this corporation will be responsible. I don't like the word "policing"; I would suggest "managing" is a much better word in terms of determining how water, in fact, in the province is licensed and used and so forth. That will become . . . It's previously been the responsibility of agriculture and a number of departments within government. It will be now consolidated in this corporation.

**MR. ENGEL:** — The question I would have and that relates to a neighbour of mine that has a very lucrative business going with raising animals and pasture and a shortage of pasture — He went through the hoop and got a . . . He has land along Wood River and Thompson Lake in the south between Gravelbourg and Lafleche there. And he bought the licence that's required to do some irrigation, and he applied for water and was told that this water is going to be made available. And when it came down to setting up and harnessing and putting his pump in place to irrigate some grassland that he so badly needs to maintain these expensive animals, he was turned down and was told that SPC is still holding the water rights in Thompson Lake.

Now I know you can tell me I should better direct that question to the minister in charge of Sask Power, but are you going to let Sask Power hold water rights to a place like Thompson Lake and the Thompson Lake area even though your government has put thumbs down on a development of a project at Gravelbourg. And what are your intentions there? There's about half



a dozen farmers that would do some irrigating 40, 60, ;70-acre plots that would be enough to grow sufficient hay on irrigated land to serve their cattle needs.

**HON. MR. SCHOENHALS:** — Mr. Chairman, in answer to the member's question, the officials indicate that there must be in your description of the facts surrounding the case, there must be something incorrect in that Sask Power did have a reservation on that water. Consequently, if a licence . . . It is not likely that the licence was approved and given approval. If it did in fact happen, I think more than anything it indicates the need for this corporation. But the proposal that it was under reservation for Sask Power has since been dropped. That water is now available and will be dealt with on a, I suppose, first-come, first-served basis is roughly what will happen. I think in answer to the general question, once the corporation is in place, all the water licences in the province will be reviewed, and we will attempt to demonstrate, in fact, in that area that we are managing the resource well, and intelligently, and all those good things.

**MR. ENGEL:** — Is it possible that the process was put on hold until this corporation is in place? Is that a possible reason why he wasn't allowed to proceed with his irrigation project this spring?

**HON. MR. SCHOENHALS:** — It's difficult to say, categorically, no. I don't think that was the reason, but without having the details and the name and the dates and the processes and the hoops that were gone through, it's tough to say categorically that was not the case. But it certainly was not the intention. No work has been simply put on hold till this thing got in place. Activities have been continuing in the various departments through government even as the transfers are taking place, and people are moving physically from one location to the other.

**MR. ENGEL:** — What relationship will there be between the PFRA office in Gravelbourg and yourselves in the granting of licences and control of the water in that particular project? I believe the PFRA is in charge of the Thompson Lake reservoir and the depths of the water in that kind of operation.

**HON. MR. SCHOENHALS:** — I think, as the member understands, the PFRA in the past has provided an engineering service; has helped in the development of plans; helped put applications together for presentation. That is basically where their role ended, though. The approval process rests with the provincial government.

We would anticipate that that relationship would probably remain in place, and the basic roles would be the same. The corporation would simply take the place of the departments that have done the approving in the past.

**MR. ENGEL:** — I just have one more quick question. Did you say that PFRA will no longer control the levels of the water in that dam, or are you setting up additional staff to duplicate what they have been doing, or what's going to happen in that case?

**HON. MR. SCHOENHALS:** — I think, again, there's a misunderstanding. PFRA has never made the determinations, made the decisions on how that project was operated.

They built the project, they provide information, they continue to provide data. But the decision-making, in terms of the operation of that project, if you want to talk levels, fine, has always rested with the provincial government and will continue to.

**MR. ENGEL:** — When officials take measurements and decide how much water they're going to leave through the gates and during the summer and decide what the depths and the levels of the Thompson Lake are, I always blamed the federal government and the PFRA the 10 years that I was the MLA down there. I don't know, have I been wrong?

**HON. MR. SCHOENHALS:** — Yes. The collection of data has been a co-operative venture between the provincial government and PFRA. PFRA do, in fact, do a lot of the actual engineering

work. But it's in co-operation with the — is it the water rights division? — and I assume that those roles will now have to be clarified and specified, but basically would remain the same.

**MR. ENGEL:** — I'm not sure, and I hate to prolong this. Maybe if the minister will grant me leave to talk to his officials outside afterwards, when he's through, that might solve a lot of time. But I'm not sure if you understand what I'm saying.

When that dam was put in, an agreement was made with the people down river, beyond the dam. That's down river, eh? — to leave so much water go by. And the contention at the park, and especially on a year like this year is that they're leaving too much water go. And the argument is, if we'd hang on a little bit, you'd have deep enough water to boat in. If you don't hang on, you got just a really smelly, swamp area there that is a nice, well developed park — has a 100,000 visitors in a year. So who regulates how deep this dam is going to be. Is it the PFRA, or will it be your officials?

**HON. MR. SCHOENHALS:** — Again, Mr. Chairman, the decision-making body has always been the provincial government. I realize it's nice to blame the feds for things, but the PFRA were involved in building it, in the engineering studies, continue to be involved in collection of data on which these decisions are made. But it's a provincial decision on how much is let go, and of course, try to take into consideration the needs of everyone. I'm sure you understand. But if there's a blame in this case, if somebody's in disagreement, the decision itself rests with the provincial government.

**MR. ENGEL:** — I'll chair the information regarding the several licences. Can you tell me how many people have applied for a licence? Have you got that information along? How many people have applied for a licence to irrigate out of that body of water? If it doesn't take long, I think I'll talk about that privately afterwards if I may, Mr. Chairman. Thank you, I'm through.

**HON. MR. SCHOENHALS:** — Yes, I think . . . talk to Mr. Blackwell afterwards, and certainly we can provide that information. We don't have with us.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister. I had some questions about the structure of the corporation, the powers, and what you had in mind.

You define works and water works very, very broadly, and then you say that the corporation shall have the power to construct, or cause to be constructed, any water works. And I'm asking . . . You also have power to lend such water works, or provide such water works to municipalities.

I'm referring you to section 16 and 33, but your people will know that. Do you have in mind that the corporation would provide water in the way that the power corporation provides gas to customers in municipalities, thus having a provincial corporation doing things which municipal corporations have done; or do you have in mind that is a back-up situation, or the likely evolution of your corporation? How do you see the functions of your corporation fitting in to the existing municipal corporations supplying water?

**HON. MR. SCHOENHALS:** — Well I think, Mr. Chairman, Leader of the Opposition, in order to answer that: probably you can't; it's not an explicit model. But what the Saskatchewan Water Supply Board does in the Saskatoon area is the concept, at least, in terms of our involvement in the municipal scene.

The municipalities will continue to be responsible for the distribution of water and sewer services within the communities. We would see the corporation playing its role in terms of providing the resource to those systems. I think that's as simply as I can put it.

We do not see, I certainly don't envisage the day when the Saskatchewan water will be responsible for providing all the water to the taps of all the homes in the province, and setting

rates and so forth. That wouldn't be the concept we're looking at — aiding the municipalities more in carrying out the responsibilities that they have today, and they would continue to.

**HON. MR. BLAKENEY:** — Would you accept the role of the Saskatchewan Power Corporation with respect to the provision of electricity to the older parts of Saskatoon as a model? Obviously it's distributed by the city of Saskatoon. It is generated and delivered in bulk by the power corporation. Do you see the water corporation — if I may choose an example, supplies Melfort is having trouble with their wells and needs some new wells — just suppose — as their bulk source of water, or they intend to get their water from some other bulk source. Would you see it as the role of the corporation to either pipe it from an available lake, or drill the wells and deliver in bulk to Melfort? Is that what you envisage as the role of the corporation?

**HON. MR. SCHOENHALS:** — Yes, I think to go back to the preamble, I'm not as familiar with Sask Power's relationship in the older parts of Saskatoon. I think the water supply model, I think we're talking basically the same thing, the concept. I would accept that there might be some things that don't fit.

In terms of the hypothetical Melfort situation, yes, that is the type of thing where we would see ourselves getting involved. Melfort, you've identified hypothetically, does have some problems. I would imagine they would be one of the first communities that would be coming to the corporation that we'd be sitting down with and having discussions with. And that's you know, in broad terms, I would accept that as the type of thing we see the corporation getting involved in.

**HON. MR. BLAKENEY:** — Mr. Minister, I think probably I'll save time if I home in on some sections which seem fairly specific. But your series of sections on expropriation powers, a couple of them, seem to limit the citizen pretty vigorously. I'm looking at section 18 now where it says that if you expropriate any building or plant or machinery or apparatus, all you have to do is pay the citizen the value, the fair value of the machinery of the apparatus, and if you do him out of business, and if he loses any business, he shall not get anything for future earnings or generally for the goodwill or the value of his business.

I think it's not easy to envisage what a private person you would expropriate unless it was a corporation, a potash mine, for example, at Esterhazy which presumably provides its own water somehow. And perhaps it's . . . And I simply don't know that. But why are you so limiting the right of anybody whose property you expropriate. Why are you limiting quite so much?

**HON. MR. SCHOENHALS:** — Mr. Chairman, I think I understand this. First of all, this is taken directly from the Sask Power Act. It refers to, and I may need to be corrected as I go through this, but it refers to items, buildings or storage tanks, those types of things that are not affixed to land, resting on and so forth. And if they are expropriated, that is the method that is in the Sask Power Act. We thought it was consistent to put it in here. Now to pick an example up, I don't have one on hand.

**HON. MR. BLAKENEY:** — I turn now to a different subject, and I'd like the Minister of Finance for a moment to listen to what I'm going to say now. You got major borrowing powers in your act, and you can borrow money under The Department of Finance Act, and you don't have any borrowing limit. I think every other corporation that we have says that you can only borrow up to 100 million, or 500 million, or whatever the figure may be.

You have an unlimited borrowing power and, as a matter of principle, it seems to me a legislature should never give a government unlimited borrowing power. And there always should be some point at which the government has to come back to the legislature and say, "We have borrowed our 500 million," or "We expect that we may need some more, and we want the limit raised." And that has always been the practice, and you've adopted an unlimited one, I think the first one. Power has a limit. Telephones has a limit. Sedco has a limit. Why would you not have put in

a limit?

**HON. MR. SCHOENHALS:** — Mr. Chairman, Leader of the Opposition, it was our understanding when we reviewed it and drafted it that the controlling element would be the Department of Finance. However, you may have noted, come upon something that should maybe be looked at, and we would be prepared to take a look at it and possibly, in the future, amend that portion if, in fact, a limit does exist in all other corporations, and where it should be here.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I've raised obviously sight of a point, a principle, about what legislatures should legislate with respect to governments. With respect to a House amendment, if you're going to look at it, any limit you would put in is not going to be exceeded between now and the next session. So if you would look at it and give us a thought on it, that makes the point I want to raise.

The scheme of this bill is a strange one, at least to me, at least in part. It creates a water corporation, and it is a regular Crown corporation with which I have no basic quarrel. And then it creates the same corporation with the same board, the same people who you would choose to be the business managers of your corporation. And it may well go into a very considerable corporation as judges of the allocation of water as between citizens. And that struck me as perhaps a strange role to give to the board of a Crown corporation which is chosen primarily for its business acumen, presumably; also, I know, for some public representation, but not to assume a judicial role. And that, I think, is what you have done, and I'm a little puzzled by it.

I want to heighten, focus my argument by referring to section 43 and saying, subject to subsection (2):

No person shall divert or use any surface water, construct or cause to be constructed any dam or works (and that includes a drainage ditch), unless authorized by the corporation.

By and large it says if you're a farmer out there, and you want to impound some water, or you want to drain off some water, (and this drainage is everywhere in rural Saskatchewan, then you have to apply to the corporation. And no one is quarrelling with the proposition that they ought to apply to someone in the government. Don't get me wrong. I am asking whether the corporation is the person who — the agency that ought to be judging these, because it has been my observation that many people in rural Saskatchewan believe that they have two inalienable rights. One of them is to drain off any unneeded and unwanted water from their land, and two, is to be protected from anyone else draining water on their land. And it's not always easy to match those, because there are conflicting rights out there. Fair enough.

Now the corporation is going to make this judgement, and I don't see any appeal or any other opportunity for the citizen who doesn't like the corporation's judgement to do anything about it. If the board of the corporation decides that farmer Jones shall not drain, then it seems to me that he shall not drain, and that's the end of his rights. And that struck me as an odd provision, an odd right to give to a — what will be, essentially, a corporate board.

**HON. MR. SCHOENHALS:** — The section in the act is taken directly, again, from a water . . . a present Water Rights Act. If a person applies for a drainage and approval is not granted, the only difference would be that here, the corporation is not granting it. Previously the minister of the environment was not granted it. The person who is turned down is in exactly the same position under this act as he would be in a situation existed today or yesterday. I don't know if I've totally

answered your concern, but that's . . . it's right out of The Water Rights Act, and nothing has changed.

**HON. MR. BLAKENEY:** — I'm not sure you're right, Mr. Minister, you — certainly you're right initially, that there used to be drainage boards out there, whatever they were called, but . . . and the board made a decision — but there was an appeal — some sort of an appeal — from the board's decision. Perhaps it was only to the minister; I cannot recall the provisions of the existing act. But what I am saying, Mr. Minister, is you're giving a right, you're . . . The citizen is going to have his rights adjudicated by this corporate board without any way to get at anybody else, either the minister, or any appeal board, or anyone else. It may be the right way to go, but it seems to me a very odd power to give to the board of a Crown corporation, who will not be selected for their skills in performing that function, but who will be selected for their skills, basically, in running a corporation.

**HON. MR. SCHOENHALS:** — To get back to the example that we started with, if an individual applies to the corporation for the right to carry out a drainage project and is turned down: in the act, section 77 provides the opportunity for them to appeal that to drainage appeals board, and I hope that is the direction that we're going, and that answers the problem.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I don't think I agree with your legal interpretation. And I want you to look at section 77 and see — take me through how this would help my man under 43. Under 43, and I may be misreading something, "No person shall divert or use . . . surface water . . . unless authorized by the corporation." I'll summarize. And I go to 77, and I see the appeals there, and there's no 43 there. All the appeals have to do with people who feel aggrieved by construction works of the corporation. But nothing on the adjudication function under 43. Now I may be missing something, and I would be happy to be set straight.

**HON. MR. SCHOENHALS:** — The sections of the act, again, dealing with waterworks, with works sections 53 and 54, I'm advised, will pick up the problem that has been identified.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I'm sorry. I'm not following this. The consent must be given under 43 unless authorized by the corporation. There's no appeal from any decision under 43 that I can find.

You now refer me to 53 and 54: " . . . no person shall commence construction, etc., without written approval of the corporation." Presumably if you don't get written approval, you can appeal. But not under section 77 you can't because it lists 41, 58, 63, 64 — none of the ones you're referring me to. Now again, I may be misunderstanding this, but . . .

**HON. MR. SCHOENHALS:** — You'll have to excuse my schoolteacher's background dealing as a go-between between you lawyers but, as I understand it, section 43 is lifted from The Water Rights Act and is simply a general statement that has a long history that you may not divert. It was left in because of that point.

The next sections, which I referred you to before, I believe, starting at 53, deal with assuming that you're going to divert a considerable amount of water; you'll have to build something to do that. That is the works section. That whole section carries through then to 58, and 58 has the reference in the appeals process in 77 now. I find that a little complicated myself, but that's the intent.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I just had a chance to look at 58, and I think that many of the arguments which I advanced may well be answered by 58, together with 77. I would ask that you just look, if you would, at the situation of 43, not with respect to the digging of a ditch, but of the using of water. I don't want to press this, but 43 deals with not only digging drainage channels but also pumping water that doesn't involve a work, although that may be covered by the definition.

I just ask you, then, to check to see whether or not you think the citizen has any appeal from a decision of denying him use of the water — no person shall use any surface water unless authorized. And if you feel that that's adequately covered, I'll accept your judgement on it since, clearly, the provisions are fairly complicated, and I haven't had an opportunity to study them in great detail.

**HON. MR. SCHOENHALS:** — Mr. Chairman, it is my understanding that the way this section was lifted and intended, at the present time the appeal process would be directly back to the minister, or to the department, I suppose, re-apply. That basically is the situation now, except it's directed to the corporation.

In terms of strict use of water, I think reference should be made to section 41 part (3), but I understand what you're saying, I think, and we'll have a look at that. But I think that the individual under 43 today has as much, or will have when this becomes law, as much appeal right as he does today.

**HON. MR. BLAKENEY:** — Thank you, Mr. Minister. I'd now like to refer to the idea set out in section 51, and a couple of these sections. And on the face of it, it looks like you're saying that if the city of Regina wishes to extend its water system to a new subdivision, then it needs to get — it doesn't have that right, perhaps, without the consent of the corporation. Because:

notwithstanding any other Act, (including The Urban Municipality Act) . . . the corporation has, and is deemed to have had . . . the exclusive right (not just the right, but the exclusive right) . . . to extend the supply of water, or waterworks, sewage works and drainage works, or any of them . . .

Now, obviously, it doesn't mean that. Or maybe it does.

And then there's a clear loophole in saying that the corporation can consent. But is it the idea, then, that any municipality which wishes to extend its water system, or its sewer system, will need a consent from the corporation?

**HON. MR. SCHOENHALS:** — I believe that is correct.

**HON. MR. BLAKENEY:** — So that the idea is that even within the bounds of the city of Regina, let us take an area north of, let's say 12th Ave. North, or wherever the building is now, from there to Highway no. 11 is, and west of Pasqua St., I pick an area which . . . (inaudible interjection) . . . Right, an area of Regina North. Just north of Englewood there. Just to get the member for Regina North oriented, although he is not west of Pasqua, he is east of Pasqua, I believe, and west of Albert.

But that area there which is within the boundaries of the city of Regina, but not now served with a sewer and water system because the housing is not up out there yet. You're saying that if when the city extends its sewer system and water system to that area, it will do so pursuant to a consent from the corporation. And once the bill is passed, the corporation has the exclusive right to build that sewer system or water system, and it will only be pursuant to a consent from the corporation that the city will be able to do it.

**HON. MR. SCHOENHALS:** — Mr. Chairman, once again at section 51(c) indicates that when this act comes into effect and the specific example you gave, I don't know if that is within city limits at this time.

**AN HON. MEMBER:** — Yes, it is.

**HON. MR. SCHOENHALS:** — Then they would not have to get approval of the corporation. It if

was outside city limits or if, in fact, after this act came into force the boundaries were extended, then they would have to get the approval of the corporation and, of course, that would in all likelihood be granted.

**HON. MR. BLAKENEY:** — Mr. Minister, I don't read the section that way, but I'll take your word for it.

Clause 2 agreed to.

Clauses 3 to 8 inclusive agreed to.

**HON. MR. SCHOENHALS:** — Mr. Chairman, there are 93 sections. I wonder if, with the approval of the opposition, we could do it by page? Would that be of any benefit to the proceedings?

Pages 6 to 41 inclusive agreed to.

## **Page 42**

**MR. CHAIRMAN:** — It has been moved by the Minister of Energy and Mines to amend clause 77 of the printed bill, by adding "66" after "64" in the second line.

Clause 77 as amended agreed to.

Page 42 agreed to.

Pages 43 to 46 inclusive agreed to.

The committee agreed to report the bill as amended.

## **Bill No. 60 — An Act respecting Venture Capital Corporations**

**HON. MR. KLEIN:** — Mr. Chairman, at this time I'd like to introduce my officials. To my right, Dale Folstad, deputy minister of Tourism and Small Business; behind him, Ken McNabb, assistant deputy minister; Tony Pichinski, the Crown solicitor; and Kathryn Day from the Department of Finance.

## **Clause 1**

**MR. ENGEL:** — Mr. Chairman, Mr. Minister of Small Business, I outlined two basic concerns that I had with the bill in my second reading, and I was wondering if you can address those powers that you took on yourself that are not in the bills you copied, or in the forms of venture capital programs that are in place that you copied. Could you explain why you felt it was necessary to initiate additional powers for yourself that were not in either the Manitoba or Ontario packages?

**HON. MR. KLEIN:** — Mr. Chairman, being that our venture capital program is, in fact, quite a bit different than those in existence across the country, and we can't really relate, I would rather deal with specifics, and I think that we could handle your concerns better in that regard because our target are is a lot different than they are in the other Venture Capital Corporations across the province — our rebates as it relates to the tax rebate system and so on. And I think if you could provide us with some specific concerns that we could deal with, perhaps in that kind of an explanation it would work out a little bit easier rather than a carte blanche situation.

**MR. ENGEL:** — I gather then, that you didn't bother pursuing the remarks I made in my prepared statement that I read into the record when you had the second reading maybe. Is that true?

If the minister wants to read it and show it to his members now, then that gives us a clue on how anxious he is to co-operate, how anxious he is to co-operate, or maybe I should reiterate. But when I looked at . . . and you're saying how different it is. When I looked at your program on venture capital, Mr. Minister, both sides, and I think we discussed it a little bit in your estimates. Can you tell me who — did you have some consultants hired to design this program for you?

**HON. MR. KLEIN:** — Mr. Chairman, as I did advise the member during our estimates, the firm of Deloitte Haskins & Sells helped us set up the mechanics of this program.

**MR. ENGEL:** — Can you tell this House whether that same firm set up the mechanics of the Ontario program?

**HON. MR. KLEIN:** — I really don't know. I have no way of knowing, one way or another, whether they were involved in the Ontario venture capital system at all.

**MR. ENGEL:** — Are you using that to defer a direct answer, or would you rather not comment — which is which?

**HON. MR. KLEIN:** — Mr. Chairman, I just simply don't know. I mean I'm not concerned about how the Ontario capital program was set up, nor who they endorsed to help them with their mechanical program. I don't believe that that's any concern of ours. And I suppose if you specifically wanted that information, we could contact that firm and see if they did have any input into their program. The Ontario program was set up an awful long time ago, and I . . . It didn't really matter if that's what they were involved in or not.

**MR. ENGEL:** — That's very, very interesting, Mr. Minister. The last day when we talked about this consulting firm and the work they're doing for you, you suggested that they were hired because of special expertise. I gathered from that, and from our discussion in the estimates of your department, that that would likely be a criteria you're using.

If I hire a contractor or an architect to do a major project for me, I look at some of his previous work. And if you're telling me you took this firm on, to design and develop this program for me, for yourself, that you didn't even bother checking out if he had this expertise. Or did you just hire him for other reasons then? Because the other day you told us, and I can get *Hansard* out and we can take a lot of time.

The other day you told us you hired because he had specific expertise. I gather that specific expertise is they designed a program. And what makes me believe, Mr. Minister, that they designed the program, is when I look at the Ontario literature and I look at the front page and at the back page, it's identical to yours — identical — the same pictures, the same pile of money, the same brief- case, the same gears, and you know . . . Are you really that naive that you'd hire a firm for over \$100,000 to do a project like this for you and not check out their past record? Is this what you're trying to tell this House? I expected more of the minister. I expected a little more.

**HON. MR. KLEIN:** — Mr. Chairman, I find it amazing that the member opposite would challenge the credibility of a firm like Deloitte Haskins & Sells. If they're not number one, they're probably number two in the accounting field across the country. And certainly, as they deal in their day-to-day operations across the country, they have the opportunity of dealing with venture capital programs across the country, so that there is no question that they have the expertise. They deal with it nationally. They were one of two firms that were qualified to supply us with the advice, and we selected them because my department is always extremely responsive to budgets, and their price was the best.

As far as the brochure is concerned, I don't want to get into a shouting match with you tonight, so I'll take it a little bit cool. You know, the brochure has nothing to do with the act. And there is no question that the Ontario brochure was a good looking brochure. So doing what a lot of



successful business people do, we copy ideas. So we copied the idea of the brochure, but we did that, and then my department set the brochure up, internally, to provide simple explanations so that the people could understand it, and I'm sure that even you understood the brochure and enjoyed reading it.

**MR. ENGEL:** — You know the Minister likes twisting it around, and likes to make it look as though we are questioning a firm when we ask him some questions about Deloitte Haskins & Sells. There was no question about what their abilities were. I just asked the minister if this was the same firm that designed the Ontario program. If they were able to set it up and do it cheaper, it's likely because they were doing a duplicate, and a second time over is less costly than the first time around.

If we look at the specifics of the bill, Mr. Minister, the area that concerns me is that on page 11 of the Ontario program it says:

Once the initial requirements have been met, and the SBDC principals have met with program personnel, the corporation may be registered as an SBDC. A stamped copy of the application proposal for registration is returned to the SBDC principals together with a certificate of registration.

That's simple, straightforward; there's no refusal by the minister there at all. In your program you can decide if a Venture Capital Corporation meets all the criteria, arms length, have the clients, have the right amount of money, everything in place, everything's in place. you still have the right of refusal. And I was wondering why you are so concerned with that kind of power. That's the question I raised when we were talking about it in the general comments. That's the question you refused to answer. That's a question you like to make a little fun about. I don't mind if you want to make fun about it.

But I'm serious, and I'm concerned if you're trying to make this and set this up as a political machine, so that the minister can give us his stamp. Or do you have a set of guide-lines that if I meet the guide-lines, the stamp is on the application and it's approved, like it is in Ontario? Why do you have to have that additional power and that additional muscle, so you can decide who gets it and who doesn't get it?

**HON. MR. KLEIN:** — Mr. Chairman, again just to refresh everybody's memory, our act is not a duplication of any act in existence. And again, I must compliment our Minister of Finance. For the first time ever in the history of Canada, a province has been allowed access to the federal tax system. And this is a tax credit system, totally different than Ontario that operates on a cash rebate system. So it isn't a duplicate.

Also, our target area is extremely different than Ontario's. And we've got our own little Saskatchewan situation for rural Saskatchewan where we can target into areas of 5,000 and less and change the whole venture capital deal to suit rural Saskatchewan.

So in Ontario they rely primarily on extensive interviews, which we don't. But in Ontario the minister may refuse to register a corporation where, in the minister's opinion, the applicant is disentitled to registration.

So they have the same power, but we've even protected . . . we've even protected ours more because we provide an appeal processes that Ontario doesn't have. So it's hardly a duplicate. And we encourage the use of that appeal process if it's necessary. It's spelled out right there what their appeal process is. So I don't believe that this act contains any more ministerial powers in Saskatchewan than it does anywhere else in the country.

**MR. ENGEL:** — The minister is trying to put up a smoke screen, and it's very easy to see through it. The minister wants to set up a form where he can personally deal with the corporation that is

putting their little package together. He'll say, "I have given you this stamp of approval. This little tax credit comes from the great I — the PC government. Here you are. Here you've got your stamp. Here's your approval." And that's what the minister wants. You want a little chance to hand out a few cherries, and a hand-out to little political process. You're not concerned with some investment taking place in Saskatchewan. You're concerned with investment in the Tory party. You're concerned with good graces in your party, so that you can somehow use the business community to get back inside, get back inside.

We're the people that support the businessmen in Saskatchewan. That's what you're trying to do; that's why you've got that little appeal process in there. That's why you've got your stamp of approval. You didn't make it a straight, open program that somebody comes in and applies, gets their grant, sets up the business and goes to work and makes some money. No. You have to get your little old PC red stamp on there, and then the people are going to love you, and then they're maybe going to vote for you again.

Well, Mr. Minister, I'm afraid the people are going to see through it because there are a few other problems with this besides that one. But I'd like you to answer that in as sarcastic a way as you care to do, because that's what you really are noted for.

**HON. MR. KLEIN:** — Mr. Chairman, I'm not sarcastic. But I didn't catch a question in that political speech.

**MR. ENGEL:** — I appreciate the minister not wanting to comment on that one. Everybody appreciates it.

The other thing is this: and when I ask people, have they read the act, "Here's a copy of the act. Have you read the act?" And the average guy looks at this, and looks at it and looks at it, and they say, "Boy, this thing's complicated. This is complicated. This is complicated. This is a difficult thing to do. How in the world are we going to make it work?" And I think the plain truth, if that's what you want, Mr. Minister, this bill was set up for those boys in the \$250,000 plus tax. The boys that have their own legal expertise, the boys that have their own accountants, the boys that have their own efficiency people around and are saying "Here's a way where you can save a buck and here's a way you can save a buck. Here's where you can make a little investment, and here's where you can get into another business that somebody's into. And you're going to get your claws in there, and you can start raking off the cream of that one." This is set up to centralize business in the hands of your tycoon friends, not the ordinary businessman that's making a few bucks.

I've been reading articles in the paper, and I've been looking at situations where those people that are making \$250,000 plus a year aren't paying very much income tax already. And here is another loophole. Here's another loophole, and another out for the guy that's got it, to save what he's got, to hard it all to himself, and to build a sock, so that he can make it go.

**HON. MR. KLEIN:** — Well, Mr. Chairman, I've promised everybody I wasn't going to do this, but I'm gradually losing control of my emotions. I'd like to quote for a moment from your research, the *Regina Leader-Post*.

If there was a failing by the NDP government, it was an almost blind ignorance to the problem afflicting the small-business sector. Government became a part of big business. The NDP's obsession with being a player in the big business arena, the local entrepreneurs felt simply neglected.

And I could go on and on and on, and you know, the reason that you don't understand that act is because you don't understand business. It's pure and simple. So don't come up with these lousy political speeches. The business community is not interested. They want this act because they need this act. Now if you try to tell me that rural Saskatchewan has to die — and that's your

philosophy, and I don't buy that — and you say that this is designed for big business in small town Saskatchewan, the VCC can be incorporated for a total of \$25,000. Now that's not big business in my mind. It's targeted to any commercial enterprise in that small town that adds credibility to the economic sector of that little town. Now, that isn't big business. So I don't know why you're trying to fool the whole business community in this province. They don't buy your garbage. So let's get on with the thing. Let's get on with your specific concerns, because you're not making any political points. The media's gone home.

**MR. ENGEL:** — Mr. Minister, if the only time you liked to grandstand is when the media are around, you can do your grandstanding.

We're here to point out the ineffectiveness, the ineffectiveness of your operation. The small businessman has got himself a small minister. And the minister's mind is so small that he thinks the only thing he can create is a vehicle where he can make some political gains.

Well, Mr. Minister, my friends in business out in rural Saskatchewan, my colleagues in business out in rural Saskatchewan — I could even say some of my partners in business in rural Saskatchewan — don't have at their disposal, don't have at their disposal the same expertise as the companies that are making 250,000 a year plus or more, and are already evading a lot of the taxes. They don't have that at their disposal.

A little company making \$25,000 is a one-man operation. And entrepreneur, by the way, is the way you pronounce that word. I believe in the businessmen of small Saskatchewan, and I want to tell you, Mr. Minister, I want to tell you, Mr. Minister, that a businessman in Kincaid took me into his office back in '67 when I ran the first time, and he said, "Al, I can't support you because if I do, my guys will go down to the Co-op for a job. They'll be down the street for the Co-op." That was in '67.

By 1971, when I went back to visit this man, and he's still operating strongly in your town there — he was operating strong, in '71 he was still going, and he said, "If we don't vote for you guys this time and get rid of those free enterprisers, I'll be looking for a job elsewhere."

And you know, from '71 to '81 that business boomed and flourished. Now two year later, they're back talking to me and saying, "What can we do to hang on? Where can we go to hang on?"

You've make it so tough they can't sell tractors. They can't sell equipment under your administration. Their lots are full; they're paying huge amounts interest. They're not looking for venture capital to invest. They're looking for somebody to give them a helping hand, Mr. Minister. The businessmen in rural Saskatchewan are hurting under your administration. They don't want no more hurts and daggers thrown at them. They' don't want no more hurts. They want some concrete help.

This bill is going the long way. This bill goes a long way. It's long on help for the millionaire. There's lots there for the millionaire, like all your other programs are. But there is very little for the guy that really needs it.

**HON. MR. KLEIN:** — Mr. Chairman, I seriously doubt that the member from Assiniboia-Gravelbourg has any friends in rural Saskatchewan, and I don't know who you talk to. You know, I'm glad that you're on the topic of rural Saskatchewan, because I'm out there every day. I'm visiting the business communities in rural Saskatchewan daily. We've got community economic development programs in place. We've got our business consultants spread out in the regional offices throughout rural Saskatchewan, and let me tell you something: we put business consultants into our regional offices and they understand our . . .

**MR. CHAIRMAN:** — Order. If the members wish to shout, we'll let them shout for a few minutes and then we'll get on to business.

**HON. MR. KLEIN:** — Thank you, Mr. Chairman. I don't know if I caught much of a question in his last political speech, either. But none the less, in these rural communities that I'm visiting with our business consultants, we're having lots of inquiries on the venture capital corporation act. They're waiting for these dollars.

You talk about implement dealers. I've talked to two in the last week waiting for this act to be formed in rural Saskatchewan, because they want to expand. And I suppose that if they want to expand, I have to assume that they're doing reasonably well, because I have a lot of faith and pride in my small-business sector. And when somebody wants to expand, I take it that they're doing reasonably well. I don't know why else they would choose to expand. They want to use this act as that vehicle.

Now here is rural Saskatchewan, selling implements to people that you're telling me you're talking to, that aren't doing so well, waiting for this act so they can expand. And in rural Saskatchewan we've designed this program to accommodate that very thing. And yes, I've only talked to two personally. I don't know how many my department have talked to, and I don't how many of my consultants in the regional offices have talked to.

**MR. ENGEL:** — Mr. Minister, when you're out talking to these small businessmen, how many of them reminded you of that program you promised them of nine and five-eighths money? How many reminded you of that? How many were looking for that?

I want to tell you a little story about your business consultants. I want to tell you a little story. In 1971, a special legislative committee was struck where your Attorney General was sitting on that committee. He was then a Liberal. We travelled the province of Saskatchewan, and one of the recommendations we made, one of the recommendations we made is, we said, "The ag rep program is working; what we need is to have a program that are representatives to small business." They were put in place and they're working. And I challenge you to name one place where you added some new business reps. I challenge you to do that.

But, earlier, earlier, you talked and quoted from an article in the *Leader-Post*. Well let me quote the balance of the article — like Paul Harvey says, the rest of the story. Now you have the rest of the story, the main story. The punch line is:

The mega-project mentality, that obviously dominated the government for the last two years, has clearly fallen into disfavour.

That's the word, Mr. Minister, you have fallen into disfavour.

Reality has settled in, as the Tories now realize landing major projects that create huge headlines and bring much attention to the government, cannot be expected to be the engine of the province's economic development.

And I'm pronouncing the words correctly, and you weren't.

But there has been nothing on a major level to show for the efforts. The only result has been the small business . . .

And listen to this, listen to this, Mr. Minister, this is the crux of the matter:

The only result has been for the small business community to feel ignored by a government that had promised to meet the needs of all the business community.

Two came to you to ask, two. One hundred and thirty benefited from that wonderful program that Department of Agriculture set up to stabilize all the farms. One hundred and thirty got

helped. You've got help for two little businessmen. You've got lots of help for the mega-projects, but you've got very little for the small.

And the final paragraph I want to read into the record, that you started, Mr. Minister. You quoted from this article:

Suddenly there has been a shift in emphasis. No longer is the government talking about major private development, or hinting at single investments that will create hundreds of jobs. After two years of trying to attract big business to Saskatchewan, the Tories realize it isn't happening the way they expected.

It's not happening, Mr. Minister. Now the emphases are on the small local business community. It may not match the excitement of chasing foreign corporations, but reality has a way of slowly bringing a government to its senses. Mr. Minister, this is a little too late. A little, like a little minister, too late. That's all I got to say.

**HON. MR. KLEIN:** — Mr. Chairman, there wasn't really a question in there but I'm going to take the opportunity to return a little bit of a speech. It's the same old boloney as our estimates. The same old garbage exactly. You won't ask a specific question. You know, for six hours, for six hours in our estimates, you didn't have the courage, didn't have the courage to ask about one of our programs. You know why? They're so good you don't understand them.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. KLEIN:** — Now we, I come in here with my officials because I want to do you the service to teach you something. I want you to understand this act because you don't have a clue. We're prepared to go line by line and what do you do? You throw political junk at me again.

Well let me tell you, you asked me what we were doing about nine and five-eighths and how many questions I've had about it. None. You know why? They keep telling me, "We don't want another 1981." What did you guys do? Back there when the interest rates escalated and the bankruptcy started occurring and they couldn't afford those rates, you didn't even have the vision to know how to handle it. We do. We've addressed it. We've announced the stabilized fixed rate interest plan — and that's what they want — and that's what they're going to get.

You asked me about the business consultants that we've put in. Three — North Battleford, Swift Current and Estevan. And . . .

**MR. CHAIRMAN:** — Order, order. The topic before the committee is venture capital credit act.

**HON. MR. KLEIN:** — Coupled to that, the other positions were upgraded and they have been trained to act as business consultants, to explain the venture capital situation to the people or any other of our programs that we've got in effect. Because before they used to be clerks, to fill in meaningless little application forms for meaningless grants that was offered by the prior administration, which never worked. Grants never did work; grants never will work.

We have business consultants now, trained to deal with the programs and I would like you to train yourself to deal with this program because we would like to answer the questions.

**MR. ENGEL:** — Mr. Minister, have a good look to see if somebody was listening to you, have a good look because you know maybe you should get on a soap box, or on top of your desk, and really grandstand if that's what you want to do. Maybe you should, maybe you should. It is interesting that the people that have looked at this . . . (inaudible interjection) . . . Does the member from Moosomin have a comment he wants to make on this particular bill?

A thorough review of the legislation suggests that only individuals with substantial capital will be

able to take advantage of the immediate tax write-off. That's the point I was making, Mr. Minister, that's the point. That's the bottom line on this. We can go line by line, we can go into any one of your sections, and I have had a thorough review, I've had a thorough review made of it. And the people that have looked at the act, the legal consultants that I've had look at the act tell me it's an act that's designed and set up for accountants and lawyers to fill out. And, Mr. Minister, it's not a simple, easy, straightforward thing that a small rural business will do, and that's the basic problem we have with your act. It's better than nothing — it's better than nothing. It's a tax credit for some of the businessmen that might put some money in where it will help, and that's as far as it'll go.

**HON. MR. KLEIN:** — Mr. Chairman, if I may be permitted to stray for a moment, well, they always seem to have a good laugh at my height. Now the only think that I can say is that when I was born, the good Lord gave me a choice. He said, "You can either have the brains of the members opposite or be a short person." It wasn't tough.

Getting back to the question, Mr. Chairman, if I might . . .

**MR. CHAIRMAN:** — Order! The member for Assiniboia-Gravelbourg is disrupting the debate from his seat. Would the member please wait his turn?

**HON. MR. KLEIN:** — Thank you, Mr. Chairman. I'm trying to be serious to answer that question and I'm not allowed to. Our program can embrace all kinds of small little people in Saskatchewan, and we hope that it does. And I don't mean by size; I mean by wage earners.

It's a tax credit. Everybody pays income tax. They pay a Saskatchewan portion. They can take opportunity of this one and spread it out over seven years, according to the tax act. So even if they only pay \$1,000 Saskatchewan income tax, they can spread that out over seven years, which amounts to about \$150, and still invest \$3,000 in a VCC.

And experience — and we have the numbers — experience in Ontario has proven that by far the substantial number of grants have been related to small investors, and not to the big numbers that you keep talking about.

**MR. ENGEL:** — Mr. Minister, are you denying that recent statistics indicate that there's about 650 Canadians that earn more than \$250,000 a year and don't pay 1 cent of tax? Are you denying that?

**HON. MR. KLEIN:** — Mr. Chairman, that's got absolutely nothing to do with this.

**MR. ENGEL:** — The point is the big guy already has tax loopholes. The big guy . . . You don't deny it. you agree with it, and I'm glad you do.

The big guy already has lots of tax loopholes. And all you're doing is adding an additional one for him. You're adding an additional one for him. Tell me, Mr. Minister, how many little businessmen earning around \$25,000 have at their immediate disposal, without spending a lot of money, available expertise service to help them fill out these complicated forms, and to be able to deal with a bill that's this complicated?

**HON. MR. KLEIN:** — Mr. Chairman, you know our administration recognized from the start that we needed a change in the forms. You think that you can't understand ours, I got news for you. Ours are simply compared to what used to be in existence when I was a businessman. Our forms are very simple, number one. Number two, all the forms will be completed with the help of our staff, if they so desire, so that's no big problem. The forms are no big problem. And now you're finally starting to catch on and I'm delighted, so listen close to what I'm going to tell you. It's the small wage-earner, the little guys that have been asking a long, long time for tax breaks because they've never received them, now they've finally got one.

**MR. ENGEL:** — How much do you expect will be the average incorporation cost to set up a VCC?

**HON. MR. KLEIN:** — That would be minimal, depending on what they wanted to do. They have several options. They can use legal services, and to incorporate might cost anywhere between 5 and \$700 to incorporate a company, or they have the option of incorporating themselves and probably 70 or \$80 is going to cover it.

**MR. ENGEL:** — Maybe I should ask the person sitting beside me that knows something about it, but how many companies, would you suggest, in a year, incorporate themselves?

**HON. MR. KLEIN:** — Mr. Chairman, I don't have the foggiest idea, that's not our department . . . (inaudible interjection) . . . Oh don't tell me zero. My son incorporated his own company last week without a lawyer.

**MR. ENGEL:** — You can register a partnership and do some things. But as far as setting up and complying with what will qualify for a venture capital, credit without any assistance, the minister has a bright son. I want to say that to comply with this, it is a complicated process to get a little taxpayer if you're dealing with a small amount of money. The advice that I get from some reliable Saskatchewan consultants say that it is going to be a difficult process when they see how complicated the process is, the average small person . . . (inaudible interjection) . . . Well, \$25,000 or less — will likely not bother with that type of form. If there's anything that people were drawing to my attention and I met with a lot of businessmen . . . And, Mr. Minister, I think that mightn't be a bad idea for you to try, because as conditions get worse you might recommend a legislative committee going around and looking at the problems that exist among small businessmen and listening to lots of businessmen.

Look at the records and dig out the old files, Mr. Minister, because they're there for your disposal, to see how many businessmen appeared to us back in '71. We are having one thing that's there that is in common, and history has a way of doing it, and that is that it repeats itself. And I see a condition today so like when Thatcher was in power. That's pretty hard to deny, Mr. Minister.

Businessmen are facing the same kind of problems today as they were back in the last time we had a right wing, reactionary government. And I think the provisions that you've set up here for . . . One will have some difficulty, however, in believing that a VCC would comply with all of the other provisions in The Securities Act in order to raise \$25,000. Registration costs and other fees associated with obtaining the required approval would more than outweigh any advantages to be gained under the legislation.

Paragraph G in section 5 is also interesting in that it allows for other conditions to be added through regulation. And we're not sure just what other conditions you're adding. But I have about eight or nine pages of notes here that suggest that it's designed to complement and work nicely and easily for the person that's a large block of money, but not really reasonable for the person that's smaller. That's a reservation I have, Mr. Minister. Mr. Chairman, other than that, I think we'll . . . (inaudible interjection) . . . What other point have you got to make?

**HON. MR. KLEIN:** — Thank you, Mr. Chairman. That statement was started off with just the pure example of how they really don't understand small business. And you can incorporate. An individual has no problem at all incorporating a company on his own without legal assistance. And it's available through the corporations act. You've just got to go up there and do it. You know, this is the same kind of situation.

I know that you say that we haven't been doing anything for small business, and yet this is a program designed for small business. You have to understand that our department has only been in existence for some nine or 10 months. If you want a list of the programs, I could take the time

right now and we could be here till after midnight, and I still wouldn't be sitting down. We've got a host of programs that we put in. So, we haven't changed our attitude at all for small business. This department just wasn't organized until last July, and since then we've got a host of activity.

But in any event, you brought up the same arguments about the forms, and the legislation, and everything else regarding our small business employment program. It's the same thing all over again. There was no red tape. That program is finished. The business community has come back and have said there's never been anything like it. And on top of all that, it was the most cost-effective program ever delivered by a government. And it was terrific; this one will be the same.

As far as the regulations are concerned and the provisions of this act, you've got it all wrong again. They are designed to protect the public — the people that invest in these Venture Capital Corporations. Now, if you're not concerned with the general public, we are. And that's why it needs regulations.

**MR. ENGEL:** — . . . (inaudible) . . . minister is exactly what I said. He's finally waking up. He's finally waking up. I said there's a bunch of regulations — a lot of difficult material and red tape that persons have to go through.

In winding up, Mr. Minister, this act will prove to be another loophole for the guy with lots of money. But I only want to apologize to the businessmen of Saskatchewan, that they have to deal with a hothead like you running around the country. Because if anybody raises any question at all you'll flare up like you do here, and the guy is out of luck because you've got the right to write and sign it, or refuse it. And that's a problem because you are impossible to deal with.

You haven't answered any questions we've asked. I asked specific questions; you talk about something else. And then you come back and say we don't ask any questions. You laughed at the questions we asked. I made a speech that was detailed. I followed my notes in second reading. You didn't even bother getting your staff to read it. You handed it to them when you got here.

That's as much as you care about answering questions, Mr. Minister. You're a hothead that doesn't care. You want to use this bill for your own political gain. And it's not worth spending any more time with.

**HON. MR. KLEIN:** — Well, Mr. Chairman, if we're not going to spend any more time with it that's good. We can get on with passing it. But I would just have to make an observation that it's . . . I don't have any problem at all dealing with the business community. They're not impossible to deal with, and they hardly find me impossible to deal with. I find a lot of problem dealing with those people over there. And you know, what questions have you asked me? At least when a business person asks me a question, there's a reasonable amount of intelligence behind it.

But, you ask questions that are totally irrelevant. You've just . . . All you've enticed me in this act and in my estimates is pure political harangue which I think I'm capable of handling any time, particularly with you. And if you want to start asking questions as it relates to business, or this corporation's act, let's get on with the job. So far you haven't asked any questions.

Clause 1 agreed to.

Clauses 2 to 12 inclusive agreed to.

### **Clause 13**

**HON. MR. ANDREW:** — Yes, page by page as it goes clause by clause.



Clause 13 agreed to.

Clause 14 agreed to.

### **Page 13**

### **Clause 15**

**HON. MR. KLEIN:** — We have a typing error on page 13, clause 15, article 3; subsection (19) and subsection (2), should read: subsection (1) and (2), rather than (19) and (2).

**MR. CHAIRMAN:** — Moved by the Minister of Tourism and Small Business that:

on clause 15, subsection (3), the figure “(19)” be deleted and the figure “(1)” be substituted.

**MR. ENGEL:** — The minister didn’t send a copy of the amendments he’s planning to make over prior to this. Can he tell us what amendments he’s making and what changes this will mean?

**MR. CHAIRMAN:** — I have just read the amendment. Does the member wish me to read it again?

**MR. ENGEL:** — I just ask the minister to stand up and tell us what difference this will make and what he’s doing that for.

**HON. MR. KLEIN:** — Mr. Chairman, it’s a pure typing error. There is no such thing as subsection (19).

**MR. ENGEL:** — I don’t see a 1, too, in this section. Section 1 says: “This act may cited as The Venture Capital Tax Credit Act.” There’s no truth to it, there’s no 1 . . .

**MR. CHAIRMAN:** — Order. The amendment is on section 15, subsection (3), on page 13, to delete the second last figure which is “19,” and substitute the figure “1”.

**MR. ENGEL:** — Well, “the minister may, in his discretion, enlarge the time for filing any notice or return pursuant to” section (1) and (2). Does that mean where it relates to the act, or what is he . . . 1 says the name of the short title.

**HON. MR. KLEIN:** — Well, I’ll try to explain it simply. Subsection (1) and subsection (2), not section 1 and 2, but subsection (1) and (2), the ones immediately above it. And that was a typographical error, where it said subsection (19) and (2). There was no (19). It should have been (1) and (2).

**MR. CHAIRMAN:** — Order, order.

Clause 15 as amended agreed to.

Page 13 agreed to.

Pages 14 to 23 inclusive agreed to.

The committee agreed to report the bill as amended.

## **THIRD READINGS**

### **Bill No. 66 — An Act to incorporate the Saskatchewan Water Corporation**

**HON. MR. SCHOENHALS:** — Mr. Deputy Speaker, I move first and second reading of the amendments to Bill 66.

Motion agreed to.

**HON. MR. SCHOENHALS:** — Mr. Deputy Speaker, by leave of the Assembly I now move that Bill 66, as amended, be read a third time and passed under its title.

Motion agreed to and the bill read a third time.

**Bill No. 60 — An Act respecting Venture Capital Corporations**

**HON. MR. KLEIN:** — Mr. Deputy Speaker, I move that the first and second reading of the amendment to Bill 60 be now read.

Motion agreed to.

**HON. MR. KLEIN:** — Mr. Deputy Speaker, by leave I move that Bill 60 as amended be read a third time and passed under its title.

Motion agreed to and bill read a third time.

The Assembly adjourned at 10:10 p.m.