

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**June 11, 1985**

**EVENING SITTING**

**PUBLIC BILLS AND ORDERS**

**ADJOURNED DEBATES**

**SECOND READINGS**

The Assembly resumed the adjourned debate on the proposed motion by Mrs. Caswell that Bill No. 53 — **An Act respecting Freedom of Informed Choice concerning Abortions in Saskatchewan** be now read a second time.

**MR. SPEAKER:** — The question before the Assembly is the amendment on second reading of Bill No. 53, and amendment proposed by the Minister of Justice, seconded by the Minister of Supply and Services:

That all words after the word “that” be deleted and the following substituted therefor:

Bill 53, An Act respecting Freedom of Informed Choice concerning Abortions in Saskatchewan be now read a second time so that the subject matter of the Bill may be referred to the Court of Appeal of Saskatchewan pursuant to the provisions of The Constitutional Questions Act.

Is it the pleasure of the Assembly to adopt the motion?

Amendment agreed to on the following recorded division.

**Yeas — 39**

Devine	Muller	McLeod
Andrew	Lane	Taylor
Duncan	Katzman	Hardy
McLaren	Garner	Smith(Swift Current)
Baker	Dirks	Sandberg
Dutchak	Embury	Martens
Young	Domotor	Muirhead
Bacon	Hodgins	Hopfner
Myers	Caswell	Gerich
Boutin	Schmidt	Tusa
Johnson	Weiman	Swenson
Morin	Blakeney	Lingenfelter
Koskie	Shillington	Yew

**Nays — 0**

**MR. SPEAKER:** — Order, please. The motion now reads:

That Bill No. 53, An Act respecting Freedom of Informed Choice concerning Abortions in Saskatchewan be now read a second time so that the subject matter of the Bill may be referred to the Court of Appeal of Saskatchewan pursuant to provisions of The Constitutional Questions Act.

Motion agreed to on the following recorded division.

**Yeas — 39**

Devine	Muller	McLeod
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Boutin	Schmidt	Tusa
Johnson	Wieman	Swenson
Morin	Blakeney	Lingenfelter
Koskie	Shillington	Yew

**Nays — 0**

(1915)

**MOTIONS FOR RETURNS (Debatable)**

**HON. MR. MCLEOD:** — Mr. Speaker, as we enter the debate on the motions for returns (debatable), beginning with the first item — I believe it's for motion for return no. 5, the first item — and I have several motions which I would propose to move. And just by way of explanation, Mr. Speaker, if the hon. members will notice that motions for returns (debatable) no. 5 through no. 103 are all related to the Department of Tourism and Small Business, what I would propose to do is to go through all those motions as they relate to the Department of Tourism and Small Business, and at the end of that I propose to move an amendment to return no. 103.

And what the effect will be, Mr. Speaker, is that we will provide the information as is requested by the member from Regina North West, and actually some more information than what is actually requested. But in the interests of expediting the business of the House, I would ask that we negate all of the motions from no. 5 to no. 102 and then amend no. 103 so that we're providing the information as it relates to the Department of Tourism and Small Business for all of the advertising placed for that department in weekly, daily, and special interest newspapers and publications.

And I would ask to do that and what I would ask the . . . I will be moving it on no. 103. But I would not ask the Speaker for a ruling as it relates to all of the motions, if we need go through each one and if not, I will go through each one individually. If you would like to go through each one individually, we can do that, but I can come to motion no. 103 and so the amendment which will provide the member with all of the information which is requested, plus more information.

**MR. SPEAKER:** — The member responsible for these motions for returns (debatable) is not in his place at this moment and therefore it would not be possible for him to move the motion, and we can't amend a motion that is not being moved. So that would be not possible under the circumstances.

**HON. MR. BLAKENEY:** — May I suggest that we stand 1 to 677 and then just deal with 678 and

go on. There's no way we can deal with 1 to 677 with the member not here, or at least we can't deal with it in the sense of debating them. And we would like to get 678 off the order paper.

**MR. SPEAKER:** — Is the proposal of the Leader of the Opposition agreeable, that we move to 678?

**HON. MR. MCLEOD:** — Mr. Speaker, we'll agree to stand the motions for returns (debatable), items whatever, 1 to 677. We stand those. We have a leave of the House to do that, and we'll get down to the last item.

### **Return No. 682**

**MR. SHILLINGTON** moved, seconded by Mr. Lingenfelter, that an order of the Assembly do issue for return no. 682 showing:

Whether Peter Edward Grady has vacated the position of chairman of the Workers' Compensation Board of Saskatchewan, and if so: (1) the date his departure took effect; (2) whether he resigned or whether he was dismissed; (3) whether he has been provided employment elsewhere with the Government of Saskatchewan, and; (4) whether his departure in any way involved irregularities with respect to the expenditure of public funds.

**MR. SPEAKER:** — Does the member have the motion before him? It has to be signed and seconded.

**MR. SHILLINGTON:** — I will give a few thousand well-chosen words if I must, while we wait, and I guess I should because there's no such thing as dead air time; so I guess I should make a few comments about Mr. Peter Edward Grady.

I don't want to malign the individual. I do want to address a few words . . . (inaudible interjection) . . . Can't even make a few thousand well-chosen words, eh?

**MR. SPEAKER:** — It has been moved by the member for Regina Centre, seconded by the member for Shaunavon that order of the Assembly do issue for return no. 682 showing.

**HON. MR. MCLEOD:** — Mr. Speaker, there is a good deal that I and other members of this side of the House may wish to say about this, and in fact there may well be an amendment that which we would like to offer, so I beg leave to adjourn the debate.

Debate adjourned.

## **GOVERNMENT ORDERS**

### **SECOND READINGS**

#### **Bill 100 — An Act to Facilitate the Enforcement of Maintenance Orders and to Establish the Maintenance Enforcement Office.**

**HON. MR. LANE:** — Thank you, Mr. Speaker.

I am pleased to introduce to this Assembly The Enforcement of Maintenance Orders Act, which Act will allow for the establishment of a maintenance order enforcement office within the Department of Justice, and which will promote the enforcement of maintenance order obligations on behalf of Saskatchewan citizens.

This legislation forms a part of a national response to problems encouraged by dependent

spouses and children in collecting on support payments due under court orders.

In December of 1983 all ministers of justice endorsed the recommendations of the federal-provincial committee on enforcement of maintenance and custody orders in Canada, and those recommendations included: firstly, introduction of computerized government initiated enforcement; secondly, release of location information from government data banks where required to assist in obtaining or enforcing maintenance orders; thirdly, the provision of uniform remedies in all maintenance order legislation; and finally, allowing maintenance order rights to be assigned to welfare authorities.

Arising out of the recommendations of the federal-provincial report, and on the instruction of ministers of justice, the committee prepared a uniform Act for introduction across Canada. This legislation is based on that uniform Act; and indeed, similar legislation now exists in Manitoba, Quebec, and New Brunswick, was introduced in Alberta in May, and is anticipated to be introduced in Ontario shortly.

This Act also recognizes recommendations made by the Law Reform Commission of Saskatchewan in a report of tentative proposals for the enforcement of maintenance orders, as well as proposals contained in a report prepared by Ellen Schmeiser as part of the unified family court project in 1981.

As well as the provincial initiatives I have noted above, the federal government has recently proposed a family orders assistance Act, which will serve to complement the provincial law by allowing tracing of defaulters under maintenance orders through federal data banks, and the garnishment of moneys owed by the federal government to defaulters.

This Act is divided into parts so as to provide for ease of reference. As well as establishing the maintenance enforcement office, the Act combines enforcement provisions now found in several Acts. A companion Bill will repeal and amend existing legislation so that this Bill can provide a complete code of maintenance enforcement techniques available in Saskatchewan. This means that all dependants, Mr. Speaker, under a maintenance order will have the same enforcement remedies available to them.

Part II of the Act establishes the maintenance enforcement office and allows for the appointment of a director of maintenance enforcement to carry out the duties assigned in the legislation. Those duties include enforcing orders filed in the office, taking legal steps to do so, and being responsible for ensuring that moneys paid into the office are disbursed to the claimant to satisfy maintenance payments. Once the order is filed in the office the director becomes responsible for enforcement, and no further activity need be initiated by the claimant.

All maintenance orders made or registered in Saskatchewan after the Act comes into force will automatically be filed in the system unless the claimant opts out. Orders made prior to the Act coming into force will be allowed to opt into the system; however, to avoid overburdening the office, this opt-in ability will be phased in over three years.

The Act recognizes that maintenance order rights may be assigned to the Minister of Social Services, and where this occurs those moneys will become part of the Consolidated Fund and in exchange the claimant will have the benefit of stabilized income payments from Social Services.

The director of the maintenance or enforcement office, or any other person on court order, may obtain location information from any records kept by any person, employer, or the Crown, where this information is necessary to obtain or enforce a maintenance order. Such information must be kept confidential, and is to be used only for the purpose of maintenance order enforcement.

Part III establishes the enforcement remedies which will be available to claimants under a

maintenance order. These remedies are available to everyone irrespective of whether the order is filed in the maintenance enforcement office or not. This presents a significant improvement, Mr. Speaker, in the present state of the law, both with respect to the rights of claimants and respondents. For instance, the same remedies are available to all claimants, and new remedies such as the right to request the appointment of a receiver or to garnishee moneys extraprovincially should increase the ability to effectively enforce these orders.

Additionally, respondents now under a maintenance order garnishment or writ of execution are not entitled to any exemptions under provincial law. The process to allow respondents to apply to court for such an exemption is now included. Furthermore, a respondent can now be imprisoned for up to six months for non-payment of a maintenance order, and we propose to reduce this to a maximum of 90 days, so as to not unduly disrupt the respondent's ability to meet his or her obligations.

This legislation allows for expanded rights of garnishment of all moneys due from any source including the Crown, to satisfy maintenance under obligations.

Additionally, no specific notice of intent to garnishee will be required to be served on the Crown. Furthermore, an order can be registered against land and proceedings taken to realize on the land by judicial sale. The reporting requirements to the court are strengthened to require financial statements to be filed, and to allow the court to require that a respondent report to the court regularly.

Recognizing that the majority of maintenance orders are made in favour of children, are for basic family support, the Act in part IV clearly indicates that we do not intend to change any fees to claimants for services provided under this Act. We do not feel such fees are needed as experience with similar systems has demonstrated that the system pays for itself in reducing the demand for welfare funds from the state.

A recently released report by the National Status of Women estimates that the default rates on maintenance order payments may range between 50 per cent and 85 per cent, and that Canadians pay out as much as \$1 billion annually to support single parent families, many of whom should be receiving support from an absent parent or spouse.

(1930)

This legislation will help ensure that family members meet their obligations to support one another and to promote a more financially secure environment for families — especially single parent families — in these economically difficult times.

Mr. Speaker, I'm pleased to move second reading of this rather historic Bill which will do much to ensure that those who presently are defaulting on maintenance orders will, in fact, be making the payments.

**MR. SHILLINGTON:** — Thank you very much, Mr. Speaker. None of us in this side of the House take great offence at the legislation. Indeed, I think we all support the general goals of the legislation to make . . . and to assist people who have outstanding maintenance orders in enforcing them.

I am not as confident as the Minister of Justice is that this is the beginning of a new era. I think there may still be some problems around, here and there. Nevertheless we do support the general principle of the Bill and the general goals.

Given this government's bumbling approach to virtually any legislation — given this government's bumbling approach to virtually everything it does — the legislation deserves the closest scrutiny by our side of the House. In light of the minister's speech, my colleague,

who is the critic of the Minister of Justice, is not here. I will therefore be begging leave to adjourn the debate in order to give him a chance to look at it.

Debate adjourned.

**Bill No. 109 — An Act respecting the Consequential Amendments to Certain Act resulting from the enactment of The Enforcement of Maintenance Orders Act**

**HON. MR. LANE:** — Mr. Speaker, The Enforcement of Maintenance Orders Consequential Amendment Act is obviously a companion to The Enforcement of Maintenance Orders Act. The latter Act provides a code with respect to procedures for the enforcement of maintenance orders in Saskatchewan. Orders made under The Deserted Spouses' and Children's Maintenance Act, The Children of Unmarried Parents Act, The Infants Act, The Queens' Bench Act, the Divorce Act, and The Reciprocal Enforcement of Maintenance Orders Act, will be enforced pursuant to the provisions of the new Act.

As a result, certain enforcement remedies and procedures for enforcement provided in those Acts, as well as certain statutes which contain provisions relating to enforcement, are either no longer necessary or require amendment. These amendments are purely consequential to The Enforcement of Maintenance Orders Act, and thus will further the objective of providing a regular flow of income to spouses and children in need, as a result of separation or divorce.

Mr. Speaker, I move second reading of The Enforcement of Maintenance Orders Consequential Amendment Act.

**MR. SHILLINGTON:** — Mr. Speaker, this Bill should be examined together with its predecessor. I will therefore be begging leave to adjourn the debate on this subject as well.

Debate adjourned.

**Bill No. 103 — An Act to repeal Certain Acts respecting the payment of Grants or Rebates of Property Taxes**

**HON. MR. EMBURY:** — Mr. Speaker, I rise today to move second reading of Bill No. 103, a Bill to repeal the existing Property Improvement Grant Act, The Renters Property Tax Rebate Act, and The Senior Citizens School Tax Rebate Act.

Mr. Speaker, as announced in the provincial budget for '85-'86, the provincial government will no longer provide property tax rebates commencing in 1985. The provincial revenues which would have gone to pay for these rebates are being redirected into education, one of the government's four expenditure priorities in the budget.

For senior citizens, the former school tax rebates will be replaced with a senior citizens' property tax credit. This tax credit will be available through the federal income tax system to all senior citizens, with benefits depending on seniors' net family income.

An interim senior citizens' heritage rebate program to bridge the gap between the old and new assistance was also announced recently. This is being dealt with in separate legislation which will be introduced.

Mr. Speaker, this Bill repeals the three rebate statutes which I've already mentioned. Members of this House will note that we will be permitting applications for grants for rebates for the last previous years, including 1982, 1983, and 1984, to be submitted up to December 31st of this year. This will permit those who were entitled to receive these grants, but for one reason or another have not yet applied, a period of grace in which to do so. This provision will apply to all three types of rebates.

Mr. Speaker, I would urge the members of this House to support the Bill.

**MR. SHILLINGTON:** — Members opposite might have expected this Bill to pass without either comment or recorded division, I think that is unlikely, Mr. Speaker.

The comments of the minister, being of particular brilliance, no doubt will have to be considered before we deal with this Bill, and therefore I beg leave to adjourn the debate so I could consider the comments of the minister and prepare appropriate remarks.

Debate adjourned.

### **Bill No. 104 — An Act respecting Rebates to Senior Citizens**

**HON. MR. EMBURY:** — Mr. Speaker, I rise today to move second reading of Bill No. 104, a Bill introducing the new senior citizens' heritage rebates for 1985.

On May 28th I announced in this House that the provincial government would be providing rebates for senior citizens to reimburse a portion of 1985 property taxes paid on December 31st of this year. These rebates for principal residences will ease the transition from the old school tax rebate to the new and enriched senior citizens' property tax credit announced by the Minister of Finance in the recent provincial budget. Benefit levels will be the same as those that were in place for principal residence owners under the former school tax rebate program. Maximum benefits will reach \$510 for a principal residence. An estimated \$25 million, Mr. Speaker, in benefits will be provided.

This Bill will provide the necessary authority for the new transitional program. The Bill has been modelled after portions of The Senior Citizens School Tax Rebate Act, retaining similar definitions of terms, method of calculating the grant, application requirements, and other provisions.

This program will apply only to the 1985 property tax year, and applications for grants should be submitted on or before February 1, 1986. The program will be administered by Urban Affairs. Application forms will be mailed out to senior citizens within the next week. Senior citizens who apply for this rebate will also be eligible for a property tax credit available in 1986, calculated from the 1985 property tax.

Mr. Speaker, this year celebrates Saskatchewan's heritage. Senior citizens have had a great deal to do with building the heritage which this province has. I'm sure that all members of this House are prepared to express a vote of thanks to our senior citizens for their contributions to this heritage.

Mr. Speaker, I would urge the members of this House to support this Bill.

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

### **ADJOURNED DEBATES**

#### **SECOND READINGS**

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Rousseau that Bill No. 105 — **An Act to amend The Superannuation (Supplementary Provisions) Act** be now read a second time.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. McLaren that Bill No. 106 — **An Act for the Protection of the Health of Persons exposed to Radiation and for the Safety of Persons in Connection with the Operation and Use of Radiation Producing Equipment and Associated Apparatus** be now read a second time.

**MR. SHILLINGTON:** — I shall be very brief, and I don't know that we'll be voting against the Bill. I notice that it does not deal with a central issue, not just with myself but with occupational health and safety people generally, and that is video display terminals.

In our view it should have dealt with that problem. It should have provided some protection to workers. It does not. And we think it therefore does not accomplish as much as it might have.

Having said that, the rest of the Bill and what is contained in the Bill is not objectionable. What is left out is. What is contained in the Bill is not objectionable. We will not be opposing the Bill itself. We just wish the government had taken this opportunity to deal with a far more serious problem than they have in fact dealt with.

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

## **COMMITTEE OF FINANCE**

### **CONSOLIDATED FUND BUDGETARY EXPENDITURE**

#### **FINANCE**

#### **Ordinary Expenditure — Vote 11**

##### **Item 1 (continued)**

**MR. SHILLINGTON:** — Thank you very much. Mr. Minister, when you campaigned in 1982, you indicated to the public there would be no deficit. Somehow or other you knew how to spin straw out of gold. The sales tax would be gone, some other trifling things — natural gas on every farm.

Mr. Minister, the first year you were in office — and I will quote *Hansard* for you if you like — you told us that we would have a balanced budget in four years. Mr. Minister, you patently aren't going to achieve that.

Mr. Minister, will you admit the obvious, that you have no idea when or how you will ever balance the budget again, given your approach to taxation in this province?

**HON. MR. ANDREW:** — No.

**MR. SHILLINGTON:** — When and how, then?

**HON. MR. ANDREW:** — Well, I suppose, if the price of potash recovers, it will be sooner. If the price of oil starts to increase even moderately, it'll be sooner. If we have a decent crop, then what will happen. If anybody would suggest what our crop is going to be, other than perhaps a normal one that we could expect each year, then we wait and see for it.

We will apply our fiscal policy in a way that we see appropriate in a given year. In this particular year, we saw fit to put additional money into education, to the universities. Now you would have had us put nothing into that.



We wanted to put more money into building nursing homes for people; you would have us put a moratorium or freeze that. You would have us not put the money we did into agriculture; you would have us buy farm land. And it goes on and on.

(1945)

What we will do is apply the proper fiscal strategy to this province in the way that we have been doing, and that's the way it's going to be. That is a far superior record to that of the province of Manitoba. The last two years, they have been . . . if you want to look at . . .

**MR. CHAIRMAN:** — Order, order. We can't debate the estimates of Manitoba here. We have to stay on Saskatchewan.

**MR. SHILLINGTON:** — Mr. Chairman, I think you should have thrown the minister out. I wouldn't have been so patient, and I admire the chairman's patience.

Mr. Minister, what you said to the Assembly is: if all of your fondest hopes come true all at once, you might balance the budget. Otherwise there isn't a prayer. That is the substance of what you're saying.

Mr. Minister, I think the public of Saskatchewan had hoped for a little better leadership than that. I think, Mr. Minister, the public of Saskatchewan would have hoped that you would have had a realistic and sensible approach, and that whether or not you could balance the budget this year, you would have something that approaches a rational plan for getting back on an even keel at some time in the future.

I think the public of Saskatchewan would have hoped they'd have something other than your approach which, as I said, your approach, Mr. Minister, is that if all of your fondest hopes come true all at the same time, you might make it; otherwise, you're never going to make it. Mr. Minister, that is simply not good enough. You couldn't run a private business in that fashion without going broke, and you cannot run the province in that fashion without bankrupting it.

Mr. Minister, if you're not prepared to change your ways, the public may well find themselves changing the government. So I suggest to you, Mr. Minister, that you might try something that looks like a rational plan instead of this dreaming of yours, which is all that the public have had, is the Minister of Finance day-dreaming about what might have been and what might be if somebody gives you a magic wand.

But if you've got to deal with the tools that human beings ordinarily have to deal with, Mr. Minister, you're not going to make it, either balancing the budget or past the next election. This is a serious issue with the public of Saskatchewan, who do not lightly tolerate a government which behaves like a spendthrift in office.

**HON. MR. ANDREW:** — The realistic and sensible approach — and I've said this several times in this House — the realistic and sensible approach is to (a) begin the process of reforming the tax system; (b) at the same time to put money into education, to put money into health care, to put money into agriculture, and to put money into jobs.

Now you talk about . . . I would like to read this memo, Mr. Chairman. The members opposite talk about their brilliant business wisdom and skill, and this is the Leader of the Opposition when he was the premier, and this is a memo between the former premier of Saskatchewan and Elwood Cowley, who was then minister responsible for Crown management corp.

And the basis of the memo, Mr. Chairman, the basis of the memo — it's a small memo between the then premier and Mr. Cowley, and it was a conversation to the effect that there's this new company in Ontario and it's trading shares on the market, and we've got lots of money, so we'll

go out and buy some of those shares. We'll buy 10 per cent of those shares, \$5 million, people of Saskatchewan's money — people of Saskatchewan's money.

Political implication, (goes the memo) is as follows: Nabu does not manufacture in Saskatchewan nor is there any ironclad guarantee that it will in the future. Saskatchewan could be accused of investing in high technology in the Ottawa Valley rather than at home. The investment is one of influence (influence) rather than control.

**AN HON. MEMBER:** — So what?

**HON. MR. ANDREW:** — So what, says the member from Shaunavon. So what, says the member from Shaunavon. They bought the shares for \$15. When we took office, Mr. Chairman, they were worth virtually nothing. Five million dollars of Saskatchewan's money — whoof, blown away, invested in a whim of the Leader of the Opposition — invested as a whim of the Leader of the Opposition. Five million dollars — \$5 million, Mr. Chairman, and that is just one on top of another, on top of another, on top of another.

Millions of dollars that they, during the good times, Mr. Speaker, when they told everybody in the province that they were putting money away . . . Sure, they were putting money away in an Ottawa computer company that went broke. Five million dollars: that is the tip of the iceberg — that is the tip of the iceberg, Mr. Chairman.

Then they go on, Mr. Chairman, and say, well let's invest all this money in these uranium mines, \$600 million.

Now what would we have been able to do with \$600 million if it had been put in the bank and collected interest? We would have been able to draw the interest on that as the people of Alberta are able to do during more difficult times — during drought, during downturns — and then apply that money to more proper use.

But no, no, what do they do: no, we're going to expand it; we're going to build it; we're going to continue to build it — \$600 million. And now what do they say? Well maybe that wasn't such a good idea; we should say no, we'll close those down — \$600 million down the drain, down the drain, Mr. Chairman.

Now trade that concept, Mr. Chairman, to us saying we are going to borrow some money for nursing homes in this province; we're going to borrow money to help small business in this province; we are going to borrow money to provide the best new system of education this province has seen in perhaps 25 years. That's what we're going to do, Mr. Chairman.

I submit that the people of Saskatchewan like our alternative a whole lot better than they like the alternative of the previous government.

**HON. MR. BLAKENEY:** — I'm delighted that the chairman didn't interrupt you, notwithstanding the fact that you were talking about everything and anything. And so that will allow me to have a little latitude, and let me tell you that that \$28 million that one letter that you wrote cost us, the people of the province, will be remembered for a long time after all your little speeches are over. Your little love letter to your friends which cost \$28 million — your comfort letter, \$28 million — is a fresh, new thought because we are busy having to vote this money now. Now. And it's adding to the deficit, adding substantially to the deficit.

And we have an item here with respect to deficits in the pension fund, and I'm going to address a question to the Minister of Finance: with respect to the unfunded liability in Saskatchewan pension funds, how much have they declined since May 1st, 1982? How much have they declined.

**HON. MR. ANDREW:** — We will undertake to try to provide that. That falls within the gamut of the Minister of Revenue and Financial Services, and I can undertake to get that from his staff and bring it back to you.

But when you do raise the point, I think the public accounts unanimously today in this House raised a very serious concern about unfunded liability to the tune of over \$3 billion. And if you are concerned, as you suggest you are, about deficits, then I think you will admit that there is a \$3 billion deficit there, and it's very difficult to pay that back at this point in time . . . (inaudible interjection) . . . Oh, the member from Regina Elphinstone says, it's no problem to pay it back. And you've been in government . . . He's been in government, he's been in this Assembly 25 years, Mr. Chairman, 25 years, and during those 25 years the bulk of that debt was incurred — 25 years when he was sitting in this Assembly. Now he stands up and says to us, you should have had that paid off. Hardly, Mr. Chairman. Hardly, Mr. Chairman.

And he is no person to talk about deficits. He put onto the people of this province \$3 billion of deficit because he didn't fund the pension funds. Most of the time he was Minister of Finance as a Premier, and he didn't do anything. So he doesn't have to lecture anyone on leaving a liability to the children of this province, because nobody has left one larger than he has.

**SOME HON. MEMBERS:** Hear, Hear!

**HON. MR. BLAKENEY:** — Mr. Minister, I won't deign to reply to that twaddle. The minister knows those are straight falsehoods. And note, Mr. Chairman, note, Mr. Chairman, that he refused to answer my question as to how much, how much the underfunded liability has gone up under his tutelage.

And he is saying it's an exceedingly serious problem that he knows nothing about. He doesn't have any facts, but it's a very serious problem. Well, I think he makes his own judgement as to how serious a problem it is.

I want to ask the minister this. In 1983, you said, in an article headed "Andrew finds little fear of deficits," Andrew said his government is not worried about a short-term deficit because it realizes one good year of oil, potash, and uranium sales could produce a surplus of \$600 million or \$700 million.

Are you looking for such a year this year, or next year, or in the foreseeable future?

**HON. MR. ANDREW:** — I mean the Leader of the Opposition is again being rather cynical. I mean, the price of potash, the world price has dropped almost, almost by three since the golden days, and it doesn't take a genius to run a business when the price of oil is going up \$2 a barrel almost on a monthly basis, and it doesn't take a genius to run the province when the crops are the best that we've ever had.

And he obviously won't take credit for that fact — that the grain grew — or at least I don't think he's to that stage of life yet. I don't think he's going to take credit for raising the price of oil in Canada. Surely he's not going to take credit for that. Surely he's not going to take credit for the fact that the price of potash went to \$153 a tonne, or I hope he won't try to make some convoluted statement that it was his doing that we got into those kind of prices.

So when those prices . . . And traditionally the prices of resources have been cyclical in nature. At times they're low; at times they're high. And if you don't believe that, go ask any farmer in this province. Some days the price of grain is up, some days it is down.

And they go through those cycles with the ups and downs, and they have since this country was settled. And they will many years into the future. And in the good days they put some money away. They don't go out and buy a computer company in Ottawa with their money. And they don't go out and buy a uranium mine. They put their money away so they can use it when it's difficult times.

That's what Alberta did when the price of oil went up. That's what other places have been able to do when the prices have been high and the crops have been good.

But you didn't. You went out and spent it all. And then when the cycle goes down, you leave nothing in the pot. Nothing. You left nothing there. And that's the reality of it.

When will the debt be paid back? It will be paid back when we come on to better times with oil prices and uranium prices and potash prices and wheat prices. Now you can have the view that they'll never get better again. They will get better again, because they always have, and because the world goes through those kind of cycles.

Now if you want to go out and tell the old people of this province that, elect Allan Blakeney and we will make the price of oil go up \$30 a barrel, or elect Allan Blakeney and we'll make the sun shine and the crops grow . . . and that's likely the approach you'd want to take. I don't think the people will believe it.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, the minister seems to believe that the only misfortune that has ever befallen a government is the one that's befallen the government in the last three years.

(2000)

That indeed is the misfortune that's overtaken the province, but it's not the misfortune that's overtaken the government. With respect to the three crop years '82, '83 and '84 that that government has enjoyed, on the average they were above average crops. On the average they were above average crops. And on the average they were above average crops compared with the previous decade. And that's a hard fact. We haven't had many better crops than '82 and '83, and you still blew the money. You still blew it.

But I want to talk a little bit about oil. And if he believes that oil prices have gone down since '82, that's a rather remarkable judgement. Because he knows that the value of oil production in Saskatchewan has gone up very markedly, and he knows that it's true because prices have gone up. And if he doesn't know that he can read the reports of the Department of Energy and Mines and they will tell him.

And the average 1983 Saskatchewan crude oil price went up 17 per cent over '82; in '84 it went up another substantial amount. So the prices of oil are going up very substantially. Prices of oil are going up very substantially, or went up very substantially from 1982 to 1984. And there is no question of that — if people are doubting that, then they should bet a new minister of Energy and Mines, other than the one they have who is putting out this information which is wrong.

But I refer members to page 25 of the last report put out by the minister, which says that the price of crude oil went up 17 per cent over 1982 — the '83 price; the '84 price went up again. And we know that. The question is not whether the price of oil went up, but whether the provincial treasury got any share of that increase. That is the question.

And a simple look at the figures — and I won't go back to past history because you wish to challenge whether or not some of the export tax figures are fair, and fair to be included. I will just take your own '83-84 actual — '83-84 actual out of your own books — and it shows that in calendar '83 the value of oil produced in this province was about \$1,650 million (\$1.6 billion), of

which you got something over 40 per cent, 40 or 42 per cent in royalties, judged by you own figures.

And now in '85-86 the value of oil is going to be \$2.4 billion, and you're going to get not 42 per cent of that, but under 30 per cent of it — by my calculation 27 per cent of it. You're going to lose, by my calculation, 15 per cent of the value of oil produced compared with what you yourself collected in '83-84.

I'm not talking about what was done in the late '70s, if you think that's not a fair comparison. And if you had that 15 per cent of \$2.4 billion, you'd have an extra \$360 million, if you collected in royalty the same per cent that you did in '83-84. But you're not doing that. You're giving away substantial sums of money by having the effective royalty rate go down every year.

And if you don't like the figures in the reports of the Department of Energy and Mines, look at the annual report of Saskoil, and it tells the same story. And any report which covers this period of activity tells the same story: the value of oil production is rising sharply, partly because the quantity is rising after the solution to the national energy program problems and after markets in the United States opened up in mid-1983 — markets for light crude which were not available to us because the Government of Canada had prohibited the export of that type of oil. The quantity of oil has gone up; the price has gone up. Accordingly, the value has gone up substantially.

The amount of money you have taken out of oil in '83-84 was 684 million actual; '84-85 estimate, 627 million; '85-86 estimate, 654 million. For all intents and purposes, the same amount of money you're taking, whereas the value of the oil produced has gone up from \$1.6 billion to \$2.4 billion, and extra \$800 million of which you got none — of which you got none.

And can you doubt, Mr. Minister, that if you see sums of money like that flowing to the oil companies and you're deciding not to take any of it . . . Indeed, on your own figures of '85-86 you're going to take less money out of oil than you did in '83-84 on your actual figures. And yet — I hope you don't doubt this — the value of oil has gone up from 1.6 billion to 2.4 billion. And you're getting none of it. Eight hundred million dollars, and you're getting none of it.

If you got 40 per cent of that, \$320 million, there's \$300 million out there which could be applied to deficits, could be in part applied to increasing programs, but you don't want to do it. You don't want to do it because you believe that low royalties are the way to get stimulation of the industry, and you believe that that provides some activity, and you're right. But the cost is tremendous, not only to this generation of Saskatchewan people, but to subsequent surpluses, and that was the method it was done.

We didn't have deficits in the '70s, say what you like, and we didn't have them because we used resource revenue to see that we didn't have deficits. And we rolled up substantial surpluses, and that was the method it was done.

You complain about this having been invested in the Crown corporations, but your budget this year proposes to take \$70 million a year out of Crown corporations. Doesn't sound like such a bad investment if it can produce \$70 million a year. That doesn't sound like such a bad investment. You are taking substantial sums of money out of the resource corporations, money which . . . I don't quarrel with your taking it out — but it's only possible to take it out because investments were made in the past, investments that were made out of royalties, royalties which paid not only their way in those years but are now paying us.

And you, sir, are not taking out anything like the same amount of royalty. You are cashing in on the investments of previous royalties. You're getting it both ways, and you still can't balance your budget or come close. You still can't give the Saskatchewan people a fair return from their resources. You have talked about tax reform,. And you say that we must cure out tax system . . .

**AN HON. MEMBER:** — Five questions now. Why don't you do one at a time?

**AN HON. MEMBER:** — Well can't you remember them? Write them down.

**HON. MR. BLAKENEY:** — Mr. Chairman, perhaps the Clerk could write . . . perhaps he . . . if he's having difficulty writing them.

You should talk about tax reforms — you talk about tax reform, and you have talked about somebody should do something about taxing major corporations and centres of wealth. You say that too much is leaking and somebody in Ottawa ought to do something.

Mr. Minister, you have an opportunity to do something here. You have an opportunity to do something by levying royalties at approximately the same level you did in 1983-84, and we'd have a great deal more money just at that rate. The oil companies weren't gone in '83-84, they were here — '83-84, and because you people say there was prosperity in the oil patch in '83-84, and you're right. And there was prosperity in the oil patch in '83-84 when you were in government, and you collected 42 per cent of the gross in royalties, and it didn't end the prosperity. They didn't go away; they stayed here; they produced; they prospered; and you got over 40 per cent.

Now that's all we ask you to do it again. We're not asking to drive them away. You didn't in '83-84; you won't in '85-86. Just begin to get some money from them the way you did, the way you did two years ago, but which you are now unwilling to do.

So I say that two things that you could do: you could start collecting royalties at the appropriate level, and I'll come a little later to property taxes at the appropriate level — and that you're not doing either. You've set up a regime which will offer very substantial property tax cuts to these same friends . . .

**MR. CHAIRMAN:** — Order. I think you should give the minister a chance to answer. You've got a rather long list of questions, and I'm going to call upon the minister to answer, and then you can proceed with your other points.

**HON. MR. BLAKENEY:** — I raise a point of order.

**MR. CHAIRMAN:** — Order. The Leader of the Opposition has a point of order?

**HON. MR. BLAKENEY:** — I rise on a point of order. The debate in committee is not necessarily question and answer. And if I want to speak for one hour, I am going to speak for one hour. And if you, sir, say that I cannot, then I am wanting to know your authority.

**MR. CHAIRMAN:** — I've been very patient with the Leader of the Opposition. He has been on tedious repetition on the oil royalties, which he repeated three times. and I'm only saying now that the minister should answer the question, and then you can proceed. You have all night.

**HON. MR. BLAKENEY:** — Mr. Chairman, I ask you for a ruling, and you have to say either I cannot speak, or I'm guilty of tedious repetition and you put me out of this committee for not . . . Because I say I'm 100 per cent in order. And if you're saying I'm not, I want to hear why.

**MR. CHAIRMAN:** — Well I don't think your 100 per cent in order. I already indicated you're on tedious repetition. Now you are correct; you can go on for hours if you wish, but you cannot repeat. So please proceed.

**HON. MR. BLAKENEY:** — All right. Mr. Minister, I ask you to consider tax reform in the light of what I am saying. I ask you to consider tax reform not in the light of what Mr. Wilson may do at some future time, or what somebody else may do at some future time, but what you could have

done in this budget — what you could have done in this budget.

What you could have done is go after centres of wealth and earnings where they exist, with respect to oil and with respect, very possibly, to other resources, although I'm centring on oil. And if you wish to suggest that that is not part of your tax reform package, that royalties are beyond the tax reform package, I'd be interested in hearing that.

I want to know what kind of a tax reform it is where you are suggesting that senior citizens ought to lose their credit for being over 65 on your flat tax, but oil industries ought to pay royalties at far lower rates than you charged them two short years ago. How is that considered with any tax reform which meets your tests of fairness?

**HON. MR. ANDREW:** — I'll try to start at the beginning, Mr. Chairman. First of all, the Leader of the Opposition said — and I will quote him as close as I can. In effect, what he was saying, Mr. Chairman, is: the farmers of Saskatchewan have never had it so good as in '82-83 and '83-84 — never had better crops, never had better prices, and that's what he says. Now that's exactly how far the Leader of the Opposition is out of touch with the farmers in this province. I doubt that he's even talked to a farmer since the last election. Those were difficult years, because there was very high interest rates for the farmers back in '81, '82, '83. You didn't worry about doing anything about it, but there were very high interest rates.

(2015)

So he sits and looks at his numbers and says, well there was this much production so farmers must be good. Well, you've got about as much knowledge about farming as a statistician in Ottawa, and you use about the same mentality to look at it. The farmers have not had a good time since the price of interest went way up — since the price of interest went way up. And you sat on your duff, you sat on your duff during that time and didn't give a nickel, not a plugged sou to a farmer.

Now you've got the audacity to walk into this Assembly two years later and say, farmers have never had it so good; they should be paying twice as many taxes. That's what he's saying, Mr. Chairman, farmers have never had it so good.

Then he walks up and says, well you guys are giving everything away to the oil industry, giving it all away to the oil industry. When we came to office in May of 1982, you know what the situation was, Mr. Chairman? Fifty per cent of the oil field was shut in — shut down. Why, why? Because of the policies of that man when he was the premier of this province and his cohort, Mr. Trudeau, who was in Ottawa. There was the premier of Saskatchewan, there was the premier of Saskatchewan saying that he was defending the rights of the people of Saskatchewan for their resource ownership, and what did he do? He went down and cooked a deal with Trudeau for the national energy program.

And we talked about anybody giving away money. He doesn't have to lecture anybody in this province about giving away oil money. He gave half of it away to the federal government and said, oh, aren't I a nice guy. And in return for it, what did we get? We got the charter of rights from Trudeau. And that was the price that we paid for that.

Back in 1982, Mr. Chairman, when we took office, the oil industry was flat in this province. There was no rigs working. There was no wells being drilled. There was no activity — there was no activity, Mr. Chairman.

So what does he want to do? He wants to go back to his rhetoric of 1944 and say, let's tax them so hard that they all leave. Tax them so hard that they all leave and we lose the single largest source of revenue that this province has — single largest source of revenue that this province has. That's his view. That's his view.

What has happened is the price, Mr. Chairman. The Government of Saskatchewan has consistently made more money on oil, and the policy of oil has been working; it has been working, Mr. Chairman.

And you know who it's been working with — you know who it's been working with? And the hon. member wouldn't know this. It's been working with small Saskatchewan, small Canadian firms. It's not the Gulf and Texaco and Esso that are doing all the drilling out there in Saskatchewan today. That's his view; that's his view of it.

No. it's the small companies that are drilling marginal wells, that are creating jobs, and that are creating revenue for the people of Saskatchewan to pay for the schools that we believe we should be building, and the universities that we believe we should be strengthening (and he doesn't); to build the nursing homes that we believe this province needs (and he wants to put a moratorium on them); to build the hospitals that his province needs; to build jobs for young people; to help small business.

And what does he want to do, Mr. Chairman? He wants to go back to the good old days when he could drive all the oil companies out, and when he could provide assistance to his friend, the member from Shaunavon, who drills a dry hole with his oil company, and then goes out begging, why don't you pay me for the dry hole.

**AN HON. MEMBER:** — Who said that?

**HON. MR. ANDREW:** — That's . . . Who said that, who said that, said the member from Shaunavon. That is the theory of the member from Shaunavon. Pay for performance, he says, pay for performance. Merit pay, pay for performance. If I drill a dry hole I don't get any oil, so you pay me as government. If I drill it and make it, then I get the oil.

That's the policy, that's the policy of the NDP. That's the policy that drove the oil industry out of this province. That's the policy that brought the oil industry flat to its knees. And then he rubs his hands because he doesn't like anything to do with the oil industry — never has. Why would you want to pay people to drill dry holes? But that their policy.

Now I find it interesting, Mr. Chairman, I find it very interesting, Mr. Chairman, that the royalty rates in the province of Saskatchewan are higher than the oil rates in the province of Manitoba.

And I find it strange indeed, Mr. Chairman, that the NDP opposition in Alberta are lobbying the Alberta government: what you guys need in Alberta, says the NDP, is a policy exactly like the one of the Government of Saskatchewan.

**SOME HON. MEMBERS:** Hear, Hear!

**HON. MR. ANDREW:** — Mr. Chairman, the NDP Government of Manitoba like our royalty policy. In fact ours is richer than theirs.

The NDP opposition of Alberta should adopt the oil policy that we have.

The NDP of Saskatchewan say we should pay people to drill holes, and we should drive the industry out of the province. So, so, Mr. Chairman, he can go back to his old theory that only a Crown corporation, only a Crown corporation should do oil activity, only a Crown corporation to deal with potash. Only a Crown corporation should be involved in uranium. Only a Crown corporation should deal in high technology. Only a Crown corporation should deal in the insurance business. Only the Crown corporation should run a corner grocery store, or a pharmacy store, or anything else.



That's why they're interested in, Mr. Chairman. They're interested in one thing: they as a government want to own everything. That's their policy before. They haven't changed their policy, Mr. Minister, and I don't believe the people of Saskatchewan will buy their rhetoric of going back to yesterday with more and more Crown corporations, fewer and fewer . . .

**MR. CHAIRMAN:** — Order, order, order.

**SOME HON. MEMBERS:** Hear, Hear!

**HON. MR. BLAKENEY:** — It's rather clear that the Minister of Finance does not want to talk about his budget, but I will ask him this question: does he agree that in his 1983-84 budget figures, and the actual figures as they were shown by facts, that he collected oil royalties of approximately 42 per cent of the value of oil produced, and does he agree that in his 1985-86 budget, which is before us, he projects that he will collect oil royalties of about 27 per cent of the value of oil produced? Will he address those two questions and give us the facts as he has them?

**HON. MR. ANDREW:** — Well let me put it this way. Last year — he says we're giving it all away — last year, we had \$200 million more, \$200 million more money in the coffers of the province of Saskatchewan than we did in the last year that you were government, the last year that you were government — \$200 million more. You call that give-aways? Then keep calling it give-aways. I think that's pretty good when we got \$200 million.

**HON. MR. BLAKENEY:** — Mr. Minister, I'm sorry, I didn't make myself clear. I'm sure the minister would have answered my question had he understood it. I'll ask it again.

Do you agree that in 1983-84 — that's your year, actual — the oil royalties which you collected of approximately \$684 million represented approximately 42 per cent of the value of oil production of \$165 billion? First, I ask that. Do you agree with those figures? Are they approximately right?

And with respect to '85-86, do you agree that oil production will be about \$2.4 billion? Do you agree that oil royalties will be \$654 million? And they're there on the page; you can hardly disagree with that. And do you agree that that's 27 per cent?

**HON. MR. ANDREW:** — The hon. member raises a question: did we make a change in the royalty; did we make a change on the royalty package? Yes, we did. And why did we make a change on the oil package and the royalties? We made the change . . . (inaudible interjection) . . . No, that's what he's asking. We made the change because, because there was no activity.

If you go back to 1982 — and this is in calendar years, 1982; 1982, if they would just listen — 1982 there was 800 wells drilled, and the main reason for that is because we brought some stimulation on the last part of that year. Eight hundred wells. In 1983 that went to 1,684 wells; and in 1984 it went to 2,526 wells; we are speculating this year it could go to 2,500 beyond, maybe 3,000 wells.

Now what the member from Shaunavon says: well, why bother doing that? We should stay back doing 400 wells or 300 wells a year. That's what we should do. If we go, Mr. Chairman, to the views of the member from Shaunavon, he is saying this: let's keep our total down, let's only do 400 wells a year; let's pay those that are dry, that don't get any oil, pay them as much as the ones that do get oil. And somehow that's going to make us more money. Now that's the theory of the member from Shaunavon. That's the theory of the member from Shaunavon.

Mr. Speaker, the oil policy of this province has created more activity, has created more revenues, \$200 million more revenues, created substantially more wells, Mr. Speaker. The reality, Mr. Chairman, is this: the oil industry has performed well in this province. And the members say,

well how come then we have a deficit? Three hundred million dollars has been lost in potash, and it's been lost under the same royalty regime that has been in place, brought into place by the members opposite — no changes. Same royalty regime totally. And that royalty regime is based on the profitability of the potash companies. It's gone from revenues of almost \$300 million down to a point of what — \$50-some million? And there is the reason, significant and most substantial reason, for the increased expenditure problems and increased fiscal problems of this province. There is the problem.

Now the member from Shaunavon says, a billion dollars in the hole. Yes, there's a billion dollar accumulated deficit, Mr. Chairman. But on top of that there's a \$3 billion that they left by the members opposite. That's on pensions, that's on pensions. Add to that, significant amount more in the Crown corporations, Mr. Chairman. We can sit and talk, I'm sure, this point all day.

Mr. Chairman, Mr. Chairman, when this started they asked when this was going to correct itself. I believe the oil industry has performed very well in this province. The revenues that we're receiving from uranium are, I think, less that satisfactory, given the size of the investment in that industry, and have not returned near as fast as even the most optimistic would have thought. Potash industry, of course, is not performing near as well. And that's caused, as everybody knows, by the fact that the price of potash has gone down, and gone down significantly throughout the world.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I'll try once again. The question was: do you agree that the value of oil production in 1983 was approximately \$1.6 billion? And do you agree that the value of oil production in '85-86 will be approximately \$2.4 billion? I'll start with those two figures. Do you agree that they are approximately correct?

(2030)

**HON. MR. ANDREW:** — I'll give you the numbers back in 1980. Mr. Chairman, in 1980 the province received from oil \$396 million. That's in 1980. In 1981, 482, and that was in an OPEC increasing market. Three hundred and sixty-eight, 482, 640, 730 — they've gone up, I would say, fairly significantly.

**AN HON. MEMBER:** — Keep going.

**HON. MR. ANDREW:** — Well you can go into '86. Do you want to go to '87, '88?

**AN HON. MEMBER:** — What numbers were the last you gave us?

**HON. MR. ANDREW:** — 1985

**HON. MR. BLAKENEY:** — I'm sorry that I'm not getting my questions across to the minister. The questions I asked was . . . And if the minister doesn't know what the value of oil production in Saskatchewan is likely to be, he should say so. And I'm not asking him to give it exactly. I'm asking him to give an approximate value of oil production.

And I'm am asking: do you agree that the approximate value of oil production in 1983 was \$1.65 billion, and that for 1985-86 it will be about \$2.4 billion? Do you agree with those figures, do you deny them, or don't you know?

**HON. MR. ANDREW:** — Mr. Chairman, I indicated to the members opposite, dealing with terms of revenues of the province of Saskatchewan . . . That's what we're talking about. We're talking about . . . (inaudible interjection) . . . Well he says we're not talking about revenues to the province of Saskatchewan. I thought that's what we were about. That's what we were about, is how much revenue are we getting in the province of Saskatchewan. And that revenue has gone

up, and it has gone up significantly. It has gone up significantly.

Now the members opposite are saying it's gone down and that we give it all away to the oil companies. And that's not true, Mr. Chairman. It's not true and he's not being very fair with the people of this province to suggest otherwise. Because that's what you're suggesting.

You're suggesting that we are giving away millions and millions of dollars to the oil companies. He says, \$300 million, \$400 million in give-aways, Mr. Chairman, the price, the value of revenues coming to the province of Saskatchewan from oil has constantly gone up during our administration — has constantly gone up.

During the days when OPEC prices were escalating on a daily basis, given the times when the province basically took all the revenue themselves by way of royalty before the PGRT (petroleum and gas revenue tax) was brought in by him and Mr. Trudeau — sure things were good then. You weren't sharing it with anybody. You weren't sharing it with the federal government. But you undertook to share it with the federal government and even given that, we still increased year after year after year.

And you're against that. And you're against any activity that can happen in the province of Saskatchewan. You don't want the jobs in the oil industry. You don't want those jobs in the oil industry.

So I suppose we can sit here, Mr. Chairman, all night. We can sit here all night and argue whether we want the oil policy of this government or we want the oil policy of the previous government.

I think obviously we agree that our policy is working. I believe most of the people of Saskatchewan believe that policy is working. You believe your old system would work, where you had half of the industry shut down, most of it left the province, that you paid people to drill dry holes. And you moved towards Crown corporations doing all the business.

Now if that's your policy and that's what you want, then it's fine for you to argue that. We will argue the other way: we believe our policy is better than your policy. So we could sit and argue all night. If you want to argue all night, we'll do it.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I didn't start arguing all night. I simply want to ask you whether you agree with my figures. You obviously do, or you would deny them.

I cannot believe even this Minister of Finance . . . I cannot believe even this Minister of Finance would not know the approximate value of oil production on which he based his budget. And I say he does know. I say he does know that the value of oil production on which this budget is based is \$2.4 billion. And in 1983-84 it was \$1.6 billion, give or take 50 or \$60 million, and he knows that too.

Now I want to refer him to his own document. I want to refer him to his estimates and to page 112 of those *Estimates*. And I want everyone to look at them. I want them to look at what he got from oil royalties, own source, in 1983-84 out of \$1.6 billion, and he got \$640 million.

And now I want to look at his estimates for '85-86 when we're going to produce oil valued at \$2.4 billion. And what is he going to collect in royalties? Six hundred and forty-one million dollars.

Six Hundred and forty million out of 1.6 billion; 641 million out of 2.4 billion. Now if that doesn't represent a massive drop in the percentage of oil royalties, I don't know what does. If that does not indicate a massive transfer of wealth from the people who own that oil, the people of Saskatchewan, to the oil companies, I don't know what does.

Now he will say that this is all justified by the fact that there are jobs created or whatever. Mr. Chairman, I say categorically that this government is not collecting a sufficient share of the gross value of oil production. At 27 per cent, which is my calculation, it is not enough. Never has been lower, not since 1973, not since the bonanza; never been lower than those figures. And we are having what amounts to a massive transfer of money to the oil companies.

Members opposite can complain about whether or not these figures are precisely accurate, but if they're not right, we will hear it from the minister. This is what he calls tax reform. He's got a flat tax arrangement, and we all know the infirmities of that. And we'll have a lot of opportunity to go into that at another time.

What I'm asking you now is: in your judgement, Mr. Minister, is \$641 million enough to take in royalties out of a gross value of oil production of \$2.4 billion? I'll just ask you that very simple question. In your judgement, in your judgement is \$641 million, plus if you want to add the 13 million in export tax — if that combination of around \$650 million, in your judgement, is that enough money to get out of \$2.4 billion worth of oil produced in this province?

**HON. MR. ANDREW:** — The Leader of the Opposition does not want to admit to the fact that we have \$200 million more revenue year after year in the province of Saskatchewan than he had. And why do we have it, Mr. Chairman? We have it because we've got an industry that's healthy. And if you don't have an industry that's healthy, how can you make any money from it? If you go back to the numbers not for oil, but for gas, if you want to look at gas. This year we're going to have 500 wells. Last year we had 440 wells. This'll just show you the point of the argument, Mr. Chairman. '83 was 159 . . . (inaudible interjection) . . .

**MR. CHAIRMAN:** — Order. I believe we're on oil: we haven't got to gas yet. Right now we're on oil.

**HON. MR. ANDREW:** — Mr. Chairman, Mr. Chairman, I can repeat it again. The Government of Saskatchewan is receiving an additional \$200 million than it received three years ago — \$200 million that we have taken and applied to build nursing homes, and taken to strengthen the universities with that kind of money. And what do they want? They want to drive the prices up higher and higher so the industry goes away. And the Leader of the Opposition sits back just like he says the farmers have had it best of ever in '83 and '82. Because look at the statistics. Look what they say, he says.

**AN HON. MEMBER:** — When did he say that?

**HON. MR. ANDREW:** — When did he say that? When he started out, he said that. Never had it so good. Look at the gross production numbers and all this stuff. Farmers never had it so good.

Mr. Chairman, \$200 million more coming to the people of Saskatchewan that can be used for . . . from oil, that can be used to build schools, and they're against it.

They want to go back to the old ways — want to go back to the old ways, Mr. Chairman. Old ways of paying, paying, paying subsidies to those that drill dry wells, paying subsidies to those who drill dry wells. Fewer and fewer rigs in the province, fewer and fewer oil wells drilled in the province. And what does that mean? That means fewer jobs for industries within this province, whether they're service rigs, whether they are people providing housing for the employees that are coming to work in the oil industry, whether it's people working in the service industry, serving the entire areas.

And you have to simply go to the areas that are producing oil — Estevan or Weyburn or Swift Current or Kindersley or Lloydminster, those places. And those jobs are being created, and what's better and what works with this policy that didn't work with their policy, Mr. Chairman, is

that the government is getting \$200 million more.

Seems to me we're getting the best of both worlds. The government is getting more money, more jobs being created, and small Canadian, and more importantly, small Saskatchewan oil companies and small Saskatchewan service companies are being built, are starting, are developing. The member from Shaunavon even started one. The member from Shaunavon even started one. Dry holes. He calls it an oil company. It's really a water-drilling company. I'll stay off of that, Mr. Chairman, . . . (inaudible interjection) . . .

**MR. CHAIRMAN:** — Order, order. The Minister of Finance.

**HON. MR. ANDREW:** — Mr. Chairman, Mr. Chairman, \$200 million more to the people of Saskatchewan, to the government. More jobs to the people, more activity, more small Saskatchewan companies. I stack that any day up against the policies of the previous government, which was more Crown corporations, fewer wells drilled, and paying those to drill dry holes.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I wonder if the minister could answer a relatively simple question. When he says that there's \$200 million more coming in, could he tell me what years he's comparing?

**HON. MR. ANDREW:** — '81-82 versus revised year just ended.

**HON. MR. BLAKENEY:** — I see, and \$200 million you say you're getting more in revenue? And would you like to look at your budget speech at page 40, and would you . . . Mr. Chairman, and Mr. Minister, would you look at your budget speech on page 40, and you will note that in '81-82, in calendar '81, which is nine months of '81-82, the value of oil production was \$821 million, and in '84 was \$2.1 billion, closer to \$2.2 billion. A little mathematics will say that the value of oil production went up approximately \$1.4 billion, of which you say you got 200 million, and you list 1.2 billion for the oil companies — and these are your figures, sir.

These are your figures, sir. And you are saying that of that extra \$1.4 billion produced, you are proud to say that you got 200 million of it and left 1.2 billion with the oil companies. You could argue about the figures, but any way you slice them they get to be more than 1 billion left with the oil companies. Two hundred million for you and more than 1 billion left with the oil companies. Two hundred million for you and more than 1 billion to the oil companies, and you are proud of that. You believe that that's good stewardship of the people's resources. I do not, sir. And you are obviously proud of it.

(2045)

I want the people of Saskatchewan to know just what is happening, just what is happening with respect to the rising value of oil production, and how little of it is coming to them, how little of it figures in your tax reform, and how much of the costs of running this province you are asking ordinary people to share.

And I invite you to look at your own figures on page 40. I ask the minister to look at his figures on page 40, and do you deny your figures on page 40, or do you deny the figures you just gave me, 200 million between '81 and actual '84? And is there any other conclusion to be arrived at than you have taken 200 million more and left well over 1 billion more with the oil companies?

**HON. MR. ANDREW:** — I think the Leader of the Opposition is convenient to omit the fact that in 1981, that was the time that you and Trudeau cut the deal in the national energy program. And all of a sudden . . . And you know that, that feds started to take a lot more out of the royalties with the PGRT — a lot more out of PGRT.

**AN HON. MEMBER:** — He forgets that, though.

**HON. MR. ANDREW:** — Forgets that, conveniently. It was you that gave that away. So you're sitting and talking, you're sitting and talking, and Lougheed was fighting it, and he jumped into bed with Trudeau. Now we're going back to 1981. Now we're going to 1981. As Lougheed stood strong on the national energy program to protect western revenues, Saskatchewan sided with Trudeau. Saskatchewan sided with Trudeau, and what we got as a result of that was the PGRT, the PGRT. Mr. Chairman, the member opposite does not want the people to know that all of a sudden there was two governments now, not one government taking the royalty take, and that's what happened in '81. That's what happened in 1981 to the oil industry, and I defy you to stand and say it isn't.

**HON. MR. BLAKENEY:** — I make a couple of points. He suggests that somehow we signed an agreement when Mr. Lougheed was fighting. A simple bit of history will indicate that Mr. Lougheed signed the first agreement, and if you deny that, get yourself a history book.

I know facts are troublesome but . . . (inaudible interjection) . . . Of course, no doubt about that, no one is denying that we signed the deal. No one has denied that. So any suggestion that we in Saskatchewan didn't do as well as Alberta is, I think, not accurate. No one suggests that the PGRT was a great arrangement for western Canada; no one does.

The comments of the hon. members behind me who are offering their advice and wisdom, I think, don't add very much to the conduct of the committee.

But I want to direct the minister's attention to '83-84 when I hope he doesn't deny that the value of oil production was . . . and I'll use his own figures. I have \$1.650 billion; he has \$1.651 billion — I'll take that. Of that money, he took in \$684 million. And it's very clear — it's on page 112 of your budget, it's 112 of your budget.

And the year we are now talking about, we are going to have mineral production of \$2.4 billion, and you are only going to get \$641 million, on your own figures. Do you accept those figures? I'm not suggesting that you might not have your explanation of them, but do you accept the validity of the fact that out of the \$1.6 billion in '83-84 you got \$640 million, and out of the \$2.4 billion this year, you're going to get the same amount of money?

**HON. MR. ANDREW:** — I suppose what I'm saying is that the federal government is going to take their chunk of the action, we take our chunk of the action. Where we used to get it all, we share it now with the feds.

Well you shake your head. After 1981 you let the feds into the action, and they now take part of that gross value of oil produced. Now you can say they don't, but they do under the PGRT. Trying to get rid of it over time, but they take that. And you, in effect, gave that to them — a goodly part of the money. We then take what we take, which is increasing, and the industry is left with what they can deal with.

Now what you try to do in this policy, and as I say, it's a policy endorsed by the NDP in Alberta as a good policy. Our royalties are higher than the oil royalties in the province of Manitoba. Now if we're giving ours away, what are Manitoba doing? Now if your logic is to apply, why aren't the royalties in Manitoba higher than Saskatchewan? They're not. Ours are higher royalties than Manitoba.

Feds take some of Manitoba's; feds take some of ours; feds take some of Alberta's; and you leave some for the industry. And you have to balance what you leave for the industry to see: (a) do they continue to drill and look for more oil, or do we go someplace else? And if they go someplace else, what good is it to the people of Saskatchewan? What good is it if our people that work in the oil centres of this province aren't working because the rigs have gone? Because the regime that was in place when you were government, people couldn't make any money.

They were losing money in drilling for oil. They were getting negative returns.

And I defy you to stand up and say many oil producers in 1981 were not in fact getting negative returns on producing oil from the well, because they were, and you know full well they were.

Now how can you expect anybody to operate under those kind of conditions? They can't. And what they do is close down. And when they close down, so does the service company close down, and the jobs are lost from drilling, the jobs are lost from the service industry, and the jobs are lost for every other industry around that community. And eventually that shakes through the system, and they're lost in the Ipscos who build the pipe for it, and they're lost right throughout the economy.

Now what you have to do is draw that balance. The companies that are drilling and exploring, the companies that are serving the oil industry in this province are not big, multinational corporations as you'd like people to believe. There's what . . . how many?

**AN HON. MEMBER:** — Four hundred new companies.

**HON. MR. ANDREW:** — Four hundred brand-new companies. Not Gulf Oil, not the Reichmanns, not the Exxons, but small enterprising people from Saskatchewan and Alberta.

And those are the people that are setting up. They've got — what? — one or two wells. Very often if you go out into the industry, and you should come out into my area or go out into some of the constituencies where oil is produced, and what happens? In many of the oil wells that are being produced today are oil wells that were in fact abandoned by the big companies. They're producing eight barrels of oil a day, and they can't make anything out of it.

So what happens is very often that some of the people that have worked with their hands, Saskatchewan boys, that have taken over those oil wells because Imperial Oils or some of the big companies couldn't make them go. And they get in there and they do their activity and they maybe get production up to 10 or 16 barrels a day, and they've got a company.

And you say, no, those guys are robbing us of our money. They're not robbing us of our money. It's a fair regime. It's a regime far higher than Alberta's. It's a regime higher than Manitoba's. It's a regime that we believe is fair. It creates activity; it creates jobs; and it creates more revenue for the treasury of the province of Saskatchewan.

**HON. MR. BLAKENEY:** — Mr. Minister, I will try again. I talked about '83-84, and I compared it with '85-86. I'm surprised to hear you say that the national energy program came in between those two years because otherwise your comments had no relevance.

Mr. Minister, in '83-84 you collected over 40 per cent in royalties with the national energy program in full application — no changes in the national energy program between '83-84 and '85-86 was supposed to have the new regime which is supposed to leave more money for the provinces.

You say that the regime in '83-84 was a fair one. You got more than 40 cents on the dollar.

Would you in '85-86 apply the same fair regime, which as you say stimulated all the small companies and did all the wonderful things you talked about, would you do the same thing in '85-86 as you did in '83-84, collect something over 40 cents on the dollar and gather in an extra couple of hundred million dollars or more? Would you do that?

**HON. MR. ANDREW:** — Perhaps I could read an article to the hon. member. Where's this from? It's a *Calgary Herald*, a Horst Heise. Now I'll just take a minute, Mr. Chairman. Perhaps this'll clarify a little bit. And this is a Horst Heise writing in the *Calgary Herald*. Let me read here.

Devine's scope for change is limited. However, by an approaching election expected next spring as well as a blatantly wrong NDP charge that Devine's open-door oil policy rates results in give-aways to the oil companies which would do political masterminds of the dreaded national energy program (listen to this) . . . frankly it hurts a distinguished politician like opposition leader Allan Blakeney to reduce himself to empty rhetoric.

Perhaps he needs to hide the fact that he is yet to ask a single question of energy mines Minister Paul Schoenhals in the legislature. One suspects he knows only too well that the present administration pays considerably less to the oil industry under its success-oriented approach than his defeated than his defeated team did with its narrow merely active generating programs. Blakeney's old measures, however, had the distinction of keeping oil companies on a leash and thus their activities severely restrained. They also favoured fewer . . .

. . . (inaudible interjection) . . . Just a minute, just a minute, Mr. Chairman. Listen to this, I think it's very important.

They also favour (this is the hold regime; this isn't me talking; this is an oil reporter talking) . . . They also favoured (this is talking about the previous administration) . . . They also favoured fewer often larger oil companies over may newcomers which cold have been attracted to the relatively low cost plays in Saskatchewan. Devine has reversed this.

**MR. CHAIRMAN:** — Order. We can allow brief reference to articles and brief readings, but it has to be brief. You've gone beyond the limit.

**HON. MR. BLAKENEY:** — You're quite right. The old regime did not please the Calgary oil people. It was not designed to please the Calgary oil people. It was designed to get money for the people of Saskatchewan, and it did.

But the question, Mr. Minister, was rather simple. You don't have to answer it, but I'll ask it again: will you take steps to collect in '85-86 approximately the same level of royalties from the oil production as the per cent of the oil production that you collected in '83-84? Nothing was wrong in your terms with the regime of '83-84. Will you simply duplicate your record of '83-84 and collect something over 40 per cent of the value of oil produced?

(2100)

**HON. MR. ANDREW:** — Mr. Chairman, it is my hope and it is the view of the Minister of Energy and Mines that in fact in 1985 we will surpass the records that we set in 1984. That means more revenues to the people of Saskatchewan through royalties to the government. That means more in record number of oil wells drilled. That means more in record numbers of people working in the oil patch. That means more in record numbers of new companies being established in the province of Saskatchewan, small companies, Mr. Chairman, not large companies. Yes, next year we will continue to set records, and we'll be very proud of it.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I'm sorry that I did not get the minister to understand my question. I will try again.

I was dealing with the issue of the per cent of gross oil production which is collected in revenues, and I've heard, if I may say to the minister, I heard the story — I caught the reference to the small oil companies and the extra wells drilled. I caught it the third or fourth time he said it, and he doesn't need to say it again so far for my benefit at least.



And the question that I ask is this: do you see any impediment to you collecting as royalties, approximately the same per cent of the value of oil production in '85-86 as you did in '83-84? Do you see any impediment to your doing that? May I congratulate you for in '83-84, for collecting something over 40 per cent of the value of oil production in revenues. Do you think you can duplicate that feat in '85-86?

**HON. MR. ANDREW:** — Well, Mr. Chairman, I suppose we can go on all night debating as to the success of our policy, or their views as the lack of success of it, or back to their proposals in their regime. We believe in ours; he believes in his. We believe that the policies and the approaches that we're taking to the oil industry, Mr. Chairman, is, in fact, proper policies, more jobs, more revenues, more companies, and I stack that up against their policies at any time.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I'm sorry again that the minister apparently believes that in '83-84, the year to which I referred, that we were in office. We were not. You were in office in '83-84. It was your policy in '83-84, and your policy in '85-86 that we're talking about.

I want to know why you have changed your policy between '83-84 and '85-86; why you collected, on your own figures, something over 40 per cent of the value of production in '83-84; and why have you changed your policy so that you will collect under 30 per cent in '85-86?

I am not asking you to compare your policy with the previous government's policy. I'm asking you to compare your policy that's in this budget with the policy you had in 1983-84. Why have you changed your policy?

**HON. MR. ANDREW:** — Mr. Chairman, I have been trying all night. This government brought in a policy — I believe it was in September of '82. It was brought in very shortly after we became government, Mr. Chairman, at the time when the industry was flat on its back, at a time when there was no wells being drilled, when there was a time when the industry had moved out of this province. And what we did was change our policy back in 1982. That policy has basically been in place today, and has continued in place to today, and has continued with a great deal of success, great deal of success for more jobs, great deal of success for more revenues.

**MR. LINGENFELTER:** — Mr. Chairman, I wonder if we could, for a minute, staying on the oil royalties, but tell us and tell the members of the committee on what do you base the estimates? Is it on the present royalty structure and production, or is there an intention tomorrow in Weyburn to change the oil royalty structure, and will we be dealing with a different structure when working on these estimates?

I would like that cleared up, because there are rumours around that tomorrow you will be making changes to the royalty structure that will effect the estimates of these estimates, and you're not even telling us. You're going to go down with a bunch of your cronies from Oklahoma, they say, and from Denver, and . . . (inaudible interjection) . . . This was the news report, my friend, that we heard very clearly on CBC and a number of other radio stations, that the Premier would be announcing a change to the oil royalty structure in Weyburn tomorrow. And what I would like to find out from you as finance minister, do you propose changes, and what impact will that have on the revenue to this province?

**HON. MR. ANDREW:** — Well we will go down to Weyburn tomorrow, and we will visit with the oil industry people from Weyburn, and from Estevan, and Carievale, and Moosomin, and from Swift Current, and Kindersley, and from Lloydminster. Mr. Chairman, we will go down and deal with those people.

Any policy that will be announced down there will be announced by the appropriate people, Mr. Chairman . . . (inaudible interjection) . . . Mr. Chairman, any policy will be announced by the appropriate minister, Mr. Chairman, and I would think that the members opposite would be wise

not to speculate just because somebody in the CBC had a hare-brainwave.

**MR. LINGENFELTER:** — Well what I would like to know from you, Mr. Minister, when you're estimating the revenue from oil, whether or not you're intending to cut further the royalty on existing wells. The rumour that is around is that you are not going to follow the advice of the Leader of the Opposition and get 40 or 42 per cent on the production, but that, in fact, you are going to further cut the royalty to the large multinational oil companies.

And what I would like to know here is: on the estimates that you project here, is the reason that that number is down, and down considerably in terms of the overall amount you're getting for oil — staying the same when we are going from 1.6 billion to 2.4, where we're looking at getting the same amount for the people of the province — is because you intend to further cut the royalty on existing oil wells?

And I would ask you, Mr. Minister, if that is not true; and if that is not part of the reason that we are looking at estimates here today that will not give a fair return on the \$2.4 billion in sales of oil which you have announced.

Now we know there's going to be an estimate of \$2.4 billion in sale of oil. How could it be possible that you're not getting any more revenue for the people of the province if you're not intending to change the royalty structure, and change it to give more away to the oil companies?

And I ask you this, Mr. Minister: how, in the name of your position, do you get away and get off with talking about tax reform when, on the one hand, you're talking about implementing a 5 per cent sales tax on used automobiles; when you talk about introducing a new flat tax on ordinary Saskatchewan people; when you talk about taking off the property improvement grant for farmers; and on the other hand, you're talking about announcing a new royalty structure for oil companies who are announcing record profits — and saying that you're reforming taxes for a fair reason?

And I say to you again, Mr. Minister, that it's becoming more and more clear; when we talk about tax reform Tory style, we talk about increasing taxes on the low and middle income, and talk about tax breaks for the large corporations.

I want to get one thing clear, whether or not the estimates that we're dealing with here involve yet another cut in royalties on oil wells that have been in production for more than a year. Is that not part of the announcement that will be made tomorrow?

**HON. MR. ANDREW:** — Well you'll have to wait, I'm afraid, to the announcement tomorrow to find out what that announcement is going to be. I can assure you of a couple of things. That announcement will not be based on the policy of the Leader of the Opposition. That policy will be not based on the views expressed by the member from Shaunavon, in a column by Dale Eisler in the *Leader-Post*, that you should pay people who drill dry wells. It will not be that.

So I'll give you that much, that it will not be that. It will not be to reverting back to the policies of the previous government, where the industry left. And it will not be, it will not be grand give-aways to multinational corporations. I can guarantee you those three things. You're going to have to wait till tomorrow.

**MR. LINGENFELTER:** — I wonder if the minister would come clear on one thing. He tells me what isn't going to be included in the policy, and he skirts around the issue of further cuts in royalties for wells that are more than one year old. And would ask you that point — if you would just answer that one little question.

Does the new policy include a further cut in royalties for oil companies, wells more than one year in production? Is that not the way that you're headed?

**HON. MR. ANDREW:** — Mr. Chairman, and Mr. Deputy Chairman, I'm not about to announce what the oil policy, whatever the speech is going to be made by the Premier and the Minister of Energy tomorrow is going to be, tonight. The members opposite know full well I'm not going to do that. You can continue to ask me. I can continue to tell you, and stay tuned on the radio for the real thing. Don't listen to the speculation of the CBC.

**MR. LINGENFELTER:** — Well I think what we will be telling the people of the province tonight is exactly that: keep tuned for yet further tax reform, Tory style, more tax reform Tory style that will give yet more money to the oil companies and take more from property improvement grants; take more from the flat tax for people who earn \$10,000; take more money from used automobiles, from the sales tax on used automobiles, and give it to the oil companies.

This is the tax reform that you have shown us. And very clearly, this is exactly what we want to tell the people of the province to stay tuned for the major announcement of yet another sell-out of resources by this Conservative government.

And say, who's going to pay for them? Well, we already have three Bills before the Assembly now, three Bills before the Assembly now that are talking about tax increases. Tax increases for used automobiles, plugging that loophole, you know, people who buy a used automobile. Plugging the loophole with a flat tax on people earning \$10,000 — we're going to fix those people up and plug that loophole. And then we're going to go after the property improvement grant.

And we're going to take all those people, the farmers who are very wealthy down in the Weyburn area — you know, they're flying high now — and we're going to give it to these oil companies in the Weyburn area who are struggling along, who can't quite, can't quite make it on the present royalty structure.

We're going to reform the taxes in this province, take money from used automobiles, take money from a flat tax on people earning \$10,000, and take the property improvement grant. And what are we going to do with that money? Are we going to lower the deficit? No, we're not going to do that. Are we going to have new programs for farmers to help them fight the outbreak of grasshoppers in the Weyburn and Estevan areas? No, we're not going to do that. We're going to help the oil companies out who are just struggling along. They're just barely etching out a living here with this Tory government, and you people seem to think that they're not already your friends.

I can guarantee you the oil companies love you — as well they should, because when you're getting in the area of a billion dollars extra from the people of Saskatchewan, in terms of their oil being pumped out of the ground, and you're giving it to them, you can count on them liking you a little bit. You can count on the oil companies being your friends.

But I don't understand why you would, in the Weyburn area and the Estevan area, where farmers are struggling — pumping oil out from underneath their land and giving it away to the oil companies from Calgary. And yes, Oklahoma was one of the people on the CBC (Canadian Broadcasting Corporation) talking about how great it is in Saskatchewan; Denver; Los Angeles; and yes, they're happy with you.

But what about the farmers in the Weyburn and Estevan area who are not able to spray for grasshoppers and you say we have no money? We have no money. There's no money for farmers. There's no money in the province for farmers. We're broke — we're a billion dollars in the hole.

But the oil companies come to you and say: well we'll work out a little deal — these one-year royalty holiday we had — well you know all these 2,400 wells you drilled last year — your

royalty-free period is ending. She's ending on you boys, and you need a little more because you are going to have to go way up there to that oil royalty. And they say: well what can we do to help you guys out? Well, we'll lower them down a little bit. You lower them down a little bit. And, Mr. Minister, that is why the revenue from oil is lower than what anyone would have expected, given the fact that you have had record oil drilling in the province.

How is it that the revenues from oil is the same as it was when the production and the value of oil has doubled in the past three years? That simply doesn't add up, and to try to solve that problem on the backs of middle and low income people, Mr. Finance Minister, I think is an insult to the people of the province.

(2115)

**HON. MR. ANDREW:** — Well, Mr. Chairman, the member is probing here to try to find out . . . I understand from his filing in this Assembly that he's the only member of this Assembly that's in the oil business — the member from Shaunavon — maybe the Deputy Premier. The Deputy Premier and the member from Shaunavon are the only two people in this Assembly in the oil business. Now they are the two people in the oil business.

Now what I told the member from Shaunavon, if he is hoping that we're going to bring in a policy that says: when you go out and form a company and drill a dry hole, then we're going to somehow give you some kind of a grant back for that dry hole? You ain't going to get it from us, I can assure you of that.

Now, Mr. Chairman, I can assure the member from Shaunavon that he will not be rewarded tomorrow for the dry hole he drilled in Shaunavon. He can be guaranteed of that.

Mr. Chairman, we believe that the oil policy that we have put in place back in 1982, and have maintained since 1982, has worked, and we're going to be building on the strength of how that has worked. And whatever statements are made tomorrow will, in fact, be made.

The member opposite is speculating, and he's speculating in Technicolor, I might add. He should not, he should not put his faith in what the CBC reports. He should wait for tomorrow for the announcement. I can only tell him we will not revert back to the policy of 1981, and we will not be making grants out for people to drill holes in the oil patch.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, to continue with your search for tax reform, I want to talk about the budget and to the extent that it withdraws property tax rebates. And we've heard the Minister of Urban Affairs tonight say that that money was going to be directed into education. And I want to take you, the minister, through a few figures by way of illustrating the tax reform.

Hundred million dollars in property tax rebates. This is going to have to be rough and ready because some more went to farmers, but I'm taking a simple constituent of mine. And a simple constituent of mine may pay \$500 in property taxes. And you are now going to put the \$100 million, you tell me, into schools grants which will lower her property taxes by perhaps 25 per cent —if it happened. It's not going to happen, because the mill rate haven't dropped a nickel in Regina. But assuming that that was true — give you every consideration — that would lower her tax by \$125. And you have taken away from her \$230 in property improvement grants.

But then there's the Southland Mall. You are going to take away from the Southland Mall their \$250, in their case, but you're going to lower their property tax by 25 per cent, and 25 per cent in their case is \$65,000. By way of tax reform, you are saying, we're going to take away this \$230 from my constituent and \$250 from the Southland Mall, and we'll give back my constituent \$125 because of larger schools grants, and we'll give back to the Southland Mall \$65,000. And that's what you do when you take away tax rebates and put money into school grants. And that's

what you've done in the interest, presumably, of tax reform.

Who needs the money? You have decided that the Southland Mall needs the money. You have given them a benefit of \$65,000, and you've taken away a benefit of \$100 to my constituent. And I could go through any number of similar properties in Regina. I picked up one here of Cornwall Apartments Limited, a much more modest tax bill than the Southland Mall, and my own constituent now, you're going to lower her taxes by \$125 and take \$230 from her. And for this Cornwall Apartments you're going to take \$250 away from them, and you're going to lower their taxes by \$14,500. I picked this one up because the sole director is one Eli Fluter and he may be known to you.

**AN HON. MEMBER:** — Do you have any property in Regina Elphinstone?

**HON. MR. BLAKENEY:** — Pardon?

**AN HON. MEMBER:** — Do you have any property in Regina?

**HON. MR. BLAKENEY:** — Yes, I've got property in Regina. Not very much though. I am just saying, Mr. Minister, that you are saying that the appropriate tax reform, and you're talking about tax reform, is to, so far as my constituent is concerned with the modest house on which she pays \$500 in property taxes, you think she should pay, in net, an extra \$100. Take away her \$230 and give her back, say 130. You want to take away \$100 from her, and you want to give to the Southland Mall \$65,000, all in the interest of tax reform.

That's what this budget does, and I could use much more spectacular figures. I could use a figure of a farmer who was getting, not only the property improvement grant, but the home quarter rebate, the farmer who has got a farm beside a potash mine. I tell you the potash mine will get a great deal bigger than this, than \$65,000.

All in the interest of tax reform. Central Canada Potash, your friends at Noranda, you want to give them a big break. The farmer who is next door, you want to take money away from him. And that's what you're doing. And that's what this budget does. And I'd like to hear that defended on the grounds of tax reform making the system more fair.

I think it can't be defended on those grounds, and I'm going to be awaiting with interest the minister describing how this change is making our tax system fairer.

**HON. MR. ANDREW:** — I'd like on this question to go back, talk to a number of people that have studied the political events in Saskatchewan for a long time.

Let's go back to the history of the property improvement grant. Property improvement grant was initially brought in in the province of British Columbia by W.A.C. Bennet. It was brought in just before an election. He gave everybody 50 bucks. Out went the cheque from W.A.C. Bennet to every voter in B.C., and said, look what we're doing for you, voter, we're giving you all \$50. And they were supposed to thank W.A.C. Bennet.

Ross Thatcher came into office in this province, saying I'm going to give you back \$50 — same policy as W.A.C. Bennet. He brought that policy in.

And as I understand from some of the people that were around this building at that time, that the hon. member at that point, I think, was the critic for finance in the opposition. And at that time he argued very eloquently that that \$50 rebate back was nothing more than a political ploy to buy people's votes, and that that money would have been far better allocated to education or health-care, as a more appropriate way to spend the money. From a fiscal point of view, he argued, that would be a far better way of doing it.

Now that was back in 1964-65; and quite frankly I agreed with the comments that you made back in those days. But that policy was developed in a way of rebating back to everyone.

Now, the reality of it, seems to me, and the reality of your question, does it make sense for governments to (a) take money in and (b) then recycle within government and give it back to people? Or is it better to develop a property tax system based on proper assessment, based on decisions at local government as to how you impose your taxes.

What should the tax . . . what should the appropriate tax be on a homeowner? What should the appropriate tax be on a higher or more expensive home? What should property tax be on a business? What should the property tax be, let's say, on a law office, that might make a \$100,000 versus a farm machinery dealer that might make \$25,000 in a given year? And the farm machinery dealers maybe paying 10 or 15 or 20 times more money than the law office is. Now those are questions I'm sure that you have dealt with, and it is not proper, if we're going to do a property tax system, that those property taxes should be collected at the local level, that we have a proper assessment authority that puts the proper value on those lands. And you know what the battle is about, and that's been going on for a long time in this province.

So I don't think government should take it in with one hand and give it back with the other hand, and I don't think that property improvement grants should be paid to the Southland Mall or to potash mines or anything else. I think that's foolish. Now that's point number one.

Point number two: The focus of that policy, to take property improvement grants and stream it into education, was not solely to reduce the property tax for the education bill. What it has done is not to say we'll fund it all and keep as you're going. But what we said is 125 million of it should be new dollars on top of incremental dollars already going to the universities.

And why did you want to put the money to the universities? You put the money to the universities over a five-year period so that they can plan, so that they can make the necessary changes in the university, so they could build a stronger university.

Now we could have opted for the approach taken in Manitoba, which was to give — what — 2 per cent increase to the universities, and say okay, you absorb that 2 per cent increase. And that's a policy I read yesterday of a letter you had written. And I don't believe that is the way to go.

I believe the property owners of this country and this province believe fundamentally in the importance in the principles of improving our education system, and I think that's very fundamental, and that's the policy that we have tied this to.

The other part of it goes to K to 12, and what that is in the K to 12 system is not solely to reduce property taxes, but it's also to put money in so that we can build computer systems in our schools that we never had before, that many other provinces, and certainly other countries, are far ahead of us on; that we can bring in other programs in our school system that otherwise we wouldn't have money for; and that's what we have to do; and that's the choice we had to make.

It would have been a lot easier to say no, we're not going to touch the property improvement grant, but at the same time not provide the money to schools. We had to make that choice, and quite frankly, I believe that that is the right way to go, and I believe, even you, going back to 1965, would also agree that the property improvement grant was not the thing to do. I believe you also would agree with me that that policy was brought in by the Thatcher government to get votes — the \$50 rebate back to the people.

With regards to your story about whether Southland Mall is getting more money back, I suppose the greater question is: Is Southland Mall not paying their fair share of property taxes in the city of Regina? That really becomes the question. Is Southland Mall not paying its fair share of the

property taxes? Are the people that own houses in this city being snookered, if you like, by the system so that the businesses are not paying their fair share? I think that's the observation you made.

(2130)

Well any numbers that I have seen, Southland Mall or any other business, is paying pretty healthy chunk of property tax. There's no system in this province that I'm aware of, in any local government, that says the local government can waive property taxes for business a, b, c. Property taxes should be the domain of local government. It should be the domain of those local people so that they can make those choices, so their people can judge the city councils or the school boards on their performance and on their school taxes and on their property taxes.

But surely you're not going to say you can't change? You can't change the system that's 20 years old, that was founded on a political give-away; that once it is there we should never change it? You can't say, surely, that you must not put that additional money and be bold enough to put that additional money into the education system? And if we're out of line with property taxes and businesses versus property tax on home owners, or we're out of line with property taxes of a small house versus a large house, then surely you have to correct that at the local level. Otherwise, what is the sense of property tax and property tax being the sole domain of the local government?

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, very clearly your idea of what a fair tax system is and mine vary; vary with respect to how we should finance K to 12 schools. You think we should finance more of it from property taxes, and that's what this budget does. Yes indeed!

Mr. Minister, no one can deny that in Regina, where a citizen pays just as much property tax in 1986 as he did in 1985, and in addition loses his \$230 property improvement grant, is paying \$230 more — on a net basis paying \$230 more in property taxes to finance schools. Now that's a healthy increase: 20,25 per cent; in many cases, 30, 40, 50 per cent.

In the case of my constituent with the relatively modest house who pays \$1,000 in property taxes, 500 of which will be schools, a little less than 500 — the mill rate is 58 municipal, 55 school, 55 library — in her case, \$230 means that her taxes are very nearly cut in half for school purposes.

You take that away from her, her taxes are very nearly doubled for school purposes. And I'm thinking of a 60-year-old widow, but it needn't be a widow, it can be somebody else. And I think this is a very substantial increase in taxes, and I don't think it improves the fairness of our tax system at all. I think it's going the other way.

But fundamentally, Mr. Minister, I believe that we should be moving away from financing K to 12 schools with property taxes — not putting more of the cost of schools on property taxes, but putting less of the cost of schools on property taxes. And that, in fact, is what the property improvement grants did, and they did it for homes, and farms, and small businesses, and they didn't do it for larger taxpayers.

And you may think that that's unfair. You may think it's unfair that the effective mill rate for a small householder was a good deal less than the effective mill rate for the Southland Mall. Well I didn't think it was unfair, because I think that homes, farms, and small businesses need some special protection against high school taxes. And for the most part, people with large property holdings do not.

Now you may vary: you may argue about that. You say we can do it all through the assessment system. The vibes I'm getting from people about the assessment system indicate to them that it does not meet their full standards, did not meet their full standards . . . (inaudible interjection) . . .

Well wherever it came from, you've had three years to change it if you didn't like it. You've had three years to change it if you didn't like it.

You people have been in office for more than three years, and after all, that's a long, long time in government. And if you don't like what you've found, you've had three years to change it.

That system went in in the belief that it could be made more fair through property improvement grants, property tax rebates, and it was. And it was. And if you think, if you think, Mr. Minister, that to tax an individual householder at the same effective mill rate as the Southland Mall meets your standard of fairness, fine. It doesn't mine.

To say that Central Canada Potash, who pays virtually nothing by way of corporation taxes — because we all know the resource companies don't pay very much by way of income taxes and corporation taxes; we know that — to suggest that they should pay the same effective mill rate as the farmer next door, and that we shouldn't try to give the farmer any leg up through a property tax rebate, does not meet my standards of equity. And it didn't meet yours last year — didn't meet yours last year.

I wonder why you put in the home quarter rebate . . . (inaudible interjection) . . . The member for Prince Albert, I know, will enter the discussion and tell us why they put in the home quarter rebate last year if they didn't think it was a fair thing, if they didn't think it made the tax system more fair. And I believe it did, and to take it off this year makes the tax system less fair. To take it off this year makes the tax system less fair, because I think, Mr. Minister, that many people particularly farmers, pay a high property tax in relation to their net income.

Now when we're talking about roads and things which are services to property, you can say, that's all right, their property is getting the service. But when we're talking about education, where there's no particular reason why education should be financed from property taxes any more than health or other service, no particular reason in principle, then I think we should be minimizing that.

And minimized it was over in the . . . It started in the early days of the '50s, where virtually all of the costs of schools were borne by local property taxes, and by the early 1980s, taking property improvement grants into account, well over 70 per cent of the costs of education were paid centrally.

Now that is a very substantial improvement — and back we go. We're going back when you kill property improvement grants. Now with respect to K to 12 schools, perhaps 50-plus per cent, but not 60, not even 55, will be paid out of central sources. Back again to financing schools on property taxes, and I think that's a retrograde step, and I don't think it's a step which is consistent with tax reform to make it fairer.

And I would ask the minister whether he believes that a tax system which finances the school system, the K to 12 school system, by property taxes to the extent of close to 50 per cent is fairer than a tax system which finances those same school systems only to the extent of 30 per cent.

**HON. MR. ANDREW:** — The member opposite was in government for 11 years, and what you did consistently year after year after year was as follows: you set the salary levels for teachers, and you tied your grant to that level. You didn't make any distance for the increments, and each year the increments in the teachers salaries and the local bargaining was absorbed at the local level.

And what happened? You go out and ask anybody in the rural areas that I know better, or I'm sure in the urban areas, it's the same thing. During your administration property taxes went up and up and up and up, and the education component of that tax went up and up and up. So you weren't taking more off on the property tax as it related to education. You weren't cutting that.



And you go back and ask about the principle of property tax for school. I believe, fundamentally, that there must be some local control of the school system. That must be maintained, and it would be extremely dangerous to track off in the direction where the provincial government controlled all of the funding to the school system. And that's the direction that many in your party would like to go to.

Several motions in you party have been to that effect, and you can't deny that. You can't deny that. Because what happens as soon as you do that, then big brother in government starts to set all the policies that relates to education, and the school boards in Saskatchewan, that have done an admirable job in my view, would be effectively neutered. It would make no more of those decisions. And I don't think that's the fair way to go with school taxes.

Your system increased the school taxes, and you can't deny that. Your system increased the school taxes year after year after year, and you shake your head. They did.

Now you talk about the assessment and say, well the assessment is not fair. I mean you were the one that designed that, probably you, yourself, and with the few civil servants, but . . . because when you were premier you got into a lot of stuff — but you designed that yourself, you designed that yourself. And then you're saying to us, well you've been in government three years, why don't you change it? Well you know when you designed it, it's a ten-year cycle. So you say, well the seven years were in the cycle when you were government, or the five or whatever it was, the people in Prince Albert and the people in Moose Jaw and those people that got bumped pretty hard with the system, but all of a sudden we should change the system for the other people.

Now, you have to create that sense of equity and fairness in that assessment authorities. What we've tried to do, and I don't want to speak on that because the minister of assessment authority, when that came up in the House, there wasn't one question asked on it. But, be that as if may, I'm not fully cognizant of the pushes and pulls and all the details of the assessment authority. But I think what we have tried to grapple with is the question of where is a proper assessment authority; how do we involve the local government in that assessment authority concept; and how do you bring in a policy that is do-able, that doesn't hurt those that have already been assessed and been assessed for some time?

(2145)

But ultimately you must have — we are going to have, in this province, property taxes, which goes back to the initial question you asked. And the assessment authority — people don't like it. I agree they don't like it. They like it if it doesn't do anything to their assessment. They don't like it if it raises it. So if it raises Southland Mall's assessment, which means they pay more tax, I can assure you Southland Mall don't like it.

Now, I think that if you go back and look over a period of time, over a period of time, by and large, that balance to the business side, even in your administration, which we haven't changed, has tended to pay a fair share on property taxes. And if they haven't been, then I think the system was not implemented the right way.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister. A couple of quick comments.

With respect to the policy on the financing of schools, it is the policy of this caucus that school boards retain a right to property taxes. I said this on behalf of our caucus in a speech to SUMA, who were at that time advocating quite another system, and I'm not aware of any of your colleagues who spoke to SUMA in those terms, but may have been done. That was stated unequivocally by me speaking to SUMA.

With respect to your assertion that property taxes have gone up — not true. Property taxes — the combined total of school grants and property improvement grants substantially decreased the property holders', the property owners' share of the total K to 12 tax bill, from the time that property improvement grants were introduced in the early '70s to 1982.

They may have varied from year to year, but there was a substantial decrease in the per cent of the total bill borne by the property owner, and a substantial increase in the combined total borne by school grants and property improvement grants. And you have reversed that. You have reversed that substantially, and you are putting on the backs of property owners a much larger share of the cost of operating schools. And I say that that makes our tax system less fair. That tax reform, like so many of your tax reforms, is less fair than the system which you replaced.

It is a fact that the combined effect of school grants and property improvement grants or property tax rebates, using them all, paid at times over 70 per cent of the total cost of operating K to 12 schools. This budget will substantially reduce that. This budget will say to property taxpayers out there, you pony up a lot more money because you are the people who should pay more.

In my own case, and I think of my own home, I'm obviously going to have to pay \$230 more in taxes, and it obviously doesn't hurt me, but I've got a great number of constituents for whom it is a lot of money. And a great number of constituents who say: you are collecting \$230 from every householder on this block; you are asking us to bear a greater share of the cost of operating schools in Regina, and you are not asking other people to pay anything like an equivalent sacrifice. And that is your tax reform, Mr. Minister.

Your tax reform is one which says more of the cost of schools should be borne on the backs of property owners, on farmers, home owners, small business people, and I say that is tax reform in the wrong direction. And I say you can talk about assessment all you like, you're not going to change that. You say you can't or whatever; I'm not arguing that point.

If you think you're stuck with the assessment system, and I'm not saying you aren't, why then are you changing the property improvement grant system and the whole system of tax rebates? Why are you putting more of the cost of operating schools on the backs of farmers and home owners and small-business people? Why are you deciding that these are the people who are to be targeted?

It almost sounds as if you took lessons from your colleagues at Ottawa who decided that senior citizens ought to be targeted to deal with the federal deficit.

But dealing specifically with your budget: why are you targeting home owners, farmers, and small business people, who got 99 per cent of the benefit of the property tax rebates, to pony up this \$100 million when there as many people — perhaps even the income tax — which would be a fairer way to raise money than asking home owners, farmers, and small-business people to pony up \$100 million.

Overwhelmingly, Mr. Minister, that rebate was such that people with lower incomes got a greater benefit. And when you take it away, you have the situation where people with lower incomes pay more. How can you defend that in the name of fairness?

**HON. MR. ANDREW:** — The member opposite starts out by trying to convince this Assembly and the people of Saskatchewan that the taxes, property taxes, did not go up for farmers and for home owners and for business people in the 11 years when he was in government. He says that the property taxes did not go up. You go out and ask any farmer in this province, ask any farmer in this province: did your taxes go up when the NDP were in government for 11 years?

If you think you can go out and tell the farmers of this province that for 11 years you kept a

lid, and kept the price down, and did not increase their property taxes, good luck. Go to it. And if you go out and tell every home owner in this province that what we did for you was to keep your taxes from going up in 11 years, good luck, because you can't do it.

Mr. Chairman, what the member opposite fails to recognize, and what the people of Saskatchewan were telling this government — what the people of Saskatchewan were telling this government — is what we are prepared to do to provide a better education system for our children. And everybody was prepared to pay their fair share to build a better university system.

And we didn't look for a way — we didn't look for a way, Mr. Chairman — that said to the universities, we got to find a way to give you less money. And we didn't look for a way by which we said to the K to 12 system, no, we're going to hold you down, and hold you down, and hold you down. That's not our approach.

We believe that you have to have a stronger education system in this province. And that's why we said to the people of Saskatchewan, and that's what the people of Saskatchewan said to us: we are prepared to give up our property improvement grant if that money goes to education, and if that money going to education builds a better education system for our children, because it'll be our children that benefit from that; and if our children benefit from that, Mr. Chairman, our entire society will benefit from that.

I do not apologize for one moment for the policy that we took to upgrade, to enrich the funding to the school system of this province. I believe that's where money should go, and I will stand on that forever.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, nobody is arguing about the minister needing to put more money into education. The only thing is, he should have done it in the previous budgets. Surely he will agree that, except for his first budget which he adopted from the previous government, the increases to the university were the most niggardly in 10 years.

But there's no point in arguing about that. It is the other proposition, about where this money should come from. We agree, and agree that it's long overdue, that he should be putting money into education. We agree that's long overdue.

What we are asking, what we are asking, Mr. Minister, is why? Why should the financing of the school system — and I'm dealing now with the school system because that's what the property improvement grants were related to — they're related to property taxes. Property taxes were used to finance the K to 12 system, so I will confine my comments to that, and I won't talk about community colleges or whatever, at the moment, but the school system; and the issue, surely, is how that should be financed.

And if you are saying, as I thought you did, that the per cent of the cost of operating the school system that came from property taxes did not go down, and down sharply in the last 10 years, I think you're very wrong. You're very wrong.

Obviously property taxes went up — everybody knows that, everything else went up. But property taxes, incidentally, measured against either incomes or the value of land — property taxes went down. You can say that property taxes should relate to the income of the person or the value of the property taxed; you could use either test. On either test they went down, but that's neither here nor there.

What I am now talking about is, given that we're to spend more money on our schools — and the minister agrees with this — where is it to come from? How much of the cost of operating our k to 12 system does the minister feel should come from the central pot, and how much from property taxes?

And I say that taking school grants and property tax rebates together, 65 to 70 per cent at least should come from the centre. Will the minister agree, will the minister agree that a proper, fair tax reform would be to see that the combined school grants and property tax rebates would pay, say, 70 per cent of the cost of operating the K to 12 system? Would he agree to that as a target?

**HON. MR. ANDREW:** — You asked a couple of questions: One, you said that you agreed with our increased funding to the universities and to the K to 12 system. Our increase to the university system was by far, far and away the largest increase by any government to universities, by any government in this country, far and away — so, he says: I go back to your letter that I read to you yesterday. This is a letter from Hon. Allan Blakeney, Premier, to Hon. Doug McArthur, Minister of Education and Continuing Education.

And let me read it to you: “I am particularly” . . . (inaudible interjection) . . . well, he’s not interested in this, Mr. Chairman, but let’s read it.

I am particularly interested in knowing how we intend to organize our relationships with the universities, the manner in which we intend to reduce the rate of growth of university funding.

What he is saying in here is, how do we keep the funding down, and how do we reduce it further to the universities? Now you can’t have it both ways; either you’re going to increase the funding to the university, or you’re not.

Now his view is that you decrease it, that you decrease the funding to universities. And we say we do not agree with that; that is a misguided policy; that we, in fact, have to find the resolve to, in fact, put more money into the universities. We believe that. We believe that firmly and fundamentally, and our budget, in fact, spoke to that in very strong terms this year.

With regard to the funding to schools. What we did this year to the K to 12 system was to give the K to 12 system, on top of what we gave them and their increase that every other department had, we gave them \$275 million — \$275 million over the next five years, and we’re proud of that, because by doing that, Mr. Chairman, we believe we’re going to build a better school system; we’re going to build a better education system; and so doing, we’re going to build a better society for this province.

The committee reported progress.

The Assembly adjourned at 10:01 p.m.