

The Assembly met at 7 p.m.

Prayers

### NOTICES OF MOTIONS AND QUESTIONS

**HON. MR. HEPWORTH:** — Mr. Speaker, I give notice that I shall on Wednesday move first reading of a Bill, An Act respecting the Transfer of revenues from Oil Resources to Farmers in the form of Refunds in respect of Fuel Costs.

**SOME HON. MEMBERS:** — Hear, Hear!

**HON. MR. HEPWORTH:** — I give further notice, Mr. Speaker, that I shall on Wednesday move first reading of a Bill, an Act to amend the Agricultural Credit Corporation of Saskatchewan Act.

**SOME HON. MEMBERS:** — Hear, Hear!

**HON. MR. SCHOENHALS:** — Mr. Speaker, I give notice that I shall on Wednesday move first reading of a Bill, an Act to assist New Grade Energy Inc. in establishing a Heavy Oil Upgrader in Saskatchewan.

**SOME HON. MEMBERS:** — Hear, Hear!

**HON. MR. SCHOENHALS:** — Mr. Speaker, I also give notice that I shall on Wednesday move first reading of a Bill, an Act respecting Saskatchewan Oil and Gas Corporation.

**SOME HON. MEMBERS:** — Hear, Hear!

### ORAL QUESTIONS

#### Status of Heavy Oil Upgrader in Lloydminster

**HON. MR. BLAKENEY:** — Mr. Speaker, I direct a question to the Minister of Energy and my question deals with the status of the heavy oil upgrader in Lloydminster.

In June of 1984 the minister announced that this \$3.2 billion project would begin construction this fall. The minister will have observed that fall is approaching. The project appears to be on hold due to a federal government risk evaluation, to quote the federal energy minister's office.

My question to the minister is this: can the minister inform the Assembly and the people of Saskatchewan exactly what the current status of the Lloydminster project is and why the Mulroney government seems to be dragging its feet with respect to this important project?

**HON. MR. SCHOENHALS:** — Mr. Speaker, the status of the upgrader project at North Battleford is basically the way — at Lloydminster — the Leader of the Opposition explained it. The federal government has determined to have an evaluation done, a financial risk evaluation as well a technical evaluation. It is my understanding that those evaluations have been presented to the federal government. We would anticipate some time, either later this month, more likely early in December, to be getting together with the federal government and Husky to determine this.

In terms of the reasons why this action was taken, I think it's safe to say that the negotiations that have taken place over the last year involving the western accord agreement, the natural gas pricing agreements and so forth, have changed the situation that was in place, in a fiscal sense, when the agreements were brought together. And consequently the federal government chose to take the action to evaluate the project slightly further.

**HON. MR. BLAKENEY:** — Mr. Speaker, supplementary. When it was indicated that the federal government is holding back because they want to do another risk evaluation, why did you not offer to the federal government your study which doubtless shows that the upgrader is a viable project? Did you offer your figures to the federal government, and why were they not satisfactory to the federal government.

**HON. MR. SCHOENHALS:** — Mr. Speaker, we co-operated completely in the evaluation. As I indicated, the fiscal framework within which the industry operates has changed significantly, and consequently the figures we have were updated as were the figures of Alberta and the previous government.

**HON. MR. BLAKENEY:** — Further supplementary, Mr. Speaker. Whether or not the circumstances surrounding the economics of the upgrader have changed, surely you will have updated your figures. And I'm asking you, did you submit to the federal government your upgraded figures so as to move along their risk evaluation? Is it not true that you have done a risk evaluation? Is it not true that it shows the upgrader to be viable? And why did they reject your figures?

**HON. MR. SCHOENHALS:** — Mr. Speaker, the figures we presented were not rejected. It was a decision made by the federal government to have a third party — in this case the Toronto Dominion Bank — carry out the study. The evaluations made by the three governments were all submitted and were part of that, and consequently that's where we're at today with this project.

**HON. MR. BLAKENEY:** — Further supplementary, Mr. Speaker. In view of the fact that we are evidently having more studies with respect to this, not only financial but technical, are you able to give us a date upon which you will be able to state that the Lloydminster project will go forward? Or, if for any untoward reason it is not going forward, would you be able to state a date when a decision would be made?

**HON. MR. SCHOENHALS:** — As I indicated, Mr. Speaker, we expect to be getting together with the federal government and Husky within the next week or two. Whether that will lead to a definitive date on the start of construction, I'm not sure. Obviously with two major upgrader projects under way in the province, they're both on the same time schedule, but we are attempting to move this one as quickly as we can, similar to the one we have here in Regina.

### **Financing of Hospital and Nursing Home Construction**

**MR. LINGENFELTER:** — Mr. Speaker, I have a question here for the Minister of Health, and it has to do with the Conservative government's policy of shifting the onus of hospital construction and nursing home construction from the provincial government to the local governments.

I have here a letter from the Board of Governors of the Regina General Hospital to the mayor of Regina, dated October 9th. And in that letter, Mr. Minister, I would like to quote one paragraph, which says:

The purpose of this letter is to request city council to provide the amount equivalent to 1 mill for the years 1987, 1988, and 1989, in addition to the current 2 mills provided through the hospital revenue taxes.

Now this would go towards the furnishing and equipment of the regeneration of the General Hospital because the provincial government is not willing to put the money in.

I would ask you, Mr. Minister, whether or not you will change your mind and include in your budget and in your planning enough money for the General Hospital, so they don't have to go to the residents of Regina to increase the mill rate by 1 per cent, or \$7 million, to furnish the hospital that you have — finally, after three years — decided to renovate.

**HON. MR. TAYLOR:** — Well, Mr. Speaker, I would just think that a \$300 million capital project into

hospital and nursing home construction is a considerable project by this government. Over the next five years, I think, the Regina General Hospital, the University Hospital, St. Paul's Hospital, a new City Hospital, a new rehab centre in Regina here, a new cancer clinic in Saskatoon: all, Mr. Speaker, that will be going — many of them under construction today — is a real commitment from this government to providing quality health care in this province.

**SOME HON. MEMBERS:** — Hear, Hear!

**MR. LINGENFELTER:** — Well, another question to the Minister of Health. Having given the plans for what you're going to do after the next election — and we've heard that in the last four budgets of the Minister of Finance, the rehab centre and all of those great things you plan to do in the future — coming back to the original question, I wonder whether or not you can indicate to the people of Regina whether they will be facing a 1 mill increase for one hospital, which will amount to a \$7 million increase in their property taxes next year being levied by the city in order to furnish a hospital that you won't.

**HON. MR. TAYLOR:** — Mr. Speaker, in regards to the rehab centre — and in the words of the Leader of the Opposition who was in Saskatoon a little while ago and said he couldn't see any construction going on — I would ask anyone with 20/20 vision to take a look right out there in Wascana Park and the University Hospital, where two floors are going to be constructed on top of there, and the actual construction is in place now — as well as St. Paul's Hospital, as well as a 238-bed special-care home in Saskatoon. So I would say this, Mr. Speaker: I cannot decide the mill rate of the city and the people of Regina. I can tell you, Mr. Speaker, in all sincerity, that I think with a \$300 million capital project for hospital and nursing home construction, to ask some of the local people to help with furnishings is a reasonable request.

**MR. LINGENFELTER:** — I want to repeat the question for the third time to the minister, then. Will you confirm that indeed there will be a \$7 million increase in property taxes in Regina as a result of your lack of funding for the regeneration of the General Hospital?

**HON. MR. TAYLOR:** — Mr. Speaker, I think that question would be better asked of the city administrator of Regina. I have no idea of what the mill rate increase would be.

### Assessment of Urban Farm Land

**MR. SHILLINGTON:** — Thank you, Mr. Speaker. My question is to the Minister of Urban Affairs, and deals with the amendment to the Urban Municipality Act, which was passed in this Assembly last spring, and which you, Mr. Minister, claimed was designed to ease the property tax burden for farmers — which, in fact, meant a huge tax cut for developers and land speculators. My question, Mr. Minister, is this: were you misinformed about the effect of this legislation, or were you misinforming the Assembly when you said that this legislation was designed primarily to benefit farmers? And regardless, now that the true full impact of the amendment has become known, will you give us the assurance that you will introduce in this session a further amendment to wipe out this unjustified tax break for real estate developers and speculators?

**HON. MR. EMBURY:** — Mr. Speaker, the amendment to the urban Act that the member opposite refers to does, in fact, put the assessment of urban farm land back into line from where it once came, and does affect many farmers across the province who would have urban land within the corporate limits of an urban municipality. Prior to the amendment, they would be required to pay on urban farm land, or they would be assessed on urban farm land, as if that was developed urban land — which of course it wasn't — thereby increasing their taxes considerably, even though the use of the land for farming and is still for farming. I can assure the member opposite that as soon as the

urban farm land is developed or even started to be developed, the schedule is changed and that property is assessed as developed urban land as the development takes place. That is only fair. There's no reason at all for a farmer who happens to have farm land inside of an urban centre to pay taxes on that land outside of . . . other than having it taxed as farm land.

**MR. SHILLINGTON:** — Supplementary. Mr. Minister, in light of the fact that over 70 per cent of the so-called farm land is not owned by people who farm at all, but by real estate developers and speculators, will you not admit that the primary benefactor of this amendment was the friends of the Progressive Conservative Party and not the farmers?

**HON. MR. EMBURY:** — Mr. Speaker, unlike the members opposite who would like to set an assessment policy on who owns the land rather than on the use of the land, we in this government would rather have a fair assessment policy and we will assess land on its use and not on its ownership.

**MR. SHILLINGTON:** — Mr. Minister, since the true impact of the amendment which you introduced in the last session has come to light, has the minister instructed his staff to study the impact of this change, not only in Regina but in other urban centres as well in Saskatchewan? In Regina alone, real estate developers and speculators will see their tax bills cut by half a million dollars while the residents of this city have seen their effective bills go up. Mr. Minister, what is the total savings to real estate developers and speculators for the province as a whole? Has the minister undertaken a study of that?

**HON. MR. EMBURY:** — Mr. Speaker, despite the fact that the member opposite voted for this amendment, I would also inform him that the request for the change came from the assessor of the city of Regina. And I would repeat again, we do not try and assess, and we will not set an assessment policy on who owns land, but rather assessment policy is placed on land for its use. The member might also be aware that if in fact an assessment base is affected downward, the revenue sharing grant goes up. And that is the basis of the formula for revenue sharing across the province, to take into effect the differences in assessment base from community to community. And if it is true, which I doubt, that the assessment base in Regina would be affected — which I doubt very much, to any degree — that would be reflected in increased revenue sharing.

**MR. SHILLINGTON:** — New question. Mr. Minister, you will remember in the Assembly I asked you whether or not the amendment had any effect other than that which you explained to us. You, Mr. Minister, misinformed the House and said it had no effect for those other than farmers.

Mr. Minister, was that incompetence, or were you intentionally misleading the House when you told us that no one but farmers would benefit from this?

**HON. MR. EMBURY:** — Well, Mr. Speaker, I doubt very much if I misinformed the House. As a matter of fact, I think, Mr. Speaker, that what I'm trying to tell the member opposite is that when you set any assessment policy, you do it on the use of the land, whether that use is down-town Regina in one schedule; whether it's residential properties in another schedule; whether it's a farm land property, which is another schedule. That is how you assess land, and that is how we will continue to assess land.

**MR. SHILLINGTON:** — Mr. Minister, one of the major issues which has developed in the by-election which is now concluded in Regina North East is property tax increases.

Mr. Minister, I ask you: you have been giving huge tax breaks to real estate developers and speculators; by removing the property improvement grants, you have increased the effective tax bill of ordinary property owners. I ask you, Mr. Minister: does that strike you as being fair? Because it doesn't strike the residents of Regina North East as being fair.

**HON. MR. EMBURY:** — Mr. Speaker, what really struck the population of this province as being unfair when interest rates were 22 per cent and you were government and did nothing about it.

**SOME HON. MEMBERS:** — Hear, Hear!

**HON. MR. EMBURY:** — They thought it was very fair when we protected their mortgages and their homes. They were losing their homes when you folks were around over there. They thought it very fair that we protect the homes.

I might point out to the member opposite that the average rate of increase of the mill rate last year was 2 mills, and it wasn't very hard. But under your administration, Mr. Speaker, I can remember when the mill rates were going up 10 or 15 per cent a year. I was on council at the time.

So I don't think, Mr. Speaker, that we have been unfair. I think we've been very fair, and I think that the people in Regina North East and all over the province realize that.

**HON. MR. BLAKENEY:** — Mr. Speaker, to the Minister of Urban Affairs. He will perhaps be aware that — and I will pick one portion of land owned by a farmer. Cairns Homes, who paid in 1984, \$41,000; who paid in 1985, \$42,000; and whose estimated tax in 1986 is \$2,500 — 41,000, 42,000 and 2,500 on the same parcel of land. I ask very simply of the minister: does he think that's fair?

**HON. MR. EMBURY:** — Mr. Speaker, I guess a couple of things. I think again that I would point out to the member opposite the basis upon which we will assess now and we will assess in the future, and that's on the use of the land. I wonder if the member opposite thinks that Sask Housing, who owns three-quarters of the raw land for the last 20 years, have paid not one penny in tax to the city.

**SOME HON. MEMBERS:** — Hear, Hear!

**HON. MR. EMBURY:** — Not one penny in tax. And that we know that it is your party who would have Sask Housing own all the land for development.

**SOME HON. MEMBERS:** — Hear, Hear!

**HON. MR. EMBURY:** — And I'll tell you, Mr. Speaker, if that ever becomes the case, then you watch the people of Regina when they think something is fair or not.

### **Travel of Minister of Economic Development and Trade**

**MR. KOSKIE:** — Thank you, Mr. Speaker. I'd like to address a question to the Deputy Premier, the minister responsible for Economic Development and Trade. I am somewhat taken up by your duties, which seem to be overseas trips. And I would like to ask you in respect: in October, Mr. Minister, you travelled to Japan, among other nations in the world, on so-called government business. But I would wonder: can the minister tell the Saskatchewan taxpayers where his overseas trips took him? What countries? What places in the world? What government business was involved in each stop and who accompanied you at taxpayer's expense?

**HON. MR. BERNTSON:** — Mr. Speaker, I should maybe advise the member — and I shouldn't have to; he's been around for a long time — that that kind of question probably should be put on the order paper as an order for returns — in fact, in number 678 on the blues today. And according to the staff people that assist me with these House Leader's duties, I'll probably have those in your hand this week.

**MR. KOSKIE:** — Mr. Minister, in the trip that I referred to in October, do you recall any of the particular stops that you made on the way? Just some of the stops — do you remember any of them?

**HON. MR. BERNTSON:** — Yes. I made one . . . Now I'm not sure if this was the October one or the early November one, but the last one, whenever it was — I went from Regina to Vancouver to Tokyo to northern Japan — Sendai. From Sendai I went back to Tokyo. From Tokyo I went to Los Angeles. From Los Angeles I went to London. From London I went to Athens. From Athens I went to Cyprus. From Cyprus I went to, I believe it was Calgary, and then — well, Athens, Amsterdam; you know the

connections — and then back to Regina.

While I was in Tokyo, I spent some considerable time with the people of the Toyota Motor Company, Mr. Speaker, at which time they praised Saskatchewan for the quality of their presentation and also the quality of the work that had gone into the presentation. We don't apologize for that. We're working very hard to bring jobs back to Saskatchewan. I think it's the first time ever that Saskatchewan has gone after an industry of that size and magnitude, and we don't apologize for that at all.

The Los Angeles stop on the way back was again in the same vein, dealing with a Mr. Togo who is the president of all offshore matters dealing with Toyota. And the trip to Cyprus, Mr. Speaker, we set up an offshore company in Cyprus that is dealing in the third world and the mid-east, and I would hope within the next week I'll be able to talk about projects dealing in the tens of millions of dollars with that particular company, Mr. Speaker.

**SOME HON. MEMBERS:** — Hear, Hear!

**MR. KOSKIE:** — I can see it doesn't take much to make a co-op in this province, but, Mr. Speaker, a further supplement. I was wondering, whether in the October trip, whether the minister recalls being in Melbourne, Australia, during the tour around the world.

**HON. MR. BERNTSON:** — Not only, Mr. Speaker, do I not recall that, but in fact I was not there.

### **Proposed Water Treatment Plant in Prince Albert**

**MR. ENGEL:** — Mr. Speaker, I have a question for the Minister of Urban Affairs, and it deals with a proposed water treatment plant for the city of Prince Albert, Mr. Minister.

The city, I am told, is on the verge of running out of good water. They are using the peak consumption, and they will be requiring more water if any expansion is going to take place in that city, and the city is requiring about a five and a half million dollar treatment plant in order to have the city grow.

Can the minister advise the Assembly whether or not your government has decided to contribute towards the construction of this important plant, and if so, how much of the total cost will you commit towards building this plant?

**HON. MR. EMBURY:** — Mr. Speaker, they haven't discussed that project with me.

**MR. ENGEL:** — When does the minister expect that you will be looking at that, and how much do you intend to fund as far as this project is concerned?

**HON. MR. EMBURY:** — Mr. Speaker, they haven't discussed that project with me.

**MR. ENGEL:** — Mr. Minister, this is not speculation. The city is planning construction of it, and you try to tell me that you haven't . . . How much money have you available for that project?

**HON. MR. EMBURY:** — Mr. Speaker, I don't have any of the particulars on the project so I . . . Maybe they've talked to Sask Water. They didn't talk to me.

### **TABLING OF LETTER OF RESIGNATION**

**MR. SPEAKER:** — Before orders of the day I'd like to lay on the Table a letter of resignation from the Deputy Speaker, dated July 31st.

### **INTRODUCTIONS**

#### **Introduction of Sergeant-at Arms**

**MR. SPEAKER:** — As well, I would like to introduce to the Assembly our new Sergeant-at Arms, William Goodhand, better known as Bill.

**HON. MEMBERS:** — Hear, Hear!

### **Introduction of Pages**

**MR. SPEAKER:** — As well, the, members will have noticed that we have new pages tonight, and I would like to introduce them, and as I do, would you please stand one at a time so you can be recognized: Angèle Chabot, Cheryl Delparte, Sheila Fayant, Ronald L'Heureux, and Gary Sparvier.

**HON. MEMBERS:** — Hear, Hear!

### **TABLING OF REPORT OF THUNDER CREEK BY-ELECTION EXPENSES**

**MR. SPEAKER:** — As well, under section 221 of the Elections Act, I lay of the Table the report of the returning officer dealing with the expenses incurred in the Thunder Creek by-election, March 1985.

### **ORDERS OF THE DAY**

#### **MOTIONS**

#### **Appointment of New Deputy Speaker**

**HON. MR. DEVINE:** — Mr. Speaker, I move, seconded by the Minister of Finance, by leave of the Assembly:

That Mr. Arnold Tusa, Esq., member of the constituency of Last Mountain-Touchwood, be Deputy Speaker of this Assembly.

Motion agreed to.

#### **Resumption of Regular Hours of Sitting**

**HON. MR. BERNTSON:** — Mr. Speaker, I move, seconded by the Minister of Finance, by leave of the Assembly:

That this Assembly shall now resume ordinary sitting hours pursuant to rule no. 3.

Motion agreed to.

The Assembly adjourned at 7:37 p.m.