

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Van Mulligen: — Thank you, Mr. Speaker. It's my pleasure to introduce to you and, through you, to the members of the Assembly a group of approximately 30 students from St. Augustine School in my constituency. These students are in Grades 4 and 5. They are accompanied by their teacher, Ms. Buchko, and a number of chaperons, Mr. Bernaski, Mr. Eklund, Ms. Hailbich, Ms. Cohnstaedt and Mr. MacKinnon.

And I would like the members of the Assembly to join with me in welcoming these students here today. I hope to get an opportunity to see them shortly after question period. Thank you.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Revenue Sharing Payments to Urban Municipalities

Mr. Van Mulligen: — Mr. Speaker, my question is to the Minister of Urban Affairs, and it concerns a letter sent to him recently by the president of the Saskatchewan Urban Municipalities Association.

The letter deals, Mr. Minister, with your decision to withhold millions of dollars in revenue sharing payments to some urban municipalities in this province because you forgot to get approval for these payments in your last interim supply Bill. The letter from SUMA (Saskatchewan Urban Municipalities Association) reads in part, quote:

It is SUMA's contention that revenue sharing payments from the provincial government to municipalities should not be a concern of the budget debate. We therefore request that you reconsider your decision.

My question is: will the minister now admit his mistake and convince the Minister of Finance to introduce an emergency interim supply Bill so that the full amount of all revenue sharing payments can now be made to Saskatchewan's urban municipalities?

Some Hon. Members: Hear, hear!

Hon. Mr. Klein: — Mr. Speaker, there they go starting another rumour. He quoted from a letter, and he says it deals with hundreds of millions of dollars. That was his opening statement. It doesn't, in fact, deal with hundreds of millions of dollars; it deals with one isolated city in the province. And if you go and check the figures, unfortunately the figures in that letter are incorrect.

Mr. Van Mulligen: — Supplementary, Mr. Speaker. If I was wrong and I said hundreds of millions I'd say that I was wrong, but it involves millions of dollars to these urban municipalities.

There is a real impact on these municipalities even if the minister chooses to minimize these. For example, the city of Yorkton should have received a third-quarter payment in excess of \$308,000 and has in fact only received approximately \$112,000. The city council in Yorkton is now having to borrow money and paying interest to make up for these delays in payments. Mr. Minister, can you not understand that this little mess of yours is creating problems for municipalities and for their property taxpayers, and when are you going to do something about it?

Hon. Mr. Klein: — Mr. Speaker, let's put this in perspective. I have attended three regional SUMA (Saskatchewan Urban Municipalities Association) conferences in the last month, and in those conferences it was brought up to me one time. So that's the burning issue out there. Even the mayor of the city of Regina says it's no big deal.

So to put the record straight, there are about 370 or thereabouts . . . (inaudible interjection) . . . Do you want to listen? I'll answer if you're prepared to listen.

The facts are this, Mr. Speaker. There are about 370-some-odd communities that have received their payments in total for the year, all paid. There are 139 communities that have received half of their October payment. Now they're hardly behind any money. The city of Yorkton does not have to go out and borrow funds to pay their bills — that's another rumour that you're just starting in this Assembly.

Mr. Speaker, the member opposite, at the SUMA conference, who was invited there, says now that they're prepared to debate this interim emergency legislation. Four times — four times we've had the Appropriation Bill here. Not once, after debating all day, not one time did any member opposite ever bring up quarterly payments.

Some Hon. Members: Hear, hear!

Mr. Speaker: — Order. Order, please. Order.

Mr. Van Mulligen: — Supplementary, Mr. Speaker. Surely this is the first time that the opposition has been blamed for the minister's incompetence.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Minister, you can choose to minimize this problem; you can say that it is of no consequence; you can say that it's minor, but on top of millions of dollars in cuts to urban municipalities, why are you now choosing to nickel and dime them? What purpose is there behind that?

Some Hon. Members: — Hear, hear!

Hon. Mr. Klein: — If anybody is nickel and diming the municipalities, Mr. Speaker, there is not question it's the members opposite. They've had ample opportunity, if

they were sincere, as they purport to be this day, if they were sincere they could have brought it up at any time that they wished. But did they? No.

In the meantime, the one-twelfths went by time after time after time and, after me consulting with SUMA (Saskatchewan Urban Municipalities Association) and attending these conferences, the only one that seems to be excited about all this is the hon. member who stands up at this time, after missing the boat four times, and trying to escape with his life because he promised them he was going to do something about it.

I don't promise people anything. I just do my best.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Supplementary, Mr. Speaker.

Mr. Speaker: Final supplementary.

Mr. Van Mulligen: — How about some effective, prompt, and appropriate action for a change. That would be welcomed.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Minister, how is it that your colleague, the Minister of Rural Affairs, can make and meet all of his commitments to rural municipalities when it comes to their revenue sharing? How come he can do that? Do you not admit that that simply proves that you were in error, that you forgot to make the adequate provisions in the interim supply Bill?

Some Hon. Members: Hear, hear!

Hon. Mr. Klein: — Mr. Speaker, there was nothing at all forgotten about it. We're into the . . . what day are we in the Assembly now?

An Hon. Member: 104.

Hon. Mr. Klein: — Day 104; normal session, 70 days. Thirty-four, that's, you know, that's a couple of months past what a normal is, and I don't know why . . . Obviously now, after dragging this session on for a couple of months, I suppose if I were in opposition I'd start getting excited too.

Cost of Shand Power Plant

Mr. Lyons: — Thank you very much, Mr. Speaker. My question today is to the minister responsible for the Saskatchewan Power Corporation, and it concerns how his government is engaged in the spending of taxpayers' dollars in the province. Mr. Minister, I have here the environmental impact statement which SPC (Saskatchewan Power Corporation) filed with respect to the Shand power plant, and it's to be built in the Premier's riding, as you know.

Now you have consistently claimed that the Shand power plant will provide the cheapest power option for Saskatchewan taxpayers at a cost of something less than \$500 million. However, Mr. Minister, the environmental

impact study here puts the cost of the Shand power plant at over \$1 billion of Saskatchewan taxpayers' money. How can you justify spending \$1 billion when you have consistently said, when you have consistently said a figure which is much lower?

Hon. Mr. Berntson: — I don't know, Mr. Speaker, why it should surprise anyone that the Shand power plant would be built in the Premier's constituency because that's where Shand is; that's also where the coal is; that's also where the river is. And it all comes together there, Mr. Speaker. And so when it was determined that we needed an additional 300 megawatts of electricity by the year 1992, and after studying the economics of Shand versus Coronach versus a Manitoba purchase, etc., it was decided to go ahead with Shand.

Now as it relates to the numbers that the hon. member uses, I don't know what numbers are in the environmental impact study. I don't know if they're project dollars. I don't know if they're constant dollars, 1985 dollars, or whatever. I do know that the numbers that I've provided to the member in Crown Corporations at his request were the numbers that were offered by SaskPower with a great deal of accuracy.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Supplemental question, Mr. Speaker. Mr. Minister, the facts are that this environmental impact study was released very, very shortly after you gave me the numbers. The numbers are double from SaskPower than what you've given us in the Crown Corporations Committee, and at a time when you're cutting back on health care spending and when you cut out the children's dental plan, how can you justify us spending \$1 billion as the cheapest office, and how can you justify the fact that you've misled the Saskatchewan people by claiming that it's only half the cost than the real costs here is revealed?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, nobody is misleading anyone on the cost of the Shand project, and I want to make that clear at the outset. I think the hon. member probably doesn't understand the difference between project dollars and the constant dollars, and I'm just learning about it myself so I can understand that. And having said that, Mr. Speaker, so that both of us understand the reason for the difference between the numbers in the environmental impact study and the numbers offered by SaskPower in Crown Corporations and in other forum across the province, I will take notice of the question and get the SPC officials to explain the difference.

Ms. Simard: — Mr. Speaker, my question is also to the minister responsible for SPC, and it has to do with the fact he indicated in the Crown Corporations Committee that Manitoba Hydro agreed to offer to supply electricity to the province of Saskatchewan for a period of 12 years, and this offer was not acceptable. We now find, however, from a spokesman from Manitoba Hydro that they are prepared to supply electricity to Saskatchewan for a period of up to 30 years and that they've been very flexible in their offers, attempting to meet the needs of

Saskatchewan, and that they are prepared to discuss this with the government.

Now I would like the minister to advise us how he can explain the discrepancy between his comments in the Crown Corporations Committee that it was a 12-year offer as opposed to the 30-year offer mentioned by the spokesman for Manitoba Hydro, and I want to know if he can table all the offers from Manitoba Hydro along with all the material supporting the negotiations, so the public knows what the true facts are on this subject.

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, I know that the hon. member was in Crown Corporations, and I know that she asked for the correspondence that went on between SaskPower, and I think they call it the Manitoba energy corporation or energy agency or whatever it is, and we did in fact, I think, offer to provide that, and in the normal course it is filed with the Clerk of the committee. And if that was done, and if we agreed to do that, that's where it is.

However, if it wasn't done, or if I didn't agree to do it at that time, I'd be more than pleased to give you the letter that we got back offering a 12-year, a 12-year contract based on 80 per cent of the cost of a Minnesota plant. And the Minnesota plant, because of the kind of coal that it burns and the kinds of technologies that they use, is far more expensive than ours. So they were giving us 95 per cent of 80 per cent of the avoided costs of the Minnesota plant for a period of 12 years. At the end of the 12-year contract, Mr. Speaker, it worked out to 9 cents per kilowatt-hour as opposed to 6 cents per kilowatt-hour for either a Coronach or a Shand. The life of a Coronach or a Shand is 30 years, Mr. Speaker, and we wanted longer term supplies, far longer than 12 years.

At some point when you consider the lead time necessary to bring such a project on stream, at some point you have to make a decision. We made the decision. We are well down the road on the Shand project, and it's now very easy for Manitoba to say, we'll give you a 30-year contract for nothing, because they know they'll never have to deliver. But when we were trying to cut a deal, they weren't at the table. Mr. Speaker.

Some Hon. Members: Hear, hear!

Ms. Simard: — Mr. Speaker, the spokesman for Manitoba Hydro said that they attempted to meet the needs of Saskatchewan and that they were prepared to discuss virtually anything with the minister from SPC. I want to know whether the minister is prepared at this time to return to the negotiating table with the officials from Manitoba Hydro and look at the possibility of contracting with Manitoba Hydro?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — The question, Mr. Speaker, was asked in Crown Corporations, because our concerns were that the contract wasn't long enough, firstly; and secondly, that it was too expensive. Are you interested in the answer, Mr. Leader of the Opposition?

An Hon. Member: — Occasionally.

Hon. Mr. Berntson: — You might learn something from this one. But the question was asked, Mr. Speaker, in Crown Corporations Committee, I think by the member from Rosemont, I think, and it was something like this: would you reconsider your position as it relates to Shand versus the Manitoba purchase if Manitoba would come in with a longer term, say 3 cents as opposed to 9 cents? My response was, we would sign the deal this very day.

So, Mr. Speaker, Mr. Speaker, it's easy to play these kinds of games. But now that we're well into Shand and have spent lots of money at Shand and that decisions have had to be taken along the way, there is a lot of cost to be covered to put it on the shelf. And so any deal on a Manitoba purchase is going to have to be very, very attractive at this point.

Some Hon. Members: Hear, hear!

Ms. Simard: — I assume from the minister's comments that he is prepared to renegotiate with Manitoba Hydro and will be looking into it. But, Mr. Minister, when people are seeing their public health care services cut and their taxes increased, I believe that they have a right to know when you say that Shand is the cheapest option, that it in effect is the cheapest option.

So I want to know whether the minister's prepared to table all the detailed studies that show Shand is the cheapest option and submit those studies to a public hearing so the public knows how their taxpayers' dollars are being spent.

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, I want to correct the preface to her remarks. She said that I would be going to Manitoba to reopen those discussions. I will not. If Manitoba is interested in coming to the table with a deal that is attractive enough to put Shand on the shelf, I invite them to town. We're prepared to talk.

Now as it relates to the numbers and the costing of the Shand project, we gave the numbers to the member opposite that she asked for in the Crown Corporations Committee. And I have every confidence, Mr. Speaker, in the professionals, in people like Bob Lawrence and Oscar Hanson and others who have been at SaskPower for 25 and 30 and 35 years and have been doing this for their livelihood for that government, for previous Liberal governments, for . . . almost as long as SaskPower has been around, and I have every ounce of confidence in them. Mr. Speaker. And no, we will not be putting it before a public enquiry.

Some Hon. Members: Hear, hear!

Child Care Services in Saskatchewan

Mr. Goodale: — Thank you. Mr. Speaker. My question is for the Minister of Social Services, and it has to do with the issue of child care in Saskatchewan. I wonder if the minister could tell us if the government has come to a

final conclusion at long last about the future shape of child care services to be offered in the province of Saskatchewan.

And could the minister indicate if it's correct that his department has in fact settled upon a private child-care-for-profit proposal, and that that proposal is in the process of being drafted now within his department? Is that correct?

Hon. Mr. Schmidt: — Mr. Speaker, first of all, we never come to any absolutely final conclusions because the world changes and you should be able to be flexible enough to change with the world and do what is appropriate. So that's a rather unusual question from a Liberal.

The other question that is asked is: are we prepared to look at private child care? Yes, that has happened historically for at least 10,000 years, and we're prepared to continue with some of that private child care — being parents and those people that parents choose — and we are not prepared to say that the government has to take care of all child care. And so for that reason I would say yes, we are prepared to look at private child care.

And it amazes me that a Liberal would somehow tie profit to children and then suggest that profit is a dirty word. I don't really know what's happening.

Mr. Goodale: — Thank you, Mr. Speaker. My supplementary is simply this — I had some difficulty following the minister's logic. Could he indicate specifically whether his department is at this present moment drafting a proposal with respect to the future shape of the child care program within the province of Saskatchewan that would have within it a major component of child care for profit?

Is that in the works now, or will the minister specifically today rule that out as one of the options he might be considering?

Hon. Mr. Schmidt: — Well at this time we are specifically waiting to see what direction the federal government will take in this field, and when they have indicated their final position, we will adjust ours accordingly.

Mr. Goodale: — Supplementary, Mr. Speaker, could I ask the minister then when he anticipates some kind of information from the federal government. That information was to be available publicly, I believe, in the month of June. It's now many months after that. When does he expect a federal government decision in this regard? And secondly, would he confirm the gist, I think, of his last answer which is that his department is not now drafting a proposal with respect to child care for profit. I would appreciate his confirmation on that last point.

Hon. Mr. Schmidt: — Mr. Speaker, from the very outset the questions of the member are simply too vague to answer. And if he could narrow his question down to one point or two points, but he's making a speech and it's too vague to answer that speech.

Commissioning of Dome Advertising by SGI

Mr. Trew: — Mr. Speaker, I would have wanted to address my question to the minister responsible for SGI, but as usual, in her absence, I address the Deputy Premier. Can the Deputy Premier confirm that SGI has commissioned a local advertising agency, specifically Dome Advertising, to produce a series of television commercials to sell your idea of selling shares in Saskatchewan Government Insurance?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — I can't confirm that, Mr. Speaker, and I don't know if this topic was discussed in cabinet this morning as I was in Crown Corporations with the member from Quill Lakes discussing trade matters relative to Agdevco, and SaskExpo, our excellent Crown corporation that served Saskatchewan so well.

In any event, Mr. Speaker, unless it was discussed in cabinet this morning, I have no knowledge of it. However, I will say that if the decision is made that there should be public participation in the general insurance side of SGI, I certainly hope that they are covering all bases to sell the story in a very positive way.

Some Hon. Members: Hear, hear!

Mr. Trew: — Supplementary. I ask the Deputy Premier also to confirm that the television time has been booked over the next few weeks to run these SGI television commercials.

And would you tell the Saskatchewan people just how much of their money is being spent on your political propaganda advertising? And further, I ask you to table the cost of that political propaganda, table the cost so the people of Saskatchewan can see it.

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, you will recall when I answered the first question, I said I didn't know, and nobody has come in and told me anything, so I still don't know.

Mr. Trew: — New question, Mr. Speaker. At a time when the government is cutting back in its health care budget and claiming that every dollar counts, how can you justify that you need this 10 per cent increase in vehicle insurance rates at SGI because of big losses at SGI?

But in light of those financial problems, how is it that you can always find a few extra hundred thousand dollars for your political propaganda to try and con the taxpayers and the people of Saskatchewan into buying shares in a corporation that they already own?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — We've had this debate before. The member for Riversdale, not in this House but I think on a talk show on one of the TV networks, said, Mr. Speaker, that he was not opposed to public participation or privatization of SGI. That's what he said. Now the member for Regina North obviously is.

The other thing that he said, Mr. Speaker, was all of the policies of the Blakeney era would have to be reviewed, and I fully expect that he will do that, Mr. Speaker. And it may well include, as he says, propagandizing to sell that thing that they already own.

The new leader of the NDP, Mr. Speaker, and this side of the House may have a great deal in common when it comes to privatization and public participation.

Some Hon. Members: — Hear, hear!

Mr. Trew: — Thank you, Mr. Speaker, new question. I sincerely wish that the minister responsible were here to answer because we desperately want to talk to her. We desperately want to find out what your position is. And is it your position and that of your government that the collapse of the world stock-market is something that you and your government can ignore as you prepare to sell shares in SGI? Is it so, that you are so ideologically blinded in your mad dash to sell shares in a corporation that everyone in Saskatchewan owns right now, that you're going to proceed in spite of the stock-market collapse? And further, is it your plan to run TV commercials to convince the Saskatchewan taxpayers to invest their savings in a very volatile stock-market?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — First, I wonder, Mr. Speaker, how the stock-market even fits into his ideology and why. In any event, Mr. Speaker, obviously the market is of concern to any . . . and it should be a concern to everybody. The fluctuations, mostly down, not up as of late, of course will have an impact on the thinking, of the timing, etc., of any public offering, and we have financial advisers, Mr. Speaker, very good ones that offer us advice as it relates to the markets.

ORDERS OF THE DAY

Hon. Mr. Berntson: — Mr. Speaker, today, Tuesday, normally the routine would be for private members' day, however, the opposition House Leader and myself have agreed that with leave we should go directly to government orders, Mr. Speaker.

Leave granted.

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 55 — An Act to provide for the Division of Saskatchewan into Constituencies for the Election of Members of the Legislative Assembly.

Hon. Mr. Berntson: — Mr. Speaker, I'd like to begin my remarks about the proposed Electoral Boundaries Commission Act now before this House by reading two short sections from the Constituency Boundaries Commission, 1979, interim report of April, 1980. The first concerns equality of representation and reads as follows, on page 3:

The right to vote is a cherished right, hard won in

the past through resolute conviction. Stemming from this right to vote is the justifiable expectation that one elector's vote should, within reason, weight equally with another elector's vote elsewhere in the province.

The second, Mr. Speaker, the second concerns the quality of representation, and again I quote, on page 4:

Government, today, is complex and sophisticated and constituents need ready access to the elected representative. Agricultural Saskatchewan has a relatively large populated area with a relatively sparse population. This makes the process of contesting elections and the representing of the constituency by the successful candidate after the election, a markedly different problem from that experienced by prospective candidates and the successful candidate in an urban constituency . . .

The challenge in designing rules for redistribution in a province such as Saskatchewan is to balance the two basic tenets of representative democracy — on the one hand, the justifiable expectation that one elector's vote should, within reason, weight equally with another elector's vote' and on the other, that constituents need ready access to their elected representative. To put it another way the desire for equality of the voter's votes must be weighed against the access that constituents have to their elected representative and thus the quality of representation that they receive — equality of representation versus quality of representation.

Common sense and history show that under our first past the post system can never completely achieve equality of representation. A general election consists of a large number of local elections with the government in the main being formed from the political party which wins the highest number of these local elections. The party with the highest percentage of popular vote will not necessarily win the election, as we know from the 1986 experience.

Let us take the theoretical simplistic example, Mr. Speaker, as follows. Party A and Party B fight an election in this imaginary province where there are exactly one million voters in 100 seats of 10,000 voters each. After the election the results show that Party A got 30 per cent of the vote and Party B got 70 per cent of the vote. Who won the election? Well in this case Party A won the election, and with only 30 per cent of the vote.

And here's why, Mr. Speaker. Party A won 51 seats with 51 per cent of the vote in each, and Party B's 49 per cent of the votes in each of those 51 seats was wasted, so to speak. Party B won 49 seats with 90 per cent of the vote — 49 seats with 90 per cent of the vote in each of those seats, so that the party lost only 49,000 votes. The aggregate result of this exercise shows that a party with only 309,100 votes, or 30 per cent of the total, won 51 seats, while party B with 690,900 votes, or 70 per cent of the total, came out second with only 49 seats. Thus even though the numbers of voters was exactly the same in each seat, the party with the highest percentage of popular vote did not win.

There are other factors working against the quality of value between voters' votes under the first past the post system. First, the voter population is unlikely every to be exactly even as between two constituencies. We see that in the 1986 general election constituencies varied from less than 8,000 to over 20,000 voters when the constituency boundaries commission had them all within 15 percentage points, plus or minus, of a 9,500 population quotient a mere five years or so earlier, differences of over 100 per cent growing in such a short time from the original differences of less than 15 per cent.

Second, the number of candidates varies between constituencies, and whereas a candidate in a three-way race would technically need a minimum of 33 and one-third per cent of the ballots, plus one, to win, a candidate in a five-way race would theoretically need only 20 per cent of the ballots, plus one, to win. Again,, we have a built-in inequality.

How can this inequality be dealt with? There are basically two ways., Mr. Speaker. The simplest, and the way best guaranteed to reflect the aggregate popular vote, is to go to a system of proportional representation, perhaps with a single transferable vote method of voting. Under this system in our theoretical example, party B would have formed the government with its massive majority — 70 per cent of the seats, to party A's 30 per cent — a very different result that would be obtained under the first past the post system.

Though such voting systems have occasionally been tried in Canada, they have never replaced our traditional first past the post system. Canadians have always believed that the merits of directly electing a local representative far outweigh any concerns over the exactitude of the value of one person's vote in another constituency. As long as the equality of voting is maintained within a given constituency, we tolerate reasonable inequalities as between constituencies.

The second way of dealing with inequality in the value of vote is to frame parameters within which inequalities are tolerated, but beyond which they are not. The system which we use in Saskatchewan is a population quotient, which is arrived at by dividing the number of electors by the number of seats, and not allowing a commission to vary from that population quotient by more or less than a certain percentage.

Mr. Speaker, this prevents abuse by limiting the variations in population size between constituencies, while still allowing a commission a certain latitude, to try to allow for population growth and differences between communities to have considerable bearing on the shape and the size of the constituencies. In such ways do we try to ensure the equality of a person's vote vis-a-vis another.

The problem of quality of representation is not so easily solved, since the tendency has been to emphasize equality of votes. However, all jurisdictions take cognizance of the fact that large rural or northern seats are in many ways harder for elected members to represent than are the urban counterparts, and that these seats have

special problems and strengths which need to be adequately represented.

As a result, in general terms, rural and particularly northern seats tend to be much larger in area, but generally smaller in size and [population. The smaller rural and northern seat population is thus an attempt to equalize the quality of representation as between these and urban seats.

And sop, Mr. Speaker, if a redistribution Act is worth its salt, it must try to balance these two important principles: equality versus quality of representation.

Mr. Speaker, I would like to take some time to go through the proposed Act and outline its major themes. It is an Act which sets up an independent electoral boundaries commission which is to work within certain rules outlined in the Act and present a report to this House suggesting how best to fairly divide the province into constituencies that will reflect both equality of voting and quality of representation.

The Act first of all establishes a constituency boundaries commission whose purpose it is to make proposals to this Assembly regarding the areas, boundaries, and the names of constituencies for Saskatchewan. The commission is to be established before January 31, 1988, and thereafter within 90 days of the opening of the first session of the legislature following every second succeeding provincial general election. This provision, I feel, is a great improvement over the old Act which called a commission into being in 1979 and every eighth year thereafter.

Because elections are not always held at regular intervals, such an arrangement could lead to a report being laid before this House very close to an election, and could allow a government to go to the polls on the old boundaries if it thought them more advantageous to its survival.

At the very least, such an arrangement can lead to great uncertainty for both prospective candidates and the voting public. Organizing constituencies is no easy task at the best of times, and this additional element of uncertainty as to boundaries would be an added burden which would serve no useful purpose.

Having the commission sit very soon after every second provincial general election will ensure that the redistribution process will be completed in good time for the ensuing election.

This new feature will still mean that in general terms a redistribution will take place approximately every eight years, as before, since the tradition in Saskatchewan is for governments to go to the people approximately every four years. But it could be shorter or longer, and because of the built-in flexibility allowed governments under the constitution as to when they are obliged to call an election, we see this is an important feature.

(1445)

The make-up of the Constituency Boundaries

Commission has been changed slightly to ensure that it has even more independence than before. Under the old Act, two members were appointed in the Act, and one was at the discretion of the Speaker in consultation with the Premier and the Leader of the Opposition. The new Act removes that discretionary appointee, all three commissioners being named in the Act itself, either as a person or as a class of persons. And the persons who are to make the appointments are also named, these persons being outlined . . . outside, pardon me, of the political process and not from this Chamber and thus beyond this Chamber's influence, Mr. Speaker.

One commissioner is to be a supernumerary or retired judge of the Court of Appeal or Count of Queen's Bench to be named as before by the Chief Justice of Saskatchewan or by the Chief Justice in consultation with the Chief Justice of the Court of Queen's Bench if necessary. Another will be the Chief Electoral Officer of the province; and the third will be named by the chief judge of the provincial court from among the judges of the provincial court, Mr. Speaker.

Thus, two commissioners will be either members or former members of the judiciary, while the third is the person charged with the responsibility of overseeing the electoral process in the province. This provision brings the Saskatchewan Constituency Boundaries Commission into line with the practice of most other provincial jurisdictions in Canada which have rules for the establishment of commissions to handle redistribution, in that 75 per cent of commissions have members of the judiciary, and 75 per cent of the provinces, Mr. Speaker, have Chief Electoral Officer as members of the commission. Very few, however, have all three commissioners named in the Act in such a way that the legislature and the government have no influence whatsoever in the appointment of the commission. I am proud that this Bill goes that extra mile and removes the redistribution process one step further from the political forum, Mr. Speaker.

The commission, once established, selects its own chairman, hires whatever staff it might require, makes its own rules for regulating its proceedings and for the conduct of its business. The manner in which the parameters, pardon me, the manner in which, and the parameters within which, a commission is to operate, are very similar to those laid down in the previous Act.

The commission must complete an interim report within nine months of its appointment, and this interim report must be filed with the Clerk of the Executive Council. The commission must hold at least two hearings for the purpose of considering oral and written representations with respect to its report.

The commission must publish a notice of any and all hearings it intends to hold and must, in that notice, include a copy of a map showing the proposed division of Saskatchewan into constituencies and their proposed names.

The commission, after duly considering notice and all representations made to it at these public hearings, must complete its final report within one year of its

appointment and must file a copy with the Clerk of the Executive Council and submit a copy to Mr. Speaker, who will in turn lay the report before the Assembly within 15 days of its receipt if the House is in session, or within 15 days after the first sitting day of the next session if the legislature is not sitting at the time he receives the report.

If this House by resolution approves, or approves with alterations, the proposals of the commission contained in the final report, then a new representation Act must be introduced during the same session that will establish the new constituencies in accordance with the resolution.

These procedures, briefly outlined, Mr. Speaker, are almost identical to those laid down for the operation of the commission in the previous Act, the changes, where there are changes, operating simply to make the procedures clearer or easier to comply with.

For example, whereas under the previous Act a person wishing to appear before the commission at a public hearing had to give the commission 15 days notice, this has been changed to a requirement of giving only reasonable notice.

Another example gives the commission more leeway in determining the number and location of public hearings, albeit with requirements that at least one of the hearing be held in Regina or Saskatoon, and at least one be held in a place other than Regina or Saskatoon, thus giving more people access to the commission's public hearings.

Mr. Speaker, I have dealt with the rules governing the appointment of the commission, the time at which it must be appointed, the method it is required to employ to present its interim and final reports, and the disposition of its final report by motion of this House.

I would like now to turn to the rules within which the commission must work as far as redistribution is concerned. The rules must so carefully try to preserve the balance between equality and quality of representation, concerned I addressed in my earlier comments today.

To put my ensuing remarks into perspective, I would first like to look briefly at the recent federal redistribution. The population quotient for Saskatchewan was calculated at 69,165 persons per constituency, a figure from which the commissioners were not to vary by more than plus or minus 25 per cent. Yet if one looks at the country as a whole, we see that the Yukon is guaranteed one seat with only some 25,000 people, and Prince Edward Island, with a population of about 130,000 is guaranteed four federal seats. Prince Edward Island, Mr. Speaker, would hardly qualify for two federal seats, and yet they are guaranteed four.

Something else other than straight numerical factors are at work here., Mr. Speaker, and that something is common sense and fair play in allowing a region's voice to be heard rather than allowing it to be swamped by the voice of Toronto or Montreal. We recognize, Mr. Speaker, that the people of Prince Edward Island or of the Yukon each have a community of interest and concerns which can be very different from those of the people of Toronto or Montreal. Canadians realize that these people need and

deserve a voice in our national affairs, beyond which mere numbers of people might warrant, and we make appropriate allowances accordingly.

Mr. Speaker, we in Saskatchewan have similar problems in giving all people with different communities of interest and different problems, hopes, and aspirations an appropriate voice in our provincial legislature. Half of our province contains less than 14,000 voters, while the other half has well over a half a million voters.

A similar compromise was granted to Prince Edward Island, and is therefore . . . I mean a similar compromise to that granted Prince Edward Island is therefore justifiable in the northern half of our province. And accordingly, the northern half of our province is accommodated by having two seats, the population of which can vary from the quotient established for the province by up to 50 per cent, as opposed to a 25 per cent limit for southern seats.

The province continues to be divided into a northern and southern area, as in the previous Act, by the same line used in the previous Act, which runs east and west across the province. However, the southern portion of the province is further subdivided into urban and what we loosely call rural seats.

Urban seats are completely urban by definition, but rural seats often contain a mixture of urban and rural. Estevan, for instance, is more urban than rural, but it is classed as a rural seat, while Melfort, Weyburn, Cut Knife, Lloydminster and many others are as much urban as rural, but they are also classed as rural seats simply because they are not wholly urban. Thus although the designation "rural" is used, it is not meant to be misleading by implying that the seat is by any means wholly rural, but rather that it is a seat which is not wholly urban as the urban seats are.

Thus there are two types of seats identified under the Act: northern seats which are defined as lying north of the north-south dividing line, and which can vary from a provincially established population quotient by up to 50 per cent; and southern seats which are subdivided into urban and rural, and which may only vary from the provincially established population quotient by up to 25 per cent.

The new Act differs from the old, Mr. Speaker, in establishing the number of seats into which the province is to be divided, it being more fitting that this House decide its size than to abrogate such responsibilities and pass it onto a commission.

The previous commission set the size of the House at 64 members, two seats being designated as northern and 62 as southern. The new Act proposes the House now have 66 members, two from the North and 64 from the South. The reason for keeping the North at two seats is simply that there was an increase of only 195 voters in the whole of the North between 1982 and 1986 elections, whereas there was an increase of almost 30,000 voters in the southern part of the province during the same period.

The previous commission stated in its report that it believed that there should be a community of interest in

each constituency and that for that reason it decided to use its own words to make clear boundary delineations between urban and rural constituencies where possible.

The commission, while not designating rural and urban seats as such, in fact created 27 seats that were almost entirely urban, and 35 seats that were mainly rural or at least contained fairly large rural areas. The 27 urban seats were Swift Current, The Battlefords, Yorkton, which each comprised one constituency; Moose Jaw and Prince Albert, which each comprised two; and 10 constituencies were allotted to each of Saskatoon and Regina.

The present Act designates these centres as now being wholly urban seats, the small rural area of Prince Albert-Duck Lake being detached from Prince Albert, as is also is that small area of Yorkton that lies outside of its municipal boundaries. However, two additional urban seats have been created and given, one each to Saskatoon and Regina to compensate for the growth and the number of voters in those two cities, since between them they account for some 23,700.

Of the almost 30,000 new voters registered in the province between 1982 and 1986 general elections, rural seats grew by less than 2,000 new voters between '82 and '86, and so rural seats remained unchanged at 35, Mr. Speaker. The relative number of people living in northern, rural, and urban seats will, no doubt, in future vary, and thus there must be a mechanism whereby the relative numbers of northern, rural, and urban seats are adjusted over time.

To accomplish this the Act calls for this House itself, by means either of standing committee or of an all-party committee established for the specific purpose, to recommend to the House any changes in the relative number of northern, rural, or urban seats that the committee considers necessary.

(1500)

This is another innovative step which allows input by both the government and the opposition parties of the day into the composition of this House. This procedure is to take place within 30 days of the opening of the first session of the legislature following every second provincial election, so that appropriate adjustments can be made prior to a commission being established.

A further refinement allows for the reconvening of a commission for the strictly limited purpose of redefining boundaries of urban constituencies where an urban municipal boundary has been moved such that confusion among voters may result as to which constituency they are to vote in. As an example, Mr. Speaker, the constituency of Saskatoon Eastview was defined by the last constituency boundaries commission as being bounded by the municipal boundary of the city of Saskatoon as it existed on April 1, 1980.

Prior to the 1986 election, the city of Saskatoon expanded its municipal boundary and a new subdivision was built across what had been the old municipal boundary as it existed April 1, 1980. As a result, the old

municipal boundary, also of course the constituency boundary, wandered through several new homes in such a way that the Chief Electoral Officer had to make arbitrary decisions as to which constituency a given household belonged. Strictly speaking, this was not legally within his power, and had there been a very close result in that constituency, the election result may well have been questioned in the court. Allowing a commission to be reconvened for this very limited purpose should solve this problem in the future, Mr. Speaker.

The final point regarding the Bill that I would like to raise, Mr. Speaker, concerns the provincial population quotient and the percentage deviation allowed from it. Under the previous Act, there were in effect two separate population quotients within the province: a southern quotient, arrived at by dividing the number of southern voters by the number of southern seats; and a northern quotient, determined by dividing the number of northern voters by the number of northern seats.

Under the new Act there will be one provincial quotient calculated by dividing the total number of voters in the province, as determined from the voters' list for the previous provincial general election, by the total number of seats in the province. There can be no deviation from this quotient by greater or less than 25 per cent in southern seats, and 50 per cent in northern seats.

I believe, Mr. Speaker, that having one population quotient for the whole province from which northern seats cannot vary by more than 50 per cent is a greater safeguard for the North than might be achieved under the system designated in the old Act whereby there were two population quotients, as already described, without any tie in between them. In other words, there was no remedy if the respective population quotients for North and South drifted too far apart.

Under the new system, alarm bells will ring if the upper and lower deviation limit of 50 per cent is approached, and there is the added security of the relative numbers of northern, rural, and urban seats being examined by a committee of this House after every second provincial general election. These two factors will together provide greater assurance to Northerners that their democratic rights will be protected than the method which existed under the old Act.

The allowable variation from the population quotient in the southern seats has been increased from plus or minus 15 per cent, to plus or minus 25 per cent. The reason for granting a greater discretion to the commission in this regard is basically to attempt to avoid the situation that we find in the cities of Regina and Saskatoon where constituencies have grown in a few short years from being within the parameters of the population quotient established by the commission at 9,507 plus or minus 15 per cent, to being in the cases of Saskatoon Mayfair, Saskatoon Eastview, and Regina North East, 118 per cent, 89 per cent, and 65 per cent in excess of the population quotient respectively.

Six out of the 10 Regina seats, for example, have grown beyond the allowable 15 per cent deviation established

under the previous Act by the 1986 provincial general election.

On the other hand, in the province of Manitoba, whose boundaries commission set the constituencies for a period of 10 years rather than eight years stipulated in the previous Saskatchewan Act, managed to keep their highest deviation to some 62 per cent, which is almost half of our largest deviation.

The increase in the allowable deviation to plus or minus 25 per cent will bring Saskatchewan into line with other jurisdictions across the country, including the federal redistribution rules. The 25 per cent allows the commission greater flexibility in trying to achieve an equality of votes as between constituencies at election time, allowing particularly those areas of cities which are fast growing to be accommodated so as to reduce the possibility of constituencies growing out of hand.

It is not a snapshot of the province as of today that a commission is charged with establishing, but rather a plan that will achieve as close to an equality of voters as between constituencies at election times in the future as is possible.

At the same time, it would not be prudent to give a commission a completely free hand as to the allowable disparity between the number of voters in constituencies, yet a percentage deviation broad enough to allow a commission room to manoeuvre is desirable.

In conclusion, Mr. Speaker, this Electoral Boundaries Commission Act is designed to respond to the developments taking place in our province as Saskatchewan approaches the year 2000.

It attempts to provide Saskatchewan answers to Saskatchewan problems in a manner that is fair to all. Whether a voter lives in the North or in the rural or urban Saskatchewan, each has unique needs, unique problems, and unique expectations of his elected representative. Elected representatives must respond to their voters' needs in ways best suited to the type of constituency that they represent.

It is a challenge for elected representatives, especially for those from the North and from far-flung rural areas, to keep in touch with their constituents, to service their many needs promptly and efficiently while still maintaining their family life and perhaps their business or vocation.

It must be remembered that ours is a representative democracy and that as such we must try to balance the quality, Mr. Speaker, of representation between constituencies as well as the equality of voters between constituencies . . . votes between constituencies.

I believe that this Act achieves that balance between equality and quality of representation, and I would urge all members, Mr. Speaker, to support this Bill — The Electoral Boundaries Commission Act. Mr. Speaker, I move second reading of this Bill.

Some Hon. Members: Hear, hear!

Ms. Simard: — Mr. Speaker, I just want to say that every evening before my children go to bed I read them a fairy-tale. And I want to say that the fairy-tale that was spun by the member of Souris-Cannington this afternoon ranks among the best of them.

Some Hon. Members: Hear, hear!

Ms. Simard: — And do you know what, Mr. Speaker, I think it was wrote by a person named Gerry.

Mr. Speaker, I couldn't help but feel that the member from Souris-Cannington was defensive about his Bill to redefine the constituency boundaries in Saskatchewan. And the end. Mr. Speaker, he has good reason to be defensive, because this Bill sets up the blueprint for a massive gerrymander in this province.

When one introduces a new piece of legislation, one usually does it, Mr. Speaker, for the purpose of improving on the old piece of legislation, for making substantial improvements. That's a rule usually that people follow in the Legislative Assembly. But as I look at the old constituencies boundaries Act, I find it difficult to find out what was wrong with the old piece of legislation. We already had a commission established under that legislation, and this government for some reason felt it was necessary to come in with a new Bill, setting new ground rules and setting new standards for determining the number of voters in this province.

And I ask, I ask the public of the province of Saskatchewan why they've done that, and the answer is pretty obvious, Mr. Speaker, because they wanted to put forward a Bill that is the blueprint for a massive gerrymander in the province of Saskatchewan.

The old Act. Mr. Speaker, provided for the establishment of an independent commission comprised of a judge appointed by the Chief Justice of Saskatchewan, the Clerk of the Legislative Assembly — and I would like to say the Clerk of the Legislative Assembly is a non-political person responsible to all members in the Legislative Assembly, unlike their new Chief Electoral Officer in the new Bill, unlike the new Chief Electoral Officer, who is a political appointment, who will be on this commission.

The old Act also provided for one member to be appointed by the Speaker after consultation with the Premier and the Leader of the Opposition. This legislation allows no consultation with the opposition with respect to these appointments to the commission — no consultation with the opposition, but it enshrines in legislation the appointment of the Clerk of the Legislative . . . the Chief Electoral Officer rather, who is a political appointment.

The old Act provided for the two northern ridings, and then not more than 63 southern ridings, and that the number of voters in each southern riding should not vary more than 15 per cent off the provincial quotient.

Now we see in this new legislation a variation of some 25 per cent, which makes a total of 50 per cent, Mr. Speaker. The legislation talks about 25, but when you look at . . . it

could vary either below the provincial quotient or above it. You could have a variation of 50 per cent in ridings in the province.

The member from Souris-Cannington talks about six out of 10 Regina seats have grown beyond the provincial quotient, and therefore we need a larger variation. Is that logic for having a larger variation? Is it, Mr. Speaker, if you want to make sure that there are fewer urban seats than there are rural seats and that urban voters do not have the same vote as rural voters.

The old Act allowed for the commission to have hearings with respect to the boundaries that they determine should exist. The commission was allowed to have hearings, was allowed to have input from people who wanted to come before the commission. There's no difference in this new legislation with respect to that. Any difference that may exist is of a highly technical nature and there only because the government want to disguise what it's actually doing with this piece of legislation.

(1515)

There is no question that the people . . . The immediate reaction from the public in the province of Saskatchewan was one of scepticism, and the people of this province are very suspicious of this government, and, Mr. Speaker, they have a right to be suspicious. If we just look at everything that's happened over the last few months in this province, the people of this province have a right to be suspicious. We look at the fact that the provincial deficit was grossly underestimated during an election in order to ensure that this government would be re-elected. The people of the province felt betrayed by that gross misrepresentation of the provincial deficit during the election.

We look at Bill 5 that allows this government to dismantle and reorganize departments in secret without coming before the Legislative Assembly. The people are saying, well what's happened to this agency, or what's happened to this department, and nobody seems to know out in the public exactly what's going on. And for good reason, because they don't want the public to know what's going on so that they can't be scrutinized, and so that they aren't accountable to the public of this province.

Let's look at the appointment of the Ombudsman, another example, Mr. Speaker. The Ombudsman was appointed in the face of parliamentary tradition that required the input of the opposition. They never once placed a phone call to ask the opposition for input into the appointment of the Ombudsman — not one. Instead, they did it in secret on their own without adhering to parliamentary traditions.

Look at the abolishment of the Public Utilities Review Commission, another betrayal of the people of this province. Let's take a look at that, Mr. Speaker. In 1982 they promised a public utilities review commission with a great deal of fanfare, and a great deal of celebration, and then they turn around in 1987 and they abolish the Public Utilities Review Commission, which according to them, which according to them was set up for public input and public participation. So we hear them talking about

public participation on SGI shares, for example, and so on. But when it really comes down to real public participation, they're against it, Mr. Speaker. And that was evidenced in the fact that they abolished the Public Utilities Review Commission without coming forward with an alternative that would meet the standard of public input.

And let's look, let's look at the tax hikes that we've seen in this province, one tax hike after another. A hike in the sales tax, a hike in the gas tax, once . . . the flat tax, the unprecedented and unfair flat tax that's levied on the people of this province. Notwithstanding that this government, that the PC party had agreed to eliminate the sales tax in their election promises and to get rid of the gas tax, and never again in the history . . .

Mr. Speaker: — Order. Order, please. Order. I'm sure the hon. member has a great deal that could be perhaps related in a very, very indirect way to the Bill. However, I ask her to try to stick to the Bill itself.

Ms. Simard: — Mr. Speaker, once again I'll just reiterate for you the line of argument that I'm making in the event that it wasn't clear. The fact of the matter is the people of the province of Saskatchewan are suspicious about this electoral boundaries Act, and, Mr. Speaker, they have good reason to be suspicious, because this government has engaged in one betrayal after another of the province of this Saskatchewan.

And I have just listed a few, Mr. Speaker, not to mention their betrayal on medicare promises, the dental plan and the prescription drugs. That's another example of how they've betrayed the people. That's another reason why the people of this province are suspicious of this government and can't believe what they're saying with respect to the electoral boundaries Act.

There's absolutely no wonder that the people are suspicious. And I think, Mr. Speaker, I would like to go into a little more detail into the present Act that is before us, the one that we're going to have to deal with in this Legislative Assembly.

As I indicated earlier, the commission on this commission is an obvious political appointment, and that's the Chief Electoral Officer. And he is now enshrined in this Bill as a member of that commission. He was not there in the old piece of legislation, and I ask you: is that an improvement? No, it's not an improvement; of course not, because it makes the appointment of this commission political. It makes the appointment political, in spite of the fact the ember from Souris-Cannington went on about this being not. They don't have any input — I think his words to the effect that they have no input now into the appointment of this commission, because there it is, enshrined in legislation, they have to appoint these people. Well he knows full well that the Chief Electoral Officer is a political appointment and that he has input into that.

And we'll be watching very closely to see who the provincial court appointment is, Mr. Speaker, because there are some ex-PC MLAs who are political court appointees now. We'll be watching that very closely.

To say that there's no input by cabinet into the appointment of this commission is just ludicrous . . .

Mr. Speaker: — Order. Order, please. Order.

Ms. Simard: — . . . is just ludicrous, Mr. Speaker, and certainly is not correct. That is an incorrect statement. The input is there in this legislation, enshrined in legislation.

Now if we look at an example of what can happen because of the variation, the 25 per cent variation that is allowed in this legislation, if we assume the provincial quotient is approximately \$10,000 . . . 10,000 people, we could have in effect a constituency with 7,500 people and another constituency next door with 12,500 people.

In this legislation we are actually moving further from the principle of representation by population; we are moving further from that principle. And although we recognize the need for looking at the fact that we have vast areas, for example, in the North and that we have to compensate to a certain extent by that, the fact of the matter is, this Act moves further from the principle of representation by population and substantially further, Mr. Speaker, substantially further.

If we look at the average number of voters in the . . . if we take the average number of voters across the province and divide that by the number of constituencies, we run a provincial quotient, I believe, that is something like . . . 10,253 voters would be the average seat.

Then if you take the rural seats and urban seats — because another thing this legislation does, Mr. Speaker, is it specifically enshrines the number of rural seats you'll have and the number of urban seats you'll have. It has already made that determination, and I'll have more to say on that later. But the average number of voters in the rural seat would be approximately 9,534 and the urban average number of voters would be approximately 11,122. That means there will be discrepancy of some 1,588 voters more in each urban seat.

Now I'm dealing with averages, Mr. Speaker, and I realize that when the Constituency Boundaries Commission gets together and starts carving it up, you could have huge spreads, as much as 50 per cent from one constituency to the next. But on the average, we're talking about 1,588 more voters per urban seat than rural seat, which when you look at 29 urban seats — which is what this government has said we'll have in the province through this Bill — we're talking some 46,000 voters in cities who will make up that 1,588 in the urban ridings. That means there's approximately 46,000 voters whose votes don't mean as much in their urban constituency as they do in a constituency with fewer voters. And that comes pretty close to the population of the eligible voters in P.A. and Moose Jaw, Mr. Speaker. That means, if one were to put in perspective, the eligible voters in P.A. and Moose Jaw are in effect being denied their vote, which is . . . I'm taking it a little further, exaggerating it a bit, to make my point.

An Hon. Member: — You are exaggerating it a lot.

Ms. Simard: — But that's exactly what it comes down to. There's 46,000 voters more in the cities, in the 29 seats, than there is in the rural. Members over there are chirping from their seats because they know very well that this Electoral Boundaries Commission Act is a blueprint to gerrymander the province of Saskatchewan. They know that, and that's why they're chirping from their seats. And I'll be interested to see whether the members opposite join this debate with respect to this Bill.

So if one were to . . .

Mr. Speaker: — Order. Order. Order, please. Order, please. Order, please. I would ask the member from Saskatoon South to please refrain from interrupting. Order. I ask the member from Saskatoon South once more to please refrain from interrupting and not to challenge the Chair from his seat.

Ms. Simard: — Mr. Speaker, so if you look at 46,000 more voters in urban ridings, one could say that urban . . .

Mr. Speaker: — Order, order. I would ask the member from Bengough-Milestone to please refrain from interrupting.

Ms. Simard: — Mr. Speaker, if you look at the fact that there are 46,000 more votes in the urban ridings than in the rural ridings, one could argue that urban people have been robbed approximately four seats. But if you look at the fact that . . . or robbed approximately three to four seats.

And I say this to illustrate the huge discrepancies that are built into this legislation by the variation, the 25 per cent variation that has been built in. I say this to illustrate these huge discrepancies that are built into this Bill.

And I maintain, Mr. Speaker, that they're built in in order to ensure another PC victory at the polls in the next general election, and that's why this Bill has been drafted in that fashion. There's absolutely no question that there is going to be an unfair proportionment of voters between the various areas.

So we will be watching very closely, Mr. Speaker, to see how these boundaries are going to be drawn, and whether or not we will end up with ridings that are 25 per cent below the provincial quotient and other with 25 per cent above. And exactly how this is going to be done will be closely monitored by the opposition.

Mr. Speaker, I'm going to beg leave of the Assembly to adjourn this debate because we have a lot more that we want to say on this topic, and I certainly am not finished speaking to the matter.

Some Hon. Members: Hear, hear!

Debate adjourned.

Bill No. 33 — An Act respecting Veterinarians

Hon. Mr. Berntson: — Mr. Speaker, the Act that we're dealing with here today respecting veterinarians in our province and the repeal of an old Act of 1960 — the

province of Saskatchewan has had an Act in place respecting veterinarians nearly since our inception as a province. Members of the House will know that the Act, as we knew it, was last written in 1960, and it was amended in 1971, in 1976, and 1980. Members know as well that the practice of veterinarian medicine has changed with new technology nearly to the extent that human medicine has.

Periodically, responsible governments review their existing legislation to ensure that it is applicable to the current situation. Such is the case with the veterinary Act. This review is different than the review of some Acts because it involves a professional organization, the Saskatchewan Veterinary Medical Association. The profession of veterinary medicine in our province will continue to administer itself under a council elected by the Saskatchewan Veterinary Medical Association. This Act will give that council the necessary powers for the self-administration.

The legislative review committee of the association has been working on proposed revisions for the past three years, and that committee is made up of: chairman, Dr. Ed McCall, of the federal government; Dr. Gavin Hamilton, dean of Western College of Vet Medicine; Dr. Bryan Wurtz, past-president, Canadian Vet Medical Association; Dr. Ken Armstrong, Western College of Veterinary Medicine; and Mr. Bob Kennedy, a B.A., LL.B., a lawyer to the Saskatchewan veterinary medicine association.

(1530)

While different in substance, the new Act before you represents a similar format to The Institute of Chartered Accountants of Saskatchewan Act passed by the House in 1986, another self-administering profession in our province. The new Act clarifies definitions, including the definition of veterinarian. It sets out exemptions from the Act so that the Act does not infringe on those day to day activities carried out by animal owners, like immunization, artificial insemination, dehorning, and etc.

The new Act covers new procedures such as embryo transplants. There are new sections on discipline. The association has requested changes in the discipline section in the old Act — the new sections regulate discipline and contain specifics about unprofessional conduct. This section follows the precepts of the discipline section of The Chartered Accountants Act of 1986.

The new Act provides for an order in council appointment of a lay member to the council of the Saskatchewan Veterinary Association. This appointment will ensure that the interests of the public at large will be represented on the council.

The new Act has expanded by-law making provisions under which the association will operate. Liens are covered under the new Act — formerly a citizen could leave an animal with a veterinarian, not pick up the animal, and the veterinarian was placed in an awkward legal position. He could take recourse legally for his bill,

but what of the animal? There was no clear established procedure for disposal of the animal, but the veterinarians had to house it and maintain it — a bit of a dilemma for the veterinarian.

The new Act provides the veterinarian with a mechanism to dispose of an unclaimed animal, normally one of limited value. Veterinary pharmaceuticals can be sold as they are today.

The new Act, in summary, contains better language, updates for modern technology, covers discipline, allows for representation of the public at large, provides for self-administration by the profession, and solves the problem of liens and unclaimed animals.

The new Act does not inhibit the farmer or animal owner from performing the normal non-veterinarian activities involved in the care and raising of animals. It doesn't inhibit the traditional sale of veterinarian pharmaceuticals. It doesn't inhibit the veterinarian's right to fair hearing before his peers.

Veterinary services are spelled out under the Act to be performed by a veterinarian. A list of animal care activities normally carried out by animal owners are also exempted from the Act. The Act states in section 17 that only a qualified veterinarian shall engage in the practice of veterinary medicine, with exceptions. Those exceptions include a list of animal care activities that have traditionally been carried out by other than veterinarians. Examples — administration of medication, castration, first aid, etc.

The new Act has been drafted carefully following consultations with the profession and should serve the profession and the public well in the years to come.

Mr. Speaker, I move second reading of the Saskatchewan veterinary Act.

Mr. Anguish: — Thank you, Mr. Speaker. We do have some concerns about this particular piece of legislation, specifically section 12 of the Act, whereby . . . Section 12(6) states:

The Regulations Act does not apply to a bylaw made pursuant to this section.

Mr. Speaker: — Order, please. before the member gets too far into his remarks, I would like to remind him that citation 734 in *Beauchesne's* indicates that:

It is not regular on this occasion, . . . to discuss in detail the clauses of the bill.

And I believe, when the hon. members start quoting clauses, we're getting into that area.

Mr. Anguish: — Well I certainly don't want to break your rules that are enshrined in stone for this legislature, Mr. Speaker, so I won't quote anything from the Bill, even though there are some concerns with the Bill itself. The principles of the Bill is likely quite good. We do have some concerns that we want to look at.

I notice that during the minister's remarks he referred to the accountants in the province having a similar Act, the chartered accountants. And in this Bill, The Regulations Act does not apply and I'm sure that that was similar to the Act that was set up for the chartered accountants. And I know that before the Regulations Committee, Mr. Speaker, we are now currently dealing with the chartered accountants legislation for the province of Saskatchewan, and there have been some concerns brought before that particular committee.

And so we wish to look at this Bill in a little more detail. Although the principle, we think, is sound, there are some concerns that we will deal with in committee. We can appreciate that, and I think that if the House Leader opposite would check with our House Leader we would be prepared, after getting some feedback on some consultation that we've done, that we would be prepared to deal with this Bill later this week. And I beg leave to adjourn the debate at this tie, Mr. Speaker.

Debate adjourned.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Consumer and Commercial Affairs Ordinary Expenditure — Vote 4

Mr. Chairman: — Would the minister introduce her officials?

Hon. Mrs. Duncan: — Thank you, Mr. Chairman. I have with me today to my right, Mr. McGillivray, the superintendent of insurance; sitting directly behind him is Phil Flory, the director of the corporations branch; seated behind me is Al Dwyer, the director of administration and personnel; and my deputy and director of policy and planning are on their way from legislative review, but I think we could probably get started.

Item 1

Mr. Anguish: — Thank you, Mr. Chairman. Earlier this year the minister would be aware that there were quite large increases at the corporations branch for registration of corporations, non-profits; in fact some of them were raised quite astronomically, I believe in the area of 100, 150 per cent. And in times where small businesses, many of whom are incorporated in the province of Saskatchewan, they find this being a great hardship.

And I'm wondering what the minister's rationale is in having such a large increase through the corporations branch for incorporating private corporations, and also what the rationale is for the large increases in non-profits.

Hon. Mrs. Duncan: — With indulgence, I'll introduce my deputy, Ronald Kessler; and the director of planning and policy, Mr. Ron Zukowsky, seated behind him.

In response to your question, I would indicate that most of the fee increases reflect more or less the cost of doing business. And we also looked at the date of the last changes, and we also looked at what similar services were costed out at in other provinces.

Many of the fee increase, you know, if you look at the majority of them., haven't changed since 1977, and I'm sure the hon. member from The Battlefords would agree that the cost of government has increased since 1977. And it just reflects, as I say, the cost of doing business and the fact that there hadn't been a change in many of them since 1977.

Mr. Brocklebank: — Mr. Chairman, Madam Minister, some time ago, I believe it was in August, I had indicated to you that I would appreciate some information with regard to space occupied by the department from the Saskatchewan Property management Corporation; and secondly, any work done by consultants for the department in the previous year and a comparison with the actual figures and the projected figures in this budget. And I wonder if the minister has that, those two bits of information for me, and if she could send them over.

Hon. Mrs. Duncan: — Yes, I have that information for you. In our '87-88 budget we have estimated expenditures at \$70,500, and that's for development of educational materials and other special projects that may arise, and also has to do with hiring a computer consultant. But I'll send this information over to you — the space leased by the department from the property management Crown, and the payments to consultants for '86-87, and it also has a brief description of what the consultants did for us. I'll send this over.

Mr. Brocklebank: — Mr. Chairman, Madam Minister, I haven't had a chance to peruse the information yet. Were some of the consultant's assignments that you had in the previous year being done in conjunction with other jurisdictions?

Hon. Mrs. Duncan: — We're not quite clear on your question. Are you asking if we've done any joint ventures with other jurisdictions? If that's what you're asking, the answer is no, it was just projects within the province.

Mr. Brocklebank: — Yes, that was essentially the question, Madam Minister, because some other departments have had consultants' projects done which they've shared with the federal government, and therefore they paid part of the cost. But I understand from your answer that these are all internal to your department and solely for your department and paid for by your department.

Thank you, Madam Minister. That's all the questions I have.

Ms. Smart: — Thank you, Mr. Deputy Speaker. First of all, Madam Minister, I'd like to acknowledge that this is the first time in the history of the Saskatchewan legislature that both the minister and the opposition critic are women.

And we just recently celebrated the 75th anniversary of the opening of this building in 1912 at a time when neither you nor I, had we been living at that time, would have had the vote. Women were not allowed to vote when this legislature opened. And 75 years later there still aren't women involved in politics, and therefore I believe that those of us who are must be seen to be doing

a credible job.

(1545)

We don't have to be superwomen, but we must not be completely incompetent either, and I'm sure you'll agree with this. So it is with some surprise then that I see that you're here today to discuss the estimates for the Department of Consumer and Commercial Affairs, because for the last four months as the critic I've been trying to question you on your department here in the House, and you either didn't appear for question period, or you turned your . . .

Mr. Chairman: — Order. Members are not supposed to make reference to the presence of non-presence of members in the House. I would ask . . .

Ms. Smart: — It's important that we have this question period as part of the ongoing dialogue in our democracy here in Saskatchewan, and therefore I do want to express my regret that I have not had many opportunities to question the minister because many times the questions were turned over the Minister of Justice, and later to the Minister of Finance. The questions, particularly involving the collapse of First Investors association and Associated Investors of Canada, the two companies that failed here in Saskatchewan, two companies that were licensed by the Department of Consumer and Commercial Affairs. This is to me a serious issue, and I think the public deserves some answers.

And I want to ask the minister why she was not able to answer, whether it was because she didn't feel that she had the opportunity to come and answer these questions, or whether she was being muzzled by other cabinet ministers?

Hon. Mrs. Duncan: — Mr. Chairman, in response to the member, we have been sitting now 104 days. I have missed question period I believe five times in 104 days, so the member has had ample opportunity to ask questions on my department. For example I was in question period today and had to go out and make a phone call, and after I left they decided to ask me a question. However, it was amply handled by the Deputy Premier.

With regards to Principal Trust, the Minister of Finance has been designated the chief spokesman. There are three departments involved: the Department of Consumer and Commercial Affairs, the Department of Justice, and the Department of Finance. In Alberta the lead department was designated as the Department of Finance under Mr. Johnston, and we chose to go that route also so that all information was being funnelled through one person, channelled through one person rather than having information second- or third- or fourth-hand.

Ms. Smart: — I don't quite follow the logic of the Minister of Finance taking over the area in your department when it was the Department of Consumer and Commercial Affairs that licensed these two investment companies, and I think that you must take responsibility for what's been one of the major crises in your department.

So in terms of the questions from now on, are you taking

responsibility for what's happened in your department and for this major crisis of the collapse of these two investment firms?

Hon. Mrs. Duncan: — Mr. Chairman, we're in estimates, and I'm sure the member understands the rules of estimates. My officials and myself are here to answer any questions she or her colleagues may wish to pose.

Ms. Smart: — Well I certainly hope that you will do that because so far your department has failed very sadly to protect the Saskatchewan investors that invested in those companies.

Madam Minister, I want to focus on the Principal Trust issue in these estimates as a priority. In light of that, looking at the licensing and investigation branch, the subvote for the expenditures for the licensing and investigation branch have been reduced. The expenditures have been reduced by 23 per cent, represented by a net increase of 16.6 person-years or 29.5 per cent personal services and other services, or 29.5 per cent.

Now this is a serious issue because the licensing and investigation branch is the branch responsible for looking after things like the investment contracts firm, and you have reduced that budget by 23 per cent. Personal services and other services within that branch are decreased by 19 per cent and 46 per cent respectively.

And if you add the total subvote estimates, including 63,000 for the *1986-867 Supplementary Estimates*, we're reflecting an actual cut in this branch of 25.3 per cent, Madam Minister, how can you justify cutting that branch so drastically?

Hon. Mrs. Duncan: — The reason for the decrease, hon. member, is that last year's estimates reflect the amalgamation of certain portions of the department of co-operatives that were to come to us, and it really reflects some of the efficiencies that were realized by the amalgamation. Also, three positions were transferred to the newly-created gaming commission. There was a reduction in some areas because of the self-administration initiatives introduced in the insurance industries and other. And also, Credit Union Central has set up an auditing function with their organization to audit credit unions in the province.

Ms. Smart: — Those may be changes that you've put into place, Madam Minister, but I put it to you that one of the main reasons why you have cut the licensing and investigation branch so severely is your own ideology that means that you don't support regulations and licensing and orderly control of the commercial affairs in this province.

You said in the throne speech, this:

From the very first, I brought to this department a very strong conviction that, in the market-place, education is preferable to regulation, that the people of Saskatchewan will be far better served by a department committed to making the market-place work, rather than one committed to

putting an army of government inspectors and regulators to work policing the people of Saskatchewan.

You go to that kind of extreme statement about policing the people of Saskatchewan to justify cutting 16 staff from the licensing and investigation branch and making it more and more a burden on the part of individuals to understand what's happening in the investment areas and the other areas that you cover.

And I want, as I said, to particularly focus on what's happened with the Principal Trust collapse, the collapse of First Investors and Associated Investors. Because as part of your education program that you put forward with such pride is a little brochure called *Investor Alert Avoiding Investment Problems*. And part of the money that your department spends is to be spent on this kind of material. And I don't know who picks it up, but it ways here:

The key to avoiding investment problems is to deal with reputable business people, sales people, and security dealers who are well-known in your community. Always get competent help before you buy. Consult with your registered stockbroker, lawyer, accountant or real estate agent.

Madam Minister, the investors of Saskatchewan that invested in First Investors and Associated Investors went to the Principal Trust offices. They did exactly what this dinky little brochure tells them they should do. They thought they were consulting with people who were trained and would give them good advice. And behind that they found that there was no backing from the Department of Consumer and Commercial Affairs. You absolutely had no control over what was happening in this province with those companies, and that is totally unacceptable in terms of the way governments run their departments.

Now, Madam Minister, I wanted to ask you some specific questions. I want to ask you how many Saskatchewan people had investments? Do you know the total yet? Have you got that information, and what are you intending to do to give people information to help them as you said you would do on September 2 in the House?

Hon. Mrs. Duncan: — I can advise the member that I have been in contact with everyone who has written to me, and I have sent out letters updating these people on what's been happening. Also each investor has been receiving information from the court-appointed receiver, Coopers Lybrand. In Saskatchewan we have approximately 4,400 investors involved in the collapse of the two companies.

I could advise the member that right up until the day of the collapse of the two companies in question, my department did not receive one complaint or inquiry from any of the 4,400 investors that they were unhappy or worried. So I can't add any more to that.

I think he must understand, as I have stated in the House previously, that this company was an extra-provincially

licensed company. And the norm across Canada in dealing with extra-provincial licensed companies is to rely on the incorporating jurisdiction to make sure that all regulations are adhered to.

I have met with some of the investors after the collapse, and they feel that things were done properly. Of course they're very concerned over the turn of events. However, as they stated, they are going to pursue legal counsel, which they did, with the thought of commencing a class action suit. I think events in Alberta, statements made by Premier Getty, that if it's found that there was a breakdown in the regulatory process in Alberta, that the government would be responsible to the investors.

(1600)

Ms. Smart: — First of all, Madam Minister, I'm really shocked to discover that the total number in Saskatchewan is 4,400; we were saying 3,000. So it's even more than I had expected.

I'm not sure that you haven't received any letters of complaint prior to the collapse of the companies, because people didn't know that they were going under. They had been told and they had been reassured by the Principal Trust salesmen licensed by your department that everything was fine, and so you wouldn't receive any letters of complaint.

You certainly have since the collapse, because I've received copies of them too. And I have received copies of letters that told me that people did phone your department, not to complain but to check on the guaranteed investment certificates that these companies were selling, to make sure that they were safe. Because almost all of the people who bought those investment contracts wanted to make sure that they were not risky investors, that they were getting into an investment that was guaranteed and safe.

And by and large those people have been very conservative investors. I've been in touch with a great number of them. But I'm very concerned about the fact that in the House some days ago and on September 2 you said that . . . or the Minister of Finance said — you weren't speaking — that it was the government's intention to try to give as much information as possible to the Saskatchewan investors, and that would depend on the circumstances — whether the information was given as privileged. I can't judge that.

Now you've got a lawyer hired by Saskatchewan taxpayers in Alberta to go to that inquiry. Coopers & Lybrand have a list of all the investors here in Saskatchewan. The Minister of Finance said that the government's intention was to try to give them information, yet the investors in Saskatchewan have heard nothing from your department. You don't even know who they are. And here you've got 4,400 people in Saskatchewan desperately anxious about the loss of what they thought was a guaranteed investment.

One of the things that your government has been saying is that you're going to rely on the RCMP report into the allegations of false advertising and false

misrepresentation of the company. I want to know when the RCMP is going to report back to you, and I want to know if it's true that the Saskatchewan RCMP have stopped their investigation in this province and have turned it all over to the Alberta branch. Do you know that?

Hon. Mrs. Duncan: — I'm sorry. You'd have to ask that question of the Minister of Justice. I know that the . . . I believe the police had contacted approximately 350 investors who had made allegations of misleading information and that type of thing. However, I don't know if the . . . I think the investigation has been completed, but you'd have to ask the Minister of Justice.

As I said, we did not receive one complaint in the department, and I have been in contact, continuous contact, with the investors who have written to me. The list of investors that we received from Coopers and Lybrand, however, just listed names and the amount of the individual's contract. There were no addresses given to us.

Ms. Smart: — Well, Madam Minister, this is a major crisis in your department. It's something that you should be taking responsibility for. You should know what the Minister of Justice is doing with that inquiry from the RCMP. It's all part of the same problem. It's all part of the same case. It's all part of the same crisis, and the investors would like to know what's happening with this inquiry.

And I put it to you that the investors have received no help from your department in this area. And I've been told that when people tried to find out what the plan of arrangement meant, that Coopers & Lybrand sent to them to wind down the affairs of those two companies, they phoned your department; they wanted some advice.

They wanted to know whether they should vote for the plan or not, and they were told by your department and by your government and also by the Minister of Finance's office, depending on where they phoned, to consult one of the lawyers hired by those taking civil action. So you put it back on the individual people to go to a lawyer.

Madam Minister, the consumers department, which is supposed to help those people — you're supposed to help the investors; you're supposed to help the consumers — you provided no information or help. In spite of the fact that you say you value education and you value wanting to help the consumers, you turned them back to a private lawyer. And I know many investors who can't afford that private lawyer. If you go to a lawyer and ask questions, you get charged for it. Some of the investors have the money, and many of them don't.

And I put it to you that one of the very major reasons why we need a public inquiry into what's happened is because your government has been so negligent. You've been negligent in reaching out to the investors to help them, and you've been negligent in giving them information that they need, and that's why we need the public inquiry. B.C. has done something; Alberta has done something; Nova Scotia now is saying that they're going to have a public inquiry. What is your stand on having a public inquiry here in Saskatchewan?

Hon. Mrs. Duncan: — I would say to the member that there were lawyers appointed to assist the investors. John McNiven of Calgary was appointed to represent investors in southern Alberta and Saskatchewan. There's the investors' committee, also are there to assist the investors. They have all been contacted by Coopers & Lybrand. I'm sure you know that on September 24 and 25 the investors voted 99 per cent to accept the Coopers & Lybrand plan of — their proposal.

We met with three groups who had come to the department for advice and interpretation on the Coopers & Lybrand plan, and they were also in contact with their own lawyer. So for you to say that the department has done nothing is just not accurate.

Ms. Smart: — You haven't done very much in terms of contacting the investors directly. In fact, you have done nothing to contact all those 4,400 investors in this province, many, many of whom who have lost their life savings. Now that to me is a serious crisis, Madam Minister. It's an area where you should have been working on for the last few months and even before in terms of licensing those companies to practise in Saskatchewan. That's your job; that's what you're being paid for.

You're getting a very high salary, and we have people in this province who've lost everything. I have people in my constituency, older women, who have not nothing to live on. I found one woman with \$30 left because of the money she lost.

You represent a government that feels that people can live on \$123 a month because they can't find work. That's what they get for food, clothing, transportation, bus fare, the whole bit, and you, Madam Minister, are making over 60,000 a year. It is your responsibility to look after your department. It is your responsibility to protect the consumers. It's your responsibility to make sure that these investment contracts are administered properly.

You have three companies to license — three companies under The Investment Contracts Act, land two of them collapsed, even though there was information available to your department well ahead of time that those companies were in great trouble.

But before we get to that. Madam Minister, I want to say that the reason why we need, and we must have, a public inquiry, a public independent inquiry in Saskatchewan, is to find out how those companies happened to be licensed here in this province. We need to know what's been happening in Saskatchewan. Your government didn't need to be so negligent, and you didn't need to be so negligent, but because you have been, we have to get to the bottom of this and find out how we can make things better for the people in this province.

Now I have here letters I have received from investors. I want you to have a public, independent inquiry so that these people can have a chance to speak in this province. Because what's being reported even in the news are Alberta investors speaking in Alberta. But we've got 4,400 investors in this province.

Let me just share some of these letters then with you, to go on the record, and because they describe so eloquently the situations that people have been in.

What I'm wondering is what part the government (and this is a quote from this letter) plans to play in what I firmly believe is a crime committed on thousands of Saskatchewan taxpayers. There are several government consumer agencies whose purpose we had assumed was to ensure that businesses' operation in Saskatchewan worked within certain guide-lines designed to protect the people.

That's the essence of what we're about here. There was obviously fraud in the dealings of Principal Trust. But there has been talk from the government that it's up to the individual to deal with this fraud through the courts. This, to me, would be comparable to suggesting that a victim of a burglary be expected to seek recompense through private court action. Of what use then are these watch-dog agencies?

Madam Minister, will you answer the question that was in this letter, of what use is the watch-dog agency that you're responsible for?

Hon. Mrs. Duncan: — I can reiterate one more time for the hon. member that when you're dealing with extra-provincially licensed companies, you have to rely on the incorporating jurisdiction to do the necessary regulatory work to see that things are on the up-and-up. We had absolutely no information prior to the end of June that these companies were in financial difficulty. These were companies that had been doing business in the province since 1954, who really have, over the years, been a benefit to the investors. An extra-provincially licensed company is always, has always been, and will continue to be the responsibility of the incorporating jurisdiction.

I am concerned, I can tell you, that there has to be more sharing of information. I am somewhat disappointed in the fact that the incorporating jurisdiction, the Government of Alberta, did not see fit to keep us apprised of the problems that they were uncovering early this spring. We have talked about this at every federal-provincial meeting that I have attended in the last five years — the need to have a central data base on financial institutions and other companies so that there is a more equitable sharing of information. Had we been advised earlier that there was concern, even that there was concern about the two companies, we may have been in a better position to have a closer look.

(1615)

Now you say that we're doing nothing. I say that's not accurate. Many investors have said that they will go through the normal channels. You say we need a public inquiry here. I say we don't need a public inquiry, and also I might add that there are very few investors asking for a public inquiry. The majority of the investors realize that a public inquiry here would garner no new news. No new facts would come to light. I think the facts of the case are well know, and there is no need to duplicate what is

being done in Alberta.

Ms. Smart: — Madam Minister, according to The Investment Contracts Act:

a certified copy of the balance sheet of the company as at the close of its last completed fiscal year and its auditor's report thereon (must be submitted to the superintendent of insurance).

The audited report for Associated Investors and First Investors was prepared in 1986 and sent to your department then, as I understand it. Are you saying you did not receive it?

Hon. Mrs. Duncan: — I can advise the member that there was no signed, audited statement for 1986, and this is how the whole thing came to light.

What happened was that there was a dispute between the external auditor and the company over the evaluation of certain properties that the company had listed. Therefore the external auditor called in the Alberta regulator, who agreed with the auditor and appointed an independent audit to be done on the evaluation of the properties. And that's when it came to light that things were not as they appeared to be.

Now they filed a 1985 audited, signed statement in early '86, but that, like I say, that is how the whole thing came to light, is because the Alberta regulator did not receive a signed, audited statement and sent in another group to do a re-audit.

Ms. Smart: — Are you saying then that the audit that was done by Deloitte Haskins & Sells and mailed in May of 1986 did not go to your department?

Hon. Mrs. Duncan: — We have the 1985 one. We had that one. We received that in early 1986.

Ms. Smart — Well that's the one I'm referring to, Madam Minister. That's the one that shows that the companies were practically insolvent, if not insolvent altogether. And that's the audited report that you were relying on. That's the one where the auditors, Deloitte, Haskins and Sells, say that the loss and the value of the owned property and mortgages in our opinion is other than temporary, and in such circumstances generally accepted accounting principles require that the owned property and mortgages be written down to recognize the loss. When you write it down to recognize the loss, you come to the fact that the company was involvement, First Investors particularly. That's what the balance sheet says.

And you had that audited report, as you've admitted, so why didn't you then immediately, in early of 1986, do something about the fact that these companies were licensed to practise in Saskatchewan and pull their licence?

Hon. Mrs. Duncan: — Because the statement does not indicate that the company was bankrupt. Now you're taking one sentence out of a report signed by Deloitte, Haskins. They are in dispute. What they are saying is they are disputing the values listed by the company. In their

opinion those properties should have been written down. In the opinion of the management, they said that over the life-term of the contract, which is seven years, that those values of those properties would rise. Now that's not an unusual statement to be included in any audit report.

(1645)

Ms. Smart: — Madam Minister, when the prices were falling on real estate in Alberta, and the mortgages were falling and you got an audited report like this at your department, you had an obligation to look into it. You had a strong obligation to protect our investors from losing their money. Why didn't you do that?

Hon. Mrs. Duncan: — I think you should read the whole report. You should read the whole 1985 report. The '85 report does report that the loss in value of investments in certain owned property and property securing certain mortgages is not temporary. However, on the other hand, the statement also shows that the offsetting loans by shareholders and the other investments reported are reported as undervalued. So there is no statement concluding insolvency in 1985.

Ms. Smart: — Madam Minister, there were a lot of reports to indicate that the Alberta economy was crumbling, especially in the real estate and mortgages. What is the Superintendent of Insurance doing and what are you doing in your department if you're not looking after that sort of thing? That's what Consumer and Commercial Affairs is about. It's about looking at these audited statements that you get and deciding whether or not you can proceed with letting it be licensed in this province. And it seems to me that you've done nothing to help the people in this province.

Hon. Mrs. Duncan: — That is exactly what I've been trying to tell you over the course of the last four months. It is up to the regulator in Alberta to see that the properties which are used for security are as they are stated in the company's books. Now I can only reiterate that there is nothing in that audited 1985 statement that concludes that the company was insolvent or on the verge of insolvency.

Ms. Smart: — Well it really amazes me that someone representing a party that's supposed to be supporting business and know a lot about business doesn't even know how to read a balance sheet, an audited report, because both the reports from Associated Investors and First Investors show that the balance was . . . that they were insolvent, that they didn't have the assets, the real estate assets, to guarantee the certificates 100 per cent as they were supposed to do by this province's Investments Contracts Act.

Now, Madam Minister, I want to talk about this province, not Alberta, because this Investment Contracts Act licensed the companies here in this province, and many, many people believe that when the government has got a licence on an investment firm, that it's under control. And so they should. That's the role of government is to manage these companies and make sure that people don't get so badly hurt as these investors have done. That is the purpose for the government department. And this belief

in deregulation and this belief in not . . . buyer beware, and this belief that you don't have to do anything, ends up in the kind of destruction and the kind of collapse of companies and the kind of hurt that people have suffered in this province. And it's all based on the kind of ideology that you and your government support.

You have a lot to answer to, Madam Minister. And I intended to share these letters with you to show you just exactly what's been happening to people in Saskatchewan because you haven't been able to take the time, or whatever, to talk to the Minister of Justice, to find out about the RCMP investigation because you haven't looked after your department and made sure that the companies were licensed properly.

I don't think you've heard one bit what the investors have been telling you — people who don't even consider themselves investors in that sense of the word. People . . . you dismiss them as risky investors, as people who just had lots of money to play the stock-markets, that's not what these people were about, not a bit.

These people were about the business of putting their money into guaranteed investment certificates. They write of their stories this way:

A year ago we invested a substantial amount of money with the Principal Group. We are a young couple with four children and therefore wanted to invest our money into something safe. The Principal representatives, licensed by your department, repeatedly assured us that the money was being invested in a guaranteed investment certificate, and was as secure as investments in a chartered bank.

We had the opportunity to invest in mutual funds but we were not prepared to take risks with any of our money. The representative continued to assure us that money invested at a set interest rate with the Principal Group was guaranteed by deposits at the Royal Bank and by the Alberta government guarantees.

And by the guarantee that's in our Investment Contract Act, by the way, Madam Minister, which says that they must have assets equivalent to the amount of money that they take in.

The letter continues:

We strongly feel we were, at the least, misled, and fraudulently advised by the Principal Group so as to invest with them. At no time were we told that our money was being put into First Investors and Associated Investors, now two obviously ailing companies.

We feel the Principal Group and the governments have not acted responsibly in this matter. These two parties must see that the investors receive their investment and interest in full. Furthermore, we strongly feel that investigation must be carried on into what we perceive to be fraudulent representations on the part of the Principal Group

and its representatives.

Madam Minister, one of the things that confused people when they went to Principal Trust was the fact that they were told that they would become Associated Investors or First Investors, and they thought that was some sort of category of investment certificate that they bought from Principal Trust. They had no idea what was happening to them.

But you had the information. You had that audited statement — you and your officials — that said that those companies were bankrupt. You knew that real estate was falling in Alberta. You must have done some contact with the Alberta government in looking after this sort of thing. Two companies out of three licensed by your licensing and investigation branch — how can you explain the fact that you did nothing to protect investors?

Hon. Mrs. Duncan: — I will say to the member, as I have many, many times in the past, that the companies involved are incorporated under Alberta Law. And the standard practice across Canada is that the incorporating jurisdiction has primary responsibility for regulation.

We have treated these companies in the same manner as they have been treated since 1954, when they were first licensed to do business in the province. Since 1954 the Government of Saskatchewan has relied on the Alberta regulator to see that regulations are adhered to. And I might add, we will continue to do so.

You know, there are over 500 insurance companies, trust companies, contract companies doing business in the province, licensed or incorporated in other provinces. And we rely on those other provinces to see that the proper regulatory functions are adhered to. We have done that since 1905, and I'm sure we will continue to do that.

Ms. Smart: — Madam Minister, I'll make the point once more that the purpose of The Investment Contracts Act of Saskatchewan was to make sure that those companies were licensed and functioning properly in Saskatchewan, and that their audited statements were presented to the Superintendent of Insurance prior to them getting their licence renewed. That's part of the process here in Saskatchewan. It has nothing to do with extra-provincial licensing. The Investment Contracts Act applies to companies here in this province, and the procedures are very specifically spelled out as to what the companies must do in order to get their licence in the first place, and in order to get their licence renewed.

(1630)

Manitoba didn't license First Investors to practise in Manitoba; Ontario didn't accept them in Ontario. There is no national policy regarding investment contract firms. And, Madam Minister, what you're telling me makes me even more worried when I realize that in 1988 there's going to be even more deregulation of financial institutions by the kinds of policies that you and your government support.

Madam Minister, your government received, I believe, a

prospectus dated March 29, 1985 from First Investors Corporation Limited. I think you've received it. I want to know if you did. This was the prospectus that was presented to the Alberta government, and this was the beginning of the concern about what was happening to those two companies. Did your department receive a copy of this prospectus?

Hon. Mrs. Duncan: — No, we didn't.

Ms. Smart: — This prospectus was public information apparently. Why wouldn't your government, why wouldn't your department have been on the look out for this sort of information?

Hon. Mrs. Duncan: — Well that would have been filed with the Securities Commission, and prospectuses aren't filed with the department, they're filed with the Securities Commission.

Ms. Smart: — For an investment company like First Investors Corporation, it would not be with . . . well it would have been filed with the Saskatchewan Securities Commission? Well then why didn't they notice what was happening and alert your department?

Hon. Mrs. Duncan: — Are you asking why it wasn't filed with Saskatchewan Securities Commission?

Ms. Smart: — No I understand that you said it was filed with the Securities Commission. I want to know what the Securities Commission did with it, and why didn't they alert your department that there was a problem with this company, if they had the information?

Hon. Mrs. Duncan: — You're really muddling things up. The department would not know whether that company filed a prospectus with the Securities Commission. Now you must understand that preliminary prospectuses are filed every day across the country with various securities commissions. A lot of times those prospectuses are withdrawn for whatever reason the company deems. Now that may or may not have been filed with the Saskatchewan Securities Commission. And it could have been withdrawn. Now the Securities Commission does not advise the department on the prospectuses that are filed with them.

Ms. Smart: — Well do you have plans in the future, since this sort of muddle takes place, to make sure that you are in direct communication with the Securities Commission? The Securities Commission doesn't tell you what they've got when they've got evidence here that a company that's licensed by your department is in trouble? You don't know what the Department of Justice is doing in terms of an RCMP investigation into something that concerns your department?

Part of this prospectus said this:

The downturn in the western Canadian real estate market has resulted in a significant increase in both the number and value of mortgages in arrears. As a December 31, 1984 the principal and interest outstanding in respect of all mortgage loans on which payments were in arrears for 90

days or for more, represented 63.3 per cent of First Investors Corporation's outstanding portfolio.

The members opposite don't seem to understand this kind of financial statement. That is obviously part of the problem. This is a prospectus on First Investors Corporation that you said was filed with the Saskatchewan Securities Commission, and it indicates that they were in arrears 63.3 per cent, their mortgage loans had gone down in the last years. That was information that should have gone to your department, don't you think?

Hon. Mrs. Duncan: — I did not say that it was filed with the Securities Commission. You asked me if it was, and I said I wouldn't know if it was. When companies attempt to raise capital within the provincial boundaries, they have to, under law, file a prospectus with the Securities Commission. Now I don't know whether or not the document you're referring to was filed in Saskatchewan, whether it was filed in Alberta, whether it was filed in Ontario.

You say that Ontario refused to license them; that is not accurate. They filed a preliminary prospectus with the Ontario Securities Commission and withdrew it. Now that is not a refusal to license them to do business in Ontario. The company withdrew their preliminary prospectus from the Ontario Securities Commission.

Ms. Smart: — Madam Minister, do you know the reason why Principal Trust withdrew from Ontario? Do you know why they withdrew that prospectus?

Hon. Mrs. Duncan: — No, I don't know why the company chose to withdraw their prospectus from Ontario, and I think that's an absolutely ludicrous question. I think what you are saying, you don't understand how the Securities Commission works, you don't understand how share capital is raised, and quite frankly, you don't understand the function of my department.

Ms. Smart: — I don't think you understand much of it, Madam Minister, and you're certainly in a much better position. You are the one in control of that department, you are the one that should know what they're doing, and you're the one that's responsible for what's happened to these investors in Saskatchewan.

It's a very serious situation that we have here because you are the one that several years ago was at a meeting, a conference, talking about investment concerns in Canada and you said there was a need for networking. You said there was a need for the governments across the country to be in closer touch with what was happening with the different areas. Now you're trying to tell me that there's no need for you to know why a prospectus on a company licensed here in Saskatchewan was refused in Ontario; no need for you to know why Manitoba didn't license it; no need for you to know why Manitoba didn't license it; no need for you to know about prospectuses that might come to the Securities Commission regarding companies that you license in Saskatchewan. What are you going to do? Are you going to just continue to turn your back completely on the issues that you're responsible for?

Here's another letter, Madam Minister, that I think you should hear. It's from a 56-year-old single woman:

Over the past 20 years of employment I managed to accumulate a few savings. Last summer I enlisted the advice of a financial consultant, a specialist, to guide me into investments that would allow me to leave the work-force at age 60.

I chose the firm of Principal Trust on the strength of newspaper advertising offering 10 per cent interest on guaranteed (underlined) investment certificates and because of the verbal presentation given to me by their consultant.

I informed my consultant that I was not interested in any speculative scheme, and she assured me she would direct my money into safe investments, and when questioned further, assured me my investments were covered by the \$60,000 insurance coverage.

My concerns are:

1. The intention to direct my funds to an uninsured company was not explained to me;
2. The word "guaranteed" for the term certificates was misleading;
3. The consultant was not truthful under direction questioning.

I feel that Principal Trust is guilty of false advertising and perhaps fraud. I am asking that you (this is a letter that was sent to you) on behalf of the Saskatchewan government support the investors in any action necessary to insure that we get our investments back. If Principal Trust does not make up our losses, I feel it is the duty of our government to help us, since proper policing and licensing of investment companies should have assured citizens' protection against such a predicament occurring.

She's asking you to support her in any action necessary. What are you intending to do about these investors who've lost their money?

Hon. Mrs. Duncan: — I would say to the member that after the collapse of the two companies there were allegations of misleading information. There was allegations of fraud, and that is the very thing that the RCMP investigation is keying in on. I believe that the Code inquiry which is on now will get to the bottom of the allegations of fraud and misrepresentation by sales persons of the two companies.

I can only say that once again — and it's not a matter of shifting blame or reneging on the responsibility of the department — however, you must understand that these companies, who have been doing business in the province since 1954 were incorporated in the province of Alberta, and it is the responsibility of the incorporating jurisdiction to see that regulations are adhered to. It's

very, very unfortunate the circumstances that led to the collapse of the two companies, and it's very unfortunate that some 4,000 Saskatchewan investors were involved. However, to say that officials in my department were not doing their job is just not accurate. It's just simply not true.

Since 1954 successive governments, whether they be NDP or PC or Liberal or CCF, have relied on the incorporating jurisdictions not only with these two companies but with the 500 financial companies that do business in the province to see that the regulations are adhered to.

Mr. Rolfes: — Madam Minister, you've stated several times this afternoon to my colleague here that you had really not looked at the balance sheet, or if you had looked at the balance sheet, that the balance sheet was to the extent that you weren't alarmed at the insolvency of the company. Yet, Madam Minister, as my colleague has pointed out to you, there was certainly signals sent in other provinces where the company was not licensed, where prospectuses were withdrawn. Would you mind telling us, were you aware ... at what time did you become aware that other provinces were concerned about this company, and when were you made aware that their prospectus was withdrawn in the province of Ontario? When was your department made aware of this?

Hon. Mrs. Duncan: — The first indication that we had that the companies were in financial difficulty was on June 30 of this year, June 30 of this year when the Alberta regulator informed the Saskatchewan regulator of the impending cancellation of the two licences.

Now as far as prospectuses are concerned, prospectuses, preliminary prospectuses are filed in various jurisdictions across the country on a daily basis, and in a lot of instances the companies filing them will withdraw them, and that is no indication of something wrong. In many cases they see flaws, and they fix them up, and they refile them. So to file a preliminary prospectus and withdraw it means absolutely nothing, absolutely nothing.

Mr. Rolfes: — Madam Minister, by itself in isolation it may not have meant a thing. But certainly, as the minister responsible for the protection of residents of this province, surely you must be aware that if you looked at the balance sheet of 1985 as you said you did — and you said you weren't alarmed by it; others were alarmed by it — and if you knew what the situation was in the real estate in Alberta, as my colleague has already pointed out, and if you were aware that other provinces did not want to license the particular company and prospectus was withdrawn in Ontario, if you put it all together, Madam Minister, the alarm bells should have rung. But obviously they didn't in your department, and I want to know why; why weren't you and your officials on top of the situation so that you could have alerted the investors of Saskatchewan. That is your job.

You are there to protect those investors. But obviously you and your officials were simply not aware of the situation and didn't make it your job to be aware. And I'm asking you why, with all the signals that there were, why weren't you aware, why didn't you check into it so that you could have alerted the 4,400 investors that there was

something amiss in the Principal Trust company? Why didn't you do that? Or don't you think that that's your job?

Hon. Mrs. Duncan: — We'll go back to the 1985 Deloitte, Haskins audited report, okay? Nowhere in that report does it indicate pending insolvency of the companies.

An Hon. Member: — Very close.

Hon. Mrs. Duncan: — No, it doesn't. No, it doesn't. Now the audited report would be first filed in the incorporating jurisdiction. Now the Alberta regulator accepted the Deloitte Haskins audited report of the two financial institutions we're talking about, then it's filed with us. And we accept Alberta's acceptance of the 1985 audited report.

Now I can say to the member from Saskatoon South that the filing of a prospectus has nothing to do with whether or not a company is good or bad or solvent or whatever. They, I understand, had planned to raise share capital and expand their business into Ontario, so they filed a preliminary prospectus and withdrew it. And that in no way says that the Government of Ontario refused to license them; it was voluntary withdrawn.

Now with the Saskatchewan Securities Commission, people file, companies file prospectuses, and the Leader of the Opposition would understand how that works. They file preliminaries; they may withdraw them; they may add information to them, and really that has . . . you can't tie the two together. You simply can't.

Mr. Rolfes: — Madam Minister, I don't . . . you're zeroing in on one item and forgetting the total picture that surrounded Principal Trust. And maybe that is your problem — you've got tunnel vision, and you're looking at one isolated thing. As I indicated to you in my questioning, I don't want to isolate one little thing. There were a lots of little things that you should have been aware of, and should have . . . the alarm bells should have rung for you.

Madam Minister, I want to ask you, did you get a written report or a verbal report from your officials on the 1985 balance sheet of Principal Trust? Did you get a written report or a verbal report from your officials on the balance sheet of 1985 of Principal Trust?

Hon. Mrs. Duncan: — No I didn't, to the member from Saskatoon South. No I didn't, and I don't get a report on the 500-plus companies that are doing business in the province as extra-provincially licensed companies.

You know, there's . . . you don't get that information. Your colleagues did not get that information when they were ministers of Consumer Affairs. You get a report on the number of companies doing business in the province; you get a report on the number of corporations that are licensed to do business in the province, but you don't get information, specific information on each one of the thousands and thousands and thousands of companies doing business in this province.

Hon. Mr. Blakeney: — Mr. Chairman, and Madam

Minister, I think we have already established that your department received the prospectus of First Investors Corporation dated March 29, 1985, and I trust you don't deny that.

I want to know, Madam Minister . . . prospectus . . . prospectus . . . Your department, which then included the Securities Commission, received the prospectus of First Investors Corporation, dated March 29, 1985. I'm not stating that's the date that it was submitted to the Saskatchewan Securities Commission. I'm not sure of that. I ask you: was that prospectus received, and did it contain the following paragraph?

The downturn in the western Canadian real estate market has resulted in a significant increase in both the number and value of mortgages in arrears. As of December 31, 1984, the principal and interest outstanding in respect of all mortgage loans on which payments were in arrears for 90 days or more, (in arrears 90 days or more, Madam Minister) represented 63.3 per cent of the corporation's outstanding portfolio?

Did it contain that phrase? Did your department have that information in hand shortly after March 1985?

Hon. Mrs. Duncan: — No, my department did not have that information, to the Leader of the Opposition. The Saskatchewan Securities Commission, as you well know, is a quasi-judicial commission, independent, independent commission I might add, and I think you are fully familiar with that.

I can't even confirm whether or not that prospectus was filed. I do not have responsibility for the Securities Commission. It's over in Justice, as you know, so I couldn't even tell you whether or not that particular prospectus that you're referring to was, in fact, filed.

Hon. Mr. Blakeney: — Mr. Chairman, and Madam Minister, when this prospectus was filed, it was filed with your department, with the Securities Commission, and you were the responsible minister. Whether you now want to say, I'm not the responsible minister any more doesn't in any way discharge the responsibility you had then to have your people advise you if there was trouble. And don't for one moment, Madam Minister, suggest that the Securities Commission is independent in a sense that it would not, or should not, or does not have a duty to pass on information to the Government of Saskatchewan.

And I say to you, Madam Minister, your staff, when you were the minister, knew that over 60 per cent of the mortgages of First Investors were in arrears 90 days or more. It was the failure of First Investors to realize on those mortgages which caused its collapse. It was that fact which you had on your files which led to all these Saskatchewan people losing their money. Do you deny, Madam Minister, that when you were the minister your staff received this information indicating very clearly that over 60 per cent of the mortgages of First Investors were in arrears 90 days or more?

Hon. Mrs. Duncan: — To the Leader of the Opposition, the staff of the Department of Consumer and Commercial

Affairs would not have the information because the Securities Commission is a quasi-judicial, at arm's length commission, and you know that very well.

When I was responsible for the Securities Commission — now maybe you did things different under your administration — I did not interfere in the day-to-day operations of the Securities Commission nor should I. I did not order them to rubber-stamp prospectuses. They have a very important legal requirement to go over prospectuses and vet them and decide, independently of government, whether or not those prospectuses are passed or rejected. And you know full well.

And I didn't get a report from the Securities Commission on that particular prospectus that you're referring to. The only information that I ever got from the Securities Commission was the number of prospectuses filed, the number accepted, the number rejected. I didn't even know who was filing prospectuses because that's the way the Securities Commission, if it's to operate properly, should operate.

Hon. Mr. Blakeney: — Well, Mr. Chairman, and Madam Minister, aside from the utter twaddle which is being emitted from the minister now in the suggestion, in the suggestion that somehow information about applicants for filing shouldn't be conveyed to other agencies of the government, I am absolutely amazed at your suggestion. Obviously you're not ordering that prospectuses be accepted for filing or that brokers be accepted for registration; no one is suggesting that.

I am asking you, Madam Minister: when you had the hard information that this company was in trouble and when your department knew that this very company was out there selling investment contracts, do you suggest that it was not the duty either of the Securities Commission to tell the investment contract people that this company was in deep trouble; or alternately, the duty of the investment contract people to ask the Securities Commission whether this company was in trouble? Are you suggesting that the fact that First Investors was filing a prospectus would be totally unknown, totally unknown to the investment contract people who were registering that company?

And if you want me to turn it around and say, not to ask you why the securities people didn't tell the investment contract people, may I ask why the investment contract people didn't ask the Securities Commission, people, if you want to have it that way?

And, Madam Minister, are you suggesting to me that the people who are regulating this company on The Investment Contracts Act didn't know it was trying to file a prospectus in three or four provinces in Canada? Is that your suggestion? And if they did know, are you suggesting that it was of no interest to them, what was in the prospectus and whether or not this company was sound or not?

Hon. Mrs. Duncan: — The department would not know, Leader of the Opposition, whether or not company A, B, C, or Z have filed a preliminary prospectus with the Securities Commission. And you know that.

An Hon. Member: — I don't know it all.

Hon. Mrs. Duncan: — Yes, you do know that. The Securities Commission does not publish a list of all the prospectuses that are filed with the, and you know that.

Hon. Mr. Blakeney: — Well, Mr. Chairman and Madam Minister, may I advise you that when I served as chairman of the Securities Commission, I kept in touch with the people who were dealing with investment contracts. I know that's a long time ago, and I know the idea of regulating to protect the public has gone out of style with this government who believes in deregulation.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — But I'll tell you, it used to be in style. It used to be the responsibility of people who were regulating investment contract companies — all three of them, Madam Minister, all three of them — to keep in touch with what was happening in a general way. And they certainly would have known whether a prospectus was being filed.

And I ask you again, Madam Minister: are you telling me that the people in your department who were regulating investment contract companies, all three of them, didn't know that First Investors was attempting to file a prospectus with securities commissions across Canada? Are you saying they didn't know?

(1700)

Hon. Mrs. Duncan: — No, they didn't know nor would they know about the thousands and thousands of prospectuses that are filed by thousands of companies every year with the Securities Commission. The Securities Commission is an independent agency not connected with the department, does not share information with us.

But I would say to the Leader of the Opposition that I think the whole collapse of the two companies really, in my mind, indicates the need for massive changes in the way we treat financial institutions, whether they be trust companies, investment contract companies, insurance companies, or whatever. And we have talked about this at various federal-provincial meetings.

I do believe that there is a need for a national securities commission. I think there is a need that the regulation of these — instead of doing them in 10 provinces and two jurisdictions, maybe there is the need to have a federal regulator rather than dealing with 10 or 12 regulators across the country. I might also add to the Leader of the Opposition, that under your regime the Alberta regulator's consent — if you want to call it that — or approval of the financial statements was also accepted by the department as being done properly.

The Assembly recessed until 7 p.m.