

The Assembly met at 2 p.m.

Prayers

### ROUTINE PROCEEDINGS

#### INTRODUCTION OF GUESTS

**Hon. Mrs. Smith:** — Thank you, Mr. Speaker. Today I once again have the honour of having a group of students in from Swift Current. This time, Mr. Speaker, this group is from Oman School, which is on the south side of our city. They are 20 students in number, grade 4, seated in the west gallery. And they have with them today their teacher Linda Heinrichs. They have also invited, I believe, about seven adults with them and, of course, Al, the bus driver, who they couldn't do without.

Mr. Speaker, I will look forward to meeting with this group immediately after question period, and I hope the students enjoy the proceedings today. And I would ask all members to please welcome them.

**Hon. Members:** Hear, hear!

**Mr. Johnson:** — Thank you, Mr. Speaker. It's a real pleasure for me to introduce to you, and through you, a large group seated in your gallery, Mr. Speaker, from the East Elementary School at Esterhazy. There's 42 of them and they're grade 4s and 5s. They have their teacher along with them today, or two teachers, as a matter of fact, Darrell Paproski and Janet Morgan, and also some chaperons, and I'd like to name them too: Eloise Johnson, Shirley May, Iris Soyka, Pat Arndt, Gail Bruce, Mrs. Ilg, and the bus driver Rodney Irvine.

Mr. Speaker, these groups are always special when they come into the gallery, and this is one that's just a little bit extra special because my grandson, Terrance Johnson, happens to be in this group today. I'll be meeting with them later on for pictures and drinks and a little bit of a question period.

I just wish them a safe trip back home again and would ask all members to greet them in the usual manner.

**Hon. Members:** Hear, hear!

**Mr. McLaren:** — Thank you very much, Mr. Speaker. It's also my pleasure to introduce to you, and through you to all members of the Assembly, some students that have come from beyond our borders, Mr. Speaker, from Russell, Manitoba. It's the Major Pratt School from Russell, grade 6, numbering 40 students. They're also accompanied today by two of their teachers, Wayne Dunham and Jan Shauer, and also chaperons Dianne Lovas and Hertha Frieze.

We welcome these people from outside our borders, Mr. Speaker, to the Assembly. We hope you enjoy the sessions here. I will be meeting with them out on the lawn at approximately 2:30 for some refreshments and any questions that they might like to ask as far as the goings on here in the Assembly.

So I'd ask all members to please welcome these students

from Russell, Manitoba.

**Hon. Members:** Hear, hear!

**Hon. Mr. Tusa:** — It's also my pleasure this afternoon to welcome to the legislature four people from my home town of Cupar, John and Mary Werner accompanied by their son Henry, and their daughter-in-law Marge. This is John and Mary's first visit to the legislature, and I might add that John is 90 years old and Mary Werner is 88.

Also I might add that they have been married for 68 years.

**Hon. Members:** Hear, hear!

**Hon. Mr. Tusa:** The Werner family have been neighbours of my family for most of my life. During their 68 years together, they've raised three children and have been pillars in their community. I can't say that John and Mary have graduated from any famous university, like Saskatchewan or Princeton or Cambridge or any of those universities, but I might say that many years ago both of them have graduated from the most basic of universities, the university of life. And during their many years together, they have acquired their master's degree in wisdom.

My fellow colleagues, I feel that John and Mary Werner are true pioneers, what I like to call the salt of the earth, the kind of people that have truly made Saskatchewan great. I trust, Mr. and Mrs. Werner, that you will take away with you pleasant memories of your visit to our seat of government today.

Please welcome John and Mary Werner.

**Hon. Members:** Hear, hear!

### ORAL QUESTIONS

#### Lay-offs at Sask Minerals

**Mr. Romanow:** — Thank you very much, Mr. Speaker. My question today is to the minister in charge of privatization. As the members of the House will know, and especially the minister of privatization will know, in April of this year, actually late March, the government opposite announced the sale of Sask Minerals to two out-of-province corporations, saying — no, not saying, guaranteeing — that all of the jobs would be secure, that there'd be no job loss.

Mr. Minister, my question to you is this: is it correct that today seven of the employees at Sask Minerals, or the former employees, have been given their permanent lay-off notices? Is this true; and if it's true, how do you square that action with your statements of a few months ago?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Taylor:** — No, Mr. Speaker, I cannot confirm that seven employees have been given lay-off notices.

**Mr. Romanow:** — Mr. Speaker, a supplementary

question to the minister. Perhaps I should rephrase it this way: is the minister not aware of the fact that seven employees, at least seven employees, have been laid off at Chaplin and at Fox Valley? Or is the minister taking the position that he knows absolutely nothing about the developments in those two communities with respect to the former Sask Minerals? Is that your position?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Taylor:** — Mr. Speaker, as I said previously, I have no knowledge of seven employees being given lay-off notice. I have been advised that there were three employees — three — one at Fox Valley and two at Chaplin that were given lay-off notice, but not seven.

**Mr. Romanow:** — Mr. Speaker, I have a new question to the minister. I see that the minister is answering questions with a precision which is unaccustomed to this minister and this government opposite.

**Some Hon. Members:** — Hear, Hear!

**Mr. Romanow:** — Mr. Minister, my question to you is this, so we clarify this: you confirmed that three employees now formerly of Sask Minerals have received their permanent lay-off notices; will the minister undertake to advise the House at some very early date whether or not in fact his number is in error and that there are seven workers and seven families affected? Will he undertake to explore whether or not it goes up as high as seven?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Taylor:** — Mr. Speaker, all I can respond to is the information I am aware of, and that is three employees, one at Fox Valley and two at Chaplin. And I understand, of those three, that the one was offered alternate employment and refused it; one of them is eligible for early retirement; and that the third was with cause.

**Mr. Romanow:** — Mr. Speaker, I have a new question for the minister of privatization. Will the minister confirm, or perhaps advise the House, whether or not it's also true that, as a result of the privatization of Sask Minerals, that all of the remaining employees there are now being forced to take a mandatory one-week-a-month period off for the balance of the year, and as well being mandatorily forced to take two weeks off in July, all apparently the plan of some form of cost-cutting and effective measures in this regard by the new private corporations. Will the minister confirm that?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Taylor:** — No, Mr. Speaker, I certainly cannot confirm that. I can confirm though that the Kam-Kotia company, as I understand, are working very, very diligently and close to signing a rather large deal with Australia which I hope will ensure employment, ensure the use of the resources and the use of those . . . and the sale of those around this country. I cannot confirm what the member of the opposition alleges.

**Mr. Romanow:** — Mr. Speaker, a new question to the minister. I have to say, Mr. Minister, that your answers are less than forthcoming.

**Some Hon. Members:** Hear, hear!

**Mr. Romanow:** — You apparently, Mr. Minister, know nothing, or very little, about the permanent lay-offs, nothing about the special working arrangements, but yet you know something about a purported sale to Australia. I say to you, sir, you're not coming clean with this House.

**Some Hon. Members:** Hear, hear!

**Mr. Romanow:** — My question to you is this, sir: you guaranteed this House and those workers and the people of the province of Saskatchewan that under your UK, English-dominated privatization scheme there would be no jobs lost. That was a guarantee. What happened to that guarantee? Why don't you speak to those private companies now about reinstating the jobs of those workers laid off and let's get Saskatchewan families and towns back to where they were? How about saying that?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Taylor:** — Well, Mr. Speaker, I am giving the information that I'm aware of, and that is that there has been early retirement offered; there have been extra jobs offered, and the allegations raised by the Leader of the Opposition, as so often is the case on that side the House, have no factual basis, and that again is rumour, innuendo, and you can try and put whatever label you want onto this, English-made.

I tell you, I travelled the province of Saskatchewan and this is Saskatchewan-made. And later today I will give a ministerial statement that shows you exactly the type of public participation initiatives that are taking place in this province, who are the ordinary citizens of this province, by giving an opportunity to share in the development and diversification of our resources.

**Some Hon. Members:** Hear, hear!

**Mr. Romanow:** — Mr. Speaker, I have a new question for the minister of privatization. The minister of privatization says he'll have an announcement to make on ministerial statements today. We look forward to that announcement because there are many of those kinds of announcements that this minister has made.

And I want to refer to you your announcement that you made at the time of privatization of Sask Minerals, which in part said the following, quote:

The rights of the employees have been at the forefront of this deal. Their employment is secure.

"Their employment is secure." That's the statement that you made at the time of privatization. That, Mr. Minister, is an untruth. Will you apologize to the House, speak to the private companies, and get those workers reinstated in their work-force.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Taylor:** — Mr. Speaker, as I've indicated to the Leader of the Opposition, my information indicates that there has been one given the option of early retirement; one offered alternate employment, which refused; and one dismissed for cause. Now it may well be — and I wouldn't doubt it — that the member opposite would like to bind companies so that they could not make changes for people to dismissal for cause. We do that in this government; they do it in private industry.

And it may be his case that he wants to make deals where companies have to take employees, and irregardless of performance, no mention as to their productivity, their dedication to the company, you must keep them. That's the trade union mentality of the member opposite.

I believe there may be times when employees could be dismissed for cause. I think that happens around the world. I think that is a common occurrence. It can happen both within government and the private sector. He prefers the other.

**Some Hon. Members:** Hear, hear!

**Mr. Romanow:** — Mr. Speaker, I have another question to the minister of privatization. Nobody says that the employer does not have the right to manage . . . (inaudible interjection) . . . No, no, at any time. No one has said that at any time and I say that now. But I tell you what we say as an official opposition: no government has the right to sell out the birthright of this province to private corporations outside.

**Some Hon. Members:** Hear, hear!

**Mr. Romanow:** — I tell you, sir, that your United Kingdom, London-inspired, Oliver Letwin-driven privatization policy, when it costs jobs — one job is one job too many in a province which is suffering economically. My question to you, sir, is this: why don't you take off those ideological blinkers? Why don't you fire Oliver Letwin? Why don't you get to a "made in Saskatchewan" solution for jobs and families and communities here? Do it the Saskatchewan way.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Taylor:** — Mr. Speaker, I find this very, very amusing. It just shows the true colours of the leader . . .

**Mr. Speaker:** — Order. Order. Order.

**An Hon. Member:** — Let him answer.

**Mr. Speaker:** — Correct, let him answer.

**Hon. Mr. Taylor:** — I most certainly will answer. It shows the true colours of you, sir. First of all I hear you stand in this House, as a leader of an opposition party, and you condemn every American there is. You're against free trade; you're against the Americans.

Today I hear you stand in this House, as a leader of a party, and condemn the British, condemn everybody in Britain. Why don't you get up and condemn Japan;

why don't you condemn China? Because I know from whence you come. You follow in the footsteps of your past leader, who felt the best economic development of this province is to visit the Soviet Union.

**Some Hon. Members:** Hear, hear!

#### Lay-offs at Wascana Campus of SIAST

**Mr. Hagel:** — Mr. Speaker, I direct my question to the Minister of Education. Mr. Minister, we have just seen the performance of the minister of privatization, and that when the minister of privatization gives a guarantee to the workers of Sask Minerals, that when it's privatized they can't take him at his word.

**Some Hon. Members:** Hear, hear!

**Mr. Hagel:** — Mr. Minister, last October 23 in this House when we were discussing your super-institute built to create to build the Saskatchewan Institute of Applied Science and Technology, you said, and I quote:

I said to them, and I say to this House today, and I say to all of those educators and that staff across this province, Mr. Speaker, when this Bill passes, or when these Bill pass, there will be no lay-offs.

And I underline that last phrase, Mr. Minister: there will be no lay-offs. Mr. Minister, you made that same assertion many times after that in this House, and I ask you, sir: will you tell me why there 16 instructors and two clerical staff who have been given notice for permanent lay-off, notice for permanent lay-off at the Wascana campus of the Saskatchewan Institute of Applied Science and Technology?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Hepworth:** — Mr. Speaker, as it relates to the specific cases that you refer to, I have no specific knowledge of them, or at least no knowledge in great detail. My recollection is that it likely has to do with what programs are being most greatly utilized by students, or most being desired by students. It could even be something to do with the fact that it is summer. But I'll take notice of the question and bring back the details, Mr. Speaker.

**Mr. Hagel:** — New question, Mr. Speaker. Mr. Minister, the fact of the matter is, when the minister of privatization gives his guarantee there'll be no jobs lost, and when you give your guarantee that there would be no lay-offs, people have come to know that they can't take you for your word.

**Some Hon. Members:** Hear, hear!

**Mr. Hagel:** — Despite your assurances to the contrary, despite your work, Mr. Minister, 18 people at the Wascana Institute are about to join the ranks of the unemployed. And as I understand it, Mr. Minister, the case is this: they come about directly because Flora MacDonald has directed that federal moneys dedicated towards pre-employment training and the life-skills training at Wascana are now to be diverted to the job strategies

program.

And I ask you, Mr. Minister: have you told the federal government how unhappy you are that its job strategy program is creating unemployment in the province of Saskatchewan?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Hepworth:** — Mr. Speaker, the member originally tried to make the point that somehow the restructuring of the technical institutes and the creation of the new Institute of Applied Science and Technology, that somehow that was the cause for apparent lay-off notices. Now apparently the reason is something to do with a Flora MacDonald and a reallocation of programming expenditures.

The reality is, Mr. Speaker, that in this province post-secondary education, whether it be through the institute structure or universities, is a priority of our government, We've seen great strides forward, and I think we'll continue to see great strides forward.

If there are some variations in the kinds of programs that we provide from year to year, that's normal. It's called responding to changing times, Mr. Speaker, and we'll continue to do that. We'll continue to do it in a way that's sensitive not only to students but as well to the employees, Mr. Speaker.

**Mr. Hagel:** — New question, Mr. Speaker. Mr. Minister, simply put, I make today one point and one point only. When you say that there will be no lay-offs to the staff of the technical institutes in the province of Saskatchewan, you cannot be taken at your word, and that is the point I make today.

**Some Hon. Members:** Hear, hear!

**Mr. Hagel:** — And I ask you, I ask you again, Mr. Minister: in light of your guarantee that there would be no lay-offs, given to all employees after 140 technical instructors had already been cut in spite of your assurance, in light of these 18 lay-offs coming at the Wascana campus, I ask you, what can the staff at the other three campuses expect?

And I ask you as well: can technical students in the province of Saskatchewan expect to go this year again through yet another period of confusion and dismay as you hack and slash at the education system in this province of Saskatchewan?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Hepworth:** — The hon. member has used words like hack and slash, Mr. Speaker. I mean, this is an example of hyperbolic rhetoric; it is in fact nothing to do with the reality. He similarly referred to 140 lay-offs last year. As I recall, each and every one of those was offered some kind of position or other option. The hon. members opposite never like to bring that fact to public's attention, Mr. Speaker, because they'd rather talk about 140 people being laid off when, indeed, yes there were lay-offs, but as well, because we were sensitive to those employees, we

tried to relocate as many of them as possible and to give them other options. And I think virtually all were offered, with perhaps one exception, other options.

So I think the record speaks for itself in terms of how we try to help employees, given program changes, Mr. Speaker.

### Quarterly Reports for FIC and AIC

**Mr. Koenker:** — Thank you, Mr. Speaker. A question to the Minister of Consumer and Commercial Affairs. Mr. Minister, in estimates earlier this week, you admitted that your department could not produce quarterly reports for First Investors Corporation and Associated Investors Corporation for the periods ending March 31 and June 30, 1985. You could not produce them because they were not in your files. Mr. Minister, can you explain why these documents were not in your files as required by law? Is your government too incompetent to regulate, or are you just too busy protecting your friends in the business community? How did this happen?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, as I indicated and the member has just indicated, that in estimates the quarterly reports were not located in those particular files at that time, whether they were misfiled or in fact whether they had not been received, I certainly cannot tell him at this time, and I told him that last week when we were in estimates.

**Mr. Koenker:** — New question, Mr. Speaker. Misfiled or not supplied . . . Mr. Minister, section 25 of The Investment Contracts Act of Saskatchewan states, and I quote:

No later than 30 days after the expiration of each quarterly period, ending March 31, June 30, September 30, and December 31 respectively, every licensed issuer shall file with the superintendent a statement certified by its auditor.

That is the law of Saskatchewan. Can you tell this House why these two subsidiaries of the Principal Group, a company which over four years gave over \$46,000 to the Progressive Conservative Party, can violate the law of Saskatchewan? Can you answer that, Mr. Minister?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I know that the member opposite has had a real hang-up with regard to the Principal Trust situation and what's happening in Alberta. He's well aware of the fact that a very lengthy inquiry has been going on for, I think, in the neighbourhood of 120-some days now. He's also aware of the fact that the province of Alberta has primary jurisdiction over this particular company, or these two particular companies.

We simply follow the same practices that the previous administration had followed when they were in power, and that was relying on information from the province of Alberta with regard to these two companies. There was

no indication from the province of Alberta that these two companies were in serious difficulty. We would certainly know from evidence that has come out in the inquiry that the province of Alberta did have information, but that's something they were not sharing with the province of Saskatchewan.

I would further point out, Mr. Speaker, that these two particular companies were having difficulty back in the 1970s when that group over there was in power. And I would simply wonder, why were they not doing something about it at that time? And I know the very reason they weren't doing anything about it — because they did not have the information at that particular time either.

So I mean, it's fine for them to follow specific procedures when they were in power. We follow the same procedures, and now they don't think that's a good idea.

**Mr. Koenker:** — New question, Mr. Speaker. Mr. Minister, you say that I have a hang-up, and I'll admit to having a hang-up that thousands of Saskatchewan depositors lost their money in First Investors and Associated Investors because of your government's negligence. And I'm hung up on that, I'll tell you.

**Some Hon. Members:** Hear, hear!

**Mr. Koenker:** — And this is all too common with your government. You have no legislative authority, no legislative authority whatsoever to ignore the filing requirements of The Investment Contracts Act of Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Mr. Koenker:** — Why are these quarterly reports missing from your files, Mr. Minister, reports that happen to coincide with that period during which the companies' house of cards was falling apart? Why are these reports missing from your files?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I would point out to the member opposite again, as I did several times in estimates, as is common on that side of the House, Mr. Speaker, they really like to use these scare tactics, and it's really unfortunate. It's really unfortunate that the member opposite still insists on indicating that these people have lost their money. He still indicates that they've lost their money, and that's using scare tactics with a group of people that, I think, it's very, very unfortunate.

It's unfortunate that at the present time they are still waiting to find out whether or not the Government of Alberta is at fault and whether or not they are going to recover all of their money. But to this point, Mr. Speaker, no one has lost any money as far as these two companies are concerned — they have not lost any money. Until such time as the Code inquiry is finished, no decision is going to be made in so far as any kind of plans as far as the Government of Alberta or any other government is concerned with regard to these investors.

I would also point out that the basis on which the licences for these two companies was put forward was because of the financial statement. The financial statement or the final audited report was received, Mr. Speaker, and it was on the basis of that that the licences were issued to these two companies.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** — Final supplementary.

**Mr. Koenker:** — Mr. Minister, your department's latest annual report proclaims that one of the three mandated purposes of the department is to ensure that basic standards of conduct in the market-place are upheld. I say that allowing a company to operate without paying any attention to the laws of this province violates that mandate.

Your government's commitment to privatization, deregulation, and failure to enforce the law has cost thousands of Saskatchewan families their savings. What kind of defence do you have for your department and its former minister?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I would simply point out again that, to this point, investors have not lost one nickel — not lost one nickel. And I would also point out that the basis on which these companies were granted their licences in this province was the financial statement, which was received. It was not based on whether or not the quarterly reports were there; it was based on the financial statement. And the understanding that we had from Alberta was that everything was in order, and we had no reason to withhold those licences.

### Rafferty Dam Project

**Hon. Mr. Berntson:** — Mr. Speaker, on April 12 in this legislature the member for Rosemont asked me a question, and because I couldn't get recognized in this House after having taken notice over some extended period, the question was raised again yesterday, Mr. Speaker. And so the answer to the question, Mr. Speaker, is approximately \$777,000.

## MINISTERIAL STATEMENTS

### Meadow Lake Sawmill Announcement

**Hon. Mr. Taylor:** — Mr. Speaker, I am pleased to rise today and announce to my legislative colleagues and the people of Saskatchewan, the sale of the Meadow Lake Sawmill, Planer Mill, and the Green Lake Sawmill to NorSask Forest Products Inc.

NorSask Forest Products is a Saskatchewan company owned equally by two local companies — Techfor Services Ltd. and MLDC (Meadow Lake District Chiefs) Investment Company Ltd.

Mr. Speaker, Techfor is owned entirely by the Meadow Lake employees and was established to allow each employee an opportunity to invest in the saw mill through

the purchase of shares.

And MLDC is an investment company owned by the 10 Indian bands comprising the Meadow Lake Tribal Council.

The joining of these two companies forms a co-operative ownership of the saw mill that will ensure the efficient and productive utilization of our forestry resources, and stimulate increased economic growth in the local economy.

That's partnership Saskatchewan, Mr. Speaker — the Saskatchewan way of building a stronger province that will benefit us all.

Mr. Speaker, members opposite often suggest that public participation does not allow Saskatchewan men and women to participate in the growth of our province. I am pleased to report, Mr. Speaker, that over 90 per cent of the employees at Meadow Lake have purchased shares in the saw mill, along with each of the representatives of the tribal council. Ownership of the saw mill is now directly in their hands.

As shareholders, these individuals now have a stake in their own operation, giving them greater control, opportunity to share in profits, and incentive to run the mill successfully.

In addition, Mr. Speaker, for the first time, the local northern communities will also have the opportunity to participate directly in the development of their forestry resources.

Under the terms of the forest management agreement, the northern communities will have first right to harvest, haul logs, and carry on reforestation in their area. Aside from protecting the forestry resources in the local area, this means having a first chance at new jobs, new opportunities, and new economic development.

Mr. Speaker, the opposition also continually insists that public participation does not protect the rights of the public employees. We see the employees' rights as being paramount, and I am pleased to report that they were at the forefront of this deal. Employment is secure, benefits and wages will be carried forward, the collective agreement will be honoured, and the current management team remain unchanged.

Mr. Speaker, this deal will also bring new investment into the province — new investment that will ensure a more balanced utilization of our resources, create new jobs and new development.

The new owners at Meadow Lake plan to implement a \$3.2 million upgrading and modernization of the saw mill and planer facilities. This program will ensure future profitability and a competitive edge in the volatile lumber market by improving productivity, increasing recovery rates from raw materials, and expanding product lines.

As well, Mr. Speaker, Nortek Energy Corporation of Edmonton has committed to constructing an \$80 million pulp plant at Meadow Lake to utilize the aspen resources

of that area. And King, Murphy Lavalin, an established engineering firm, is planning on building an \$11 million chopstick plant in Meadow Lake.

Combined, these two new companies directly create over 150 jobs for Saskatchewan men and women and another 300 are expected from the spin-off demand for wood supply. That will inject, Mr. Speaker, thousands of dollars in wages directly into the town of Meadow Lake and stimulate further growth and development in the local economy.

Mr. Speaker, these companies could have located in other provinces but they came to Saskatchewan because of their confidence in our people and in our resources. This government shares that confidence in our province, and through public participation initiatives will continue to attract new companies, new investment, and revenues into Saskatchewan.

Mr. Speaker, I have always stressed that consultation is a major part of public participation. Not too long ago I visited Meadow Lake and talked with the employees, the tribal council, the local people, and the town of Meadow Lake. I involved them directly in the decision making process, Mr. Speaker, and that is public participation.

Mr. Speaker, when we look at employee ownership, community participation, new investment, new jobs, value-added development and diversification, Mr. Speaker, that is public participation the Saskatchewan way.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** — Before we recognize the member for Saskatoon Nutana, I'd just like to once more remind ministers to try to keep their ministerial statements down to a reasonable length. And once more, it was somewhat lengthy today. And I would just like to once more remind ministers to keep their ministerial statements to a reasonable length . . . (inaudible interjection) . . . just relax.

**Ms. Atkinson:** — I want to thank you for the compliment of being the member from Saskatoon Nutana. We're all looking forward to being the government come 1990.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — Mr. Speaker, it has now been some five months since that member over there became the minister responsible for privatization. And under that member's leadership, privatization in this province has meant one of three things. It has meant job loss; it has meant a loss of revenue to the people of this province; and it has meant a loss of control over our own provincial economy. That's what privatization has meant.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — This minister has been travelling our province holding meetings on privatization. He calls it public participation the Saskatchewan way. And that minister has made guarantees from one end of this province to the other. But we saw how good his word was

today, we saw how good his word was today when it came to job guarantees to the people at Chaplin and Fox Valley.

I was at the meeting with my colleague, the member for Moose Jaw South, the critic for Sask Minerals, when that member over there made a commitment to the people in Chaplin and a commitment to the people at Fox Valley that there would be no job lay-offs. And today we see what that commitment and what that guarantee meant. That guarantee meant absolutely nothing.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — We saw, we have seen this government make a guarantee to the 411 dental workers, and last Friday we saw those unemployed dental workers who are the victims of your privatization.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** — Order, order. Ministerial statements do not allow wide-ranging statements. Order, order, order. The hon. member realizes that, I know, and she'll want to keep her remarks confined and related to the ministerial statement.

**Ms. Atkinson:** — Mr. Speaker, my point in all of this is that these members have made commitments to job guarantees which is referred to in this ministerial statement, and they made commitments to the 411 dental workers when they privatized the school-based children's dental program, and I'm simply saying their guarantees cannot be trusted, and they are not true.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — We will reserve judgement on his promises here today, of economic growth and jobs. We will reserve judgement. But given this minister's track record, given this minister's track record we are not all that hopeful.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — We will be anxious to see the full details of this deal. You will remember that the other side of the House had another pulp and paper deal not too long ago, and you will remember that we had one devil of a time getting the information out of that government.

Today they have announced that there will be an \$80 million mini pulp and paper plant coming to northern Saskatchewan, and I would be very interested to see whether or not there are loan guarantees to that pulp and paper plant. I'd be interested to see that. We'll be interested to see whether or not there's loan guarantees to the \$11 million chopstick plant that's coming into northern Saskatchewan. We'll be interested to see whether this minister has guaranteed loans to out-of-province companies.

They certainly, based on their past practice, have guaranteed loans to Weyerhaeuser and all of these kind of people — Peter Pocklington. It seems to be the only way they can attract business to our province, by guaranteeing

taxpayers' money to prop up these large multinational corporations.

(1445)

Mr. Minister, we have seen your privatization with Highways workers — over 200 people lost their jobs. We have seen the privatization when people bought off our equipment at fire sale prices. We've seen how those Highway workers have suffered. We have seen the privatization of the school-based children's dental program and how those people have suffered. We've seen what the kind of privatization deals your government has been involved in have hurt the people of our province, they have hurt the people of our province.

So we will reserve judgement on this one. We will see whether or not your commitment to more employment, whether your commitment to economic growth will actually come to reality. And we will wait to see, Mr. Minister. This minister has made guarantees before and the verdict is still out on this guarantee. And I predict that we'll be back in this legislature at some time, talking about the guarantees and commitments that this minister gave to the people of the province today.

**Some Hon. Members:** Hear, hear!

## INTRODUCTION OF BILLS

**Bill No. 100 — An Act respecting Railways in Saskatchewan**

**Hon. Mr. Hodgins:** — Mr. Speaker, I move first reading of a Bill respecting Railways in Saskatchewan.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill 101 — An Act to amend The Revenue and Financial Services Act**

**Hon. Mr. Swan:** — I move first reading of a Bill to amend The Revenue and Financial Services Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

### COMMITTEE OF THE WHOLE

**Bill No. 24 — An Act to amend The Saskatchewan Agricultural Returns Stabilization Act**

**Mr. Chairman:** — Would the minister introduce his officials.

**Hon. Mr. Hepworth:** — Thank you, Mr. Speaker. I have with us today, to my right, Mr. Stu Kramer, assistant deputy minister, Saskatchewan Agriculture; and to his right, Hal Cushon, who's the manager of the market analysis section of the economics branch at Saskatchewan Agriculture.

**Clause 1**

**Mr. Upshall:** — Thank you, Mr. Chairman. With regards to this Bill which appears to be fairly straightforward, however, I have a couple of questions I would like to ask the minister and his assistants.

First of all, what is the present debt of the programs affected by The Saskatchewan Agricultural Returns Stabilization Act, and I believe that's cow-calf-to-finish market, the feeder-to-finish and the . . . in the beef stabilization plan and SHARP (Saskatchewan hog assured returns program). Could you give me a breakdown of the current debt of those . . . of the program?

**Hon. Mr. Hepworth:** — Yes, the total is 92.073 million; in the cow-calf we have 44.685 million, which incidentally is down from a high of 50 million; the feeder-to-finish is 23.502 million, and the SHARP program, the hog one, 23.886 million, which is down as well from a high of 24.466 — giving a total of 92.073 million.

**Mr. Upshall:** — Yes, in that respect. Mr. Minister, the programs have been, I understand, paying for themselves and there has been very little drain on the funds in the programs due to the industry coming back up on its feet a little bit, except the feeder-to-finish side of the plan, as I understand it, which has increased slightly.

Now under these programs, we're seeing that the SHARP program is at the 70-per cent level now because of the phase-out that your government has taken upon going into the federal program. And in light of the fact that we are seeing two of the other programs decreasing in value, is there anything that I am missing when I think about why the necessity to double the amount of the program, or was that an arbitrary figure, or what calculations went into that?

**Hon. Mr. Hepworth:** — I think it's safe to say that the kind of thinking that went behind coming up with the number 200 millions of dollars is not unlike probably the kinds of thinking that went into the 1978 Bill when it allowed for a \$100 million ceiling. It is 10 years later now. There's been the inflation. I think what the thinking here . . . the balance that one always tries to strike on these is that to make sure the number is high enough so that the plan is solvent and it has the liquidity that it needs. And if you're at 92 million now, you're eight million away. If you had a big pay-out, you could be in trouble.

And on the other hand, you don't want to make it so high that we as a government aren't accountable to the legislature and that the legislature doesn't have a chance to examine this. For example, if a guy set it at a billion, we'd probably never be back here.

So I think it's a balance between making sure that the plan is solvent and can work and not have to be coming back here every two or three months to get the limit up, if that was the case; on the other hand, not having it so high that the legislature doesn't have a chance to examine the affairs.

**Mr. Upshall:** — Yes, I can understand that, Mr. Minister, but surely there has to be some logic involved when calculating a figure or a cap to put on any program.

What I was asking is: what was the procedure that was undertaken to determine the actual moneys needed? I know you have to have a cushion or a contingency so that you don't run short of funds because the program needs its money, but you have the numbers on the amount of cattle being enrolled in the program and shipped, the number of hogs.

What procedure, I was asking, did you go through to determine the actual amount of money that would be needed in the next five years? I'll just repeat that: in the next five years under the SHARP program, and in the next five years under the cow-calf-to-finish and feeder-to-finish programs, and what was that precise number, so that we'll know what the approximate pay-out will be in that period of time? Then we'll also know what the contingency would be up to the 100,000 of \$200,000 limit.

**Hon. Mr. Hepworth:** — First of all, I think what I would say is that I suppose over the next several years, I, like any other pork producer or any feedlot operator, or any cow-calf producer for that matter, would hope that prices over the next decade are so high that we don't have to trigger insurance fund pay-outs.

As I said earlier, in terms of why the 200 million, the rationale there today is no different than it was in '78. A hundred million made sense in '78; I think it served us well. Today the number that makes sense, given the parameters I outlined — 200 million makes sense. And in fact, if we had to make a pay-out again like there was in April, where they had to draw down 8.8 million, if we ran into a situation like that again, tomorrow if you like, we'd be over the limit.

So if 100 million made sense in 1978, we are of the view that 200 million makes sense today.

**Mr. Upshall:** — So I can take it from that that you really haven't done any calculations on the projection, considering the SHARP program in the first year . . . completed its first year of its phase-out program and in four more years it'll be phased out. You haven't done any calculations as to the numbers of cattle that will be involved in the program.

Are you telling me that you really don't know how much money that you will be spending over the next five years, and do you have no projections on the prices, no projections on the numbers? The minister is shaking his head up and down and sideways, and I understand that type of logic because we get it from that side of the House all the time — yes, no, maybe so.

So, Mr. Minister, seeing we've determined the fact that your department has not done any type of logical . . . made any type of logical move to attempt to explain the number, I will just assume then that the only program that's going to be in this is the beef stabilization after the SHARP program is eliminated. Can I assume then that the beef stabilization program, in your estimation, will carry

on as it is in its present form and not be turned into a federal tripartite program as the hog program was?

**Hon. Mr. Hepworth:** — Just so that nobody is misled . . .

**An Hon. Member:** — Why would you want to mislead everyone?

**Hon. Mr. Hepworth:** — No, not me. The hon. member asked about projections — certainly beef stabilization board, SHARP, departmental officials, the economics branch obviously is very much involved in strategic planning and projections, and certainly they do have projections, and it's with those kinds of things that some of the thinking that you've put into the pot when you're coming out with these numbers. But even the best planners can't predict droughts, and the fact that barley prices alone — I can speak from my own personal experience — have almost doubled in the last three or four months. So you can't pencil into your best projections things like droughts.

So this number that we've come up with will give us enough of a shock absorber there, a cushion, not only for the existing plans but if there were new plans to be put in place — wild rice or whatever the case may or may not be down the road.

And finally, as it relates to the federal-provincial producer, tripartite stabilization plan in beef. Negotiations are still ongoing there, and I think you will find the same situation there as you found in pork. The provincial government didn't move until the pork producers themselves were prepared to move. And that's how we operate on this side of the legislature.

(1500)

**Mr. Upshall:** — Mr. Minister, I can understand that you can't project whether or not there's going to be a drought. But certainly in your calculations and projections you must have a number of different scenarios, whether the barley price reaches a certain level or the beef prices reach a certain level. I mean, you have to know.

And all I was trying to determine is: what, in your projections, I mean — you can give me a spread if you like — but what in your projections would the optimum number be in the program . . . pay-out in the program be? Would it be \$150 million, would it be \$160 million? Now that's all I was trying to get at, and I still don't get an answer.

But I'll ask you one more question on the beef tripartite, the possible move to tripartite program. Is there anything in the move to tripartite the producers or this side of the House doesn't know about, as it might indicate that there would be an extra cost involved to the provincial government in order to get into that program, therefore, the need for a doubling of the dollars in this current program?

Hon. Mr. Hepworth: The tripartite plans have nothing to do with this fund. It would be . . . it's guaranteed by the federal government.

**Mr. Upshall:** — So then we can assume that the "no moneys" in this program are necessary if the provincial government decides to move from beef stabilization to the tripartite program? As I understand, that's what you're saying.

In that case then, you said that the move to tripartite in beef is still under review. The point I'm trying to make is that with the significant increase of doubling from 100 to \$200 million in this program, it would lead me to believe that possibly that there wasn't going to be a move to beef tripartite. And I think that would be an excellent move on your part just to leave the present program in place, for a number of reasons, because single-desk selling, because it's a cost of production formula where the tripartite program does not have that, and those two aspects of the program give farmers the assurance of stability in the market rather than the federal program of an averaging provision, whereby your average could come down over a period of years and eventually you wouldn't get any benefit out of the program, and remove the central-desk selling aspect.

So in your deliberations, what will be the major factor in deciding whether or not the provincial government moves away from the provincial beef stabilization program to the federal tripartite program?

**Hon. Mr. Hepworth:** — The hon. member asks: what's the driving force or the driving reason for entertaining a national tripartite program for beef producers. And the obvious reason, I suppose, is what we've seen over the last 10, 15, 20 years, maybe even longer, is a shoot-out developed between provincial treasuries who use their treasuries to attract the livestock industry to their provinces. And a classic example, I suppose, has been Quebec, where they virtually bought the hog industry out from under every other province's feet over this last decade or so with very lucrative programs and very lucrative support.

Very much part of our thinking still, and our Premier's thinking at the negotiating table, is yes, our producers will buy into a national plan if they see a cease-fire and if they don't see side-loading and bottom-loading and some of those other sins that take the place of top-loading. Because we are very much of the view that our producers can compete; we have a natural advantage; we just happen to produce feed grains here in abundant quantities and high quality, and we just happen to have a quarter of the entire cow herd of all of Canada. So we have the natural advantage. But if other jurisdictions are going to buy our industry away from us with their treasury dollars, then all it does is continue to drive our insurance costs up.

The other compelling decision that obviously has to come with that is that our producers have to feel ultimately comfortable with the negotiations and with the proposal before we would undertake to become part of a new plan.

**Mr. Upshall:** — Well, Mr. Minister, I would say to you that from what I've . . .

**Mr. Chairman:** — Order. Why is the member from

Yorkton on his feet?

**Mr. McLaren:** — Mr. Chairman, I would ask the Assembly for leave to introduce some students.

Leave granted.

### INTRODUCTION OF GUESTS

**Mr. McLaren:** — Thank you very much, Mr. Chairman. It's my honour and privilege to introduce another group of students that are in the Speaker's gallery; these happen to be from Yorkton, Saskatchewan, Mr. Speaker. It's the St. Mary's School — 29 students in grade 4.

And I just want to say that just a week or two ago we were at their school to turn sod for a brand-new \$1 million expansion to their school, and the students were all out there to help us participate in that sod turning. And I was by there the other day, and I see that construction is really going on. This is the Minister of Education that's sitting right in front of me here.

So I welcome you to the Assembly. I hope you have a good stay in Regina. We hope you find it interesting and educational. I will meet with you in half an hour for pictures and to meet with you out on the lawn to answer any questions that you might have.

So I would ask all members of the Assembly to please welcome these students from St. Mary's School in Yorkton.

**Hon. Members:** Hear, hear!

### COMMITTEE OF THE WHOLE

#### Bill No. 24 — An Act to amend The Saskatchewan Agricultural Returns Stabilization Act

##### Clause 1 (continued)

**Mr. Upshall:** — Thank you, Mr. Chairman. Mr. Minister, you were saying that we need to ensure that other provinces don't buy out our industry here. Well I say to you that the tripartite system will put farmers . . . the federal tripartite system will put farmers on even shakier ground than they are right now. Under the provincial program, at least they have a reasonable return for their industry.

I have talked to many farmers around this province who have called me, and in their own homes, saying that the move to tripartite would simply undermine the support that they're now getting. For example, one fellow I talked to said that over the last three years he would have lost \$3,000 a year under the tripartite system as opposed to the stabilization system — and that's \$9,000 over the last three years. That's a significant amount of money that helps keep the beef industry in Saskatchewan.

And I say to you that despite the fact that you talk about top-, side-, and bottom-loading, that that will continue in other ways and you won't be on any better terms with regards to the beef industry in Saskatchewan than you are right now. In fact, you'll probably be worse off because of

the negative aspects of the federal program.

So, Mr. Minister, am I led to believe then that the increase . . . or the doubling of the amount of money to the stabilization fund has nothing to do with the fact that the beef stabilization program is going to be staying as is, and nothing to do with the fact that you're possibly going to be moving to the federal program?

**Hon. Mr. Hepworth:** — No, there is . . . This doesn't have any implications for the federal program. In fact, I suppose if we hadn't done this, one could have maybe made the argument, erroneously, but if one was wanting to ascribe motives; if we hadn't expanded the fund limit, a borrowing limit; if we hadn't expanded it, one could legitimately maybe make the argument that we were trying to squeeze and force them into the federal plan because this one was no longer solvent.

The fact that we are indeed expanding the limit so that this plan can continue to operate for the benefit of all farmers ought to speak to the very point about whether we stand behind our beef producers or not, and we do. We stand behind them four-square.

**Mr. Upshall:** — Mr. Minister, that's the point I was getting at. And I was hoping in my own mind and for the benefit of those beef producers in rural Saskatchewan that the move to double the cap would indicate that you wouldn't be moving to the tripartite system, and I think that they would be solidly behind staying in the provincial system.

Mr. Minister, just with regards to the tripartite . . . federal tripartite program, what representation have you had from cattlemen or cattle groups, people involved in cattle, like wheat pool or other farm organizations such as the National Farmers Union? And what approach have they given to you in terms of whether or not you should be staying in the provincial program or moving to the federal program?

**Hon. Mr. Hepworth:** — Virtually all groups support, in principle, a moving towards a national plan. The only one that might not support it in principle would be the NFU (National Farmers Union), but from my recollection of my days in Agriculture, all groups support it in principle.

**Mr. Upshall:** — Does that support in principle, Mr. Minister, include losing the central-desk selling aspect of the current program and losing the cost of production formula that we have now and turning it over to an averaging formula?

**Hon. Mr. Hepworth:** — Well I think when you get into the models, in so far as what triggers pay-outs, some of the issues that you raise, that's where you start to get the divergence of views, not only across Saskatchewan but across Canada.

And of course equally important from our standpoint is, it's one thing to have an insurance fund and have the rules the same across Canada, but if another province is then going to go outside the plan, outside the insurance plan that's been put in place to provide for the ups and the downs in the industry, they'd go around the corner and then put another plan — but they don't call it a plan;

side-loading, bottom-loading, whatever you want to call it — over and above this, then the whole reason for getting into a national plan goes down the tube. And of course that's one of the things we want to be very much assured of.

Our farmers . . . We've got natural advantages here. We just want to be able to capitalize on them.

**Mr. Upshall:** — Mr. Minister, I want to go back to the question, because as I understand it those are two of the major reasons why most people are against moving to the tripartite program, and I ask you again: does the agreement in principle by those groups and people that you have talked to include losing the central-desk selling aspect and losing the cost of production formula?

**Hon. Mr. Hepworth:** — My answer remains the same. As I said earlier, that's where the consensus breaks down. They all support — we should have a national plan; that's what makes sense. We have a crop insurance plan across Canada — Canada, Saskatchewan crop insurance — we have that across this country. We have a national pork plan across the country.

It's when you start to get into triggering models that you get some debate. The additional factor that's very important, as I said, the shoot-out must stop from the treasuries of other provinces if we're going to have peace in the red meat industry in this province and not have production locating where the fattest treasury is.

**Mr. Upshall:** — Well, Mr. Minister, I can understand fully why you wouldn't answer the question because those are two of the very important questions that have to be answered when people have to decide whether or not they're going to support a move to the federal tripartite system. And I think that under the present system we have now, I agree with . . . I have no problem with increasing the cap to \$200 million.

I would like to think that you have done your homework better in the department so that we on this side of the House, and other people farming, might know what the actual cost would be over the next few years, and whether or not there was some indication as to the move away from stabilization.

I think that you have to take into consideration the whole industry and not the people that you hear in the industry. And I think that's a big problem with this government. When they say they consult and listen to the people, they only listen to one or two people, because that's the ones they want to listen to. And I think that if that continues, we're going to see a move to the tripartite system, and we're going to see a move to the tripartite system, despite the fact that many people are going to be opposed to it if those major barriers aren't overcome and changed.

And I think in the end run you'll see a great deterioration of the beef industry in this province. We always hope that the prices of cattle are going to maintain a relatively high level, but that's not always the case. And in times of low prices, you have to make sure that your industry continues so that in good times that you can expand. And I haven't seen that in the past for this government, but I

just hope that you come to your senses and leave the beef stabilization program as it is.

Clause 1 agreed.

Clauses 2 and 3 agreed to.

The committee agreed to report the Bill.

(1515)

**Mr. Chairman:** — I'd like to thank the agricultural officials.

**Hon. Mr. Hepworth:** — Mr. Chairman, I'd like to thank the Department of Agriculture officials. And I must say, when I was minister, and I know now as the Premier being minister, that these people do great work for the province of Saskatchewan. I can think of no other portfolio that's faced more challenges than Agriculture over the last five or six years.

It doesn't matter whether it's grasshoppers or international negotiations or droughts or the myriad of challenges that we face, these officials have always come through. They give their utmost. Hours mean nothing to them, and I'm just delighted that we have such fine civil servants working for us in this province, Mr. Deputy Speaker, and I thank then again today for their help on this Bill.

**Mr. Upshall:** — Mr. Chairman, I'd be remiss if I did not too thank the officials and the minister for the participation in the committee stage of this Bill.

#### **Bill No. 26 — An Act to amend The Oil and Gas Conservation Act**

**Hon. Mrs. Smith:** — Thank you, Mr. Chairman. To my immediate right I have Mr. John Reid, deputy minister. Behind Mr. Reid is Ray Petrich, solicitor for the Department of Justice. Immediately behind me is Pat Youzwa, the assistant deputy minister, and to my immediate left I have Mr. Bruce Wilson, the executive director of our petroleum and natural gas division.

**Mr. Solomon:** — Thank you, Mr. Chairman. I have some questions that I wish to raise with the minister with respect to Bill 26, An Act to amend The Oil and Gas Conservation Act. I want to start with some sections, and I will try and keep it as co-ordinated as I can, depending on the responses.

But I want to perhaps start out with the section regarding the waste. And I want to get from you first of all, and this is in reference to the explanatory notes, some explanation, Madam Minister, as to how this Act, as is provided in the explanatory notes, will in effect prevent waste.

**Hon. Mrs. Smith:** — Mr. Chairman, I can say to the member that the section that he has been reading, with the term "waste," it is not meant to deal with the issue of prevention of waste. It was indeed to bring the Act up to date and perhaps to what constitutes and to better regulate waste matters as it pertains to the development of oil.

**Mr. Solomon:** — So you're saying that the amendments put forward in this Bill are to bring the Act up to date, and not in effect to be more proactive in terms of environmental situations. Is that correct, Madam Minister?

**Hon. Mrs. Smith:** — No, I see this Act as being very proactive when it comes to environmental issues, particularly in dealing with waste, and I believe that you also recognized that when we were doing the second reading debates. I had the opportunity to go back through Hansard earlier today and in fact that's what was acknowledged.

When you talk about preventing waste, I think all of the companies, all of the producers in exploring and the developing of the product, make a concerted effort to prevent waste. But we recognize, given the industry, that in fact there are some waste materials there, and it is those waste materials that this legislation is meant to deal with.

**Mr. Solomon:** — Could you explain then, in your own remarks, how the Act is making the older Act, or amending the former Act and making it more proactive with respect to the environment. It seems to me that after looking at it and studying it for a number of days that the amendments are not environmentally . . . or as environmentally important as the minister has first informed us that it would be. And I was wondering if you could perhaps enlighten us and outline clearly how this Act is going to be a proactive environmental initiative with respect to oil and gas conservation.

**Hon. Mrs. Smith:** — Mr. Chairman, the section that we're dealing with, once again let me state that it clarifies what constitutes waste. That had never been covered previous to this legislation before the House. And while there had been practices existing for a number of years, it was never, every very clear in existing legislation.

And I use for some examples for the member's benefit: waste water disposal wells for potash, salts, refining, upgrading, chemical industries. And while they are all licenses, there was nothing specific in legislation that covered these areas. And what this does, it in fact gives the department some very explicit authority to be able to challenge some practices, if need be, particularly as it relates to the environment.

**Mr. Solomon:** — Are you saying that the section that we've talked about, which is section 4 . . . or the one that defines the waste, is giving the department, in that section, authority to monitor and review and challenge what the various drilling companies are doing with respect to their properties and in waste management?

**Hon. Mrs. Smith:** — This gives power to control industries and the monitoring of, other than oil and gas. The department has been able to monitor, through the authority in legislation, oil and gas. This gives authority to those other areas that I used as an example for you.

**Mr. Solomon:** — Could you explain to the Assembly, Madam Minister, how the department currently monitors this? What is the process? Do you have inspectors around the province that do this, and how many? Do they go out

automatically, or do they notify the drilling rigs in advance they're coming out, or do they notify the companies in which there are wells located that they're inspecting them? Give us an overview of how the process works. You say that the department now monitors this and inspects them.

(1530)

**Hon. Mrs. Smith:** — Mr. Chairman, let me deal with oil and gas, how it is monitored. First of all, there are several field offices around the province in the producing areas, and of course the companies must have well drilling licences. And from that point on, the department monitors and ensures that the wells and the lines that will be there with the producing well are inspected and tested. And after a well is drilled, found productive, up and running, that is done thereafter on an annual basis by the field offices.

**Mr. Solomon:** — How many field offices are there, and how many staff do you have in these offices, please?

**Hon. Mrs. Smith:** — There are four offices with 14 technicians.

**Mr. Solomon:** — What has been the reporting record to date, Madam Minister, with regard to these field offices? Has there been abuse that the department has determined or defined, by the oil companies? Have there been a number of spills or problems with the environment, be it soil, water or noise in the locations? What kind of problems are we having out there?

**Hon. Mrs. Smith:** — I would have to say that the problems are not major, and I think for several reasons. I think, given the fact that the department does monitor and do the inspections, on top of the guide-lines being clearly understood by the producers and clearly adhered to, those are the reasons why in fact there are not major problems there.

That is not to say that spills do not occur in the course of drilling a well, or perhaps in a work-over or maintenance areas. They do, in fact, and I believe it was only last year that an issue of a salt water spill had been raised with me by the member from Regina Rosemont. They do occur but they are cleaned up very quickly, and as I said, the guide-lines they adhered to, and of course they are inspected after that too.

**Mr. Solomon:** — Could you provide some information as to how the process works with respect to these inspections? Does the staff of Energy and Mines go to these locations on an *ad hoc* basis? Do they monitor the licences on some kind of a regular schedule, or do they just . . . or is it *ad hoc*? Secondly, if there is a problem, how do the field people determine whether there is a problem? Are they informed by the landowners? Are they informed by the companies drilling or running the drill site? Just give us some idea of how that process works, please.

**Hon. Mrs. Smith:** — Mr. Chairman, the process is as such that on an annual basis the field office would visit, if I may call it that, every well two or three times on an annual basis. At that time, problems would be noted; that's one

way of doing it. The other, of course, is that the companies are, in fact, required to report problems; for example, the spills. Within that reporting system they must provide various pieces of the information — the nature of the spill, the volume, if it's a spill of oil — and of course they must indicate to the department or the field office at that time how they are going to fix the problem.

I suppose another mechanism that a problem might come forward to the department would be in that a landowner in fact is not satisfied that a company has adhered to the rules, or in fact that a company even has made an attempt to correct a problem. And often those types of complaints will come to the minister's office first before they go to the department or the field office.

**Mr. Solomon:** — Are they handled directly by the department, or do they go to the Surface Rights Arbitration Board? How does that fit in, into the system? And I'm talking about the landowners having some complaints with regard to the locations and sites.

**Hon. Mrs. Smith:** — It depends on the nature of the problem whether they in fact would be going to the Surface Rights Arbitration Board.

**Mr. Solomon:** — Section 18.2 and .3, with regard to contracts. This is a section which I'm assuming is in there as a result of the gas deregulation policy of the government, in which the current government is basically freeing up the corporations in this province to sell our natural gas and export it, where the old Act prevented that from happening. And of course there is a bit of concern with this particular section, in my view, and I'll go through some of the concerns one at a time if I can.

Under the umbrella of contract confidentiality, will important information regarding gas reserves and export volumes and domestic supply life, and so on, be available to members of this House, or available to the public? Of if not, how is that information provided?

**Hon. Mrs. Smith:** — That kind of information has always been available in the past on an annual basis by the department and will continue so. When we announced the deregulation of the natural gas policy, there was a provision in there, indeed, for security of supply, and on an annual basis the department would be looking at a supply security determination. In other words, an annual calculation of how many reserves in fact are left. They would also then look at the commitments that have been made, and put that against that annual calculation and other outstanding commitments to in fact see what is there for reserves. That is a provision that must be adhered to, and was within the policy when the announcement was made. So the information will be public on an annual basis.

**Mr. Solomon:** — And the information will be provided by whom, Madam Minister? For example, with regard to the companies filing these contracts they have, what determined the contract and the volume of the contract, and to whom the contract is made with.

That information . . . Can you explain to us how is that handled? Is that handled on a general basis; does the department issue, through an annual report, all of this information?

You say it's available. How is it available? Is it voluntary information? Is it provided automatically through some regulation of your department? I'll stop there and get to more questions in a minute?

**Hon. Mrs. Smith:** — What is published at the present time and will be in the future is the total of the reserves. You were quite correct in stating what you had thought were perhaps in the contracts to individual producers — of volumes, the customer's name. It also includes price, and that will not be made public, company by company.

The department does not necessarily take only the word of the producers when all this information is submitted, and in fact they have an analysis done, in the determination of the reserves left, by someone in engineering. And they ask that person to take a look at the pool and then do his or her analysis on their findings and give them an estimated calculation of the reserves to see if, in fact, it lines up with the information collected over the year.

(1545)

**Mr. Solomon:** — So you're saying the information submitted by a company is monitored and checked by an official of your department on an ongoing basis.

It's fair to say then that the estimates provided by the companies with regard to natural gas will be fairly accurate. Is that what you're saying, Madam Minister? And that the monitoring procedure will be that every contract or every company that's involved in the natural gas business in this province who file with you — and I'm assuming it's automatic; compulsory as opposed to voluntary — that you will, or your department will direct an engineer or some other competent person trained in the field to determine whether the information as provided is, in fact, fact. Is that correct?

**Hon. Mrs. Smith:** — Yes, that's correct.

**Mr. Solomon:** — There is no indication or no preference of the department to do this in-house or contract it out. What is the plan for that?

**Hon. Mrs. Smith:** — This is all done in-house with the department's own engineering staff.

**Mr. Solomon:** — Last year how many companies were drilling for natural gas or registered with the Department of Energy and Mines that had natural gas reserves?

**Hon. Mrs. Smith:** — I can only give you an estimate, and we estimate it to be about 50 companies that were drilling and had reserves.

**Mr. Solomon:** — And how many companies would there be now under the program of deregulation, say in 1988? And how many do you project for the next year or three?

**Hon. Mrs. Smith:** — Well if we're talking about from last year, the numbers really haven't changed a lot because we in fact were into deregulation last year. So an estimate, give or take on either side of it, would still be for 1988, about 50 companies.

**Mr. Solomon:** — And how many companies were in that position prior to deregulation in Saskatchewan?

**Hon. Mrs. Smith:** — I don't have that information with me. I suppose the department could go back and look at it over time. We could certainly try and send you the information.

**Mr. Solomon:** — I would appreciate that, Madam Minister, but in the official's view, would you say there are fewer or more under deregulation — companies?

**Hon. Mrs. Smith:** — Oh, I think it's safe to say that there's definitely more.

**Mr. Solomon:** — So the process of companies submitting the information with the department is as follows: they provide the information with regard to price and with regard to the export purchaser and the reserves, and other information. Could you give us some more detail as to what kind of information, specifically, they have to register with the department?

**Hon. Mrs. Smith:** — Upon export or application for export, the form has various pieces of information. One would be the customer's name, the price, the length of term of the contract, the transportation arrangements that the company has made, the volumes that are involved, and also the lands that are involved in producing the gas that is required to meet the obligations in that contract.

**Mr. Solomon:** — What is the penalty, if I may ask, if the information provided by the company is not correct? Is there any kind of recourse? What is the process upon inspection by the department that any one of these items that you've referred to are inaccurate? What does the department then do? Describe a scenario of what may happen.

**Hon. Mrs. Smith:** — I suppose the penalty would be that you would revoke their permit and they would lose the sale.

**Mr. Solomon:** — Madam Minister, is revoking the permit in the Act for lack of providing this particular information?

Mr. Chairman, Madam Minister, with the other clauses in section 18, in particular 18(n), (o), and (p), it says here in the explanatory notes:

They're provided, or they're added to provide the power to make regulations with respect to the construction and operation of waste oil processing facilities in the submission of information to the department in relation to those facilities.

What kind of regulations do you have in mind with respect to this, and how will that be monitored? Will it be monitored by your field staff in the field offices?

**Hon. Mrs. Smith:** — Mr. Chairman, it I could answer the previous question first, on the penalties involved, and in fact would that penalty be in legislation. What it is, it's in section 56, and in fact it is to do with the gas removal permit. And it is looked after in that manner. It will be in the permit itself, and that will be covered under regulations.

Dealing with your other question, I think if you read very clearly, or very carefully, I might add, section 18, you will see that first of all . . . you ask, what does it do? It will give authority to outline some regulations for the building of those facilities. It says: with respect to the construction and operation of waste oil processing facilities, and also the submission of information — so they will be required at some point in time to submit a form to the Department of Energy and Mines stating factors that were not required in the past in terms of what they've done with this waste material.

**Mr. Solomon:** — Would they also outline to you the strategy to ensure that the waste material is disposed of in a safe and acceptable manner for the department?

**Hon. Mrs. Smith:** — They will have to outline the method of disposal before they get a licence. And the Department of Energy and Mines, along with or in conjunction with the Department of Environment, in fact will determine and henceforth approve or disapprove of the methods laid out.

**Mr. Solomon:** — Madam Minister, with regard to section 18.2, it says here in your explanatory notes, that the information that the producers will have to submit contract information to the department, that information will be used in relation to the monitoring and administration of and adjustments to the new price-sensitive natural gas Crown royalty and tax structures which were instituted in principle as part of phase 1 of Saskatchewan natural gas deregulation.

Now everybody in this province knows that the Conservative Party and the Government of Saskatchewan has a very cosy relationship with the large oil companies and other oil producers in this province and throughout Canada. that's shown by the royalty breaks that you've given to them over the years. There's been, depending on whose estimate you use, somewhere in the \$2 billion ballpark figure — \$2 billion — of tax breaks that you've given to the oil companies in the last six years alone. And that's \$2 billion of taxpayers' dollars that could have been used for other programs.

We've gone through those debates in the House, and I won't bore you with all the details again. The people of Saskatchewan know where the deficit has fallen, that the \$2 billion has not gone for health care, has not gone for the dental plan; therefore you've cut back on dental plans and drug plans, and you've increased taxes at unprecedented levels as a government in general.

But with regard to this section, Madam Minister, and with regard to the auditor's report on the Department of Energy and Mines, in particular page 53, and I'll read this out for the record, the auditor says that:

A study and evaluation of the management control systems for the administration of the department disclosed (a number of) conditions, which, in my opinion, resulted in more than a relatively low risk that errors or fraud in significant amounts may occur and not be detected in a timely period.

He goes through a number of items with regard to your department, one in particular, as it relates to this section that you're putting forward, and it's 11.06 in his report. he says, and I quote:

My representatives also observed that the documents used by the Department to adjust computer generated assessments of petroleum and natural gas royalties and taxes are not reviewed or approved by senior officials of the Department to ensure that all adjustments to computer generated assessments of petroleum and natural gas royalties and taxes are accurate and bonafide.

Now, Madam Minister, does this amendment in here address one of the allegations, one of the many allegations with regard to ineptitude in your department with respect to royalties, which either reflects a cosy relationship or reflects ineptitude with respect to the administration of your department? Does this section address that or does it not?

**Hon. Mrs. Smith:** — Well, Mr. Chairman, first of all it does nothing of the sort that the member has alluded to. And let me state here, it's unfortunate that we once again have to get into the old debate. It's very unfortunate, and I want to add, Mr. Chairman, somewhat disappointing given that the member has had several months now, in fact, to learn his portfolio that he is critic of and has not simply done it — to take a look at the figures and stuff.

To answer the member's question, Mr. Chairman, on the . . . (inaudible interjection) . . . I hit a nerve, I can tell; a very sensitive nerve . . . (inaudible interjection) . . . Mr. Chairman, if the member from P.A. would like to ask some question on this, we would be delighted to entertain him. We will wait until the member from Regina North East perhaps takes his seat. I'm sorry, Regina North West.

(1600)

The remarks that the auditor has referred to, in fact, is in my mind a good indicator of the increase in activity that the department has had to handle in a time when they are looking at a new systems, computer systems, to deal with the complexity of a price-sensitive royalty system. You put those two factors together and they, in fact, were behind. I think several adjustments have been made, have been done and completed since the writing, or since the auditor had looked at the department and in fact have been corrected. I would hope that that answers the member's questions.

Mr. Chairman, I had indicated it was unfortunate. I don't think that I should leave a statement of a \$2 billion give-away go once again. The only good thing about it is

that the member is now using the same figure which he wasn't doing before and if he thinks that that is any kind of an indication of a cosy relationship, I ask him to go back and review the figures. He will find that in fact he is dead wrong.

He might be also interested to find out that if he reviews the kind of income that came in, and we are dealing with gas particularly, and what he has raised. In 1982, I believe, under his government — he was a member then — the intake from the gas companies or the oil companies was \$1 million. And we're estimating \$23 million this year, and I think that is a very good indicator of the success of natural gas deregulation in this province.

**Mr. Solomon:** — Well, Madam Minister, the fact of the matter is that Saskatchewan people, who are aware of the situation that there is a Conservative government in this province, know full well that the Conservative Party and the Conservative government has foregone \$2 billion in oil and gas royalties since 1982. And that figure can be debated whether it's 1.9 or 2.1, or 2.4 or \$2.0 billion. The fact of the matter is that your government has, on every occasion when they've made a commitment to the people of this province, broken that commitment when it came to dollars and cents — whether it was tax decreases or something else.

And we can talk about and debate the issue of your commitment as an MLA or as a candidate in the last couple of elections, making a commitment to eliminate the 5 per cent sales tax. That's now increased by 40 per cent. Or your commitment to cut personal income tax by 10 per cent and now we've got two income taxes in this province — the only province in Canada with two income taxes of that nature, and the highest personal rates next to Quebec.

Madam Minister, we can talk about the credibility of your government and the credibility of your party when it comes to making commitments, and the fact of the matter is there's not a lot to talk about because there's not credibility there.

So I can get in and debate the royalty issue with you for the next two or three hours if you want, but let's get back to this Bill. You haven't answered my question, whether this section addresses the mismanagement and incompetence that's been inferred in the auditor's report with respect to the way your department's handling royalties and so on.

But let's go on to something else here in the same report. Mr. Chairman, with regard to this Bill, oil and gas conservation, and with regard to the drilling deposits, the auditor says, and I quote:

Also essential to an appropriate system of management controls is a system which provides for physical control and accountability (accountability, Mr. Chairman) over negotiable assets to ensure that they are adequately protected against loss, fire and theft. Methods for achieving these controls normally include restriction of access to assets, accountability over assets while in custody, adequate segregation of the custodial

function from operational and accounting functions, specific assignment of custodial responsibilities, satisfactory physical protection of the assets and adequate insurance coverage.

And it goes on and talks about the process in which:

Oil and gas companies interested in drilling for oil or gas in Saskatchewan are required to maintain drilling deposits with the Department.

And it goes and mentions the process. But what I want to point out is that the bottom of his conclusion is this, and I quote:

The above conditions allow the possibility of misappropriation of bonds held in trust by the Department with a consequential loss of the Crown.

We've seen very serious allegations in this auditor's report, Madam Minister, allegations which, I maintain, should be addressed, whether it's in this Bill or whether it's in some other forum.

But with respect to this Bill, my question to you is: why have the drilling deposits been changed from \$1,000 per well to \$100 per well, which is a significant decrease.

**Hon. Mrs. Smith:** — I believe if you reread that you will perhaps find the answer in your question. Let me try and answer it. I'm not sure that it will be any clearer for you.

The thousand dollars that they had been assessed was in fact . . . and now moving to 100, it was well-specific and it's company-specific. There's a \$20,000 ceiling in there that was not there before so they will be paying \$100 per well up to a maximum of \$20,000.

I am also told that the thousand dollars was all that you could spend before and that could create some problems in, in fact, the bill was more than that. For example, it might be 10,000. But before all you had was an opportunity to collect a thousand on it. Now that is being changed with this.

**Mr. Solomon:** — So you're saying that the well deposit system is not a hundred dollars per well but a thousand dollars per well? Yes, and now it's being changed to be \$100 per well, is that what you're saying? And why was the change made from 1,000 down to 100, and can you also tell us if there was a limit on the amount that one company had on deposit prior to this change?

**Hon. Mrs. Smith:** — We wanted a fund, and we wanted a million dollars in that fund to be able to deal quickly and adequately with problems that arose. The hundred dollars per well will give us the million dollars. Under the old system of \$1,000 a well, because it was well-specific and company-specific, without a fund there, all you could fix out of that was up to \$1,000, when in fact your bill might be 10,000 or \$20,000. And so we made the decision that we figured the right direction to go was with a fund to in fact be able to pay more than a thousand dollars if that's what the bill was.

**Mr. Solomon:** — Well it says in the explanatory notes that the deposit system is company- and site-specific and requires that 1,000 per well be maintained on a deposit with the department, to a maximum of \$20,000. Is this wrong, or is this right?

**An Hon. Member:** — That's the old system.

**Mr. Solomon:** — The minister, Mr. Chairman, says that was the old system. But you just said a few minutes ago that there was no cap on the amount of money that the company could put in. So could you explain what this explanatory note says? It says it was \$1,000 to a max of 20; now you're saying \$100 to a max of 20.

**Hon. Mrs. Smith:** — First of all, what you are reading is the existing provisions. They are still in place, and that outlines the thousand dollars.

Okay, the expenditure coming out of that was also the thousand dollars. If you had a problem at a well, and that deposit system was in fact to take care of it, you could only go up to the thousand dollars of what had been put in for that well.

Now with a separate fund there, there may be, for example, a problem — an abandoned well. Things haven't been looked after properly down by Weyburn; the company is gone, has been gone for some time; you can't find them. You can't hold them to their obligations because you can't find them.

With the fund there, the department will be able to act quickly to be able to address the problems and in fact clean up what is there with a higher number than a thousand dollars per well.

**Mr. Solomon:** — What you're saying then, Madam Minister, is that oil companies, prior to this amendment, under the old regime, could drill 10 wells or 20 wells, and that would be the maximum amount of money they'd contribute to a fund of \$20,000. Is that correct?

**Hon. Mrs. Smith:** — That's right, Mr. Chairman.

**Mr. Solomon:** — Now you're saying that the amendment will provide oil companies to not provide a \$1,000 deposit on the well deposit system, but \$100 to a maximum of 20,000. Is that correct?

**Hon. Mrs. Smith:** — That's correct, Mr. Chairman. And the member must remember, it is to form the initial fund of a million dollars.

**Mr. Solomon:** — So why do you want to reduce the amount from 1,000 to 100? Why don't you have the current rate of \$1,000 in existence, increase the cap or not have a cap at all, and let the fund grow?

**Hon. Mrs. Smith:** — Well we took a look at what is required. We don't need \$10 million; we don't need \$20 million to look after the problems that are there. But we felt we required \$1 million if that's what that is going to be spent on. If in fact that's what you require, why would you charge 10 times more on that particular problem?

**Mr. Solomon:** — Well because we're getting to the central thesis of this whole operation this afternoon. You're putting forward, in the explanatory notes and in the Act, that you're setting up an environmental fund. First of all, it's either named incorrectly or you've explained it incorrectly in this legislature, and you're misleading the people of Saskatchewan.

This is not an environmental fund; it's a fund, it's a contingency or an insurance fund of last resort.

An environmental fund, in my view, is a proactive fund that would monitor the various environmental aspects that are occurring in the oil business; for example, taking a proactive stance with respect to water pollution, noise pollution that's around drilling of wells, soil pollution, and other environmental impacts with regard to drilling of oil and natural gas.

So why, Madam Minister, are you saying it's an environment fund? Why are you saying it's an environment fund when it's not an environment fund? If it was an environment fund, you should have stipulated in here some kind of terms of reference for the fund that are more proactive with regard to the environment, rather than going through the nonsense of naming this thing an environment fund when it's a fund of last resort after companies, who are responsible for cleaning up their own area, are no longer in business because they've been out of business for some reason, and there's no other recourse of action for the landowners. Why?

(1615)

**Hon. Mrs. Smith:** — Well you're really off base my good friend in terms of how you're interpreting the legislation. You can accuse me of a lot of things, but I think you better look in the mirror while you're doing the accusing.

We have said, and in fact you have the information that states we've always said this is a fund of last resort when it comes to environmental problems. The companies — if they are there there's no problem in getting the money out and insuring that that problem is being looked after — are responsible in total for the environmental problem that they have created.

Now every once in a while we end up with a problem where one cannot determine exactly who's responsible for various reasons. You might have one fly-by-nighter that comes through, abandons a well in the middle of the night, or steals off in the middle of the night never to be seen again.

So what are you going to do? Are you going to sit there and wait for ever, or are you going to charge the taxpayers to clean it up? I don't think so. So this is a fair system that, in fact, insures that the problem is looked after, and not at the expense of the taxpayers but at the expense of the producers.

**Mr. Solomon:** — Well it seems to me, Madam Minister, that if an industry is involved in our province, and the oil and gas business is involved in our province, that if there is some concern with regard to an insurance fund or a contingency fund, that perhaps the industry should be

either taking a significant role in funding that or funding it entirely.

And what you're saying is that this is a . . . You're calling it an environmental fund. It's a contingency fund or it's an insurance fund. You've misnamed it, or you're trying to mislead people by saying, because this thing exists, that people will say, oh, an environment fund; it's a good thing; it's going to protect the environment that is involved with respect to the industry.

Well, Madam Minister, which is it? Is it an insurance fund and a fund . . . a contingency fund of last resort, or is it indeed an environment fund?

**Hon. Mrs. Smith:** — Mr. Chairman, the industry is paying for this . . .

**An Hon. Member:** — Exactly.

**Hon. Mrs. Smith:** — Pardon?

**An Hon. Member:** — Exactly. I know that, and so does everybody else.

**Hon. Mrs. Smith:** — Well you should state that then.

**An Hon. Member:** — But what is the fund?

**Hon. Mrs. Smith:** — As we said, it in fact is an environmental fund. Yes, it's a contingency fund, and yes, it's a last resort. When there is an environmental problem and we cannot determine who is responsible and that they shall be there to pay, rather than have to seek for six months or a year or more as to who you're going to get to fix that problem, this ensures an adequate supply of money for the department to fix the problem immediately.

I would suggest if you have some doubts about how it might work, that you go and you talk to a few farmers that have either had a spill that has not been looked after or perhaps an abandoned well, while they sat and wait for someone to find out who's going to fix the problem on their land.

**Mr. Solomon:** — So then you're misleading this legislature when you're calling it an environment fund. It's a contingency fund. It's a clean-up fund. It's got nothing to do with the environment. It's there as an insurance pool of cash up to a maximum of a million dollars. That's what you're telling us.

Madam Minister, can you tell us how many companies in this province drill more than 200 gas and oil wells in any given year?

**Hon. Mrs. Smith:** — Last year, and those are the most recent figures that I have, there was only one company that drilled 200 or more.

**Mr. Solomon:** — What was the name of that company?

**Hon. Mrs. Smith:** — Ocelot.

**Mr. Solomon:** — Ocelot. And in my study I note that

there's probably a number of other companies that are drilling significant numbers of wells, so that over a year or two a 200-well maximum would be reached quite quickly. For example, Husky, or NCO, North Canadian Oils, is drilling somewhere around 150 wells this year alone.

Buy why, Madam Minister, do you want to limit this fund? Why do you want to put a cap on it of \$1 million? And secondly, why do you want to limit the amount that is contributed to this fund to 200 wells only?

**Hon. Mrs. Smith:** — Well first of all, I suppose if you want to do some mathematics and take 200 wells times 100, that is not stated in there. There is a cap there.

Mr. Chairman, I stated earlier it was determined what would be required for the next year in order to address any problems that might be there. And in doing that analysis and coming up with that figures, the department in consultation with the industry, takes a look at what has happened previously and look at the estimates for the drilling of new wells, that type of thing, over the next year. And we felt that we were very reasonable in the approach to it, and it was determined that in fact that is approximately what would be required — nothing more, nothing less.

**Mr. Solomon:** — So you decided to put a cap on it, but you're not going to tell us the specific reason. You feel it's an estimate of \$1 million.

In the United States, where they were trying to establish a chemical waste clean-up fund, called super fund, I believe it was, a percentage of production basis was used for collecting the necessary amounts of money for this fund.

A percentage basis, Madam Minister, allows more money to accrue, and the fund can grow over time and it is more fairly distributed because the larger companies who can afford to have more of this money committed to the fund contribute their fair share.

A costly but important investigative work regarding pollution over large areas could be undertaken with proper funding. If this was a truly environmental fund and you let the cap grow, perhaps the government could be involved in a very positive sense in the environment, and in a very real sense in the environment as opposed to, through some smoke and mirrors and public relations, through naming this fund an environment fund and it's not actually an environment fund.

So why would you not consider setting up a fund that is more proactive with regard to the environment. And there's all kinds of things this fund could do, not just as an insurance or a contingency fund.

**Hon. Mrs. Smith:** — Well, Mr. Chairman, you know we're dealing with a specific industry, oil and gas, and what I hear the member saying is that is a way of looking after all environmental problems. Here's this easy-come, easy-go money. That's what I hear, Mr. Chairman.

Now I am dealing with oil and gas industry within this

fund. You have asked, you know, why not look at the percentage basis. I suppose one could do that. I think it's a little bit more complicated. It would require further monitoring, the submitting of budgets, or whatever you may base it on, percentage of wells, percentage of number of barrels per day. I'm not sure what you would base it on in terms of that percentage, but it would indeed be more complex.

The member must remember that in fact it is not your large company that you are going to have a problem with. History shows that it's ... (inaudible interjection) ... Allow me to finish. History shows that it in fact is a small company, perhaps has drilled one or two holes, maybe in pumping 15 barrels per day out of one well and another one shut in, and price of oil goes down, money becomes tight, and the company is finished and no money. And I think you have to take a look at that aspect of it.

The hundred dollars on the per-well — and I go back, Mr. Chairman; in fact it is what required — we will not spend a million dollars a year. Let me make that clear. If the past is any indication, it will be approximately \$100,000 a year. So we felt, with a million dollars you have enough there, even with interest, unforeseen problems, or for a few years ahead of time. so you will not be spending a million dollars a year. It will be approximately a hundred thousand.

And of course then you're fairly well fixed for the few years after that, depending what the interest rate is.

**Mr. Chairman:** — Why is the member on his feet?

**Mr. Petersen:** — I would like to ask leave of the Assembly to introduce some guests.

Leave granted.

#### INTRODUCTION OF GUESTS

**Mr. Petersen:** — I would direct your attention to the Speaker's gallery where I have a group of people in from the Wishart School from Wishart, Saskatchewan. We have 20 students, and they're accompanied by their teacher Virginia Latoski, chaperons John Prisiak, Donna MacDougal, and last but not least and without whom they couldn't have got here, their bus driver Stan Dublanica.

So I would ask all members to help me welcome them here today. I will be meeting with you a little later on for a question and answer period. I would urge you to take note of the questions and answers that are being given here at the present time. We're in committee; we're discussing a Bill. I think you'll perhaps have some questions which I'll attempt to answer when we meet out on the lawn, I believe it is.

So would all members join me in welcoming my guests.

**Hon. Members:** Hear, hear!

#### COMMITTEE OF THE WHOLE

#### Bill No. 26 — An act to amend The Oil and Gas Conservation Act

**Clause 1 (continued)**

**Mr. Solomon:** — Thank you, Mr. Chairman. I'd like to offer my words of welcome to you as well, to this Assembly. We're now in a part of the legislative process which we call Committee of the Whole, and it deals with The Oil and Gas Conservation Act and amendments thereto. So we're trying to get some information with respect to that Act.

Madam Minister, you have an opportunity, as a minister of the Crown, in particular since you're sort of leaning towards protecting our environment — it's not a very good effort, I might add — but you're leaning towards that by naming this insurance fund an environment fund.

But you have an opportunity, as a minister, to capitalize on this. Why wouldn't you consider, if you're going to call it the environment fund, to expand the amount of money that might be available, not just use it as an . . . use part of it for the insurance aspect, but be proactive with regard to the environment as it applies to the energy industry?

**Hon. Mrs. Smith:** — Well, Mr. Chairman, the amount was put in for what is required.

I guess if there was anything clear in this Assembly today, it is the lack of knowledge and understanding of in fact what that industry does. The member might be interested to know the industry as a whole spends literally tens of millions dollars a year addressing those environmental problems.

In Saskatchewan alone, if you were to go back even in your days as government, you would find that it was probably required for problems that had not been looked after are somewhere in the range of under \$10,000 on an annual basis.

Now that isn't to say that problems didn't occur that had the potential to cost more than that. What it says is that people working in that industry, men and women, in fact, held the environment in high esteem and were willing to put dollars and a commitment there to ensure that it was looked after. As a consequence of those commitments and their dedication within the industry itself, you find that the unlooked after problems in dealing with the environment are minimum.

Now when we look at the issue, or when I did last year leading up to this year's budget and, in fact, legislation, I took a look at what has been happening over the last couple of years, the number of wells that are out there, the increase over 1982, back . . . even 1983 and 1984. I took a look at our deregulation policy and what was coming on stream with gas wells, and there's no doubt, with the increase in activity you have the potential for greater problems. You may in fact end up not having them because the industry will look after them and pay those millions of dollars to do so.

But for protection of taxpayers' dollars and in fact the environment, we elected to go with a million dollar

environmental fund, hoping that perhaps we won't even be spending \$100,000 over the next year.

Ideally, the best of all worlds would be that we don't have to spend that money. But just in case, the money will be there, and it won't come out of the taxpayers; it will be out of the producers.

(1630)

**Mr. Solomon:** — Why don't you call it a contingency fund or a going-out-of-business fund or a fund of last resort, rather than environment fund?

**Hon. Mrs. Smith:** — Well because it isn't necessarily a going out of business. I use that in this House today as an example. There perhaps may be some other reasons for it, but it simply isn't a going out of business, as the member has suggested.

**Mr. Solomon:** — That was a suggestion that you had made earlier, and I was just putting it into your own words.

Madam Minister, what will happen with the money that's currently on deposit now?

**Hon. Mrs. Smith:** — Some of it will be refunded, and of course some of it will go into the fund and be credited towards those companies.

**Mr. Solomon:** — Define "some."

**Hon. Mrs. Smith:** — Within approximately \$4 million. We require one . . . 4 million. We required \$1 million.

Now most of that 3 million that goes back, if not all, will be going back to the small producers, not the large companies, because they will have reached that 20. But by far the majority, 99 per cent will be the small companies.

**Mr. Solomon:** — So the real truth comes out now. You've got a \$4 million fund, and you are giving back \$3 million more to the oil companies that you have on reserve. What is the purpose of returning the \$3 million to the oil companies when you could use that fund for truly environmental purposes? Is this a sock to the oil companies, this Bill?

**Hon. Mrs. Smith:** — Well you can't. You're forgetting what I told you about the \$1,000. Like, you could only use that in \$1,000 blocks. That's why it's grown like it has.

**An Hon. Member:** — Amend it.

**Hon. Mrs. Smith:** — And you have to be . . . well, the member says amend it. It has to be there to address problems. What I'm telling you today is those problems should be around \$100,000 a year, not \$4 million, not three, not two, and not even one million in one year. And what we have set up is a very realistic recognition of the needs out there and the moneys required.

**Mr. Solomon:** — This Bill, Bill No. 26, Madam Minister, is becoming to look more and more like a snow job.

That's what it is. You're telling us that you're putting a cap on the fund of a million. You're reimbursing the oil companies \$3 million. You're saying that all of these changes have to take place because they're easier take place than to just change one portion of the Act, or the regulations, which say the maximum pay-out per location is \$1,000. What kind of nonsense is that?

**Hon. Mrs. Smith:** — Where do you think the \$4 million came from?

**An Hon. Member:** — From the oil companies.

**Hon. Mrs. Smith:** — Yes, it's there, held in trust. That the kind of trust fund that had been there. Okay . . . (inaudible interjection) . . . Bonds. Bonds. Put into bonds. Even the interest on those bonds goes back on a . . . I don't know if it's an annual basis or whatever, but a regular basis, and the \$4 million is not government money. It is the industry money, companies held in trust by a government department.

**Mr. Solomon:** — Madam Minister, could you tell this Assembly who initiated these changes? Who specifically asked you to make these changes?

**Hon. Mrs. Smith:** — I asked the department to do a review of the deposit system and to look at the issue of environment. And I did it in detail after there had been a particular problem in the Weyburn area and after the increase in the gas activity on the west side of the province, namely out in the Maple Creek-Leader area. The department, I asked them to take a look at what happens in Alberta, the needs of Alberta versus what happens here and the needs of Saskatchewan.

**Mr. Solomon:** — Madam Minister, can you explain to the House what percentage of the current fund is used for administration, if any; what percentage is used for the insurance fund; and how do they compare to the projections of the million dollars that you're cutting the fund into.

**Hon. Mrs. Smith:** — There has not been an administrative cost on the department for this, nor will there be in the future.

**Mr. Solomon:** — Well that's obviously and painfully clear to the people of Saskatchewan, Madam Minister, because the auditor has outlined the kind of incompetence that you as a minister are responsible for in your department. I mean, the comments I made earlier about the auditor's report clearly stated that you obviously don't have control of your administration or they don't have the ability to administer it. And now you're saying there's no administrative costs from it, so I can see where the auditor is getting some of that information from.

With regard to 18.4, Madam Minister, it says that you as minister may invest any moneys in the fund that are not presently required, and any investments that are authorized as investments for the Consolidated Fund. With the freedom of moving money in and out of the fund solely under your discretion, how is this money going to be kept track of? Can you please give us an overview of

how that's going to be looked after?

**Hon. Mrs. Smith:** — Well, first of all, Mr. Chairman, the money doesn't move in and out of the fund. The Minister of Finance, when the money comes in will put that into investments.

**Mr. Solomon:** — Why would the money in your section 18.4(3) be deposited in a separate fund as opposed to the Consolidated Fund, just for investment purposes?

**Hon. Mrs. Smith:** — For accounting purposes, because it's company money . . . to what there is now, which is held in trust.

**Mr. Solomon:** — Madam Minister, is section 16 . . . number 16, section 52 as amended, and it's relating to the enhanced oil recovery, you've deleted, from what I've read, potential environmental impact initiatives and focused more on environmental . . . or enhanced oil recovery methods. Why is that? Is that because there's been more danger or more reporting of spills and so on?

**Hon. Mrs. Smith:** — Mr. Chairman, this is purely housekeeping. And what it does, it refers specifically to types of plans, and these types of plans basically acknowledge current practice, perhaps practices that were not there 10 or 15 years ago and they now are named in here.

**Mr. Solomon:** — The retroactively clause is in there for up to . . . not earlier than two years — section 19.19(2). Why are you making it retroactive if you've got the money on hand? Is that to maintain the one million of the \$4 million? Why wouldn't it start from this day forward?

**Hon. Mrs. Smith:** — The reason that it is retroactive is because it is in with gas changes. And in fact, they will not be assessed retroactively, that fee; it will take place when the regulations are passed.

**Mr. Solomon:** — Section 4(2) really provides the Lieutenant Governor in Council with a lot of power, and you seem to have considerable powers if you choose to use them. Do you not think that there would be some opportunity for a minister to favour special interest groups or be involved with conflict of interest in the sense that you can withhold information or not provide information to the public?

**Hon. Mrs. Smith:** — Can you give me the numbers that you are referring to?

**Mr. Solomon:** — I'll read it out; I made a note on it. It's:

the Lieutenant Governor in Council may:

- (c) amend or revise a unit operation . . .
- (d) alter or revoke any provision . . .
- (e) add any area that the minister believes . . .

And so on. I'll just find it for you here. Good question — I made a note on this. I'll just check it out here for a second.

**Hon. Mrs. Smith:** — Mr. Chairman, perhaps I could ask the member a question. Is it on the issue of pooling?

**Mr. Solomon:** — Yes.

**Hon. Mrs. Smith:** — Okay. The reason that it is necessary that there be some authority through the minister to the department in order to do this, is that you may have a variety of interest within a pool — and for the sake of the discussion today, let's say here, okay — and you cannot get an agreement by individually on how they are going to do or what they are going to do. The wells don't get drilled if the agreement isn't there. Everybody loses, including the Crown. The company loses, all the other companies or the individual producers lose, and the Crown loses, the R.M. loses, no well producing, tax base down, even somebody in quill Lake might lose from it.

**Mr. Solomon:** — I'll read you page 6 of this Act, 56(1)(b), with regard to:

... developing, conserving, and managing gas resources  
... the minister may, on application and after consideration of:

(b) the present and reasonably foreseeable future gas consumption and use requirements of Saskatchewan persons:

There doesn't seem to be in this section a mention of quantity or percentage of reserves, and I don't know why this is. For example, does this approach allow the public any reference as to when too much gas is being exported? You obviously, as the minister, make that decision as to how much reserves we should have, and you make the decision as to how much shall be exported. How do you do that? If you're getting a number of companies making application to you for exporting — they don't all come the same day, they come over a period of the year — how do you decide, through this Act and through your authority, which ones to approve?

(1645)

**Hon. Mrs. Smith:** — Well I think I've stated the policy fairly clearly for the member as to the determination of those reserves and what happens after. In fact the public would know, you would know as a citizen of Saskatchewan, through the Department of Energy and Mines, what the annual reserves are at.

Certainly the announcement of the policy was made very clear, and when ... before export permits are signed, that analysis will be done by the Department of Energy and Mines before any kind of a recommendation is made on a particular application or permit before it goes to the Minister of Energy and Mines.

**Mr. Solomon:** — Can the government change its mind as to the appropriate ...

**Mr. Chairman:** — Order. Why is the member from Melfort on his feet?

**Hon. Mr. Hodgins:** — Just excuse me, Mr. Chairman. I have some unexpected guests who have just arrived in the gallery, and I would ask leave to introduce these guests, Mr. Chairman.

Leave granted.

## INTRODUCTION OF GUESTS

**Hon. Mr. Hodgins:** — Mr. Chairman, I'd like to introduce to you, and to all members of the Legislative Assembly, a group of unexpected guests from back home who have dropped in to visit us here in the legislature. This is a group of students from Pleasantdale in the constituency of Melfort. Pleasantdale is just a little bit south of the city of Melfort.

I don't know how many we have in the group, but they look like a cheerful bunch, and I would welcome all of you to the legislature. If you can stick around till 5 o'clock, I'd be happy to come out and have a quick visit with you. And it's just very nice to see you, and I would ask all members of the legislature to join with me in welcoming all these students and friends of mine from Pleasantdale School. Thank you.

**Hon. Members:** Hear, hear!

## COMMITTEE OF THE WHOLE

### Bill No. 26 — An Act to amend The Oil and Gas Conservation Act

#### Clause 1 (continued)

**Mr. Solomon:** — Thank you, Mr. Chairman. My question was to the minister ... and I'll repeat it if I can remember it. I think I can. But with respect to the reserves of natural gas, your department will set an appropriate level of reserves. Can you simply change your mind as to what that level of reserves is at any particular time with regard to future supply? And if so, what is the process? Do you do it arbitrarily; do you go through some public announcement on it; or do you do it in a secretive fashion?

**Hon. Mrs. Smith:** — The reserve or the security, security of supply base that has been set through the policy is in fact a policy determined by government. Now whether it was policy that has been accepted by government through order in council, or whether it's legislation, you and I both know that both of those matters can be changed. I would suggest to you that it is not a simple matter for a Minister of Energy and Mines to simply change their mind on what that reserve base should be. There's a fairly thorough study that goes into it with a lot of technical experience, and one would want to ensure in fact that the level for security of supply for this province was in fact there.

**Mr. Solomon:** — Well, Madam Minister, you're saying that you now have the authority with regard to security of supply to make an arbitrary decision. What impact does that have on oil and gas companies, in particular gas companies, who have submitted to you a 20-year contract that you've approved and that contract is committed for 20 years on the basis of your department's approval, and in some cases we've seen just recently where a 20-year contract or thereabouts, money is paid up front in cash?

How do you then change your mind with regard to the amount of reserves that we have, in particular as it applies to the free trade agreement which prevents us from exporting a less amount of oil regardless of our situation in Canada? Explain that.

**Hon. Mrs. Smith:** — Well first of all, on the determination, when the determination is made on an annual basis it isn't simply based on the amount of gas that's being used for that year or for this year. In fact, and we went through all the information that is required on the export permits which includes the length of term of the contract, those commitments are taken into the calculations that they will do on an annual basis. So if you are now to appoint, based on 10 contracts that are 20 years down the road, that take you under your 15 years supply, then it is not likely that you will see any further export permits go from this province until new reserves are found.

How does that affect free trade? Well you have some difficulty with it, because you have misinterpreted the free trade agreement to begin with . . . (inaudible interjection) . . . No, not at all. I would love to worry. I'm telling you that on the trade agreement, it does not affect that. Provinces — and if you go through the details — still reserve the right to set their policies, for those policies can very well include a reserve base for that producing province. There's nothing to indicate that that isn't so.

Secondly, on the trade agreement, the United States cannot demand. Somebody in the United States wants to buy gas, and they come in to Saskatchewan, and they meet with one of our producers. That producer still must go through the process of the export permit.

Now if the reserve base is not there, they will not get the gas they've been negotiating with. That permit has to be approved first. So it just simply doesn't fit in from my perspective, and I know that you and I will disagree, and disagree thoroughly on it.

**Mr. Solomon:** — Well you disagree with your federal government and your federal party's own free trade agreement. We debated this before, Minister, and I had the agreement and I read it out verbatim, and it was contrary to what you're saying this afternoon in this House.

In effect, the free trade agreement provides the Americans with the same volume of supply over the previous three years in the event there's an oil or gas shortage in this country, and the only way we can cut back, Madam Minister, according to the agreement, is upon their approval — that is the approval of the U.S. Congress — or if we cut back the same percentage. So if we're providing them with 2 per cent of their supply, we have to cut back our supply accordingly.

And you know that's in the agreement, the Prime Minister of this country knows, your Minister of Trade and Development knows that, and you're denying it right now.

So explain, Madam Minister, how you as a minister would therefore look at these contracts, and after they've

been committed for a long period of time, change your mind with respect to the exporting of the natural gas. How could you do that to these companies? And I'm not defending the companies, but I'm curious to know how you're going to be able to do this and break the contracts under this free trade treaty.

**Hon. Mrs. Smith:** — Well first of all, what I said to you was that someone in the United States cannot come up and demand our gas without an agreement from the person that they're doing the negotiations with. Okay? There has to be an agreement with the producer and with the customer out of the United States.

Now on top of that, there's one more hurdle that they have to get through, and that is the export requirements, the export permit. The producer must, in filing all that information, meet the requirements that the policy in fact is being adhered to. If he cannot meet those requirements, then he will not get the export permit. If he doesn't get the export permit, the U.S. customer doesn't get the gas. Like, that's fairly black and white and fairly simple.

Now in terms of the trade agreement and talking about cut-backs, you're absolutely correct that within the agreement, in times of shortage — emergencies and shortage — that there is a percentage there. But I ask you, why is it any different than what it's been in the past?

I mean, Canada, and in turn all the other provinces, under the Energy Supplies Emergency Act, have had that type of thing for years. And it hasn't been through a trade agreement. What the clause does in the trade agreement simply confirms and reaffirms the agreements that have been signed in the past as to how you're going to deal with energy in time of shortage.

You know, as I told, I think it was one of your party members one day, fellow, you see too many bogymans under your bed when it comes to that trade agreement.

**Mr. Solomon:** — Well, Madam Minister, this trade deal supersedes any federal legislation . . . or provincial legislation with respect to oil and natural gas.

And the problem we've got, Madam Minister, is that your department is bringing forward this oil and gas conservation Bill as a pretence and as part and parcel of this deregulation. I mean, deregulation and privatization and free trade go hand in hand. You know that.

You know that when we sell off the assets of the people of this province, that the only way government can become involved in those particular assets, once again, under the free trade deal, is through the approval of the U.S. Congress. And we see here in this that the free trade arrangement does not allow for such easy diversion of gas or oil once the initial supply contracts have been established. And you're saying today, oh yes, at the snap of my fingers, if we're short of gas, we're going to be able to cancel those contracts.

Now tell the people of Saskatchewan, Madam Minister, which is it? Can you or can you not, under this Bill?

**Hon. Mrs. Smith:** — Well, Mr. Chairman, if we're short of

gas, they're not going to get the contract to begin with. They won't have any gas if we're short of gas. That's the policy that's in place. And I've gone through that twice. And the member from P.A. still sits and talks from his seat and doesn't have the courage to stand and get into the debate.

**Mr. Solomon:** — Madam Minister, can you tell us, at the current consumption rate of natural gas and the current contracted export rate, what are the reserves of natural gas for the people of Saskatchewan? And just give us the reserves for the latest number and what year that number was determined, please.

**Hon. Mrs. Smith:** — Mr. Chairman, January 1, '87, and those are the latest figures that we have, the reserves would have been 2.3 trillion cubic feet.

**Mr. Solomon:** — The reserves as of January 1, '87, you're saying, is 2.3 trillion cubic feet. Deregulation has occurred since then. What is the estimate of the department with respect to the amount of reserve and for how long? What time period are we looking at? How long is this in sure supply for Saskatchewan people?

**Hon. Mrs. Smith:** — About 25 years at current consumption rates.

**Mr. Solomon:** — And can you tell the people of the province what you believe to be a fair safety net in terms of a security of supply. Is it 25 years? Is that the level you're going to maintain? Or is it going to be longer or shorter?

**Hon. Mrs. Smith:** — Well I have stated earlier and it was announced in the policy that in fact it's a 15-year requirement.

**Mr. Solomon:** — And the 15-year requirement is a provincial requirement or a federal requirement?

**Hon. Mrs. Smith:** — No, the provinces have the responsibility and the authority to set those kinds of decisions. It's a producing province and in determining the primary rate of production, which we've debated in this House before, we have the full authority in fact to determine the reserve base.

**Mr. Solomon:** — Madam Minister, I'm very curious to know why your government would allow the deregulation of a resource as important as natural gas, which is absolutely mandatory in terms of a security of supply for the residents of this province and this country in order to get through the winters; to export natural gas at levels which we see accelerating.

And I believe that once this Bill has passed and over the next 18 months to two years, that we will see even a greater acceleration when, from the information provided to us clearly shows that there are only a few natural gas pools around this province and that the more wells that we drilled and the more natural gas that is extracted, weakens the amount of natural gas available to us at the current technology required to take it out of the ground.

(1700)

Why would your government jeopardize the future of the residents of this province and future of the residents of this country with respect to deregulating natural gas when we're faced with a climate that will find it for ever and a day, mandatory to have heating fuel such as natural gas for our industries and for keeping our homes?

**Hon. Mrs. Smith:** — Mr. Chairman, if one takes a look at the actual figures of the state of natural gas in Saskatchewan over the last several years, one would be astounded with the statement and the question that has come forward. I can only say to you, well go out and count the wells if you don't believe my statistics; they're there. Find out for yourself; talk to the industry.

With the implementation of deregulation, I can only state that in fact the security of Saskatchewan residents, Mr. Chairman, has been enhanced. And I use . . . for example, you go back to 1981, and we had 16; 1982, 9 wells drilled. And at that time, Mr. Chairman, at that time the reserves were at 148 billion cubic feet — that was in 1982, just a few short years ago.

Now in 1986 we have 233 wells drilled that year, but the reserve base increased, Mr. Chairman, to 233 billion cubic feet. So when the member asks about deleting the security, it's totally reversed. The activity, deregulation, the opportunity of access to markets, in fact, has increased the number of reserves there and that security.

**Mr. Solomon:** — Thank you, Mr. Chairman. I just want to take a couple of more minutes, and we'll be done.

The minister will know she hasn't informed the people of this Assembly or the people of Saskatchewan that part of the reason for the increase in natural gas reserves is accidental. Companies have been drilling for oil and they've been finding natural gas and they've been capping them. And with the deregulation, there's obviously the natural gas fields where they've been seeking out natural gas, but a lot of the new finds — or I should say, the finds of natural gas; I don't know what percentage it is — have been found and have been capped. And whether it's in anticipation of the deregulation policies of this government or not, I don't know that.

But, Madam Minister, over the three years your party and your government has clearly stated its overwhelming support for the oil companies, and they've been reflected in the policies that you've undertaken, both the oil royalty breaks for them and others.

This Bill 26 is another effort, in my view, Mr. Chairman, on your part, Madam Minister, to minimize oil companies' accountabilities and natural gas companies' accountability to the people of this province. It's another effort on your part to give advantage and reward to those companies that in effect have been providing less and less of their fair share of the revenues coming out of a resource that belongs to all the people of this province.

Its also another effort on your part to allow oil and natural gas companies to take less and less responsibility for their

actions. You have made a deliberate effort to mislead the people of this province with respect to an environmental fund. You've misnamed an insurance fund, or a contingency fund, by calling it an environmental fund. You've lost the opportunity to provide some leadership in this country with respect to an environment fund by not providing more leeway with respect to the objectives of this fund, and in particular with the amount that may be available to help the environment as it relates to this industry.

So, Mr. Chairman, and Madam Minister, I've got other things I'd like to raise, but I see the time is drawing nigh, and I would therefore inform the minister that as a result of some of your initiatives, the opposition will not be supporting this Bill.

Clause 1 agreed to.

Clauses 2 to 7 inclusive agreed to.

Clause 8

**Mr. Chairman:** — House amendment to clause 8:

Amend section 18.4 of the Act, as amended by section 8 of the printed Bill by striking out "subsection (1)" and substituting "subsection (7)".

Clause 8 amended agreed to.

Clauses 9 to 13 inclusive agreed to.

#### **Clause 14**

**Mr. Solomon:** — I have one question with regard to the penalties of the existing Act, if the minister would entertain one more question.

Because you're telling us that these amendments are an update of the Bill — you've gone on record as saying that — and because you're saying you're modernizing some of the aspects of this Bill, why would you not have modernized section 61 which outlines the penalties for obstruction of minister, etc., in exercise of powers. For example, and I read, quote from section 61:

Every person who:

(a) obstructs, hinders or interferes with a minister or any person authorized by him (or her) in the exercise of any of the powers conferred by or pursuant to this Act; or

(b) without a reasonable excuse fails to assist the minister or any such person when called upon by him to assist in the exercise of any such powers;

is guilty of an offence and liable on summary conviction to a fine of not less than \$10 nor more than \$200.

That was in 1965. The question I put to the minister is: why wouldn't you update that to make it more of a penalty rather than something that's so modest?

**Hon. Mrs. Smith:** — Well, Mr. Chairman, perhaps the answer, in the most briefest of terms, can better be put in the form of a question. The member should question why that wasn't changed from 1972 to '82, given the strong dislike for a particular industry and its people, from the opposition.

The answer simply, Mr. Chairman, is that there . . . it's never been a problem. It's been there, as the member has said, since 1965. It's never been used, never required to, because the Department of Energy and Mines and the previous mineral resources had more effective ways of dealing with the problems, and I suspect that's why the government from '72 to '82 never changed it.

**Mr. Solomon:** — Well, Madam Minister, we never changed some of the other things in this Act, as well, which are obvious benefits to the oil business and the natural gas business. You're selling out the resources of our country by deregulating natural gas. You're not allowing the people of this province and future generations to have equal access to an important resource which is primary when living in Canada in terms of climate. And I think what we have to do, Madam Minister, is lay on the record that this Bill is not a Bill which is totally acceptable. You're misleading the public on it, and I think your previous comment has not done much justice to that either.

**Hon. Mrs. Smith:** — Mr. Chairman, I can only state: we agree to disagree; the member is wrong.

Clause 14 agreed to.

Clauses 15 to 19 inclusive agreed to.

The committee agreed to report the Bill.

The Assembly recessed until 7 p.m.