

EVENING SITTING

COMMITTEE OF THE WHOLE

Bill No. 73 — An Act to amend The Oil and Gas
Conservation Act

Clause 1 (continued)

Mr. Solomon: — Thank you, Mr. Chairman. I want to just say that we have some important questions to raise with the minister. And I note here I've got some information with respect to my earlier questions from the minister, and I appreciate that. I'll have a look at it and raise some questions with that shortly.

Mr. Minister, the people of this province have experienced nine consecutive years of your deficits as a Conservative government. They've experienced nine consecutive years of mismanagement and waste and patronage and corruption at unparalleled levels anywhere in the North American continent. And, Mr. Minister, we now see you, through Bill No. 73, setting up this Oil and Gas Conservation Board and I note that there's a revenue portion to the board.

People in this province don't view your government as having much credibility when it comes to managing anything, let alone some more money. And my question to you Mr. Minister, is around the aspect of this \$125 per well levy which would assist in funding the Oil and Gas Conservation Board. Could you share with the House tonight, Mr. Minister, how many wells there are in this province that you feel will produce \$125 per well per year, and what is the budget that you have forecasted in terms of revenues in the first year and subsequent years?

Hon. Mr. Swenson: — Mr. Chairman, the projected budget for this endeavour will be 2.5 million based on about approximately 20,000 oil, gas, and service wells at an average of \$125 per well. And that is the average. Some will be higher and some will be lower.

I think it was clearly understood, Mr. Chairman, that this simply was not funding for the Oil and Gas Conservation Board but it would include various services that are provided to industry through the department during these tough fiscal times. It's clearly understood, I think, that all sectors need to be part of paying the cost of government, and certainly this was seen as a way that the oil and gas industry could help in this endeavour in picking up some of the costs that go with the services that are provided to them. One of those things that accrues out of that process is the Oil and Gas Conservation Board.

Mr. Solomon: — Mr. Minister, thank you. Could you be more definitive in your levying of the average of \$125 per well? What is the minimum that a well would provide with respect to this program, what is the maximum, and what is the median?

Hon. Mr. Swenson: — Once again, Mr. Chairman, I'd like to point out that some of these things have been held in abeyance until this Bill could be brought to the legislature. It is expected in this province, given the

nature of the wells and their production here, that that would go from a low of about a \$50 figure to a high of 500, the average being 125.

Mr. Solomon: — Mr. Minister, what is the median? That is, what will most wells pay? And are there some wells that will be exempt from paying this fee?

Hon. Mr. Swenson: — As I said, Mr. Chairman, the average, the median is 125. One would not expect a suspended well, a well that isn't producing any revenue, to be part of the regime. In other words if it's not pumping — it's suspended — it isn't charged. It would simply be on wells that were actually producing.

Mr. Solomon: — Are you saying then, Mr. Minister, that those wells that are stripper wells or those wells that are being swabbed will be the minimum \$50?

Hon. Mr. Swenson: — Mr. Chairman, I think whether a well produces one barrel or two or five, it's still a producing well. And what one must realize with this particular Act, and the measures behind it, is that whether a well produces one barrel a day or produces 50 barrels a day, that clearly there are services that go along with the production of that well, with the production of that field. And what is being done here is that a portion of the costs that are associated with providing service to the oil and gas industry are being borne by the industry through a well levy — the average being \$125.

But if that well is in production there are costs associated with it that the department would have to bear. So I think it's right and reasonable that as long as that well is in production that there is a levy attached to it. It may be minimal, as in the case of \$50 a year, which is a very few barrels of oil, or it could be a lot higher in the case of a highly producing horizontal for instance, but those things have to be determined yet.

Mr. Solomon: — Mr. Minister, so what you're saying then is that even the stripper wells, and those that are producing one barrel a day or two barrels a day, and those wells that are being swabbed, will be levied this fee.

Mr. Minister, I wonder if you've had any representations from your friends who were with us earlier in the gallery from SEPAC (Small Explorers and Producers Association of Canada), putting forward their position that these wells of the low production nature should either not be levied or should be exempt from this fee.

Hon. Mr. Swenson: — Well certainly, Mr. Chairman, the oil and gas industry meet with me on a very regular basis to express their concerns. As a matter of fact I did meet with the people that were here earlier today, after 5 o'clock for an hour, discussing those very things.

They always express concerns when it's attached to the bottom line. They talk about municipal taxes. They talk about royalties, by the way which are the highest in Canada here in this province. They talk about anything that affects their ability to operate in a reasonable fashion. And certainly the small producers have less ability than some of the larger people to withstand various economic

hits. That's why anybody that would be so foolish to fool around with royalties right now, I think would be pushing a lot of those people out of business.

Mr. Solomon: — I know the minister, in his anxiousness to get into a political debate, refused to listen to my first question. And I'll just reiterate the question for you, Mr. Minister. The SEPAC members that were here today, did their organization, or did any oil people that are in a smaller company based in Saskatchewan, raise with you or make any representations to you with respect to exempting lower producing wells such as stripper wells or swabbing wells?

Hon. Mr. Swenson: — Mr. Chairman, directly to the member's question, as far as stripper wells go, I have not had representation by any of the associations specifically to stripper wells. As I said, industry are always concerned with the increased production costs on any particular type of well. I think it's been clearly understood from our consultative process that we did with the industry prior to this legislation, that before the regulations would be put in place, that we would go out and talk to these people, as we've done through the last nine years. And that is a commitment by the government and it'll be kept.

Mr. Solomon: — Well that's the . . . the question I asked, Mr. Minister, was whether or not you had representations. And you just responded by saying that the industry is concerned about any costs which will affect their production costs and, of course, a well levy is a production cost. If the well is operating and producing something, that's a production cost. Would the minister not agree with that?

Hon. Mr. Swenson: — Certainly, Mr. Chairman, that is a production cost.

Mr. Solomon: — Well that's very good. Now we've got you admitting to something. I think you're making progress, Mr. Minister.

Mr. Minister, what concerns us in the opposition, and what concerns the industry, is your government having access to some more money and being responsible and trying to be held accountable for the money you take in. Could the minister share with the House this evening, in some fairly straightforward layman's language, how you plan to collect this money, over what time period, who will take the money on deposit, who will be held accountable for investing it and writing the cheques with respect to the \$2.5 million which you claim to be the budget in the first year.

Hon. Mr. Swenson: — Mr. Chairman, I think all the rules that would apply to a revolving fund as administered within government would apply. And that's certainly nothing new to this administration — the previous one had a number of those. There will be an annual report that will be given. Half the annualized budget of those services that are provided to industry will reflect in the well levy.

I think it's clearly understood that costs are to be kept as tight as possible. I mean the funds will be collected by the department, put into the revolving fund with those clear

rules in place.

And those rules are well known to the member. I think he sits in Public Accounts and knows that stuff fairly well.

Mr. Solomon: — Well, Mr. Minister, no, I don't sit on Public Accounts. I sit on the Crown Corporations Committee. As a matter of fact, I am the co-ordinator for the opposition on that committee, and as the Minister knows full well your government has refused to call the committee to review over half of the government expenditures for 1990. After repeated efforts by the opposition to get your government to reconvene the committee so that there can be some questions raised, a number of questions that we have in a number of Crown corporations where we suspect there is unaccountability and continued waste and mismanagement and patronage and all sorts of corruption, you've refused to call those committees.

You talk about the Public Accounts Committee — that's what sort of scares the industry, that's what scares the public, and that's what scares the opposition: that if you're going to be in charge of additional revenues we want to know who's going to be accountable.

We would like to know, Mr. Minister, how that money will be kept in the revolving fund. Give us some details as to how it's going to be accounted for. And secondly, we want to know, Mr. Minister, what budget do you have put together which outlines the expenditures? And how much of that \$2.5 million do you plan to spend in the first year and on what?

Hon. Mr. Swenson: — It's fully anticipated, Mr. Chairman, that all the costs . . . and this would be on an April 1 to April 1 basis. The services that are provided would be put against the revolving fund. Obviously, because the Oil and Gas Conservation Board would not come into effect until this fall, that those quarter of a million dollar costs that would be associated in this first year with it would not carry forward for a full year.

The accounting procedures are all subject to the Provincial Auditor, The Tabling of Documents Act, all of those things where it would have to be presented to the legislature as far as the revolving fund goes. And I don't know what more I can add to that. Those procedures are well-known to members.

(1915)

Mr. Solomon: — Well, Mr. Minister, we've seen the procedures of this Assembly with respect to administration be totally ignored by our government in almost every department. We have seen the Provincial Auditor make a commitment, actually a statement in this Assembly, in which he listed 47 or 48 occasions in which you and your government broke the law with respect to expenditures.

We've seen as a response to those auditor's claims, not a defence by the government of the expenditures, or indeed some indication that you were willing to make things better, but instead we saw in this House the former member from Kindersley, who was the minister of Justice

at this time and the former Finance minister, make a personal attack on the Provincial Auditor.

Mr. Minister, I'm wondering what assurances you can give this House this evening that if this revolving fund is set up and if the budget is put together with respect to this board and this Bill, what commitment can you give this House today, on the public record, that you will ensure that the moneys that are paid into that revolving account will be accountable and that they will be reported in a timely manner to this Assembly?

Hon. Mr. Swenson: — The House has my assurance, Mr. Member.

Mr. Solomon: — Mr. Minister, has the government put together a budgetary item with respect to expenditures you expect to make in the first year of this board?

Hon. Mr. Swenson: — Those projections are probably the estimates, Mr. Chairman. And as I pointed out to the member, that the portion attributed to the board might not necessarily all be used, because the board would not run from April 1 to April 1.

Mr. Solomon: — Where in the *Estimates* might this allocation and budgetary item be?

Hon. Mr. Swenson: — Mr. Chairman, that would show up in the *Estimates* as the government portion attributable to the revolving fund, and that figure would be \$2.534 million.

Mr. Solomon: — And what would that \$2.5 million be spent on, Mr. Minister? What five or six top budgetary items would it be budgeted for?

Hon. Mr. Swenson: — Mr. Chairman, that would include such things as the board which I've mentioned, admin services which would be publications, system services, administration, drafting, petroleum geology well records, management in the petroleum and natural gas division, petroleum and development engineering, economic evaluation, production accounting, and of course the permitting, which is a big part of that particular area.

Mr. Solomon: — Mr. Minister, what areas that you've just referred to are currently being provided? Or what services are currently being provided by the department?

Hon. Mr. Swenson: — All of them except the board, Mr. Chairman.

Mr. Solomon: — So your intention then, is to take from the oil and gas industry this additional \$2.5 million to help subsidize the costs of administration for the Department of Energy and Mines. Is that correct?

Hon. Mr. Swenson: — That's correct, Mr. Chairman.

Mr. Solomon: — What input will the companies who are paying this money into this revolving account have with respect to how that money is budgeted? The reason I ask that question is because many company representatives have indicated to the opposition that they feel this is just another attempt by the government to gather revenue, to

basically subsidize further the department which they feel they already pay for by over 100 per cent already.

So my question then is: will there be some accountability? Will the industry be able to sit on the budget committee and make some suggestions and recommendations with respect to expenditures and revenues in that account?

Hon. Mr. Swenson: — Well I think, Mr. Chairman, it's clearly understood, and the member knows well, that the royalties and taxes that the oil and gas industry pay to the Crown go to fund many services to the people of this province, services which many members opposite claim are underfunded by the oil and gas industry.

Clearly we have identified, as I just mentioned in my previous answer, many areas that are service to the industry. Clearly they're areas that are very similar to the industry in Alberta and services that are provided there by their institutions. This was seen as a way that, with those clearly defined areas, that the oil and gas industry could help out in fairly fiscally tough times in the province of Saskatchewan and do their part in carrying the share of government.

Mr. Solomon: — Mr. Minister, the departments that you listed in the budgetary item . . . you mention the board. How many dollars will you be budgeting for the OGCB (Oil and Gas Conservation Board)?

Hon. Mr. Swenson: — On a full-year basis, Mr. Chairman, that would be \$242,000.

Mr. Solomon: — And how many full-time staff will be attached to the board, and what kind of relationship will it have with SEM (Saskatchewan Energy and Mines)?

Hon. Mr. Swenson: — The expectation, Mr. Chairman, is that initially there will be two. There is no direct tie to SEM. SEM certainly is there to provide information and technical back-up to this particular . . . to the board, but no direct relation.

Mr. Solomon: — What is the intention of the minister with respect to those two staff persons of the board? Will they be hired by the three members of the board or will they be appointed by the minister?

Hon. Mr. Swenson: — Mr. Chairman, those personnel would be hired by the board, certainly with assistance from, for instance, from personnel from SEM.

Mr. Solomon: — Mr. Minister, has there been any calculations or estimates by your officials as to the impact of this \$125-per-well average levy, estimates referring specifically to how many wells may shut down as a result of this levy? Is there any indication from the industry?

Hon. Mr. Swenson: — Mr. Chairman, we don't anticipate any wells shutting down in the province because of this well charge. As I said before, these levies could go as low as \$50, and there isn't a currently producing well in the province that will shut down because of a \$50 charge. A doubling in royalties in fact might do that, but not a \$50 charge.

Mr. Solomon: — Mr. Minister, regarding the budget and forecast committee, there has been one or two associations who have expressed an interest in the oil and gas business with respect to the OGCB, the Oil and Gas Conservation Board, that they would like to have some representation on the budget and forecast committee. I believe the minister would be well aware of who those associations might be, in particular having seen the track record of your government with respect to administering finances.

Mr. Minister, what is the prospect of having some input with respect to the budget from industry representatives, and the public as well, and others as we've mentioned, and the member from Regina Centre mentioned, who may have some interest in the future of this province, such as environmentalists or conservationists or third parties?

Hon. Mr. Swenson: — Well I think clearly, Mr. Chairman, I've identified a great number of areas where services are provided to the industry. They are no secret to the industry and they clearly understand that. The accounting procedures that will go along with those funds we've already discussed in here so that that will be open to anyone in industry.

And certainly the commitment, if services over and above these were to be envisioned, certainly one would be consulting with industry on those types of things because it was clearly understood from the very beginning that this particular endeavour was to be kept as tight as possible; that the budget of the board would be kept tight; that the number of people on it would be kept small; everything done possible to keep the costs minimal.

And certainly I think Energy and Mines over the last number of years have shown to industry that they've been able to operate on in fact smaller and smaller budgets — rather than larger ones — and yet at the same time provide service to the industry. And certainly if there's anything thought of beyond what I gave to the member that would be discussed with them quite freely.

(1930)

Mr. Solomon: — Thank you, Mr. Minister. A question concerning the recent announcement of Fair Share Saskatchewan. You and the member from Weyburn, the Minister of Finance, were in Weyburn on Thursday morning last, announcing the transfer of a number of jobs from the Saskatchewan Energy and Mines Department to the city of Weyburn. You've also indicated that the Oil and Gas Conservation Board will be located there.

What is the plan for the department in terms of timing for the moving of these positions? Will there be a move made at the same time as the Oil and Gas Conservation Board is set up and operating?

Hon. Mr. Swenson: — Mr. Chairman, the member's incorrect. I was in Regina last Thursday morning talking to my employees; I was not in Weyburn.

It is fully envisioned, as I said to the member, that the Oil and Gas Conservation Board would be established in

Weyburn this fall, i.e., the fall of '91; that the moves envisioned would be completed by the end of 1993, and at that time the headquarters of the oil and gas division would be located in Weyburn along with a certain number of staff positions.

It was clearly indicated in the announcement that there was a lot of consultation needed to be done with employees, naturally, to try and make everyone as comfortable with the move as possible, but also that industry, because they need access to this very important industry which generates a lot of the province's revenue, that those functions could not be interrupted at all and that industry would need to be consulted on a fairly ongoing basis to make sure that the moves, as envisioned, go as smoothly as possible.

I have no doubt in my mind, from the relationship as Minister with this department over the last couple of years, that these people are as professional as you're going to find in the public service, and we'll undertake that job with the utmost professionalism.

Mr. Solomon: — I'm anxious to know, Mr. Minister, what response you had from your employees when you announced this transfer of their jobs to Weyburn.

Hon. Mr. Swenson: — Well I think, Mr. Chairman . . . I was there to deliver the message and outline some of the procedures involved. Certainly it was up to my employees to assess the announcement, look at the options available to them. Clearly over the next couple of years there will have to be some personal decisions made vis-a-vis family, that type of thing. I would expect, between now and the end of 1993, that various positions will be made by various employees.

Mr. Solomon: — Was the minister aware of the position of the industry with respect to transferring jobs helter-skelter around the province? That's the form of a question.

The industry, as far as I'm aware of, at least in private meetings, members of various oil and gas companies think that this so-called Fair Share program is very much the same kind of program that your member from Melfort thinks it is. And that is it's a program that is not fair; it's a program that is pure politics. And not only will it cost the taxpayers a lot of money and damage a lot of families and their relationships, but it will be a public service that cannot be delivered in an efficient manner. As well as the industry concerned feel it's going to increase their costs in terms of dealing with the department. Why have you not responded to those concerns from your friends in the oil business?

Hon. Mr. Swenson: — Mr. Chairman, I have visited with a number of people in the oil and gas business in the past four or five days. Certainly haven't had that reaction from them. I think my relationship as minister over the last couple of years has been on fairly good footing with most people. They don't hesitate to express their feelings on most topics. That's not the reaction I've had at all.

SEM, as the member well knows, runs extensive field operations all over this province: Lloydminster,

Kindersley, Swift Current, Estevan — a fair number of employees out in with the industry at all times. Weyburn has clearly been a strategic area in the province for a great long time as far oil and gas industry, oil particularly, have been.

A number of the issues — horizontal drilling, environmental concerns, well abandonment — all sorts of things will be very prevalent in the Weyburn area in the future. Industry is well aware of them. Certainly I would welcome the opportunity if there are members of industry that have those concerns, to come forward and talk to me personally about it. Talk to my deputy minister. We're open. If there's parts of this particular, envisioned move that they feel will be overly onerous, we would be delighted to talk to them. I would be delighted to talk to them about it and see if there aren't mutual ways of alleviating that concern.

Mr. Solomon: — Well, Mr. Minister, it's nice to hear today, after the announcement of disintegration of your department, that you want to listen and obtain input as to how you can make things right. I think it's too little too late, Mr. Minister.

You're absolutely correct when you say the industry people that I've been talking to across Saskatchewan and Alberta are not being up front with you because they've talked to you in the past in some issues and they've seen your track record in the last nine years and they know that raising concerns with you is like raising concerns with a wall. You don't get a heck of a lot of a response.

And the member from Saskatoon, the Minister of Education, sits in his chair and whines and complains about things that are going on in his own cabinet. And I would venture to say, and challenge the minister, that if he felt so strongly about Fair Share Saskatchewan, as his colleague from Melfort did, then he should do the honourable thing as well and resign from that government.

Now, Mr. Minister, I want one final question here before I turn over to the member from Regina Centre. The question relates to the regulations of the board. My question is: are the regulations drafted? Are they available for us to review? And if not, when will they be gazetted?

Hon. Mr. Swenson: — Mr. Chairman, there will be regulations as pertaining to the Act, obviously pertaining to horizontal wells, as pertaining to the fiscal regime that will be attached to various things. Regulations *per se* for the Board itself, no there won't be regulations sort of outlined for the Board. The Board obviously will be dealing with many sorts of issues as I outlined in our earlier discussions and will have to have certain latitude. Certainly ultimately the Board if . . . does something that would be considered totally out of line, is still answerable to government, to elected members, as was clearly outlined. They're there to bring regulations to the minister.

On the final point, if the member wishes to believe the things that he said about the oil and gas industry and their relationship with this government, that's fair ball. I will let history speak for how those views are held. I know what

happened in the 1970s and so does everybody else. And everybody knows what happened in the 1980s vis-a-vis this industry. I leave it up to the public to judge.

Mr. Shillington: — Thank you very much. Mr. Minister, I have some questions relating to section 7.31, I guess they're called — 7-3-1 — I'm not sure how you read that. It has to do with the power of search and seizure as it would be called. Normally such a section would read, you may obtain a warrant authorizing search and seizure. I'm wondering where, Mr. Minister, you got the wording of this from?

Hon. Mr. Swenson: — I understand, Mr. Chairman, that this section is consistent with all others. It's the one that the courts have upheld and is consistent with the Charter arguments that have been presented in the last few years and is exactly the same as far as search and seizure go with every other area of government.

Mr. Shillington: — Mr. Minister, I also wonder why you authorized Justices of the Peace to issue warrants? As I read this section, the Justices of the Peace have the power to issue warrants. It seems to me to be inappropriate, Mr. Minister. Justices of the Peace have no training, no understanding at all of the complex law behind the issuance of . . . behind warrants, and in addition, Mr. Minister, have no independence of government. So I'm wondering why you didn't simply require the officials of the department — or the minister, I guess, as the case may be — to go to Court of Queen's Bench for your warrants?

Hon. Mr. Swenson: — Mr. Chairman, I'm informed by legal counsel that yes, a Queen's Bench judge can be used, a Provincial Court judge bench . . . judge used if it's deemed to be of sufficient severity. But the Justices of the Peace have always had the ability — and I'm sure the member as a lawyer knows that — to issue warrants. And I think it would be presumptuous to say that Justices of the Peace don't know what they're doing.

Mr. Shillington: — Oh, it isn't presumptuous. It's absolute fact, Mr. Minister. Justices of the Peace get no training, no understanding of the rights and obligations that attend with a warrant or right of search and seizure. You may find a Justice of the Peace who could . . . who understands the issue, but I think it would be an exception.

It's a far preferable approach, Mr. Minister, to require these type of powers to come from a court. I have no quarrel with using the Provincial Court; Provincial Court judges deal with criminal law all the time. In fact that certainly constitutes a majority of their work.

Justices of the Peace, beyond merely signing documents for the RCMP (Royal Canadian Mounted Police), in my view and I think in the view of many people concerned with civil liberties, should not be used to issue warrants. Warrants, Mr. Minister, I believe should be obtained from a court of record or from the Provincial Court, not from the Justice of the Peace who rarely understands what they're doing.

Hon. Mr. Swenson: — I think, Mr. Chairman, that section 7 clearly defines where this would be appropriate. The

Justice of the Peace is not being asked to make a judicial decision. Simply that there are documents that are properly subscribed, in that at the place described in the subsection, that a person who has or may have possession or the custody of these documents or of that property refuses to produce those documents. Those sections, as I understand it, have been around for a long time when the member was in government himself, and that nothing here has changed a whole lot. They are simply saying that, yes that place exists and yes this document exists, and there's no judicial question being answered here.

Mr. Shillington: — Oh that's tommy-rot. There certainly is a judicial question at stake. The question is whether or not the government should be granted a warrant. That's a difficult decision to make and not one, with all respect . . . with every due respect, it's not one that a lay person is able to make.

Before one makes a decision, one should be aware of a very substantial body of law governing the use of these documents. I suggest to the minister that it's inappropriate to be using Justice of the Peace. The whole office of Justice of the Peace is something of a historical anachronism. The Justice of the Peace were used on the frontier when trained lawyers and trained judges are not available. One could make the argument that the office really should . . . now that judges are available in virtually any corner of the province, one could make an argument for reviewing this office.

But to say that there's no judicial decision being made, that's nonsense, there certainly is. It's a question of whether or not it is appropriate to be issuing warrants of search and seizure. They have the capacity to be a very, very devastating document.

Any first-year law student can give you any number of illustrations of cases where documents of search and seizure have been misused and have resulted in grave harm to innocent persons. These are a very significant violation of a person's civil liberties. If they're to be granted, they should be granted only in appropriate circumstances.

I know, Mr. Minister, that you can find legislation which authorizes the Justice of the Peace to issue warrants. That's because the legislation has been around for decades and indeed was probably drafted at a time when Justices of the Peace dispensed justice. Justices of the Peace in this day and age should no longer be dispensing justice.

(1945)

If they have a place, it is in the issuance of routine documents, informations, summonses and so on. It is inappropriate I think, Mr. Minister, for Justice of the Peace to be issuing warrants for search and seizure. The fact that you can find it in the legislation, I think, means nothing. You can find some things in Saskatchewan legislation which I think would curl most people's hair if they knew it was there. That's by and large because the legislation was drafted in a different era. So I'm not satisfied, Mr. Minister, when you say you can find it in existing legislation.

I would like you to tell the House why you think it is necessary or even desirable to have Justices of the Peace making these very complex decisions as to when a warrant should be issued.

Hon. Mr. Swenson: — Mr. Chairman, as I tried to point out to the member opposite, this particular clause is not specific to Energy and Mines. As I understand, this is generic throughout government. These questions, I'm sure, would be better spent with the Justice minister and the two eminent legal minds could discuss the broader aspect.

In the context of the things that Energy and Mines are discussing here, if it is found that this is not a workable procedure, given the fact that we have field offices, that we are in constant contact with the people in industry, I can assure the member that we would look at other options if, in his legal opinion, those be QB (Queen's Bench) and Provincial Court judges so be it; SEM is not particularly concerned.

The opportunities that would arise in this particular instance, I'm told, in our department would be very far and few between. We work with industry. We don't work opposed to them. As I said, the generic question that the member poses, I think he and the Justice minister could have a great philosophical discussion on it.

Mr. Shillington: — We could, but there's no opportunity to do that, Mr. Minister. The Minister of Justice bears no responsibility to this Assembly for this particular piece of legislation. Nor so far as I'm concerned, does he bear any responsibility to this Assembly for any other piece of legislation having this section in it.

You are the minister, Mr. Minister. Some centuries ago, we established a system of responsible government which means if you bring legislation to this House, you're responsible for answering for it. So I'd rather not be treated to some sort of a patronizing comment that these trite and airy-fairy sort of concerns of mine should be discussed with the minister. They're not. They're very real concerns about people's liberties.

And don't tell me what your department is likely to do. I'm telling you, Mr. Minister, what your department could do. What your department could do could be devastating. You could get from a Justice of the Peace a warrant, search all of the documents of a company, in completely inappropriate circumstances, which could be absolutely devastating, could ruin the company in circumstances in which the warrant should never be issued. Today with the availability of QB judges and provincial court judges, there is no excuse for obtaining these documents from a Justice of the Peace.

And I'd like you to tell me, Mr. Minister, why you think this power is necessary. Because if you don't think it's necessary, I don't think you ought to have it. I don't think, and I think most people agree, that unless there is some reason to provide in legislation for a violation of a person's civil liberties, it shouldn't be there.

So don't treat me to a patronizing lecture about the absurdness of my concerns. Tell me why you think the

power . . . why you think you need the power, because if you can't tell me why you think you need the power, I'm going to tell you you don't need it.

Hon. Mr. Swenson: — Mr. Chairman, I think as minister responsible for SEM, I do take a great deal of interest in how this legislation would affect the clientele of SEM. I mean clearly legislation is designed to protect the civil liberties of those involved, and that by going to a Justice of the Peace or to anyone else to obtain a warrant, as I understand the legal questions, you are protecting the liberties of the person.

This, as I said in my opening statement on this section, these particular sections, as I understand it, have been cleared vis-a-vis Charter arguments, are current, have been upheld in the courts recently, therefore everything has been done given the context of a new age to protect the rights of the individual. And as I said to the member, I don't know of any other way to do it if that is what has been done in the legislation to protect those liberties to the extent that they have been tested against the Charter.

Mr. Shillington: — If the Justice of the Peace does not understand the law, does not understand his responsibilities, or is intimidated by government officials, the protection is likely to be very scant indeed. I ask you, Mr. Minister: why do you need to obtain these powers from a Justice of the Peace? Why don't you and I simply agree that you will move an amendment deleting the right of Justices of the Peace to grant these documents? What ill would befall public good if the right of Justices of the Peace to issue these documents were deleted?

Hon. Mr. Swenson: — Mr. Chairman, I'm informed, and I think the member totally agrees, that what we are talking about in the deliberations of the board where such an action would be sought, that we are talking not about criminal matters, but indeed about civil matters; that many times in Saskatchewan a QB judge is not around on the weekend, that a Provincial Court judge might not be available. Because we're into a civil matter, matters that have been Charter tested, that clearly do not ask questions of jurisprudence by the JP (Justice of the Peace), that there should be no problem with this particular section staying as is; that is seen as a safety valve for something that could occur.

It is generic to government; it is not specific to Energy and Mines. And the fact that it has been tested in the courts, as I am informed by legal counsel, does not say to me that SEM, in drafting this legislation, or I as minister, have done anything that is onerous upon the public or the clientele of my particular department.

Mr. Shillington: — I'm not suggesting, Mr. Minister, it is constitutionally invalid; I'm suggesting that it is an unnecessary violation of people's civil liberties to permit a Justice of the Peace, who would rarely understand the issues, much less their own responsibility, who would rarely understand any of that, to issue warrants. I go back to my original question, Mr. Minister: why not restrict that power to Provincial Court judges or QB judges?

Hon. Mr. Swenson: — Once again, Mr. Chairman, all we're talking about here is that a Justice of the Peace

would simply be satisfied that there would be a document in such a place. I mean we're not talking, as I said, about matters of jurisprudence. I think we're dealing with fairly intelligent individuals around the piece, by and large, that they could make a decision such as that which could facilitate what needed to be done.

And as I said, I don't see it as particularly onerous and I don't know why the member is so particularly hung up on this, when he as a lawyer knows that this in fact is generic to government and certainly maybe in other areas far more applicable than in Energy and Mines.

Mr. Shillington: — Well I don't know that this is generic to government, Mr. Minister. What I do know is that most . . . very few Justices of the Peace would be able to give you even a summary of the law with respect to the issuance of warrants. Very few Justices of the Peace could do that. They are, by and large, lay people who have received no training in these matters at all.

This is not something one . . . The power to issue a warrant for search and seizure is not something that should be done lightly. It should be done only after due consideration and only with regard to the responsibilities the law sets out. I'll venture to say you couldn't find more than a handful of Justices of the Peace in the province who could actually give you any description at all with respect to what a . . . when a warrant ought to be issued.

I go back to my original question, Mr. Minister. Why? Why not ask your officials to go to QB judges or Provincial Court judges, who by the way are also available on weekends?

Hon. Mr. Swenson: — Well once again, Mr. Chairman, and if the member read the section in its entirety . . . and the question that we've been going around and around here with the Justice of the Peace. A board member has sworn an oath. Okay? So the Justice of the Peace doesn't even have to take it upon himself. The board member swears the oath that such and such exists here. I mean if anybody is on the line in this particular thing, I would assume it would be the board member for swearing an oath, and an oath that if it was incorrect or a lie or something, would hold that board member responsible. And he has sworn it to the Justice of the Peace.

I really don't understand quite where the member is coming from because the board member has taken it upon he or she to swear the oath.

Mr. Shillington: — Mr. Minister, I go back to my question, which you adamantly refuse to answer: why do you need to give this power to Justice of the Peace? They are simply not competent, many of them are not competent, to discharge this responsibility. Why do you need it?

(2000)

Hon. Mr. Swenson: — Mr. Chairman, I can only repeat over — they are not making decisions. I don't know why the member is hung up on this particular matter. I have tried to clarify it inasmuch terms as possible. If he has a problem with the Justices of the Peace in the province of Saskatchewan he should go to the Minister of Justice and

discuss it about Justices of the Peace and how incompetent these people are.

Mr. Shillington: — Well, how I wished I were. My colleague from Quill Lake says, you're getting to him. How I wished I were making any impact upon the minister. The minister seems utterly impervious to my comments.

My comments, Mr. Minister, are that you don't need this. And that Justices of the Peace, most of them, are not competent to discharge such a serious responsibility. You stand up and in a patronizing voice say, but it is found in all government legislation. I tell you, Mr. Minister, that's no recommendation for anything. There are a number of things found in government legislation which, if widely understood, would curl people's hair. I know that from having been in this Assembly and in government.

I ask you again, Mr. Minister, why do you need to have Justices of the Peace issuing these? If you can give me any reason why you need to have them do it, I think I'd let the matter go.

Hon. Mr. Swenson: — One more time, Mr. Chairman. This is accepted practice in the province of Saskatchewan, vis-a-vis current legislation, vis-a-vis Charter arguments, vis-a-vis the legal system. I gave the assurance to the member opposite that in our relationship as a department with the oil and gas industry, if at some time in the future this should prove to be unworkable, we would gladly look at alternatives, as we have done in a number of areas over the last few years.

This is accepted practice. If you have a problem with the Justice of the Peace system in the province of Saskatchewan, it needs to be dealt with in a different forum than this one.

Mr. Shillington: — I don't have a problem with the Justice of the Peace system; I've got a problem with your legislation. I ask you again, Mr. Minister, why?

Hon. Mr. Swenson: — Once again, Mr. Chairman, the board in this case goes before a JP or a judge or anyone else, swears an oath, takes it upon themselves to swear that oath. The oil and gas industry stretches all over this province. It goes from the Primrose weapons range in the North to the American border to the Manitoba border. It's everywhere; it's small town Saskatchewan. That's what the oil and gas industry is. It isn't downtown Regina. It is all over this province and there may be an opportunity, I suppose, to use a Justice of the Peace. As I said, it doesn't conflict with any of the legal requirements as they exist, and as I understand they exist out there today vis-a-vis Charter, vis-a-vis protection of rights. So I don't know what the member's problem is.

Mr. Solomon: — Mr. Minister, Bill 73, An Act to amend The Oil and Gas Conservation Act, deletes references to reasonable storage reserves and working stocks. My question to you is this: why has the government deleted this reference to maintain a minimum reserve?

Hon. Mr. Swenson: — I wonder, Mr. Chairman, if the member could identify the section please.

Mr. Solomon: — Under section 2(1)(o), I believe it is. Under reasonable market demand, this has been deleted and in essence it deletes reference to a reasonable storage reserve and working stocks. In the past this has been the case and there has been, in my view, some reliance on the department to use the industry's figures to at least project or to identify what the oil and gas reserves have been in the past and for the future. So I'd ask you, Mr. Minister, why this is done and is there some reason that the government doesn't wish to continue this.

Hon. Mr. Swenson: — Mr. Chairman, as I understand it, it is simply an updating from the times when the legislation was written back in the '40s and '50s, when prorationing was in effect. In other words, that there was more production available than demand at the time. And it was used as a fair means of allocating the production out so that everyone had an opportunity to market product. And it simply is, that is not the case today. As the member well knows, Canada imports significant amounts of crude oil. It's just an updating of things that were 30 and 40 years old.

Mr. Solomon: — What figures does the SEM base its projections on with respect to province-wide reserves in both oil and gas?

Hon. Mr. Swenson: — We do a revenue analysis, Mr. Chairman, on a yearly basis, that shows how much production came out of a particular pool, what the reservoir pressures were like, that sort of thing. And that is done on an annual basis. We also asked people who are purchasing to give us their nominations for intent for future months. And we do that on a monthly basis so that we have a good idea of what is projected for needs into the future. And of course Saskatchewan, because of all the different gravities available here, that is a very valuable tool because it allows us to track what's going on in heavy oil, in medium, or whatever. And certainly with two upgraders coming on line in the province that can use a mix or a full complement of heavy oil, it's important to know these things. So that's how it's done. And those annual reservoir reports that are done are public.

Mr. Solomon: — Mr. Minister, with respect to section 3, purposes of the Act, subsection (c), you indicate that these changes, with respect to developing oil and gas resources for the province, really has to be changed so that each owner accepts a significant amount of responsibility for protecting his or her own rights by developing and producing reserves which may be recoverable.

You indicate it's similar to Alberta's legislation. What is Alberta's experience with regard to this approach? What has been the impact on their reserves, their recoverable reserves, and what has been the impact on the players and the AERCB (Alberta Energy Resource Conservation Board) as well?

Hon. Mr. Swenson: — This section, Mr. Chairman, as I understand it, deals with correlative rights under the old legislation and the degree to which an individual has those rights as far as producing on a particular area. I think what the new legislation does is it says that they have a certain opportunity to produce in their best interests that

particular reservoir or pool. And it's simply an updating of that particular legislation. What effect it would have vis-a-vis Alberta, I'm told, very little.

Mr. Solomon: — My question was, Mr. Minister, what impact does it . . . has it had in the Alberta circumstance. You make reference to Alberta in that this is similar to Alberta's legislation. My question is, if it's similar to Alberta's legislation, you must have done some research as to the impact of that amended legislation on Alberta. So could you share with the public of Saskatchewan what the impact of that particular element in legislation is in Alberta, as well as what's the impact on the industry in Alberta and what influence and position has the AERCB taken on this.

Hon. Mr. Swenson: — I'm told, Mr. Chairman, that it has had very little effect in Alberta, that it is simply an updating of old wording, that the effect is not something that you can measure, that's quantitative. It's a very minor thing. It has simply allowed some situations, as I understand it, to be facilitated easier.

(2015)

Mr. Solomon: — Mr. Minister, I'm not going to let you off the hook on this. Why do you make reference, then, or why is the reference made in explanation by your department officials, that this is similar to Alberta's legislation? Because when you make that reference, you insinuate that because it exists elsewhere, there's a precedent which has been set in a positive way. So for you to just offhandedly say, well we make reference to it but we have no research on the impact of this Alberta legislation, is not acceptable to the opposition.

Mr. Minister, why have you made reference to it? And it seems to me there's got to be some information available to the minister from his officials as to the impact of this legislation in Alberta, if that's what you're making reference to. So please share with us why you have done this, and secondly, what has been the impact on the industry and on Alberta as a result of this amendment.

Hon. Mr. Swenson: — Mr. Chairman, I think the member's got it all wrong here. I didn't say that there hadn't been research done. I said, it is used in Alberta. It was found to be reasonable here because what it does is it avoids problems. In the past, the board in Alberta tried to establish by the old wording, degree — okay? And it allowed . . . it made for some problems in that particular area. So the wording change allows individuals to produce in their best interest easier than under the old legislation. It hasn't caused more problems in the province of Alberta, in fact what it has done is facilitated people and done away with some of the problems that existed. So you asked me, you said . . . about creating problems. And when I said, well small and quantitative, because what it's done is done away with the problems and made it easier for the board to rule, instead of the other way around.

Mr. Solomon: — Well maybe that's the answer we're looking for, Mr. Minister. You're saying that because this exists in Alberta, that there's easier opportunity for the board to rule on these decisions — is that what you're

saying . . . (inaudible interjection) . . . Okay, well that's what I wanted to hear in the first place.

Mr. Minister, I wanted to just take this opportunity to thank you for sending over the response to my question, prior to the supper adjournment, with respect to the petroleum and natural gas . . . or conservation and fiscal provisions for horizontal wells committee, the industry and horizontal well task force. I was just wondering, Mr. Minister, you've given us the make-up of the board, whether or not we could have a copy of the recommendations that this task force has undertaken to provide to you. And if they've given a full report, I'd like to have a copy of the full report as well, if that's possible.

Hon. Mr. Swenson: — Mr. Chairman, if a page would please take a copy across to the member.

Mr. Solomon: — Thank you, Mr. Minister, I appreciate that. I'll have a read of it.

Mr. Minister, I just want to summarize our position here. First of all, we have heard you a few moments ago indicate that you were not in favour of what happened in the '70's in Saskatchewan in government. And I want to review with you some things that did happen in the 1970's, with respect to the oil and gas business, and with respect to the fiscal responsibility to the province.

If you recall, in the '70's we had 11 consecutive balanced budgets from 19 . . . actually 12, from 1970 to 1982. And of course prior to that, Mr. Minister, under other governments, we had a long history of balanced budgets, as opposed to the 1980s under your government. We have seen nine deficit budgets in a row, bringing the deficit from \$139 million surplus to over \$5.2 billion in deficit.

We saw surplus budgets in the 1970s, Mr. Minister, and all we've seen is an accumulation of deficit that has compounded every single year, be it in the operating side or the Crown corporation capital side. We've gone from the lowest taxed province in the 1970s to the highest taxed or second highest taxed province in the 1980s. We've gone from no scandals in the 1970s under an NDP (New Democratic Party) government, Mr. Minister, to where every single month of this government's nine years we've seen a scandal or some corrupt initiative made public.

Mr. Minister, we've seen in the 1970s profitable Crown corporations contribute to the treasury so that taxpayers had to pay less in taxes, versus the 1980s where we've seen your privatization economic initiative sell off the major profitable Crown corporations, and the Crown corporation capital debt appreciate from \$2.3 billion to over \$9 billion in the latter part of the 1980s, in the latter part of your government's dying days.

We've seen, Mr. Minister, responsible and accountable government from the 1970s under the New Democratic Party government, and in the 1980s all we've seen is, not a responsible government, but a reprehensible government that has been secretive and closed with respect to providing information to the public for purposes of watching how your government operates.

We've seen in the 1970s, Mr. Minister, a stability in terms of government services versus your government's regime of an instability and a disintegration of public services in this province.

Mr. Minister, we've seen your government go from a very enviable position economically and fiscally in a province to one that is, as the minister from Melfort who resigned today said, that the government has taken the province to the brink of bankruptcy.

You know, Mr. Minister, the people of this province have been betrayed by your government. They've been betrayed by your Premier and betrayed by your party. And I make reference to the promises and commitments that you made in 1982 informing people you were going to eliminate the sales tax, the 5 per cent sales tax. Instead you've increased it by 40 per cent, and just last week you've broadened it to include all items including restaurant food and children's clothing.

Mr. Minister, we have seen the people of this province be betrayed. They have been betrayed by you and your Premier and your Conservative government with respect to the gas tax. You promised to eliminate the gas tax and never, ever reintroduce that gas tax as long as there was a Conservative government in this province. That was a betrayal to the people of this province, Mr. Minister.

We've seen your government make commitments in 1986, prior to an election campaign, that we'd have this mortgage interest reduction program. We'd have a home program for all of the people of this province. We've seen the people betrayed because you've cancelled that program. We've seen the dental nurses and the decentralization of health care out to every school and all parts of the province be terminated. We've seen those services centralized and 411 dental nurses laid-off without jobs, and the rural communities suffering more than the urban communities.

We've seen betrayal after betrayal after betrayal. Whether it was tax increases after a tax promise, whether it was a sell-off of Crown Corporations that were profitable after you promised to manage the province in a fairly good way, we've seen your failed economic enterprises; we've seen all sorts of betrayals, Mr. Minister.

And I guess this Bill, this Bill, Mr. Minister, typifies the Premier's pathetic sense of betrayal today in the news. His response to the member from Melfort resigning, on the news at 6 o'clock, was that, I feel betrayed. He was attempting to get some kind of empathy from the people of this province.

Well, Mr. Minister, the people of this province have been betrayed for nine straight years by your Premier and your party and they won't take any more.

Some Hon. Members: Hear, hear!

Mr. Solomon: — I want to end my remarks, Mr. Minister, by saying that the opposition will fulfil its commitment it's made to the industry by saying that we will support Bill 73. Thank you.

Some Hon. Members: Hear, hear!

Hon. Mr. Swenson: — Well, Mr. Chairman, I'll end my remarks by saying that it's very interesting when the Energy critic from the opposition stands to make his closing remarks and doesn't talk about the portfolio that he's assigned to be the critic for at all. He rambles all over the map, and I guess the simple reason that he would not want to talk about the '70s, which he assured us that he would, as far as the oil and gas industry is, is that he's ashamed of the record of that party when they were in government.

And, Mr. Chairman, the record is there; the history is there. The mayhem from Lloydminster to the U.S. border and across to the Manitoba border that was wreaked by Bill 42, and those people on the lives of thousands of people in this province is documented; it's there; it's historical. And it's the reason that that member didn't, in his closing remarks, say anything about the oil and gas industry — he's ashamed. He knows that there are those in his party that feel the same way they did then and that he is simply a front, put up to try and entice the industry into believing that people have changed. Obviously, Mr. Chairman, they have not or he would have made remarks.

Mr. Chairman, at this time I'd like to take the opportunity to thank my officials and certainly some of the questions from members opposite in putting this particular Bill through the legislature.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

Clause 6

Mr. Chairman: — There is a House amendment to clause 6 of the printed Bill. Order. Order.

Mr. Solomon: — Mr. Chairman, with respect to the proposed House amendment, could the minister explain the purpose of this amendment.

Hon. Mr. Swenson: — I am told, Mr. Chairman, that this amendment simply is to make the list — samples, books, that other thing — consistent throughout the legislation; that in some places a few of the things were missed. So it's to make that list complete wherever it's referred to in the legislation.

Mr. Chairman: — Order. Order. The proposed House amendment reads:

Amend section 6 of the printed Bill by adding “, samples or other property or things” after “drawings” in the proposed clause 7.41(3)(a).

Amendment agreed to.

Clause 6 as amended agreed to.

Clauses 7 to 12 inclusive agreed to.

Clause 13

Mr. Solomon: — Thank you, Mr. Chairman. In clause 13, could the minister explain the need for the retroactivity, please?

Hon. Mr. Swenson: — Mr. Chairman, that is to do with horizontal wells that have been approved by the department, that were done in the, perhaps, short term because of a regulatory change, or by agreement amongst operators. And because of the court case, they wanted to make absolutely sure that nobody can come back on them.

Clause 13 agreed to.

Clauses 14 to 28 inclusive agreed to.

Clause 29

Mr. Solomon: — Mr. Chairman, with respect to clause 29, it's being amended to increase the amount from 10,000 to 50,000. Was there any indication, or is there any indication the minister can provide to the House, as to why it was increased to 50,000, and whether or not there were any other inputs to that decision, and why he chose 50?

Hon. Mr. Swenson: — Mr. Chairman, it's simply an updating of other fine provisions that we are responsible for, to bring them all into line and make them consistent throughout the department.

Clause 29 agreed to.

Clauses 30 to 33 inclusive agreed to.

(2030)

Clause 34

Mr. Solomon: — Mr. Chairman, I just wanted to take this opportunity to thank the minister's officials for attending to advising the minister with respect to Bill 73.

I would also, in response to the minister's comments, like to share with the House our oil and gas policy but I know you'll rule me out of order. But I can tell the minister that I have done this in writing to a number of companies and the response has been far more positive than you would hope it would be. So thank you very much.

Clause 34 agreed to.

The committee agreed to report the Bill as amended.

Mr. Solomon: — Thank you. I would also, Mr. Minister, like to thank the minister for providing the answers to some of the questions that I raised. Thank you.

Bill No. 74 — An Act respecting the Registration of Leafcutting Beekeepers

Clause 1

Mr. Chairman: — Would the minister introduce his

officials.

Hon. Mr. Martens: — Yes, Mr. Chairman. With me on my right is Stuart Kramer, deputy minister, and Mr. John Buchan, director of soils and crops branch.

Mr. Koskie: — Thank you, Mr. Chairman. Mr. Minister, in respect to The Leafcutting Beekeepers Registration Act . . . I just want to ask you, Mr. Minister, in respect to bringing into effect this Bill, whether you looked at any other options. In other words, it's the registration of all the leafcutting bee keepers; that's the intent of the Bill. Did you look at any other options in respect rather than the Bill and having the government look after the registration?

Some Hon. Members: Hear, hear!

Hon. Mr. Martens: — Mr. Chairman, the leafcutter bees, the keepers of these bees, they asked to have this brought forward in exactly the fashion that we did for registration purposes, and that basically the registration was to quantify and identify the bee keepers in the province to give them an opportunity to assess exactly where they were so that they could keep disease out of the province. Other provinces have had a serious problem with a disease called chalkbrood and that's caused a serious problem, and it hasn't been identified in Saskatchewan because of their consistent approach to dealing with the problem.

Mr. Koskie: — Well can you indicate, Mr. Chairman, Mr. Minister, can you indicate whether or not the leafcutting bee keepers have an association? And can you indicate the number that you calculate there are in the province at the present time?

Some Hon. Members: Hear, hear!

Hon. Mr. Martens: — Mr. Chairman, there are about 150 in the association, and there are about 50 outside. And what they have a concern about is that if they don't have them all registered, that someone will perhaps have opportunity to import ones that are diseased and then not being able to identify where they are in that location. And so they want to keep a very close watch on what's going on there.

Mr. Koskie: — Well I guess what I'm getting at here, Mr. Minister, is whether or not you gave any consideration, rather than administration by the government, of setting up an association whereby it would be self administering. In other words, they would be administering themselves rather than having the government and having a fee administered by the government, and have the association itself do the administration and the registration and be responsible for that. That's what I was asking.

Some Hon. Members: Hear, hear!

Hon. Mr. Martens: — Mr. Chairman, they have tried to have all of the people become involved with the association, but as you see I've identified 50 that are outside of the . . . and then there's another 150 inside of the association. The registration was asked for so that they could get a specific list to identify all of them. The fee was

put in there as a part of . . . and an add-on that if they ever wanted to have a check-off or do anything in relation to that, that they would have the legislation already in place to do that so that that fee could be collected. It was not our anticipated response that we set in a fee to administer the program.

Mr. Koskie: — I see. What I would like . . . whether you could clarify at least for my benefit . . . there's only a couple of questions further that I want to ask in respect to the Bill because it's straightforward registration. But you have a definition of bees there, and I was wondering whether you could read that to me, the definition, and indicate what it means.

Hon. Mr. Martens: — Mr. Chairman, I'm not even going to pretend to read the name; it's a scientific name that identifies the leafcutting bee. It's different than the honey-bee and therefore it's identified in it's scientific name, and that's what it does.

Mr. Koskie: — But I just want a little bit of a clarification because it says, you know, "bees" means all stages of . . .", and so I want to know *Megachile rotundata*, and then in brackets "F". We want to know, Mr. Minister, exactly what that stage is.

Hon. Mr. Martens: — Mr. Chairman, the idea is there to prevent all types of importation that would infect the bees in Saskatchewan and therefore you had to identify the egg, the larva and the adult bee as a part of the total package. And that's what it means and refers to all stages of development of that type of bee.

Mr. Koskie: — Well having . . . under the Act you have compulsory for registration now, under this Act it will be compulsory. What are the specific advantages that you see in making it compulsory to do a registration? What flows out of the registration, of these leafcutting bee keepers having to register? What is the intent?

Hon. Mr. Martens: — Mr. Chairman, the purpose for the registration is to maintain control of the disease component in the leafcutting bee and the registration will allow the association to get a handle on all of those people who are in the leafcutting bee business. And I think you have to understand too, that it's a very important part of production of alfalfa. And it's a very important part in export.

We have found that because we are disease free, we have an industry that is worth at least \$5 million in export. Other provinces haven't done this, and the association is fearful that if they don't have access to providing information to these, to everyone of the people who are in the leafcutting bee business, they will have then the opportunity to destroy all of the credibility that they have built up over the years. And they don't want to have that happen.

Mr. Koskie: — All you do here in the Act, though, is the registration. There is no provision so far as an inspection. There is no provision here for standards. There is no provision here which would address in any way, other than registration, the fear that you are talking about, and that is the disease that often infects the leafcutting bees.

(2045)

Hon. Mr. Martens: — Mr. Chairman, we raised registration, and with the authority to do away with hives, and they said that they did not want to have that. So we said fine. We will discuss with you how to deal with prevention and those kinds of things, and disease control, and they agreed with that, and that's why we went with that. They prefer that to having a rigid control over their system. And because we raised it with them, we felt comfortable in dealing with it this way.

Mr. Lingenfelter: — Mr. Minister, I know you mentioned that to my colleague, that you had consulted with the association. Was there a motion passed at a meeting of the association? Or how did you come about to be aware that this was a request from the association? Was there a vote? Or how did that come about?

Hon. Mr. Martens: — Mr. Chairman, the bee keepers — the leafcutting bee keepers through their association — passed a resolution and this Bill has been on the order papers since 1988, or it was put on in 1988, and we're bringing it forward today as a part of a conclusion to the representation that they made to us as early as 1988. And we had the Bill in place but it died on the order paper.

Mr. Lingenfelter: — Mr. Minister, under section 10 of the Act, it says:

Every person who contravenes section 3 or 4 is guilty of an offence and liable on summary conviction to a fine of not more than \$1,000.

Was the penalty as well negotiated or consulted with the association?

Hon. Mr. Martens: — Mr. Chairman, we went through the whole Bill with the leafcutting bee association and they concurred with all of it.

Mr. Lingenfelter: — Mr. Minister, I want to get it clear here that the fine of \$1,000, that this has been asked for by the association members and by the bee keepers who are not associated with the association. I want to be very clear that this fine that you're proposing here has been approved or accepted or requested by the members of the association and by the group who are not part of the association.

I want to be clear on that because I can well imagine over the next months, once this comes into being, and you have your officials out inspecting the bee keepers and fining people, that we want to be clear that in fact this comes from the producers and is not another example of a heavy-hand of government coming down on small honey producers and people who grow alfalfa . . . (inaudible interjection) . . . Well I know the Minister of Finance is well aware of how the budget of Saskatchewan works, but I want to make it . . . (inaudible interjection) . . . I am very much aware that this has to deal with alfalfa production in mainly the north-east part of the province, but as you're well aware as well, Mr. Minister, or should be, that that area as well is part of the honey producing area of the province. And you may be well aware that

there could be confusion by members of your operation when it comes to putting fines on individuals. And we're well aware of the way your government operates with its heavy-hand on producers in this province, and we've found this in many areas.

What I want to be clear on here, Mr. Minister, is that you have consulted with the farmers in that area as to whether or not this fine is the appropriate level or whether or not you're not using a sledge-hammer to kill a fly, so to speak.

Hon. Mr. Martens: — Mr. Chairman, I want to note again that this is for registration purposes only; it's not for inspection. And it's for prevention. And the association wants to supply material on the basis of increasing their productivity and also prevention of disease within the framework of the leafcutting bee association. And the first time . . . or the association provided us in writing to the deputy minister a letter in '86 and they had in that letter stating they wanted to have the fine of \$1,000 in that for contravention of the Act.

Mr. Koskie: — Thank you, Mr. Chairman. I note, Mr. Minister, within the Act it further provides that a fee will be set for registration. And that fee will be fixed by regulations. In other words, it's not set out within the Act. What I want to ask you, have you any figure in mind in setting it out in the regulation, as to what the fee will be in respect to the registration as contemplated by the Act?

Hon. Mr. Martens: — Mr. Chairman, it's not anticipated that we're going to charge any fees. However, if the association requests that some of the material that they would like to have sent out to any of the individuals, we would have that opportunity in place to provide that . . . collection of that fee. Otherwise there would be no way of providing a cost-recovery benefit to the association for that opportunity to provide that information. And we at this time don't anticipate any fee to put it in regulations right now.

Mr. Koskie: — Well it certainly doesn't look . . . appear that way in the particular provision of the Act because it provides . . . With the permission of the Chairman, because it's a rather brief Act, and the minister, I want to refer you to the particular section; and that's 6, Mr. Minister. It says:

Where the minister:

- (a) receives:
- (i) an application made pursuant to section 3 or 4; and
- (ii) any fee that may be prescribed in the regulations.

And it sounds very much that there could in fact be a fee attached with the application for registration. That's what it says. And what I'm asking is: have you discussed as to what the level of the fee may well be? And have you discussed it with the association and both inside the association and the members outside the association?

Hon. Mr. Martens: — Well, Mr. Chairman, we put it in there to provide an opportunity that if it's necessary in their opinion that they collect a fee for it, that we would have the authority then to prescribe the fee for them so

that they could do that. That is entirely the limit of what we will do.

And the legislation on 5(b) says "may" and under 11, the LG in C (Lieutenant Governor in Council) "may" provide a fee, and that's the limitation. We're not going to prescribe a fee and regulations will not prescribe a fee, and at sometime in the future it gives them an opportunity to do that.

Mr. Koskie: — Mr. Minister, contrary to what you're telling me, that's not what the Act says. Because if you look at both section 5 and section 6, it says:

An applicant for a certificate of registration shall:

apply on a form provided by the minister; and

pay any fee that may be prescribed in the regulations.

And then 6 goes on with registration:

any fee that may be prescribed in the regulations;

So you're contemplating setting forth a fee. That's what it says. It's impossible to read anything else out of that because it says "any fee that may be prescribed" by regulations and the regulations are made by the minister and it is collected at the time of the registration if you set a fee. That's the intent of it and that's what would happen.

And I'm asking you, have you discussed with the association, the members within the association and those outside the association, any anticipated fee for registration?

Hon. Mr. Martens: — Mr. Chairman, the fee will be zero.

Mr. Koskie: — Well the fee will be zero, Mr. Chairman. Then will you delete any reference to fee if it's going to be zero?

Hon. Mr. Martens: — No, Mr. Chairman, I will not. I see in this an opportunity for them, if it's necessary and their association wants to have it, that they then have an opportunity to carry forward some of the programs that they may wish to have. If I do not put it in there then they don't have authority to prescribe a fee on . . . in relation to showing the people of the association that they need to have prevention and disease control. I want you to understand the significance of bee keeping and the leafcutter bee in Saskatchewan. And I want to tell you this very seriously.

Saskatchewan people found the first leafcutting bee. They identified it. They put it together in a way that this is a significant historic event in providing this opportunity in the leafcutting bee business. And that, Mr. Chairman, is important for the leafcutter bee association and it's wide. They have had a clear title on no chalkbrood in the province. And that is the reason — because they have systematically felt that it was necessary to have prevention, and they need to have prevention for all of the people there. And if at some point in time they need to have some assistance in that, they can collect it from

themselves.

Mr. Lyons: — Thank you very much, Mr. Chairman. I have just a couple of questions, and the minister will perhaps forgive my ignorance in bee keeping matters; I am not a bee keeper. But I'm wondering, Mr. Minister, will this Act go to ensure the safety of Saskatchewan residents as it pertains to a potential infestation of the African bee variety known as, known locally or known colloquially as, the killer bees? I see that it applies . . . that bees means all stages of *megachile rotundata* and I wonder if that applies to *megachile rotundata Africanus* as well?

Hon. Mr. Martens: — Mr. Chairman, the leafcutting bee is identified under 2(d) as the kind of bee that it is. The bee that you referred to is a part of the honey bee family.

Mr. Lyons: — I can appreciate that, Mr. Minister. Mr. Chairman, again, could you . . . is there any possibility that this Act could be expanded to ensure that the province is in fact protected from the importation of that virulent strain of bees so that all bees in the province, or that the bee keeping industry in the province, is not subject to the kind of hybridization of bees in order to protect Saskatchewan citizens from the introduction of those African killer bees?

Hon. Mr. Martens: — Mr. Chairman, the African bee and the protection of the Saskatchewan public is a part of the honey bee Act, and therefore it is considered a disease under the honey bee Act. So it's not a part of this one, but it is already identified and considered a disease under the honey bee Act.

Clause 1 agreed to.

Clauses 2 to 12 inclusive agreed to.

Hon. Mr. Martens: — Mr. Chairman, I move to report the Bill, and also want to thank my officials and the association for the consideration that they gave to setting this up, and their patience, and also to the member from Quill for asking a few questions.

The committee agreed to report the Bill.

(2100)

Bill No. 64 — An Act to amend The Income Tax Act (No. 2)

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

Hon. Mr. Hepworth: — Mr. Chairman, members of the committee, to my left, John Wright, deputy minister of Finance; behind him, Kirk McGregor, executive director of taxation and intergovernmental affairs. And beside him, Nancy Wright, tax policy analyst, taxation and intergovernmental affairs.

Clause 1

Mr. Shillington: — Mr. Minister, I wonder if you could tell the House, before we get into some more general

comments, I wonder if you could tell the House how many taxpayers you estimate would be affected by this change?

Hon. Mr. Hepworth: — Mr. Chairman, this Bill, the family tax credit, impacts on up to 104,000 families. The changes relative to the high-income surtax would impact on 56,000 tax filers, and the corporate income tax changes would impact on about 2,000 businesses, Mr. Deputy Chairman.

Mr. Shillington: — Well I take it, Mr. Minister, that there are 104,000 tax filers in the province of which this affects about half, about 56,000 of them.

Hon. Mr. Hepworth: — Mr. Deputy Chairman, there are about 600,000 tax filers in the province. As I said earlier, this would provide for up to 104,000 families to receive the family tax credit, and about 56,000 would be affected by the high-income surtax changes.

Mr. Shillington: — What, Mr. Minister, would be the average amount of the credit that the families would get?

Hon. Mr. Hepworth: — We estimate the average family tax credit to be \$336, Mr. Deputy Chairman.

Mr. Shillington: — I think really then there's just one further question, Mr. Minister. This is not going to take us long. One or two of the Bills subsequently of yours will, but this isn't one of them.

Of the 56,000 then, who will be clipped with the surcharge? What's going to be the average extra amount paid? I'm just trying to get an impression of what this is going to cost the Saskatchewan taxpayer.

Hon. Mr. Hepworth: — It's 56,000 would be affected and the revenue would be 4.3 million. I think that works out about \$76 per filer, Mr. Chairman.

Mr. Shillington: — I just have one further question. I'm going to be asking the same questions . . . For the benefit of the officials, or I guess for the minister, but to the minister, I'm going to be asking the same questions about the corporation tax Act, so you can maybe get that information prepared.

Mr. Minister, this is I think the last question. What income does the surcharge kick in at? And perhaps you can give me, as well, at what income does the credit cut out at? What's the ceiling for the credit and the floor for the surcharge?

Hon. Mr. Hepworth: — Relative to, Mr. Deputy Chairman, relative to the family tax credit, they would receive the full amount with family incomes under 24,355. And then with one child it would be phased out once the income reaches 28,800. With two children it would phase out at 32,800; three children, 36,800; four children 40,800. And then it goes up for the fifth and sixth child at roughly \$4,000 increments.

The surtax, just to give you a flavour there, at \$40,000 income there is basically no change — something in the order of \$6. At 50,000 — this is for an individual that I'm

using — at 50,000 would pay an additional 231. And at \$250,000, for example, they'd pay an additional \$5,164.

Clause 1 agreed to.

Clauses 2 to 7 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 65 — An Act to amend The Corporation Capital Tax Act (No. 2)

Mr. Chairman: — The minister has the same officials.

Clause 1

Mr. Shillington: — How much income do you expect to raise through this? And have you taken into account, Mr. Minister, the rather rapid decrease in the number of clients — the number of people who actually pay it? The number of smokers is going down. Has that been factored into your calculations?

Hon. Mr. Hepworth: — Excuse me, Mr. Deputy Chairman. You're on The Corporation Capital Tax Act, you're on The Corporation Capital Tax Act?

Mr. Shillington: — Sorry, I was one Bill ahead of myself. I'm sorry.

At what level of income then would this — you've told me there would be kept to approximately 2,000 taxpayers, corporate taxpayers — at what level of income will this thing click in, or does it affect all corporate taxpayers?

Hon. Mr. Hepworth: — This increase of the corporate capital tax from .5 per cent to .6 per cent affects about a thousand corporations. And it's the larger corporations, those that have paid-up capital in excess of \$10 million, and we estimate that it will bring in an incremental \$7.8 million, Mr. Deputy Chairman.

Mr. Shillington: — How many corporate taxpayers are there in the province? Can you tell me that? I'm wondering what percentage of them we're getting here.

Hon. Mr. Hepworth: — There's 27,000 incorporated businesses. Of those, 8 to 10,000 would pay — it's three tiered, I'll give you that statement as well by way of background, 27,000 businesses that are incorporated — 8 to 10,000 would pay the small business rate of 10 per cent. There's a next tier of about 2,000 that would pay the corporate income tax at the rate of 15 going to 16 per cent. And then there's a thousand, as I said earlier, that also would pay the corporate capital tax. It's gone from .5 to .6 per cent. So you can see there's a number of incorporated businesses, a very classic sort of small business, that are not paying corporate tax, particularly.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

The committee agreed to report the Bill.

(2115)

Bill No. 66 — An Act to amend The Tobacco Tax Act

Clause 1

Mr. Shillington: — Now, Mr. Minister, I'll ask the questions which I asked somewhat prematurely. You gave a figure of additional revenue that this measure would increase, I think when you gave the budget. I don't remember the figure and perhaps the minister will refresh my memory. Does it take into account the fact that the number of smokers appears to be decreasing at a relatively rapid pace?

Hon. Mr. Hepworth: — Mr. Chairman, our estimates are based on these factors: a base tobacco tax revenue of about \$100 million, add the expected revenue of 7.6 million from the tobacco tax change as it relates to cut tobacco, and an additional \$1 million as it relates to the changes on the sticks, which would give us an additional revenue of 8.6. But we expect growth to smoking to continue to show a downward trend, and so we've taken a million off to adjust for that, which leaves us with incremental revenue of \$7.6 million.

Clause 1 agreed to.

Clauses 2 and 3 agreed to.

The committee agreed to report the Bill.

Bill No. 67 — An Act to amend The Mortgage Protection Act (No. 2)

Mr. Chairman: — Introduce your new officials, please.

Hon. Mr. Hepworth: — The additional official that has joined us, who's seated behind myself, is Russ Moore, executive director of the revenue operations branch, revenue division, Mr. Deputy Chairman.

Clause 1

Mr. Shillington: — Mr. Minister, when we discussed this matter in second reading, I made the argument to the minister that this is all you people have as a housing program — this is it. You have virtually no other programs designed to encourage the construction of single-family dwellings. You may say this is not much of a program, but it's all you've got. And the level of construction of single-family dwellings, the line is just about off the graph. I pointed out to you at that time, Mr. Minister, that during the '70's we built 12, 14, 15,000 houses a year in the province. Now we're down to 1,000, 1,200.

Mr. Minister, this Bill, which makes it more expensive to own and operate a new house, own . . . sorry, which makes it more expensive to construct a house, it would appear clear, is going to act as an additional disincentive to build a house. People aren't building houses, I suspect in large part, because of fear and worry about the Saskatchewan economy. It takes a fair amount of confidence in the economy to tie up a large amount of money in an asset which doesn't produce any income.

For all that a house means to an individual, Mr. Minister,

it produces no income. It therefore takes a fair amount of confidence to tie up a very large sum of money in a house, in the building of a new house. The industry, Mr. Minister, has just about ground to a halt.

I wonder, Mr. Minister, if your government considered this and considered the effect that it would have on the housing industry when you introduced this measure. This strikes me, Mr. Minister, as a peculiarly inappropriate time to be taking this measure of protection away. If, as I think is obvious, people aren't building houses because they lack confidence about the future and the direction of the Saskatchewan economy, this measure can only aggravate the problem. Or does the minister have some other explanation for the precipitous drop in the level of new home construction in the province.

I just had a comment, Mr. Minister, that I noted in a recent set of statistics published in *The Globe and Mail*, that the level of housing construction across Canada has started to increase, but not in Saskatchewan. In Saskatchewan the industry remains mired in very serious doldrums.

So I ask you, Mr. Minister, quite apart from a revenue measure, isn't this a measure which, if it had any merit — and I want to get to that in a moment — if it had any merit, should not have been done at this time when the home building industry is really on its knees?

Hon. Mr. Hepworth: — The points that I would make, Mr. Deputy Chairman, are these. First of all — and these are the kinds of things that cabinet considered when it made this decision — number one is that Saskatchewan and Regina and Saskatoon and other centres across the province continue to enjoy some of the lowest cost, if not the lowest cost housing, across the country, point number one.

Point number two, because of the Bank of Canada's efforts and the federal government's efforts to get the debt and the deficit under control, we have seen interest rates fall dramatically. For example, a one-year closed mortgage, about one year ago, was in that fourteen and a quarter range. Today it's down around 10 per cent, or a drop of over 400 basis points, or over 4 per cent. And for an average kind of mortgage, that could mean something up to \$2,000 a year in savings.

The final factor is . . . and given those low numbers, one, I suppose, could even have argued why have the protection there at all. And the reason that we did leave it there, even though interest rates are below that ten and three-quarters right now for many mortgages, is because we did want to provide that security blanket.

I think a lot of people still remember that big spike and the jeopardized homes in the early '80s, and that big spike up in interest rates. I think that provides some additional security to those who are not only in their homes but might consider starting new homes. I think it's fair to say that at these lower interest rates, that is the key determining factor for a lot of people still, in terms of building new homes, Mr. Deputy Chairman.

Mr. Shillington: — Mr. Minister, there's no indication that the housing industry is in any better shape now than it

was in the past — none at all. I say to you, Mr. Minister, the fact that this province has some of the lowest housing prices in Canada should not be a source of wild jubilation to the members opposite. It, in fact, is indicative of the same problem — a depressed real estate market and a depressed housing industry.

Surely when you have high unemployment, depressed housing industry, surely, Mr. Minister, that's not the time to remove this bit of protection. This, Mr. Minister, strikes me as peculiarly inappropriate. You have in this province a serious lack of jobs. Before the minister rises and proclaims that the province has a low unemployment rate, let me remind you that we have exported a good deal of our unemployment to other provinces.

Mr. Minister, this strikes me as a case of the government putting forth fiscal policy without considering its effect on other branches of activity. This strikes me as something that came forth as a fiscal measure without any consideration being given to its effect in other areas, and certainly it's going to have a serious effect on the new home industry, the house-building industry.

I guess one of the questions I have for you, Mr. Minister, is what consultations did you have with the home building industry before this measure was adopted? And what kind of a feedback did you get from them?

Hon. Mr. Hepworth: — I think the hon. member's observations are flawed in this respect in that — as I mentioned a moment ago — one year closed mortgages for example are below the ten and three-quarters and we're going from ten and three-quarters to thirteen and a quarter, so they're below the protection that was already offered before. So I think that would tend to negate the logic that you've put forward.

Mr. Shillington: — I also think, Mr. Minister, that's actually happened since you announced the measure. Those rates I think were fallen below that since you've announced the measure.

Mr. Minister, it may be true that they wouldn't get it but neither do they have that protection. They now lack the protection against rising interest rates. It's true that if the rates rise astronomically the protection is still going to be there.

But with this legislation in effect, someone who is going to build a home — usually a young couple — could go, could build a home and be assured that whatever happened to interest rates their payments were not going to change very much. And it allowed them to take on the very considerable risk that a new home entails. It is a rare couple that build a new home that don't undertake very considerable risk. A new home is a major expense. It is a rare couple that can afford to have their payments increase, an increase caused by rising interest rates.

The effect of the legislation remaining as it was, was that that is unlikely to happen, because if the interest rates rose at all this would click in. Now that's gone. Now we have, Mr. Minister, young couples who now have to take the risk of an increase in interest rates and, therefore, have to take the risk, Mr. Minister, that their payments are going

to increase. There aren't very many people who build a new house that can afford to have their payments increase.

So I asked you, Mr. Minister, what input, if any, you've received from the home building industry before these measures were announced?

(2130)

Hon. Mr. Hepworth: — As I recall — and I may stand to be corrected here — but I think I had about a couple of meetings with the home builders. I think it's fair to say that they would have probably preferred no change. But I think it's also fair to say that they recognize the state of the economy and the pressures on the budget relative to debts and deficits, and I think their second choice would have been just exactly what we've done, and that is to keep the program in place, albeit that the protection is at the higher rate as opposed to the lower rate.

Mr. Shillington: — Well, Mr. Minister, you say they recognized. I frankly wonder how accurate that is. I suspect that they were opposed to it when they came into the room and were opposed to it when they left the room. They just didn't manage to make much of an impression on the current Minister of Finance. And I suspect that's putting it a good deal more accurately.

Mr. Minister, how much money did you anticipate would be saved by this measure?

Hon. Mr. Hepworth: — The estimated savings are \$26 million, Mr. Deputy Chairman.

Mr. Shillington: — Mr. Minister, I said in a second reading speech, and I'm going to say again to you, that this in fact is a form of tax increase. This is an additional amount of money which . . . and it strikes directly at the middle class, the beleaguered middle class. And in this province they are beleaguered. That's what it is. It should be seen for exactly what it is. It is a tax increase striking at the middle class.

Mr. Minister, you've \$26 million you're saving. I suggest to you that the place to begin is with waste and mismanagement and not additional revenue from the pocket of the consumers.

You have the bizarre spectacle today of your third most senior member of the treasury bench resigning because he said, quite accurately, this province is close to bankruptcy, and the Fair Share Saskatchewan program is an atrocious waste of money. You have your third most senior member of government resigning because he can't take the waste and mismanagement any more. And yet at the same time you sock it to the middle class for another \$26 million.

Did it ever occur to you, Mr. Minister, to can Fair Share Saskatchewan and keep the mortgage interest protection program?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Chairman, the only

observation I would make . . . And we've heard this from the hon. members before. Their view is that you can balance the budget alone and eliminate the deficit by ferreting out waste and mismanagement, Mr. Chairman.

When the issue of health comes up, and the Health critic gets up and they say, we need more money for health care, and more money for the nurses, and more money for the hospitals; they say, we'll get it by eliminating waste and mismanagement.

When the Education critic gets up and they say, we'll spend more on universities, and more on K to 12 schools; they say, where do we get the money? On waste and mismanagement.

You see I'm making the point, Mr. Chairman, that every time an issue comes up they say, well we'll spend that 8 or 10 million that we'd save on advertising, that's where we'd get the money from. But they've spent that money a hundred times over, Mr. Chairman.

One other point. In January when we started cutting spending — and we started at the top, Mr. Chairman — we eliminated departments; we streamlined departments; we down-sized departments; we made the announcement that there would be no car purchases for the CVA (central vehicle agency) fleet. We announced there would be 600 less civil servants over the next two years, Mr. Chairman. We froze salaries, Mr. Chairman. We did fourth-quarter spending controls.

And you know what that member said over there about that \$50 million savings, Mr. Chairman? You know what that member said in cahoots with Barb Byers when she put out her press release? You know what they said? It was nickels and dimes, Mr. Chairman. All of a sudden they can balance the books on waste and mismanagement. When we talked about cutting down government spending, Barb Byers, who calls the shots for the NDP, called it nickels and dimes, and so did that member. I saw him on television make that kind of comment, Mr. Chairman.

You see, I say who are they trying to kid when they use this waste and mismanagement, Mr. Chairman, \$5 billion budget. Their own leader has said that they'd only spend 4.5 and still cover all the bases. Where are they going to get that \$500 million from, Mr. Chairman? And yet when he's asked about health and education, would you spend more? Oh yes. You see they say spending is out of control, and yet tonight we've heard them say but you shouldn't cut this \$26 million in spending. You can't have it both ways.

They're intellectually, Mr. Chairman, they're being intellectually dishonest in the exercise of balancing the books, Mr. Chairman.

Mr. Shillington: — Mr. Minister, you say that we have been, to use your phrase, harping on a refrain of waste and mismanagement. Is the minister in any way influenced by the fact that the members of his own treasury branch are now also harping away about waste and mismanagement?

Some Hon. Members: Hear, hear!

Mr. Shillington: — You can always tell when the minister's in trouble. He trots out the name of Barb Byers.

Let me say to the minister: we have a working relationship — and we're proud of the fact — with the Saskatchewan Federation of Labour. We also have a good working relationship with the business community. We also have a good working relationship with a number of other groups. We seek to bring people together, not to divide them.

Some Hon. Members: Hear, hear!

Mr. Shillington: — We seek, Mr. Minister, to work with all people. That includes the Saskatchewan Federation of Labour and their president. That includes the Saskatchewan Chamber of Commerce and their president. That includes the consumers' association of Saskatchewan and their president. This is a party which seeks to draw people together.

I say, Mr. Minister, if you want to get some inkling of where your present problems stem from, it is your relentless desire to divide people. Because the people of this province have said, we do not want a government which divides; we want a government which unites and leads us and provides leadership for the solving of this province's serious problems.

Mr. Minister, I mentioned the Saskatchewan Home Builders' Association. This is one of the groups that we seek to work with. I want to tell you, Mr. Minister, I want to point out to you, Mr. Minister, what the president of the Saskatchewan Home Builders' Association said about Fair Share Saskatchewan: forcing Fair Share on Saskatchewan's recession and taxpayers will be seen by voters as politicians using our money to buy our votes, said Tim Schaefer, president of the Regina Home Builders' Association.

I ask you again, Mr. Minister, did the government consider canning Fair Share Saskatchewan and keeping the mortgage interest reduction program?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Chairman, the hon. member says that they have a good working relationship with a number of groups. He mentioned the chamber of commerce, SFL (Saskatchewan Federation of Labour), the consumers' association, the home builders' association. I say to the the hon. member, his words ring hollow.

What was one of the foremost recommendations that the consumers' association made, that the Saskatchewan Home Builders' Association made, that the chamber of commerce made, that the labour group IBEW (International Brotherhood of Electrical Workers) made to this government? That recommendation was to harmonize with the federal GST (goods and services tax).

Now he says he has a good working relationship and pays their view some heed. I say to you, he is only worried about his political butt, Mr. Chairman. He doesn't care

about what those groups said. Because when it was more politically expedient to ignore the recommendations of those people who sat on the expert advisory committee, those very groups that he just listed off, what did he do? His leader checked the polls and checked the wind and said, being in favour of harmonization, Mr. NDP opposition Finance critic, isn't very popular. It's not making very good television.

So he gathered the media in Saskatoon and said, we are going to repeal this, despite what the chamber of commerce said and the IBEW and the CFIB (Canadian Federation of Independent Business) and the consumers' association. And we know why, Mr. Chairman — because they're more interested in politics than in the public good. And they're prepared to put their head in the sand and pretend that we don't face some severe fiscal challenges, just so, Mr. Chairman, because if it makes good politics and serves their narrow interest . . . The leader had a chance to address the issue that the NDP has always had trouble grappling with, and that's the issue of wealth creation. He had a chance, and he turned his back on it and as the NDP hack said, it made great TV and that's all that counts.

Now is that true leadership, Mr. Chairman? It made great TV and that's all that counts. It didn't count that the Canadian Federation of Independent Business said that's the way to go on tax reform. It didn't count that the chamber of commerce said that's the way to go. It didn't count that the home builders said that's the way to go, Mr. Chairman. But if it makes great TV and the polls say it, to protect our political butts, Mr. Chairman, and to have the NDP Party go up in the polls, that leader will say anything, anywhere, any time to anybody to get elected. That's not leadership in my books, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Minister, no one can accuse members opposite of pandering to public opinion. Indeed you have been flouting public opinion for the last four years. You've done nothing but flout public opinion.

Mr. Minister, you ran on a policy in 1982 of protecting the people from unduly high interest rates. That promise, Mr. Minister, was a factor in getting you elected. How the world changes, Mr. Minister. In 1991 you are abolishing it. And I say, Mr. Minister, that is going to play a part in getting this government defeated, just as the original policy played a part in getting you elected.

The ministered pooh-poohed my claim that we are anxious, and are able, to work not only with the Saskatchewan Federation of Labour but other groups including the Saskatchewan Chamber of Commerce. I simply remind the minister opposite when you pooh-pooh it, that over a thousand people paid good money to come and hear the comments of the member from Riversdale on fiscal and economic policy.

(2145)

And, Mr. Minister, they left satisfied with what they'd heard. They didn't come because they were supporters; they came because they were interested. They left, Mr.

Minister, reasonably satisfied. We can justly claim to be working with all groups.

Mr. Minister, I say to you that you have relentlessly increased taxes and done virtually nothing to introduce measures of restraint.

Mr. Minister, you have been prey to one hare-brained scheme after another. No sooner, Mr. Minister, is one hare-brained . . . No sooner, Mr. Minister, is one ludicrous notion disappearing over the horizon than you've embraced another. And you've been doing it ever since 1986, and it's cost this province a lot of money.

Mr. Minister, you privatized the Crown corporations; you've privatized all but a handful now. It's rather easy to demonstrate — and I won't tax the patience of the Chairman — it's rather easy to demonstrate that that's cost money.

Mr. Minister, you went on. You have got into Gigatext, and you have squandered sums on Gigatext. You have got into all manner of other schemes which have brought this province nothing but debt and grief.

You, Mr. Minister, you of all people, have the nerve to lecture us about wealth creation — the government which came into office, took over a government with no operating debt and a very small debt in the Crown corporations, and you bequeath to whoever follows a government which, in the words of the member from Melfort, is almost bankrupt. That's what you did, Mr. Minister.

Mr. Minister, it ill behoves you to lecture anyone about wealth creation. You've created wealth all right — wealth for the bankers in New York, wealth for the bankers in Switzerland, wealth for the bankers in Tokyo, wealth for the bankers in Zürich. You've created wealth for Cargills; you have created wealth for Weyerhaeuser; you have created wealth for Pocklington, and you have created an almost unmanageable debt for the taxpayer of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Shillington: — That, Mr. Minister, is the legacy of nine years of Conservative government. And the time is long overdue when you should begin to reign in your enthusiasm for pursuing what I described as hare-brained schemes. And surely it must be obvious to you now that Fair Share Saskatchewan is another hare-brained scheme. There is nothing wrong with decentralization — indeed it has some merit — but the way you people have gone about it is an absolute disgrace. It's an absolute disgrace, Mr. Minister, as was, I thought, pointed out in the rather thoughtful comments of the member from Melfort.

How, Mr. Minister, can you expect people to accept an increase in the cost of government to them when you repeal the mortgage interest protection program? You've increased the cost of government to them. How do you expect the middle class to accept that?

At the same time you pursue a deeply unpopular, a

disorganized, and what by now even you must admit is a thoroughly discredited, Fair Share Saskatchewan program. How do you expect, Mr. Minister, the public to accept that increase in the cost of government when you're simply blowing it out the door on one ratty idea after another?

Your period in office has just been a procession of stupid mistakes. I frankly, Mr. Minister, do not begin to understand the decision-making process, I frankly just don't begin to understand what the decision-making process is from the government opposite.

How, Mr. Minister, do you run in an election in 1986 and promise faithfully . . . you give out certificates, saying we won't privatize the Crown Corporations and then you do it a few months later. What is the decision-making process? How can you campaign, promising money in your pocket and then spend every living moment of the day lifting it out of their pockets? — which is what you've done. Taxes, Mr. Minister, in this province have gone up dramatically.

I have said before, Mr. Minister, during the nine years you've been in office, inflation has gone up by 48 per cent but your revenues have gone up by 61 per cent. The problem, Mr. Minister, is that spending has gone up 85 per cent. The fiscal problems of this government have nothing to do with insufficient revenue and everything to do with spending which is right out of control — right out of control, Mr. Minister.

And the examples are just endless. I'm sure that if this government survives long enough, and Fair Share Saskatchewan collapses, you'll be, Mr. Minister, onto the heels of something else. I ask you, Mr. Minister, don't you think the time has come, don't you think, Mr. Minister, the time has come to make restraint and efficiency the hallmarks of your government, and not increased taxes, because increased taxes are the hallmark of this government.

Don't you think, Mr. Minister, the time has come to exercise some restraint and stop trying to pick the pockets of the Saskatchewan taxpayer?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well once again, Mr. Chairman, his final comments were, it's time to show some restraint, and yet this Bill does cut spending by \$26 million. And he says, no, no, you should spend that 26 million. And when we showed restraint, Mr. Chairman, in terms of the modest increases that we appropriated for health and education, when the Leader of the Opposition was asked, and would you give more than three and a half per cent, do you know what he said? Yes, when asked about health. And when asked about education, he said he'd give more. And yet he's also magically said, that four and a half billion dollars, \$500 million less than we're spending, is enough. Now is this some kind of Magi, Mr. Chairman?

All of his members — we've heard them, all of them — whenever they've taken their place in debate, have always been decrying the failure to either spend enough

in these areas or we shouldn't have cut, Mr. Chairman. And he has the audacity to talk about restraint when all they ever do is ask to spend, spend, spend more. And I'll tell you, when it comes to interest rates, I'll stack our record up against yours any time.

You talk about the hardship for the middle income earner. Where was this new found compassion in '81 and '82, when those mortgagors were faced with 21, 22 per cent, not ten and a quarter like they are today? Twenty per cent. Where was this sanctimonious NDP in the late '70s and early '80s, when there was real hardship out there and people were losing their homes, Mr. Chairman? Where were they?

Mr. Chairman: — Order, order please. I'd ask the member from Moose Jaw North to let the proceedings of the House continue without the disturbances.

An Hon. Member: — It was a perceptive comment though.

Mr. Chairman: — I don't believe it was, and I would ask . . . Are you challenging the . . . the Moose . . . Order. Order, please. Has the member from Moose Jaw North got a debate with the Chair or a challenge with the Chair, or does he just want to obey the proceedings of the House?

Order. Order, please. If the member from Moose Jaw North . . . Order, please. If the member . . . Order, order. If the member from Moose Jaw North doesn't come to order along with a couple of other members, maybe they'd like to take the rest of the night off. Maybe that's an option. Keep it in mind.

Hon. Mr. Hepworth: — Mr. Chairman, the opposition have suggested that they would spend more in all these areas and that we shouldn't have cut spending in the face of roughly a \$5 billion accumulated debt, Mr. Chairman. The opposition leader's plan to deal with this is to open the books. Already if you open the books and you look . . .

Mr. Chairman: — Order, please. I'd ask the member from Moose Jaw North, for the last time, to come to order and let the proceedings of the committee continue.

Hon. Mr. Hepworth: — Well I say, Mr. Chairman, when you open the books, what you see is a \$5 billion debt, Mr. Chairman — \$5 billion. And yet this so-called responsible opposition leader says to the people, I can reduce your taxes. In the face of a \$5 billion debt, he says I can reduce your taxes and oh, by the way, business, you will continue to pay tax on all your inputs, Mr. Chairman.

I say to him, and I say to the opposition, get your head out of the sand. Face the realities, Mr. Chairman. We have a plan. It may not be popular. Yes the choices are difficult, but we're doing it in a fair and reasonable way. It involves yes, tax changes. It also involves controlling our wage Bill. It also involves controlling our expenditures and those areas that eat up most of the taxpayers' dollars for all the right reasons, because they are priorities — health and education.

We have a plan. As others have said, they are being intellectually dishonest with the people; they have no

plan, Mr. Chairman.

Mr. Shillington: — Mr. Minister, your plan is ludicrous. Not even your own members believe in it any more.

Mr. Minister, you must be the only Minister of Finance that would suggest cutting a program such as the mortgage interest protection program is introducing restraint or efficiency. That's the easiest cut in the world; to take the money out of someone else's pockets. We suggest, Mr. Minister, that you need to look at the spending, and particularly you need to exercise restraint.

Mr. Minister, you seem to have completely lost track of what a budget is supposed to be. A budget is supposed to be something more than a wild shot in the dark as to how much you're going to spend. And that, Mr. Minister, is all your budgets ever amount to. Your budgets, Mr. Minister, have been little more than a wild shot in the dark as to what government expenditure should be. You're out by 200 per cent; you're out by 90 per cent; you're out by 78 per cent.

Mr. Minister, there was a day when the past — and I think there's shortly going to be a day come again — when a budget will be a document that governments will live within, and if they can't, they will bring back a supplementary budget. But they won't just exceed expenditures by 200 per cent or 78 per cent or 90 per cent, and say, we missed. Missed, you certainly did miss, Mr. Minister.

Mr. Minister, from one end of this province to the other the public are demanding restraint, and there's every good reason to think they're right. Mr. Minister, the last time this government's credit rating was reduced, I took time to read the summary comments of the credit rating agency which reduced our credit rating. First thing they mentioned in the summary, Mr. Minister, was this government's commitment to development projects. You tie up \$360 million, I guess it is, in Cargill; you tie up money in a wide variety of other development projects — in the upgrader, at Cargill. And now, Mr. Minister, if that isn't ludicrous enough, Mr. Minister, you now have us write, you write off, we are now told you're writing off, \$160 million of it. Mr. Minister, it is high time this government began to show some respect for the taxpayer.

The solution to your budgetary problems are not the fact that you don't have any money. It's the fact that you don't have any control over spending, and you don't have any control over spending because you seem to completely and utterly lack judgement. How else could you describe a program such as Fair Share Saskatchewan where you are scattering departments to the four winds without any thought being given as to cost? Mr. Minister, your own documents from the Department of Agriculture suggest that you people took the most expensive, the least efficient, route for decentralization. That, Mr. Minister, comes from your own department. How, Mr. Minister, can you expect the public of Saskatchewan to accept increases in their cost of living of the sort that will be entailed by this Bill, when you continue to spend money like drunken sailors; when it is patently obvious, Mr. Minister, that tens of millions of dollars are being spent on a program called Fair Share Saskatchewan with no

benefactors, with no benefactors.

Mr. Minister, I don't know what it's going to take to sober this government up. I would have thought, Mr. Minister, the resignation of the Government House Leader would have had a sobering effect on this government.

Some Hon. Members: Hear, hear!

(2200)

Mr. Shillington: — I would have thought, Mr. Minister, when the Government House Leader rises in his place and says this province is almost bankrupt, and this is a program we can't afford, and the only merits of the program are strictly politics, I would have thought, Mr. Minister, that would have had some sort of effect on the government.

Some Hon. Members: Hear, hear!

Mr. Shillington: — It apparently does not, Mr. Minister. It apparently has no effect on the government. There is no apparent change in the government's approach to running this government. You increase taxes; you don't even pay passing reference in your budget to restraint. Indeed, Mr. Minister, there was no mention in your budget of a program of restraint, none at all.

You talk, Mr. Minister, about tax increases from beginning to end. You talked about tough choices. Mr. Minister, there's nothing tough about increasing taxes. That's an easy decision to make.

Some Hon. Members: Hear, hear!

The committee reported progress.

THIRD READINGS

Bill No. 73 — An Act to amend The Oil and Gas Conservation Act

Hon. Mr. Neudorf: — I move that the amendments be now read the second . . .

The Speaker: — Order, order. Order, order, order. I'm having a little trouble hearing the hon. member from Pelly, or was it Social Services. Yes, the member for Social Services.

Hon. Mr. Neudorf: — I will repeat for the benefit of the House, Mr. Speaker, that I move that the amendments be now read the first and second time.

Motion agreed to.

Hon. Mr. Neudorf: — Mr. Speaker, by leave of the Assembly, I move that this Bill be read the third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

Bill No. 74 — An Act respecting the Registration of Leafcutting Beekeepers

Hon. Mr. Neudorf: — Mr. Speaker, I move that the Bill be now read the third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

Bill No. 64 — An Act to amend The Income Tax Act (No. 2)

Hon. Mr. Neudorf: — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

Bill No. 65 — An Act to amend The Corporation Capital Tax Act (No. 2)

Hon. Mr. Neudorf: — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

The Speaker: — I wonder if I could ask for the co-operation of the hon. members in this House while we're passing these Bills. Now I think that there are times when constant interruptions and joking around and everything else should stop. And this is one of the times. So let's go on with a little bit of decorum.

Order, order, order.

Bill No. 66 — An Act to amend The Tobacco Tax Act

Hon. Mr. Neudorf: — Mr. Speaker, I move that this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

The Assembly adjourned at 10:10 p.m.