

The Assembly met at 1:30 p.m.

Hon. Members: Hear, hear!

Prayers

STATEMENTS BY MEMBERS

ROUTINE PROCEEDINGS

**PRESENTING REPORTS BY STANDING, SELECT AND
SPECIAL COMMITTEES**

Standing Committee on Estimates

Clerk Assistant: — Mr. Lautermilch, chair of the Standing Committee on Estimates, presents the first report of the said committee which is hereby laid upon the Table.

Mr. Lautermilch: — Mr. Speaker, I move:

That the first report of the Standing Committee on Estimates be now concurred in.

Some Hon. Members: Hear, hear!

Motion agreed to.

INTRODUCTION OF GUESTS

Mr. Scott: — Thank you, Mr. Speaker. It is my pleasure to introduce to you, Mr. Speaker, and through you to members of this Assembly several sets of guests in your gallery. We have with us Frank Switzer, president, Saskatchewan Natural History Society. Also from the society, Curt Schroeder, the executive director, and other directors of the society including Jim Elliot, Dr. Paul James and Dr. George Mitchell.

We also have with us, Mr. Speaker, Tim Thiele, district manager for Ducks Unlimited, Canada; and Dennis Sherratt, executive director for western Canada for Wildlife Habitat Canada. And finally, Mr. Speaker, from the Saskatchewan Wildlife Federation, Wally Envick, past president of the Saskatchewan Wildlife Federation from Shaunavon; Ed Kenette, provincial habitat chairman from Wawota; Ed Begin, executive director of the federation from Moose Jaw; and last but not least, Joyce Lorenz, regional chairperson for the federation from Punnichy. I ask that all members join us in welcoming these people here today.

Hon. Members: Hear, hear!

Hon. Mrs. Teichrob: — Mr. Speaker, it's my pleasure to introduce to you, and through you to the members of the Assembly, the executive director for the Saskatchewan Teachers' Federation, Fred Herron, who is seated in your gallery. Mr. Herron takes a continuing interest in the deliberations in this Assembly. And I'd like to ask you to join me in welcoming him.

Hon. Members: Hear, hear!

Mr. D'Autremont: — Thank you. I would also to join with the minister in welcoming Fred Herron to the legislature today, and it was a pleasure to be able to have some discussion with him over dinner today. I'd ask the members to welcome him.

Mr. Muirhead: — Thank you, Mr. Speaker. This past five days it has been my pleasure to attend a mid-western legislative conference at Bismarck, North Dakota. The provinces of Alberta, Manitoba, Ontario, and Saskatchewan participated along with approximately 25 states. I will touch briefly on some of the topics of our agenda.

Number one, rural health care, which I had the pleasure, Mr. Speaker, on speaking on behalf of the Saskatchewan Canadian health care systems.

Number two, mid-west Canada relations. This was very important and useful as a legislature; three, international trade discussing the role of the legislature and in a global economy; and four, ethics of the public service.

Mr. Speaker, international trade in a global economy to me was the most important subject. We as Canadians and Americans must work together to try to solve our economic problems. Several governors, Democrats and Republicans, stated if we don't get serious about solving our problems, democracy is going to slip away from us.

Mr. Speaker, it was definitely a pleasure to attend this session, and I thank the legislature for sending me there along with my colleagues from Cut Knife-Lloydminster and Regina Lakeview. Thank you, Mr. Speaker.

Mr. Kujawa: — Thank you very much, Mr. Speaker. I would like to inform the Assembly of a very special event taking place in Regina right now.

From the 18th to 25th of this month, Canada is hosting the inaugural Canadian Masters' Summer Sports Festival. Up to about 1,400 athletes from all across Canada are participating in 28 different sporting events from water-skiing to weight-lifting. The event also includes a day fair, an arts festival, and a multicultural fair.

The participants range from 18 to 80 years of age although most are between 30 and 65. Most of them are otherwise employed, have families, have children. And I think all of us very young people in this room are inspired by their efforts here today. I would like to welcome them all to the city of Regina and invite all of you to help in the promotion of this wonderful event. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Calvert: — Thank you, Mr. Speaker. Mr. Speaker, as all members will know, today is the day when the trial period of the new rules in our legislature expires. And if we do not either adopt the new rules or extend the trial period, today's private members' statements may well be the last ones made in this legislature.

Mr. Speaker, my colleagues and I will greatly miss these statements if we do not extend the trial period or adopt the rules. I believe they've been a useful statement for all we

private members in giving voice to topics that we might not otherwise have a chance to discuss.

We've discussed a variety of topics. Members have reported on events in their own constituencies. We've paid tribute to outstanding individuals. We've highlighted government programs that affect our constituencies, and we've even enjoyed the odd satirical comment from my good friend and colleague from Moose Jaw Palliser.

Mr. Speaker, I therefore sincerely ask the members opposite to consider today an extension of the trial period, if not a permanent adoption of the new rules. And I would ask them to please consider not how these new rules assist either you as a party or a caucus, but consider how these new rules have valuably assisted all of us as private members.

And therefore, Mr. Speaker, before orders of the day, I will be asking leave of the House to introduce a motion that would extend the trial period for another 10 sitting days.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Thank you, Mr. Speaker. On the eve of the Barcelona Olympics, I want to acknowledge and congratulate several young Saskatchewan athletes who will represent Canada at the summer games. When one considers the number of athletes who participate we should be, and really are, Mr. Speaker, proud of those people who act as our sports ambassadors.

Mr. Speaker, these young Olympians are, by event, race walker Tim Barret, kayaker Jason Rusu, fencer Allan Francis, and wrestler Jeff Thue. Sandra Greaves of Thunder Bay is a Swift Current native who will represent Canada in judo, while Georgette Reed, daughter of former Roughrider great, George Reed, will compete in the shotput event.

Mr. Speaker, whether these athletes win medals or not is not important. What is important is that they are gaining valuable experience. They are meeting new people. They are discovering new cultures and striving to improve their abilities.

I ask members of this Assembly to join with me in congratulating these young men and young women on their selection as Olympians and to join with me in wishing them the best of luck as they represent the best country in the world in which to live, Canada.

Some Hon. Members: Hear, hear!

Ms. Bradley: — Thank you, Mr. Speaker. Today, Mr. Speaker, I'd like to focus on the achievements of the Canadian Junior Hereford Association and a student from my constituency, Chad Nicholas. I would also like to indicate to members of this Assembly that the Department of Agriculture and Food kindly purchased a general sponsorship for the Canadian Junior Hereford show, Bonanza '92, to be held in Saskatoon July 22 to 25. The Minister of Agriculture and his family will be attending the opening ceremonies of the cattle show on Saturday.

The Canadian Junior Hereford Association has consistently demonstrated a commitment to development of the beef industry. They are known for their outstanding and well-organized shows that spotlight the versatile hereford breed. Chad Nicholas is one of the co-chairs of this year's event, along with Kerrie Anne Serhienko from Saskatoon and Carmen Millham from Esterhazy. I know how hard they have worked and also know how much they are looking forward to Bonanza '92. I wish them every success and I'm certain this year's show-case will be the talk of the industry. Good luck.

Some Hon. Members: Hear, hear!

Ms. Stanger: — Thank you very much, Mr. Speaker. Recently I attended the mid-western legislative conference in Bismarck, North Dakota. I was joined by legislators from across the mid-western United States, Ontario, Alberta, Manitoba, as well as my two colleagues, the member from Arm River and the member from Regina Lakeview. Topics at the conference included renewing government, taking a stand on critical issues, renewing citizens' confidence, the ethics of public service, and the global economy.

Mr. Speaker, I have returned from this conference with a renewed belief in the parliamentary system. Our Executive Council is directly responsible to the voters. If it fails to effectively carry out the duties of the government, it can be defeated in four or five years. While the parliamentary system has served us well, this doesn't preclude the need for reform but these reforms must ensure the efficient functioning of the legislative process.

Mr. Speaker, we must be careful when we approach the issue of democratic reform. We must guard against creating an ungovernable system. Changing the system will not necessarily enhance democracy. Attitudes, education, and participation are just as important to the efficient functioning of our democratic system.

Some Hon. Members: Hear, hear!

Mr. Pringle: — Thank you very much, Mr. Speaker. Mr. Speaker, I want to express my dismay about a recent book sponsored by the Fraser Institute which is claiming that the degree of poverty is exaggerated and not a problem in Canada.

It is common knowledge that the Fraser Institute is an elite, right-wing think-tank noted for its extreme positions on government policy. This book attempts to redefine what is grim daily reality for 1.6 million Canadian families. Even though I expect extreme and punitive views from this group, I find their denial of poverty in Canada, Mr. Speaker, to be offensive. Factual information from StatsCanada and the Canadian Council on Social Development proves that poverty is at its highest level since the 1930s. Perhaps the Fraser Institute will release a future book stating that the Great Depression never happened.

The only purpose of this book is to rationalize the punitive social agenda of the Fraser Institute's friends, the Tories and the Reform Party, Mr. Speaker. The former PC

(Progressive Conservative) Saskatchewan government also denied that poverty existed in the face of 11 food banks opening during their tenure. The right-wing Fraser Institute should be ashamed of itself for doing a major disservice to over 6 million poor Canadians. Thank you.

Some Hon. Members: Hear, hear!

ORAL QUESTIONS

Consultations on New Labour Legislation

Mr. Goohsen: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Minister of Labour. Mr. Minister, for some time now you have been threatening to introduce legislation which gives you absolute power over the determination of trade divisions in the construction industry, an extension of the dictatorship you are already developing in this Assembly. In fact this Bill would allow you to force employers and employees to bargain under your rules — rules which you will fix to favour the union leaders.

Mr. Minister, we have asked you this question before, and you refused to answer it directly. Who — outside of your hand-picked, union-only advisory committee — have you consulted with to determine the effects of such a backwards Bill on the province's economy?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Mr. Speaker, I'm dazzled by the characterization of dictator. I hadn't realized that I had been doing things which would take on that characterization. But however the member thinks about it is not of much concern to me.

Let me say that the kind of legislation that he's talking about is in effect I believe in every jurisdiction in Canada, was in effect — was in effect in this province at the specific request of the contractors of the construction industry employers from 1978 until I believe 1983; was recommended to us by an advisory committee that I asked to give me advice on the subject, a unanimous report from six trade union representatives and six union contractors in the province.

It is a piece of legislation that will apply only to union contractors. And frankly I can't imagine what the hon. member is objecting to. That certainly wasn't clear from his question.

Some Hon. Members: Hear, hear!

The Speaker: — Order. Before the next question is asked and the next answer is given, I just want to remind members to please direct their questions through the Chair and the answers through the Chair. All right?

Mr. Goohsen: — Thank you, Mr. Speaker. I don't know if the minister is dazzled or dizzy, but, Mr. Minister, your government's idea of labour consultation is to lock yourselves up in a cabinet room and make phone calls to Barb Byers and George Rosenau. As Labour minister, one would think that you would be aware of an organization called the Saskatchewan Construction Association which

represents over 700 union and non-union firms.

Mr. Speaker, my question to the minister: have you met with anyone from the SCA (Saskatchewan Construction Association), which is the only legitimate, industry-wide representative of Saskatchewan's non-residential contractors?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Mr. Speaker, the answer is yes, as I would have thought that the member would know. The answer is yes, I have personally met with representatives from that organization, as has my representative who is doing the . . . who is handling the consulting on this matter. They have been met with at least twice that I personally know of.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Are those the ones the boards threw off last week, or the new ones?

Well, Mr. Minister, you made commitments that there would be wide-ranging public consultation before any legislation would be drafted. In fact, the NDP (New Democratic Party) House Leader said in this Assembly, and I quote:

I want to tell you very clearly that at every opportunity we are going to be consulting with the industry and with the workers — and the unionized workers, non-unionized workers — to come up with a Bill that will be satisfactory . . .

Mr. Speaker, my question to the minister: as yet you have not consulted widely with the industry; that is quite clear. Can you tell this Assembly whether you have already drafted the Bill in spite of your lack of consultation?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Mr. Speaker, through you let me say to the hon. member that I have in fact met with members of the . . . the new people, as he would call them. They didn't look too new to me. They were my old friend, Jim Chase, who has been in that position with the Saskatchewan Construction Labour Relations Council for at least 20 years, and who, with me and others, drafted the legislation that was introduced in 1978. And we have met.

And he, I believe, is currently in charge of that operation, together with their lawyer, Mr. Ted Zarzeczny, who was also involved in the drafting of the same legislation in 1978, and a representative of the department has also met with those gentlemen together with other representatives from the industry.

You quote me quite correctly when you talk about consultation, and I have made it perfectly clear to everyone here that there will be that consultation.

There will be that kind of consultation with respect to all labour legislation that will be under the consideration of this government. And that consultation will definitely

take place in this case.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Mr. Speaker, a very direct question to the minister. Have you drafted a Bill?

Hon. Mr. Mitchell: — I have not drafted a Bill, but let me more specific, Mr. Speaker. The Department of Justice, working from the report of the advisory committee, has drafted a piece of legislation on the basis of that report.

The report was sent out far and wide to everybody to comment on, and we are receiving comments on it. And that led to the meeting with the Saskatchewan Construction Association. The draft that has been prepared was prepared by Justice draftsmen on the basis of the original report and not on the basis of any instructions from the government.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. Mr. Minister, we now know full well that you have gone ahead and drafted the Bill well before your promised wide-ranging industry consultations. In fact, Mr. Minister, we have discovered that despite your government's refusal to consult farmers and taxpayers before your retroactive GRIP (gross revenue insurance program) Bill is introduced, you find it quite suitable to give a draft labour Bill to your union friends before its introduction.

Mr. Speaker, my question to the minister is this. This is a fraud of monumental proportions. Can you tell me why you have drafted a Bill before consulting with the industry and why you sent copies of that Bill to union leaders before the Bill has been introduced in this House?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Mr. Speaker, I wish that the hon. member would listen to the answers to my questions before he reads the other question that he brought into this House. I have made it perfectly plain that the draft that was prepared was prepared by draftsmen, by Justice draftspeople, working on the basis of the advisory committee's report.

I just finished saying that that legislation was not drafted from any instructions given by the government. Now the member must have heard that.

Now the other thing the member must have heard is my description of the consultations that already have taken place and my undertakings with respect to future consultations.

So may I say again to the hon. member, listen to my answers before you read the next prepared question.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. And if the hon. member opposite would spend as much time at research and take a few notes to follow himself, he might not give such silly answers.

Mr. Speaker, I would like to table for this Assembly and the public a copy of The Construction Industry Labour Relations Act. Mr. Minister, this Bill was sent to us earlier today and contains all of the Draconian measures which give you the absolute power you want. You refused to allow any meaningful consultation with the Saskatchewan Construction Association before you crafted the Bill, so I will ask you the questions they want answered.

Mr. Speaker, my question to the minister: is it not true that this Bill will restrict employees and employers from freely competing for employment in businesses at all construction projects in the province?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Well, Mr. Speaker, I hardly think it will have that effect. I would remind the hon. member, Mr. Speaker, that this legislation closely parallels the legislation that was developed in 1978 and remind him that that legislation was developed in close consultation with leading members of the construction industry, Mr. J.E. Chase specifically — and he takes some pride in that exercise — as well as Mr. Zarzeczny who was then, as he is now, the legal advisor to the Saskatchewan Construction Association on labour relations matters.

The Bill has never been characterized in the terms that the hon. member seeks to characterize it today. Indeed I think it well known in this House, and it was so stated at the time, that the Bill was drawn in close consultation with those same people as well as representatives of the building trades unions. And the whole of the industry was proud of the Bill in 1978, very proud of it, and quite happy to work under it.

Now what has changed between 1978 and 1992 where now it would be characterized in the terms that the hon. member has just used?

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. Fourteen years since that time — that's a long time and a lot of changes. And I suggest to you that you are misleading us by saying that 1978 was an acceptable position in this province.

My question, Mr. Speaker, to the minister: do you not agree that your Bill will force employers and employees against their free will into employer associations and unions in order to achieve new collective agreements which the unions have not been able to do under the present voluntary structure?

Hon. Mr. Mitchell: — Well I . . .

The Speaker: — Order. There was absolutely no interference when the question was asked. I don't want any interference when the answer is given. There was no interference. Order.

Hon. Mr. Mitchell: — Well, Mr. Speaker, I can't stand here and debate a Bill which does not reflect government policy, as I have explained to the member on a couple of

occasions already.

The member is quite wrong if he thinks that that Bill did not enjoy substantial support from the Saskatchewan Construction Association in 1978. In fact, in fact in 1978 that legislation was employer-driven. It was employer-driven.

And I recall it specifically because I was a deputy minister of Labour at the time and it was a monumentally difficult task to bring the trade unions to agree to that particular structure of collective bargaining in the construction industry. And let me also remind the member . . .

The Speaker: — Order. I think the minister has answered the question. Next question.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. Mr. Minister, with all due respect this is your Bill. The wellness Bill that we uncovered was your government's Bill. You're the government. These Bills are your Bills, nobody else's.

Mr. Speaker, my question to the minister: can you confirm that this Bill will raise construction costs and prices the taxpayers must foot, with the result that out-of-province contractors will again take significant portions of the work in Saskatchewan as they did prior to 1982 when the unions had a monopoly on the work in this province?

Hon. Mr. Mitchell: — Well of course, Mr. Speaker, of course the answer is no it will not have any such effect. I remind the hon. member and the Leader of the Opposition that this kind of legislation providing for a structure for collective bargaining in the construction industry is in place, I believe, in every jurisdiction in Canada — in every jurisdiction in Canada including the province of Alberta, for example. And does anyone suggest that the legislation in Alberta is driving up construction costs in the province of Alberta? It's just not so, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. I haven't had a chance to research all of the legislation throughout this country, but I seriously doubt that this Draconian action could be simulated any place else except . . .

The Speaker: — Order, order. I've asked members in the opposition not to interfere when the minister is answering and I expect members on the government side not to interfere either.

Mr. Goohsen: — Mr. Speaker, my question to the minister: Mr. Minister, these are the points that the Saskatchewan Construction Association raise — have you done any analysis on the effect of this legislation on the province's economy and job market? And have you done any analysis on your so-called unwritten policy of awarding contracts to union-only contractors?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Well, with respect to the first part of the member's questions, I'm not just sure how you would undertake that kind of research and how you would produce that kind of prediction, but as always — as always — we're prepared to listened to suggestions and to give them serious consideration. And I'll be quite pleased to do that. It's just a little hard to predict the effect that this would have in terms of . . . that the member gives. I think the answer is no effect at all.

Because all we're doing, remember — all we're doing is providing a structure for collective bargaining in the construction industry. Now I know without asking that the member supports a policy of workers everywhere in Saskatchewan having access to collective bargaining. I know he does that. I mean, everybody does that in a democracy because that is the workers' democratic right.

Now that democratic right is just impossibly frustrated by the idea of the spin-off company, which I know the hon. member is also familiar with and quite familiar with the fact that other jurisdictions have taken steps to ensure that spin-off companies can't be created to destroy collective bargaining in their jurisdictions. And I know that he would want us to have the same provision applicable in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. I suggest, Minister, that you should not presume to know and understand what I think. I haven't been here long enough for you to get to know me that well. I also take exception to the fact that you might suggest that spin-off companies destroy the industry in any way. I believe they have their place.

Mr. Minister, your answer in this Assembly, your answers have been much less than the open and honest government that you so proudly promised to the Saskatchewan voters.

One final question. Mr. Speaker, my question is this: will you, Mr. Minister, commit to this Assembly that you will consult, and honour your previous pledge to honestly consult with the SCA — that means honest consultations; that's give and take — and other industry representatives on this Bill. This Bill is too important to go over too quickly . . . And make recommendations and changes before it is introduced. And, Mr. Minister, I remind you that now that we have your Bill on this table, we will know if you have listened to the industry or not.

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Mr. Speaker, I think the hon. member knows that the reason why he has a copy of that draft is because I caused it to be sent to the Saskatchewan Construction Association.

And I think he knows that. So I think he knows that we are taking steps to honestly and openly and fully consult with — if I can have the member's attention — fully consult with representatives of the industry including representatives of the Saskatchewan Construction Association. And they have met with me in my office and

they have discussed this Bill and they have my undertaking, which they accept — whether this member does or not, sir — they accept my undertaking that there will be full consultation with respect to that Bill. And I have no fear of contradiction about that.

Some Hon. Members: Hear, hear!

Policy on Release of Draft Bills

Mr. Martens: — Mr. Speaker, the Premier, although he may not have known it before, now knows that the ministers are being extremely inconsistent. Some of them, like the Minister of Labour, are releasing legislation to interest groups. But others, like the Minister of Agriculture, refuse to release the GRIP Bill to the industry to allow them to find out what's going on.

Will the Premier not admit that this is, at the very least, inconsistent; at the worst, selective manipulation? Why won't you impose a standard policy for your ministers to follow? And why is it the government refuses to consult with agriculture groups on the GRIP Bill with as much detail as you have with the unions on the labour legislation?

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, I thank the hon. member for his question. And I say to you, Mr. Speaker, that I am advised by the Minister of Agriculture that the GRIP Bill, which still awaits tabling and has not been able to have been widely discussed because of the actions of the members opposite there . . .

The Speaker: — Order, order. I want to remind the members in opposition again that there was no interference when the member from Morse asked his question. I want the Premier to have the same attention as the member for Morse got.

Hon. Mr. Romanow: — Thank you, Mr. Speaker. And I just simply, to close off the answer, say that I'm advised by the Minister of Agriculture that the Bill which is fashioned on the recommendations made by the advisory committee to the minister and which advisory committee is essentially the same that the former premier had when he was minister of Agriculture . . . and other farm groups were widely consulted before the Bill was drafted.

Some Hon. Members: Hear, hear!

Mr. Martens: — Mr. Speaker, Mr. Premier, the Bill that was given to us is an example of the opportunity that I believe that you should present to rural Saskatchewan on the same basis that it was presented to the unions and the contractors or whoever it was that got the Bill. We would like to have that same opportunity.

You went out and consulted. But I'm asking you, would you prepare the same . . . a draft Bill to go out to the people in the province of Saskatchewan so that they can view what you are going to do to their GRIP '91 and '92? Would you prepare that and send that out for them?

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, I would remind you, sir, and the hon. member, that if the Bill had been tabled over a month ago, as was the intention of the government, there would have been not only wide circulation of this Bill, there would have been as the result of the wide circulation of the Bill undoubtedly representations and also submissions for change made by the members inside the House from both the official opposition . . . both the parties, political parties, the official opposition and the Leader of the Liberal Party. There would have been representations made by farm organizations, all of which could have been interpreted in this circumstance.

I say to the member opposite that they denied us the option in doing so, and by doing so, denied the farmers the chance to have a proper access to the Bill.

Some Hon. Members: Hear, hear!

Mr. Martens: — Mr. Speaker, my question is again to the Premier, whose government is obviously showing favouritism to the union and obviously overlooking the farm leaders in the province of Saskatchewan.

Would you please provide the opportunity to put a stamp of draft on that Bill and allow the SARM (Saskatchewan Association of Rural Municipalities), the Western Canadian Wheat Growers, the farmers union, and all of those people, and the Sask Wheat Pool, to see the Bill before you introduce it in this Assembly so that they can know what you're really going to do to them? Would you do that for us, please?

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, I again thank the hon. member for the question and would say to the hon. member, as I have in my answers previously, that in essence this Bill is a reflection of what the farm leaders have recommended the Bill to be, the advisory committee. The drafting in effect is based on the recommendations of the farm leaders.

I also have repeated, and I shall repeat again to the members of the official opposition, the Conservative Party, that if the Bill had been tabled over a month, a month and a half ago now, that we would have had not only widespread circulation but there would have been good consultation and perhaps even amendments brought about. But that was denied by you.

But finally I would say to the hon. member opposite and to the Leader of the Official Opposition as follows: Mr. Member, we want to tell you that the days of the divisions which you are seeking to play between the working men and women of this province and the farming men and women of this province are long gone. They died on the evening of October 21, 1991. We are taking the view that all of us as citizens of the province of Saskatchewan are in this boat together and we've got to work to solve our problems together.

Some Hon. Members: Hear, hear!

Mr. Martens: — Mr. Premier, you provide one standard for the unions. You let the unions provide information to the minister. He comes back and he says, this is a Bill that we're going to be perhaps introducing.

Here we have it tabled in this Assembly today. And you, Mr. Premier, shouldn't you think of providing the same opportunity to farm leaders in the province of Saskatchewan? SARM wrote your Minister of Agriculture a letter in February — two of them — and physically stated the same in a meeting in the Agridome, that they did not want to have the GRIP legislation as that minister had presented it, presented in this Assembly. They wrote objections to it, Mr. Minister.

Will you consult and have the minister go out and consult with the agriculture committee so that we can understand and the farmers can understand what you're putting into that Bill?

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — Mr. Speaker, I say to the hon. member from Morse constituency, I'm advised by the Minister of Agriculture that after the letter written by SARM — as there were a number of letters written by various participants in the review process — adjustments in the final report were made. And at the end of the day the final report of the advisory committee was signed by all of the representatives including the representative of SARM. Now that's the reality of the situation.

We know that there are some concerns which perhaps SARM members might have and others might have, but there was full and wide consultation about the elements of the Bill. And there is no double standard.

I would say to the hon. member opposite that what he does not do for the province of Saskatchewan — any service — is playing on the perceived divisions between the farming community and the labouring community. Your very essence of your questions implies that.

And I say to the hon. member as sincerely as I can, I say to him: drop those divisions. We are working together to rebuild Saskatchewan together. That's what we're doing.

Some Hon. Members: Hear, hear!

MINISTERIAL STATEMENTS

Treaty Land Entitlements

Hon. Mr. Mitchell: — Mr. Speaker, I rise today to report to this Assembly on the progress of negotiations with the federal government and Saskatchewan Indian bands towards the construction of a framework agreement on land entitlements.

As you know, the previous agreement signed last September was rejected by the Indian bands of Saskatchewan. And we've been working diligently with the federal government to develop a new framework. Unfortunately, Mr. Speaker, I must report that we've reached an impasse in those talks because of actions taken by the federal negotiators.

We had reached a tentative agreement with the federal government just weeks ago. I had come to terms with my federal counterpart, Tom Siddon, on the terms of the agreement. We were moving forward in a positive manner.

Now, however, the federal government wishes to renege on those agreements and, in a unilateral fashion, make changes which go much further than ever before in off-loading federal responsibilities for treaty entitlements to the provincial governments.

Specifically, Mr. Speaker, the federal government is telling Saskatchewan that it must guarantee Canada \$74 million; that Saskatchewan must trust the federal government to create new reserves in northern Saskatchewan; and that Saskatchewan must abandon the principle that it will contribute to this deal on the basis of savings realized from reduced provincial expenditures in the north.

What is happening, Mr. Speaker, is that the federal government wants to off-load much of the cost of treaty entitlements to the provinces and is hoping to strike a deal with Saskatchewan which it will be able to use as a precedent with other provinces. In fact, in a move which some might term blackmail, federal negotiators have told us by letter we either accept these new conditions or they will break off all talks.

Mr. Speaker, for far too long, for far too long, provincial governments have sat back and allowed the federal government to off-load its responsibilities onto provincial treasuries and provincial taxpayers. We cannot allow this trend to continue.

Here in Saskatchewan we have a government with the courage to say, enough to federal . . .

The Speaker: — Order, order. I want to ask the Leader of the Opposition, please, give the minister the courtesy during a ministerial statement to at least make his statement.

(1415)

Hon. Mr. Mitchell: — I was saying, Mr. Speaker, that here in Saskatchewan we have a government with the courage to say: enough to federal off-loading.

Mr. Speaker, we are not prepared to agree to the new terms put forward by the federal government. If they are going to persist in this matter, then we will, despite its flaws, be prepared to accept the terms of the agreement signed last September.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Thank you, Mr. Speaker. I would first off like to thank the minister for sending his statement over during question period. I appreciate that, sir.

Your statement before the House today is one that

certainly gives me a great deal of apprehension, as I'm sure it must the native community in our province. I met with Chief Crowe and some of his executive just a week and a half ago, I believe it was, and felt that everything was on track.

I must say, Mr. Minister, that we want you to be diligent on behalf of Saskatchewan taxpayers, but I think what you have before you, and you must always remember, is that this is a historical agreement.

The negotiations that put this agreement together took many years, and a lot of give and take on behalf of our native community to set a precedent that I think all Canadians could be proud of. And we support them entirely in their efforts on this.

And I can only say to you sir, that I look forward to meeting with Chief Crowe on behalf of the official opposition and discussing this with him and also with yourself. The principles of the agreement signed last September were valid and just. And they are just for this province and they are just for the native community. And I think that's what we should work for.

INTRODUCTION OF BILLS

Bill No. 72 — An Act to amend The Critical Wildlife Habitat Protection Act

Hon. Mr. Cunningham: — Mr. Speaker, I move that a Bill to amend The Critical Wildlife Habitat Protection Act be now introduced and read a first time.

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

Bill No. 73 — An Act respecting Certain Services with respect to Co-operatives, Credit Unions and Names of Homes

Hon. Mr. Mitchell: — Mr. Speaker, I move that a Bill respecting Certain Services with respect to Co-operatives, Credit Unions and Names of Homes be now introduced and read the first time.

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

Bill No. 74 — An Act to amend The Land Titles Act (No. 2)

Hon. Mr. Mitchell: — Thank you, Mr. Speaker. I move that a Bill to amend The Land Titles Act (No. 2) be now introduced and read the first time.

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

Bill No. 75 — An Act to repeal The Bulk Sales Act

Hon. Mr. Mitchell: — Mr. Speaker, I move that a Bill to repeal The Bulk Sales Act be now introduced and read the first time.

Motion agreed to and the Bill ordered to be read a second

time at the next sitting.

Bill No. 76 — An Act to amend The Superannuation (Supplementary Provisions) Act

Hon. Mr. Tchorzewski: — Thank you, Mr. Speaker. I move first reading of a Bill to amend The Superannuation (Supplementary Provisions) Act.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-controversial Bills.

Bill No. 77 — An Act to amend The Municipal Employees' Superannuation Act

Hon. Mr. Tchorzewski: — Thank you, Mr. Speaker. I move first reading of a Bill to amend The Municipal Employees' Superannuation Act.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-controversial Bills.

BEFORE ORDERS OF THE DAY

Mr. Calvert: — Mr. Speaker, before orders of the day, I would ask unanimous leave of the House to introduce a motion that would extend the trial period for our new rules for a period of 10 further sitting days.

Leave not granted.

ORDERS OF THE DAY

GOVERNMENT ORDERS

ADJOURNED DEBATES

SECOND READINGS

Bill No. 61

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. Simard that **Bill No. 61 — An Act to amend The Residential Tenancies Act** be now read a second time.

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

Bill No. 63

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. Simard that **Bill No. 63 — An Act to amend The Ombudsman Act** be now read a second time.

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

Bill No. 65

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. Simard that **Bill No. 65 — An Act to amend The Homesteads Act, 1989** be now

read a second time.

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

Bill No. 67

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. Simard that **Bill No. 67 — An Act to amend The Queen's Bench Act, repeal The Surrogate Court Act and make Consequential Amendments to Certain Other Acts resulting from the Amalgamation of the Surrogate Court and the Court of Queen's Bench** be now read a second time.

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

Bill No. 62

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Tchorzewski that **Bill No. 62 — An Act to amend The Fuel Tax Act, 1987** be now read a second time.

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

COMMITTEE OF THE WHOLE

Bill No. 37 — An Act to amend The Automobile Accident Insurance Act

The Chair: — Would the minister responsible for SGI (Saskatchewan Government Insurance) please introduce his officials.

Hon. Mr. Lingenfelter: — Thank you very much, Mr. Chairman. I have with me Mr. Dave Hick who is the assistant VP (vice-president) of underwriting and licence services in motor vehicle division, and Dan Kuss who is our legislation advisor. They're with us today to advise and help us along in the committee.

Clause 1

Mr. D'Autremont: — Thank you, Mr. Chairman. I have a couple of questions for the minister and his people. I wonder if he would explain exactly what the purpose of this Bill is.

Hon. Mr. Lingenfelter: — I'll do that for the member. I just have a brief outline in point form.

First of all, a summary of the Bill in point form, the amendments legalize a present practice. The public will see not a lot of difference because basically it's putting in place legislation that resulted as changes your government made before the election. The amendments require regulation, and the regulation will set fees to pay for the increase costs if there are any.

First of all, the background. The amendments to The Automobile Accident Insurance Act are necessary to provide for the payment of vehicles, registration fees, and basic insurance premiums on instalment. And the

member will know that this plan has been in place for some time and this will basically put in legislation what we have been doing since we were elected and was being done before that time.

Mr. D'Autremont: — Mr. Minister, the instalment part of the payments for your licences, etc., is that done on two instalments per year, or can you have more than that?

(1430)

Hon. Mr. Lingenfelter: — It's two at this time, although we're looking at options that may make it possible for individual vehicle owners to do it more than twice year. But at the present time, you're right, it's twice a year.

Mr. D'Autremont: — If a person who is paying for his licence through the instalment plan misses a payment, what happens?

Hon. Mr. Lingenfelter: — The payment schedule, as you mention, is once every six months, and if you miss paying for your licence, it's the same as if you missed it once a year.

You have two deadlines now. If you miss it, you are then without coverage.

Mr. D'Autremont: — If you missed the payment and then pay it a day later or some period of time later, is there a penalty to pay for that?

Hon. Mr. Lingenfelter: — The member will want to know that the previous government had implemented a \$20 fee. We withdrew that extra \$20 about a month ago because it was causing some problem for those people who were in fact having to pay it.

So there is no penalty if you're late a day. But I mean, the penalty of course is that if you don't have insurance coverage and the vehicle is involved, you have a major penalty. So while I say there's no direct penalty for being late, obviously you've got a problem because you lack insurance during that period until your payment is made.

Mr. D'Autremont: — If you have an accident then you do indeed have a severe penalty to pay, but in most cases someone who missed a payment would not necessarily be involved in an accident during that period of time.

But the \$20 fee would be a penalty for them. I mean, you say you took it off, the \$20 penalty fee, about a month ago. What about those people who prior to that may have missed their payments — have you considered anything retroactive for them since we're into some retroactivity?

Hon. Mr. Lingenfelter: — This is not unlike the PST (provincial sales tax) that the previous government had applied on the taxpayers of the province. When we cancelled it, we didn't pay back the taxes that you had collected, and this is very similar to that. We have deleted the penalty, but we don't intend to pay back the penalties that your Act or regulations had put in place.

Mr. D'Autremont: — Well, Mr. Minister, I'm glad that you have taken this fee off because I had received some

complaints about that fact where a person involved with the instalment payments, his payment came due on Sunday. Obviously he can't go to an SGI office to pay it, and he was forced to pay a penalty when he went on Monday. So I'm glad to see that it has been taken off.

Mr. Minister, I have no further questions.

Mr. Martens: — Mr. Minister, I have been asked about this in a different sense. In agriculture across the province, there are a lot of people who would prefer to license their vehicle on a six-month basis and then withdraw it. Is there a penalty for the individual who withdraws or turns his licence back in after six months? And wouldn't it be consistent if you allowed him that same opportunity to, without penalty, take his licence back?

Hon. Mr. Lingenfelter: — The officials indicate to me, for the member from Morse, that at the present time, if you were to buy your licence for a year, you could after six months take your licence back in and go through the process of getting a refund.

We are at the present time looking at a six-month licence or a seasonal licence, but there are some problems with this in a sense that the rate for a six-month licence would be a bit higher, I think, because of the extra cost and extra implications, than it would be just taking a year and dividing it in half, so to speak.

But we are looking at that because we also have had obviously a number of questions about it. We're going to be looking at it. I'm not sure where that will take us. I know the previous government had looked at it, and this is something that has been under review for some time. But I agree with the member that there are those who . . . for example grain trucks that are used at harvest time and some summer vehicles, I suppose, on some farms, the use of a small Jeep-type vehicle used in the summer-time, not in the winter-time. So I understand the issue. Hopefully we'll be able to resolve that. But I don't want to be more definitive than that at this point.

Mr. Martens: — I guess, Mr. Minister, my question comes from the fact that if you defer paying, after six months you will accomplish the same thing. And I wonder if there's a problem that will arise when that individual says, I'm not going to pay the additional six months. What's going to happen? Is he going to have that payment tagged on for the next time he tries to get a licence for that vehicle?

Hon. Mr. Lingenfelter: — The way it's set up right now, as I understand it, that let's say you're in the program, you buy a licence and you go on to the plan where you pay it twice a year or every six months, and then you decide to bring your licence back in after the first six months. There would be no penalty because the penalty for that individual, as I mentioned earlier, has been cancelled.

But then the next year you came to license you would not be eligible to go back into the plan of purchasing it once every six months. So there's no penalty. I guess the penalty would be in the fact that you wouldn't be allowed back into the plan the subsequent year. That's under the present regulations.

Mr. Martens: — Let's say the individual would just transfer ownership. Is the penalty on the part of the vehicle or the part of the person who purchases the licence?

Hon. Mr. Lingenfelter: — Well what would happen in the case, the individual selling the vehicle would obviously, if the year wasn't complete, take their licence back in and get that portion being refunded for their licence. The new person buying would buy a new licence. So it would either be for under the program for six months or for a full year.

So if you get my point, the previous owner, so to speak, would get his licence, take it back in and get a refund, if there was a refund applying to it. The new owner would simply, under the plan of buying a partial-year licence, pay for six months or they would pay for a year.

Mr. Martens: — I'll rephrase my question. If the individual would decide to take his vehicle and have a six-month payment schedule, and at the conclusion of that would say, okay . . . Where does the penalty occur? Is it occur against the vehicle or does it occur against the individual in relation to that? So that at some point in time that penalty will not be recoverable if it's sold to or transferred to another individual. Then where does the penalty come in for the next time he purchases his licence?

Hon. Mr. Lingenfelter: — As I understand it, there's a little bit of confusion here. But let me use the example of an individual, let's say, my daughter had a vehicle and was in the six-month plan, and after six months sold the vehicle and then someone else bought that vehicle. They would be eligible to buy under the split program for six months. My daughter or your son could then go and buy a new vehicle and be part of the plan as well. So in that sense there's no penalty.

Now I'm not sure that I'm answering your question, but I think I am, in the sense that there is no penalty. If you were to use up the first six months, sell the vehicle, go buy another one, and want to insure it and use the program, you could in fact do that.

Mr. Martens: — I guess, Mr. Minister, the problem comes in when you transfer that licence. When you've got to give that licence back, then there will be a penalty placed on the individual for . . . he doesn't have any money coming back because he's used up his six months. He doesn't have any money coming back because he didn't pay that. And he gives that licence plate back, is there a penalty in relation to giving that up?

Hon. Mr. Lingenfelter: — No, there is no penalty, and they would also be eligible to go into the program again on a new vehicle.

Clause 1 agreed to.

Clauses 2 to 6 inclusive agreed to.

The committee agreed to report the Bill.

Mr. D'Autremont: — Thank you, Mr. Chairman. I would

like to thank the member's officials for coming in today and providing us with the answers. Thank you.

Hon. Mr. Lingenfelter: — I'd like to thank the officials as well and the opposition members. This is an area where we want to keep you informed so the questions were well put.

(1445)

Bill No. 10 — An Act to amend The Crown Minerals Act and to make consequential amendments to certain other Acts resulting from the enactment of this Act

Clause 1

The Chair: — Would the minister please introduce his officials.

Hon. Mr. Penner: — Thank you, Mr. Chairman. The officials with me this afternoon are Bruce Wilson, who's sitting to my left, and Bruce is the executive director for the petroleum and natural gas division; and Mr. Les Beck — he's the manager of . . . executive director, I'm sorry, of geology and mines division; and Mr. Hal Sanders who is manager of revenue and operations.

I would like to make a statement before we get into the questions.

Thank you, Mr. Chairman. Mr. Chairman, I wish to respond to several issues and criticisms raised during second reading on the debate on Bill 10 — an Act to amend the Crown Minerals Act.

The opposition has attempted to characterize this Bill as a devious and sinister mechanism for destroying the oil, gas, and mining industries in the province. They have read every provision of the Act in the worst possible light.

Why have they done this? The simple answer is, they're being irresponsible. They're using their tired and exaggerated political rhetoric in an attempt to create fear and suspicion about our government's policies regarding the gas, oil, and mining industries.

Many of the amendments proposed in Bill 10 are required to clarify and clean up clauses that were in the original Bill of 1985 — a Bill that was prepared by the government of the members opposite.

Perhaps naïvely, I had expected a more reasoned debate on this Bill from the members opposite. They predicted all sorts of dire consequences for the resource sector prior to the introduction of the budget on May 7. Having failed to predict the end of the world on May 7, they're now trying to look for other doomsday clues in our legislative agenda.

I would suggest, Mr. Chairman, that the very negative attitude displayed by the members opposite is one of the reasons why their form of government was rejected by the voters in the province last October.

We have been criticized, Mr. Chairman, for not having adequately consulted with the industry in this Bill. While

industry was not provided with the specific wording of the proposed amendments prior to the first reading of this Bill in the House on May 14, we did inform industry in general terms of the major policy items to be included in the legislation.

My department held meetings with the major oil and gas and mining associations in early April. Although the meetings were characterized as pre-budget consultations, we did provide an overview of the major amendments to The Crown Minerals Act.

Since first reading we have distributed copies of the Bill to the industry associations. And we have also held meetings with most of them to explain the legislative provisions in greater detail. Much has been said to date about the intent of various provisions of this Bill. Mr. Chairman, at this time I would like to clarify the true meaning and intent of various provisions contained in this Bill.

Concerns have been raised about the power of the minister to cancel Crown dispositions for environmental protection purposes. The members opposite have suggested that power could be used indiscriminately. Clearly our intent is to use that power very carefully and very judiciously. We expect the power to be used very rarely and only when it can be proven that there is no obvious way of developing the Crown-owned oil, gas, or mineral rights without causing irreparable environmental harm or damage. I can assure you, we would not consider cancelling a disposition if there was any reasonable potential for safe and responsible development of the minerals in the future.

Mr. Chairman, I remind the members opposite that a thorough environmental review process such as the one contemplated under The Environmental Assessment Act would have to be undertaken prior to any cancellation directive being given. Any recommendations to cancel a disposition would have to be reviewed by cabinet and agreed upon after careful scrutiny.

Quite frankly, Mr. Chairman, the requirements to compensate owners for the cancellation of their mineral rights is one of the practical checks and balances built into the legislative provision. Why would the province want to frivolously cancel a disposition if there were significant financial costs to the government associated with it?

I would also like to point out the fact that similar provisions to cancel Crown dispositions exist in Alberta's legislation. Arguably their provisions provides much less comfort to disposition holders as the minister alone is responsible for making the determination to cancel a disposition. There is no requirement for a review process and no opportunity for other cabinet ministers to consider the action.

While I believe our intent is clear, I am recommending a House amendment which would require consent by the disposition holder prior to any disposition cancellation for environmental reasons. This will address a concern expressed by the mining industry pertaining to the security of tenure. The amendment will also offer the

Crown further protection against the possible legal action of any cancellation . . . will be the consent of the disposition holder.

The power to terminate oil and gas rights below the base of the deepest productive zone in a Crown petroleum and natural gas lease has also been questioned by members opposite, Mr. Chairman. The intent of the provision is obvious, Mr. Chairman. A basic tenet of all land-tenure systems is, use it or lose it. That is precisely what we are proposing with respect to the deeper oil and gas rights.

If deeper oil and gas rights have not been proven productive after the later of five years from the introduction of this provision or the expiry of the primary term of the lease, those rights will revert to the Crown. It will allow those interested in deep exploration to have greater access to those rights, and at the same time, the Crown will benefit from increased bonus bid revenues.

Mr. Chairman, similar deep rights reversion policies were introduced in Alberta some 15 years ago. Generally speaking, it has proven successful for both government and industry. I would also like to point out, many of the administrative details will be left to regulations. We intend to consult fully with the industry in the development of these regulations. One of the regulation-making powers being proposed under the Bill would allow a minimum price or fair market price to be established for the purpose of calculating royalties payable.

Again, Mr. Chairman, I wish to assure the Assembly this is a power which would be used very judiciously. We intend to use the minimum price provision primarily to address those situations where natural-gas producers choose to sell their gas at deeply discounted prices. While producers may sell their gas at any price they consider reasonable, we as a government are not prepared to see the Crown's share sold at fire-sale prices.

The concept of a minimum price for natural gas is not new or foreign. Alberta has maintained a minimum gas price provision for royalty purposes for several years. That minimum price is defined as 80 per cent of the Alberta average market price. The same 80 per cent rule was adopted in British Columbia more recently. With the enabling legislation, we also intend to introduce regulations establishing a minimum gas price for royalty purposes of 80 per cent of our average market price.

Some may say that the minimum-price provisions could be used to extract higher royalty revenues. Obviously if that was the government's intention, it would simply impose higher royalty rates.

Another spectre raised by the members opposite, Mr. Chairman, is the power to amend royalty regulations retroactively up to two years. Again the suggestion is made that our government somehow has some devious plan in mind to retroactively increase all royalties and literally put the entire resource sector out of business in this province.

Why would we or any other government contemplate such a ridiculous action? As most people are aware, the

Act has contained a one-year retroactive regulation-making power for some time. Has this power been abused? I would suggest it has not. The reason why the two-year retroactive provision has been proposed, Mr. Chairman, relates to the complexity of certain royalty determinations and the timing for a submission of those royalty returns.

The royalties for certain minerals are determined by means of an annual return or calculation. These calendar years return are to be submitted by the end of March of the following royalty year. Analysis of the returns may indicate that certain complex royalty provisions have been interpreted in such a way that an unintended royalty break or burden could result. Similarly, market conditions or methods of carrying on business could change dramatically resulting in unintended hardship to industry.

In either case, the ability to amend the royalty provisions retroactively up to two years could prevent an unintended benefit or hardship from occurring. A similar two-year retroactive provision has been contained in The Mineral Taxation Act for an extended period of time. That provision was considered necessary because of the complex nature of mineral taxation and to allow time for industry consultations prior to introducing changes to regulations.

Clearly, the intent of the two-year retroactive provision was not to retroactively apply royalty increases but rather to provide a mechanism to correct deficiencies in the regulations, ensuring their application is consistent with their intent.

However, considering the concerns that have been registered with the government in regard to this particular provision, I am recommending a House amendment that would simply retain the current provisions, allowing for a one-year of retroactivity in the making of regulations.

We were also accused of changing the rules retroactively back to 1974. While the Bill does include provisions which are retroactive to 1974, they are not designed to change the rules. Our purpose in amending those provisions back to 1974 is not to change the rules but rather to make the language in the Act consistent with the original intent and practice accepted over the past 18 years.

Again, based on discussions with industry, I am recommending certain House amendments be adopted to address concerns related to various issues surrounding Crown acquired lands.

Perhaps the most surprising criticism of the Bill relates to the artificial reduction of royalty provisions contained in this Bill. The comment is made that it gives the minister too much power. Is it unreasonable for the minister to intervene in some fashion if it can be shown that someone is deliberately and blatantly trying to artificially reduce or avoid the payment of royalties? Those who honestly and responsibly undertake their royalty obligations have nothing to fear by this provision.

I would also point out, Mr. Chairman, that this provision

contains standard language used in most royalty and taxation legislation. It is contained in The Freehold Oil and Gas Production Tax Act, an Act that the former government introduced in 1983. It is also contained in The Corporation Capital Tax Act. I can give other examples used in royalty taxation legislation in British Columbia, Alberta, and Manitoba. Not surprisingly, it can also be found in the federal Income Tax Act.

(1500)

I trust these remarks will put to rest any doubts or concerns regarding the intent of this Bill or our willingness to consult with the industry. Obviously the oil, gas, and mining industries are very important to the Saskatchewan economy. That is why I'm recommending certain House amendments at this time.

Our government is committed to working co-operatively with industry to ensure that all parties can benefit from the continued development of our valuable non-renewable resources. That is a message I have delivered countless times in meetings and discussions with industry representatives since last October. Our Premier and other members of cabinet have echoed a similar vision for resource development in this province. The May 7 budget is proof of our commitment to that vision and approach.

Mr. Chairman, if the members opposite disapprove of protecting the environment, if they disapprove of expediting the Indian land claims process, developing deeper oil and gas reserves to benefit the industry and the people of Saskatchewan, if they disapprove of collecting rents, royalties, and taxes for the benefit of the owners of our natural resources — that is the people of Saskatchewan — if they disapprove of limiting the Crown's liability, and finally, if they disapprove of preventing tax and royalty avoidance, then Bill 10 may be a bad piece of legislation. On the contrary, if they approve of those methods, then it is good legislation.

Members on this side of the House agree that these measures are necessary, and members of the opposition I hope will take a hard look at this and agree that these measures are necessary in order to continue to have oil and gas and mining development in this province. Thank you, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, I certainly am pleased to hear some of the remarks you made just now. I would have to ask you, sir, in your opening remarks you laid it on a little heavy I would say.

Now if there was nothing wrong with the initial draft and we were being political when we brought the concerns that we were hearing from the industry, then why did we make these changes? And before you misinterpret what I'm saying, sir, I'm glad you made them. I am glad that you did listen to what was being said because you did, in all fairness to you and your staff, addressed three of the major problems we had with the Bill.

So I would like to ask you a few questions. I believe, sir, that because of the changes you have made, we should be

able to proceed through this quite expeditiously.

I have a few questions. I would like to ask you what the consultation process was, particularly before you drafted the Bill. Who did you consult with, what companies — by name, please — and could you do that . . . those people you consulted with before you presented the Bill to the House?

Hon. Mr. Penner: — Mr. Chairman, prior to the time that the Bill was introduced in the House we had consultations, not on the basis of delivering the Bill to them — we didn't have the Bill drafted — but we had consultations with the Canadian Petroleum Association; IPAC, the Independent Petroleum Association of Canada; and SEPAC (Small Explorers and Producers Association of Canada), the small explorers petroleum association. I always have trouble with that one. Those are the three organizations we consulted with.

Mr. Britton: — Thank you, Mr. Minister. I appreciate that information. I believe you gave me . . . Could you, Mr. Minister, give me the level that you consulted with? The level in each of those companies. The president or vice-chairman or that sort of thing.

Hon. Mr. Penner: — Mr. Chairman, I'm not sure that the president was present at all these, but in most cases it was their executive director and some of their board members. I cannot verify that the present president was present at all of these. I failed to give you one other one. We also consulted with the Saskatchewan Mining Association. But I'm not sure that the president was present at all of them, but the executive directors were and board members.

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, that's quite fair. If you do feel that at a later date that you could get that information to me, I'd appreciate it although I suggest that it's not all that serious. I just would like to confirm the level that you had . . . consultations that you had.

Could you now then, sir, give me a list of those people that you consulted with after the Bill was presented and by your estimation that we were a little unfair to you.

Hon. Mr. Penner: — Mr. Chairman, I might want to make sure the member opposite understands that we did not consult by letter. We consulted at a meeting with these people. So I have no letter to table that we had consultations with them. We were at a meeting.

Since the Bill was introduced, you asked who we have consulted with, and I can give you the list here. On May 25, we consulted with IPAC; that's the Saskatchewan committee of IPAC. On May 27, with the Saskatchewan Mining Association, where I was present and Justice officials were present to explain different aspects of the Bill.

On June 3, we had a meeting with CPA (Canadian Petroleum Association), SEPAC, and again Energy and Mines officials and the Justice Department. Also at the same day, on June 3, we met again with the SMA, the Saskatchewan Mining Association. On June 10, I had a

meeting with IPAC and departmental officials to discuss various issues relating to Bill 10. On June 16, the CPA Saskatchewan committee met with department officials to discuss Bill 10. On June 24, Home Oil and Scurry-Rainbow — as they were called at one time — representatives met with Energy and Mines and Justice officials again to discuss Bill 10. And on July 8, which is the most recent one we've had, Cameco oil and gas met with Energy and Mines and Justice officials to discuss elements of Bill 10.

Mr. Britton: — Thank you, Mr. Minister. I appreciate your help. Mr. Minister, I want to say a few things relating back to your opening statements. Mr. Minister, maybe we can hope that you learned something.

When we in this House ask you some questions about your Bill . . . and I want to be fair with you on this, because you heard in question period where we suggested that there were some draft Bills going out and there's some draft Bills that we can't get to see and there's no consultation in some cases. I believe, sir, because you have consulted with these people, you have saw fit to bring in some changes. And we commend you for that.

So I'm going back to what you said at the start. I hope that you learned, sir. You and I have been around a few years, and I think that as we go through life we find that communication helps a lot. And as I said in my opening remarks, you have — you and your staff — have relieved three, at least three, of the major concerns we had there. So I commend you for that.

I'm pleased that you found that you could go back and consult with people and come back after listening to them because they . . . the point that was brought up to you, sir, was also brought up to us. There was some frustration and there was some uneasiness out there and I make no apology for bringing it to your attention here in the House. I think that's my job.

And I can say to you with respect that some of that confrontation might not have happened had you done your consultation firstly. You wouldn't have the problems that we felt that you had run into. And it becomes . . . it's just having the respect for the people that you're dealing with.

You mention also that the oil industry's a very major industry in Saskatchewan, and I happen to know that. I made my living for 30 years in that area and I know it is a very important, and that's why I felt that they should be brought into the consultative process. Those people are . . . they know their business and surely they would try to be helpful because, as you said, sir, why would you try to chase the business out of the province? Why would they want you to?

If we had done that, in all probability you wouldn't have been dealing with the House amendments that you brought in. That would have probably been all done and you and I wouldn't have had any confrontation, as you put it. Because the feedback we were getting was that they were not totally in agreement with the Bill as you presented it.

And I want to say one more thing, in fairness to you. The two-year retroactivity gave some concern, and I think you know now why. But after looking at the Bill and talking to folks and trying to understand why your government would do that, I will give you this. Because of the size of the industry and because of the complexity of the industry, maybe one year is not any more than enough for your people to get a hold of a situation where maybe one company or some small company is not being straightforward. And I agree with you that those things have to be caught.

And I am particularly pleased that you kept the one year in because there was some anxiety out there. If you remember, sir, I quoted to you out of the *Leader-Post*, I believe it was, an article that was written by Gordon Brock, and he was talking about a John MacDonald who said he was not very happy because he hadn't been consulted.

So having said that, sir, I would like to just have you clarify a couple of places in the Bill for me. If you go to 23.02 on page 7 down to (5), could you outline to me in, can I say in layman's language, what does that actually mean?

Hon. Mr. Penner: — Mr. Chairman, I wonder if I could have the member give us that section again, please?

Mr. Britton: — Thank you, Mr. Chairman. It's on page 7 and it's under the heading of production year, section 23.01. It goes from subsection (2) down to (5)(b).

(1515)

Hon. Mr. Penner: — Mr. Chairman, I believe I have the answer here for the hon. member. I thank him for the fact that he and I can still learn something in this world even despite our advanced years and senior status that we have in this legislature. So I'm sure I have learned something and I trust that the hon. member also learns some things when I give my answers here.

The section you're referring to goes back to the Bill 42; 1974 I believe was the year of the Bill. And I don't want to go into the details of the Bill but there were stipulations in that Bill which asked the Crown or forced the Crown to make payments to the disposition holders that lost their freehold mineral rights. That's sort of the essence of the Bill. And there was a formula established in the Act that was to be followed.

In 1990 an amendment was made to this Bill which limited the Crown to \$50,000 to each disposition holder. That was passed in 1990. You probably recall that \$50,000 was the limit that any single disposition holder could receive from the Crown. What was not done in 1990 and that we're doing in this section is that there was no limit set on the amount of money that a third party could ask from the disposition holder. There was no limit set on that.

What this section does is sets a limit of \$10,000 that the original disposition holder has to pay to a third party. That's the essence of it. So that it prevents a third party from extracting more from the original disposition holder

than he can get from the Crown.

I trust that that's the explanation you're looking for.

The Chair: — Why is the member for Humboldt on his feet?

Mr. Upshall: — With leave, Mr. Chairman, to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Upshall: — Thank you, Mr. Chairman. I'd like to introduce to the Assembly Francis and Rita Kunz from Humboldt. Francis is competing in the Canadian Masters' Summer Sport Festival in the weight-lifting category. I'd like all members to wish him good luck this evening and to welcome them to the Assembly.

Hon. Members: Hear, hear!

COMMITTEE OF THE WHOLE

Bill No. 10 (continued)

Clause 1 (continued)

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, I thank you for that answer because in my request I asked you to explain it in simple terms because I thought I had it in my mind but I wanted clarification.

What I get from you, sir, is that the \$50,000 is the total liability to the government, and the second \$10,000 liability would come out of the \$50,000 that the first incumbent had. I thank you for that, sir.

I think my colleague has a question so I'll wait for . . .

Mr. D'Autremont: — Thank you, Mr. Chairman. I get up at this time because I want to deal with the same section as my colleague was asking about. On section 23.01(4) it talks of encumbrance holder. I wonder if you'd mind identifying who those encumbrance holders are, if it's not an extensive list. I don't know if it is or not.

Hon. Mr. Penner: — Mr. Chairman, I can't give an extensive list for the very simple reason that the department doesn't even know the extensive list. But let me give you a couple of names and then I'll explain how these people become third party to this . . . become encumbrance holders. One of the encumbrance holders that we're aware of is Canco Oil and Gas. It's one of them. Harvard International is another one that we are aware of. But in fact the encumbrance holder is anybody whose name appeared on the title in 1974 when those freehold lands were expropriated.

So we can't give you a list. In fact we're not even aware of a lot of them. And I'm not sure even that a lot of the encumbrance holders are aware that their name appears on some of these titles. But there's probably a fairly extensive list if we were going to go through all those titles that were expropriated in 1974.

Mr. D'Autremont: — Would it be possible for the minister to give us a list of those encumbrance holders who were affected by the 1990 legislation then?

Hon. Mr. Penner: — Mr. Chairman, they are the same people. And again I don't have the list and I'm not sure that we can even dig up the list without having to go back to the original titles that existed in 1974, and then search all those titles and get those names. I've given you the two that we're aware. There may be some others that we can think of as time goes on, and if we do I'll give them to you.

Mr. D'Autremont: — I wonder if the minister would then give us a list of those companies that were affected by the 1990 legislation — companies, not the encumbrance holders.

Hon. Mr. Penner: — Mr. Chairman, I have a list here — it's not too long so I'll read it to you — of people who had their land expropriated in 1974. These would be the freehold holders.

There's Sask Oil & Gas, Canadian National Railway, PanCanadian — am I going too fast? — Muskateer Energy, National Trust, Vanguard Petroleum, Sceptre Resources, Dome.

There's a company called Minerals Limited; Amax petroleum, Scurry-Rainbow, Petro-Canada, Canada Northwest Land, North American Royalty, Montreal Trust, Stanley H. Singer, Inc., and Garfield & Associates.

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Minister, I'd like to begin by stating that I am very pleased that changes were made to clause 6. All of my questions pertain to clause 14. I see that in that clause this will add a completely new section to The Crown Minerals Act. Given that this clause is aimed to prevent an abuse which is termed artificial reduction of royalty, can you tell this House how often this abuse is being committed?

Hon. Mr. Penner: — Mr. Chairman, I'd like to thank the member for her question. We have no one that we have on our list right now that has abused that. This clause is intended to be a preventative clause. With the simple fact that the clause is there would prevent anybody from even contemplating the idea of having an artificial royalty reduction.

Ms. Haverstock: — Mr. Chairman, Mr. Minister, I guess that's the reason why I'm asking the question. My next question . . . I'm going to pose my next question and then I'm going to show you why it is I needed to ask the first one. Do the number of abuses justify introducing such an arbitrary section which is going to allow you to set royalty rates if, in your opinion, this abuse is being undertaken? And if you have no evidence, Mr. Minister, that this has ever happened, why would you bring this in?

Hon. Mr. Penner: — Mr. Chairman, one of the reasons why we have this is that, this section here, is it was recommended by the Justice department that we put it in to protect ourselves in the event that someone may want to abuse the royalty structure or artificially set royalties. It's not intended to . . . Like I said, we haven't prosecuted

anybody. We have no evidence of anybody doing this. But Justice suggested that this be in there for our protection.

Ms. Haverstock: — Thank you, Mr. Minister. Would you tell us what guidelines will shape your opinion in deciding whether an abuse is being committed?

Hon. Mr. Penner: — Mr. Chairman, I don't have a list of guidelines, obviously, for how we plan to use that. But it is intended to cover us for anyone who may enter into a buy-and-sell transaction of various petroleum products or gas products or mineral products for the purpose of reducing the price for royalty reasons, not for his own purpose. He may choose to buy and sell so that the benefits accrue to the individual, but may do this in such a way that the price that was indicated to the department is less than what the standard price for that product may be.

As I said before, it is a protective clause here to keep someone from playing games basically with the royalty structure. And if they do, we can deal with them very quickly without having to go through the courts.

Ms. Haverstock: — Thank you. Mr. Chairman, Mr. Minister, I guess one of the things that I'm wondering about here is whether you had thought of placing your guidelines within the Bill itself, because what I'm hearing you say, is that first of all, no one has done anything like this. And I very much agree. I concur that it's important and in fact I stated it to the Minister of Agriculture yesterday in the Committee of the Whole that it's important to be anticipatory rather than simply reactionary, so this is not something with which I have grave concern.

I do have concern, however, if first of all, you don't have any evidence to justify doing this, and secondly, if your argument is such that you're choosing to do this to prevent it, that you don't have any guidelines that you're going to use in order to help you determine when something has happened, when it hasn't happened, and that this will not be outlined anywhere.

(1530)

Hon. Mr. Penner: — Mr. Chairman, in answer to the question, maybe I wasn't very clear on the outset — I used a buy and sell arrangement. Any kind of transaction that would be perceived as being a sham transaction could be considered under this section.

We would not even consider invoking this section without consultation with the Justice department to make sure that we had a case before we would invoke any of these. I don't quite understand the member's concern about guidelines. I have some concern that if I put the guidelines down, that means that I've put maybe too narrow parameters on it, or I may have put too broad parameters on it.

What we're simply saying is that if there is a transaction that takes place out in the industry that is considered to be unfair, or less than fair, or less than honest, then we would consult with Justice and then we would invoke this section after we had consulted with Justice.

Ms. Haverstock: — Thank you, Mr. Minister. How can you assure us in this House that no innocent parties are going to be affected by your attempts to prevent artificial royalty write-downs, when there are no guidelines embodied within this clause that restrict how you or your successors are able to formulate opinion?

Hon. Mr. Penner: — Mr. Chairman, in answer to that question, I suppose that the assurance I can give you is that we as a government, and I as a minister, are not immune from legal action if we take action that is completely contrary to what the intent of the Act is. And I suppose the only assurance that I can give you is that if we do something wrong the courts will deal with us in an appropriate manner.

Ms. Haverstock: — I think we'll move on to another part of this. Section 27.1(2) — can you tell this House what guidelines you'll use in conjunction . . . actually in connection with this proposed section when there are no guidelines that state how you're allowed to estimate the, and I quote: “. . . amount of royalty that would have been payable had the . . . (abuse) . . . not occurred.”?

Hon. Mr. Penner: — Mr. Chairman, if there was considered to be a sham transaction, what we would do in order to estimate the proper royalty, we would simply go back to that period of time when the transaction occurred, take a look at the oil and gas prices, if we're using oil and gas — it could be minerals; it could be anything — we would take a look at the current prices of the day and of similar quality, similar kind of things that were going on, and we would use that as our fair market price for the royalty purposes. We would simply take a look at what was transpiring during the same time period that the sham transaction was taking place.

Ms. Haverstock: — Thank you. Mr. Minister, I have but one more question, and I'm wondering if you would outline guidelines in such a way that you'd be willing to include some of them in . . . like alongside the clauses. I think it's important that everyone knows the rules and that they know how to play this fairly before the game starts. And I think that the arbitrariness is something that can cause some real problems. So I am wondering if you would be willing to contemplate adding them.

Hon. Mr. Penner: — Mr. Chairman, I thank the hon. member for that concern and that question, and I can understand the concern and I appreciate the fact that you've raised that here. And I and people in our department would be certainly willing to take a look at that and consider putting some guidelines in here. We obviously haven't given too much thought to the specific guidelines and certainly didn't intend to write them into the Act. But we will give your suggestions consideration.

Mr. D'Autremont: — Thank you, Mr. Chairman. In the minister's statement he stated that the opposition was pointing out the worst-case scenarios in relation to his Bill. And he seemed surprised or put out that we would do such a thing.

Mr. Minister, I think it's our duty to point out those kind of possibilities. As the minister, you're going to sugar-coat

your Bill to give the best possible light to it. And it's our duty to scrape below that sugar-coating to find out whether the centre is actually sound or whether it's rotten. And that's why we look at the worst possible scenarios to see what the major impact is going to be in relationship to any Bill that's presented here.

You've talked about going to 80 per cent of the market price in deciding your royalty structures. In some instances you may be harming certain companies by using 80 per cent of the market price to decide a royalty.

In a lot of cases, particularly in the gas industry, the price is set over a very long-term contract. I know of some instances, and not that many years ago, when those contracts changed, that the companies were getting 9 cents for a thousand cubic feet of gas. That's a very low price. And yet when those contracts ran out after about 30 years, those prices jumped up to 2 and \$3.

So if you were to charge at an 80 per cent level, and that was the market value at that time — 2 to \$3 — so say \$1.60 is based on your royalty structure, you're going to be charging a royalty on a lot more than what the company's getting for their gas.

Have you considered any type of grandfathering in this legislation for contracts that are already in place?

Hon. Mr. Penner: — Mr. Chairman, in answer to the member's question, the 9 cents per mcf (million cubic feet) is probably an example of something that you said you had not done, and that's giving the worst-case scenario again in this case. I realize that the prices fluctuate and that they will always fluctuate.

What the Act says, what the Act does, it gives authority to set a minimum price. The way the minimum price will be determined will come in the regulations. It's not going to be in the Act.

But how the minimum price is going to be determined is going to be in regulations. All we're doing here is providing the authority to do that.

Mr. D'Autremont: — Well that's my concern, Minister. We're giving you the authority to set a minimum price and you may set that minimum price at \$1.60 a thousand cubic feet. Whereas in the case of a long-term contract — and the one I mentioned, that was actually the price that those producers were receiving for that gas in the gas conservation area in south-eastern Saskatchewan — that contract ran out about six or seven years ago, maybe a little longer, but they had had that contract in place for 30 years at 9 cents.

So there may be some contracts out there, while they may not be 9 cents, they may be 20 cents. So are you giving any consideration to those kind of long-term contracts when you set that minimum price?

Hon. Mr. Penner: — Mr. Chairman, I would just like to draw to the member's attention that the 9 cent mcf gas that he's referring to in south-east Saskatchewan doesn't have a royalty attached to it so it wouldn't even come under this particular Bill. There's no royalty to that gas. I

believe it comes from the associated gas that you're talking about. That wouldn't even come under this particular jurisdiction because it is a different form of gas than we're thinking of.

Mr. D'Autremont: — Well there must be other producers around the province though who have gas contracts who may not be in the south-east but still gas coming from . . . What I was referring to was the gas conservation area. But there are gas wells in the area where they have had some long-term contracts. And if the contract is for a much lower price than what you're going to set your minimum at, they're going to be harmed. Are you giving some consideration for the fact that they do have a long-term contract in place at a low price?

Hon. Mr. Penner: — Mr. Chairman, the answer to that question is that, as I said earlier, these details will be looked after in the regulations. And before we write the regulations we will be consulting with the industry on these regulations and we'll be passing out these regulations to them prior to passing them into law. And if there are extreme cases as you suggest, and there may be some extreme cases like that, we will cover those in the regulations. It would be virtually impossible to cover all these different scenarios in the Act. So they'll be covered under the regulations.

And I can assure the hon. member that we will not go after somebody who's getting 9 cents an mcf for his gas and deem the price at \$1.60 or \$1.20 or whatever it happens to be. I think the assurance that I've given you is that we're looking at 80 per cent of the average. And if there are a lot of producers selling gas very cheaply, that'll obviously bring the average down.

So we're not interested here in penalizing someone who is on a long-term contract and obviously could not afford to pay royalties that were 10 times as high as what he was getting for his gas. So the regulations will look after this. And we will be consulting with the industry. And if we have cases like that, we'll certainly deal with them.

Mr. D'Autremont: — Well thank you, Mr. Minister. That's what I was after, was some sort of assurance that you would indeed look at those kind of situations.

You talked earlier about things . . . the power being given to the minister in Alberta to make certain decisions. The industry feels more comfortable, Mr. Minister, in allowing that minister some of those powers than the industry feels with allowing yourself and your government. Because up until this point, your government — not the government for the last nine months, but the previous embodiment of the NDP government — they did not trust, and they're still leery of that.

And it's incumbent on you, I suggest, to build that trust up by giving those kinds of considerations for the gas industry that I was just talking about. Thank you, Mr. Minister.

Hon. Mr. Penner: — Mr. Chairman, I'd just like to respond to that. I thank the member for the confidence he's placed in the present government and the present

minister. And I can assure you that our relationships with the industry to date have been excellent, at least from our perspective. And I think if the members would consult with the industry and talk to the industry people, I think you will find that we have been fair with them, that we have been true to our word, and we will continue to do exactly that with the people in the industry.

Mr. Swenson: — Thank you, Mr. Chairman. I can assure you, Mr. Minister, that we do that on a very regular basis.

I've got a few questions arising out of comments that you made a little bit earlier, and they're to do with the minimum price requirements. Alberta, as you mentioned, had a minimum price and it kept them out of the core market in Ontario for a long time, which Saskatchewan producers were able to capture in a large measure. Alberta is now considering, I understand, removing some of those requirements to go back into that core market in a fairly strong way. Are you going to stand in the way of Saskatchewan producers competing with Alberta if they do that?

Hon. Mr. Penner: — Mr. Chairman, thank you for the question. As it refers to the core market, particularly going into Ontario — and I'm sure that's the market you were alluding to or referring to — as the member well knows that the gas market is completely deregulated. And if Saskatchewan producers chose to go head to head with Alberta producers to ship gas into the Ontario core market, there's really nothing we can do to stop them from lowering their price.

And if everybody lowers their price, then obviously the 80 per cent minimum will go down with it. So that's the reason for the 80 per cent, so that we can't have an artificially high minimum in comparison to what the actual price of the gas is that flows into the core market and other markets.

Mr. Swenson: — Well I can appreciate, Mr. Minister, the 80 per cent figure. But there may be situations develop because the gas industry tends to move into new markets fairly significantly when it goes, that might affect that. And I guess what I want to know from you is that if there is a significant policy change in the province of Alberta — and there's good indications there might be — that you're going to watch very, very carefully what happens and that there be no move made until there is a significant trend developed before you would go to a minimum price.

(1545)

Hon. Mr. Penner: — Mr. Chairman, I can assure the member opposite as I'm sure that he did when he was in this position, that you watch the Alberta industry very, very carefully because the Alberta industry pretty much establishes the pattern for what happens in Canada, particularly in the areas of gas sales, gas distribution.

There's no question, Mr. Chairman, that if the Alberta producers chose to run Saskatchewan producers into the ground that they could do that because they have volumes of gas that we just cannot compete with. And if they chose to artificially or deliberately lower their prices to put extreme pressure on us, on Saskatchewan, they

certainly could.

We will be monitoring this very closely, and I assure the member opposite that we are not going to set artificially high minimum prices for natural gas to deliberately put undue pressure on the industry.

Mr. Swenson: — There's only one other statement I want you to clarify, Mr. Minister, and it was a little earlier in response to one of my colleague's questions about not having to bother with the courts, that you could act very quickly. And I know from being in that chair that sometimes it's very frustrating having a judge trying to understand subterranean geophysics to deal with certain questions that arise in the oil and gas business.

But I do caution you, Mr. Minister, that your government seems to take this approach in a number of areas that ministers will act expeditiously without regard to courts. And unfortunately the Minister of Agriculture and others have shown a way that I hope that Energy and Mines certainly won't copy and use as an example. And I would ask you once again your view on that statement you made about expeditiously moving ahead without having to bother with the courts.

Hon. Mr. Penner: — Mr. Chairman, I'm a little confused as to what statement the member is referring to, but let me give you this assurance, the opposition members, let me give you this assurance that I and my government has no intentions of deliberately bypassing the courts, has no intentions of deliberately breaking the law. We're going to abide by whatever the courts decide. If it's in my case or in anybody else's case, we have no intentions of bypassing that. And I'm sorry but I'm not sure exactly what statement you're referring to. If you could maybe clarify that in my mind, I could answer it more directly.

Mr. Swenson: — I believe, Mr. Minister, it might have been clause 27. I'm not sure. It was the member from Wilkie. And you just said, well the minister could act fairly expeditiously without having to go through the court process.

And I know there is a certain amount of frustration, but I think everyone has to . . . Since your party was last in power, we've had this thing called the Charter of Rights and Freedoms come along that sort of says it's a little different ball game in Canada than it used to be. And we all have to have our due process now.

And I think one of the things that always troubles people in the oil and gas industry is that the use of executive power, as has been used in this province in the past to sort of override the legal process, is troublesome.

And I just noticed in your statement in dealing with that one clause, you said the minister could act expeditiously without having to sort of wait for the court process. And I know the frustration. I've been there. But the law is the law. And I think we all have to respect it. And before you act expeditiously, I would hope that everyone would have their day in court.

Hon. Mr. Penner: — Well, Mr. Chairman, I simply say to the hon. member that we will not act expeditiously just

for the sake of expediency. And we have no intentions of bypassing the court or giving anybody their day in court, be it either through the Charter of Rights or be it for any other reason.

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, I have a couple of questions. First of all, I am quite pleased to hear your answer to the member from Greystone on 27.1. And it's reassuring to have your commitment on record, sir, that you will use your power with discretion, at least as long as you're the minister of that portfolio. I appreciate that, sir.

One other thing I would like for you to do for me, if you will, is — I'll take you to section 10, on page 8, from (a) to (b). Will you tell me exactly what that means in layman's language, sir?

Hon. Mr. Penner: — Mr. Chairman, I thank the member for the question. This goes back again to Bill 42 as you probably already know. When the Crown acquired these properties . . . and I'm just going to give you some examples here, and I'll use fictitious names so that we maybe can understand it.

Assuming that CN had the original lease in 1974, assuming that's the people that had their land expropriated in 1974, and some company — you can put any name you want for this company — had a lease on that land, now as long as there's production there, the Crown would pay CN its share, and CN would pay the leaseholder his share.

But if that lease expires at some time or if there's no longer any production there, what this section simply says: when the lease expires or nobody is producing on that land any more, then there is no obligation for payment any more on either the part of the Crown or on the part of the original freehold owner who had his rights expropriated. It simply says, when the lease expires, no more payments; it's over, finished.

Mr. Britton: — Thank you, Mr. Minister, I appreciate that. I wanted to be sure that I understood that section. I want to go back, sir, to the minimum-price subject. And I appreciate what you said when you said you would handle that and use that power with care and discretion.

I wonder, sir, have you ever thought of an independent board? And I say that because the consultations and the conversations we have with the industry, they would like to have something like that. They would like to have some input because of the very dangers that the other two of my colleagues have mentioned to you.

And while I'm on my feet, I would ask you if you would consider an independent board, in conjunction with your own department, to help set a minimum price that would be fair. Would you take a look at doing that for SaskEnergy and Sask gas and oil and gas energy board? I believe sir, that something like that would go a long way to taking out some of the irritants that do crop up in an industry as big and as important as what the gas industry is.

Hon. Mr. Penner: — Mr. Chairman, we had not thought

of an independent board. And in fact we're not even considering it now because we really don't feel that that's necessary. It would be an added expense obviously to retain this board, given the assurance to this House and the Assembly and the people of Saskatchewan and for that matter the industry, that all these things that are not written in the Act will be covered under the regulations. And before the regulations are written, there will be extensive consultation.

One step further than that, we do have an Oil and Gas Conservation Board, as the member probably is aware of. We have this board, and this board deals with disputes. It doesn't set the original rates or minimum price or anything of that nature. But if there is a dispute that cannot be resolved between the department and whoever it may be, then this Oil and Gas Conservation Board can be brought in, and they will look after resolving the dispute.

As your question related to SaskEnergy and TransGas, they are not within my jurisdiction, so I can't really comment on those two.

Mr. Britton: — Thank you, Mr. Minister, I appreciate the answer. I hope you will look at that a little bit anyway within your own jurisdiction. Mr. Chairman, I have no more questions.

Clause 1 agreed to.

Mr. Britton: — Mr. Chairman, in the expediency of time, we would have no problem in going through the Act page by page.

The Chair: — I appreciate that, although with the amendments we have, it may be just as expeditious to proceed clause by clause.

Clauses 2 to 5 inclusive agreed to.

Clause 6

Hon. Mr. Penner: — Thank you, Mr. Chairman. I have some amendments for section 6 of the printed Bill. It says:

Strike out subsection 10.1(2) of the Act, as being enacted by section 6 of the printed Bill, and substitute the following:

“(2) The minister shall cancel all of those portions of Crown dispositions where:

(a) either:

(i) the Crown dispositions or portions of Crown dispositions are within an area affected by a development if:

(A) an environmental assessment and review process conducted under *The Environmental Assessment Act* determines that the development should not proceed; and

(B) the Lieutenant Governor in Council, on the recommendation of the minister

responsible for the administration of *The Environmental Assessment Act*, directs the minister to cancel all or those portions of a Crown disposition within the area affected by the development; or

(ii) the minister is directed by the Lieutenant Governor in Council to cancel the Crown dispositions or portions of Crown dispositions for the purposes of environmental protection; and

(b) the holders of the Crown dispositions consent in writing to the cancellation.”

Amendment agreed to.

Clause 6 as amended agreed to.

(1600)

Clauses 7 and 8 agreed to.

Clause 9

The Chair: — The minister has an amendment. Would he move it, please.

Hon. Mr. Penner: — Mr. Chairman, I move the following amendment:

Strike out clause 9(d) of the printed Bill and substitute the following:

“(d) by adding ‘(f.1), (f.2) or (f.3)’ after ‘(f)’ in subsection (3)”.

Amendment agreed to.

Clause 9 as amended agreed to.

Clauses 10 and 11 agreed to.

Clause 12

The Chair: — Would the minister move his amendment.

Hon. Mr. Penner: — Mr. Chairman, I move the following amendment to section 12:

Amend section 23.01 of the Act, as being enacted by section 12 of the printed Bill:

(a) by adding “and the Crown is not responsible for paying any of those amounts” after “encumbrance” in subsection (2);

(b) by striking out subsection (3) and substitutiong the following:

“(3) subject to subsection (4), the right of an encumbrance holder to a percentage of production or of the value of production is fully satisfied by payment of the percentage specified in the encumbrance calculated on the amounts paid by the Crown to the person

entitled to compensation pursuant to subsection (2)”;

(c) in subsection (4):

(i) by striking out “the coming into force of this section” and substituting “February 1, 1990”; and

(ii) by adding “by a person described in subsection (2) as entitled to compensation” after “consideration payable”;

(d) in subsection (5):

(i) by adding “from a person described in subsection (2) as entitled to compensation” after “greater than \$10,000” in the portion preceding clause (a); and

(ii) by striking out “section” in clause (a) and substituting “subsection”;

(e) by striking out “the coming into force of this section” in subsection (7) and substituting “February 1, 1990”;

(f) in subsection (8), by adding “or to any transfer of an encumbrance holder’s right to money or other consideration when the minister or the minister’s designate has consented in writing to the transfer” after “is entitled”;

(g) in subsection (9), by adding “by a person described in subsection (2) as entitled to compensation” after “consideration payable”; and

(h) by striking out “the coming into force of this section” in subsection (10) and substituting “February 1, 1990”.

I shall so move.

Amendment agreed to.

Clause 12 as amended agreed to.

Clauses 13 to 17 inclusive agreed to.

Clause 18

Hon. Mr. Penner: — Mr. Chairman, I move the following amendment to section 18:

Strike out section 18 of the printed Bill and substitute the following:

“18(1) Subject to subsections (2) to (6), this Act comes into force on the day of assent.

“(2) Subsection 11(2) of this Act comes into force on the day of assent but is retroactive and is deemed to have been in force on and from January 1, 1974.

“(3) Subsection 11(3) of this Act and subsections 23.01(1), (2) and (3) of *The Crown Minerals Act*, as being enacted by section 12 of this Act, come into force on a day to be fixed by the proclamation of the Lieutenant Governor but are retroactive and, on proclamation, are deemed to have been in force on and from January 1, 1974.

“(4) Subsection 11(1) of this Act and subsections 23.01(4) to (12) of *The Crown Minerals Act*, as being enacted by section 12 of this Act, come into force on a day to be fixed by proclamation of the Lieutenant Governor but are retroactive and, on proclamation, are deemed to have been in force on and from February 1, 1990.”

“(5) Clause 3(1)(a) and sections 16 and 17 of this Act come into force on a day to be fixed by proclamation of the Lieutenant Governor.

“(6) Section 15 of this Act comes into force on the day of assent but is retroactive and is deemed to have been in force on and from June 22, 1990.”

Amendment agreed to.

Clause 18 as amended agreed to.

The committee agreed to report the Bill as amended.

Hon. Mr. Penner: — Mr. Chairman, I would like to thank the members of the opposition for their questions and for their co-operation. We dealt with this Bill expeditiously and I'd like to thank them for it. And I'd also like to thank my officials, who are on this side of the House who helped with this Bill.

Mr. Britton: — Thank you, Mr. Chairman. Mr. Chairman, I too would like to thank the officials for their help. And I also thank the minister for being quite up front and helpful to me to understand some of the Bills and parts of the Bills that I was not totally clear on. Thank you so much.

Bill No. 35 — An Act respecting the Production, Supply, Distribution and Sale of Milk

Clause 1

Hon. Mr. Wiens: — Mr. Chairman, for the information of those whose memory is not perfect and just to make sure that I'm answering the right question, the question, I believe, in principle was: what are examples of the kinds of regulations that might be used under the section of the Act where the Lieutenant Governor in Council is authorized to make regulation.

I just wanted to say that first of all the Act prescribes very clearly that that authority is restricted to the matters with respect to the distribution of milk. So it's a narrow area.

And the kind of thing that it may address might be, for example, for a specific distribution area requiring a processing plant as well as a distributor's licence in order to distribute milk in the area. Or it might be around the question of milk distribution areas across the province if the Milk Control Board were to have made the decision

that was not seen to be in the public interest. So it is within the restricted area of the distribution of milk.

Mr. Martens: — Okay now let's take that and contrast that with section 10 where it talks about at the beginning:

The board may make regulations:

(a) prescribing the areas in which the regulations made pursuant to this section are to have (an) effect;

Now as I read through that part, I almost got the feeling that the board had that same authority that you were dealing with in relation to the (l), (g), and (c), and I wanted you to explain what the difference is, if there is one, and then we'll visit about it after that.

Hon. Mr. Wiens: — Mr. Chairman, in response to the question from the member opposite, the areas that are addressable are similar. The Lieutenant Governor in Council may . . . their regulation may be additional to that which the Milk Control Board might establish, or it would in the event where it was considered to be a matter of importance, the Lieutenant Governor in Council's regulations would supersede the Milk Control Board's authority in some specific area.

Mr. Martens: — So that I understand the process, Mr. Minister, would you outline the process? Does the authority rest in the board to make those areas designated as — and we might as well talk about it — Beatrice or Co-op Dairy Producers, you will define that, or the board. And then if the board does it and you find it not to your liking, then you will have the authority to override that decision.

(1615)

Hon. Mr. Wiens: — Mr. Chairman, both circumstances could exist in the general case where there could be a regulation established which would guide . . . describe the milk control areas and the conditions under which licences might be granted, just as a general statement of how the province believed policy should be implemented. And on the other hand there could be a situation where the Lieutenant Governor in Council could react to a circumstance where they thought the province's interest should be served differently.

Mr. Martens: — The regulations made by the board, do those regulations have to go through OC (order in council) in order to be established?

Hon. Mr. Wiens: — Mr. Chairman, thanks for the question. The Milk Control Board functions independently in, I think best described, quasi-judicial fashion. They have the authority to establish regulations except in this case where there's a specific . . . and in this area they do as well, but where the Lieutenant Governor in Council could pass a regulation that would be superseding the Milk Control Board's decisions.

Mr. Martens: — So what I read you to say is that in section 10 the board has the authority to make the regulations. The minister, through OC, has the power in section 11 to framework if the board doesn't make the right decisions.

Am I right?

Sorry. If the board sets regulations that would be contrary to what you believe were in the best interests of the province, you would then override those regulations.

Hon. Mr. Wiens: — Mr. Chairman, I again thank the member opposite for the opportunity to explain this. In section 12, it defines the relationship between the board regulation and other regulation. And it describes the relationship there where the regulations are concurrent.

And it also describes then in section 12(4) where there is a direct conflict. Then the other regulation described in the Act as the regulation made by the Lieutenant Governor in Council pursuant to section 11 will prevail over the board regulation.

Mr. Martens: — There is one other point, Mr. Minister, that I want to raise, and that's in section 5. It deals with the minister's capacity to appoint temporary members of the board and designate the period of time and designate even the purpose. And I have a great deal of difficulty with that, and I left it to the last to explain it to you why we have the difficulty.

I believe the discussion that we've had here has pointed to the fact — and you've reiterated it over and over again — that this is a quasi-judicial kind of a board. It may not be defined that way, but it has through the history of or the evolution of the milk processing industry, the dairy producers themselves, and the sale of the milk, has established a pattern for itself in relation to this.

And I'm not sure whether that's a part of the old Act or whether that's a part of the new. But I find it a little disconcerting I guess, to say the least. That's why I've pointed it out, and I went to the structure of the regulation-making power that you as a minister have and the board has.

And why would you then want to say to the board that I can appoint anybody I want at any time, over and above, to do the kinds of things that could conceivably happen. And I'd like you to give us an explanation of what you see that doing, and then we'll visit about it after that.

Hon. Mr. Wiens: — Mr. Chairman, I thank the member opposite for the opportunity to explain this again. I would refer to the old milk control Act which actually probably outlines it in paragraph form similarly.

Under section 4, I will read it:

If a member is interested in a matter before the board, the Lieutenant Governor in Council may, upon the application of that member or otherwise, appoint some disinterested person to act as a member with respect to that matter only, and the Lieutenant Governor in Council may also appoint a person to act during the sickness, absence or disability of a member.

I think the intent in the new Act is not different than that. It is not seen as an avenue through which government would try to intervene. Clearly the dairy industry would

respond negatively to that kind of intervention. They have appreciated their quasi-judicial status, the management of their own affairs. And it is only in response to concern about specific circumstances in some area of the province or the other that they recognize the appropriateness and have actually requested the changes in section 11.

Mr. Martens: — I think I understand what the purpose of that was, and I think it explains it reasonably well to define it. But I don't think that that's what this does. It gives you the power to appoint.

If your determination is that members of the board are not doing what you want them to do in even setting regulations, you have the power even on the other hand to overpower the regulations made by the board. But I find it a little overwhelming that you could even appoint additional members to the board when you've got a personal axe to grind, and the board has this tradition of being fairly independent.

And I want that independence to stay, and I'm prepared to leave you have control over the regulation-making power that the Lieutenant Governor in Council should have, but I'm not sure that you want to take the power that you have in the regulation that was . . . or in the old Act and transfer it into something that is typical of this.

And I understand what you read. If somebody gets sick and you got a problem, then you can appoint a temporary to finish off the term of office. I have no problem with that. However that is one of the things that you should have left put into regulations and said, I have the authority to do this, and dealt with it that way. I wouldn't have minded that.

But this, in my view, gives you the opportunity to say, okay I am going to appoint board members to this committee or this Milk Control Board that may reflect some opinion that I have. And, for example, if you had eight on that board, three appointed temporaries who were not in the industry or who didn't understand the industry or didn't have any problem with . . . or had their own independent view of what the board should do so that it could take a different direction than what the producers wanted to have, and that is the concern that I have with this section. And it's been brought to my attention on a number of occasions that this part causes serious problems.

It's an infringement on the freedom that the board has established through — I don't know how many — 50 years. It's a freedom that has been established by them being able to manage their own affairs. And I was there and I allowed the board to do that. At times it makes it difficult because you didn't always know where the board stood in all of the details.

But that independence has its own strength and it has a lot of merit. Because the control is in the producers' hands themselves. And so I have a great deal of concern with section 5. And I'd like you to respond to that, please.

Hon. Mr. Wiens: — Yes, Mr. Chairman, I appreciate the question and the opportunity to respond. I agree with the

member opposite entirely. I believe the last thing I would want would be to be in the middle of a serious dispute within the industry relative to many matters. It is for that reason that there is really no change in either intent or structure here. The only authority that Lieutenant Governor in Council has ever had, but it has always had it with respect to the Milk Control Board, is the appointment of the board.

It has never been restrictive of the numbers or the representational groups from which those members may come. So there has never been a time when Lieutenant Governor in Council should have considered it to be appropriate where they could not have changed members, appointed more members, altered the membership. I think which then clarifies in the Act, if one wanted to change people for one's own reasons somehow in conflict with the industry, one could as easily do it under 5(1) which is the appointment of the board.

So there would be no purpose served in using the temporary section for that purpose because that authority already is there and was there in the old Act for the Lieutenant Governor in Council to alter board membership when they believed it was necessary. I think it's worked well for 58 years because the industry has wanted to run its own affairs and it's been, I believe, in the interests of government to allow the industry to run its own affairs, and in the interests of industry.

So there is then the understanding would be the temporary membership would be for the specific kinds of purpose where there might be conflict for a member on a specific hearing or where there was temporary illness where you really didn't want to do a permanent replacement. Because clearly, the authority would have always rested with Lieutenant Governor in Council to be able to change board members on a permanent basis from the beginning of the Act.

Mr. Martens: — Will the minister put into the regulations that definition that he just provided to us today? Will you provide in the regulations that that definition of what this section means, would you provide that, for section 11? Would you provide that so that the industry understands that that is clearly what it's for and it's for no more than that?

Hon. Mr. Wiens: — Mr. Chairman, again in . . . hopefully we can generate an understanding within the industry that that is the purpose. It is the same . . . I'm informed by our officials that it is the same provision, I think to the word but maybe not to the word, as in the municipal board, that the Act does not permit regulation to deal with this section. But I think it would not require more than an attached explanation of the circumstances I just described to you for the industry to feel comfortable that that was in fact the intent.

Because I think we could make it quite clear in an explanatory brief to the industry that those kinds of actions that you're concerned about could in fact always have happened under the first section and that is the authority of government in that regard and therefore that the second section on temporary appointments has no

need to deal with that kind of issue and hopefully with great comfort in that light if that would be acceptable to the member opposite.

Mr. Martens: — Would the minister be prepared to provide that in writing to me and then I can have that assurance that you'd be prepared to put it in that framework.

Hon. Mr. Wiens: — Mr. Chairman, the officials inform me there's no reason not to provide that kind of an explanation just to clarify for people who read this from a perspective other than lawyers about what the apparent framework here is.

Mr. Martens: — Thank you, Mr. Chairman. Mr. Chairman, if you want to proceed, we can.

(1630)

Clause 1 agreed to.

Clauses 2 to 32 inclusive agreed to.

Clause 33

Mr. Martens: — Thank you, Mr. Chairman. I just want to point out to the minister and to his officials that it's taken a long time to get the industry to agree to have some changes, because they have struggled within themselves in relating to what those changes should be. I want to say that we will be tracking what the consequences of the decisions that you've made are going to be.

I want to also say that the industry needs to examine itself very carefully because there's a lot of dairy producers who are in very, very serious financial difficulty. And it's significant because our quotas are being cut on every hand and it's lowering the income. The production of the cows are going up, and it is very, very serious.

So when you're dealing with the national Dairy Commission, I want you to know that we would be very much pleased if we could initiate some assistance in developing more quota for our individuals in the industrial side so it would not negatively impact all of the things that are going on. And I know that the discussions in the Canadian Dairy Commission are sometimes put on hold and related to that. But it's significant that we keep our dairy industry and that we keep it well and whole.

I want to point out one other thing that I want to say about the constitutional debate in its relation to agriculture, and specifically to the supply of managed products. Quebec has significant function in Canada as it relates to supply of managed products, both in the dairy and the feather industry. And I guess this is my challenge to you, that we don't need any negotiations on the part of agriculture to respond so that our production volume goes down over the period of time with the negotiations on the constitution.

And I wanted to raise that with you as a part of something that needs to be clearly understood.

Hon. Mr. Wiens: — Mr. Chairman. I missed your last

comment only so I could determine whether I should respond to you right now or later. And I think I caught the gist of most of your statements.

I appreciate your concern about the dairy industry both in Saskatchewan and in Canada and some of the difficulty it's having both internally within the country in terms of the struggles with declining quota, declining consumption, and on the other hand the variety of serious consequences of the GATT (General Agreement on Tariffs and Trade) negotiations that result, first of all, from the threat of tariffication on one side and then from the threat of very little interest by our American neighbours often in a level playing-field even when we do come to agreements about other things.

So the dairy industry, like others, is substantially at risk and I appreciate the offer of the members opposite in trying to bring forward some positive changes not only for Saskatchewan but for Canada to support this industry which has been, while a small part of our total production here, an important part and in certain concentrated parts of the province extremely central to the agricultural base.

So I would like to at this point, before the passage of the Bill or the passage out of committee, thank the members opposite for their co-operation in the questions they've asked and look forward to working together with them in this and other agricultural matters.

Mr. Martens: — Thank you, Mr. Chairman. I want to thank the officials for their answers and for the work that they've done on this and we'll visit with them again in the future I'm sure.

Clause 33 agreed to.

The committee agreed to report the Bill.

The Chair: — The Chair would like to thank the officials for assisting in the work of the committee.

THIRD READINGS

Bill No. 37 — An Act to amend The Automobile Accident Insurance Act

Hon. Mr. Wiens: — Mr. Speaker, I move 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. 10 — An Act to amend The Crown Minerals Act and to make consequential amendments to certain other Acts resulting from the enactment of this Act

Hon. Mr. Wiens: — Mr. Speaker, I move that the amendments be now read the first and second time.

Motion agreed to.

Hon. Mr. Wiens: — Mr. Speaker, I move that the Bill be now read a third time and passed under its title, by leave with amendment.

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

Bill No. 35 — An Act respecting the Production, Supply, Distribution and Sale of Milk

Hon. Mr. Wiens: — 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.

COMMITTEE OF FINANCE

Consolidated Fund Expenditure Education Vote 5

The Chair: — I will ask the Minister of Education to introduce her officials please.

Hon. Mrs. Teichrob: — Mr. Chairman, I'd like to introduce on my left, deputy minister of the Department of Education, Arleen Hynd. Immediately behind me is the ADM (associate deputy minister) Fred Renihan, and seated to his left is Robin Johnson.

Item 1

Mr. Swenson: — Thank you, Mr. Chairman. Madam Minister, the last time you appeared before the committee, I asked you a number of questions about the Mortlach School situation and gave an indication of, I wish for you to bring some stuff to the Assembly, some correspondence, Fire Commissioner's report, that type of thing? Have you had the opportunity to review that stuff and now bring it to the Assembly?

Hon. Mrs. Teichrob: — Mr. Chairman, I would like to provide the member opposite with a package of material that represents answers to all of the questions that were posed in the previous session, I believe, including the questions put by the member from Thunder Creek with respect to the Mortlach situation.

(1645)

Mr. Swenson: — Thank you, Madam Minister. I'll certainly take the time to go through the information you've provided. Since we last met I've had the opportunity to further discuss the situation there with various board members, and I don't know if you're aware or not, but there has been a fairly large public meeting held since we last met in estimates. And I wonder if you've got an update that you can give me on the situation there in regards to the renovations that they were talking about. Do you have anything to publicly put on the record?

Hon. Mrs. Teichrob: — Mr. Chairman, in response to the question, the notes I think that were provided in answer to the previous question were dated about June 9, and I am aware that there has been some activity; but as to the current status, I could undertake to discover the nature of the requests that have been put before the facilities branch. But I wouldn't be able to provide the answer

today.

Mr. Swenson: — Well, Madam Minister, I'm going to give you the benefit of the doubt today because I'll need to go through the information here. But I would suggest to you, Madam Minister, that this is one situation where maybe seeing is believing. I don't know if there's . . . Having been a minister myself, I'm not sure that there's any way that my staff could have adequately explained this particular situation.

Mortlach isn't that far from Regina. And if you were to walk the steps that the kindergarten children walk each day during the school year in that facility and know fully well what the rest of the plant is like, I think you would cringe each day as an adult, going up those stairs. It's just absolutely ludicrous that you have three different heating systems in one building. The access out of that old portion of that school . . . well there is only one way, and that's out the window and hope you survive the fall.

And I guess that's what's got so many parents in that area upset, is that they thought they were on the track of rectifying that situation. They've been very patient, I might add, all the way along, not wanting to sort of stick themselves out in front in their division to require something to be done. But it's to the point where people are talking about changing their tax status in order to get their children out of that school.

It would be very unfortunate because it's one of the few schools in the Thunder Creek School Division that is stable or growing. They have good, long-term projections in that particular area for stability, and it's very important to our rural communities, I think, particularly with what we see going on in the Coderre School in that division, that they have that stability.

And I can only suggest to you, Madam Minister, that it might be very useful to take that hour and a half drive and go out, because this school was on the short-list. And you and I can disagree on how many schools were included in that short-list, at what period of time, but this is one that I think needs something done, some commitment, and there's nothing like the Minister of Education actually showing a particular interest in something.

Hon. Mrs. Teichrob: — Mr. Chairman, certainly the health and safety of students and staff in our school system is of paramount importance to our department. We are doing a re-evaluation of the criteria for capital allocation. We did have some \$11 million available and budgeted this year for what would be described as emergency repairs that relate to health and safety issues in school buildings, and in fact I do believe that the board, which is concerned with the condition of the Mortlach School, was offered an arrangement whereby emergency funding could have been provided for relocateable units and the board didn't favour that request.

So I think that the department, the facilities branch of the department, and certainly the school board has a responsibility to make the best arrangements possible within whatever fiscal constraints we have.

We certainly hope in our new capital proposals to be able

to have a construction program next year. And the priorities will be established according to the criteria that are being consulted with in various parts of the province now in terms of a new program for the allocation of school capital.

Mr. Swenson: — Madam Minister, I'm only going to ask one more question.

The Chair: — Why is the member for Saltcoats on his feet?

Mr. Knezacek: — To beg leave to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Knezacek: — Thank you, Mr. Chairman. I'd like to introduce to you and through you to the members of the Assembly, guests that have arrived and are seated in the west gallery. One of the guests is a particular friend, particular partner, and the other half of my life — my wife Marlys; and our four children: Nathan, Tennille, Nicole, and Kristin. They are here as part of their holidays, and what better way to spend part of your holidays than to watch the Assembly and the politicians at work.

So if I could, Mr. Chairman, ask the members of the Assembly to welcome them.

Hon. Members: Hear, hear!

The Chair: — The Chair joins the member for Saltcoats in welcoming his guests.

COMMITTEE OF FINANCE

Consolidated Fund Expenditure Education Vote 5

Item 1 (continued)

Mr. Swenson: — Madam Minister, as was pointed out, the cost of relocateables would be \$19,000 more than the permanent construction. And that I don't think isn't even something that the board should consider. And any reasonable trustee faced with ratepayers today who don't have much money in rural Saskatchewan would . . . well would be, I would think, quite angry with that type of alternative.

So what I want, I want you to tell me what I should go back and tell the folks in Mortlach. And I don't and never have considered the education of our children to be something that is a terribly political item. And I don't want it to become one. But I can tell you, Madam Minister, in this case that it will be very political if it doesn't seem like people are being on the money with this one. So I want you to tell me what I'm going to go tell the folks in Mortlach. And maybe you and I together can do something about fixing it.

Hon. Mrs. Teichrob: — Mr. Chairman, I'd just like to say that at the time earlier this year when we announced prior to the budget that there would not be any dollars

available for new capital construction beyond the amounts that were allocated for emergency repairs for health and safety considerations, that there was a backlog of requests of over \$350 million in the K to 12 system. And a number of these requests are to replace ageing buildings, buildings that don't have good air quality, a number of reasons.

The most I can say is that there is no possible way that we would ever be able to accommodate a backlog of \$350 million worth of new construction in a single year in a single budget in the K to 12 system. That would be an unprecedented amount to undertake in one year.

What we are doing is we have a draft of a new proposal for the allocation of capital construction which would bring projects that have the conditions to contend with that the member opposite describes. Within the new criteria those projects would move up to the top of the list very quickly.

So all I can offer to the member at the moment is that in the fall, within the next few weeks, we hope to get approval for the proposal for capital allocation that's being circulated amongst stakeholders right now. When we have that we will be in a position to start making plans for the next year.

Mr. Boyd: — Thank you, Mr. Speaker . . . Mr. Chairman, pardon me. Madam Minister, I wonder if you would mind taking the time to explain to me the priority list for schools. How is that arrived at for upgrades or new construction?

Hon. Mrs. Teichrob: — Mr. Chairman, the four . . . what the member calls upgrades — I think he's referring to the maintenance; the emergency funding; the type of repairs, maintenance that the \$11 million was allowed in this year's budget for. That would be to address health and safety, occupational health and safety considerations, including such things as fire, air quality, such as the school in Eston, which you'll be familiar with. And the money for the renovations on that project would come from that pool.

Now in the allocation of capital for new buildings, that is the proposal that's being circulated now. In fact I think the consultation program is just about complete. And we will be making a recommendation to the cabinet very shortly on the new plan for allocation of new capital for new school buildings.

And it's proposed that it would be based on, of course, increasing enrolments, lack of space — a number of different relative criteria. The kind of facility, of course, that's being replaced would be a consideration if it's considered to be unsafe or inadequate in some way. Credit would be given for relocateable construction in areas where the school enrolment is seen to be not stable. And there are a number of factors.

I'm not sure exactly . . . I do remember the draft that went out, but it went out into the field for input by school boards, the construction trades, people that would be affected by the new proposals. I will be seeing the revised proposal very soon.

Mr. Boyd: — Madam Minister, I wondered though . . . I understand your answer, but I wanted to know how you prioritize each renovation or each type of renovation. What is the highest priority? And going down the list with respect to renovations and then with respect to new construction, what is the priority list for new construction as well?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, as I said before, we haven't finalized the criteria yet for the new proposal for new capital allocation, but I can tell you that it would be much simplified from the previous system where there were a number of different schedules and levels.

And what is proposed in the new plan, is it would be very simple that once the criteria are applied that the project would receive a number from 1, 2, 3, 4 and they would be exactly in numerical order so they would know very closely the amount of new capital that's available on an annual basis, how many years it would be before their project would be approved.

In the maintenance, in the allocation of maintenance, the criteria there are the health and safety considerations.

The committee reported progress.

The Assembly adjourned at 5:02 p.m.