

Second Day of
Legislative Organizational Session

JOURNAL OF THE HOUSE

Forty-eighth Legislative Assembly

Bismarck, December 8, 1982
The House convened at 9:00 a.m., with Speaker Kelly presiding.

Prayer was offered by Rep. Conmy.

ROLL CALL

Roll was taken and all members were present.

PRESENT: Anderson, C.; Anderson, R.; Aubol; Backes; Black; Boyle; Brokaw; Conmy; DeMers; Dotzenrod; DuBord; Eagles; Erdman; Gates; Gerl; Coetz; Gorder; Gullickson; Gunsch; Halmrast; Hamerlik; Hanson, L.; Hanson, O.; Haugland; Hausauer; Hill; Hjeile; Hoffner, S.F.; Hoffner, Serenus; Horgan; Hughes; Jacobson; Keller; Kent; Kingsbury; Kloubec; Knudson; Koehn; Koski; Kretschmar; Kuchera; Lang; Lardy; Larson, B.; Larson, R.; Laughlin; Lautenschlager; Linderman; Lipsiea; Lloyd; Martin, C.; Martin, G.; Martinson; Meier, A.; Meiers, R.; Melby; Mertens; Meyer, R.; Meyer, W.; Moore; Murphy; Mushik; Nalewaja; Nicholas; Nowatzki; O'Connell; Olafson; Olsen, D.; Olson, A.; Opedahl; O'Shea; Peltier; Peterson; Pomeroy, E.; Pomeroy, G.; Rayl; Retzer; Rice; Richard; Riehl; Riley; Rued; Sanstead; Schindler; Schneider; Schoenwald; Shide; Shockman; Sinner; Solberg; Stofferahn; Strinden; Swiontek; Thompson; Timm; Unhjem; Vander Vorst; Vig; Watne; Wentz; Whalen; Williams, A.; Williams, C.; Williams, W.; Wold; Speaker Kelly

A quorum was declared by the Speaker.

REP. BACKES MOVED that the House stand at ease to receive the Senate, which motion prevailed.

JOINT SESSION

Joint Session was called to order by Speaker Kelly.

MOTIONS

REP. BACKES MOVED that a committee of two be appointed to escort Lt. Governor Sands to the rostrum, which motion prevailed.

SPEAKER KELLY APPOINTED Reps. Conmy and Horgan and the Lt. Governor was escorted to the rostrum.

LT. GOVERNOR SANDS presided over the Joint Session.

REP. BACKES MOVED that a committee of two be appointed to escort Governor Allen I. Olson to the rostrum, which motion prevailed.

PRESIDENT SANDS appointed Sen. Redlin and Rep. Strinden, and the Governor was escorted to the rostrum.

REP. BACKES MOVED that a committee of two be appointed to escort the Honorable Grant Devine, Premier of Saskatchewan, to the rostrum, which motion prevailed.

PRESIDENT SANDS appointed Sen. Nething and Rep. Backes, and Premier Devine was escorted to the rostrum.

PREMIER GRANT DEVINE: Madam Speaker, Governor, Lieutenant Governor, State Representatives, State Senators, members of the media, families, friends, neighbors: It's an honor and a great pleasure for my wife Chantal and our Deputy Premier, Mr. Eric Berntson, and I to be your guests. We have been treated royally. We want to thank you very much.

The two ridings that the Deputy Premier and I represent are neighboring ridings, Souris-Cannington in Estevan and the border of the great state of North Dakota.

A resident of Saskatchewan does not really feel as if he is in a different country when visiting North Dakota. Frankly, we really feel at home. We felt at home yesterday. We had a good night's rest. We feel at home today. The hospitality has been great.

The sights and the sounds are the same on both sides of the border. Saskatchewan and North Dakota are like twins who somehow managed to be adopted by different parents. In one day we have met people from Moose Jaw, Regina, Humbolt, and Estevan living here in North Dakota and I'm sure if we were here for very long, we'd meet an awful lot more. Our peoples and our heritage are the same. This region was settled by peoples of British, Scandinavian, German, Russian, and Polish ancestry.

When the wheatlands opened up in Saskatchewan, many settlers, like both my grandfathers, came from this side of the border and homesteaded at the turn of the century. They'd come to America for a new life and they moved freely between Canada and the United States knowing that the ideals of freedom, democracy, and the value of individual effort were totally treasured and equally treasured on both sides of the international boundary.

Our population structure is similar with an almost identical split with rural and urban. Certainly my rural heritage, growing up on a farm, as I've said many times growing up on horseback with a baseball in one hand and a hockey stick in the other, going to 4-H meetings, is similar to many people, I believe, in this House.

Even our names have similar origins, both were coined by our native peoples. Saskatchewan comes from the Cree, meaning "fast flowing", a name we all appreciate in the spring. Dakota comes from the Sioux, meaning "friendly" or "ally". That also seems appropriate.

Saskatchewan and North Dakota are suppliers of food to the world. This state grows much of the wheat produced by the United States, along with flaxseed, barley, and rye.

Saskatchewan produces two-thirds of Canada's wheat. We have over half, about forty-six percent, of all the farmland in our nation, is in our province. We also produce flax, barley, rye, and about a million cows on hand. We have about as many cows as we do people.

In order for the economy to remain strong and retain its population, there must be diversification; and the Deputy Premier and I are working hard in that regard.

In order for the economy to remain strong and retain its population, there must be diversification. Luckily both Saskatchewan and North Dakota have an abundance of mineral resources which has produced economic growth to complement the potential of the agricultural sectors. North Dakota and Saskatchewan have become oil producers. Saskatchewan, for example, has six billion barrels of heavy crude identified that we can get at and over twenty billion barrels in the ground. We have enough heavy oil in our province to replace all the imports coming into the nation at this time.

North Dakota boasts some of the largest lignite coal deposits in the world. Saskatchewan can make a similar claim with respect to potash. We also have coal, natural gas, and uranium.

Frankly, ladies and gentlemen, we have, we, in Saskatchewan and North Dakota, what the world wants: food and energy. But much of the appeal of both regions lies beyond economics, it lies in its beauty. I believe this is God's country, blessed with wealth and particularly hardworking people. Saskatchewan's largest cities, Regina and Saskatoon, are a little bit bigger than they are in North Dakota, but neither of us have seen our countryside contaminated by urban sprawl and pollution. People respect, love, and understand the land.

Common advantages bring some common problems, and that is one of the reasons why we are visiting here today, to identify opportunities, but also to also identify constraints that develop. Both Saskatchewan and North Dakota share the frustration of being efficient producers of foodstuffs that the world needs - and finding our farmers fighting for survival against high costs, high interest rates, and low grain prices. Even petroleum demand is at a low point in many of our areas.

During the 1930's we shared the same misery of drought, rust, grasshoppers, saw worms and depression as did the rest of the Great Plains area. The solutions, when they came, were shared solutions. We worked together to resolve the problems, new farming ideas, new insect control techniques, new machinery. A lot of the sharing of ideas were accidental, in that it wasn't intergovernmental cooperation. It came about as a result of close ties between individuals who traveled back and forth across the border and brought new ideas to try to experiment and to try to cope with some difficult times.

Perhaps it's time to be more organized about the solution of common problems. Governor Link has advanced the idea of a Council of Western Governors and Premiers. Governor Olson and I would be interested in supporting this idea. Yesterday we held a joint news conference, talking about water, leafy spurge, trade, technology, sports, and the kinds of things that we could do together to build on each other's strengths and our common heritage. Our Atlantic and Pacific coast counterparts have similar organizations and these have made a contribution to cross-border problem solving. We both have to speak with a clear voice on behalf of the West, the western part of this continent. The slogan that settled this region was "Go west young man" and you can find that on the north side of the border and the south side of the border.

The principle that rules the economy seems to be "Go west, but send your profits east".

The era of being known as hewers of wood and haulers of water must end with both of us, harnessing our renewable and our nonrenewable energy and combining with processing and manufacturing of our resources.

The use of water is one of those subjects that requires us to consult each other and probably on a weekly basis, if not more often. Yesterday I addressed the North Dakota Water Users Association and I spoke about Rafferty Dam, which is of interest to a large number of people on both sides of the border. I wonder if we wouldn't be a lot closer in coming to a definite conclusion on the feasibility of Rafferty Dam, if a forum existed for talking

it out informally before a commitment was made on either side or before the two federal governments were involved. And, I believe the Governor and I have reached an agreement that we can have informal discussions by members of the legislature in Saskatchewan and here in North Dakota, and continue to talk. Further discussions across the border as to what each of us expects from the dam is exactly what is needed at this point. The previous government in Saskatchewan decided against encouraging the dam because it felt the benefits would go largely to North Dakota and the costs would be carried largely by Saskatchewan - especially the nonmonetary costs.

The Governor of South Dakota spoke last night and frankly summarized those concerns of lost acres in the province of Saskatchewan. I don't need to repeat them here.

Since I represent the Estevan area where the dam is to be built, I have a very close interest in the debate. I know that a large number of potential benefits would flow to the Estevan region if there were to be a reservoir. But it is also a fact that these benefits are not so certain if Minot is to have the flood protection it really needs. In short, there's a trade-off between protecting people from floodcontrol and providing the supply of water for economic development. For flooding of an agricultural area to form a dam reservoir is a serious action and one which is appreciated here and has lead to the postponement of the Burlington Reservoir plan.

Our government believes that the Rafferty Dam proposal is worth further study to see if the proposed area can be reconciled and to see if the costs can be fairly divided. To date the cooperation and, particularly, the guidance of your Governor and his staff, and state representatives have been excellent and for a new administration like ours, about six or seven months old, we really appreciate the hospitality.

The major challenge for the new government in Saskatchewan is to bring diversification and flexibility to the economy. The former administration was in power thirty-one of the last thirty-eight years. In 1971-1982, Saskatchewan was governed by the new Democratic Party; a party which was largely interested in the steady expansion of state or government control of the economy and the progressive reduction of the sense of, I would say, individual initiative. The province, under the former administration, purchased over a million acres of farms for the government to rent it back to the farmers. They bought land at \$50, \$60, and \$70 an acre from mom and dad and then they attempted to sell it back to the children at \$600, \$700, and \$800 an acre. And it wasn't very popular. As one senior citizen said to me in Blaine Lake, Saskatchewan, and

he spoke broken English and Ukrainian; he said, Grant, a hundred and fifty years ago if there had been a sign up in Europe that said land for rent in Saskatchewan, I wouldn't be here. I came over to own the farm and it's one thing to have the government help me pay for the farm, but it's quite another one to have the government own the farm.

Well, the previous administration has bought over a million acres of Saskatchewan land and they speculated with it and it has gone from sixty to seventy to a hundred dollars an acre up to six hundred and to a thousand dollars. They created twenty-eight Crown Corporations, twenty-seven of the twenty-eight this year are losing money. We have inherited about three hundred thousand square feet of excess government buildings, a three-year surplus, and a heritage of high taxes.

Well, the new administration of Saskatchewan is aiming to strengthen the Saskatchewan economy by restoring individual initiative, risk, and reward to the economy. We intend to use our natural resource base to attract and build new industries. We are open for business. I say that as a neighbor, but I also say that as a competitor because we are from the same region.

We recently shared a conference with the Financial Post, which is the national newspaper in Canada, called "Saskatchewan - Open For Business". Five or six hundred businessmen and women from across the nation and the United States and Europe came to Saskatchewan during a recession to look for recovery because we've said, despite the recession in Saskatchewan, we've decided not to participate. Well, it's largely attitude.

Agriculture will always be the most important activity in Saskatchewan but through economic diversification we will be able to keep our population and give our citizens more options and a secure economic future.

North Dakota and Saskatchewan are similar in geography because they both form part of the Great Plains. There is one difference - in Saskatchewan the Great Plains meet the Canadian Shield. Not only do we have within our borders one of the world's greatest wheat producing areas, we also have a giant forest area with limitless economic and recreational possibilities, as well as minerals.

People in Saskatchewan travel to North Dakota often, for shopping and to visit relatives and friends, they even cross the border in deer hunting season and they don't even know it. But they get back.

In return, we offer to North Dakota fishing, hunting, camping, and canoeing, and two medium-sized cities that are

ideal as convention locations and warm hospitality. We are saying, come north for a visit or recreation. Saskatchewan is the best kept secret you know. We're going to help change that. We're going to help market Saskatchewan.

What we're looking at in the province of Saskatchewan under my leadership and Eric's and others, is mostly common sense and mostly a balance, and some thoughtfulness about providing ourselves with a competitive edge. Let me give you some examples.

We promised in our election campaign that if we won we would reduce or remove the tax on gasoline for Saskatchewan people because we're the second largest energy producer in the nation. Twelve minutes after we were elected we removed the tax, all the provincial tax on gasoline, and that saved our province and our citizens about a hundred million dollars a year in increases. Right now it's a dollar cheaper than it is in Quebec City and it's increasing. We said, why not pass the competitive edge to Westerners? We have to compete against West Germany and Japan, people from all over the world, why tax ourselves? Two-thirds of the price of gasoline was taxed.

And, at seeding time in Estevan, I ran into a guy who was putting in his crops and he was going around the pumpjacks in the sloughs with his discer, and he was upset. He says, they're charging me almost fifty cents a gallon to put diesel fuel in my tractor. That isn't even for roads, cause it's my own ground, I don't even know what they do with the tax, and besides, I'm going around pumpjacks that aren't even working because we're importing oil from Mexico and Venezuela. I don't think they're on my side. And, when he went to church on Sunday or to the bar on Saturday, he could be very convincing. So we removed the tax and right now we have the lowest priced gasoline in the nation.

Every time the federal government increases the tax, we don't participate, we don't build on it, we don't piggyback on it, it's not inflationary. As a result we have the lowest rate of inflation in the nation. Our consumer price index is running about seven percent. We're proud of it.

When people said to us in the campaign, why isn't the government as good as the people? They say, well I'm farming just the same as I used to, I'm running my business just the same as I used to, but all of a sudden I can't make it because interest rates are seventeen, eighteen, nineteen percent. Why can't you protect, use the power of the state to protect us from high interest rates? I said, all right, we will. If we're elected we'll make sure the interest rates for your home will never go over thirteen and a quarter percent for the next three years, and then we'll review it after that.

So we brought in an interest program protected by the state, by the Province of Saskatchewan, for every single homeowner in the Province of Saskatchewan without a means test, without discrimination on a mortgage up to fifty thousand dollars, thirteen and a quarter percent maximum, goes up or down or sideways. When we brought it in it was about eighteen and nineteen percent, it's down to about that now but even if it goes up they have the confidence that it won't change. So I have, I would say, the best mortgage program, and one of the best in Canada, one of the best in North America.

We've introduced something to replace the land bank where the government bought the farm and rented it back to the kids. We provided, Eric just introduced in the legislature ten days ago or a week ago, the farm purchase program providing eight percent money for young bona fide farm people, farm couples, so that they could buy the farm. And, they're delighted with it because it's fixed. And, it provides them with confidence that they can sustain themselves for the first five years and it's twelve percent of the market, whatever is lower for the next five, so that they have ten years of protection and confidence.

We also modified the royalty structure in the energy business so that we could encourage people to work in Estevan, Kindersley, Weyburn, North Battleford, and Lloydminster. We had forty percent slack capacity in the Province of Saskatchewan and the world needed energy and we weren't working. So we gave them a five-year holiday on deep well exploration, we weren't making any money on it anyway because there wasn't any of it going on. So we said, a five-year holiday if you go for it. And, they're going for it. We had a hundred and ten percent capacity. Full employment, and as a result of those measures we do have the lowest unemployment rate in the nation. And, the government is even making more money on the revenues than it was before because it's the old trick, total revenue equals price times volume. Sometimes when you drop the price the corresponding increase in the volume more than compensates for it. Economists call it elasticity of demand, governors and premiers could call it the tax rate, and what people can cope with and it has to be fair and it has to be balanced to encourage the people to work because we have to work our way out of a recession, we can't just price our way out - work, employment is important.

Well, I suppose the other thing that we did besides having the lowest gas tax in the nation, the lowest CPI, the lowest unemployment, the best mortgage program, and some of the best oil royalty structures to encourage the people to work is that we didn't nationalize a single farm or another business. We haven't bought one and we don't intend to. We're looking at a balance. We have an industrial strategy

that says there are four cornerstones to our economic growth, industry, government, education, and labor, and they all supported us in an election and probably the biggest upset in Canadian history from forty-four seats out of sixty-four, one weighed at fifty-five to the others, so we had the support of labor, the support of the farmer in every town and every block and every city across the Province of Saskatchewan. Because of the balance we have crown corporations but we are running them as well as we can. The public utilities are running efficiently and effectively, cost break even analysis. The other crowns that are in business to do as well as we can so there is good return for the people's money, and if there isn't, we're going to have to put the money someplace else because Saskatchewan people are no different from you are, they don't want to put good money after bad.

We've also expanded expenditures in health, education, and social services. But most important, I believe we've expanded a change in attitude. I had dinner the other day with the past president of the Canadian Medical Association, about sixty-five or seventy years old, and he says, Grant, my biggest regret is that I am retiring. I said, what do you mean? Well, he said these young fellas, you know these engineers, they've figured out a heart, you hear it on television, right now, they can make a pump work just like a heart, it's just as efficient, it works like a darn. And, he says, see that little chip that runs your watch, they can put that in there and it can run and run and run, and he says it's exciting and I'm quitting. His regret was that he wasn't right in the middle of it.

Well, in the Province of Saskatchewan, we're not retiring, this is the beginning. Our attitude is that we are first class and world class in anything we make up our mind to do. We are going to be first class in every opportunity, whether it's sports, technology, education, agriculture, energy, health care, water management, whatever, and I've advised all the cabinet ministers, go search the world to find who is first class whether it is in health or ambulance service or technology or education, and come home and tell me why we're not there, and second, how we can get there. It's a combination, it's a balance.

During the election I tried to find two words that describes the Saskatchewan people, two words. And I would also expect that they apply to the people in North Dakota. The first word is compassion. If you go into a small rural community, like Davidson or Terryville or Carnduff, Torquay, Saskatchewan, you'll find people working together hand in hand for a sports state and they'll be building booths and fixing up the race track and fixing the ball diamond and putting sand in the horseshoe pits and just working baking pies together. And, if somebody has trouble

in combining, they'll be over to help them out. Somebody has trouble with their calves in the spring, they'll be there. It's just like a family, it's a kinship and they've stood together in lots of tough times together and it's natural. But the second word is competition and the two words are not mutually exclusive. If you go into that baseball game in Torquay the next day it'll be as tough a competition as you'll find in any place in the continent or the horseshoe pit or the horse races with their friends. In the heart and soul of every single solitary person I know in Saskatchewan, there's compassion and competition, and they're entwined like that together. Together, and you can't remove the competition and you can't impose the compassion, they're natural. Well, that common sense balance of compassion on one hand, and a competitive spirit to develop our God-given talents on the other, is what we're trying to build on in the Province of Saskatchewan. And, I believe sharing of the kinds of things that we can do across the border can produce an awful lot of synergy, that is, two and two can be five. What you're trying to do and what we're trying to do can go in the same direction.

Let me just close with a story. It's a true story. I was at a prayer breakfast in Lloydminster the other day, about a month ago. A young lady stood up and told this story. Apparently, in southern Saskatchewan not so long ago a farmer working in the yard at harvest time, working on his machinery. He had his four-year old son with him and, he looked around and the boy was gone. Obviously he had walked out into the wheatfield someplace and he couldn't find him so he called his wife and they went to look for him. They couldn't find him. They called the neighbors, they looked for him and couldn't find him. They looked for him for three days, couldn't find the boy. Finally, in desperation, the father just stood in the yard and the third morning, and he said, let's join hands and walk out into this wheatfield. So they joined hands and they no more than walked six paces and they found the boy, but it was too late, he was gone. The farmer just turned to his wife and said, if we had only joined hands earlier. Well, I believe that we have to compete with the rest of the world, here in North America, against people in from Europe, Australia, Japan, all over. We have a common heritage, we have common opportunities and common constraints. Let's join hands and show them that we can be world class. Thank you.

REP. STRINDEN MOVED that Premier Devine's remarks be printed in the Journal, which motion prevailed.

REP. HAUSAUER REQUESTED that the Legislative Council Director John Olsrud be called upon to make a presentation.

PRESIDENT SANDS called on John Olsrud, Director of the Legislative Council, who gave an overview of issues that would be coming out of the Interim Committees, and reported on the work those committees had done. Mr. Olsrud then called on Mr. Chester Nelson, Jr., Associate Director for Audit and Finance, who explained the work of the Budget Committees and the Fiscal Review Committee.

PRESIDENT SANDS introduced former Sen. Robert Melland, Chairman of the Higher Education Study Commission, who reported findings and recommendations of that Commission.

REP. BACKES MOVED that the Joint Session be dissolved, which motion prevailed.

The House reconvened for announcements.

REP. BACKES MOVED that the House stand adjourned until 9:00 a.m., Thursday, December 9th, 1982, which motion prevailed.

CHARLES FLEMING, Chief Clerk