

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fourth Session – Tenth Legislature
20th Day

Wednesday, February 26, 1947.

The Assembly met at 3:00 o'clock p.m.
On the Orders of the Day.

SECOND READINGS

Hon. J. Phelps (Minister of Natural Resources) moved second reading of Bill 25 – **An Act to amend The Land Utilization Act.**

He said: At the present time the Act reads that only land suitable for agricultural purposes or unsuited to agriculture would be taken over by the Land Utilization Board. It has been found in practice that some of these lands at the present time may be unsuited to agricultural purposes. Taken over by the Board and later by transitional period, they may be found to be suitable and there have been cases where they have actually been authorized to go back into agricultural pursuits that the economy in that particular district may change. Therefore, it is thought at this time to widen the Act to make it possible for the Land Utilization Board to take in any land which has been diverted by means of taxes and has been negotiated by the municipalities or by the other means contained in the Act.

Now, the other point which I might draw to the attention of the Board or to the House, is the widening of the membership of the Board, which will provide for the inclusion of two new members. One would be a member of the representatives of the Agricultural Representative Committee and the other will be the Superintendent of the Lands Branch of the Department of Agriculture. That would be two additional members to that Committee to determine whether or not these lands would come under the Board of Allocation. The third point is the transfer of this Act to the Department of Natural Resources or to the Department of Agriculture from the Department of Natural Resources. At the present time this Act is administered by the Department of Natural Resources and it has been agreed that land suitable for agricultural purposes, together with grazing lands as announced from the Speech from the Throne would be transferred for administration purposes to the Department of Agriculture. It is deemed expedient to transfer the Land Utilization Board as well. The amendment to the Act provides for that transfer. I don't think there is any other point, Mr. Speaker. Those are the main points in the Bill and I would move second reading of Bill 25 – An Act to amend The Land Utilization Act.

Mr. G.H. Danielson (Arm River): — Does this mean, Mr. Speaker, that they can extend the power of the Board and to pass an Order-in-Council to include a whole municipality under The Land Utilization Act, thereby extending the scope and including or extending the equity in that municipality to come under the Land Utilization Board? That has actually been done in order to secure a quarter section in my district, by an Order-in-Council passed specifying the whole municipality as a Land Utilization. I would like to know if this extension of power will also include that the Minister or the Government will then have a power to add the particular area that is classified as submarginal land under the Land Utilization

Act. What's the answer?

Mr. Phelps: — Well, Mr. Speaker, if that's the question, if he wants me to answer it now, I am prepared to do so, if there is any further discussion. Well, Mr. Speaker, in answer to the Hon. Member's question, the fact that the amendment is now before the House, will not alter the point that he raises. That provision is made in the Act in another clause and this amendment will not alter it one way or the other. This amendment, as I've said before, simply widens the classification of land and has nothing to do with whether or not the Land Utilization Board can request an Order-in-Council and have any particular municipality brought within the regulations. It has no bearing on that one way or the other.

Mr. Patterson: — True, the powers of the Land Utilization Board are not obvious, but the lands which may be brought under the control of the Board is considerably amended by this proposed amendment and to that extent, certainly, it does increase the power of the Board, because it will considerably increase the kinds and types of land over which they will have control.

Mr. Phelps: — Mr. Speaker, in answer to the Hon. Member's statement, I would like to say that by widening the representation on the Board, as proposed in the Bill, I think the public interest is amply safeguarded. We will have on that Board, the head of the Agricultural Representative Service of this province together with the Superintendent of Lands of the Agriculture Department. It is anticipated that this will be turned over to the Agriculture Department. The whole idea back of the Land Utilization Board and a principal which has been continued by this Government is to see to it that every effort is put forth to see that the land is utilized to the best possible economic advantage. I think that the House can rest assured that that is the sole purpose of the function of that Board. I think its activities over the years have been very satisfactory under this Government and under the former Government. I said before that any land which comes under its jurisdiction, its first responsibility will be to see to it that the best economic use is made of the land over which they have control.

Mr. Danielson: — Then this amendment with this change in the Act does not give the Minister or the Government power to add the particular area that is classified as sub-marginal land under The Land Utilization Act. But does it give you that power that is the point that I would like to hear?

Mr. Phelps: — Mr. Speaker, I tried to make myself quite clear on this point. I said that formerly the Act only provided for lands unsuitable for agriculture and in that sense it will widen the scope of the Act but other lands could be bought for the purpose of securing better utilization. That is the purpose of the whole Land Utilization Act, as the Member knows, and it is one of the things that there has been a great field of study given to during the past two years. There is a Land Utilization Committee sitting quite regularly on which there is representation from the Saskatchewan University and they are studying ways and means of the best utilization of all our lands including the land that

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is handled by the Land Utilization Board.

Motion agreed to and Bill read a second time.

Hon. J. Phelps (Minister of Natural Resources) moved second reading of Bill 36 – **An Act Respecting Dominion Electric Power Limited and The Saskatchewan Power Commission.**

He said: I would like to inform the House that this Bill might be regarded as a winding-up Act. The purpose of it is to wind up the affairs of the Dominion Electric Power Company which as the House has already been informed was taken over by the Saskatchewan Power Commission sometime ago. Negotiations have been proceeding and for sometime we have operated the company as a company. Later steps will be taken to absorb it into the commission and negotiations are just about now completed. Arrangements have been made to call in the bonds which were issued which are not outstanding. The only other liability of the company is a promissory note. Arrangements have been made to absorb that liability, and at the present time ending the time of the completion of the assignment of the bonds and the other legal formalities that must be gone through. The Power Commission is operating the Dominion Electric as a trustee until all of these transactions can be consummated.

Now the purpose of this Bill, as I said, is to wind up the affairs of the company and to relieve the Commission of the necessity of taking over individual contracts. Mr. Speaker, this is not a new principle, it is the effect, of course, of taking over the company as we would take over all the debts, the liabilities and the assets of it and that has all been arranged for as I explained before. For the information of the House, this is not a procedure that is new. Often times, Mr. Speaker, we desire to have a precedent and there are several precedents for an action of this kind.

In 1939, an Act was passed in this House respecting the Mundon and Weston Trust Company and the Standard Trust Company. Now there were certain transactions at that time between those companies and there was a desire to have a winding-up Act to relieve them of the necessity of going through a number of details that would be involved otherwise, and the Legislature at that time on the request of the company passed a winding-up Act.

Again in 1934 an Act was introduced in this House, an Act respecting The Trust and Guarantee Company and the Union Trust Company, another case of amalgamation and absorbing one company by the other. Again in 1937 the former government was requested to pass a similar Act to this one, almost identical, Chapter 97, An Act respecting Saskatchewan General Trust Corporation and that Act was passed providing the same thing almost in identical terms as is now before the House. Again in 1939 the former government, Chapter 97, An Act respecting the Co-operative Creameries Limited. Therefore, Mr. Speaker, I cite these as precedents for doing the thing that we are suggesting to the House, that we give consideration to at this time.

I don't think that there is any new principle, Mr. Speaker, in the Bill – any matter that cannot be discussed in Committee of the Whole. Therefore, I now move second reading of Bill 36.

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Mr. W.G. Patterson (Leader of the Opposition): — The second paragraph of the Bill says:

Whereas the Saskatchewan Power Commission has caused all the outstanding bonds issued by the Dominion Electric Power Limited to be redeemed.

I understood from his remarks that they had been called. Has the redemption been completed?

Mr. Phelps: — Mr. Speaker, it is in the process now. I think by the latter part of this month. Now, in a few days the whole transaction will have been completed.

Mr. Proctor: — Mr. speaker, may I ask the hon. gentleman how is the Dominion Electric Power Limited created, is it by private Act?

Mr. Phelps: — Mr. Speaker, I am not in the position, I believe it will be under the Dominion Companies Act because they had property in other provinces. As the House knows they had property in British Columbia, a small property there on the border. They had property in Alberta and they had one plant in Manitoba, so I take it that they would be operating under a Dominion charter.

Mr. Proctor: — Well, Mr. Speaker, if that is so, how does the Minister propose in this Bill to dissolve the company?

Mr. Phelps: — Well, Mr. Speaker, the one point that I did not explain, I didn't think it was really necessary, as the House knows and I reported to the House I believe almost a year ago, the Commission was operating the Dominion Power Electric and at that time saw fit to sell all the property outside the Province of Saskatchewan. There is no property outside the Province of Saskatchewan and hasn't been for quite some time. That has all been liquidated, has all been cleaned up and the only property that now remains under the old Dominion Electric Company is in the Province of Saskatchewan. That facilitates the transaction materially, as my friend will understand.

Mr. Proctor: — I suppose this can be obtained in Committee, Mr. Speaker, but I just suggest to the Minister that he had better give consideration to the fact that this Bill is apparently a provincial Bill winding up a Dominion company.

Motion agreed to and Bill read a second time.

Hon. O. Valleau (Minister of Social Welfare) moved second reading of Bill 27 – **An Act requiring Insurance against Certain Losses resulting from Certain Motor Vehicle Accidents.**

He said: Mr. Speaker, the House will recall that a year ago we passed a Bill for an Act under the same title. I might mention to the House at this time that when we were preparing the amendments to that Act the amendments were so numerous and extensive that it was thought desirable, instead of amending the old Bill, to bring in a completely new Act. The Act which is now before

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the House and which if passed by the House will come into effect on the 1st of April at which time the former Act will be repealed.

I thought this afternoon, Mr. Speaker, that I might give for the benefit of the House a brief resume of the operations of the former Act, of the financial position, in order that the House might more accurately determine the wisdom of passing the Bill which is at present laid before us. First I thought that I would deal with the service which has been rendered to the people of Saskatchewan by the present Act – then take up the financial position of the fund – then deal with the proposed changes in the new Bill as compared to the old one – then with some of the problems of administration and how we propose to meet them and finally with certain small changes in the rates.

I recall last year mentioning to the House the difficulty which arose in working out a plan, a plan such as involved in this comprehensive Automobile Accident Insurance Act, due to the scarcity, indeed the almost entire lack of statistics, covering the operation of such an Act. I have some information. We have done some analytical work on the accidents which have occurred up to the present time and it is the intention of the office to immediately analyze the accidents completely, giving the cause, where they occurred, the location, the occupation of those who were injured. But in the meantime it might be possible for me to give certain necessarily incomplete analysis in order to show that some of the fears of some of the people were not entirely realized in the operation of the Act. I was told last year, Mr. Speaker, by some people that all of the accidents occurred in the cities. I was told by others that all of the accidents occurred out in the country. They are actually pretty fairly well divided. Out of the first 44 claims which have been completely settled for death cases, we find that 35 were rural and 20 occurred in towns or cities and of those first 44, 19 were farmers . . .

Mr. Patterson: — Pardon me, those figures don't add up.

Mr. Valleau: — 35 and 29.

Mr. Patterson: — 64, is it not?

Mr. Valleau: — Pardon me, yes that was out of the 64 just reported. I was inadvertently taking the figure 44 for which we had completely paid. Out of the 64 deaths which had been reported, 19 were farmers, 7 were laborers, 6 were housewives, 5 were students and 1 each of a number of other occupations.

Mr. Proctor: — Have you got the information as to the residences?

Mr. Valleau: — I have not got that information.

Mr. Proctor: — 35 were rural and 29 urban? Is that it?

Mr. Valleau: — Yes, 35 were rural and 29 urban.

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Mr. Patterson: — As I understood the Minister, the 35 accidents took place in rural territory and the balance in the city, is that — or urban territory, is that correct?

Mr. Valleau: — Yes, that is the analysis that I have. I am not absolutely certain on that but that is my understanding of the analysis. As I have said, we have not yet completed the final analysis. It is sometimes difficult and without considerably more information than we have been obtaining to determine whether they were rural accidents. We have been taking the post office of the individual and in many cases we find that the post office of the farmer is in a town or in a city. We are going to have to do considerably more work in order to be able to get a clear-cut indication of the proper allocation as between the rural and urban.

Again, in the first 1,100 claims paid, I find the same difficulty. Our books at the moment show that 510 of those were rural and 593 were urban. This would appear logical that while the deaths possibly occur more frequently out in the country districts the minor injuries, or the injuries will more frequently occur within the cities. Out of the first 1,340 claims that were filed, 750 were filed by passengers in automobiles, 418 were filed by drivers and 172 by pedestrians.

An Hon. Member: — Will you repeat those figures?

Mr. Valleau: — 750 passengers, 418 drivers, 172 pedestrians. And of the pedestrians injured, 126 of them were injured in the cities or towns and 46 in the rural areas. We also have 45 bicycle riders or bicyclists, I don't know whether that is the correct word or not.

An Hon. Member: — Cyclists.

Mr. Valleau: — Cyclists, is it, were also injured. One of the interesting things that does appear though in the analysis of the claims that have been paid is that a remarkably few according to our legal adviser, would have been eligible to sue for compensation under ordinary public liability claims. Out of the first sixty-four deaths it is our opinion that only about 5 per cent would have had a legitimate claim, had the person who caused the accident been insured under Public Liability Insurance. We did sample some 200 cases of other injuries and we find there that the claims could have been sustained or could have been incurred in approximately 12 per cent of the cases.

We have also a number of cases which are not eligible for settlement under the Automobile Accident Act. I have here a list of 15 claims that were made on the office for which we were obliged to disclaim responsibility. Two of those were pedestrians, Saskatchewan residents, who were killed outside of the province, one in Alberta and one in Minnesota. Obviously the Act, as the House will remember, did not provide for compensation to a Saskatchewan person who is a pedestrian and who is killed outside of the Province. Had they been occupants of a Saskatchewan car they would have been protected, but since they were not occupants of a car, but were killed as pedestrians, they

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were not protected. We had another application, or another claim, in which the coroner's verdict was suicide and we disclaimed responsibility.

There are four cases which are covered by Workmen's Compensation Board Accident Fund, four cases of deaths. I might say here very frankly that there is a certain dual coverage in regard to those who are covered by the Workmen's Compensation Board Act. We have taken some steps to mollify it, as I will explain later, but the situation still exists and will exist until we have had time to survey the situation more fully.

There are three other cases of individuals who were killed for whom we are not liable because the person who was killed was operating a car or motor vehicle without a driver's licence. At first sight it might seem a rather severe penalty. A man who is caught without an operator's licence may be fined \$5, \$10 or \$15 – I forget just what the fine is – but in this case the man's family may lose three or four thousand dollars because he is operating that car without a licence. Yet looking at it from the other angle, the situation is, that all of the motorists of Saskatchewan have joined themselves together in an insurance fund to protect one another and if an individual, entirely apart from the illegality of the action chooses to stay outside of the insurance fund we can scarcely bring him back into it after the accident has occurred. But I would impress on the House that they should, as far as possible, advise the people who are driving cars in this province to be sure to obtain their driver's licence because in the event of accidents the Act provides that we are unable to pay compensation to the driver of a car who is operating without a driver's licence.

An Hon. Member: — You'd pay the passengers.

Mr. Valleau: — We pay the passengers, we pay anyone who is injured, pedestrian or otherwise, but we do not pay the actual driver or the car. There is one further exception. If the owner of the car is also in the car and is injured we do not pay the owner because on the owner lies the responsibility of seeing that his car is operated by a person who is qualified under the Act to operate it.

We have one other case and again one that I think we could well draw to the attention of the public; a person killed while riding on a portion of a motorcycle not designed for seating of passengers or carrying of a load. That is a very common practice but the Act provides that on a motor vehicle that the passengers must either be seated where the proper seating accommodation is or where a load is normally carried. One tractor operator, of course, was not covered under the previous Act although he is covered under the Act which we have before us at the present time. Now if I might deal, Mr. Speaker . . .

Mr. Proctor: — Mr. Minister, are these cases all under this 200 or are they out of the 1,340 cases?

Mr. Valleau: — These cases are all cases of deaths.

Mr. Proctor: — No, no, but you said that you had taken a sample of

200 cases, there were 1,340 accidents and 200 cases as samples. Now, is this the sample out of the 200 or out of the 1,340?

Mr. Valleau: — These cases I have just been dealing with were all death claims which of necessity we are refusing, that is there were 15 here out of the 65. I'm giving the House an indication why we refused the settlement in those particular cases. In regard to the financial situation of the province we estimate today that the total income premiums written as of April 1st this year, they're estimating there will be a little money come in yet, but the total will reach \$1.8 million. The losses incurred or those which we anticipate will occur between now and the first of April, will total \$320,000. We are setting up the estimated expenses (again I'm only giving approximate figures because the year is not yet ended). I think that the House is entitled to the information as closely as we can give it, we are estimating that, for expenses \$136,000, approximately 10 per cent on the premium income.

We are also proposing to set up reserves covering provision for catastrophes. We are also setting up a reserve for possible depreciation of securities and we have interest on securities coming. I'm not going to weary the House with all of the figures, although I have them here and as closely as we can estimate at the moment our situation as of April 1st will be the amount left of \$744,000 for what we call an equalization fund and which will be available in future years for this particular purpose. In addition to that we will have in reserves about \$133,000 all together. Now at first sight, Mr. Speaker, it might seem that that is rather a remarkable statement on what is on an insurance plan.

Our loss ratio was 24.50, that we spent in compensation for losses, or we have spent or will spend until the first of April 24.50, 24 1/2 per cent of our premium income. When it first became apparent to me that we were going to have a very considerable margin I started then to check a little more carefully into the experience of other insurance companies just to see what they did under similar circumstances. I went back into the fire insurance in the Province of Saskatchewan from 1940 until 1944, the five years inclusive. I found that in the fire insurance field the private companies averaged a payment of 26 1/2 per cent, 26.49 to be exact, payment of losses as against their premium income — just slightly more, just a slightly larger proportion than we paid. Their expenses, of course, were considerably higher. Where we estimate our expenses to be very close to 10 per cent, I find that these other companies in commissions and which, of course, we do not pay under this Act, were paying out nearly 25 per cent, 24.95, and in their other expenses, including adjustments, administration expense, were paying out 22.18, or a total of 47.13 per cent of their premium income went out in expenses as against 10 per cent which we are spending under The Automobile Accident Insurance Act. So one might assume that had this particular Act which we are considering at the moment, had it been operating under a private insurance company that the financial picture at the end of the year would have been something like this — \$325,000 paid out in losses, \$611,000 in expenses, \$200,000 in reserve and another \$264,000 to look after taxes and to pay their dividends to their shareholders which would have taken care of the entire \$1.3 million.

If, I might be permitted, Mr. Speaker, to paraphrase an

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Hon. Member of this House, a phrase which he has used on different occasions, both last year and this. I would say that the private insurance business is the greatest hoax ever perpetrated upon an unsuspecting public. I don't know if it would be correct – \$1.3 million and pay out \$300,000, I say that's a pretty fair hoax. The point is, of course, that we do not propose to continue doing that. We did it in the first year. We were aware last year that we did have a very large margin. I must confess that the margin is greater than I expected but that was due to the fact that our statistical information was not sufficient to allow us to come to the point that we wished to cover and I am not at all sure that the present Bill will exhaust all of the funds which will be collected. I do hope that year after year I will be able to advance the benefits covered by this Act until we do come very close to providing a balance one year after another.

An Hon. Member: — I am very sure your premiums are far too high now.

Mr. Valleau: — Well, the Hon. Member says he is very sure we are still too high. I'll be back here next year, Mr. Speaker, to possibly amend it again. I hope my hon. friend is also here.

Now, if I might deal with some of the changes in the compensation plan. We have found in the operation of the Act that there were a number of spots in which we did not provide the compensation that we would have liked due to the limitations of the Act and we are proposing in this Act for the consideration of the House certain changes. Under the Act at present the death benefits are limited to a maximum of \$5,000 for one person. \$3,000 to the primary dependent who is usually the wife and an additional \$2,000 to be distributed to the children. The Bill proposes that this be changed to a maximum of \$10,000. The wife still to remain at \$3,000 and \$7,000 to be available for distribution among dependent children. Again the rate for the secondary dependents will remain as it was last year, \$625 for each child. This will simply look after an additional number of children.

We also last year made no payment on behalf of children who were killed under the age of sixteen. At that time the situation seemed to be that there is probably in most cases no direct financial loss incurred by the parents at the death of a child. Due to the representations which have been made in regard to this point we are suggesting that the age at which we will pay compensation to the parents upon the death of a child should be reduced to ten years, but not the full \$1,000. We will start at \$500 for a child of ten years; \$600 at 11 years of age, increasing \$100 per year until the child at the age of 15 the parents will be entitled to \$1,000 should that child be killed in a motor car accident. \$1,000 will remain constant from 15 years until 18 years of age inclusive.

Also, if the House will remember, we provided under the old Act that \$1,000 would be payable to the estate of a person who had no dependency either primary or secondary. Yet we found that in the operation of the Act that frequently we came upon a case where there was a partial dependency, not a full dependency but a partial dependency – a boy working at home, or working out and bringing his wages home, his father was also working. We couldn't say that the father and mother were fully dependent

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upon him. We couldn't make a \$3,000 payment on account of that boy being killed but nevertheless there was a definite financial loss and so we are providing payment this year that in the case of a partial dependency where there is a regular definite contribution by the person killed to the support of father and mother or brother and sister and this is the only place that the brother and sister enter into the picture. Where there is a definite regular contribution then the office, instead of \$1,000 will be able to pay \$2,000 even though the dependents of the deceased can not prove full and complete dependency. We are also cutting out the item which stated that we would pay regardless of everything else \$1,000 to the estate of a deceased person. In some case we found difficulty in finding anyone to whom to make that payment and unless there is some measure of dependency and with this partial dependency clause in we believe that we will be able to pay all cases in which there is an equitable situation at all. The \$1,000 will be continued as last year to a husband on the death of a housewife.

We also received a number of representations in regard to injuries occurring other than on a public highway. This year the Act is being changed to include all those injured in a motor car accident anywhere in Saskatchewan. A licensed motor vehicle moving anywhere in the Province of Saskatchewan, which means that the farmer hauling grain with his licensed truck from his combine to his granary, will be protected or the coal dealer who is hauling part of the time on the railroad yards and part of the time backing on private property into the house will also be covered under the new Bill where they were not covered last year or during the current year. The injuries outside of Saskatchewan, occupants of a Saskatchewan car operating outside of the province anywhere in Canada, the United States or Newfoundland will be protected, but in those cases the injury must occur on the public roads. We are retaining that feature of the Act so far as accidents occurring outside of the province are concerned.

Another case was that of two young men, residents of Saskatchewan, who were killed while driving in an Alberta car in the province. Their dependents were technically barred from claiming compensation because they were occupants of a visiting car. We are changing that under the new Bill. We are proposing that it should be changed to provide that a Saskatchewan resident will be protected while riding in any motor car in the Province of Saskatchewan. He will not be protected outside the boundaries of Saskatchewan while in a car not registered here. The Saskatchewan person will be protected in Saskatchewan no matter what car, whether it's an Alberta car, an American car or a Canadian car.

Also, those who were excluded from the benefits last year were the occupants of motor vehicles not required to be licensed and that included the farm tractors. This year we are making a definite exception in regard to farm tractors. The driver of a farm tractor who is involved in an accident with a licensed motor vehicle will be covered by the Act under the new Bill. I want to make that perfectly clear that we are not covering a farmer who was injured driving a tractor on his farming operations, an unlicensed tractor. If he simply rolls the tractor over into the ditch and he is injured that is not covered under the Act but if he is involved in an accident with a licensed motor vehicle then he will be protected.

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The collision insurance is a completely new feature. It is one that I had in the back of my head last year but I was very timid about trying to carry it along until such time as we had further information. But we believe that the amount left in the fund at the present time, with the experience that we have had, that it will be possible for us to introduce collision insurance. The collision insurance will mean that the office will pay for all injuries on a private car in excess of \$100. The owner of the car will pay the first \$100 themselves, the balance will be paid by the insurance office. On farm trucks the situation will be the same excepting that in the case of trucks of more than two ton capacity the owner will pay \$150 with the insurance office paying the balance. The largest trucks – I am not going to weary the House by taking time to give a resume of the rates, they are all in the last issue of the Saskatchewan Gazette, but the largest trucks and buses will have a deductible of as high as \$400. May I again explain that the deductible means that the individual who owns the car will be responsible for the first \$100 or for the larger amount on the other vehicles with the Government insurance covering the balance. The studies that we have made, and again may I say that I am not for a moment suggesting that we have been able to get an accurate picture of the injuries or the damage which occurs to cars involved in collision (collision includes collision with a standing object, a car upsetting in a ditch would be involved in a collision) but as nearly as we can analyze the pictures of the cars which are damaged, cars and trucks to an amount in excess of \$25, between 30 and 35 per cent are between \$25 and \$50; between 35 and 37 per cent . . . Yes, and again it is only an estimate – between 30 and 35 per cent of the cars damaged will be between \$25 and \$50; between 35 and 37 per cent of them will be from \$50 to \$100 and again between 30 and 35 per cent will be over the \$100. Now those are only estimates. You can get figures that will show you half a dozen combinations but as nearly as we can analyze them we have come to the conclusion that that is approximately correct and we are estimating that next year we will have between 3,000 to 3,500 cars to repair.

Mr. Proctor: — Mr. Speaker, there is one point I would like the Hon. Minister to clear up – were the damages \$150? Do I take it from you that you only pay the \$50 and the insured still pays the \$100?

Mr. Valleau: — The insured will pay the first \$100, we will pay the \$50. If a car is damaged to the extent of \$150, the insured pays \$100, we pay \$50. If the car is damaged to the extent of \$500, he pays \$100 we pay \$400. If the car is damaged beyond repair, we arrive at the value of the car and pay him for the car less the \$100. He carries the \$100 risk all the time. I am aware, Mr. Speaker, that it might be considered much more desirable if we were to cover insurance down to \$25 and many people who do carry insurance do take a \$25 coverage. May I say here that even if I were sure that we had plenty of money to do it, I would not be prepared at this time to enter into the administration of a plan of a \$25 deductible until we have had time and opportunity to develop our routine, to develop our administration and get an experienced staff.

I would also point out that in the Province of Saskatchewan a car and a truck are necessary in many, many occupations, especially in the rural areas and a great many people who live

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in the urban areas. A man who has damages to a car that costs him \$75 can usually find \$75 to repair it and go to work again, but if he has damages to a car that cost him \$500 many people would be utterly unable and would be deprived of the use of the car which might be essential to their business. In this respect at least we are giving protection to the economy of the province as well as to the individual citizen concerned.

In the administration of the Act and I mentioned just a moment ago that the administration of the Act will involve training of staff and will unquestionably require a good deal of experience before we iron out all of our difficulties, that in the collision insurance we propose to have some adjusters of our own. We also propose to make use of the private adjusters who are doing business in the Province of Saskatchewan. The idea in the handling of the adjustment will be that our adjuster will contact the owner of the car and will first make him a cash offer, based on what he believes it will require to repair that car, less of course the deductible amount. If the insured person declines to accept it then the Act provides that he may elect to have the car repaired. In other words, he can say to us, "I am not satisfied to take the amount that you are offering, therefore, you had better take my car and fix it up." We are rather hoping that in the actual working out of the Act that we will be able to give a certain amount of, shall we say leeway to our adjusters, so that if they run across a man who has \$150 damage done to the car that he will be able to say, well now I can make a cash settlement of this on my own initiative and then refer the matter to head office in order that the man may get his car immediately into a garage and start to get it repaired. In the larger accident it is quite obvious that the car is going to be held up for a considerable length of time anyway. In most cases we will require the adjuster to contact the office before they arrive at the figure which should be offered for the damages done to the car.

Now, when we come to the question of electing to repair, the question arises as to where we are going to get these cars repaired. Some people seem to be under the illusion that the insurance office intends to start into garage business. I can assure the House, Mr. Speaker, that I think I have plenty on my hands at the moment without starting into operating a string of garages. That's my own feeling about it at least. I was rather interested in an editorial in the Leader-Post, which is a newspaper published in the city of Regina, an editorial which I must confess I did not entirely agree with but I was rather intrigued by one sentence. It said that we should take the cars to the garages and tell them here you can take this car and fix it for a certain price, set down the price that we will pay and you will either fix it or you will go out of business. That was really the effect of the sentence. I must confess that I would not dare take such arbitrary or dictatorial action. I would not for a moment suggest to the garage men that because we happen to control all of the garage business, or we will control to a certain extent at least, a measure of control of those cars which are damaged beyond \$100, that we should go to the garage men and say, here you are going to work for us for a certain price. But if it were possible to set up a list price of what it would cost to repair a car, it might be possible to work out a price that would be satisfactory to the garage man and to the individual. Unfortunately, there is no such list price available, no such price list in existence for body damages. And if the Hon. Members of the House

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who have had the experience of taking a car which has been damaged in a collision into a body shop they will find that when they go and say to the proprietor, now I want my car fixed, he goes out and he looks at the car and out of his experience, the years that he has had, he will provide an estimate of what it will cost to repair that car. If you also, on the other hand went to the same garage man, or to a neighboring garage and said I want the main bearing put in this motor, he doesn't go near your car he goes to his books and he looks at this list price and says, what is the model of the car and so on and then he gives you a price. So that to a very large extent, at least body work has been done based upon the respective ability of the adjuster and the body shop man to arrive at an agreement as to what the repairs to that car should cost. Now in surveying this situation I came to the conclusion that in some cases we would have adjusters who would be very astute business men and who would use the fact that they have a large volume of business to a certain extent at least under their control in their own area, and who would be inclined in order to build their own reputation, to drive the price of repair work down to the point where the average man operating the garage or body shop could not continue to do so economically.

That is the one side of the picture. On the other side of the picture is the fact that we will have in the insurance office \$800,000 of public money of which we are the trustees and for which we must get the greatest possible value. How are we going to arrive at a value of what it will cost to do a body repair job when there is no set price or nothing in existence that would give us an indication of what a set price should be? I have no doubt that at the end of four or five years experience, or possibly six or seven years of experience, that we would be able to work out what an average job should cost. We propose to take photographs of the damages, to have as complete a description as possible of those damages to the car. Then we will set that against the cost that it cost us in this garage or in a garage somewhere else to fix and over the years – five, six or seven years could probably work out approximately what our adjusters should offer in the case of damages. But I do not believe that it is advisable to wait that long and so I am suggesting that if this Bill meets the approval of the House, Mr. Speaker, that we will in the insurance office set up one garage, and that in that garage we will take into consideration every item of cost. We will pay approximately the same wages as the men who are in the private trade are payed. We will also take into consideration the cost of overhead, of rentals, of depreciation of taxes, the cost of management, many of which items the average garage man hasn't time to figure in his costs. Sometimes, and I have seen this done myself and I am sure other Hon. Members have seen it done, the garage man simply calculates the amount of hours of labor without taking into consideration the cost of maintaining his equipment or his building, which is one reason why garage men so frequently go broke in the Province of Saskatchewan. I think all Hon. Members are well aware in the garage business the money that is made, if it is made, is made in the front office. It is not made back in the work shop. By doing this, by being able to calculate every item of cost, by being able to keep a careful check of the type of car and exactly what it does cost, we will be able to establish a list price or something that will be at least a guide, a tentative guide to our adjusting staff when they go out into the country to make a settlement. Having done that we may then be able to follow up and develop the idea which the Leader-Post advanced that we would be able to

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to arrive at an arrangement, a tentative arrangement with the body shop operators throughout the province in order to give us the price which should be paid to them. May I again assure the House, Mr. Speaker, that as far as the garage business is concerned I have seen some of my best friends go broke in garages. On behalf of the insurance office I have no desire whatever, have never had any desire to get into the garage business but I am desirous to give both the public who are putting the money up and the garage operator who is operating a legitimate business a fair deal on both sides.

In the operation of the Act and again in connection with the administration of the Act we will find two spots where it will be necessary to use a referee. The one place will be where the insured has elected to have the car repaired and after the car has been repaired the insured says to us, "I'm not satisfied with that job." Then it will be necessary to refer the job to a referee for decision between the two. The second place where dispute arises as to the value of a car which is completely wrecked, as to its value before it was wrecked in order that we may make settlement. I might point out here also that under the Act fire and theft damage are excluded. The compensation plan while it is designed for compensation for injuries to individuals in cars, also as I pointed out last year, provides a large measure of public liability and property damage protection. If we are in a position to repair all the cars in the Province of Saskatchewan, owned by the people of Saskatchewan, then if an individual is involved in an accident he is protected to the amount that the insurance office spends on the car. That will give a very large measure of property damage protection. It will give a much larger amount of property damage protection than has ever been enjoyed by the people of Saskatchewan before, because actually very few of our people in the past have taken out insurance at all.

Now the changes in rates may touch upon another matter which has received a good deal of publicity. I think I have it here, that is in regard to the rates which were charged last year on motorcycles. I remember when the rates were being prepared that the manager of the office came to me and stated that the available statistics would appear to indicate that a motorcycle should carry a premium rate six times in excess of an ordinary four wheeled motor vehicle, an ordinary passenger car. At that time it seemed extreme that we should charge a car \$5 and a motorcycle \$30 and yet our experience during the past year has shown that that is approximately the case. I wish again to impress upon the Members of the House the fact that it is impossible to decide accurately the insurance rates on the basis of one years' experience, but our experience over the past year with the motorcycles at a \$15 rate has been this, that instead of a 24 per cent loss as we anticipated in the over-all business, the motorcycles will give us a 68 per cent loss, even though they are paying a premium of \$15 instead of \$5.

Mr. Proctor: — You'll still have quite a profit on them.

Mr. Valteau: — We received from them \$11,000 up to February 15th and we paid out \$7,500 and if you add 10 per cent to that making it \$8,600 you haven't such an awful lot of profit. One more death would have wiped the fund out completely. In this case, may I point out again, that instead had we rated all the vehicles on the same basis as we rated the motor cars, \$15, we

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probably should have set the car at about two dollars and a half. Under those circumstances in view of the fact that we propose next year to give policemen insurance it has been decided to leave the motorcycle rates exactly where they were last year. Most of them are not terribly expensive, probably the best of them would be four or five hundred dollars or something like that. We won't run into the heavy repair jobs that we may in some cars. I'm not any too sure that \$15 under the new plan will go to show a clear margin on the motorcycles over another year. We have changed the rates on the private passenger cars. We did that in order to lower the rates on part of them and to raise the rates on the others, in order that the premium paid might bear some relationship to the insurance which is being received. It is obvious that a man driving a 1933 or 1934 car worth \$300 or \$400 is not getting the same collision insurance that the man who is driving a \$1,500 or \$1,800 car is receiving. On the other hand due to the fact that we are providing property damage he is getting protection there. A man might only have a \$150 car and a quarter section of land but if he was the man who caused an accident wrecking a \$2,000 car or a tank truck or a truck of any kind, he might lose not only his own car but his farm as well if it were his responsibility. So we are giving to that individual who is driving on the road a measure of public property damage protection which is the only thing which has been given by the other insurance companies in their insurance policies which they sell across the land.

However in view of the fact that there is a difference in the value of the collision insurance to the individual we have stripped the rates to cars; we've reduced the \$5 to \$4.50 and on the other class raised it from \$5 to \$6, the break being made on the 111 inch wheel base, which is not entirely a satisfactory measure in which I hope we will be able to find some more satisfactory method before another year has passed of making a break between the different valuations of cars. We estimate that the licence fee will be reduced on 37 per cent of the cars and will be increased on 63 per cent of the cars. Other changes, the truck and bus operators licences, operator's licences – last year the truck operators paid \$3 insurance and the bus operators \$2 – this year we have reduced them to a flat \$1 the same as the operator of a private car. That is in recognition of the fact that many of these men have the dual coverage of which I mentioned earlier, the coverage of the Workmen's Compensation Board and of the Automobile Insurance Act. At some of the country points we have reduced the rate on taxis from \$120 to \$100. There are some points where very small business is being done by the taxis and we have reduced their rates there. The city buses last year were charged a flat \$225, this year we are charging a rate bearing with the size of the bus, \$60, \$150 and \$225 and those over 25 passengers at \$300.

I think, Mr. Speaker, that that probably gives the House a certain amount of information which may enable them to form some judgment as to desirability or otherwise of the Bill which is before the House. I therefore move second reading of Bill 27.

Mr. A.W. Embury (A.S.V.R.): — Mr. Speaker, as the House will recall when the Act was introduced into the House at the session last year, even those who are not in general agreement with this Government were prone to agree that the efforts of the Hon. Minister of Social Welfare to meet this commonly recognized public matter or danger, or concern, of road accidents and the damages which flow therefrom

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was a proper field of government intervention and that he had chosen a means to try and improve that situation and to do what he could to set up a fund for all intents and purposes out of a solution to the difficulty, at least in part, has been sought and in part found.

There are people who think that the answer is compulsory insurance. I believe that the Hon. Minister in his studies into the question will have found that some years ago that it was tried, I think, in the State of Illinois where public, compulsory insurance was made absolutely necessary to every person holding a licence. I think the experience in that jurisdiction in those years, (it was some years ago now, as far back as 1935) but it was found that the loss rate went up very sharply and public liability and property damage insurance by reason of the rise and loss rate show that it inflicted a very considerable hardship on automobile vehicle operators. I think it was on that account that the scheme was eventually abandoned, because of the rising cost of the operation. I have it on the authority of a person who has made a very considerable study of this question, a person who probably everybody knows, Mr. C.M. Prusman, who said the reason it went up so abruptly there was because it was generally known to all the public that every person was covered by insurance and there was an insurance company back of every automobile on the road as a result the claims multiplied, the cost of litigation was piled on top and that did a great deal to increase the total cost.

We on this side of the House who scrutinized the Hon. Minister's Automobile Accident Insurance Act last year did not offer very serious objections to it because, for my part at least, I felt that it was a proper field in which the Government should operate and a proper matter for them to try and cure. However, the introduction of the replacing of the old Bill by this Bill goes a very great deal farther. Here we have a change from what is nothing more than a fund. I always thought the Hon. Minister was wrong to bring in the idea of insurance at all in the Bill of last year. It was simply a fund set up to reimburse those who were injured on our roads. This goes a great deal beyond that. Here we have a scheme put into effect which covers public liability, passenger hazards, and assume collision risks and that is the straight matter of insurance not simply a matter of a fund at all. It does hardship to the middle man in Saskatchewan – not any financial dictator, not anybody like that, but the middle man who is handling the standard insurance, there are many hundreds of them in this province. To a very considerable extent the Government is assuming the responsibility of giving coverage which the middle man, as I call him, on the street is now selling. You are going to do him out of some portion of his business.

There is another aspect of it which quite seriously gives me some concern. Under the Bill last year there was an enormous surplus. I think the Hon. Minister said something in the neighborhood of \$300,000 was paid out in claims and left with a surplus of \$750,000. Now that is an enormous surplus. One would have expected that a fair trial be given to the matter of simply setting up a fund and producing the amount which the taxpayer is going to have to pay or the operator of an automobile is going to have to pay. I hope the Hon. Minister will correct me if I am wrong but my recollection of it was that when he

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introduced the Bill last year he chose the figure of \$5 with the car licence more or less arbitrary because he didn't quite know what his costs would work out at and if it was too much then he would take steps to properly reduce that and to make it connect with the actual expenses of which he was faced over a period of time. Now we don't find those happenings at all. It gives concern along the general lines of my criticism of the Government up to now that instead of using that enormous surplus to reduce the costs to the people and continue to give the same protection to the public, you still retain your fund and indeed allow it to go on for several years at the present rate. He uses the fund to carry himself further into private enterprise and encroach upon those who are trying to make their living in the insurance business. Now that is what I was talking about the other day when I was expressing the honest anxiety of a great many people that the Government was trying to do that. It is making great profits and those profits are being used to further their control into all our lives. That is the criticism I have of the Bill, Mr. Speaker.

There are other features of it instead of the rates being reduced downward today I think I am right in saying that, I am not anxious to misquote the Hon. Minister, but I think the rates generally are being revised upwards, in the general sense. I think people who are very seriously affected in the matter are those that are trying to make an honest living in their own occupation and here you have the Government practically saying that all automobile insurance should be carried with them. Employees of the Government are going to have to do the job of adjusting and the private adjuster is going to be put out of business. I know nearly a dozen veterans who are employed in that business today in Regina in private firms. Now they are working on automobile adjustments. They are working for private firms and they would like to continue to do so. I think that in this country of ours they should have the right to do that. But the adjusting department of any insurance office will have to be closed up and I think the Hon. Minister will have to agree that that will be necessary.

An Hon. Member: — When?

Mr. Embury: — Well, if the Hon. Minister is going to let the private enterprise man do some of his work for him that is a different matter. But as matters stand he has the adjusting department, a part of the insurance office, they are civil servants and very clever ones, and I reasonably expect that that department will take on the job of handling all these adjustments. The people of Saskatchewan are not interested in declaring war on these private adjusters. They are not financial dictators in the matter.

Mr. Speaker, my hon. friend from Rosthern seems to be under the impression that in this policy the Government, where a repair job has to be done sends that job to a government garage. We have a work shop here and as a matter of fact I think I may have had some say in recommending it to the House when it was set up. Now they have a great many automobile repair jobs and as I understand it there are cases in which the Government Insurance office has preferred to have the repair jobs done in that garage. I don't want to suggest anything to the Minister that is not correct but that is a commonly accepted idea. I am certainly under the impression that the Hon. Minister has recommended that

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certain repair jobs or order with respect to certain repair jobs that those be done in the government garage which is here. The Hon. Minister said in the House today, "I'm not interested in going into the garage business. I have enough on my hands now without the handling of garages." That is my best recollection of what the Hon. Minister said. There is a garage here now in Regina. It isn't administered by the Hon. Minister at all as I understand it. It comes under the Hon. Minister of Reconstruction and Rehabilitation and if there was a government garage or a series of government garages I no doubt wouldn't know if the present policy was carried out regarding the administration of the garage.

Mr. Speaker, the garage men haven't received very much insurance from the Hon. Minister. I believe, generally, Mr. Speaker, that the Bill goes a great deal farther than any government should consider its duty to go. On the whole principle of the Bill, I am opposed to it.

Mr. W.J. Patterson (Leader of the Opposition): — Mr. Speaker, the attitude and position of this group with respect to the imposition of the compulsory insurance on the motor vehicle owners and operators of the province were made sufficiently clear in the session one year ago when the present law was introduced and it is not necessary for me to repeat it at this time. The Minister has told us that in connection with the garage business he has ample to do so as he is not tempted to embark on that particular activity. But he has gone a very great deal farther — proposes to go a very great deal farther in his duties and his responsibilities and the worries in the proposed enlargements of the application of government insurance to motor vehicles in the Province of Saskatchewan. If he really is serious that he cannot undertake garages he might have saved himself some little worry and some little work had he been satisfied to leave the automobile insurance scheme as it was adopted one year ago.

A year ago we were told that a committee to investigate this whole matter had been giving the subject a great deal of study and consideration and they had held a great number of meetings. Whether the same procedure was followed in connection with the expansion of the principle I do not know. I am in agreement, with the Hon. and gallant Member from the Mediterranean area in that it seems to me that the application of the Government scheme with respect to personal injury, loss of life or accident which involved personal injury is a very different matter from the application of a Government and compulsory scheme to what might be called as merely material damage or material loss. So that I would suggest, first of all, that this Bill embarks on a new phase of insurance, quite apart from and quite distinct from that phase of insurance which we undertook by passing a Bill one year ago.

I realize that in connection with these matters there has been and there always will be a great deal of difficulty in securing accurate statistical information that will enable any person, either the government or a private company, to carefully and accurately establish costs and percentages and ratios of death in the city and in the country and all that sort of thing. But there is one feature of the information which the Minister gave us this afternoon which I am somewhat at a loss to understand and that is an administration expense of approximately

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ten per cent of the total revenue. When we remember that this particular insurance plan, or scheme, pays no taxes, federal, provincial or municipal, pays no agents commission, doesn't have to advertise, doesn't require stationery, doesn't issue policies, has no postage to pay and carried out no re-insurance, it seems to me that with those factors in mind that a ten per cent administration cost is a very high one.

Somebody referred to the Morse by-election, but I say again as I said on a previous occasion in this House, that I had never during the Morse by-election, or at any other time, prophesied or forecast that this scheme would not be a success from a financial point of view. In the Morse by-election I ventured to suggest that at the end of the year the scheme would have a surplus or a profit of half a million dollars. Very shortly after that some statements appeared in the public press which tried to minimize the prophesy or the forecast that I had made by suggesting that the season was coming when there would be more accidents and that sort of thing. But the net result as explained to us by the Minister today is a very handsome surplus, and that after paying what I regard as rather an exorbitant administration cost and setting up reserves referred to. The net result, Sir, is this, that the motorists of the Province of Saskatchewan were charged approximately between \$3 and \$4 for one dollars worth of service. In other words more than twice or three times as much was collected from them to provide the service that the scheme offered. That much more was collected from them than was necessary. The planners of the scheme certainly were not very close in their computations or in their working out what might happen. Now I sincerely hope that they are closer to the mark in connection with this particular plan than they were one year ago.

The Minister has referred to the collision insurance and as I have already said that is taking the Government into a different phase, compensation for damage to property, material damage which, in my opinion, is an entirely different field and so far as the difference between Government enterprise and private enterprise, entirely different arguments apply than would apply in connection with physical loss or payment for loss of life or injury or damage to the person. He indicated in his remarks that the deductible feature was to be \$100. I don't think that amount is quoted in the Act. I think it is left to regulation by Order-in-Council but I presume that is the intention that the Order-in-Council will provide that amount. I looked through the Act but I could not find \$100 quoted anywhere.

Now in referring to the percentage of accidents to the car suffered by collision I think the Hon. Member for Moosomin suggested that 80 per cent of them would be under \$100, the loss would be less than \$100. Were those the figures, I think it was 80 per cent. According to the figures quoted by the Minister this afternoon, as nearly as he can arrive at it, it will be something over 70 per cent. But that leaves the impression that the loss will be paid in the remaining 30 per cent of the cases. But when you take into account that where the damage is over \$100 this scheme will only pay the damage over and above the \$100, actually the percentage of the total damage suffered by cars and motor vehicles in the province. When you eliminate all those that are less than \$100 and deduct \$100 in all cases over \$100, it will mean that in the final analysis a very small percentage of the total loss sustained by collision will be paid under this plan and that the motorist will continue in the

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future, that is provided that he didn't buy an insurance policy from a private line company. A very large percentage of the loss suffered in this connection will continue to be carried by the owners or the operators of the motor vehicles of the province. So I say that I would not go so far as to use the term 'hoax' but it might be justified. I am going to say this thing has been presented in a much more attractive form than will work out in actual operation.

Now the Minister has referred to the fact that he proposes to establish a garage. I presume that is the one that is talked about for North Battleford, to determine and to ascertain costs of doing certain jobs. Well if we can judge by the experience in the past, Sir, the establishment of one garage in North Battleford, or wherever it may be, will be followed next year by the establishment of five or six at other points in the province and ultimately, provided this Government is retained in office, the entire taking over of the garage business and body repair business in the Province of Saskatchewan. The incentive or the desire or the purpose of establishing this first one may be very commendable in some ways but judging by our experience in other respects we can only expect it will be the thin edge of the wedge and will gradually be extended and made of general application.

I am not going to oppose the Bill because the principle has already been adopted by this Legislature but there are many items and details which we propose to raise in Committee and try to have them corrected and try and give the people of the province something more nearly what they had been led to believe they are going to obtain than the Bill actually provides.

Mr. J. Gibson (Morse): — The Hon. Member, the Leader of the Opposition, says that regarding this Bill as presented, the people were being led to believe that they were obtaining protection. I can't think of his exact words, but he meant that as the Hon. Minister had presented this explanation to the House the people had been led to believe that they were going to receive greater protection than they would receive. At the same time the Hon. Leader of the Opposition in explaining this part of his address said that in the past all of the people had been in the habit of paying all of that expense already unless they were insured by private companies. Did he lead us to assume that he meant that when a man had his car insured by a private company, that the private company paid all the costs?

Mr. Patterson: — I'm just finding out, or ascertaining, or deciding what the question was. The point I was trying to make was this, if I may be permitted to repeat my statement. There is, admittedly, a 10 per cent spread between the Hon. Minister and my friend, but there is admittedly 70 per cent of the damage to cars, talking of the material damage to cars, that where the damage is less than \$100, consequently that percentage of the total damage that is done to cars in this province will not come under this Bill. The remaining 30 per cent will have deducted from them \$100 in each case. In other words if a man has \$125 loss he will only recover \$25; if he has a \$150 loss he'll recover \$50. The point I was trying to make is that when all this is through in respect to the total damage that is suffered by motor vehicles, collision damage, that probably only 10 per cent, maybe not that much, will be paid to the owners of these cars under this scheme. So the individual owner

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will continue in the future as in the past to carry the greater percentage of any loss that he may suffer by collision. Now I just mentioned incidentally that private individuals can in the future I presume as in the past, protect themselves against that loss by insuring with the ordinary companies as I do myself and as a great many other people do.

Mr. P.G. Hooge (Rosthern): — Mr. Speaker, when this Bill came before the House a year ago, I already had expressed my belief in that feature of it which compels people to take out a line of insurance which they should at their own discretion. The argument of exploitation at that time was put forth. That argument certainly falls to the ground because the Minister has told us that there is an enormous profit made in this insurance. Now, of course, you'll expect that he had no available statistics; the estimate at that time might have been excused if he were now using this surplus to reduce the rate but he is retaining it. I think this is certainly an example of that exploitation which this Government so soundly condemns in connection with private companies.

I am very much concerned however with this matter concerning the establishment of the repair of the damages to cars. We have in the constituency of Rosthern, I think around fifteen or sixteen garages; all of these pay business taxes and real estate taxes to the various towns and villages in that district and I am very much afraid that their business may be affected by this legislation. The garages during the last few years have not been doing a flourishing business because they have not been able to sell cars. Generally a garage not only repairs cars but also engages in the sale of new cars, used cars and so on. Owing to the limited supply of cars their business has been greatly reduced and for that reason the business of these garages has been curtailed to a large extent but naturally they hope that at least that part of their business consisting of repairing of cars could be retained by them.

Now, it is suggested that a garage be set up at North Battleford, apparently as a sort of an experimental station to ascertain the amount that should be properly charged to certain repairs. This would no doubt be owned by the Government and wouldn't have to pay any taxes – business or real estate taxes, and I expect that they would make their charges accordingly; figure the income, they would figure their expenses, so the experience of a garage at this time would hardly be a proper precedent to follow in the case of those who have to pay the tax. The result I think will be this – that the private garages will not be able to do the work at the rate fixed by this North Battleford garage and the Government will take that as an excuse to wreck the chain of garages and they will do all the garage business in this province and this industry which has been employing hundreds of men in this province so far will be another of the private enterprises which will be taken over by this Government in its scheme to socialize industries of this province. I therefore am opposed to this feature of the Bill entirely.

Mr. J. Benson (Last Mountain): — I just want to say a few words with regard to this Act and I might say at the outset that I would have been much more pleased had the Government retained the Act as it was originally and provided further insurance under its other insurance schemes. I think the public generally appreciates the benefits that were derived from The Automobile Insurance Act. I believe the Act

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could have best been continued under that particular Act and the surplus that has been built up could have been used to provide a substantial surplus and to give cheaper insurance during the years to come. I think that when the Government attempts to go into any business like Automobile Accident Insurance that the sole purpose of the Government should be to establish that insurance on the basis of cost. It should be operated on a mutual basis. There should be no idea of any profits being made and I am glad to see that the Minister has a little bit of different idea than I understood he had when he introduced the Bill a year ago.

I also noticed on the calendar that he sent out this year that the surplus earning of this company will be used to provide other social services. Of course, in a way we are providing other social services by this Act by extending the Automobile Insurance to cover damage to property. I believe that when any group of men, any particular groups of men such as drivers and owners of automobiles are paying for a service as under The Automobile Accident Insurance Act and any part of that money is used to provide a tax for other social services – then that is a wrong principle, because in that way you would be levying a tax against a certain group of people to provide services for other people who made no contributions whatever to that particular tax. I'm glad to see that the Minister has change his views in that particular respect. Now I think the Government would be well advised to carry on The Automobile Accident Insurance Act as it is and carry on the property damage under their other insurance Act, on a voluntary basis but as it links up with this Act I think that the good features of The Automobile Accident Insurance Act far outweighs what I consider the poorer features of the other proposition, therefore I am duty-bound to support this particular Bill.

Mr. W. Burgess (Qu'Appelle-Wolseley): — I find myself in a somewhat difficult position of knowing whether what I have to say now should best be said on second reading or in Committee of the Whole and so, Mr. Speaker, I know you will, if you see I'm away out of order, just wink at me and I will sit down very quickly.

I have found myself in the somewhat difficult position of explaining my own views on the insurance question. We have had two insurance Acts brought to the House which I was able to support enthusiastically. The one was The Automobile Accident Insurance Act and when it was before the House the previous session I spoke in favor of it. I was also in favor of the general idea of the Government making available an insurance company, an insurance services perhaps more correct, which people might use voluntarily to purchase their own insurance needs. I then found myself in the position of being opposed to one or two clauses and when it was all over I certainly found that almost no one in the country knew what I wanted by insurance and perhaps they could be justified in that. I didn't go along all the way and my stopping place was a bit confusing perhaps to some of the public and maybe I won't clarify it much now.

I do think this, Mr. Speaker, that the Government was well advised when it brought in The Automobile Accident Insurance Act because it was on the right ground when it made the automobile provide the cost of the accidents to people which might arise by reason of the use of the automobile. I think it was perfectly

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justified in making that compulsory, as a matter of fact I don't think it would be feasible any other way. I think it might have been justified in considering an extension to cover a compulsory insurance that we might carry against the loss that might be caused to other peoples property by reason of us driving automobiles. But when they put in the Act a compulsory feature that we must carry insurance against loss to our own property I think they are going too far. I think that I ought to have the right or privilege to carry insurance against my own property damage or not as I see fit but I do think that I should be compelled to carry insurance against a loss that I may occasion to the other fellows property.

This insurance Act dealt with something in the nature of public liability. I would have been enthusiastically for it, but as it is I must say, Mr. Speaker, that I question, not perhaps to voting against the Bill because to vote against a bill would do away with the other things which I have told you, Mr. Speaker, I enthusiastically support. But I want to attempt to clarify the idea that is in my mind. I am in favor of the insurance where it covers a lot of the damage that may be done to the people. I am or I would be in favor of compulsory insurance against damage that may be done to the peoples' property. But I am not in favor of insurance on my own property. And for garages, I must say, Mr. Speaker, I don't think they are necessary. I don't think they are advisable and I don't think they are in line with that which ought to be the policy of this Government.

Mr. A.T. Procter (Moosomin): — Many Members will be reminded of that fact that when this Bill was introduced in the first instance I said that it is the greatest racket that has ever been forced on the people of Saskatchewan in the form of an insurance business. Well, thinking that over after I heard the figures that the Hon. Minister quoted I venture to say that I was absolutely correct. I might perhaps have substituted for the word racket because the operations for the past year have certainly shown that it is not insurance as insurance is properly understood. As I understand it when I take out an insurance policy the premium that I pay bears some relation to the protection which I am to receive and when the policy whether it be a policy of the Government or whether it be a policy of a private insurance company or any other kind of policy when the premium collected from it is so far beyond the protection given to me as it appears to have been in this case, it certainly gets outside the understood principles of insurance altogether. Here we have the Government giving the automobile owner, or perhaps I should say the motor vehicle owner, no opportunity whatever to exercise any choice in the matter of this particular form of insurance.

I am not opposed to a proper fund being created to which those who suffer injuries from another vehicle accident can receive protection. But I do say, Mr. Speaker, and for the hon. gentlemen in this House, that that fund and the creation of that fund should be placed on the principles that I have outlined. That is, if a man is to be given no choice as to with whom or the amount or the terms of his policy then there should only be taken from that man a sufficient amount to insure that those suffering the damage from the operation of motor vehicles are fully protected. I think that is a sound principle. I think that is a principle which should have been adopted in this Act. I think it is a principle which all of us have been talking about right along.

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Here we have \$1.3 million taken out of the pockets of the motorists in the Province of Saskatchewan. I pointed out last year and I point out again that the motorists have been put under too great a responsibility. There is no question on that now on the virtue of what the figures have disclosed in the first year of operations. But that isn't all. I pointed out last year and I point out again that it is quite direct that the motorist should share responsibility for all the accidents and all the damage that he incurs and for which he would normally be responsible. There are, however, and I don't think the Minister should deny it in this Bill, benefits given to those who suffered the loss. I said last year and I repeat again that insofar as that feature is concerned I don't disagree with that feature. I wouldn't oppose that feature but I say that that feature and that the cost of that part of the insurance should not be carried by the motor vehicle owner at all. It should be carried as part of the social service of this Government to the whole of the people of Saskatchewan, so that there should be and if this thing was sound and equitable and fair there should have been a contribution by the Government to this fund. Now if there had been it would have been so much worse. Here we have taken from one select group \$1.3 million. We have repaid not only the damage for which they were responsible but for the negligence of those who caused their own damage, \$320,000. In other words, we have taken a rate 400 per cent too high. I am being charged four times more than I should be. I leave it to you, Sir, I know there has been a great deal of talk about the grain exchange in this House at one time or another.

I remember being completely outraged when I was examining one of the grain exchange firms who dealt with the price they received for farmers. They were paying the farmer \$6.60 a ton for the grain and they were selling it, after splitting it into three grades, all the way from \$12.50 to \$22.50 a ton. As I came out of the run I heard a member of that firm say, "those blanks (I won't say that word) are on to our racket." Well, just see the portion here they paid the farmer, \$6.60 and sold quite a bit for \$12.50, about twice the price; they sold some of it for \$18; and they sold some for \$22.50. It seems to me that the people of the Province of Saskatchewan are quite justified in saying to the Minister – these figures prove to us that we are on to your insurance racket.

Mr. Speaker: — Will the Hon. Member please withdraw that remark.

Mr. Proctor: — Well if you say I have to withdraw it, Mr. Speaker, I'll gladly withdraw it but the people will arrive at their own conclusion and watch the proper term to apply to it, I can't think of one that is parliamentary.

Now, Sir, there was another thing that has not been touched on in connection with this insurance Bill. We were told that certain features of the insurance Act were excluded from the operation of the Government in the insurance business and we ask why they said the resources of the Province of Saskatchewan are behind the Government Insurance Corporation. Therefore, we don't need the safeguards that we have imposed on public companies doing insurance business, such as the establishment of reserves, inspections and all these other things that are extremely costly. Well, if that is the case and if that is the reason and it was the reason that was assigned to us, why the

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process of the insurance Act which provides for deposit for securities and so forth, is withdrawn from this Act. Then I say there is no necessity for any surplus in connection with this insurance company at all. Let us at least stand on one ground or the other. Let us say that his insurance company is backed by the Province of Saskatchewan and therefore we do not need to impose on it, the responsibility for inspection deposits, licences and so forth. Let us do as we have done with a great many other of these things, say all right we will endeavor to collect the proper premium as closely as possible and if there is a shortage it will be a charge on the consolidated fund of the province and thereby we justify the fact that we have not required it to submit to the rules ordinarily and normally applied to insurance companies in the province. But I say again, Sir, that that is an additional reason for lessening the premium.

The Minister, too, have made a number of changes in connection with this Act. I think the Minister himself said in referring to motor cycles that he anticipated that he could give the same coverage to automobiles at a rate of about \$2.50 a car, instead of the \$4.50 that he tells us he is going to impose upon us. He also told us that even with the motor cycle cases he had made a profit of about 25 per cent.

An Hon. Member: — There have been more accidents since.

Mr. Proctor: — Up until February 15th. Well, I haven't any picture of very many motor cyclists running around the country at the present time, Mr. Speaker, and I don't think he will have a great many accidents since. But if he made 25 per cent profit on those and he can give us that insurance at \$2.50 and still make a profit, it seems to me . . .

An Hon. Member: — . . . a socialist.

Mr. Proctor: — Oh yes, but the Minister is only a socialist when it comes to my property and your property, but when it comes to his property he forgets his socialism and he wants a profit apparently a great deal larger than private industry wants. He is one of these particular kind of socialists. It is alright for the fellow that has no cows to socialize the fellow that has three cows; but the Minister does not believe that he has three cows entering into socialism so he collects the profit. And that is what he is doing here. So, again, Mr. Speaker, in connection with the collision damage, this was all pointed out before. The Minister was told last year that his rates were altogether out of line, as it proved to be. He was told about this collision question. I have no hesitation in saying to him today, and I believe that his own departmental figures and the examinations that he made will show him that his rates are just as badly off today as they were last year with profits too high, ridiculously high. The Minister's payments will be cut perhaps a few hundred thousand dollars but he could give a proper coverage at this rate without damaging his fund at all. And he could still leave all that money that he extracted from the pockets of the motorists, unfairly and unduly last year, as a reserve fund. Now, I don't want to go into the details of the various clauses of this Act, Mr. Speaker . . .

Mr. Fines: — Will the hon. gentleman allow

a question? If, Sir, the statement is correct that the fund is going to be in better shape as a result of this, tell me why it is the private companies charge \$14.02 for a similar type of insurance just for a collision, that is \$100 deductible. The average rate is \$14.02.

Mr. Proctor: — I can tell my hon. friend this, that when we see the benefits that this Hon. Minister takes as against the benefits that are conceded to the private insurance company, it is very easy to see why this is so in the private companies. I've never been an insurance agent and I'm not one today, but I have had enough examinations of insurance agents to know something about them. There is approximately 25 per cent of the first premium paid in commission. Well, there is 25 per cent of my hon. friend's \$14.02. Yes, then on top of that the private insurance company, as I have already pointed out, has to deposit a fund with the Provincial Treasurer — has to submit to very rigid examinations — has to carry all these safeguards which the Hon. Minister sidesteps because he says the province is behind him. I think next time he goes up for election he may find us not so much behind him as he thought. Then on top of that, Mr. Speaker, the private insurance company has to pay a very heavy corporation tax, as the Hon. Member knows, a very heavy income tax to the Government. The private company has to pay a very heavy tax to this Government, it has to pay a municipal tax, it has to pay all these other charges and in addition it does not take the \$100 liability. I haven't got the rates but if I remember rightly some of the companies are issuing a policy very much below the \$14 rate and I think I can furnish my hon. friend with one of them too. With this collision at \$100 I think my hon. friend is quoting some rates that have special clauses in the policy.

Mr. Fines: — No, no.

Mr. Proctor: — Well, I think you are nevertheless.

Mr. Fines: — No, Mr. Speaker, the rates are the average rates for the last five year period and provide for the private companies assuming, or rather the individual, assuming the first \$100.

Yes, Mr. Speaker, my hon. friend knows something else in connection with that \$14 rate. But in those policies while it is possible to get one coverage, the usual coverage is what we call the five-point policy where you get the benefit of the five points with a special rate and a \$10 — \$20,000 liability; not this little sum the Minister pays and I don't blame him for thinking most of us are only worth \$5 or \$10,000 dead because that is all we will be worth if he is in office long enough.

Now all those things come, Mr. Speaker, to this whole question — as the Provincial Treasurer spoke, there is no man in this House that knows better how the insurance premiums are rebated and the protection given. There isn't a man in this House knows better than the Hon. Provincial Treasurer and I challenge him to show me any private company that has made proportionately the profits of his brother and colleague the socialistic Minister in charge of the insurance Bill.

An Hon. Member: — Show any company that paid them back either.

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Mr. Proctor: — I don't see you paying it back either.

An Hon. Member: — . . . paying it back next year in further benefits.

Mr. Proctor: — Now, I said a number of small changes here, but I hope the Minister will correct me if I'm wrong. He tells us that for those small changes 63 per cent of the cars are going to pay a higher premium and the balance are going to pay a lower premium. I submit to the Hon. Minister that again he is doing the most unjust and unfair thing in connection with insurance policies. The man who drives a \$250 car may be able to cause the same damage as the man who drives a \$3,000 car like the Minister.

Mr. Fines: — I never drove a \$3,000 car in my life.

Mr. Proctor: — Well what did the one you are driving now cost you or cost us, \$2,400 – \$2,500? When I drove one I paid \$1,350 but I notice these Ministers all drive high priced cars – they are socialists. However, that car that's driven by the Minister is getting far more protection for the rate paid than that fellow that has the \$150 car and I think that there should be some relationship in the premiums charged to these cars. Certainly we all create the same damage. Even one of these kids with a bug as they call it can kill a man on the street and there is some excuse at least for charging him the same rate insofar as it relates to that feature, but when it comes to premiums of total disability and so forth why should that fellow who can only get \$150 pay the same amount as a man who is going to get \$2,400 or \$2,500. That's wrong we all know it's wrong and it's indefensible, Mr. Speaker.

Now, I'm just going to say a word or two about two other features of this Bill. The first one is in connection with the garages that are being set up. You know, Mr. Speaker, I am told that in the seas there is a kind of a shark that when he is hunting for prey he has a pilot fish that goes ahead of him and leads him to the prey. I rather think that as far as the garage men are concerned this garage that the hon. gentleman is going to set up is a kind of a pilot plant that will lead the Hon. Minister into the information by which in the finish we shall see not only government garages all over the country but we shall see enforced throughout the country a rigorous set of fixed prices. Now that may or may not be a good thing, it depends on how far the Minister takes all the considerations into effect that he should take into effect. If he doesn't do any better on that job than he has done on the insurance job all I can say is that the garage men will have to call on their Heavenly Father's assistance if they are going to exist at all.

The other thing I want to mention is that already by virtue of this kind of legislation, the Minister knows and every Member of this House knows that out in the country today it's almost impossible to get a bona fide taxi driver to operate because these fees have been piled on. Extra licences, extra insurance, extra this, extra that, to an extent that most of them have said, well I won't run a taxi. To men who travel there, I so far cannot give any personal evidence on the fact but I am very firmly of the opinion that there are a lot of men who are taking passengers around this country and charging them for doing it that

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have been driven to do that without a licence, a regular taxi driver's licence, because of the very thing that the Minister is doing. The more this is piled on, the more unreasonably it's piled on the more it's going to continue and the more that this type of people who indulge in that sort of thing operate on the roads the more accidents we are going to have. There is a happy medium at which these fees can be fixed. When they are fixed too high people evade them and the Minister may think that he is going to gain in the end. Mr. Speaker, he will not do it.

I am opposed entirely to the principle of this Bill for the reasons that I have expressed. I am in favor of a fund created by the motorist to protect all these classes of people. I am in favor of the Government making a contribution to that fund to protect those of our people who through their own negligence and not the negligence of the motorist are injured. I believe that proper principles of insurance should be adopted in connection with this and I am not very fussy whether you call it insurance or what you call it but some proper principles should be adopted by which the motorist pays into a fund to protect those who suffer from the accident but I am against the motor vehicle operator or driver being muffed in the amounts and in the manner in which he is being muffed by this Bill for the protection that is being given to him.

Hon. C.M. Fines (Provincial Treasurer): — I hadn't intended to say anything but there are one or two points I was asked that I would like to answer first and that is that it is impossible to find sufficient men to go into the taxi business to serve the needs of the province at this time. My hon. friend pointed out that there were many points where people would not go into the taxi business because of the increased rates, increased fees. I want to assure you that our problem today is not getting men to apply for licences to operate taxis, our problem today is the opposite. The problem today is to try to eliminate a great many of the people that are applying for licences.

Mr. Proctor: — Your problem is to catch the ones that are running illegally but you don't know it.

Mr. Fines: — We have adopted a policy, Mr. Speaker, of limiting the number in proportion to population. That has now been reduced to one for every 750, in this last year, one for every 750 population. Today in all the leading cities and towns we have far more applicants than we have licences to give them.

Mr. Proctor: — Have you any figures on the number that are running without a chauffeur's licences and yet collecting fees?

An Hon. Member: — He doesn't associate with those kind of people.

Mr. Proctor: — Well, I keep my eyes open and I see plenty of them.

Mr. Fines: — I have no acquaintanceship with the underworld but I am advised that there are very few licences outside of the

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leading cities and towns of this province in which that situation has been true for a great many years. All through the war years when my hon. friend was the Minister in charge of the Highway Traffic Board in most of these towns there were no livery licences obtained but the practice which he refers to as being prevalent now was very prevalent at that time. Now, I have endeavored to check it and to see that the persons that are operating their cars for hire have a licence.

My hon. friend just concluded by saying that he was in favor of funds to provide benefits to the persons who were injured. Well I am glad he has changed because I have here the Journals for last year and I find here, Mr. Speaker, my hon. friend was one of those whose name was down as being opposed to this.

Mr. Proctor: — And I am opposed to this Bill. I am going to vote against it.

Mr. Fines: — Opposed to the principle of giving benefits to persons injured, that is what it was last year. On that occasion he moved that this be given a six months hoist; seconded by the Hon. Member for Rosthern. In other words he didn't want the principle which he now states that he is in favor of. But I am glad because he is not alone, Mr. Speaker, there are thousands of people throughout this province that a year ago were opposed to this too that today are heartily behind us and so I am glad that he has joined that large number.

Now my hon. friend wanted to know something about rates and what private companies paid. I quoted some figures in this House the first time we got into this insurance business when I introduced the original Bill giving the Government the power to go into the insurance business. On that occasion, Mr. Speaker, you will recall that I had some percentages and showed that in practically all types of insurance in this province the persons who pay the premiums received credit in benefits, amounts ranging from as low as 6 per cent to the highest of 60 per cent – the average being somewhere in the neighborhood of 20 to 30 per cent with what they received back. Well now, we find that in this particular fund the rate is running low somewhere between 20 and 30 per cent but with all these additional benefits that are being provided this year there is only one thing I'm afraid of, Mr. Speaker, and that is that we are not going to have very much of a surplus at the end of the year. I shall be very much surprised if we do. For this reason a private company has to have \$14.02 on the average to provide \$100 deductible collision insurance. And let's not forget, Mr. Speaker, that in these cases there must be negligence proved, everyone is not protected, there must be negligence proved in this case. Now if we are going to have \$14.02 per private company then I think it is very unreasonable to expect that the Government can provide this at a maximum of \$6 and provide protection irrespective of whether a man is guilty of negligence or not. I think the rate is very, very low and I am confident that my hon. friend will be proved to be very much wrong a year from now when he says that there will be just as big a surplus this next year as last year.

Mr. Proctor: — That's what you said a year ago. Right?

Mr. Fines: — No, Mr. Speaker, it was

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stated a year ago that we had absolutely no statistics of any kind at all and that this fund was set up and at the end of the year we would be in a position . . . (inaudible)

Mr. Proctor: — There isn't one case in a hundred goes to court.

Mr. Fines: — No, indeed.

Mr. Proctor: — Yes, indeed.

Mr. Fines: — Now, Mr. Speaker, I want to just say in conclusion that there are the two principles.

Mr. Proctor: — That's a good one. The lawyers wouldn't get paid if they didn't give any more service than you do.

Mr. Fines: — The principle of the accident which my hon. friend is now supporting and which he opposed a year ago, (I want to congratulate him on reversing his position there) and now that we have accepted that as a principle, now that we are giving these people this other amount for nothing or for \$1, I don't see why he should object. He did make one very good point and that is that it seems unfair that the man with the \$2,000 car, I believe he said \$3,000 – I haven't see many of those around, the man with the \$2,000 car would receive the protection for the same as the man with the \$500 car. I agree with him that that does seem probably to be not just right but it's a very, very difficult problem to work out anything which will eliminate that completely. I would say that even with private companies they have two or three ranges. They don't attempt to take the actual value of every car. For instance a car that may be worth \$1,600 and one worth \$1,200 the premium would be probably identical in those cases. So that it's impossible to work out all these little details. The main thing is the general principle and to make sure that the people in the province are getting their insurance for a great deal less than they could possibly get it under any system of private company insurance.

An Hon. Member: — Mr. Speaker, before the hon. gentleman sits down could he tell us what becomes of the profits received through the private insurance company and the Government Insurance company?

Mr. Fines: — Well, Mr. Speaker, I answered that question in this House two and one-half years ago and after the rebuke I got from the Insurance Dealers Association in Montreal, I hesitate to say what happened. At that time, Mr. Speaker, I pointed out that most of that money went out of this province. I gave the percentage that went over to Great Britain and the percentage that went to the head office located in other provinces. The statement was not denied by the Insurance Association but they did point out that the tremendous amounts that were left here in the province, the tremendous expense, and my hon. friend has verified that this afternoon he referred to the 25 per cent for the collision insurance paid to agents and all these other things. But a great deal of it does go outside of the province – it doesn't stay here at all. It goes right out to the United States, Great Britain, other parts of Canada.

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Hon. O.W. Valleau (Minister of Social Welfare): — Mr. Speaker, there are just one or two points I would like to mention which have been raised in the debate. The Hon. Leader of the Opposition raised the matter of what he suggested were the excessive administration costs. We are estimating them at present to be at the end of the year, the end of March, approximately 10 per cent. When I compare that with the expenses of other insurance companies I consider it extremely low even taking into account the fact that we pay no commissions for the premiums. The total of all Canadian insurance business other than fire insurance, their total expenses or their total ratio in 1944 was 42 per cent. And if we take off a 20 per cent average premium we still have 22 per cent administration which is considerably more than twice as much than we anticipate this year. I think possibly the fairest comparison to give would be the comparison with the Workmen's Compensation Board which is administering a fund which is something of a similar nature to that of the automobile accident insurance and I find that over a six-year period their average administration expense from 1940-45 inclusive was \$8.10. Now the Workmen's Compensation Board has an old established routine, well set out, and I think that if we come within 2 per cent of reaching their figures on our first year of operation that we are doing very well indeed.

There are a number of other points which I might take but I don't wish to take the time at this late hour. But to those who enjoy mental arithmetic I would like them to for a brief moment (I'll wait for my hon. friend to return because I want him to hear this) he was suggesting that the difference between the \$4.50 and the \$6 rate were not enough to compensate between a man driving say a \$250 car and a man driving a \$2,500 car. Supposing we break that down. The man who was driving a \$250 car was paying \$4.50, let us estimate \$2 of that for accident, sickness, injury, compensation, that leaves \$2.50. We take \$1.50 out of that \$2.50 to cover his public liability protection which he does have under this plan, that leaves him paying \$1 for his collision insurance. Now we take the man with the \$6, who pays the \$6 premium, take the same \$3.50 away from him to cover the accident plan and the public liability, that man is paying \$3.50 for his collision insurance. Three and a half times as much to spread between the two. Now my hon. friends can take those figures and work them out any particular way they like but they will find that with a dollar and a half spread, between four and a half and six dollars, but getting the same protection on the compensation, the same protection on the public liability, that really the percentage as spread on the collision insurance is really very heavy indeed.

I would like again, Mr. Speaker, to use some figures that I used earlier this afternoon, in view of my hon. friends remarks about rackets, hoaxes and so on. During the years in which he was a Minister in this House I would like to again read in 1940 the Fire Insurance Companies doing business in the Province of Saskatchewan returned to the insured 25.11 per cent of the premiums. In 1941 they returned 20 per cent — 20.20 per cent of their premiums that were returned in losses. In '42, 28.14; in '43, 24.7; and 1944 they got up to the tremendous point of 34.42. An average over the five years of 26.49 per cent. I am rather . . .

An Hon. Member: — And how much taxes did they pay?

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Mr. Valleau: — I am rather surprised that my hon. friend did not take their very, very low return to their policy holders into consideration during those years. We have, (I am sorry the Hon. Member for the Mediterranean area is not here), there is one point, two points I wished to mention, the adjusters who were going to be put out of business, (Oh no) only 10 per cent of the cars in Saskatchewan were insured previous to last year. Now ever car which has damage over \$100 is insured and will require the services of an adjuster. A man that is looking for – a good smart man – looking for a job, the adjusting job is a job to get into at the present time. There will be more of them required than ever were required before in the province. The Hon. Member for the Mediterranean also asked me why we didn't use the reconstruction garage. Well let me point out this that as is already known and known to the Hon. Member better possibly than some of the rest of us, that that reconstruction garage is set up for the purpose of training men, not for the purpose of trying to establish the costs of doing jobs. The Leader of the Opposition tried to, and I don't think he had analysed clearly in his own mind the cost of repairing cars. He took the percentages that I gave him of the number of accidents in the various groups and suggested that because there was only 30 per cent of those over \$100 that naturally we are going to be paying a very small percentage of the claims. Let me point out that in the groups between \$50 and \$100 he only has at the most \$40 repairs to pay for. The company is carrying a \$40 deductible. The man has \$90, it cost the company \$40. Or if he has an \$8 damage, it cost the company \$30. But when you get up over the \$100 you may have a loss that will run you into \$2,000 on one car, or \$1,500 or \$1,200. You have all of those very high losses because there is no ceiling on the 30 per cent of the cars and between 30 and 35 per cent of the cars which are damaged above the \$100 deductible level. While in the other two brackets, between the \$1,500 and between 25 and the 50 you have the limit when you start to figure the number of cars which suffer damage. I think that covers pretty well the points which have been raised in the discussion, Mr. Speaker.

Motion agreed to and Bill read a second time.

Hon. C.M. Fines (Provincial Treasurer moved second reading of Bill No. 39 – **An Act to impose a Tax on the Income of Certain Corporations.**

He said: Before I introduce the Bill to ratify the agreement between the Dominion and the province, this is a part of that agreement. I might say, Mr. Speaker, that this is a very historic occasion because this is the first Bill that has been introduced in any Legislature in Canada, or in the Dominion to ratify the terms of the Dominion-Provincial agreement, so that it is of very significant historical importance. I might say that last July when the Budget Address of, or rather in June, made a certain offer to the various provinces. The offer is well know to Hon. Members and I shall be dealing with it more fully later on so all I shall say at this time is that this Bill is one of the terms of that agreement. Any province would agree to introduce a bill of this sort to levy 5 per cent tax on corporation income.

I might say that this whole Bill has been prepared by the

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Department of Finance at Ottawa. We have had nothing to do with the drafting of the Bill. I just this morning received from Dr. Clark, a number of amendments to the Bill, in fact so many that it may be necessary to have the Bill reprinted. Minor amendments, but there are so many of them that it might be advisable to consider reprinting the whole Bill. Now, Mr. Speaker one thing I would like to emphasize is this, the province does not benefit from this. We levy this tax, the entire proceeds go to the Dominion. The money will be collected under the terms of the Dominion Income War Tax Act insofar as it relates to corporations. The phraseology of this Bill is the same all the way through except that there are certain provisions which the Provincial Treasurer must carry out rather than the Minister of Finance and any monies that are collected will be collected by the Dominion authorities. There will be a subsequent Bill brought in to give us the authority to make an agreement with the Dominion Government to collect his money for us and the amount collected will be deducted from the subsidy. We will be credited with this amount and it will be deducted from the subsidy payable to us.

Now I might say the reason for the 5 per cent Corporation Tax Act is to give those provinces that do not go into the agreement an opportunity whereby they can levy a similar tax and not penalize their corporation taxpayers beyond the 5 per cent amount. In other words, last year the Dominion collected 40 per cent tax on corporations. They have now, commencing the first of January reduced that to 30 per cent. This additional 5 per cent which will be levied on all those provinces, in all those provinces that enter into the agreement with the Dominion will make the uniform rate 35 per cent, except in those provinces that do not sign. Those provinces that do not sign may therefore levy the 5 per cent Corporation Tax Act and keep the proceeds themselves and their corporation taxpayers will be in exactly the same position as those who fought to do without. Of course if there wasn't any 10 per cent on these non-agreeing provinces they would do so, but they can within the 5 per cent without penalizing the corporations of the province. And that is the reason why it has been necessary for the Dominion to adopt this policy.

Now, Mr. Speaker, as I said before I think possibly I should have had the agreement but there are some points still that we are working on with Ottawa and that is the draft as it should be and we thought to get this in and get it into Committee and get on with the work. I move seconding reading of this Bill.

Motion agreed to and Bill read a second time.

The Assembly adjourned at 6:00 o'clock p.m.