

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
First Session – Eleventh Legislature

Friday, March 4, 1949

The Assembly met at 3:00 o'clock p.m.

The Assembly resumed the adjourned debate on the proposed motion of Hon. Mr. Fines:

That Mr. Speaker do now leave the Chair.

Mr. W.J. Patterson (Cannington): — Mr. Speaker, may I first congratulate the Provincial Treasurer on the very clear and well-delivered budget address which we had the pleasure of listening to on Wednesday afternoon. I cannot go so far as to say that it gave us a very complete and comprehensive picture of the financial situation of the province of Saskatchewan. However, he did give us a good deal of information, for which we are obliged.

For the first time, at least in my experience, a political and partisan note has been introduced into the budget by the Provincial Treasurer in his reference to the policies of the Leader of the Opposition. Whether he wishes to do that or not, of course, is within his discretion; but, as I say, it is something new in this Legislature. And it is rather unusual, Sir, in any business organization, for the officers responsible for the administration of the organization, in presenting their annual report to their shareholders, to take the occasion to criticize those who are in competition with them.

For several years now we have had predictions of a depression from many members of the C.C.F. party, from the federal leader down, and even in this House, in this Legislature, we have been told that times are going to be tough in the near future. The Provincial Treasurer, apparently, has not paid very much attention to those predictions, and the budget is not prepared on that basis. This year, as in previous years, the government's budget is based on a full measure of prosperity and the taking of full advantage of a buoyant revenue condition to increase government spending.

At first glance, the estimates tabled might appear to indicate a reduction in provincial expenditures for the fiscal year 1949-50. I must say, in fairness to the Provincial Treasurer, he was entirely fair and fully explained why that apparent reduction has taken place, and that for a comparison we should properly accept \$56.5 million as the proposed revenue expenditures for the coming year. I only hope that his supporters in the country will follow the same practice as the Provincial Treasurer did, and not try to create the impression in the province that this government has, for the first time, reduced its proposed expenditures. The Provincial Treasurer has not quite reached his objective of \$60 million, but he is getting very, very close to it. As a matter of fact, if you include the hospital tax, the amount actually exceeds \$60 million.

With that statement in the budget speech "it asserts the right of the common people, through their elected representatives, to control the public

purse” I am in entire agreement. I may say the sentiment comes somewhat strangely, sir, from a government that has so far departed from the principle, and if the present tendency is continued, the time will come, and not so far in the future, when we may have to have another Runnymede in Saskatchewan, because we have in Saskatchewan seven Crown Corporations engaged in 13 various business activities, not one of which was established by Act of this Legislature, and not one dollar of the money for their operation and establishment was ever voted by this Legislature for that specific purpose. All of these corporations were established without the knowledge or consent of the members of this legislature. They may have been discussed in the C.C.F. caucus, I do not know. The money used to establish them was voted by this Legislature in the form of blank cheques to be used as the Lieutenant Governor in Council, of the Government Finance Office, saw fit. If that is complying with the spirit and the principle enunciated by the Provincial Treasurer, I cannot agree with him.

What I have said applies to seven of the nine Crown Corporations. There were two others, one of which was incorporated by a special Act of this Legislature – the Government Insurance Office. That was done, not because the government was so greatly concerned about consulting the House but because of the fact they had to have special authority to conduct that particular business. The other was the government bus lines, in which case, in a supplementary vote after the buses had been purchased and the government was in the business, not this Legislature but a previous Legislature voted either \$750,000 or \$1 million to cover the purchase price.

We have in Saskatchewan a Government Finance Office, provided for under Section 22, Chapter 13 of the Statutes of 1947. That Government Finance Office may receive from every department of government, every board, commission office or Crown Corporation any funds, and they may loan those monies or advance them, not on the authority of this Legislature, and not necessarily on the authority of the Lieutenant Governor in Council, because the authority is alternative: “Such funds as the office may deem desirable, or the Lieutenant Governor in Council may designate.” It is an alternative authority and, actually, if the Government Finance Office wants to exercise its authority, granted under Chapter 13 of 1947, it does not even have to go to the Lieutenant Governor in Council, much less come to this Legislature.

I may assure you, as you will remember, Sire, we who were in the opposition at the time this blanket authority was given, protested very vigorously. We contended, and I think we contended rightly, that the members of that Legislature were negligent of their duty, and that they were prepared to relinquish a right and a responsibility which was properly theirs. However, it was done.

We have in Chapter 19 of the Statutes of 1944 provision for the establishment of a Reconstruction and Rehabilitation Fund which may go up as high as \$5 million, and that money can be expended without this Legislature knowing the first thing about it, without any reference to the representatives of the people. It is entirely within the control of the Lieutenant Governor in Council: “The monies at the credit of the said fund, whether borrowed under the provisions of the Act” – again alternative – “or appropriated by the Legislature, may be disbursed as may be designated by the Lieutenant Governor in Council.” And yet we are told it is a sacred right the elected representatives of the people are supposed to enjoy, the right to control the public purse.

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Further, the Reconstruction and Rehabilitation Fund is not required to make even a report to this Legislature after they have collected and spent the money. According to an answer given in the House, there has been some \$2.5 million spent from this fund during the past year, and unless we ask for a return, no one in this House will ever know where it went or how it was spent.

Then we have an Industrial Development fund, under chapter 13 of the Statutes of 1947. A section of this Act provides: "The Lieutenant Governor in Council may borrow on the credit of the province up to the sum of \$2 million. And when that money has been so borrowed, the Industrial Development Fund has, in this case, subject to the Lieutenant Governor in Council but without any reference to this Legislature, again the authority to expend that money as it sees fit.

I sincerely trust that this Legislature will be more careful in preserving its rights and its responsibilities. I will say in respect to this last fund it does require a report to be made to the Legislature after the expenditure has been made. It is only a realization or an understanding of these facts which indicate the extent to which, in the province of Saskatchewan, the control and regulation of the expenditures of public money have been removed from the members of this Assembly and transferred either to the Cabinet or, in some cases, to people even outside of the Cabinet. I might say, incidentally, that what has been done with reference to financial matters is only in line with that what has been done with reference to financial matters is only in line with what has been done with regard to legislative matters, and I am sure the members of this Assembly would be surprised if they had complete information as to the extent to which the previous Legislature gave up its rights and responsibilities, and placed them in the hands of the government or of individual Cabinet Ministers.

There is always a measure of argument as to the proper financial policy for a government to pursue. Is government a business, or is it a charitable institution? Should it be operated on what is considered orthodox business principles and along business methods, or should it go on the principle of 'let the future take care of itself'? Most self-sustaining individuals, engaged in business, farming or similar occupations, try to conduct their operations on what might be called a business basis. That is, in the prosperous times they endeavour to retire their debts if they have them, to increase their assets or to lay aside reserves for a future, more difficult, period.

If that is a proper principle to apply to private operations, it might fairly be argued that, to a considerable extent, it should be applied to the operation of government, because, after all, the government is the representative of all the people, and is merely, in ordinary cases, carrying on a business for all the people in connection with certain activities. If that is a sound principle to apply to the administration of a government, then we can properly say that this government is not adhering, or even coming close, to the application of that which I regard as a very sound principle. After all, the government of this or any province has a responsibility to all its citizens, and it should so conduct its affairs and manage its finances that, in the final analysis, all the people benefit and gain an advantage to the maximum extent possible.

In discussing the budget, Sire, three different fiscal years come under review. On this occasion we will deal first with the fiscal year 1947-48. For that year we are in the position of having complete records. We have our

Public Accounts and the Estimates which were presented for that year, and the final results. For the year 1948-49 we only have the Estimates that were presented one year ago, plus such information as has been given to us by the Provincial Treasurer, plus such information we may have obtained by asking questions in the House. For the year 1949-50 the Estimates of expenditures are on our desks and will receive consideration when we go into Committee of Supply.

I don't hold myself out as an expert, and I don't want to adopt a tedious attitude, but, for the benefit of the newer members of the House, might I distinguish very briefly between expenditures on revenue account and expenditures on capital account. I find very many people find this rather a difficult distinction to understand. In the course of the year's operations, the government of this province collects approximately \$55 million from various sources: subsidies from the government of Canada, taxes from the people of Saskatchewan of one kind or another, returns from our natural resources, and revenue of that kind. Those are recurrent revenues that come in from year to year. Because we collect that amount this year does not mean we won't be able to collect it again next year, presuming, of course, conditions are equally good. On the other hand, capital expenditures are expenditures of a special nature – to build a building or a bridge, or extend the Power Commission, or something of that kind – where, once the money has been spent, that expenditure does not have to be repeated or renewed the following year. When you pay a grant to a school this year, it has to be paid again next year. If you make a grant to a municipality to build a road, that grant, not necessarily on the same road, may be expected in the following year. But, as I say, these capital expenditures are with reference to those expenditures which are for some specific purpose, and the same expenditure will not have to be made in a future year. It has been the practice in this province, generally speaking, to borrow the money for that purpose on the credit of the province. All of my comparisons of figures today, unless I made exception, deal entirely with the revenue receipts and the revenue expenditures of this province. I am leaving out of consideration for the time being, unless, as I say, I make special reference to them, expenditure for capital purposes.

The estimates for the fiscal year 1947-48 when presented to this House – that would be in the session of 1947 – called for an expenditure of \$45.5 million. At the following session, supplementary estimates for that year were presented for somewhat over \$7.5 million, making a total of \$53 million. The Public Accounts show that that amount was not entirely spent; something about \$53 million was spent. On the basis of the revenue received, after the Provincial Treasurer had taken \$5 million of liquor profits into the revenue, he had a surplus of some \$1.5 million. I am not going to criticize; that was a very satisfactory surplus. I think that if due economy had been observed the budget could have been balanced that year without having recourse to the liquor profits at all. However, the Provincial Treasurer was in the very happy and fortunate position that he had approximately \$8 million of liquor profits upon which to draw.

When we come to analyze the estimates as presented to the Legislature and the actual returns, however, we find some rather strange differences, particularly in connection with revenue. For that particular year, the Provincial Treasurer told us he expected to collect from the education tax \$3.2 million. I am afraid that in making that estimate he was guided too greatly by the Premier's statement that he had reduced the education tax 40 percent. As a

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matter of fact the actual revenue from that source was \$6.2 million, approximately twice as much as he estimated. The same thing happened all down the line in connection with our major revenues, but not to such a great extent: gasoline tax, \$400,000; motor licences, \$500,000; public revenue, \$400,000; natural resources, \$400,000; old age pensions reimbursements, \$500,000; reconstruction, \$500,000 and the federal subsidy, \$500,000. So, as a result, the actual revenues were very much in excess of the Estimates presented to the Legislature. Now, I don't know whether this Budget Bureau was in operation that year or not; I don't think it was. I was going to say, in that case it wasn't very much credit to the.

The government was fortunate, Sire, in that revenues proved to be so unexpectedly buoyant. The people were unfortunate in that expenditures were equally buoyant. As I have said, the total expenditures for that year, when you couple the original estimates and the supplementaries, ran fairly close to the amount voted. There is no particular need to go into them in detail, taking them department by department. I might point out that, when we were on the Treasury benches, the then Leader of the Opposition used to be very critical of us if our supplementaries were more than 2, 3, or 4 percent of the original estimates. In 1947-48, the supplementary estimates were something like 17½ percent of the original estimates.

There is another item in connection with those supplementaries, and now I am referring to capital account. For that year we were asked, in supplementaries, to vote \$4.15 million for Crown Corporations, without any information except such as would be obtained by questions across the floor of the House as to what particular corporations would receive that money.

Coming now to the second year under review, that is the fiscal year rapidly approaching its end, the fiscal year will close at the end of this month: as I stated, the only information we have in respect to this year is, first, the estimates as originally submitted, the supplementaries now presented to us, the information given to us in the budget speech, and the information obtained by questions in this legislature. We asked a question in the House a few days ago, about the revenues and expenditures to the end of the calendar year – that would be for a nine-month period – and on the basis of that percentage of the year we would estimate that the revenue for this current fiscal year would be \$48 million, and the expenditure would be \$53 million. Well, the latter figure, apparently, from what the budget speech told us, is approximately correct. We are advised, and again the Provincial Treasurer is fortunate, that revenue are exceeding all expectations and that he expects to close the year with a surplus. Here again the supplementaries presented to us for the current year, while not nearly so large as those of a year ago, are still fairly substantial, \$2.7 million. Now it is not necessary to discuss those in detail at this time, Sir, because they will have to be voted, item by item, by this Legislature, and then we can get more detailed information as to what the various items are, and for what purpose they are required./

But, again I say, the Provincial Treasurer is fortunate to have this buoyant, prosperous position, which enables him greatly to exceed the expenditure presented to and voted by this Legislature, and still feel confident that at the end of the year he will have a surplus.

The estimates for the coming fiscal year, 1949-50, have, as I indicated earlier, been prepared on a somewhat different basis as the Provincial Treasurer explained to us. While the figure in the estimates appearing on our desks is \$49 million, actually, if you take into account the reimbursements, the total is \$56.5 million. I am not critical of the change of method in preparing the estimates. Personally, I think the former method was the proper one. After all, all of this money comes into the Provincial Treasury and is paid out from there, and I think a proper representation of the financial administration of this province should account for all the money that goes into the Treasury. It was for that reason that, in 1941, we changed from the net to the gross basis. However, as has been explained to us, other provinces are following the net basis, and so far as comparisons with them is concerned it is probably only fair we should go on the same basis. Although, let me repeat, I still think the gross basis is the proper one. So far as within the province of Saskatchewan is concerned, it is all right. It doesn't make any material difference, provided that, in making comparisons in the future with the past, this change in method is taken into account.

When we analyze the expenditure which show a substantial increase over the current year, we find certain items. In the Treasury, for instance, and rather surprisingly, we find the interest on the Public Debt is up \$600,000 as compared with a year ago – this notwithstanding the fact we have been told repeatedly that the government of Saskatchewan has reduced the public debt of Saskatchewan more than any other province in Canada, and that we are improving or lowering the interest rate that this province has to pay on its securities. The other increases, some of them not very large, are: Public Works, \$150,000; Education, \$500,000, partly for the university, partly for the school grants, and partly for some of the frills that have been established in that department; Health, \$700,000; Health Services, \$600,000; Social Welfare, \$1 million – this increase is gross and the reimbursement reduction has to be taken into account; and Agriculture, \$300,000.

With respect to education, may I point out that still, and with all the increases this government has made, they are subject to the same criticism that they used to throw at us: that is, the entire expenditure on education is provided by the school lands and by the education tax, and that the other revenues of the province are not affected one bit. I must add to that the revenues from the Department of Education itself which are comparatively small. But, further, the Education Fund which comes from three sources – school lands, education tax and the Department of Education's own revenue – is not only providing all of the expenditures, greatly increased as they may be, but is also providing many hundreds of thousands of dollars for capital expenditure.

I must confess I have some difficulty in figuring out how a capital expenditure can be made out of a revenue account fund. The government has some way of doing it apparently because they ask us to vote capital expenditures to be charged to the Education Fund. So, when they take such great credit for the increased assistance to education, actually that is being provided by the people of this province to a very large extent when they paid in \$6.2 million in education tax, after the Premier had reduced it 40 percent.

Mr. Tucker: — It was a good story though. It got a few votes.

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Mr. Patterson: — I don't know whether the Provincial Treasurer explained it very clearly or not, but I think maybe he did. It probably would not hurt to repeat it and explain the reimbursements of \$7.4 million which must be added to the \$49 million to create \$56.5 million. Most of those are by reason of grants, of one kind or another, from the government of Canada; \$1.8 million is the interest from the Wheat Pool and Telephone Department and Power Commission, and an amount — from memory — \$350,000, the contribution by the civil servants to their pension fund. But when you want to get the gross expenditures on the basis of the 1949-50 estimates, as on our desks, you must add \$7.4 million to the given figure of \$49 million.

Again, I am not going to enter into any detailed arguments or discussion of the departmental increases except to point out that again, this year as in every previous year, each major department of government shows a substantial increase in expenditure. The result is that the estimates on our desks today are the highest in the history of the province, even the highest in the history of the C.C.F. government.

Some members of the government and some supporters of the government seem to think that the test of efficiency of a government is the amount of money it spends. Of course so long as revenues are buoyant, that is a very easy test for the government to comply with. If revenues go up very year it is easy for the government to spend more money every year; and if that is the yardstick by which efficiency is to be tested, then the answer, of course, is obvious. But I am sure that thinking people, and particularly those who have to pay the taxes which provide these revenues, are concerned not so much with the total amount spent but with the purposes for which they are spent, and whether value is received for the money so spent. I say that that is the proper yardstick by which to measure the efficiency of any government.

As I say, this government has established a scale of expenditures beyond anything this province has ever previously known, and a great deal of it has been expended on what I referred to a few moments ago, and I am going to refer to it again, as the “frill” services. They don't provide any real service to the people of the province of Saskatchewan they make “window-dressing”; they make good publicity; they make propaganda. In the expenditure of all our departments there has been a lack of economy or of careful attention to the expenditure of public money, which in large measure is responsible for a good deal of those large increases. The hon. member for Last Mountain (Mr. Benson) and myself can remember when, because of conditions in the country and failing revenues, the government of the day was faced with a very difficult situation, when they had to eliminate some services and make drastic reductions in others. I am sure that neither he nor I would ever wish to go through that condition again.

This government has, on the basis of the present condition of prosperity in Saskatchewan over the past four years, established a scale of expenditure on the basis of a full measure of prosperity. They have extended many services and established many new ones, and some day it will be the difficult problem of some succeeding Provincial Treasurer to get the business of this province back on a business basis. He won't have a very easy or happy job when that time comes.

It is all very well to say we spent so much on this in 1944-45 and this year we are going to spend twice as much. Is the additional expenditure warranted? Does it bring value to the people of the province of Saskatchewan? Does it meet the test I outlined in the earlier part of this address? We have an Economic Advisory and Planning Board that is going to cost us \$55,000. Well that represents an increase in government expenditure of 55 percent as compared with 1944-45. That does not justify, nor does it mean that the province of Saskatchewan is getting value for that particular expenditure. Connected with that is the Research Council. Strange to say, we have never heard anything about it; the Bureau of Publications has never sent out anything about it outlining the Council's operations. That expenditure represents an increase of 32,000 percent compared with 1944-45. For the Bureau of Publications in 1944-45 the expenditure was \$34,000; next year it is to be \$120,000. That is an increase of 400 percent.

An Hon. Member: — It is doing a good job.

Mr. Patterson: — Doing a good job. Who for Sir? For the people of the province of Saskatchewan or for this government?

Mr. Tucker: — The C.C.F. party.

Mr. Patterson: — All of these beautiful booklets and pamphlets we get printed on the most expensive paper and coloured and illustrated and all that sort of thing: very fine, but the taxpayers of this province have to pay for it. If this government wants to take credit for increasing the expenditures for that purpose by 400 percent, they are entitled to do so.

Then there is the Civil Service Commission. True, we have 50 percent more civil servants, but we have 800 percent more expenditure on the Civil Service Commission. It takes eight times as much money to administer the affairs of that particular Commission as it did in 1944-45. What benefit, value or advantage do the people of Saskatchewan get for that increase? I say, you can't base the efficiency or value of a government on the amount of money it spends. You have to take into account the purposes for which they money is spent and the value received for it.

You have a Budget Bureau now – \$27,000 to present a little book of estimates; they got it so mussed up it takes you all your time to find what you want. Actually, the members of this Legislature probably should pay for that particular expenditure because it is for our particular benefit, and I am sure if we take up a collection the members of this House, on both sides, would be very glad to contribute \$27,000 to ensure this bureau keeps in operation. No, Sir, I think I will put it the other way: they would be glad to contribute that amount if the government would eliminate the Budget Bureau and let the Treasury officials prepare the estimates as they used to do.

Then we have in the Department of the Co-operation what is called its Research Service. Well, you know they certainly have provided a marvelous service for us – for \$50,000. Every two or three days I get a little booklet or something from this Research Service of the Department of Co-operation.

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One of them told me the value of the entries from the United States at the customs ports along the Saskatchewan boundary. Well, in view of the fact that 90 percent of the things imported into Saskatchewan come in through other ports of entry, that information was extremely interesting and extremely valuable to me. Then, the other day I got another booklet on the imports through Hudson Bay, and there were, I think, eight boxes of something or other – crockery – eight boxes of candy, half a ton of this and half a tone of that; and that; also, was very valuable to me. And that is what the people of Saskatchewan are getting for this \$50,000.

Hon. Mr. Douglas: — Education.

Mr. Patterson: — Well, my hon. friend says “education”. I just finished explaining – probably he wasn’t in the House – that the people of Saskatchewan are paying the full bill for the education, through the education tax and the school lands fund. If it is the there for the government to spend, it is not because of any particular policy or administration on their part.

I don’t suppose there ever was a year in the history of the province in which there was such universal criticism of the condition of our highways as was the case in the summer of 1948. In defence of this criticism, the government offers two excuses. They say: “Look at the tremendous amount of money we have been spending on our highways: - and that is the case. When we ask them what we have got for it, of course, that is not quite so easy to answer. The other excuse is the deplorable condition that existed in 1944.

Some Hon. Members: — Hear, Hear!

Mr. Patterson: — I am glad our friends have cheered that sentiment, because I go back to the Manifesto that was issued by the present Premier of the province on May 20, 1944, when he outlined the policy of the C.C.F. party if it became the government, and, strange to say, highways are not mentioned in this document although it runs to several pages. Here we have, the Minister of Highways tells us, what was a deplorable condition. . .

Hon. Mr. Douglas: — You can’t deny it.

Mr. Patterson: — . . . deplorable condition, and yet, in their great interest in the welfare of the people of the province, it was not of sufficient importance to warrant a reference to it. Let alone any statement of policy or, more strangely still, any promise of what they would do if they were returned to office. That is the thing that convinces me more than anything else that conditions could not have been nearly as bad as the hon. gentleman has let us to believe. The conditions were nearly as bad as they indicated, or they would like the people to believe. They took pages, and pamphlets, and radio addresses – if I have time I will discuss some of those this afternoon – to malign the education system of this province and the health services of this province – and it was a downright shame, Mr. Speaker, an absolute misrepresentation of conditions that actually existed. It the highways in Saskatchewan were so deplorable, why didn’t we hear something about it?

An Hon. Member: — We were speechless.

Mr. Patterson: — Now, I don't mean to say, Mr. Speaker, that during the election individual C.C.F. candidates did not go out and promise some voter: "You go out and vote for me and I'll get you a road."

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Hon. Mr. Douglas: — Those were your tactics.

Mr. Patterson: — . . . because that kind of promise was made up and down the length and breadth of the province of Saskatchewan, not only with reference to highways, but with reference to bathtubs, with reference to painting the buildings, and hundreds of other things of that nature. Some were even promised sewing machines.

Now, as I say, the alibi is: "Look at the money we have spent." That alibi might get by in two constituencies of this province, Rosetown and Weyburn. It won't go in Souris-Estevan, Cannington, or any other constituency I know of except those two particular ones.

The indifference of the government to the conditions of highways in the province is perhaps understandable. Four of the members of this government represent cities where highways are not a provincial problem. Two others, in total more than half of the cabinet, represent constituencies which are very largely urban, and so far as one of those is concerned the member and the constituency have cashed in, and that is the constituency of Weyburn. But I would suggest that, at least, our city members might interest themselves in the improvement of roads leading to their constituencies, on the outskirts and leading out from their constituencies, although they may not be, individually interested in the question of roads in their particular riding.

Now I say, as I have said on previous occasions, that the administration of the Highway Department in this province has been wasteful and extravagant, and I do not think we are going to get any better roads in this province by voting more money to be expended in the fashion it has been expended in the last four years.

Hon. Mr. Brockelbank: — You used to build them with shovels.

Mr. Patterson: — I mentioned in a previous debate the motto of the C.C.F. party: "The first concern of the C.C.F. is to its own well-being." So long as the Minister of Highways believes and follows that motto, we are not going to have any substantial measure of highway improvement in the province.

The estimates for the Department of Agriculture are substantially increased — on the surface. It is another case in which we are told the percentage of increase in expenditure is 150 or 160 or 200, or what have you, over 1944-45. There appears, as I say, on the surface, to be a very substantial increase, and may I say, and I am sure I speak for every member on this side of the House, we welcome and support every increase provided for the benefit of agriculture, provided the expenditure is going to be worthwhile and get results. That is the only reservation we make. Now, this tremendous increase, one-third

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of it approximately, was obtained by a change in bookkeeping. Formerly, the Department of Natural Resources administered the Crown lands in this province. A couple of years ago administration was transferred to the Department of Agriculture, and the expenditures in that connection were transferred from one department to the other – approximately \$500,000. What benefit that was to agriculture in the province, I don't know. At the time I thought it was an advantage. Previously the administration of Crown lands in the province of Saskatchewan was under the former Minister, Mr. Phelps, and he was so difficult to deal with, and so uncertain in his policies, that people who had Crown land leases from the government of this province did not know where they were from one week to the next. And, at the time, I thought the transfer of the administration of those lands from that Minister to the present Minister of Agriculture, might be for the benefit of the people who had to do with that particular phase of our business. From what I have heard since, I am not so sure I was right. Be that as it may, there is \$500,000 of so-called increase that doesn't mean anything, and unless those who have Crown lands have some better relationship with the Minister than was formerly the case, it does not make that much difference.

We heard a great deal last year, and I think there is a vote for it again this year, about the establishment of a 'fodder bank'. It is rather difficult from the Public Accounts, and from the Estimates, to determine just how much of this has been spent to actually create a fodder bank, but the votes have been very substantial: for 1947-48 and 1948-49, over \$600,000. What have we got for it? We have got 2,400 tons of hay, Mr. Speaker; 2,400 tons of hay is what we have got for our \$600,000. That was the information brought down in reply to a question asked in the House, the other day. Then there are some bins somewhere in the province, I presume from the answer, that the government owns and the municipalities can obtain the use of. To meet such fodder shortages as we have experienced in the past – last winter, for instance – I hate to think of the astronomical figures we will have to vote to begin to supply even an odd ton of hay to the odd head of stock. We have made a marvelous start; we have already got 2,430 tons and a fraction.

Then you will remember, Sir, all we have heard in this House about money the government was spending to improve the veterinary services in the province. The way they started out, we thought by this time there would be certainly veterinary for every town, village and hamlet in the province of Saskatchewan; but, actually according to the information brought down in answer to a question a few days ago, there are 11 fewer veterinarians in this province than when this government started, and I don't know how much again has been spent on that.

Now we are going to have some money spent on grasshoppers, and that is something with which we are in entire agreement. We realize the seriousness of that danger, and if this government will use common sense business methods of attacking it we are quite willing to support them when they ask for \$230,000 to carry out that work. But, for goodness sake, Mr. Speaker, I hope they won't bring in somebody from England, New York, Chicago or some other place to tell our farmers how to combat the grasshoppers, and spend all the money in this vote on activities of that kind.

Hon. Mr. Nollet: — We'll go up to Rosthern.

Mr. Tucker: — Take my advice, you'll be better off.

Mr. Patterson: — Then there is very substantial increase, over the years I am comparing, for the Agricultural Representatives. I am not going to criticize that, except to say the condition is getting such that we have almost more Agricultural Representatives now than we have farmers, and if the government continues it will create a bit of a problem. There will be two Agricultural Representatives on each farm instead of one as is presently the case. I heard of a meeting out in the Swift Current district a year or so ago. There were about 40 people at it, and 22 of them were departmental representatives, each driving a government car, and there were 18 farmers. On the extension that has been provided, I suppose the proportion of government representatives and farmers will increase in favour of the departmental representatives.

Hon. Mr. Nollet: — That's an old one he's selling over again.

Mr. Patterson: — There is one thing, of course, the farmers are getting. They were promised in 1944 — it is a little slow perhaps, but it is coming about — and they are getting their barns painted.

There is provision in the agricultural estimates for certain work in connection with irrigation and drainage, and may I say again, we on this side of the House are entirely in agreement with expenditures for that find, with this proviso: that the money is wisely, efficiently and effectively spent, and the people it is intended for get some benefit out of it.

There is another thing I must not forget, Sir. Talking about settlements, the Provincial Treasurer in his budget speech made some reference . . .

An Hon. Member: — Are you sure you have the right speech.

Hon. Mr. Brockelbank: — Time marches on.

Hon. Mr. Nollet: — Longtime no speak. We don't want people to think we're shut off the air.

Mr. Patterson: — Well, anyway, it indicated that this government has not departed from the ideas on which it was originally established — the state ownership of land. It will be remembered that when this party was established, the use-lease system was advocated. Now, that was just a little too much of a direct approach to this question to be agreeable to the electors of this province, and the C.C.F. party dropped it like a hot potato. But the leaders of the party who promoted that policy had not forgotten their original theories, and in the Provincial Treasurer's budget address, he said: "Our efforts to establish farm families on economic farming units, through secure leasing arrangements". In other words, Mr. Speaker, the Provincial Treasurer and the government apparently do not want to see the people of Saskatchewan established on their own farms with the title in their own names.

Some Hon. Members: — Oh, no?

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Mr. Patterson: — Well, I read the speech, and that is what he said.

The Provincial Treasurer was pleased to remind me that he had some \$10 million in the bank on February 15. Well, I don't know what happened between December 31 when he had only \$270,000 and the 15th of February. He must have had some good luck somewhere, but the question answered in the House showed that there was less than \$300,000 in the Consolidated Fund.

Hon. Mr. Fines: — With \$4 million in bonds.

Mr. Patterson: — Of education tax? Well, does the \$10 million include the \$4 million?

Hon. Mr. Fines: — Sure.

Mr. Patterson: — I wonder if this much-maligned federal government has sent them along a substantial subsidy payment, or some of these grants for old age pensions or something of that kind in the meantime. I don't know where else it could have come from. It couldn't come from any economy this government would practice, and I think I can assure the members of the House that it won't be there very long either, Mr. Speaker.

Hon. Mr. Fines: — It has been every year yet.

Mr. Patterson: — I am surprised, and I am saying this seriously; for a friend came to me last fall, about a small account he had with the government, which he submitted in June and for which he received payment a few days before Christmas. As far as he knew there was nothing wrong with the account, and it was not a very large one. Even the \$300,000 my hon. friend had on December 31 would have covered that particular account. However, be that as it may, there has been some mention throughout the country about delay in the payment of accounts by the government.

This, Sir, so far as I can remember, is the first budget speech ever presented in this Legislature, certainly during my time, when the Provincial Treasurer did not give a report of the bond sales he had made during the preceding year. What that particular information was omitted, I do not know. That brings up the question of the public debt – and the government takes a great deal of credit for the reduction of the public debt of the province, and there has been a substantial reduction. Why they insist on taking credit for some \$5 or \$6 million reduction made by us before they came into office in their first fiscal year, I don't know; but they will insist on going back to April 30, 1944, notwithstanding the fact that \$5 million of the debt at that date was reduced before the 1st day of July, 1944, and they came into office on the 10th of July, 1944. However, I may say, this is strictly typical. They go throughout the length and breadth of the province and take credit to themselves for things the Liberal government has done in the past and the federal government is doing now. As an example of that is this: all through the June election, hundreds of people in the province of Saskatchewan were assured by the C.C.F. workers and canvassers that the family allowance was paid by the provincial government . . .

Premier Douglas: — Oh, no.

Mr. Patterson: — . . . because the cheques were mailed from Regina.

Mr. Tucker: — Anything to get a vote.

Mr. Patterson: — The public debt of this province, deducting sinking funds and including direct debts, on July 1, 1944 was \$209 million. On December 31, 1948, on the same basis, it was \$145 million, and the government takes credit for a reduction of \$64 million, plus the \$5 million we made prior to their coming into office. Now I am going to make the general statement — that there is not one dollar of this reduction attributable to any economy or savings or thrift carried out by this government. First of all, of that amount the federal government cancelled \$36 million, and they made a settlement with the province for the Natural Resources claim of \$8 million. So of the \$64 million, \$44 million came from the government of Canada. Of the balance, since July 1, 1944 to December 31, 1948, the Wheat Pool has repaid \$4,235,000 against the bonds issued for it back in 1931. I suppose in 1951 when those bonds mature and, by reason of payments made by the Wheat Pool, the issue of \$14 million is retired, this government will take credit for it, provided of course they are in office at that time.

In that same period, borrowers from the Saskatchewan Farm Loan Board have repaid \$7.8 million. The Telephone Department has repaid \$2.3 million. What amount has been collected on seed grain accounts, I do not know, but the amounts \$4,235,000, \$7,800,000, \$2,300,000 have all been paid in by the Wheat Pool, the Farm Loan borrowers and the Telephone Department, and this government could not properly use this money for any other purpose.

In the same period, 1944-45 and 1947-48, liquor profits in this province have been over \$26 million. The Provincial Treasurer has taken \$14 million for his revenue account, leaving him \$12 million to be utilized for debt reduction if he so desires. Now, who has reduced the public debt of the province? Was it the government, or was it the Wheat Pool, The Farm Loan borrowers and the Telephone Department, or the government? In connection with this let me point out, Sir, that all of these payments by these various organizations, while they tend to reduce the public debt also reduce the assets of the province, and the net position of the province is not materially improved. If the Wheat Pool has paid in \$4 million over that period, it means the Wheat Pool owes the province of Saskatchewan \$4 million less than it did four years ago; and if the Farm Loan borrowers have paid in \$8 million, or nearly so, it means the assets of this province have been reduced by that amount. There is a great deal of propaganda about this debt reduction. Actually, the net position of the province has not improved as would appear on the surface to be the case.

An Hon. Member: — What happened to the liquor profits?

Mr. Patterson: — What happened to them? Some of them went to pay the public debt, and very properly so; but half of them went to carry on the normal operations of the government,

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to keep the ship floating. It is a strange thing that, under much more difficult conditions and much less prosperous times, the former administration was able to carry on the operations of the province without calling on the liquor profits.

Premier Douglas: – Leaving their debts unpaid.

Mr. Patterson: — The public debt, while there is an apparent reduction, actually has increased over \$4 million in the last year. The funded debt and the treasury bills a year ago were \$183 million; now they are \$187 million. It is true that in the interval, sinking funds have increased, and when you subtract them you get a net figure that shows a small reduction; but, as I say, these sinking funds have come from the sources I have indicated, and, so far as the public is concerned – and it is confirmed by what I said earlier, the vote for the interest on the public debt next year in this province is \$600,000 more than it was last year.

There has been a good deal of discussion in the province with respect to the financial agreement between the province of Saskatchewan and the government of Canada. Here again there has been a great deal of propaganda put out that does not accurately represent the position. Prior to 1942, the province of Saskatchewan collected income tax, corporation tax and succession duties. The government of Canada also collected similar taxes. That is, they were both in these fields of taxation. In 1941 the Minister of Finance of that day made a proposal to the provinces. He said it was awkward for the citizens of the country to have to make returns and pay similar taxes to two authorities. He thought he could increase the revenue to the dominion to carry on the war if the provinces would agree to retire from these fields of taxation for the duration of the war; and he agreed to pay them, in lieu of that, a subsidy either based on what the provincial collections from these sources had been or, if the provinces preferred, a subsidy based on the interest on the public debt.

There are a great many details that I don't need to go into, but that was roughly the proposal he made. Finally, all the provinces of Canada entered into that agreement; we did in the province of Saskatchewan, and the agreement was confirmed by an Act passed in the session of 1942. Under that agreement, for a period – I think it was to be approximately one year after the war – the province of Saskatchewan agreed not to collect any income tax or any corporation tax and in return for the province retiring from these fields, the Federal Minister of Finance agreed to pay us an annual subsidy which, as a matter of fact, was almost three times as much as we had been collecting from those source.

The statement has been made that the province could not collect corporation tax – I am speaking of the period prior to this agreement. As a matter of fact, we did collect corporation taxes from the banks, railways, insurance companies, mortgage companies, implement companies. Only last summer, I think, an appeal was taken to the Privy Council in the matter of a dispute between the International Harvester Company and the province of Saskatchewan with regard to an assessment for taxes levied on that company by the government of this province in the period when our own Corporation Tax Act was in operation.

That agreement continued until a year ago. When this agreement was made back in 1942, we were collecting in Saskatchewan \$2,090,000 from income tax and corporation tax, and the government of Canada agreed to give us \$5,830,000 for retiring from those fields. We thought it was a good deal, and still think it was a good deal. As a matter of fact, the agreement was ratified by this Legislature without criticism or objection, and with very little discussion or debate. I want to make it very clear that this was entirely optional; there was no force or pressure. It was entirely within the decision of the province whether they would accept this offer; but, as I say, if I remember correctly, all of the provinces of Canada did ultimately enter into an agreement of this nature.

In 1947, the government of Canada, following the dominion-provincial conferences of 1945-46, entered into an agreement of the same nature with several of the provinces, not so much, I think, seeking to increase dominion revenues as was the purpose in 1941, but more for the purpose of stabilizing the relationship between the dominion and the provinces with regard to taxation. I think that was probably the purpose, but I don't know. It was not my privilege to attend the conference of 1945-46; but my opinion is its purpose was largely to stabilize the situation and get it on a more permanent basis, and also with the view, which would be acceptable to most citizens, of eliminating double taxation and double returns, and all that sort of thing.

When the provinces were called together in 1945, the dominion made certain proposals. If the provinces would retire from income tax, corporation tax and succession duties, the dominion undertook to pay certain subsidies based on certain methods of calculation, and, in addition, to share in certain social and health services. That conference failed. It is not my part to say who was responsible; but the fact remains that it broke up without the provinces reaching an agreement, and the further fact remains that the provinces which refused were the two provinces where the largest revenue from these sources could be expected. I refer to the provinces of Ontario and Quebec which, of course, contribute a very much larger amount in all of these taxes than do any of the other provinces.

Subsequent to that conference – not as a part of the conference, subsequent to it – the Minister of Finance made proposals to the provinces individually, somewhat along those same lines, as I have already indicated, as back in 1941. But in this cases again, the provinces were asked to relinquish income tax and succession duties. In this province, succession duties have never been an important factor in our revenue - \$300,000 or \$400,000; I doubt if they have gone higher than that.

Hon. Mr. Fines: — \$550,000 is the top.

Mr. Patterson: — So they have never been a very large factor. And in return for that the dominion government agreed to pay the provinces a substantially increased subsidy. Again let me stress that this agreement was offered to the province. Its acceptance was voluntary on their part, and there was no compulsion or pressure. The province thought it was good business and prudent financially to accept it and it did so, and I think today all but two of the provinces have

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made such an agreement. That agreement was confirmed in this Legislature in 1947. Under that the subsidy or grant – if you want to argue the term 0 to the province of Saskatchewan is greatly increased, and as I understand it, our old subsidies were wiped out. Today, as you will see by your estimates, it is expected we will get \$16 million from the federal government, against about \$8 million in 1943-44. to ensure that we have given up three classes of revenue that in 1941 brought us in \$2.1 million, or maybe \$2.5 million when you include succession duties.

An Hon. Member: — What was it last year?

Mr. Patterson: — How do you know? How do I know? It wasn't collected in the province.

Now, I am quite willing to agree, Sir, that if the province had continued in those fields of taxation almost certainly our revenues from that source would have increased considerably from what they were in 1941, but that they would increased to the amount of \$8 million is simply beyond belief, and I don't believe the hon. Minister thinks so himself. There are figures available as to what the dominion collected in the province from these sources and I did have a statement – I must have mislaid it – of the amount collected in the province of Saskatchewan.

Propaganda has been put out in this province that the dominion government collects \$130 million in income tax, corporation tax, and succession duties, and that it spends about \$20 million in the province. As a matter of fact, from all three of these in taxes, in 1946, the government of Canada collected in this province about \$30 million; but at no time during any of these agreements was it ever suggested that, by reason of these agreements, the dominion government should forgo its previous collections from these sources or that the province was entitled to anything more than the amount agreed upon when the arrangement was made. Remember again, in 1941 and again in 1942, the dominion government was already in these fields of taxation and we are told were collecting substantial amounts. All they have become entitled to in addition is the extent to which the province retired from the field.

This argument might go on forever as to how much money was collected in Saskatchewan and how much the dominion government spent here; but, be that as it may, the agreement was accepted by the government and the opposition of the day to be acceptable to this province. It was made voluntarily and the dominion has treated the province generously and fairly for retiring from three fields of taxation from which we probably could not have expected to collect more than \$5 million at the very outside or under the best condition. Nobody can say, because it is only a matter of estimate.

They talk about the dominion government collecting \$130 million and spending \$20 million in the province, and it could equally be said of the province and the municipalities. Exactly the same relationship exists. I have taken municipality No. 124 which, as far as I can see, is an average municipality as to area, assessment, population and conditions. It is a municipality of nine townships. It is assessed for \$2.3 million. It has a population of 1,700 and it has 18 rural schools – no all of them in operation,

of course, because they are in a Larger School Unit. What does this province collect from that municipality? Well, they get \$4,700 of public revenue tax. On a per capita basis, they get \$12,000 of education tax. On a per capita basis they get \$6,000 in motor licences and \$13,000 in gasoline tax. Add these amounts and you get a total of \$35,000. And how much do they spend in this municipality? Well, in 1947 they gave the municipality \$1,450 for the roads. For school grants – it is hard because, as I say, they are in a Larger Unit – the ordinary \$1.50 grant per day would bring them in \$5,400, but we will allow them a part of this equalization grant and put it at \$8,000. In other words, they get \$9,450 for the \$35,000 they paid in; that is, if you are going to argue this thing on the basis of 130-20 that is applied to the dominion and the province. I know, and any reasonable man knows, it is not a fair method of approaching the question; but, as I say, if you are going to say it about one relationship you can say it with equal force about the other.

There is another matter which has affected the municipalities of this province, which is not a straight government collection. Back about 1929, the government of the day and the Anti-Tuberculosis League entered into an agreement to provide treatment for all T.B. patients in the province at the cost of the government and the municipalities. At that time the cost of treatment per patient per day in the sanatorium was about \$2.70, and the government of the day agreed to pay \$1 of this, or approximately 40 percent. I think it was the intention of those who negotiated the agreement that under normal conditions virtually that relationship and proportion would be continued. But, as we all know, the cost of operation has gone up very considerably and today the \$1 per day paid by the –provincial government represents about 27 percent, and the other 73 percent has been left on the doorstep of the municipalities. Now, this may not seem a very important matter, but when you add to it the additional cost which has been imposed on the local landowners by reason of the larger School Unit, health regions and those other things, when you see a half-section of land where the tax levy is over \$300; when you have a case of a man who wrote me that his taxes in 1943-44 were \$28 and this year are \$100, then a material increase is noticeable.

I think it will be agreed by every reasonable man that, after all, the land can only bear a certain amount of taxes. At the moment times are good in most parts of the province. I do not know, I am sure, how some of these poor people who live in the drought and crop failure area are beginning to meet their taxes, because the people in my district, who have enjoyed good crops over a considerable period of years, are finding their taxes sufficiently onerous, and they have experienced these increases to which I have referred.

The Provincial Treasurer has told us that he believes his government has done more to assist the municipal bodies than any other government. Well, the Municipal convention is going to meet in Regina next week, and he will have an opportunity of learning from them whether they are of the same opinion as he is.

There has been a substantial measure of reduction in municipal and individual debt and, again, as I indicated earlier, this government wants to take all the credit for it. Well, I don't know anybody whose taxes they paid, and it is through payment of taxes that the municipalities have reduced those debts. They have not paid my debts, and I don't know whether they paid those of any other individual. Certainly, from anything I know, any debt reduction

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as far as individuals are concerned have been accomplished by the individuals themselves. However, if the government wants to go up and down the country and take credit for having done these things, I don't suppose we can stop them, and perhaps we shouldn't criticize them too much because after a while these statements will catch up with them.

Now, there is a matter which is some concern to the municipalities of this province – they are up in the air, they don't know where they are at. In 1944 the former Minister of Municipal Affairs (Hon. Mr. Brockelbank) went down to Estevan and announced at a municipal convention there that he was going to amalgamate the rural municipalities of this province. He was going to study it and there was not going to be any consultation: the government had decided. That created a considerable measure of opposition; so much so that the government retreated from the very definite stand they took in the first place. Four years ago they formed a committee to study this question, and in answer to a question the other day we learned that the committee has not reported yet. I think they should turn this over to the Economic Advisory and Planning Board. I don't think they would be four years in reaching a decision. But, as I say, the result is that the municipalities in this province do not know where they stand: whether they face compulsory amalgamation as threatened by the Minister, whether they are going to be left to work out their own destinies as best they can. So far as any financial consideration is concerned, they can be assured they will be left to look after themselves.

There is another difficulty, and I refer to it probably not as fully as I should. During the difficult years of crop failure and economic depression, all of the municipalities of the province, I think without exception, reduced their expenditures, cut their tax levies, did everything possible to make it easier for their people to get along. As I have already said, land, after all, will only carry so much taxes. The municipalities, naturally, expected that, when times improved, they would be in a position to increase their levies again and provide more money for strictly municipal purposes; but they have been largely edged out of that by reason of the tremendous increase in school taxes in the Larger School Units, and by the health taxes of one kind and another that have been imposed upon them. This government should be good to the municipal bodies because they have very seriously handicapped and retarded municipal development and improvement in this province by the policies they have followed.

Some Hon. Members: — Oh nonsense.

Mr. Patterson: — We have in this province nine organizations called Crown Corporations. They used to be some of the brightest gems in the crown of the C.C.F. party, but the matter of Crown Corporations, should make a very clear distinction between the Power and Telephone Operations and the nine hybrid organizations that have been established by this government. They should make a very clear distinction for two or three reasons. First of all, both the Telephone Department and the Power Commission were established by a vote of the Legislature of the day, and were established under specific Acts passed in the House and the monies to enable them to commence operations were voted year after year in the Estimates. Secondly, they were established for a definite reason: to give the people of

Saskatchewan telephone and power service at cost, or as near cost as could be. Thirdly, they were to be established on the basis that they were not to cost the taxpayer of the province one cent. The service they supplied was to be paid for by the people who got the service. And in all of those things they have measured up to and fulfilled the requirements expected of them.

Now they have been declared Crown Corporations. The people of the province are entitled to know, Sir, whether or not this government proposes to put the Power Commission and Telephone Department on a different basis, and whether they propose to establish them as profit-making corporations from which the profits are to go into the public treasury or to bolster up a some weak sister of the Crown Corporations. They are entitled to a statement because this government has never said what they intend to do with what they continually refer to as profits of the Power Commission and the Telephone Company. They have not used any of them yet: but the Telephone Department, as I pointed out, has repaid a very substantial amount of the capital that has been advanced to it. Both of these utilities, over all of the years, have each paid the interest on the money which was advanced to them by the Provincial Treasury. They have set up their depreciation reserve, and the Telephone Department, particularly, in a longer period of operation has repaid a substantial amount of the money advanced to it.

These two are in an absolutely different position unless, as I say, this government is going to come out and say they are putting those two corporations on a profit-making basis, the same as our other Crown Corporations. I might say that the Finance Office, of course, is empowered under the Act to take the surplus earnings of these corporations and use them for other activities. But we have another nine corporations, and the annual reports of these corporations were laid on our desks today. Now, I haven't had time to analyze and study them very closely, but there are certain facts in connection with them which might be of interest to our members. As I have already said, outside of the Insurance Office, not one of these was established by a vote or with the knowledge or consent of this Legislature, and, with the exception of a vote for the buses, not a dollar of the capital invested in them was voted specifically for that purpose by this Legislature. In other words, the previous Legislature never had an opportunity to say whether they wanted to go into the brick business, or the woolen business, or the boot business, or the box factory. That was done by the boys in the back room.

Putting aside Power and Telephones which have, I think, roughly \$30 million between them – not quite that, the other nine corporations have \$7 million of the public money invested in them. If they were operating on the same basis as the Power and Telephones they would pay the Provincial Treasury \$250,000 a year interest. You will notice that in all of these statements about profit, it is always “before interest”. Well, that is very fine for the corporation, but it is not good for the taxpayer, because he is paying for them. Incidentally, in many cases it is not so good for the municipal taxpayer because these operations are carried on free of or exempt from municipal taxation. When our Government Printing Office makes a profit, a substantial sum of it comes out of those of us who are paying taxes in the city of Regina because that plant and that property are exempt from taxation.

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Some unique and extraordinary facts can be dug out of these reports. Take the report on the Saskatchewan Transportation Company – the bus lines. They have about \$1 million in buses, and they lose money; and they have about \$25,000 in lunch counter and they make money. If that indicates anything it probably indicates the kind of business this government should be in. They make \$8,000 at their lunch counter, and they lose about \$15,000 running the buses.

They made a profit on their freight lines. That, I presume, is a result of the increase that was granted to the government-owned trucks some time last summer, and about which there was a great deal of controversy as to whether it was an increase or not; but I presume if it had not been granted the government trucks might have been in the red.

The Timber Board is presumed to have a profit of \$400,000. They have \$1.8 million of public money invested in that particular operation. That means they should pay \$72,000 to the Provincial Treasury for interest on the money, if nothing else. They should also pay for auditing and for certain publicity done for them. However, those are minor matters. They should also pay the town of Meadow Lake and various other centres where they operate lumber yards in competition with private firms. They should pay the municipalities the proper taxes on their property. In Meadow Lake there are three men who have invested their own money and have to pay interest on it, if they borrowed it as the Timber Board has; they have to pay taxes to the municipality for the schools, and for the municipal purposes; they have to pay the public revenue tax and, if they make any profit, they have to pay income tax; they have to pay registration fees to the government of this province if they are in incorporated company; and they are in competition with the Government Timber Board. It has its capital free, pays no taxes, no registration or what have you. It ought to make a profit. Under the compulsion that applies to the production of timber in northern Saskatchewan, this thing would be hopelessly operated if they did not make a profit. How could it help make a profit under these conditions? Well, I notice this: it has \$1.1 million of lumber on hand, at least 'inventory', and that is lumber and other material of that kind; and it has \$7,000 depreciation against it - \$1 million with \$7,000 depreciation against it. Now the lumber price would only have to drop \$1 per thousand and the depreciation would be no more, and if the drop goes up to \$3 or \$4, this alleged profit would be wiped out. Now we may have a drop in lumber prices, I don't know; but that is the protection they have established.

Then we have the Fish Board, with \$850,000 of our money in it. They lost \$95,000 last year. They sold \$880,000 in fish and other supplies during the year, and it cost them \$175,000 to do it. I don't know any private enterprise that could stand it, and if this wasn't financed by the government it could not stand it either.

Now, the tannery. Last year they had \$175,000 of an investment. They sold \$70,000 of material and they lost \$45,000. It would have been better for the government if the thing had been closed up. The shoe factory – much the same sort of thing: \$186,000 in investment does \$130,000 of business in a year, and loses \$36,000 in the operation, "before paying interest. All these figures before providing for interest.

The woolen mill: this is the concern that was going to cost us \$90,000 when the Minister stood up over there and told us about it first; today we have \$590,000 in it, and last year it lost \$90,000 or roughly 25 percent on the volume of business it conducted. This is another concern that we would be better off if the government would close it up. In fact if they had it insured I think maybe I would suggest the Provincial Treasurer should get a good policy on it with the Government Insurance Office, and let nature take its course.

Mr. Tucker: — They'd still lose on that.

Mr. Patterson: — They wouldn't lose as much.

Then the brick yard: \$310,000 invested. I think it was in the Crown Corporations Committee last session we were told they had spent about \$100,000 to winterize it. This session we are told that it won't winterize. Well, would it not have been better last year to tell us they were thinking of winterizing the plant and, in the meantime, gone out and dug up somebody who knew something about making bricks, and before spending \$100,000, make certain that the winterization process would be effective? However, be that as it may, the fact is it is now winterized, and that is all we have got for it. We have a winterized brick plant that won't run in the winter.

Then we have the Government Insurance Office. They made a very nice profit of \$80,000, and they are one of two, if I remember aright, which paid something into this Government's Finance Office.

The Government Airways made \$14. They got \$300,000 and they made \$14, "before interest". And I think they probably had a pretty good year last year because you remember the activity there was last July in the northern part of Saskatchewan, in the constituencies of Cumberland and Athabaska. You will remember the number of Cabinet Ministers and members of the Legislature who were up there, and how government planes were scurrying here and there and all over. I am sure those trips were all paid for, and they probably very substantially increased the revenue from this operation as compared with what we can expect in the coming year.

Then the Fur Marketing Service: that made a profit. They did about the same, and paid about the same amount to the Government Insurance Office.

The Government Printing Office made a nice profit. I don't know why it was not as good last year as the year before: \$44,000; and paid \$65,000 into the Government Finance Office.

The Reconstruction Corporation – that is the baby of the Minister of Reconstruction, and it is a matter of sort of tossing it from one hand to the other, and you can pretty near make any profit you like. If you buy something and sell it to somebody else in the government, it is just one against the other.

Then we have here, Sir, the report of this famous Government Finance Office. In previous years – quite a long time ago – you used to hear the expression that it would take a Philadelphia lawyer to figure things out. Well,

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I have never met a Philadelphia lawyer, but I am sure there isn't a lawyer in Philadelphia who could make head or tail of this. Anyway, the net result is that the government is in business, and if the whole thing were properly analyzed and put on a proper basis, they are losing a good deal of money. The public are paying for these operations in one or two ways; partly by way of the Public Debt, through advances made to the corporations, partly by the loss of municipal taxes, the loss of federal income taxes, and things of that kind. I am quite satisfied the depreciation reserves set up are, in many cases, not adequate, and not such as should be provided in that type of operations.

The Provincial Treasurer tells us he is not going to impose any new taxes or increase any taxes, and we are very grateful for that. As I said, the people who are paying the taxes I quoted a few minutes ago feel they have about reached their limit of taxes. He forgot, of course, that he has already, by the Bill that had third reading today, increased the tax or the cost to the motorist from 33 1/3 to 66 2/3 percent on insurance, as compulsory insurance on motor cars. He has also forgotten that nearly every issue of the Gazette brings out new regulations increasing scales of fees for certain government services, certain government publications, and this, that and the other thing. Well, these are not very large in individual cases, but I have yet to see any case where an exception has been made; in every case where there is a change, the price has gone up. Fortunately, as members of the House we get the Saskatchewan Gazette free, other wise we would have to pay more for it by reason of a regulation that appeared in the Gazette itself not very long ago.

The Provincial Treasurer says the population has gone up 9,000 since they came into office. Now, that is a fact I think the government is entitled to full credit for. If you take the 2,500 additional civil servants, all of the economic advisers, planners and experts that have been imported from Europe, the United States and other countries, take in the people employed in the Crown Corporations, including those who have been fired and are not now working in the Crown Corporations, and their families, you have just about 9,000: so I think the government should get full credit for increasing the population.

Industrial development: we have in the province of Saskatchewan an investment of some \$7 or \$8 million that has been lying idle since during the war when operations were discontinued. Maybe the government has done something about it. I don't know, but I image that, if they had, we would certainly have heard about it. Have they taken any steps to get the Consolidated Mining and Smelting Company to resume its operations in the Goldfields area, or are they insisting on rates of royalty which makes it impossible for that concern to bring that operation back into production? The plant is there, the money is invested, and it would give employment for a couple of thousand people; but they are piffing around here with shoe factories and woolen mills which employ 20 or 30 people. Now, if they have not done that, they should have – and they have been negligent. We cannot, as I have said before, expect any material or substantial increase in industrial development in this province while the situation remains at the present level, where capital and industry do not know whether this government proposes to encourage industry, or whether it proposes to eradicate capitalism. The time has arrived when this government should make a definite statement as to its position in regard to this matter.

The figures quoted in the budget speech about the income in this province, outside of agriculture, were very interesting. We are all pleased to see an increase in the value of forest production, mineral production, fish production, and all that sort of thing. But all those figures only go to confirm the fact, as has been said a thousand times, that the backbone of our economy and the really essential industry is agriculture, and the really important income in this province has to come from the land and the people who operate our land. The first concern of this government should not be the C.C.F. party. It should not be the Crown Corporations. I should be agriculture; and anything it can do to promote the welfare and increase the safety and income of agriculture will properly come within the category I have describes as being in the interest of this province.

They asked us where we would begin to reduce expenditure. Well, there is hardly a department of government here where, if proper efficiency and economy were applied, the cost of government could not be reduced, and reduced substantially. The first thing I would do would be to fire the Budget Bureau and the Economic Advisory and Planning Board and more of the frills of that kind. If I could not run the Civil Service Commission for less than half of what is now being paid, or the Bureau of Publications for less than half, then I would quit. Cut out the frills.

Hon. Mr. Sturdy: — You would use the patronage basis.

Mr. Patterson: — Patronage. Here is the telephone directory of government offices. Listen to this: Agricultural representative Service: Director, Assistant-Director, Visual Aid, Radio, Farm Labour — what do they do with Visual Aid in with the Agricultural Representatives? Then we go over here. We have the Budget Bureau: Director of the Budget Bureau. Then we have Economic Advisory and Planning Board: Chief Industrial Executive, the Deputy Industrial Executive, and we have got the Controllers, the Secretary, and the Legal Adviser, and the Sales Executive, and the Personnel Officer. In Education, we have the Director of Teacher Training, Director of Curriculum, director of Guidance — who is he guiding? — the government? — Director of Adult Education, Acting Director of Recreation, Supervisor of Visual Instruction, Supervisor of School Broadcasts, Supervisor of Libraries, Supervisor of School Grants, Supervisor of Technical Education, Supervisor of Music, High School Superintendents, Government Correspondence School; and you can go on the same way with all the other departments. Evidently they have more supervisors and directors and guiders and advisers. I don't know, I think they ought to start a Boy Scout organization in this building. Cut out the frills and get down to business.

Take the report of the Department of Social Welfare, wee where it is costing form \$4 to \$7 per day for inmates in various institutions in this province. Why, it would be cheaper to send some of them to the Saskatchewan Hotel and let them live there.

But there was one very significant statement in the Provincial Treasurer's budget address and it was this: "I have gone into these detailed estimates to clearly establish that it is possible to increase services, and at the same time reduce taxes." Well, that is a far cry from what he was telling us only four short years ago. In a broadcast reported in the Commonwealth

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March 24, 1943, he is reported as broadcasting: "Just as we have made education available to all" – I don't know what it has done to make education available to all – "the time has come when we must make all the benefits of medical science available to all without money and without price." Now the Provincial Treasurer tells us that the price is taxes: "Without money and without price."

Without unduly prolonging the debate, Sire, may I remind you that about the time the C.C.F. leaders and supporters were telling the people of the province of Saskatchewan all the services they could have without it costing them a cent more, and they were going to get the money: first, by taxing certain payments going out of the province; secondly, by the government setting up commodity boards to sell goods now being sold by monopolies – and cement was one of them. Well, the government isn't in the cement business. They have not taxed these outgoing payments they talked about.

There are other things they did not do. They announced they were going to establish secondary industries, such as grain alcohol – they haven't done that; protein feedcake – they haven't done that; wheat starch – no; wheat syrup – no; synthetic rubber – no; plastics – no; glycol anti-freeze – no; linseed oil – no. but we do have boots, blankets, bricks and boxes. No soap; no paint.

This is what the people were listening to five years ago. These were the promises made to them, and this is the return they are getting for it.

Like very other government, this government has learned that the revenues to operate government activities, social services, and even commercial operations have to be collected in the form of taxes. The taxpayers of Saskatchewan are learning the same truth.

For these reasons, Mr. Speaker, I shall oppose the motion.

The Assembly adjourned at 6:05 o'clock p.m.