

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session — Eleventh Legislature
13th Day

Monday, March 6, 1950.

The House met at 3 o'clock p.m.

On the Orders of the Day:

Hon. J. H. Sturdy (Minister of Social Welfare): — Mr. Speaker, before the Orders of the Day are proceeded with, I would like to call attention to an error which appeared in the 'Leader-Post' of Saturday, March 4th, in two columns — on the first page, and also in the column 'The Banks of the Wascana'. Judging from this column I am not particularly popular with the writer, but that should not constitute a reason for misquoting me. What I said was this:

"I shall fight to the death, if necessary, against any nation or group of nations and that will be the first to use the atomic or hydrogen bomb in any future war of aggression or defence."

That is the correction which I wish to make; the word 'first' was left out and also the word 'future' was left out.

DEATH OF MR. BICKERTON

Premier Douglas: — I should like to comment on the sad news which has just come to us of the death of Mr. George Bickerton, who has, for a great many years been associated with the United Farmers of Canada, Saskatchewan Section. Mr. Bickerton's death will come as a great shock for despite the fact that he had reached the allotted span of three score years and ten, most of us did not think of him as an old man. I know, in the course of the last few weeks, he and I have carried on some correspondence, most of it written in his own hand, a steady hand showing a clear and decisive mind, the correspondence of a man who still was giving a good deal of thought to the problems that beset the people whom he loved so much, the farming people of the province of Saskatchewan. Therefore it came as a great shock to find that, in the midst of the thought that he was giving to these agricultural problems, he was suddenly cut off.

Many of us have been associated with Mr. Bickerton over a long period of years. My first contact with him dates back to the early nineteen-thirties when the United Farmers of Saskatchewan were organizing the provincial farmers, trying to arrange for feed and seed to be shipped into some parts of the province, interested in getting better relief quotas, and above all, organizing the farmers of Saskatchewan to face up to some of the basic economic problems that at that time were so badly in need of being tackled with courage and with foresight. There is not any doubt, in my opinion, that those years of hard work and of travelling over prairie trails in all kinds of weather an all seasons of the year certainly helped to break down what was a very

marvelous physique and to hasten his old age and probably brought on his death. I, personally, and I am sure on behalf of many others in this House, would like to pay my tribute to a very fine gentleman, to a champion of the farming people of Saskatchewan and to an extremely fine and outstanding Canadian.

Mr. Tucker: — Mr. Speaker, I would like to join with the Premier in words of regret at the passing of Mr. George Bickerton. I had quite a bit to do with Mr. Bickerton from time to time in connection with my work as a member of the House of Commons representing a Saskatchewan constituency, and whenever Mr. Bickerton came to Ottawa I was always very happy to have the opportunity of having a good talk with him about the various problems that faced the farmers of the West and Saskatchewan in particular. I remember, particularly, his appearance before the Commerce Committee of which I was a member, and the very fine presentation that he made to that Committee. There is no doubt that he was a very sincere worker for the best interests of the people of Saskatchewan and particularly our farming community. During the war, of course, he took on a very onerous and difficult work representing the farming community on the National War Service Mobilization Board and, of course, many of us had a great deal to do with him in connection with that work and I think everybody found him very pleasant to deal and very anxious to do what he thought was right at all times.

I feel that Mr. Bickerton was a very fine type of farm leader. He was thoroughly devoted to the cause of the farmers he sought to service, and he endeavoured to be very fair in not over-stating the case and in trying to understand other men's viewpoint. Actually, I think, at all times, regardless when he was working with the United Farmers of Canada (Saskatchewan Section), they had a man who would thoroughly study all aspects of any situation concerning our farmers, and a man who would very ably present their viewpoint. When a man is so thoroughly devoted as he was to the service of his fellowmen and willing to give that service such able and devoted attention, and when a man such as he passes from our midst, we must pause for a moment and express great regret and, of course, the deepest possible sympathy with those who are bereaved by his passing.

Hon. Mr. Sturdy: — Mr. Speaker, on behalf of the people of the city of Saskatoon I should like to also express regret at the passing of a fine citizen. Mr. Bickerton was for many years resident of the city of Saskatoon. He was certainly an indefatigable worker in the cause of everything that he considered progressive. He was courageous in his views, he was certainly an honour to any society. Saskatoon greatly regrets his passing. It is a loss to this province and to Canada.

Hon. Mr. Nollet: — I should also like to add my words to the mention that has already been made in memory of George Bickerton by the hon. Premier and the Leader of the Opposition, and Mr. Sturdy. As one who was associated with the organized farm movement at an early date, it was my privilege to become associated with Mr. Bickerton in organized farm activities since he came from my part of the province. Therefore, Mr. Speaker, I had firsthand knowledge of Mr. Bickerton's devoted loyalty to the aspirations of the farm movement which he carried with him right to the end.

Mr. Bickerton was an outstanding farm leader, one who was a fluent speaker and who gave unstintingly and unselfishly of his service to the

farm movement throughout his whole life. His name, I think, will be associated in history with the names of other outstanding farm leaders such as Mr. E. A. Partridge, Mrs. Lucas, Major George Williams, and more lately, Mr. Herman. I think the farmers of Saskatchewan are going to well remember the outstanding and unselfish services of all of these great leaders, who have given such a tremendous contribution to the progressive efforts of the organized farmers in the province of Saskatchewan. Without their interest, in all likelihood, the farmers of this province would not be receiving many of the economic benefits that they have gained as the result of the work done by these outstanding leaders. Therefore, Mr. Speaker, I too want to, in this way, add my words of recognition to the outstanding services of Mr. Bickerton.

Hon. Mr. Brockelbank: — Mr. Speaker, not only as a member of this Legislature, but as a farmer, I want to acknowledge my debt to men like George Bickerton, and I think there are many, many thousands of farmers throughout this province who acknowledge that debt. I believe, too, that those of us who are farmers take a great deal of pride in the fact that one of our real pioneer farmers in the province of Saskatchewan lived to serve his fellowmen so well. George Bickerton homesteaded in the area west of Saskatoon in the early years of this century. He used oxen to break up his homestead — one of the real pioneers of this province; and we can be proud of men like that who have gone through all of the hardships and trials of opening up a new country, who encountered all of the difficulties which the early farmers of this province encountered, and came through and gave such great service. To his wife and son I wish to convey my sincerest regret at the passing of this great pioneer and farmer of the province of Saskatchewan.

Hon. W. C. Woods (Kinistino): — Mr. Speaker, as a private member in the Opposition ranks I wish to join with those who have already expressed their regret at the passing of Mr. Bickerton. As one who has been connected with him for the last eighteen or twenty years on many committees and boards of different kinds, I want to say that at times I did not agree with Mr. Bickerton's opinions but nevertheless I never heard him express an opinion that did not call forth respect. He was very sincere in his desire to service the people whom he represented and, as I say, he would go to any length to render such service. There has been, in the past number of years, a decline in Mr. Bickerton's health, and, possibly in fairness to himself, he should have retired a few years ago and enjoyed more leisure than he did; but he felt he had a duty to perform and, in spite of failing health, continued to serve to the best of his ability. I wish to express my deep regret at his passing. I had not heard of it until the Premier spoke, but I do feel not only the loss of a valuable public man, but of a personal friend.

Mr. W. S. Thair (Lumsden): — I also would like to express a word of regret in the passing of the late Mr. George Bickerton. It so happened that I was a director of the United Farmers and Mr. George Bickerton at that time was vice-president, and I was closely associated with him for some years. He has made a great contribution in the interests of the farm people of this province, and over the last twenty years I might say that he has spent almost entirely his whole time in the interests and in the welfare of the people of this province. I am sure the whole province regrets his passing.

Mr. A. T. Stone (Saskatoon City): — I, too, would like to express a few words of regret. I personally knew Mr. Bickerton as a resident of Saskatoon. Though he gave most of his time to

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agricultural workers, he was always willing and ready to assist the industrial workers at any time he was called upon. I am sure that the industrial workers would very much like me to express a few words of regret, and I am sure that Mr. Bickerton, while he may not leave behind much earthly wealth, will leave a memory of himself as a valiant servant of the common man.

Mr. Speaker: — I have listened to the expressions from the different members, and I, myself, was very very closely associated with Mr. Bickerton for many years, not only in the association, but as personal friends. I do not want to add to what anyone has said but I think, as a mark of respect, we should all rise in silence for a moment.

MOTION PROTESTING FREIGHT RATE INCREASE

The Assembly having unanimously agreed to waive the provision of Standing Order 31 relating to the forty-eight hours' Notice, the Premier, seconded by the Hon. L. F. McIntosh moved:

“That this Assembly strongly protests the recent increases in freight rates granted by the Board of Transport Commissioners, and requests the Saskatchewan Government to appeal the decision to the Federal Government, urging the said Government to exercise its statutory power of disallowances under Section 52 of the Railways Act, disallowing the latest increases pending the report of the Royal Commission on Transportation.”

Premier Douglas: — Mr. Speaker, I would like, first of all, to thank the members of the Assembly for granting unanimous consent to proceed with this Motion. This Motion says that this Assembly strongly protests the recent increases in freight rates granted by the Board of Transport Commissioners and requests the Saskatchewan Government to appeal the decision to the Federal Government, urging the said Government to exercise its statutory power of disallowances under Section 52 of the Railways Act, disallowing the latest increases pending the report of the Royal Commission on Transportation.

Mr. Speaker, I brought this in without any notice, and I thank the House for permitting me to proceed with it, because the Saskatchewan Government were desirous of appealing to the Cabinet of the Federal Government the recent decisions by the Board of Transport Commissioners. However, it occurred to me that, before we sent such an appeal to Ottawa, member of the Legislative Assembly here in all parts of the House might welcome an opportunity to express their views, and if they see fit and I hope they will see fit, to pass this Resolution unanimously so that our appeal would go to Ottawa not as a partisan appeal, but as an appeal from people of all political views in this province asking the Federal Government to give consideration to our appeal with reference to the increase that has been granted by the Board of Transport Commissioners.

I am not going to weary the House with a lot of material. As a

matter of fact, I have not got very much material here. I would like just to remind the members of the House and the people of Saskatchewan that this battle with reference to freight rates has been going on for a great many years, but as far as the present Government is concerned, we first came into the picture about three and a half years ago, when on October 9, 1946, the Canadian Pacific Railway and the Canadian National Railway made application to the Board of Transport Commissioners asking for an increase of 30 per cent in freight rates. The Government of Saskatchewan joined with six other Provincial Governments, namely the governments of the three Maritime Provinces and of the other three Western Provinces. These seven Governments, through their representatives and their counsel joined together in protesting, before the Board of Transport Commissioners, the application of the Railroads for a 30 per cent increase.

I would like at this point, Mr. Speaker, to make it perfectly clear that we have never taken the position, throughout the three and a half years that we have been fighting over freight rate increases, that the Railways were not entitled to any increase at all. That is not the position we have taken. We have recognized that certain costs have gone up, that wages have gone up, and that everything else that enters into the cost of running a railroad has gone up. What we have protested is that these grants that are given to the Railroads to increase their freight rates are horizontal in character, that they grant an increase right across the board. What happens, however, is that in the two Central Provinces particularly, the competition of water traffic and trucks necessitates the railways keeping their rates down in these Central Provinces in order to compete with water and truck competition; therefore, an increase in the two Central Provinces, at least a permission for an increase, does not always mean an increase. The railway may find that its competitor does not raise its rate, and then they do not take advantage of the increase. In the Maritimes and in Western Canada, where there is a minimum of competition and where they have long hauls, they take full advantage of all the increase they are granted by the Board of Transport Commissioners. Consequently, over the years every increase that has been authorized has become a maximum increase in the Maritimes and on the Prairies, to a lesser extent in British Columbia (because there they have some water competition); but in the two Central Provinces very often the increase has meant practically no increase at all, and our objection has been that the Board of Transport Commissioners, without taking into consideration the varying conditions in different parts of Canada, have always allowed these increases right across the board. So our protest was not just against a 30 per cent increase, but it was a 'flat' 30 per cent increase to which we objected, stating that, if there was going to be any increase then that increase ought to be first on those parts of Canada that now enjoy comparatively low rates and less on those parts of Canada that now pay very high freight rates.

As the hon. members know the whole dispute started in October, 1946, and it continued for some time with our counsel and our various people from the Government under the leadership of my colleague, Hon. L. F. McIntosh, who was then Minister of Co-operatives and under whose department this whole question of freight rates came. They continued to make, I think, a very excellent case before the Board of Transport Commissioners against the flat 30 per cent increase, but the Board of Transport Commissioners, by Order No. 70425 on March 30, 1948, granted a 21 per cent increase to the railways. The railways had asked, remember, for 30 per cent and they were granted 21 per cent effective April 8, 1948, so that the freight rates then became, if we take an index for April 7, 1948, one hundred and twenty-one at April 8th.

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When, as the hon. member will remember, the seven Provincial Governments who had been protesting the application of the railroads for a 30 per cent increase decided to appeal the decision of the Board of Transport Commissioners, as they have power to do under Section 52 of the Railways Act, the Premiers of the seven provinces met in Ottawa, and we were successful in getting an audience with the Federal Cabinet and we presented our case to the best of our ability. We challenged, we think successfully, some of the figures that had been produced by the Board of Transport Commissioners in their report granting the 21 per cent increase. We felt then, and I still feel now, that the railways and the Board of Transport Commissioners completely failed to make a case for that 21 per cent increase across the board. However, in spite of our appeal to the Federal Government, the latter decided not to rescind the 21 per cent increase which had been granted. They did agree, however, to appoint a Royal Commission to look into the inequities of the freight rate structure. They were prepared to acknowledge, at least tentatively, that the freight rate structure of Canada did bear most heavily on Western Canada and the Maritimes, that some of our rates had neither rhyme nor reason to them, and that, unless the whole freight rate structure were examined and overhauled, this constant granting of flat increases, which fell more and more heavily on the marginal areas of Canada would eventually bring great hardship to the agricultural population and to the consuming public. For that reason they granted the setting up of a Royal Commission to look into the freight rate structure.

In the meantime the Railways, on July 27, 1948, just two or three months after they had received a 21 per cent increase made application for another increase. This time they asked for 20 per cent. On October 12, 1948, after a protest from seven Provinces had been received, the Federal Government ordered the Board of Transport Commissioners to review the 21 per cent; but the 21 per cent was granted and has continued. On January 11, 1949, the Board began hearing evidence on the new application and also on the review of the 1948 award and, on March 5, 1949, the Board finished hearing evidence. Then the Board of Transport Commissioners, by Order No. 73213 dated September 24, 1949, granted an eight per cent temporary increase. I want to point out that the second application had been for a 20 per cent increase. The Board of Transport Commissioners took the position that since a Royal Commission was looking into the whole question of freight rate structure, they would grant only a temporary or interim increase of eight per cent.

Now, of course, the Railways were not satisfied with that eight per cent interim; they, therefore, went to the Supreme Court and asked the Supreme Court to rule that the Board of Transport Commissioners had not power to grant an interim increase; that they could grant a final increase or refuse to grant an increase, but they could not grant such a thing as an interim increase. The Supreme Court agreed with the Railways and so the matter went back again to the Board of Transport Commissioners and the result is that the Board of Transport Commissioners, by Order No. 74034 dated March 1, 1950, cancelled the eight per cent interim increase and in its place substituted a 16 per cent across-the-board increase. That means, Mr. Speaker, that taking the freight index as at April 7, 1948, as 100 (that was before the first increase was granted), the freight increase now stands at 140.4. That means that, in a period of two years, the freight rates in this country have been increased by 40.4 per cent. In addition to that, of course, there have been other increases, for instance, coal and coke which was increased on April 8, 1948, by 25 cents per ton; then there was a further increase on October 11, 1949,

of another 8 per cent per ton, making a total increase of some 15 per cent per ton.

In the matter of shipping lumber through Churchill, in which we are very interested in Northern Saskatchewan, whereas in 1947 it was 29 cents it is now 51 cents and we know that some shipments that were to go through that port had been cancelled in consequence. The story is abroad (I cannot vouch for it) that gasoline may have to be raised 1/2 cent per gallon because of this recent increase in freight rates, and that groceries will have to be raised anywhere from two to three cents per can or per package.

Agricultural machinery, of course, has been hit especially heavily. Farm machinery shipped from Eastern Canada to Western Canada, for instance on a tractor weighing 3,747 lbs. that had a freight charge prior to these increases of \$47.96, the present charge will now be \$67.07 or an increase of \$19.11.

There isn't any need for me to stress what these three increases over a period of two years means to the people of these prairies. It has been estimated that the first increase of 21 per cent cost the taxpayers and the consumers of Canada, and the people who ship on our railroads, \$70 million; the second increase, \$35 million and the third increase, \$26 million making a total of some \$131,000,000 added to the freight bill of Canada. How much of that will fall in Saskatchewan, it is difficult to determine. I have seen estimates all the way from \$11 million to \$16 million. Nobody can work it out with any great degree of accuracy. But we do know that, of the \$131,000,000 that can be added to the freight bill of Canada, we can be reasonably sure that a very heavy share of it will fall upon Western Canada and upon the Maritime Provinces where the lack of competition will make it possible for the railroads to take full advantage of the increase which they are now being authorized to charge.

Mr. Speaker, this is something that ought to give all of us a good deal of concern. We talk sometimes about the school taxes going up two mills; we talk sometimes about the Provincial Government, because of increased costs, having to find a few hundred thousand dollars more, or a million dollars more; but when we see added to the freight bill in a period of two years, over 130 million dollars that must be paid for, in the main, by people in the more isolated parts of Canada, that must be paid for on everything they ship out except their grain, must be paid on their livestock, their cans of cream, on their poultry produce, on their timber, on their pit props, on their coal and must be paid, on the other hand, on everything we bring in – the fruit and the clothing and the furniture and the machinery, and all the other things we have to bring in to carry on operations – this \$130 million must find its way inevitably into the cost of production of the farmer and of industry and of the small businessman. For that reason, Mr. Speaker, it is placing a burden upon our people that it seems to me cannot be borne without very serious effects upon our Western economy.

As I said earlier, we are not taking the position that the Railways should not have an increase, but we think that some of the case they have made for an increase is not warranted, that some of the claims they have advanced cannot be fully substantiated; and we think that, if there is any increase to be granted, that increase should be weighted in such a way that it falls on those parts of Canada which for years, have enjoyed very low freight rates while other parts of Canada, particularly Western Canada, have had to pay exceptionally high freight rates.

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There is another point, Mr. Speaker, which ought to be kept in mind, and it is that, when the Premiers of seven provinces met the Federal Government on April 26, 1948, we went there to present the case for the so-called 'have-not' provinces. We represented various political faiths, various political philosophies; that did not make any difference. There were among the seven Premiers there, a Liberal, a Social Credit and C.C.F., and the fact that we were meeting a Liberal Government did not make any difference. The man who put up a strong case for complete overhauling of our freight structure was Mr. Angus MacDonald, the Premier of Nova Scotia, a former member of the Federal Government in Ottawa. But irrespective of party, of differences and of political viewpoint, public men and the people generally from Western Canada and the Maritimes have recognized that this freight rate structure has been most inequitable and has been most unfair. That is why the Federal Government finally acceded to the request that a Royal Commission be appointed. They were not prepared to veto the 21 per cent increase, but they were prepared to act up this Royal Commission headed by Mr. Justice Turgeon, and that when they were in Regina, the Government here made its submission to them. When they were in Saskatchewan, various farm and business and co-operative organizations made their submissions and it is expected that, reasonably soon, their report will be read.

Mr. Speaker, I submit that with a Commission like this looking into the freight rate structure, trying to iron out the inequities, trying to place the burden on the parts of Canada that have carried the least of it and to lighten the burden on those parts of Canada who carried the most of it; surely, when a Royal Commission like that is carrying on such an investigation, is no time to grant another 16 per cent increase across the board, because the 16 per cent increase across the board will only further accentuate the inequities and the disparities which are now in existence, and the discriminations which are already there, with reference to Western Canada. Therefore the Saskatchewan Government feels that not only should they ask the Federal Government to disallow this latest increase (which they have power to do), but that we should ask them that there be no increase granted until the Royal Commission appointed for the purpose of finding out these inequities, had had an opportunity to present its case to the Government and to the people of Canada. When they have presented their case, and if they find (as we think any person looking at it is bound to find) that there are inequities and there is discrimination against the West and against the Maritimes, then any increase that is granted after that will be an increase that is weighted, having in mind the disparities that now exist between the various parts of Canada.

Therefore, Mr. Speaker, I would like to say, on behalf of the Government, that we propose to carry this matter to the Governor General in Council in Ottawa. We propose to ask him to act, to exercise their veto power under Section 52 of the Railways Act, to disallow this new increase which has been granted to the Railways. We ask him to do it anyway. We ask him particularly to do it in the light of the fact that this Royal Commission has not yet made its report and has not yet had an opportunity of working out a pattern by which any additional revenue that the railways might need could be equitably distributed among the various areas of Canada in proportion to their ability to carry the additional burden.

As I said, Mr. Speaker, when I started, the Government felt, and I feel, that if we are going to make such a plea to Ottawa, and if we are to be joined by the other six or seven provinces of Canada who are interested, as I trust we will be, it would strengthen our hand if, in making such a plea,

we had the unanimous endorsement of this Legislature; that, if it becomes necessary again to go to Ottawa to meet the Federal Cabinet, we can go knowing that we speak for all shades of opinion in this province and that the people of all political thought in the various political parties are behind the Government in the fight which they are putting up to prevent a further imposition being placed upon our consumers and our producers.

Mr. Speaker, while I am mentioning the fight that is being put up – and, as I pointed out earlier, it has been going on over a period of three and a half years – I would like to pay tribute to the people who have carried on that fight. We see a little bit about it in the paper, but it has gone on months in and months out. I should like particularly to pay tribute to my colleague, the Minister of Municipal Affairs, the Hon. L. F. McIntosh, who has been the Cabinet representative in handling this while battle against increased freight rates. He has done a tremendous amount of work and has visited Ottawa repeatedly, has gone before these very Boards and before the Commission to present the case and to sit in and advise our counsel and our other representatives when they were presenting their case. I should like to express the appreciation of the Government to Mr. M. A. MacPherson K.C., a former Attorney-General of this province and a man who has worked hard in presenting the case, in cross-examining witnesses of the railroads. I notice that some members have put questions on the Order Paper wanting to know how much payment he has received. Well, I have looked at the figures to see what he has merited. It has meant weeks and weeks of work in Ottawa. It has meant going back and forth and sometimes being there almost constantly and going before the Board of Transport Commission, going before the Royal Commission and even while there and in Ottawa, spending hundreds of hours in preparing their case.

I should also like to express our appreciation to Dean Cronkite, of the Law School, and to Dr. George Britnell of the Department of Economics, both of our own Saskatchewan University, who have given very valuable service; to our own Planning Board here, who have done a good bit of the work, and to Mr. George Oliver of my own department. These people have worked untiringly for a period of over three years in carrying on, not by themselves, but with six other provinces, one of the most heroic battles that has ever been carried on for some of the forgotten parts of Canada, with reference to these freight increases. As a matter of fact, I would like to pay this particular tribute to Mr. MacPherson. When we first started these meetings in Ottawa of the representatives of the various provinces, the lead in a good deal of the work was taken by the legal counsel for the Maritimes, the Hon. Col. Ralston, former Minister of National Defence and a former Minister of Finance, and anyone who knows Col. Ralston, knowing of his drive and his ability, will know that working with him was a pleasure and he was looked upon as a natural leader of the legal counsel, and the various Provincial representatives who gathered there to plan their campaign before the Board of Transport Commission. As a matter of fact, he and I sat up most of one night preparing one of the submissions we were to make, and, a few days later, I learned to my great regret that he had passed away in his sleep.

I noticed the next time that I had an opportunity of sitting in with these provincial representatives, Mr. MacPherson had replaced, in many respects, Vol. Ralston as the acknowledged leader of the counsel of the various provinces, and more and more he has been looked to by the counsel of other provinces as the man who has carried the ball in this valiant fight that the Maritimes and the Prairie Provinces and British Columbia have put up against the successive freight rate increases.

So, Mr. Speaker, I am pleased to pay these tributes to the men who have helped to carry on this fight, and I say to the House now that this fight is not finished. It shall go on, and we will keep on fighting until we get, in Canada, a freight rate structure that will not discriminate against the people on these prairies. This Motion which I am now moving is only one stage in that fight when we are asking the House to support us in appealing now to the Federal Cabinet to disallow this latest increase pending the time when the Royal Commission on Transportation shall have made its report. Therefore, I move, Mr. Speaker, seconded by L. F. McIntosh: that this Assembly strongly protest the recent increase in freight rates granted by the Board of Transport Commissioners and request the Saskatchewan Government appeal the decision to the Federal Government, urging the said government to exercise its statutory powers of disallowance under Section 52 of the Railway Act to disallowing the latest increases pending the report of the Royal Commission on Transportation.

Mr. Speaker: — As I understand it, you are just asking for this eight per cent, this latest eight per cent to be held in abeyance till the report is brought down. Is that right?

Premier Douglas: — No, Mr. Speaker, I am asking that the new Order which has just been passed, that is Order 74034, a copy of which I have in my hand; that that order be disallowed and that Order is for 16 per cent increase. As I explained to my hon. friend, the railways asked for 20 per cent. As an interim the Board of Transportation Commissioners granted eight per cent. They were dissatisfied and went to the Supreme Court, and the Supreme Court ruled that the Board of Transport Commissioners had no power to grant an interim increase; they must either grant a final increase or reject an increase. There could be no interim increase, and so the previous order was rescinded and this Order 74034 grants them a 16 per cent increase on top of the 21 per cent increase, which makes a total of 40.4 per cent.

Mr. W. Tucker (Leader of the Opposition): — Mr. Speaker, I would like to compliment the Premier for the bringing forward of this resolution at this time and in this manner. I had been thinking, ever since this decision was rendered, as to what we could do to co-operate, on the Opposition side, to assist the Government in the work it is doing in this matter. I had thought of bringing in some such solution as had been introduced, but I decided that I would not do that until I had a chance to confer with the Premier, because had we brought it forward as an Opposition resolution it might have been thought that there was some attempt being made to make some political capital out of this matter, and so I thought that it would be better to consult before doing anything. So when this resolution was put before me, I at once agreed that it was a good thing to let the Assembly as a whole express its approval of the Government going further in this matter.

As I said in my speech on the Address-in-Reply to the Speech from the Throne, this question of freight rates is so important that we should, on no account, let any question of politics divide us so that we fail to stand united in support of what is fair to our people in Saskatchewan in the whole of the Prairie West. So I compliment the Premier on bringing this resolution forward, and particularly on the way in which he has laid it before this Assembly — I have in mind the non-controversial way in which he has put it before the Assembly. I particularly appreciated his reference to certain gentlemen who have been associated in this work: the Hon. J. L. Ralston, who was doing a very good job when he was taken from us by death, and the Hon. Angus MacDonald, Premier of Nova Scotia, who is such a splendid fighter for

the rights of the Maritimes. It is quite a wonderful thing that in this particular matter – we should be joined by the people who have shown that they are so well able to uphold a fight like that – I refer to the people who have carried on in the struggle for a better deal for the Maritimes. It has also always given me a great deal of encouragement that we have been associated with them in that fight, and also with the people of British Columbia, who are not backward either in holding together, entirely regardless of party, for the things that they think are good for their province. I hope that, in the appeal which will be prosecuted to the Governor in Council, we will have the continued co-operation of the Maritimes, of the other prairie provinces and of British Columbia.

I think, perhaps, one of the reasons why the Board of Transport Commissioners had rendered the decision it has, is the decision of the Supreme Court which seemed to indicate that, under the law as it stood, they had to decide on these matters, and they had no right to take account of such a thing as the appointment of this Royal Commission. As I understand it, the interim increase granted and overruled by the Supreme Court, was given for the reasons that this matter was being dealt with by a Royal Commission. The Supreme Court of Canada ruled that this was not proper, so I suppose that the Board felt that they were bound to give a decision on the case as they had it laid before them. However, I do not think that the Governor in Council is under any such obligation to permit any increase to come into effect if it is not proved to be consistent with the over-all policy of the Government, and, surly, it seems to me, that the over-all policy of the Government is indicated by the passing of the Order-in-Council setting up the Royal Commission on Transportation.

As you, Mr. Speaker, are probably aware, in all the seven provinces our Party indicated it was favourable to the work that was being done in fighting for more equitable freight rates. We felt that we had to get outside the terms of the Railway Act and re-examine the whole situation for actually every time rates came before the Board of Transport Commissioners, we were faced with the undoubted need of the railroads to have more income due to their rising costs, and we would again be faced with some such decision as we have now. We felt we had to have somebody that would look into the over-all picture and try to lay down some new programme which would be fair to us, and that is why the Saskatchewan Liberal Party so strongly supported the idea of a Royal Commission being set up. Actually I had the great honour at the National Convention of our Party of moving the resolution which asked for that Royal Commission to be set up and that motion was seconded, I believe, by the Hon. Angus MacDonald, Premier of Nova Scotia.

I feel that I can say that the setting up of that Royal Commission indicated that the Government felt that this whole transportation picture should be looked into again from an over-all viewpoint, not from the standpoint of just the narrow question of the fixing of rates, but from the viewpoint of whether the present situation is going to be fair to all parts of Canada. As the Premier has said, if the railroads come before a Board of Transport Commissioners, and indicate that they are not getting enough money to carry on, so far as the Board of Transport Commissioners is concerned they are in the position that if they feel that a case has been made out for an increase of rates, they cannot direct any subsidy to be paid, they must simply grant an increase.

Now, in times past, they have given varying orders. There was one order made by them whereby they recognized the fact that the western

part of this country was paying higher rates than the central part of Canada, and they gave a higher increase in the central part of Canada than they did in the Prairie West, in order to try to equalize the burden. Well, when they have given the horizontal increase as they did this time, they certainly created an unfair situation, which it seems to me cannot be denied. The Board of Transport Commissioners set maximum rates beyond which the railroads cannot go and incidentally on that question, I would like to say again what I said in my Speech on the Address, that the Crows' Nest Rates which apply to grain products, to wheat and cereal grains, shipped out of the prairie west, that the maximum is set there by statute under the Crows' Nest Pass Agreement rates and is so affected by this increase. As we know, the C.P.R. is endeavouring to have that Act of Parliament repealed so that . . .

Mr. Speaker: — Might I suggest to the Leader of the Opposition that when he is dealing with this matter, he is anticipating a debate on a Motion standing on the Order Paper.

Mr. Tucker: — Of course, I did wish to indicate that this increase does not apply to the freight on grain at all, because that is protected by the Crow's Nest rates where, of course, we still have that protection. Fortunately we have it. I hope that we do not lose it, and I think that we can all stand together on that question, too. But in any event, as has been stated, the Board of Transport Commissioners fix the maximum rates, and when these rates are so high that the railroads lose business to water-borne freight or to freight carried on the highways, then the railroads are permitted and do lower their charges in order to get the business away from water-borne and also from freight carried on highways. We on the Prairies have not got that protection to the same extent. We have not got the competition from water-borne freight and we have not got the same protection in regard to highway competition. The distances are greater and, of course, as yet we have not got quite as good roads as they have in Ontario and Quebec, so that there is not the effective competition there is in those other provinces.

While I am on that point, I think we should always bear in mind that we should not hamper or restrict the development of highway transportation and prevent as much protection as possible along that line, which of course, does help in Ontario and Quebec, the Central Provinces.

Now then, if you're always trying to set the level of rates high enough to give the railroads necessary incomes and the railroads in the Central Provinces cannot increase their rates due to this competition, it means that the railroads in the Prairie West can increase their rates up to the maximum, and they cannot do the same no matter what the Board of Railway Commissioners say, in the central part of Canada.

One of the ideas in respect of the Royal Commission that was set up in this matter, was that it might examine that undoubted fact and to bring it out that, owing to our geographical position, if you simply relied upon rates in order to fix the railroads' income you are inevitably going to continue to put higher and higher burdens upon the Prairie West, which is not protected by that water-borne and highway competition. With respect to the submission of our Government to the Royal Commission on Transportation, I have said outside of the House and I say it here, that I compliment the Government on this submission. I think it is a splendid submission myself, and I do agree with the Premier that those associated in its work are entitled to our thanks and our commendation, particularly Dr. Britnell, the Chairman of the Committee

on preparing the submission, and, of course, Dean Cronkite, Dr. Foulke, Mr. MacPherson, Mr. Oliver, Mr. Carmichael, Mr. MacDonald, Mr. Hanson and Mr. Neldrun and then, of course, the Deputy Minister, Mr. Arneson of the Department of Co-operatives. All of these gentlemen have received quite a proper recognition in the foreword signed by the Minister of Co-operation and Co-operative Development, and we certainly endorse that because this is a very technical and a very difficult bit of work.

I particularly wish to commend the suggestion that this whole thing should not be settled on the basis of freight rates, that something, or some consideration should be given to some form of subsidy to enable the burden of transportation to be placed more evenly upon all the people of Canada. In this submission to the Board of Transport Commissioners it is quite properly pointed out that the C.P.R. railroad was built across Canada for national reasons. In connecting up Central Canada with the West, they built across non-productive and difficult country. That was for national reasons, which, of course, we do not quarrel with at all, because the founders of our country did great work in laying the foundation for our country. But in connecting Canada up by an expansive railroad across the very barren country between Lake Superior and Manitoba, they were doing work for the development of Canada as a nation. There is no reason in the world why the Prairie West should bear almost the entire cost of that railroad which is really essential to the very existence of our country, and I was very glad that that was pointed out in this particular brief.

I suggested, in the House of Commons, quite a considerable time ago (I think it is just about three years ago now), that Canada consists of four economic areas: the Maritimes, the Central part of Canada, the Prairies and British Columbia, and that, to join them together into one nation was a national task and the nation as a whole should pay the cost of doing it. That idea was recognized in some degree, as pointed out in this brief, by the payment out of the national treasury of 20 per cent of some of the costs of freight that is moving out of the Maritime Provinces, in the Maritime Freight Rates Act. That Act recognized that principle that if the Maritimes were permitted to trade more freely with the United States, they would pay less on the goods they have to ship in in the initial costs, because they might get them cheaper from the United States and other countries. Then of course, if, on top of that, they had to pay higher freight costs in order to reach the markets of the Central Provinces, and also pay higher freight costs on what they bought from the Central Provinces, and that would be unfair to them. It was thought right that the Central provinces, which benefited by their being part of the Dominion in having that market which they otherwise might not have had under our national policy, should pay part of the costs of bridging that gap. I have always felt that that Maritime Freight Rates Act was a proper piece of legislation; but it seemed to me that the same arguments that applied to the bridging of the gap between the Maritime Provinces and the Central Provinces applied to the bridging of the gap between us and Central Canada. We know that our main exports and the price of them are fixed by the markets of the world, and if it costs us more to get our products there, we cannot increase our selling price of those products because the cost of shipping them has risen. This means that the farmer who produces them and the other primary producers in the Prairie Provinces get that much less from the sale of those goods. Then when we have got to ship so much of our needs into our province, from the central part of Canada, again due to national policy, which says that even if we could buy goods cheaper to the South we are not permitted to do it, and that we must patronize other parts of Canada – and I am not dealing with the reason for that at the moment; it is our national policy; it is designed

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in order to promote the wellbeing of Canada. But when we have got to deal with other parts of Canada to promote the wellbeing of the whole of Canada, then it seems to me that Canada as a whole should bear the costs of bridging that gap; it should not be put upon the people in the Prairie Provinces. It seems to me that there is an unanswerable case there for the nation as a whole paying part of that cost. If it were a difficult river to bridge, if it were anything of that nature, there would be no argument about it. The nation would unhesitatingly build that bridge in order to promote commerce between the two parts of the country. Now, for example, the cutting of the Chignecto Isthmus to promote trade between parts of the Maritime Provinces is being considered. We know that somewhere around \$140 million have been spent upon the building of the Welland Canal. No doubt we have all paid a part of the cost of that. The very building of that canal has helped to keep down transportation costs right in Ontario and Quebec, and yet we pay not only part of the cost of building it, we pay for the maintenance of that canal year by year.

Now it seems to me that this proposed subsidy should be put upon the basis that this connecting up of all the economic areas of Canada should not be left to chance or to the working out of economic principles, but it should be recognized that, in connecting these parts of Canada, we have engaged in a national project and that the nation as a whole should pay the cost of bridging those gaps just the way we built a canal or just the way we built a bridge. If we put it on that basis, it seems to me that we have a case there to say that there is about 900 to 1,000 miles which constitutes the gap between the Eastern part of Manitoba that is settled, with the settled are of the Central Provinces and that that area is just as much a gap to be bridged as a body of water, and we can say that the bridging of that gap is a national obligation and that the nation as a whole should pay the cost of bridging it. The bridging of it would bring the market of the Central Provinces closer so far as we are concerned, except as we pay part of the cost of it in our national taxes, it would bring that market 900 miles closer to us. It would do the same if in the same way paid part of the costs of bridging the gap between us and British Columbia. In other words, such a policy, as a national policy, would bring all parts of Canada into one closely knit area. It would be a good thing for them and for us, because we could reach their markets that much easier and they could reach our markets that much easier. It seems to me that that policy would be sounder and less costly than any system of tariffs that could possibly be invented.

To a large extent all the reasons which I have put forward, I think are contained in this brief. The actual basis that I put forward should be regarded as a national obligation, that suggestion is not just put in so many words, at least in this brief, and that is the only fault that I have to find with it. I would have been glad if that had been taken up, but of course, I realize that the experts who prepared this brief were very able men and I have not said very much about it. I send my suggestions to the Board of Transport Commissioners for their consideration, but I did feel that this brief gave the background and the foundation on which was upheld the suggestion I made. For in this brief it is suggested that the cost of freight originating in Saskatchewan should be subsidized out of the national treasury on the same basis as the Maritime Provinces, and it seems to me that they make out a very conclusive case for that viewpoint.

It is not for us to say that the Royal Commission is going to accept that submission. It certainly is not for us to say that they will not

accept it. It is not for the Government at Ottawa to say that they are going to accept it, or they are not going to accept it, because the whole problem has been placed in their hands. Now, assuming that the Royal Commission may accept this submission and may say that the Government should pay a part of cost of bridging these gaps, pay a subsidy on freight originating on the prairies, well, if they make that submission, then, of course, the increased needs of the railroads to meet the rising costs would be met if not in total at least in part, and then the needs of this increase would not exist – at least to the same extent.

Now it seems to me that that is the basic approach to this situation and why I so strongly support this resolution. This matter has been committed to a Royal Commission which may suggest a way whereby this present inequity so far as the Prairie Provinces are concerned (speaking of them just at the moment; the same is true, of course, with the Maritimes and B.C. in a lesser degree, but applies to us particularly because these others do have some protection from water competition); but having committed this to the Royal Commission nobody can say that they are not going to work out some solution whereby the burden will be distributed more equitably, whereby the railroads will get more income and whereby the very basis of this great increase in rates will be entirely swept away. So it seems to me that the Government of Canada might very well say, having committed this matter to a Royal Commission and they having it under advisement, studying the matter and being likely to report within the next few months, “We are not going to let any increase come into effect to change the situation until we get their findings; until we find out exactly how the situation stands.” So it seems to me that in this appeal to the Governor in Council, I think that our representatives when they go down there to make the submission, will have a very strong argument, and I can assure the Premier of this province and the government of this province that, on this question of protecting our people from bearing an unfair share of the transportation costs of this country, he has the determined, the united, support of the Liberal Party and, I think I can say, of all people in this province regardless of their party, and we wish the Government the very best of luck in their submission to the Federal Government.

Hon. L. P. McIntosh (Minister of Municipal Affairs): — Mr. Speaker, in rising to support the Motion that is now before the House I do so, as the hon. Premier mentioned, as one who has been closely associated with the over-all freight rates question since early October of 1946. I was particularly pleased to note that the Leader of the Opposition has given his wholehearted endorsement and committed his party to the Resolution that is now before the House. I am particularly happy, also, to note that the Leader of the Opposition is wholeheartedly in support of the principle of the national subsidy as an equalization of the freight rates as between the various provinces of the Dominion of Canada.

Back in October of 1946, one of the first things that the Government did was to set up an advisory committee, representative of a cross-section of all the business interests of the province, to advise the Government and the Technical Committee on this most vital and important question. From that day right through to the present time, Mr. Speaker, the Government of the province has taken the stand that we are interested in a freight rate level that would be fair to all sections of the Canadian economy and its people, including the railways, their workers, the consuming public, and the primary producer. Now that was the stand taken by the Government of the province and supported by the governments of the provinces participating in opposition to any undue increases in the general over-all freight transportation cost.

In the past few years, as the Premier has pointed out, we have witnessed a 21 per cent increase and a later award that would bring the over-all increase in transportation costs, during the past three years, in the neighbourhood of 40.4 per cent in excess of the freight charges in effect prior to March of 1948. Now if we would care to add to the 21 per cent and the recent 16 per cent, the increase in the international rates, the increase in the competitive rates, the increase in the agreed or sometimes called 'special' rates, we will then find, based on the 1948 tonnage of freight moving, that the people of Canada have been asked to pay an increased freight bill of \$200,000,000 in excess of what it was some two years ago. As has been pointed out, a substantial portion of that \$200,000,000 rests upon the people of the Prairie Provinces of Western Canada. A substantial portion rests upon the people of the Maritime Provinces. The recent award will undoubtedly bring to the Railways, based on 1949 freight tonnage, an additional \$25,000,000 of revenue; that is included in the \$200,000,000 figure that I have mentioned.

Now, Mr. Speaker, the Resolution suggests that we make an appeal to the Governor in Council under Section 52 of the Railway Act for a stay of the recent award of the Board of Transport Commissioners. Naturally there must be some basis for an appeal, and it is suggested that, in the recent award, the Governments of Western Canada and the Maritimes have some basis of appeal:

- (1) On the question of the proper allocation of the dividends that are set up on the common and preferred stock of the Railway Companies.

It was the argument of this Province, Mr. Speaker, that the twenty-one to twenty-two million dollars that is set aside as a dividend should be allocated as between rail and non-rail revenue. That was accepted by the Board of Transport Commissioners on the recent award as had they recognized a proper division of the dividends as between rail and non-rail revenue, it would have made a difference of about 3.5 per cent in the award; in other words it would have been that much lower. So it is generally felt that we have a very good case on that account to appeal to the Governor General in Council.

- (2) Surplus fixed without any principal therefor.

The Railway Companies, in their accounting system, fix a surplus as a means to go and come on, but they have not set out a very satisfactory formula for arriving at the amount of money that should be set aside as a surplus from any years' earnings.

- (3) The failure of the Board to conduct any independent investigation of maintenance cost of maintenance levels.

In the evidence that has been brought before the Board by the Provinces, it was pointed out quite clearly that, in 1939, the Railways had set aside \$49,000,000 as maintenance cost. In 1949, the same Railways with a lesser mileage to maintain, set aside \$150,000,000 as the cost for the maintenance for their railway systems. Now the Board of Transport Commissioners failed to make a thorough investigation as to whether or not that particular figure was a right figure for maintenance costs.

The other question is the one discussed both the Province and the Leader of the Opposition: the question of a horizontal increase.

The question of a horizontal increase is not before the Royal Commission, and it is hoped that they, in turn, will have the necessary technical staff to make a very thorough inquiry into the whole question of a general horizontal increase as a principle in rate-making.

I will just come back to this question of dividends. If there was an allocation of dividends as between rail and non-rail revenue, we would find that some \$5 1/4 million of the dividends would come from non-rail revenues. If we do not make an appeal using that as one of the bases for an appeal, it might be accepted as a basis of rate-making in the future. The whole question of horizontal increases on long hauls hits this section of Canada particularly heavy. That has already been pointed out to the House, Mr. Speaker. We are sitting in the middle of a great continent, and, of necessity, we have long rail hauls both in the field of consumer goods and also in the field of export goods, and I think it can be safely stated that there are no groups of people any place in Canada that purchase the tonnage of consumer goods that are purchased by the people of the province of Saskatchewan. That is brought about largely by the occupation followed by the citizens of Saskatchewan; so they have a very heavy freight rate bill on the movement of consumer goods from the Pacific or from the Central Provinces into the province of Saskatchewan. Then they have a very heavy freight rate bill on the movement of the surplus agricultural products from here to the markets of the world, and any increase in freight rates beyond the necessary level to maintain efficient transportation services bears very heavily and adds additional burdens to the agricultural people in their efforts to compete in the markets of the world with their surplus foodstuffs.

I was particularly happy to hear the Premier and the Leader of the Opposition extend congratulations to the Technical Committee that has served the people of the province of Saskatchewan during the past three and a half years in connection with this question. During that period of time, I think I can safely say that the technical staff of the railways and the technical staff of the provinces with which Saskatchewan has been associated, and the personnel of the Board of Transport Commissioners and of the Royal Commission on Transportation, have spoken very highly of the personnel associated with this case on behalf of the Province of Saskatchewan. It is no easy task for technical personnel, who have not made a life-study of transportation, to develop their case and advance an argument that will meet the argument of those who have spent a lifetime in the field of transportation. I think I can say, Mr. Speaker, that the brief presented by the Province to the Royal Commission was generally accepted and considered to offer a measure of relief in respect to the problems that our people are faced with in this freight rate question. It was generally considered, I believe, by some of the technical staff and others associated with this present case before the Royal Commission, that it is among the best briefs that has been placed before the Commission. All of this is complimentary to the technical staff that is serving the Government and the people of this province in this most vital question.

I do not think I would like this opportunity to pass, Mr. Speaker, without expressing some regret that the Chief Commissioner, Mr. Archibald, owing to his physical condition was unable to preside at the last case that gave the Railways a 16 per cent boost or hoist in their freight rates.

What has been said by the Premier and the Leader of the Opposition has been well said, and I believe this places our case squarely

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before the House and before the people of the province. I have no hesitation in supporting the Resolution that is asking the Governor in Council to give consideration to the stay of the recent award and that this whole question remain in abeyance until such time as the Royal Commission on Transportation table their findings. I appreciate having the opportunity of seconding the Motion and supporting the principle.

The question being put, the motion was agreed to unanimously.

SECOND READING

AUTOMOBILE ACCIDENT INSURANCE

The Honourable C. M. Fines (Provincial Treasurer) moved Second Reading of Bill No. 25 – An Act to amend the Automobile Accident Insurance Act, 1947.

Hon. Mr. Fines: — Mr. Speaker, I am pleased to announce an amendment to The Automobile Insurance Act (Bill 25) to aid or to broaden the Personal Injury Provisions of the Act. It has been our pleasure, year after year since the Act was first introduced, to propose amendments which have broadened the coverage of the Act, until today, there is very little left that people can be insured for. They are now able to receive benefits which four years ago we never would have dreamed would have been possible with the premium which we have in effect today. In 1947, the Act was amended to provide, first of all, for the collision insurance; then the next year, it was still further amended to provide additional benefits – public liability and property damage. Then last year, I had the privilege of bringing in another amendment which provided fire and theft insurance, so that we now have in effect, not only the usual five-point policy but, in addition, we have the accident policy which is to be found in no other insurance policy on the North American continent.

Today, Mr. Speaker, we are broadening still further the benefits of this Act. Provision is being made here to alter the benefits in the case of a death of a child. When death occurs to a child one year and over, payments at the present time are made to the extent of \$125 for funeral expenses. The proposed amendment will raise this, and will provide that, in addition, where the child is from one to six years, \$100 will be payable – I might say, Mr. Speaker, that there is a limit under the laws of Canada of the amount that can be paid in the case of death of young children; seven years or over, the parents will be paid on behalf of the child, \$200; eight years \$300; nine years, \$400. Previously only funeral benefits of \$125 were paid, and now we are extending it to include these other amounts.

Then, in addition to that, for a person eighteen years of age or over who is unmarried at the time of his death, in addition to the normal funeral benefits that are payable, \$1,000 will be paid to the surviving parents. Previously the parents had to prove that the child was one who had been caring for them, and one who had been assisting in maintaining them, before any payment was made.

Then too, we are changing the basis for computing the accidents so as to provide larger sums to persons who may be injured and who had been unemployed for part of the preceding year. Instead of taking it on the basis of the year's earnings, we are taking it on a lesser amount if the person had

been unemployed just immediately prior to this injury; and then, too, there is an added coverage provision here for the payment of \$2,000 in cases where bodily injury results within a period of ninety days (I believe it is), in the loss of the functions either of the mind or the body of a person to the extent that he is permanently incapable of engaging in any occupation. Previously this coverage provided payment for amputation cases only. Now it will provide this coverage for persons who may be completely disabled in other ways, other than amputation.

There is one other amendment that is rather far-reaching and which is something which was originally did not consider to be advisable, and that is in the case of anyone who is convicted under the Criminal Code, provision is now being made that we will be able to pay insurance in those cases; that is, that conviction under the Criminal Code will not be, in itself, a reason for refusal to make payments under the Act. I might say that the idea of this is not to encourage people to get convicted under the Criminal Code. If they get too many convictions, they will find themselves without an Operator's Licence, because I want to serve notice here and now that we are going to clean-up on these people that are a menace on the highways and that are constantly causing accidents. We do not feel, however, the way to do it is through denying them and their dependants the benefits of insurance, but rather, first of all, to surcharge them on their premiums. That has always been a policy of private companies. If a person is one who is constantly involved in accidents, we will surcharge them and then, of course, the Highway Traffic Board have the power to suspend their licences, and that is being done today. Anyone who is convicted under the Criminal Code automatically loses his licence for a period of three months; convicted for drunken driving, six months, and so on. Now we intend, if anything to make that even harsher rather than to loosen up on the these people who are a real menace on the roads, and who are responsible for so many of our accidents; but under the Act as it is, it means that if a person is convicted under the Criminal Code they cannot collect a dollar of insurance.

May I give you one example to illustrate this. In one part of this province we had a chap drive onto a highway, one day, from a side road; he forgot to stop at the highway and smashed into another car; the case was reported to the police and a charge of reckless driving was laid against him. He pleaded guilty, was fined his ten or twenty-five dollars and costs, and had his licence automatically suspended and, in addition, he was not able to collect any insurance. Not only that, but under the Act we had to take action against him to collect the amount of the insurance which we had paid to the other fellow. Now, just about the same time on the same highway another person did exactly the same thing, but in that case the police laid a charge of failing to stop when coming onto a highway. He pleaded guilty, was fined his ten dollars and costs and then immediately collected all his insurance, and, of course, no action was taken to try and collect for the other fellow. I think you can see how completely unfair that was. Here were two identical cases, but because we had two different police officers laying the charges under different sections, in one case the insurance was payable and in the other case it was not. Well, that will be fixed up under this amendment and I might say that what we are doing will give the people insured under our insurance, exactly the same right as they have with any private company. Today, with any private company, conviction under the Criminal Code is not a cause for refusal of the company to pay the insurance.

Now, Mr. Speaker, I would like to say this is going to cost us some money; the amount I don't know – probably all these amendments may

cost us up to \$100,000. I feel confident, however, that the people of Saskatchewan, the automobile owners, will be very glad to receive this extra protection, even if it may mean that, some day, they may have to pay a higher premium. May I however, hasten to assure you that I do not think that will be for a considerable time. We still have over a million and a quarter dollars, I was reading an editorial in this morning's 'Leader-Post' – I love these editorials, especially when the person who writes them does not know what he is writing about. I sometimes get very confused when I deal with all these millions and billions that I have to deal with, but the writer of this editorial certainly was even more confused than I have ever been. He accuses us of charging to The Automobile Accident Insurance Act certain expenses that are not legitimate. For instance, he says we should not spend anything for advertising. We did spend \$19,427. Well, I went to tell the editor of the 'Leader-Post' that as long as I administer this Act we are going to spend for advertising whatever amount may be necessary in order to make the people thoroughly familiar with this Act, and not only that but we are going to spend whatever may be necessary to do what we can to eliminate accidents. I do not think there is any question that a good educational campaign carried on could eliminate a great many of the accidents that there are today, and as long as I am administering this Act I propose to start right there at what I believe is the root of the trouble, and spend whatever money may be necessary. For example, the editor of the 'Leader-Post' says that this "Safety and Auto-Insurance Guide for Motorists" should not be charged to The Automobile Insurance Act. Well, we purchased around 250,000 of these, give one out to every person that purchases a licence in order that they will know what are their rights under the Act. Now we don't refuse to charge up to the general Insurance office that which is a legitimate charge against it. For instance, on the back of this is an advertisement for the Package Policy; it has been in each one for the past two or three years. We charge the regular insurance for this advertisement, they pay for that. What we do charge is everything that can be charged to The Automobile Insurance Act legitimately; to the ordinary insurance everything that can be charged legitimately. Now there are certain things that we cannot segregate. For example, to what are going to charge the staff, the manager, the assistant managers, and the secretary? Who should that be charged to? There is only one way it can be done and that is through a pro-rata system; and that is what we have used, as I explained, last year, in Public Accounts Committee and it seemed to satisfy the members of the Opposition and the members of this side; it satisfied everybody evidently, except the editor of the 'Leader-Post'. I am not particularly anxious to try to satisfy the editor of the 'Leader-Post' because when he is pleased and satisfied with what I am doing, then I want to quit; it will be time for me to get out of here. The pro rata basis is the premium income. In the past that has probably meant that a greater amount has been charged to the Automobile Insurance Act than to the General business, but when I tell my friends in this Legislature, today, that in the month of January, this year, we wrote \$248,000 worth of business, general business; that was the premium income for the month of January - \$248,000. The highest month ever in the history of the Insurance before, was \$204,000 last April, and this in the coldest month in sixty years, Mr. Speaker, \$248,000 compared with \$150,000 last year. Now we use that as the basis, the actual amount. For example, the salaries are all put on a pro rata basis. In some respects it is not fair to The Automobile Insurance Act; for example we have a total of forty-four employees in the Claims Department, but only four of those in the General business. Forty of them devote the major part of their time to The Automobile Insurance Act and yet we pro rate all these salaries.

Mr. E. M. Culliton (Gravelbourg): — Do you pro rate the commission and brokerage?

Hon. Mr. Fines: — Oh, no. The commission is charged against the Automobile business (that is the standard business), not the Automobile Accident Insurance. Now here is another statement. This fellow says that we do not pay an expense for under-writing. Well he may not know, but every time one of the issuers of motor licences out in the country writes an applicant for insurance the Insurance office pays to him a certain amount — not much, but it is five per cent in the case of an operator's licence; that is five cents extra we give him for the operator's licence and ten cents on the other, so that in the case of where the premium is \$10, there is one per cent of your premium and five per cent of your premium which goes to these people who issue the motor licences in the country.

Now, Mr. Speaker, I would be very glad and I would invite the editor of the 'Leader-Post' to sit in the morning we are discussing the Insurance Department in the Crown Corporations Committee and he might learn something about how the books are kept.

Mr. Tucker: — Are you going to give us all the information?

Hon. Mr. Fines: — I will give you, as I did last year, all the information you want concerning the operation of the Insurance Office, and we are proud of it.

I might say this, Mr. Speaker, that there is no organization in this country, no private company in this country, that does more than our Government Insurance Office to try to live up to the requirements of the various insurance laws. For instance, when we prepare this Annual Report which you got, we do not come under the Dominion insurance laws, but nevertheless, when we prepare these reports we put in there these things in the exact order in which they are listed in the Dominion. We even take that trouble to make sure. I feel confident that the vast majority of the people of Saskatchewan appreciate this compulsory automobile Insurance plan and I think that very few today, after it has been in operation these years, will agree with the statement, which I would like to repeat, made when this was introduced in February, 1946, made by Mr. A. T. Procter who said that "This is the greatest hoax every perpetrated on the people of any province." That, of course was before he was appointed as a judge.

Mr. V. P. Deshaye (Melville): — Did you ever consider (I would just like to hear your reaction to this) paying innocent widows and children in the event of the death of the husband when he would have been guilty of a criminal offence under the Code?

Hon. Mr. Fines: — Well, under the Act, as it was, we had no authority to do this, but now we are asking for this authority under this amendment: not drunken driving, but violating the Criminal Code. For instance, it might just be momentary thoughtlessness as when a motorist drives onto a highway or onto a 'through' street without stopping, (I don't think they do it on purpose) or when they speed, sometimes pass a car, swerve around or go too quickly round a corner and turn over. Now it may be reckless driving, but I am sure with most people it is thoughtlessness at the time. It is not deliberate.

Mr. Deshaye: — If you have a case where a man gets drunk and is killed; he may be killed through no fault of his own even if he is drunk; but naturally and normally he is killed through his own fault. Nevertheless you have left at

home a widow with possibly a number of innocent children who ordinarily would recover under your Act, \$625 for each child and \$3,000 for the husband. Now the position of that widow and those children is no different even though the husband was drunk. They are still innocent, and I was wondering if you had taken that into consideration.

Hon. Mr. Fines: — That is a very good point. I must say that we have just included here the standard policy, or what is in the standard policy, which of course would not make provision for that. I can see my hon. friend's point and I think it is a very good one.

Now, Mr. Speaker, I would just like to quote a couple of examples to show you that this Automobile Insurance Act is of real benefit to the people. I have a very good friend in town here, and he is known to every member opposite by name, if not personally. He called me up, last year, to ask me what we could provide him with the following insurance for. He had a 1949 Meteor car: legal liability of \$150,000 and \$300,000, property damage of \$10,000 — \$50 deductible collision, complete fire and theft, miscellaneous endorsement. I phoned him back after calling our office to get the rate — \$19.65. I do not need to tell you just what he said except to say that he informed me that he had been paying \$79.50, and he is getting it for \$19.65.

I have here today, a copy of a letter from Edmonton, Alberta. This gentleman said: "I have received the bill for my car insurance: 1949 Oldsmobile Deluxe Sedan — Public Liability limits of \$20,000 and \$40,000; property damage limits \$2,000; Collision, \$25.00 deductible; Fire and Theft, passenger hazard, miscellaneous coverage. I pay \$145.88 for this. I am wondering what it would cost me if I lived in Regina." Well, we would give him not \$20,000 and \$40,000 limits but \$25,000 and \$50,000 limits, and not \$2,000 property damage but \$5,000 property damage, and we would give him all the rest exactly as he had it, and, in addition, we would give him accident coverage which would protect him, protect his wife, protect his family, protect all the thousands of innocent pedestrians who may not be able to get anything out of a public liability claim. We would provide all of that in Saskatchewan for \$28.50, what he is paying \$145.88 for in Edmonton!

Mr. Deshaye: — Mr. Provincial Treasurer, I do not deny that there certainly is some justification in your rates, but at the same time, the element of risk might be higher in the city of Edmonton than in the city of Regina, might it not?

Hon. Mr. Fines: — The element of risk is a great deal less in the town of Melville, for example, than it is in the city of Regina, and yet you pay exactly the same premium in Melville as you do in Regina with most companies. Now, I know that there are one or two companies that do make a difference, but most private companies charge you exactly the same.

Mr. Deshaye: — Would you charge the same rate for Edmonton as you would for Regina?

Hon. Mr. Fines: — Oh, no! I am not suggesting for a moment that we would do this for \$28.50 in Edmonton. Our rate might be \$30 or \$32, but it certainly would not be more than 10 or 15 per cent greater.

Now, in conclusion, Mr. Speaker, I would like to point out that in practically every province of Canada this year, there has been an increase

in automobile insurance rates. Only in Saskatchewan have the rates remained the same. We have not changed our rates here. We have left them as they were. We are actually giving the people lower rates though giving these increased benefits under our Act. In reality it means that we are giving our people lower rates. Once again Saskatchewan leads, as we have led for several years in the field of insurance; so, too, again this year, we will be leading.

I am confident that the people of the provinces have come to accept this insurance as a permanent feature. I think my hon. friends opposite would agree that if, by any chance of fortune, our places should be reversed and they would come over here, and we went over there, this is one thing that; I know the people would not let them. I feel sure and I hope that the Leader of the Opposition will give us that assurance – not that the people need it, not that there is any chance of them getting over here; but I do think that it would remove this question from the realm of politics if the Leader of the Opposition would give us his assurance that they are wholeheartedly behind this, that no longer does the Liberal Party consider this to be the “greatest hoax every perpetrated upon the people of this province”.

Mr. Tucker: — Before the hon. gentleman resumes his seat – this probably should have been asked under the other Act, but I am sure that he would welcome this question. He mentioned some of the penalties in the way of cancellation of licences that they are carrying out today. Now, there is one thing that he did not mention and I just wondered if he would like to tell the House anything about it – that is the man who seems to be making or getting into one accident after another; I have heard of a man having 30 convictions for infringements of The Vehicles Act. I just wonder if there will be a time when a man simply is regarded as not fit to operate a car.

Hon. Mr. Fines: — Mr. Speaker, we have been getting our records – that is one of the things we have been able to do through the card index system that we have established in connection with the operation of the Insurance Office. What we are doing is taking each individual operator and each individual car and are not able to classify operators into these various categories; and what the Insurance Office will do after they surcharge them each year, and another accident occurs, then this will be reported to the Highway Traffic Board. The man's history will be made available, and the Highway Traffic Board have been instructed by myself that, in those cases where there are people who are a constant menace, they would have my wholehearted approval if they would take away their operator's licence from them and keep them off the road forever. I agree with my hon. friend that there are people who have no right to be driving cars. I saw in the paper here, the other day, where a man had had seven or eight convictions. As far as I am concerned he has had his last ride. Any man that has to get into courts that frequently has no right to be driving a car, because he is a danger not only to himself and the people in his car, but a danger to every other motorist and to every pedestrian.

We have recently reorganized our Highway Traffic Board and are establishing a Safety Division and, this year, we are going to basking the Legislature to appropriate certain sums of money for a safety campaign. We want to extend the work that we have done, last year, largely through the Insurance Office staff, and we feel confident that we are going to be able to lick this increasing accident rate. I might say that, of the figures

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I have seen so far, we in Saskatchewan have the lowest increase of any of the provinces of Canada. Actually, if you consider the number of miles driven, it was a decrease in the accident rate, but I am still not satisfied; and I can assure the Leader of the Opposition that that is one thing that we are certainly going to put an end to as quickly as we can.

Mr. Deshaye: — That increase in rate will only be based on convictions and not on accidents, will it? A man may have half-a-dozen accidents and still not have his rate increased if he was not at fault.

Hon. Mr. Fines: — No.

Mr. Deshaye: — I just wanted to clear that point up.

The question being put, the Motion for Second Reading of Bill No. 25 was agreed to.

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