

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session – Twelfth Legislature
28th Day

Monday, March 22, 1954

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

TRIP TO NORTHLAND

Hon. J.H. Brockelbank (Minister of Natural Resources): — Mr. Speaker, before the Order of the Day are called I think that the non. members would be interested in hearing of some of the things I saw over the week-end. I left Regina on Friday night by the midnight train for Prince Albert, and left Prince Albert, Saturday morning, by Saskatchewan Government Airways 'plane for Lynn Lake, Manitoba, 315 air miles; incidentally, in a Beaver plane, we made it very comfortably in 2½ hours. Saturday afternoon, quite incidental to the trip I had the privilege of seeing the Sherritt-Gordon mines at Lynn Lake. They have quite a development there and the townsite has a nice location and appears to be growing fast. There are 600 to 700 people there now. Yesterday morning we left Lynn Lake by 7 o'clock by your time here in Regina, Mr. Speaker, by a bombardier, to inspect the new truck trail road from Lynn Lake to Reindeer Lake. It is 40 air-miles from Lynn Lake to Co-op Point on Reindeer Lake, but in that country road location is a problem, and this road is approximately 60 miles long. Just recently it has been completely bulldozed out, and now is what you might call a winter truck trail. But this trail is built on the summer road location; that is, we avoided lakes and muskegs as much as possible and kept to dry ground. The road is all in the province of Manitoba except about 1½ miles. We got consent of the Province of Manitoba to go in and do this work. We got consent of the Province of Manitoba to go in and do this work.

The work was done by a contractor, the Bekolay Brothers of Livelong, under the supervision of the Fish Marketing Service. One employee of our Department worked on location work. The location of roads in the north is an extremely important job and I would like to take this opportunity to compliment Mr. Frank Timpson who did the job of locating. It is a job which needs a great deal of knowledge, a great deal of persistence and a great deal of energy in getting through the bush, even though you have aerial photographs.

The total cost of the project to date is getting along towards \$20,000, all of which has been paid by various agencies of the Saskatchewan Government, and some of which I hope will be paid by the Department of Natural Resources. We were pleased to have with us a representative of the Manitoba Government on this inspection trip also. We also had with us the manager of Sherritt-Gordon mines at Lynn Lake, and I appreciated very much having those two gentlemen along. Incidentally, it took us seven hours in the bombardier to cover the 60-odd miles of the road. That gave us plenty of time for stopping at different points to inspect the road; some of us had cameras and took some pictures of the road.

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In my opinion, the work has been very cheaply and well done, considering the location and the kind of terrain. Certainly compliments are due to the two Bekolay brothers and their boys who are the crew that did the work. I would like to see this road improved as soon as possible to a summer-road standard. It will, too, take business into the province of Manitoba, but that is the way our geography is put together. It will also make accessible to railhead in Lynn Lake a few Manitoba lakes, but it will get supplies in cheaper to the three points on Reindeer Lake – Co-op Point and Southend in Saskatchewan, and Brochet in Manitoba – and also be of benefit to Wollaston Lake. It will add value to the fish products going out through lower transportation costs.

I found that the residents not only of the Saskatchewan area but also of Lynn Lake, are very desirous to see the road completed. I have had discussions with representatives of the Manitoba Government, and further discussions will be carried on with them.

After arriving at Co-op Point and a short stop there, we left by the same Beaver 'plane of the Saskatchewan Government Airways and arrived in P.A. before dark. Then I took the train to Regina last night, and was back here in time to go to work this morning.

I would like to say thanks to the Canadian National Railway and to the Sherritt-Gordon Mines for their valuable co-operation and help in this project, and I hope that next time I have occasion to speak about it, I will be able to give my thanks to the Manitoba Government for their part in the project.

Mr. Loptson: — I would like to ask the hon. Minister if, when he was at Lynn Lake, he made any move towards getting the smelter in Fort Saskatchewan moved to Saskatoon now that we have discovered a belated gas field. I think it is quite readily understandable that had this gas been discovered in Saskatchewan three or four years ago, we would have had the smelter in Saskatoon and employed a good many hundred people and saved Sherritt-Gordon a lot of freight which they have to pay on their ore going through Saskatoon to Fort Saskatchewan in Alberta.

Hon. Mr. Brockelbank: — Mr. Speaker, I would just point out to the hon. member that I never discussed that matter at Lynn Lake. Before the smelter was established at Edmonton, before the decision was made by the company to establish a smelter near Edmonton at Fort Saskatchewan, I took it up with the President of the company, but at that time we did not have gas ...

Mr. Loptson: — Why?

Hon. Mr. Brockelbank: — ... proven up in sufficient quantities ...

Mr. Loptson: — Why?

Hon. Mr. Bentley: — Because no government before us had tried to do anything.

Hon. Mr. Brockelbank: — Yes, that's right. My hon. friend said there had been nothing done about getting gas until this Government got to work at it. We should not get into a debate on this. I did not ask about this matter at Lynn Lake for the simple reason that I did not want to appear ridiculous enough to think that any company would think of moving a \$15 million plant after it is already operating.

SECOND READING

Bill No. 76 – An Act to amend The Teachers' Superannuation Act.

Hon. Mr. Lloyd (Minister of Education): — The first provision of Bill No. 76 is one that makes it possible for a teacher to count absence from teaching due to sickness up to one year for purposes of superannuation, after, I may say, a teacher has had 10 years' service as a teacher. If a teacher is unfortunately sick for a complete year, or portion of a year, so sick that it keeps him from acting as a teacher, he may accumulate up to one-year's time for purposes of superannuation benefits.

The second provision which I wish to comment on is one which increases again the service pension for teachers. This service pension rate has had a history in this province since 1942. It has been increased on a number of occasions since that time, and the amendments, this year, make it payable at the rate of \$40 for each year of teaching service up to July 1, 1935. From July 1, 1935 on, the teaching service is counted at the rate of \$30 for each year of teaching service.

I might just comment on the reason for improving it in this way. One of the reasons why teachers' superannuation allowances are lower at the moment than they will be in the future is that the annuity portion of the pension is in each case relatively low. The members will recall that the pension is made up of an annuity which is purchased by the accumulated contributions of the teacher himself or herself, and a service pension made up out of funds at the disposal of the Government of so many dollars for each year of service. Since the contributions of teachers did not start until 1930, they have had only a chance to accumulate an annuity for a period of 24 years, and since even when they did start contributing, for a number of years after 1930 their salaries were relatively low, the initial payments into the annuity fund are quite low and don't purchase a large annuity. By giving this extra weight to those years prior to July 1, 1935, we are hoping and planning to compensate somewhat for the lowness of the annuity due to no contribution or low contribution in those initial years.

The third feature has to do with an amendment to the plan whereby teachers may arrange to have payments made to dependant if a teacher happens to die in service. With the Act as it is at the moment, a teacher having had 20 years of service may, by paying \$25 a year, arrange to have dependant's allowance paid in case of his death. This makes it possible for a teacher who has had 10 years of service, rather than the 20 as before, to contribute that \$25 and get the consequent protection for his or her dependants. I would move the second reading of this Bill.

The question being put, it was agree to, and the Bill referred to a Committee of the Whole at the next sitting.

SECOND READING

Bill No. 77 – An Act respecting Certain Pipe Lines

Hon. Mr. Brockelbank: — Mr. Speaker, this is a new Act, The Pipelines Act 1954. The principle is, of course, the regulation and control

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of construction and operation of certain pipelines. It has been developed with the co-operation and help of the industry that is concerned with it, and I would express my appreciation of their good co-operation in working out this legislation.

Previously, provisions for pipeline regulations were contained partly in The Public Utilities Companies Act, in some other Acts, and some were missing altogether. But now that a great many pipelines are being built, it was considered advisable to have a separate Act on this particular subject. I don't think I need to go into any more detailed discussion of the Bill at this stage, but only to move that the Bill be now read a second time.

Mr. Loptson: — Mr. Speaker, I would like to ask the Minister to what pipeline he refers in this Act. He said to certain pipelines.

Hon. Mr. Brockelbank: — Well, it won't refer, of course, to a line that comes under the Federal Government Pipeline Act. There is a Federal Government act too, and under that act comes the inter-provincial line.

Mr. Loptson: — You are referring to certain pipelines. Have you got some in mind?

Hon. Mr. Brockelbank: — Yes, all the others except that one. There is one under construction at Wapella. There's an application made for a line which presently will be under construction at Smiley. The preliminary application is in for one from the south-west of the province to connect with the inter-provincial line, and there is the Saskatoon Pipeline Company which was built, a year ago, to take oil from the inter-provincial pipeline to the refinery at Saskatoon.

Mr. Loptson: — Your gathering lines?

Hon. Mr. Brockelbank: — No. Transmission lines; transportation lines. This also deals with other lines, too.

Mr. Robert Kohaly: — Mr. Speaker, I would like to ask the Minister in what particulars our Act differs from an act (if there is one) in Alberta which deals with similar matters. Is there any particular part of it that is different?

Hon. Mr. Brockelbank: — I would say in principle there is little or no difference. We may find some difference in detail as we go through the Bill. We had the advantage, in working out the Bill, of the Alberta legislation and the Dominion legislation and our own legislation, and I am not sure whether the staff had legislation from some of the States — I think probably they had.

Mr. Kohaly: — But is there any difference between our Act and the Alberta act in principle?

Hon. Mr. Brockelbank: — No, none in principle.

The question being put, it was agreed to, and the Bill referred to a Committee of the Whole at the next sitting.

SECOND READING

Bill No. 80 – An Act respecting the Prevention of Fraud in Connection with the sale of Securities.

Hon. J.W. Burton (Provincial Secretary): — In connection with this Bill, I should like to give the Assembly a brief resume of the basis for this legislation.

The primary purpose of any security legislation is to prevent fraudulent statements, or misrepresentations of facts, about shares or other securities which are being sold to the public. Such problems have been the subject of legislation for many years. I am informed that some even date back to the time of Edward I in the 13th Century. But, Mr. Speaker, I have no desire, nor have I the time to delve into the records of long ago. I would much more prefer to deal with the problem as it has developed during our time in Canada.

The prophecy of the late Sir Wilfred Laurier that the 20th Century will be Canada's has to a great extent been fulfilled; but the early part of the first half of this century has been marred in too many instances by the unscrupulous activities of stock and security racketeers. The only difference between them and the buccaneers of the Spanish West Indies' fame is that the latter at least had physical courage. Risk capital has played, and still does, an important role in the development of our country, but there is a great difference between a legitimate risk or speculative venture and those that verge on the gold-brick variety.

Control of dealing or trading in almost all forms of security is the responsibility of the provinces, and public opinion caused one province after another to enact some form of legislation along that line. Here in Saskatchewan such action was not taken until 1914 when an act was passed to regulate the sale of shares, bonds and other securities of companies. In 1929 this was repealed and an Act brought in for the prevention of fraud in the sale of securities. This in turn was repealed in 1930 and a new act incorporating most of the 1929 provisions, was passed. Our present act is essentially the 1930 Act with various minor amendments, passed in 1931, 1937, 1938, 1940, 1942, 1950, and 1953.

With limited activity in the line of securities within our own province, the 1930 Act for quite a number of years enabled those charged with the administering of it to exercise a reasonable amount of control. However, with the increased tempo during the past few years, with the development of our natural resources, new problems and more problems were brought to the fore, so, in order to cope with this situation, emergency action was taken from time to time by extending the regulations under the Act.

In the meantime, other provinces also had their troubles, and in some cases the control of the sale of securities got out of hand to such an extent that it verged on being scandalous. Representatives of the provinces charged with the administration of securities legislation have met in conference annually for the past few years, the results being that they arrived at some very important decisions, such as (1) that all securities legislation be overhauled and more teeth put into it; (2) that every effort be made to have as much uniformity as possible; (3) the province of Ontario being, so to

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speak, in the centre of dealings in securities, and having had a very serious problem on their hands at the time, agreed to spearhead the drive; (4) after Ontario's new legislation had been in effect for some time, representatives from other provinces agreed to pick the Ontario Act as a model, and then the other provinces would deviate from the Ontario legislation only in such matters when it would be burdensome to adopt. For example, Ontario has a very elaborate setup, with a full-time commission that is composed of high salaried personnel and a staff of experts. This expense is no doubt warranted in Ontario because of the enormous volume of trading carried on under their jurisdiction. But it was agreed that most of the other provinces would not require such an elaborate setup so long as they could give proper supervision of the activities within their provinces with, as I say, a much less elaborate setup.

The main thing that should be remembered is that there should be uniformity as much as possible in the statutory requirements and regulations thereunder. Last summer, our securities registrar, the Chairman of the Securities Advisory Committee and one of the law officers attended the annual Securities convention in Toronto. Since their return, we have had many discussions, resulting in the Bill now before you. Permit me to be the first to say that it is not perfect; that in all probability, after a year or two of experience working under the new provisions, we will no doubt be recommending some changes. However, aside from all that, I would like to express my appreciation for the good work done by our law officers in the limited time they have had to work on this Bill.

The principles of this Bill, for convenience sake, may be listed as (1) uniformity as much as possible, with similar legislation in other provinces; (2) benefiting from the accumulated experiences gained here and in other provinces in the control of trading in securities; (3) the establishment of a Securities Commission which will have the responsibility of administering the Act, instead of one person as the case is now; (4) the division of the Act into a number of sections which will not only facilitate the administration, but also make it more convenient for the issuing companies, their brokers and agents, to give more worthwhile information concerning the security being offered. For example, under the present Act, the requirements of the prospectus, which need to be filed, are the same regardless of whether it is a mining venture, an industrial company or an investment company. This Act deals with them in separate sections.

The overriding principle of all securities legislation is the prevention of fraud in the sale and trading in securities. It is impossible for us to try and protect people from their own folly, because it remains the responsibility of the investor or speculator to be selective in the issues that he or she subscribes to. On the other hand, our Securities Commission will have the responsibility of seeing to it that all possible information is available for the scrutiny of the investor and to check the authenticity of such information. To do this the Commission will need to have the authority of the law in order to cope with those who are prone to use questionable methods in their desire to fleece the public.

In conclusion, Mr. Speaker, permit me to say that no honest, responsible, above-board firm, broker or dealer in securities need have any fear of this legislation. Therefore, Mr. Speaker, I move second reading of Bill 80, An Act for the Prevention of Fraud in connection with the Sale of Securities.

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Mr. A.C. Cameron (Maple Creek): — I would just like to say that we welcome this particular Bill dealing with the control of trading in securities, and are pleased to note the explanation given by the Minister, particularly with the ‘teeth’ placed within the Bill to prevent these very things. We will watch with a good deal of interest the third reading of this Bill and the clauses pertaining thereto.

The question being put, it was agreed to, and the Bill referred to a Committee of the Whole at the next sitting.

The Assembly adjourned at 6 o’clock p.m.