

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session – Twelfth Legislature
29th Day

Tuesday, March 23, 1954

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

CROP INSURANCE PROGRAMME

Moved by Mr. Thair (Lumsden), seconded by Mr. Walker (Gravelbourg): —

That this Assembly favours the development of a comprehensive crop insurance programme for Saskatchewan, and recommends consideration at Federal and Provincial levels of a plan whereby the Government of Canada provides the reserves to commence operations on an experimental basis in selected areas of Saskatchewan, with the Provincial and Federal Governments sharing initial administrative costs.

Mr. Thair (Lumsden): — Mr. Speaker, in introducing the motion on the Order Paper under my name, on crop insurance, I wish to draw to the attention of the House the greatly increased interest in the subject of crop insurance in the provinces of Manitoba and Alberta and particularly in Saskatchewan, this past year. I might add here that the Saskatchewan Government has been giving this problem an increasing amount of attention and a good deal of research work has been done in that field in the past year.

A great number of resolutions have been passed at conventions of all types of farm organizations and governmental organizations during the past year. In general these organizations urge the various provincial governments of western Canada, and the Federal Government at Ottawa, to undertake some steps to inquire into the feasibility of a satisfactory crop insurance plan which would be suitable for grain farming. These organizations, I might say, include the Wheat Pool, the Farmers' Union of the three prairie provinces, as well as the Federation of Agriculture, Saskatchewan Association of Rural Municipalities and other farm organizations.

At the annual meeting in December, 1953, of the Alberta Federation of Agriculture, the problem of crop insurance was the principal subject of discussion. The Inter-provincial Farm Council and the Farm Union Council, headed by Mr. Phelps, in its brief to the Federal Government at Ottawa, recently urged the Government to take the lead in setting up a three-way crop insurance fund in which the Federal and Provincial governments and the producers would co-operate.

The Saskatchewan Wheat Pool also made representations, last fall, to the Royal Commission on Agriculture and Rural Life, in which they recommend:

The development of an adequate scheme of crop insurance, the cost of administration to be borne jointly by the Federal and Provincial governments and the producers.

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If we go back a number of years we find that, in 1936, the provinces of Saskatchewan and Alberta each initiated some study as to the practicability of a general crop insurance plan. The Manitoba government appointed a committee to study the subject, in 1940. In 1944, in Saskatchewan, a report on crop insurance was prepared by the late H.E. Motherwell. It was published as an appendix to a report of the Saskatchewan Reconstruction Council.

In this Chamber, some of the older members may recall that, some 15 years ago, a resolution was introduced into this Assembly by Mr. Warren, seconded by Mr. Joe Phelps, and I will quote from the Journals of the House of that date, page 119, the following resolution:

That the Government of Saskatchewan be asked to urge upon the Government of Canada the necessity for the adoption, as part of its agricultural policy, a system of insurance against loss of crops in the prairie provinces from drought, rust, frost and other hazards.

The debate continuing and the question being put, it was agreed to unanimously.

I might say, Mr. Speaker, that wheat farming, particularly in Saskatchewan, is a risky business as those who have tried it and who are engaged in that business are well aware. Weather is possibly the principal risk, although rust in Saskatchewan has been a factor, this past year. And I might just add here that if we all get Selkirk wheat, although it is not entirely rust resistant, other varieties are being created, and we probably may get away from it again for a few years.

In Manitoba there is great interest recently in the problem of crop insurance. Just recently, Mr. Robert Bend, independent member for Rockwood constituency, speaking in a debate, said:

Any scheme of crop insurance should be self-supporting, but the Manitoba farmers would be happy if the proceeds from the one per cent assessment under P.F.A.A. went into their own scheme of crop insurance.

This was about six weeks ago; but they have been changing their minds rather rapidly and I would like to outline the action they may be taking in Manitoba. Of course the difference between Manitoba and Saskatchewan is that, over the past years, Manitoba has tried to withdraw from the P.F.A.A. The farmers in Manitoba have pointed out that they have paid into this fund some \$8 million more in P.F.A.A. funds than they had received, over some 15 years, in benefits. But only this past week, or two weeks ago, the Manitoba Government had set up a Committee to investigate the crop insurance for the province. They also requested the government at Ottawa change the P.F.A.A. Act to grant Manitoba farmers aid equivalent to payments now granted to farmers of Saskatchewan and Alberta. I believe that they wished to use these funds at that time as a basis for a crop insurance scheme, but that more recently – only two weeks ago (March 10th to be exact), we understand from the ‘Western Producer’ that the government in Manitoba will set up a committee of farm authorities to look into the crop insurance plan for the province, which might be tied-in with the Prairie Farm Assistance Act. Since that time,

again, the majority of the members of the Manitoba Legislature, speaking on the issue, felt that although Manitoba had not had fair treatment from P.F.A.A. (as I said before, they had paid \$8½ million more than they received), most of the Manitoba farmers who were members of the Legislature were in a cautious mood about whether they should get out of P.F.A.A. entirely, for a couple of bad years might ruin any provincial crop insurance plan.

We in Saskatchewan take just the opposite stand on this matter, I believe. We desire to retain P.F.A.A., but to add to that a crop insurance scheme which is somewhat similar to that now in force in Montana and in North Dakota. We are asking that reserves be set up by the Federal Government to be used as a basis for a crop insurance scheme, and that the administration costs be shared by both the Federal and Provincial Governments until the scheme is able to carry itself.

Insurance on wheat in the United States accounted for nearly 60 per cent of the Federal crop insurance earnings in 1952; that is speaking of premiums. In 1953, it was being sold in 406 countries with authority being given to add to the scheme. I might say that the State of North Dakota leads all the states in the nation in participating in wheat crop insurance. In the State of Montana, where crop hazards are very similar to a large portion of Saskatchewan, the premiums exceeded the indemnities by over \$5 million in the period from 1939 to 1952.

In Saskatchewan, I would like to emphasize that the crop insurance scheme, which we have in mind, would not in any way interfere with or encroach upon the territory or the field of activity now being occupied by P.F.A.A. We may need – we do need them both, I believe, in Saskatchewan as there are large crop areas in this province, particularly, which need the P.F.A.A. These are areas of such high risk that it is altogether likely that a crop insurance plan is scarcely feasible because of the great risk involved, particularly through drought conditions.

A plan of crop insurance was given some serious consideration in the United States away back in 1936, when President Roosevelt (and I am quoting here), “appointed a committee to investigate all risk crop insurance.” The recommendations of this committee were accepted and adopted by Congress in 1938. The result was that the setting up of a federal crop insurance corporation with an authorized capital stock of \$100 million granted by the United States government.

According to Mr. Mayberry of Great Falls, Montana, speaking last December to the Alberta Federation of Agriculture on crop insurance, he said this:

The crop insurance in the United States is designed to give the farmer some return for his efforts to buy the things he needs. The idea of wheat crop insurance in the United States is to give the grower protection. It is not an investment; it is not aimed at providing a profit for the wheat farmer; it assures the wheat grower at least a minimum return from his efforts to produce a wheat crop. The farmer with crop insurance is then more likely to be in a position to pay his seasonal costs, such as gas and oil, repairs, living expenses, taxes, insurance, licence fees, maybe automobile insurance and other very necessary costs which have to be met each year. It

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also improves his credit position as well. All this is a benefit not only to the farmer but to the whole community in general, including the businessmen in the small towns, which assures the farmer of sufficient money to pay his bills and buy essential goods.

Mr. Speaker, without the crop insurance, a succession of failures usually results in a farmer being unable to meet essential living costs. He is unable to meet the necessary costs of farm equipment and repairs; there is no credit available because of these debts, and he is unable to meet his taxes or interest on mortgages. I believe that many of these essential and urgent costs could be met to a certain degree by a properly administered crop insurance plan which would give more stability to farm operations in Saskatchewan.

The type of crop insurance which would be most suitable for Saskatchewan would be most likely much the same type now being used in North Dakota and Montana with good results. The premium in the State of Montana, I believe, as paid by the wheat farmer, works out to the equivalent of about one bushel of wheat per acre of current value. This assures the crop against hazards of drought, hail, insects and probably rust which reduces the yield beyond a certain point.

It is possible in Saskatchewan that a programme of crop insurance would have to be established on an experimental basis at first. I might suggest that three or four areas might be selected on a trial basis – for instance, one area in the southwest, one on the Regina plains, and probably one in the Craik or Imperial area, just for experimental or test purposes. The crop insurance would, of course, in this province have to be restricted entirely to wheat. Administrative costs might be paid by the Federal Government co-operating with the Provincial Government. They should also co-operate, I believe, to set up initial reserves to carry this plan on an experimental basis.

I might say that, over a year ago, while in Fargo I discussed the problem of crop insurance with one of the staff of the North Dakota Agricultural College, and he made a statement regarding what we in Saskatchewan might do in the field of crop insurance. He could see no reason why we could not develop a programme of crop insurance at least on an experimental basis in a few municipalities. He, of course, stated that the trouble would be if we hit a really bad crop year which resulted in a loss, especially in the beginning of the operations; then you would need the co-operation of the Provincial and the Federal Government in setting up reserves to meet such a situation.

In North Dakota it is run on a county basis or a mutual basis. This is backed by all the county reserves in the State and this, in turn, by the Federal reserves of the Federal Crop Insurance Corporation which administers the crop insurance plan and provides the necessary reserves.

It is interesting to note that in the United States, crop insurance has increased until, in 1953, it had upwards of 1,000 counties, who have crop insurance of some kind, averaging four to six municipalities to the county. This means that they have an area of some 6,000 municipalities which would be similar in size to those of western Canada and Saskatchewan, with a crop insurance scheme. Any county in the United States can come into the programme if they can guarantee 200 signers. Administration is paid for by the Federal Government and actually runs from about \$15 to \$25 per contract, which seems considerable; but it depends on the year and how much adjusting has to be done.

The losses, in the last two years in North Dakota have been rather extensive and have been mainly from drought, floods, rust and hail.

The Federal crop insurance programme has now proved its worth in the United States. Since 1948 when the programme was re-organized, the Federal Crop Insurance Corporation has taken in \$2 million more in premiums than was paid out in indemnities. The real cost to the taxpayer in the United States has been the administration and expenses.

Like other insurance indemnities, crop insurance indemnities provide much needed dollars. I am quoting from the 1952 report to Congress of Federal Crop Insurance Corporations:

Like other insurance indemnities, crop insurance indemnity dollars are not ordinary dollars since, by their very nature, they seek out the points where severe damage has occurred and go to bolster the financial position of those farmers whose crops have failed; and consequently, the effect of nearly \$42 million in crop insurance indemnities paid to the insured farmers in 1951 and 1952 is of great significance in its effect on bolstering up the financial and credit position where the farm production plant was weakened through crop failures.

These insurance indemnities (I am speaking of some \$42 million) are doubly significant since they came entirely from premiums paid by farmers to insure crop investments against loss due to unavoidable causes such as I have mentioned before.

Now to close, Mr. Speaker, and to sum up briefly; I have endeavoured to outline the widespread interest in a crop insurance plan in the three prairie provinces, particularly in Saskatchewan. I believe we should undertake a crop insurance scheme on an experimental basis in three or four areas in central and southern Saskatchewan, as I have already mentioned. I have pointed out that wheat crop insurance in the States of Montana and North Dakota particularly have been a decided success, as I have just quoted from the favourable report to Congress of 1952 of the Federal Crop Insurance Corporation.

So, Mr. Speaker, in closing, I would move this motion, seconded by the hon. member for Gravelbourg.

Mr. E.H. Walker (Gravelbourg): — Mr. Speaker, I just want to say a few words at this time on this subject as it is a very important topic. The hon. member from Lumsden (Mr. Thair), I think, has covered it very well; however, there are two or three things I would like to add to it.

First of all, I want to remind you that crop insurance that we are asking for is something which is going to cover merely the cost of production. The farmer has always been in a very difficult position in regard to guaranteeing himself against losses. He is always subject to all the losses of insects, rust, frost and many others. Crop insurance may best be defined as

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an insurance against loss or damage to crops from risks or perils wholly beyond the control of the farmer. And the interim reports from the Manitoba Government which set up a committee to study crop insurance back in 1939 suggest that the farmer's crop is insured immediately it is delivered to the elevator and is insured continually from then on until it reaches the ultimate consumer. They point out that the farmer has to take all the risks involved in farming, and has no protection whatsoever except from hail insurance and going on relief if he does have a serious crop failure.

I want to point out, from the definition of crop insurance, that it does make a very big topic for study. The Federal government in the United States has done a great deal of work on crop insurance and the material which is available to us, I think, would make very good reading for any of the members of the House. I think you will find that some of the work that has been done has been done by Saskatchewan people. Mr. Philip Thair, an agricultural economist with a doctor's degree, a graduate from the University of Saskatchewan, and a product of Saskatchewan – has done a great deal of work and assembled a lot of very useful material which, I think, could well be applied in Saskatchewan.

Prior to 1939, a resolution was introduced into the Federal House by a Mr. G.W. McDonald, M.P. for Souris, Manitoba. He was labelled as a Liberal Progressive – I hope his thinking wasn't as confused as the political label which he puts on himself. He introduced a resolution into the House and it reads like this:

That in the opinion of this House a special select committee be appointed to investigate and report on the possibilities of endorsing a workable scheme of crop insurance for the three prairie provinces, such a scheme to become effective for the 1940 crop season.

Obviously that has not been carried out as yet; but he did present some fairly good material in his speech which followed, and I just want to read you one little paragraph. He says:

Industry is able to protect itself through insurance and the farmer will have to do the same thing if he is to survive. It is expected that some time in the future this Government will introduce a system of unemployment insurance, which I feel reasonably sure will not apply to the farmer, if we are to judge from legislation that was introduced by the previous government. For that reason the farmer has every right to ask for crop insurance in order that he may receive the protection that industry will receive by way of unemployment insurance, workmen's compensation and other insurance plans that have been devised to safeguard industry and the workers in industry.

The Liberal government of this province, back in 1938, issued an election manifesto: "The Government of Saskatchewan, May 16, 1938, issued by authority of the Saskatchewan Liberal Association, Regina, Saskatchewan." It was printed by Commercial Printers – I believe that is the C.C.F. printing plant; however, they published that pamphlet, and in it they discussed crop insurance. They suggested that, during periods of crop failure, the government

of this province, the Treasury, was already under extreme burdens, short of revenue and lots of bills to pay; and they suggested – and I quote from the article:

Recent years have necessitated tremendous expenditures by the Government for these purposes. It is therefore essential that steps be taken to provide against the repetition of such heavy demand and to ensure that reserves be built up in the years of plenty to take care of shortages in the years of non-production. This Government believes that in the ultimate the burden of such conditions must be borne by the treasury of Canada, and that it is in the interests of all of Canada that provision be made for crop insurance to provide against contingencies of the future.

That statement, I think, was a very good statement and a very true statement. I think it applies as well today; in fact I think we can realize that it better applies today than we may have realized a few years ago.

Crop insurance is not a new ideal. It has been studied by various foreign countries throughout the world since the 1890s. I think the Japanese government was probably the first one recorded as having studied crop insurance, and actually started a livestock insurance scheme in 1929. Belgium later studied and set up a compulsory all-risk crop insurance scheme. France, Switzerland, Poland all studied crop insurance and attempted to set it up in some manner. And I think this Government is to be commended for the work which they have already done in collecting information.

We realize that it is at least partly the responsibility of this Government to assist the Federal Government in setting up some sort of a crop insurance scheme. We know that we are going to have difficulty in convincing the Federal Government that they should enter into such a scheme, and I think it is the duty of this Government to try to collect some material. I think they have already done a good job. The committee which was set up by the Government has collected some material and feel that they can recommend three areas on which they have some information which would indicate that they could set up an experimental model of crop insurance.

However, the committee, I think, is still lacking some very important information. They tell me that some of the information which they are lacking has to do with yields on particular farms in particular areas of the province, and that the Wheat Board has, so far, refused to give the information on the grounds that they do not feel they should spend the money to collect it. I think that this Government should either get that information from the Wheat Board and, if necessary, pay something towards obtaining that information, because if it comes from the Wheat Board the farmers of Saskatchewan are going to have to pay for it, or else this province will have to pay for it. I would suggest that the information which is needed should be obtained as soon as possible so that they can set the crop insurance scheme up on a sound basis, so they will know exactly what the production is on various soils and on various farms in the province.

Private insurance companies have tried at various times to cover the farmers of Canada and the United States with some form of crop insurance. However, they all lost very heavily, largely because of inadequate planning and

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lack of control. They tried to insure against prices and not against production. The interim reports from the Manitoba government says, and I quote:

There is no likelihood of private insurance companies entering into crop insurance fields under present conditions. Every attempt made in the past by private companies to write crop insurance has resulted in heavy loss, in large measure due to the insuring of price instead of yield.

The Manitoba government has indicated recently that they intend to withdraw from P.F.A.A., if possible, and to attempt to set up some sort of a crop insurance scheme of their own. I think it would be very unfortunate if the people of Saskatchewan were to demand withdrawal from the I.F.A.A., and I do not think there is any great likelihood that they will demand that, because I have had a number of farmers come to me and tell me that they would like to see this Government indicate to the Federal Government that they would sooner pay three or four P.F.A.A. levy and receive a little more P.F.A.A. payments when they are due. They feel the Federal Government would be justified in collecting a much heavier premium and paying larger payments when a person does have a crop failure.

I think that indicates how important a crop insurance scheme is to the people of Saskatchewan; it indicates how they feel about it. But I don't think the P.F.A.A. is a good crop insurance scheme for the purposes which we are thinking of in this resolution. I think crop insurance, on an actuarially sound basis has a very definite and important place in the agricultural economy of Saskatchewan.

I think the United States scheme has some very good advantages to it. The Americans started their scheme in 1938 and operated it until 1943 under a \$100 million appropriation from the federal government. That scheme was very rapidly going 'broke' because it was an 'all-risk' insurance scheme and they, too, were set up with insufficient information. They were not based on an actuarially sound scheme at all; but it was changed and re-established in 1945 and, in Montana today, about 30 to 40 per cent of the farm operators insure their crop under this programme. In 1948, there were about 374 counties in the U.S. operating under the crop insurance scheme; in 1953, that had risen to 937 counties in the United States. In Montana, in 1948, there were about 20 counties; in 1951, it had more than doubled to 46 counties. Most of the counties in Montana are operating under a straight wheat insurance scheme. However, some of them do cover other crops and some of them do have multiple coverage, covering all crops. In 1952, in those counties in the United States, there were about 4.7 per cent of the croplands in all counties with crop insurance plan, classified as uninsurable because of high risk.

We are not suggesting in this resolution that it be a compulsory scheme. We are not suggesting that it should cover reasonably good farmlands. To try to cover submarginal land would put a premium on the insurance so high that the farmer could not buy it; either that, or it would mean that the better farming areas would have to subsidize the poorer farming areas and, therefore, place a higher premium rate on good farming districts, thereby eliminating some of the farmers who might otherwise buy crop insurance. So we are suggesting that each area should operate under its own system, that it should operate on an actuarially sound basis, and that the poorer farmlands in Saskatchewan should simply not be able to get into the crop insurance scheme. And, in addition to eliminating certain poor lands, the scheme also eliminates

certain what they consider as poor farmers, farmers who are a poor risk. As I said, it was not a compulsory scheme.

The committee which is set up is a local committee made up of local people to operate the scheme in that particular district, and that local committee has the responsibility of eliminating certain poor land and certain poor farmers. In the 937 counties in the United States, in 1953, there were 18,000 farmers who were, individually, declared uninsurable.

The idea of crop insurance, as far as it applies to this country, is quite new. We have no reserves; no organization has any reserves. Therefore, we are asking in the resolution that the Federal Government provide reserves to set up experimental crop insurance plans in one or two areas of the province. Those reserves would be completely repayable; they would not be a subsidy to the areas. Over a period of years the premiums received from the people taking the crop insurance would pay back any reserves which may be used up in the initial stages. Naturally the areas which are picked would have to be reasonably good areas; they would have to pick a large number of farmers and attempt to get them on a permanent basis. The scheme in the United States found that the cost of selling insurance required about 3 per cent of the premiums paid. In other words, on every premium, they had to pay about \$18.90 per farm to the salesman. On top of that, if they had to do that every year, it would eat up too much of the premium, and so they sell the insurance on a continuation basis, with both the farmer and the insurance scheme having the right to withdraw from the contract before the next crop season starts. The coverage, as I said before, is purely for the cost of production or what is considered the amount of money that the farmer has invested in that particular crop.

The American scheme has been operating now for three or four years, and they find that they can give quite substantial reductions on their premiums at the present time. They have had a period of fairly good crops, a little better than average. Their rates are based on a 20-year running average, and over the past two or three years they have found that they are collecting a little more in premiums than they are paying out. And so, to induce people to come into the scheme, they offer reductions if the premiums are paid before a certain date, usually June 30. They offer one per cent reductions for every 50 acres beginning at 25 acres, and up to a maximum of 20 per cent reduction if a farm is around 1,000 acres. The maximum rate reduction that any farmer may receive runs as high as 70 per cent, which means that his premium goes down to about 3.4 per cent of his coverage. That is, if the insurance scheme runs into a series of into a series of real good years, or if the individual farmer happens to be a particularly good farmer, or if he happens to be on particularly good land, he may, by the time he has paid in premiums to equal the amount of money of his total coverage, his premiums then are reduced by 50 per cent.

So the scheme, I think, has advantages which should encourage any good farmer to enter into it. It is designed to encourage farmers to be good farmers. It is designed to place the burden of insurance on the people who are actually using it. If a county in the United States happens to build up its reserves to a certain figure over and above the necessary reserves, then the premiums are reduced by 30 per cent in that particular county. The experience, of course, is the only way in which any particular area can hope to get established on an actuarially sound basis. We do not have the experience at the present time, and so we are asking the Federal Government to set up two or three experimental models so that we can gain some real first hand experience, and hope that it will speed the time at which all of the farmers of

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Saskatchewan, can be covered by insurance.

In the United States they go so far as to cover cotton and citrus fruits in Florida, flax and vegetables and almost any crop you can imagine. They are gradually extending it to cover the more rarely grown crops; but that is something which will take time. We feel that a good crop insurance scheme in Saskatchewan should cover the crop which produces the major sources of income for the farmers in that particular area. That is the first thing we are asking for; and once we get a scheme like that established, if the farmers want to extend it to the other crops, and they feel that they can pay for it, then they would have the opportunity to do so.

The Hon. Charles Brannon in the United States pointed out that in the year 1951-52 there were approximately \$42 million paid out in indemnities, yet they collected well over that figure in premiums. I think that figure should be quite significant to you. That \$42 million went to farmers who had crop failures; it went to people who need the money at that particular time.

I think crop insurance has a very important place in this economy. It is available as collateral on loans; it is also available to the businessman in the local towns who may be extending a little bit of credit to the farmer. If the farmer has a crop failure, then the businessman can expect the farmer to get some money to pay off his bills.

The Manitoba Agricultural Interim Report also made a very important point:

Losses from crop failures must inevitably be carried by someone. The individual farmer pays for crop loss so long as he can. Then he appeals to the municipality and perhaps later to the state. It would seem reasonable to assume that a contributory form of insurance is preferable to a 'laissez-faire' attitude. To argue that the farmers cannot afford to pay for crop insurance would be an assumption that prairie agriculture is insolvent. There are areas of marginal and submarginal land where premiums on the best crop yield over a period of years would be so high as to make crop insurance impossible. But these areas comprise a comparatively small percentage of the arable lands that well might be utilized to better advantage as pasture or rangeland.

Mr. McCarthy: — Would the hon. member tell me what date that report is?

Mr. Walker (Gravelbourg): — I think it is 1939; April, 1939. Now, in 1951 in the United States, \$1.10 was paid out in losses for every \$1.00 received in premiums. That was in 1951, and no one with any experience in farming would suggest that the premiums must balance the losses in any particular year, in any individual year, because the Americans found that although in 1951 they had a small loss from the premiums received, over the past four years they are gradually building up reserves.

Once again I just want to remind you what this proposed insurance scheme which we are suggesting should include. We think it should probably be based on the American scheme, because they have been operating now successfully for three or four years. We are also suggesting that the P.F.A.A. be kept

as a disaster protection. We are suggesting that it should be a voluntary scheme in which farmers are encouraged to enter on a continuation basis; that coverage be supplied in given areas of similar lands, based on their similar productivity and similar weather conditions; that the area would have to be subdivided to take into account minor variations of soil or possibly weather, rainfall; that the scheme should be administered locally with an overall body running the whole scheme; that certain known poor lands within any area are excluded and certain poor farmers are refused a renewal of their contract.

Premium reductions are fairly substantial in the United States based on their successful operation. The coverage of an area is taken as 60 per cent of the average yield for that area for a given period of 20 years. They are insured for 60 per cent of their average production, which is assumed to be their cost of production. Their premium rate is the average rate per acre. It is based on the average crop loss experience during the same period of years and each sub-area has a special rate of its own; the rate of each sub-area totals the rate of the whole area.

I think I have mentioned briefly the important points which I think should be considered in supporting this resolution. I don't think there is much point in us going into a lot of detail about an insurance scheme, because I think it would be quite useless. I think we can readily agree, from studying the material available to us, that a crop insurance scheme is necessary, that it is desirable and that it is feasible. I hope that the hon. members will give their full and active support to this resolution asking that the Federal Government provide the reserves and that the Federal and Provincial must be provided by someone capable of providing such large reserves, because it is quite possible that the first few years of operation might experience serious crop failures. We are satisfied however, and we have confidence in the agricultural economy of this country, and I think we can reasonably expect that those reserves will be paid off over a period of years, and that such a scheme is therefore feasible.

Mr. McCarthy (Cannington): — Mr. Speaker, I just want to make a few observations from my experience with crop failures in the light of what these two gentlemen have said, more especially the member for Gravelbourg (Mr. E.H. Walker).

I want to say, to begin with, that I am in favour of anything that helps to overcome our climatic conditions here, and if this insurance will work I am in favour of it. I am not going to vote against it, but I think that a great many things that were said on this resolution would bear some investigation. I don't think that they are altogether in line with historical facts.

For instance, I can remember probably the first municipal convention I went to, where they discussed some sort of a crop insurance. We had a great many different men, very clever people, who studied this thing for a great number of years and put in their report annually to the municipal convention as to how they thought we could set up a scheme of crop insurance. It didn't start in 1938 or 1939, as the hon. gentleman stated; it started way back long before that. But the fact remains that it remained for our Federal Minister of Agriculture, Mr. Gardiner, whom I know a lot of these people criticize, to figure out and bring in a crop insurance plan that was feasible and did work. I am not going to say it was perfect. It wasn't perfect when it came in; it isn't perfect today. I do submit to you, however, that it is the only plan of crop insurance that worked the way it was supposed to work, to look after the people who had no crop through no fault of their own.

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They did not take into consideration the quality of the land or anything else because, despite what the hon. gentleman says, you can have just as poor crops on good land as you can on poor land. We have had that experience. We have had the very best land in our province with no crop. These last few years, with our bountiful rainfall, we have seen some of the very sandiest, poorest land in the province producing good crops. So that is the one weakness of this plan I wanted to point out to the hon. member; and it is a weakness.

This P.F.A.A. setup that we have takes care of everyone who has no crop. They don't go into whether he had poor land, whether he had good land, or anything else. I'll admit it has its weaknesses; but I think that what we should be doing is trying to correct those weaknesses and it is a much more feasible scheme. For instance, he said that they should buy insurance. Well, if you will hark back in our memories to the 'thirties, the man on the very best land on these Regina plains did not have money to pay for insurance, and yet he was eligible for P.F.A.A. payment if he had no crop. The hon. member for Lumsden (Mr. Thair) said that Manitoba was trying to get out of it. Well, that's Manitoba's business.

I can remember going to the north part of this province, not so many years ago, and the boys up there were very perturbed about the fact that they were paying to the P.F.A.A. and were not receiving any benefits from it. They thought at that time that they probably never would receive any benefits. But I told them that I thought that experience would teach them, a little later on, that probably they would benefit from it. And they have. And I think Manitoba should be very happy at the fact that they have paid in this money and have had such crops that they were not entitled to benefit to any great extent under P.F.A.A. payments. After all, the amount that the farmers pay in from that deduction is only a small portion of the amount of money that comes back to the farmers under P.F.A.A.

The hon. member quoted from some report of the Manitoba Committee in 1938. That was previous to the setup of P.F.A.A. From memory, I think the P.F.A.A. was set up in 1939, and these reports probably had something to do with that setting-up. I think he pointed out the very weakness of his argument on this premium stuff when he said that they could only carry it on the good land and they could not carry it on the poor land. Any of you gentlemen here, with municipal experience, will know that the fellows on the good land were not our big problem; it was the chap on the poor land. And if you go into insurance and you have to pay a sizeable premium (and it would be a very sizeable premium on this poorer land), they simply would not be able to pay it and they would still be the responsibility of the municipality.

Mr. Speaker, those are just some observations I wanted to make.

Mr. Horsman (Wilkie): — Mr. Speaker, I did intend to say a few words on this subject, but my friend over here said pretty nearly everything I had in mind. I think this is a good idea, however. When people have lived in this country as long as I have and have lost as many crops as I have for so many different reasons, they realize the value of insurance. We have the P.F.A.A., as has been pointed out, but, after all, it isn't enough. There have been many years when the only thing that many farmers had, the only cash income they had, was the small payments they received from P.F.A.A.

There are so many reasons for crop failure in this country – why, there are dozens of them; but we overcome some of the things now that used to

cause crop failures. For instance, we can spray for weeds; that makes a great difference in crops. We can treat our grain now for wireworm and a few things other like that; and, of course, we can insure against hail. But that leaves frosts, rust, grasshoppers and everything else yet. So I think this is a good idea, and I just wanted to say that I would support this motion.

I think a plan like this could be made self-supporting in time. You certainly would have to have a fund put up to start it; but I think it could be made self-supporting in time. I don't like the idea either of poor land being left out. As was pointed out by the member for Cannington the farmers on the poor land have always been our problem, because they cannot grow as much crop even in a good year as the farmers on the good land. It has also been pointed out to you by the hon. member for Cannington that there have been years when even right here on these Regina plains they could not grow a crop. There were a lot of years when they couldn't. So this insurance, if you are going to cut out certain areas – and I think there is some marginal land which certainly should not be insured; but to say you are going to dodge around and cut out certain farms and certain areas, I don't think it will work that way. However, I believe a system could be worked out that would work. For that reason I will support the motion.

Mr. Brown (Bengough): — Mr. Speaker, I do not intend to prolong the debate on this to any great extent, although there are one or two comments I wish to make in respect to it.

First of all, I can heartily endorse this principle which is involved in the resolution; that is, that we undertake to provide by some means a more stable agricultural economy in this province of ours. I think that both the mover and the seconder will agree with me that the proposal which they are making, in itself, does not undertake to guarantee that stability within our agricultural economy. I think they will both agree with me when I suggest that, before we can have a crop insurance which will guarantee that we will have this stability, the first thing we must have is a parity price.

No crop insurance, which is administered and financed by the farmers themselves, can undertake to guarantee that we shall have a price for our agricultural products. The best that any crop insurance scheme can give us, one that is administrative through the farmers themselves, is to guarantee to us as individuals by a collective means, that we will have guaranteed to ourselves a return in the form of yield as producers. To what extent that guaranteed return to us as individuals will guarantee to us stability as an individual, guarantee us a standard of living, will of necessity depend upon the price which we could expect for that product, whether we had grown it, or whether we were receiving the return through the medium of crop insurance.

My hon. friend from Cannington referred to the P.F.A.A. and I would be the first to belittle the benefits which we here in Saskatchewan have received through the inauguration of such a scheme as the P.F.A.A.

Premier Douglas: — You mean you'd be the last to belittle P.F.A.A.

Mr. Brown (Bengough): — Did I say first? I meant I'd be the last to – that's right. But I would like to point out that the P.F.A.A., in itself as it is presently constituted, cannot hope to bring about the situation which is suggested by the motion moved by the member for Lumsden. The P.F.A.A., by virtue of its very set up has certain weaknesses, weaknesses which,

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it is true, the organized farmers have attempted to eliminate, weaknesses which we here in this Legislature have attempted to eliminate by resolution asking for amendments to the P.F.A.A.

I can recall numerous occasions since I have been in this House, when we have moved resolutions asking, for instance, that the P.F.A.A. be placed upon an individual basis. So far the Federal Government has not seen fit to accept the recommendations which organized farmers have made and which we have made from this Legislature. And because it is on an area basis as yet and it is true that the area has been reduced, nevertheless it is on an area basis, and as long as it is in that category, it cannot be regarded as a crop insurance. And if it is not going to be put on an individual basis, then the onus is upon those people directly concerned and interested in agriculture that they undertake to provide something in the form of crop insurance in addition to the P.F.A.A.

As the member for Gravelbourg pointed out and pointed out very clearly, in the resolution they are not asking that this replace, but rather that it supplement, the P.F.A.A.; that the P.F.A.A., even as it is presently constituted, must be retained as a disaster fund.

I would also like to point out to my friend that the P.F.A.A., as it is presently constituted, does not relate its payment to the farmers on the basis of the cost of production. As you are well aware, in the last few years our cost of production has gone up. Yet, the payments, which we can expect to receive from P.F.A.A. in case of crop failure, have not gone up correspondingly with those increased costs of production. That would be equally true even in the proposed crop insurance, that the returns which we would expect would not necessarily go up with the increased costs of production; but at least they would assure to themselves, to those farmers who could obtain the benefit and who could enter into the scheme, that they would be guaranteed a return equal to the yield, or 60 per cent of the average yield which they had experienced in the past.

My friends refer to the fact that this proposed crop insurance which the member for Lumsden has asked for, would not incorporate the poorer land of this province. I will agree with him that that is one of the weaknesses that any regional crop insurance cannot cover. I agree that the poorer land (at least what we consider to be the poorer land) must be operated. The good lands of this province cannot operate unless we operate or utilize the poorer land of this province. It must be utilized in some means or other, which means that we must keep the so-called poorer lands in production so that the good land can remain in production as well.

I realize that this scheme does not take care of that; but the only way in which a scheme can take care of that category of land is on a national level, which, in the interest of our Canadian economy, we are prepared to subsidize if necessary. I don't say it is necessary, but it may be necessary at times to subsidize the utilization of this poorer land.

I do suggest that, by the means of a regional crop insurance, we can assure a relatively large group in this province that, through their co-operative efforts and if by the leadership that we can provide, they by themselves can assure to themselves over a period of years that they will receive at least 60 per cent of an average yield as individuals. I think that it should be pointed out in this scheme that over the long period of years we are not asking anyone to subsidize us. Those people who can qualify to enter into it are

asking for no subsidy from anyone else other than in the initial stage, and then only that the reserve be built up in case of a disaster in the first year or two of operation, which could happen. It should be pointed out that, if that disaster did happen in the first year or two of operation, through our experience over a long period of years, that money would be collected from those people who are insuring their crops to replace any drain upon that fund which was set up in the initial stage. Because, as has been pointed out, if it is going to be operated by farmers on a regional basis, and operated by farmers themselves, it must be placed on an actuarially sound basis, and as has been pointed out in the resolution, this is the proposal.

I suggest, Mr. Speaker, that in the interest of doing something towards establishing a stabilized economy here in this province, admitting that this is not the final answer or possibly not the best answer, it is at least a step towards the end when we will have a little bit more stable economy than we have at the present.

The question being put on Mr. Thair's motion, it was agreed to unanimously.

OIL ROYALTY SHARE FOR SURFACE OWNERS

Moved by Mr. Kohaly, seconded by Mr. McDonald:

That this Assembly recommends to the consideration of the Provincial Government the immediate adoption of a policy, and the immediate announcement thereof, under which the individual landowner, where mineral rights are held by the Crown and in all other cases where possible, would receive a share of the royalty received by the Provincial Government in the event of discovery and production of gas or oil on land owned by him on which he owns no mineral rights, such share to be in addition to compensation for actual loss from surface and other damage.

Mr. Robert Kohaly (Souris-Estevan): — Mr. Speaker, this is not the first time that a motion similar to this one has been debated in the House. I understand that, in the year immediately by, this resolution or one similar to it was discussed, but not at any particular length.

Members of the House realize that, in the past year, tremendous steps forward have been taken in the matter of oil production, exploration and discovery in this province. Those of us who are in the most south-easterly portion of the province are especially interested in regulations and laws which may be formulated concerning the exploration and discovery and production of oil. Therefore, I thought that I should take this opportunity to point out to the House and ask for the consideration of this Government of this resolution.

The Estevan area is the area that I believe will eventually become the prime oil-producing area in the province of Saskatchewan. It is adjacent to the Tioga field which is generally recognized as one of the most productive possibilities in the United States. The recent discovery at Frobisher appears to interest all of the members and much of the general public, and the interest is so widespread that it has caused quite a commotion in the oil industry in

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the United States.

If this be true (and we hope it is), the result will be that tremendous sums of money will come to the province of Saskatchewan from such development, and if that is the case, then it is highly advisable that we, as members of various constituencies, consider at this stage what steps should be taken, and taken now, in order to insure that the best possible advantage can be had of this natural resource that we have.

I thought, with your permission, that I would take just a moment or two to acquaint some of the members of the House with the background concerning the mineral activity. We are often asked in the legal profession the difference between royalties, Freehold, Crown, Leasehold, and some of the provisions under these leases, and I thought that I would take just a moment and explain that so my resolution would be perfectly clear.

In the province many titles are divided as to the surface and as to the mineral rights. The mineral rights, in turn, have been divided, and you have at times people holding surface rights, other people holding the mineral rights, and in turn those mineral rights are divided up amongst four or five different holders. The minerals include something more than the gas and oil. Right now we are interested in gas and oil. You have heard me on numerous occasions mention the coal industry in the Estevan area. That is also a mineral, and we are very proud of having that coal industry there and it has contributed much to this province.

During the period around 1900, the Crown, the Federal Government, began to retain the minerals from the sale of lands in the province of Saskatchewan, and they retained them until the Federal Government joined with the Provincial Government in returning the natural resources to the province in the 1930's – if my memory serves me correctly. At that point the province of Saskatchewan became the owner of mineral. Now there is very little difference between a title where a man holds the mineral rights and the surface rights and a title where a man has not the mineral. All there is on that title is a little wee stamp marked 'minerals in the Crown' or 'minerals included', and that is all the attention that is paid to them. And that, Mr. Speaker, was all the attention they deserved in the years when those titles were first issued. No one paid any attention to the minerals, the same as today no one is paying much attention to the air that is over his land. Someday possibly not conceivable to me, we may be interested in that. When these people obtained their surface rights the minerals came along with it in some cases, and in other cases they did not come, and it was the least concern that those people had in those days. They were interested in getting the surface rights in order to scratch the surface and to plant a crop and to hope for a return and to raise their family, and that they did for many years.

All of a sudden we find that there were tremendous activities in oil and everyone dug out their title from the dresser drawer and looked it over to see whether they had the minerals or not. At that stage we were besieged with requests to examine titles, and say whether you have or you haven't, and the faces dropped or rose as the answer might be. It was through no fault of their own that they did not have the minerals, and it is today no fault of theirs that they have not the minerals, if that is the case. It is not possible for them to obtain the minerals. You cannot buy them. That is something that is often asked: why don't we go and buy the minerals? Well, you cannot buy the minerals. The minerals are in the Crown, and I seriously doubt whether they are for sale to the individual surface owners.

Thus there has arisen an inequity not caused by any one person purposely doing it, but merely an historical matter – it has just happened; but there is an inequity amongst farmers. Now the Crown has these minerals, and they are for the most part making a good disposition of them. There have been some suggestions that the minerals owned by the Crown have been allowed to be taken from their hands not properly. I do not know sufficiently about what to enter into that argument or debate it. However, the Crown does have the minerals, a tremendous acreage of it, and it yields very valuable revenue for this province.

In connection with the freeholders, or the landowners who own their mineral rights, it is my understanding that there are some 18 million acres involved in the entire province of Saskatchewan. Most of that is concentrated in the southerly part of the province, and the reason for it is, simply, that that was the area that was opened up before the Federal Government began to reserve the minerals. It is mostly concentrated in that southern part in the acres, a question was asked by the hon. member for Gravelbourg (Mr. Walker) and the answer showed that of that 18 million acres, some 11 million acres were held by people who held in excess of 40,000 acres. Those people I am not considering in my resolution. I am contemplating the balance of some 7 million acres, which is not a great number of acres in the province of Saskatchewan, and I wish to point out to you that, while they did not the value of their property they found that it was necessary to lease it, about 1947 or 1949. I think that the Government must bear some small responsibility for not having indicated to these citizens the value of the property they held, for they did not know it. If the Government did not know what the value was, then, of course, it was up to them to acquaint themselves with the value and then inform the citizenry.

In addition, the mineral tax which was put on in the special Session of 1944 tended to indicate to the average farmer that it was not worth very much – “you’d better let it go” – or, “I’m going to lose it anyway”; and he let it go for a very small sum. On the other hand, I realize that the oil companies had to obtain large tracts of land under lease for reasonable sums; otherwise it would have been impossible for exploration to continue at the rate it did, and as early as it did, in the province of Saskatchewan. Many people leased their oil rights, usually for a period of 10 years from 1947, at 10 cents an acre bonus consideration, or \$16 for signing the lease. They are to receive under these standard leases 10 cents each year for the privilege of the oil company not drilling in that particular year, and that we call a ‘delay rental’. On top of that, the third thing that the freeholder has is his royalty: 12½ per cent is the average. I have never seen a royalty from a major oil company which varied (and I have seen many hundreds of them) from that 12½ per cent. And that was his royalty on production – ‘if’ and ‘when’.

It is unfortunate, once again, that our Government over the past few years, either by design or through not being aware of the situation, did allow certain people to go about the countryside buying from farmers their royalty or share of royalty. There has been, I think, one of the biggest ‘steals’ that ever has been perpetrated in the province of Saskatchewan or in the Dominion of Canada, to my knowledge, by these people, these very unscrupulous people going out and buying from farmers, in many cases by what I consider as nothing else but misrepresenting and fraud, a share and interest in their mines and minerals.

Hon. Mr. Brockelbank: — Mr. Speaker, on a point of order, I would like to know which resolution the hon. member is debating. Is it

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No. 2 or No. 3? It sounds to me that he is debating No. 3 on privately owned mineral rights.

Mr. Kohaly: — Mr. Speaker, I am debating No. 2, the recommendation for the consideration of our Government that it adopt a policy whereby individual landowners would receive a share of the royalty on minerals which they do not own, but which are in the Crown, and in some other instances.

As I was saying, this ‘steal’ was allowed to take place. They must have known. I have no knowledge, and it is almost impossible to find out, what acreage, what share of royalty, these people, grouped together usually under the name of a trust company, obtained from the people of our province. It is a tremendously large acreage and a most valuable one. In any event, they carried on this campaign for \$25, taking 99-year options, and taking one-half of the mineral rights in the guise of leasing tar sands or some such thing as that. I think it is most unfortunate that this was allowed to take place, and it is only today or it will be tomorrow that our people find out about this, and in larger numbers every day find out what they have actually lost; and I am sure that, at that point, the commotion which the Government will find around their heads will be much more than it is today.

We can do very little at this stage except to warn the people that they must watch out for these men who are attempting to buy these mineral rights and to ensure that they do not get the mineral rights without first acquainting the farmer with what he has got. I submit, Mr. Speaker, that there are very few hon. members in this House who realize how they go about getting those mineral rights from the farmer, and the farmer doesn’t know what he has got. That is the trouble, and it is up to us to explain it to him. We cannot possibly do it individually, but the Government, who are responsible collectively for all of the people of the province, must tell them exactly what they have got, must tell them what people are buying, must tell them what they should or should not do, and let them decide for themselves whether they want to enter into these transactions; but not to let them commandeer every bombardier for miles and miles around in the winter time, when a strike has been announced, and go in there and get these minerals and get them away from them in many instances under false pretences, sometimes by misrepresentation and usually through ignorance on the part of the vendor.

I realize that it is up to each owner to ensure that he doesn’t sell something for nothing ...

Hon. Mr. Brockelbank: — I trust that the hon. member is speaking for his own constituency, particularly when he says “ignorance on the part of the vendor.”

Mr. Robert Kohaly (Souris-Estevan): — If the hon. Minister wishes to question, I am prepared to answer. I think you will have the chance; I hope you will, being the Minister who is entirely responsible for the situation, and a Minister of the Government which is entirely responsible for a very unfortunate situation. I do hope that he will answer the resolution.

Mr. Wahl (Qu’Appelle-Wolseley): — Mr. Speaker, may I ask the hon. member a question?

Mr. Speaker: — If the hon. member wished to answer it, you may.

Mr. Robert Kohaly: — Yes.

Mr. Wahl: — The question I would like to ask – you stepped out and said you stood for free enterprise, and now you ...

Mr. McDonald: — That's no question.

Mr. Danielson: — Oh, he just woke up.

Mr. Robert Kohaly: — Mr. Speaker, the Crown has these large tracts of land; they are receiving large sums of money and they are using it for the development of this province, and that is good. However, there are, primarily, in the southern part of the province many who have not these rights; they own the surface rights and the Crown owns the corresponding mineral rights. The Crown is receiving, as I understand it, a certain payment for the lease in the first place, with a stipulation that the lessee will do so much seismographic work in the first year and so much exploration in the second year, and so much drilling and so on in the third year. Wells are being found, brought in and put into production. However, these men who own the land, who came in there and farmed it many years ago, are sitting side by side with their brother or other relatives who came in at the same time and who have been going through the same difficulty – and they farmed in that country when it was none too pleasant to farm there. They stayed on their land, keeping this country together and are now producing something which is of benefit to all of us. However, we find that all they are going to get is compensation for actual damage to their land. They are going to get a 'site rental', and the site rental is not very much compared to what your royalty will be.

I do not say that the site rental is an insignificant figure. I want to make that very clear because the answer, usually to an argument such as I am making is, "Oh yes, but they are getting so many hundreds of dollars." My understanding is, and the site rental leases I have seen indicate that they do not exceed \$90 an acre. They take 4½ acres and usually pay for five, including roadways, cutting through your seed wheat. You have some registered wheat there and they say, "We want the roadway through there," Oh yes, you can arbitrate (which is right) and all of those things; but they will cut it right through and will pay you your compensation at the regular price.

The oil companies are very anxious to do everything they can to keep the farmer happy. They don't want him mad about this, and they do as much as they can. I have found that most major oil companies lean over backwards to ensure that the farmer is put in a happy mood. But the farmer isn't in a happy mood; and he is not mad at the oil company. He is mad at something which has happened to him years ago that he did not know anything about, and that is that the Crown, this province, holds the mineral rights in that land and is receiving the royalties. He feels it is only right that he should have a share of those minerals – what the share is to be I do not know; I leave it, in my resolution purposely, to the consideration of the Government to decide what share they should receive. The Government are receiving from 5 to 15 per cent royalties on a sliding scale, as I understand it, depending on the production; and I submit that those people have not, in any way, asked for the situation that they find themselves in. It is causing tremendous strife and difficulty between families, between friends, between good farmers, down in the south country where oil is now being found.

You can well imagine, Mr. Speaker, the feeling of a farmer who gets up in the morning and finds that an oil well has been brought in on his land and that he has not the royalty on that oil well. Imagine Mr. Quinn, the owner

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of the surface rights where the Frobisher well, known as Quinn Frobisher No. 9, I think (the one we have been speaking of so often lately), when he got up and found that he did not have the mineral rights. Now that well is sitting on his property, all oil eyes nationally and internationally are on it, and he has nothing. The man across the road allowance gets up in the morning and he says, "I'm sure glad Fred Quinn's well came in, because I have the oil rights on mine; they are leased; I get 12½ per cent; I am going to get one barrel in every eight." And there are 2,640 barrels estimated a day on that land!

Hon. Mr. Brockelbank: — Mr. Speaker, could I ask the hon. member a question? He stated a few minutes ago that the farmer was mad because the Crown owns the mineral rights. Now I would like to know where the member stands on this. Does he believe the Crown should own the mineral rights, or should not own them?

Mr. Kohaly: — I believe that there can be nothing done about it ...

Hon. Mr. Brockelbank: — Oh, yes, there can.

Mr. Kohaly: — Well then, I hope that something will be done as far as this resolution is concerned.

Hon. Mr. Brockelbank: — Might I just inform the hon. member that the Province of Saskatchewan could give away all its mineral rights, could restore them all to the surface owner if that was the decision; so the member should not escape that question that way.

Mr. Kohaly: — Mr. Speaker, I purposely drew to your attention that I had not put in my resolution what share I thought the farmer should obtain.

Hon. Mr. Brockelbank: — That's good sense.

Mr. Kohaly: — Yes, I thought that was good sense, because it is not up to me to say what share he should receive. I certainly would like to discuss the question with the responsible Minister when the decision is reached, if it is ever reached by the Government, as to what share he should receive. I purposely point out to you that the Crown are receiving between 5 and 15 per cent royalty, so I would not assume that they would give them anything more than what they are going to receive from the oil company itself.

The suggestion made, I believe last year, in debate, was some 3½ per cent of the royalty should be given — I am not sure, 3 1/8 per cent possibly it was; and in Manitoba, a similar suggestion has been made — the figure was 3 1/8 there, if the Minister is anxious for an answer to that question. I do not believe that the minerals should be turned back to the individual owner in their entirety, but only a share of the royalty, and it seems only fair that they should have such a share of the royalty.

As I say, we have men who are receiving, today, in the Frobisher area, the Midale area and the Northgate area (I am speaking only of the Souris-Estevan constituency), Radcliffe in the Weyburn area, Forget in the Cannington area, and so on; all through that area men are, today, negotiating for leases on their land and negotiating at tremendous figures, and besides them is their

friend and neighbour for year, who is on Crown land and the 'lease hound' comes in and says, "Have you got the minerals?" He answers 'no', and the lease hound goes merrily on his way and the fellow is out altogether. That man at that stage feels that something has been done to him that is not fair, and I suggest that with a little consideration this Government can give him a little share, a little interest, in the land on which he has lived for so long and in the minerals which are underneath his land.

Precedents are being established, today, that will soon get out of hand unless we have something done immediately, and that is why I have asked, in this resolution, for 'immediate consideration' so that we can get it done right away. Oil development moves very, very fast, and it will soon be out of hand entirely and almost impossible to recover our position.

I have, again purposely, put in my resolution that this is to be in addition to the compensation that he receives for loss and damage, so that we won't, later, be faced with the problem of some hon. member saying that he does receive something. I admit that he receives compensation for damage; but that is not profit, that is compensation. When he receives rental for his site that is compensation – not profit, not share. I hope that I won't be faced with that argument a little later on, because I feel, and I have pointed it out in the first place, that I am not considering that. He is receiving that, but it is only fair payment for something he is giving up, and in many cases the damage which is done to his property by cutting it up is far, far more than the actual rental which he receives for the use of two acres after they put a pump on the thing, and that is what they cut it down to.

I feel that the members of this House should consider this, although in their constituencies they may not have much freehold. If there is no freehold you do not get the excitement built up, because there is nothing to compare it with – everybody is 'Crown'; nobody is receiving anything. However, in some areas you have freehold side by side with the Crown, and it creates tremendous strife and difficulties. You can imagine the difference between two men, with one man receiving 10, 15 and 25 thousand dollars (we have figures much higher than that) for a share in his soil rights and the other farmer has nothing whatsoever. It does create difficulties.

I am going to make one more suggestion to the Government that in cases where a farmer is sitting on say four or five quarter-sections of Crown, maybe on one-quarter he be given it, because it is highly irregular that one average farmer has more than one or two quarters with mineral rights. But let us give to these people on Crown minerals one quarter, and let him have a share ...

Hon. Mr. Brockelbank: — Mr. Speaker, may I ask another question here? How would you pick that quarter-section – before or after?

Mr. Kohaly: — The very point that I am raising, Mr. Speaker. Let's do it now, before we get oil exploration all over this country and have the producing areas and the areas which aren't producing. Let us do it right now and not wait until after these things have happened. It is almost impossible to do that. I agree with the Minister on the point that when you go into a producing area it is almost impossible to say which quarter it is going to be; but there aren't many producing areas just yet, and it would be possible to work out the individual problems right now.

Hon. Mr. Brockelbank: — May I ask another question, Mr. Speaker. Would not the farmer be awfully mad if he picked the wrong quarter now?

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Mr. Kohaly: — He would be a lot more mad if he doesn't get any quarter at all to work on. The situation in the oil industry, as the hon. Minister well knows, is that, in twilight zones three to four miles radius around a well, the price is about the same; it doesn't vary very much in a three- or four-mile radius around a well; and it would not matter whether his quarter was the southwest quarter or the northwest quarter of a given section, his price will be about the same. Where the oil is I do not know, and it is highly possible that you could have a farmer who would be upset; but in the twilight zones around oil wells you will find the price is the same, within a few dollars. As a matter of fact, in some of the better areas it will run eight and nine miles where the price varies but very little, and you are likely to be able to distinguish between one quarter-section and another quarter-section that the farmer holds. That type of question is the very thing that I am raising here now. Let's do it right now so that we don't get into difficulties.

I am making these concessions, Mr. Speaker, in order to insure that the matter will just be considered by the Government. Just give it some consideration and try to come up with something for these people who are unable to speak for themselves, who are in difficulty, who are in strife with each other, who feel that they have been done an injustice and they put that injustice, fairly or unfairly, in the laps of our provincial government who happen to hold ...

Mr. Walker (Hanley): — Poppycock!

Mr. Kohaly: — ... the mineral rights in their land. The hon. member says 'poppycock'. The hon. member should take a little trip from his area up in the north there and come down amongst some of these people and find out what they are saying. Then maybe he would not be so quick with the word 'poppycock', and he would use some sense and come out with some answer that is fair and reasonable and decent for our people of this country; and that is the problem that I am speaking of here, today.

Therefore, Mr. Speaker ...

Mr. Feusi (Pelly): — I wonder if the member for Souis-Estevan would tell us whether he is in favour that all our natural resources be privately owned?

Mr. Kohaly: — Well, Mr. Speaker, I think that question is answered, as far as I am concerned, in my resolution. I am not talking about all of our natural resources. If the hon. member wishes an answer to it, well, certainly, I don't believe that; and I am not, at any time, asking (nor, I hope, have I indicated) that I felt that all of these minerals should be given. I merely said a "share of the 5 to 15 per cent" and surely, I have said that on two occasions. This makes the third occasion — surely it is plain, pure English.

Therefore, Mr. Speaker, I would like to move the resolution, seconded by the hon. member for Moosomin (Mr. McDonald). I would urge that the members merely allow this to go for the consideration of the Government that some possible solution may be worked out.

Hon. Mr. Brockelbank: — Mr. Speaker, I am just a little bit amazed that the Conservative party did not get a little better support from the Liberal party. All the Liberal party gave was a little bit of applause. I might just remind my hon. friend from Estevan that that is more than

the Liberal party usually ever gave to the Conservative party in this province.

The speech of the hon. member has not convinced me of the equity and justice of his resolution. I think he was out of order in talking about some things, but I would like to have your indulgence, Sir, to deal with some of the points which the hon. member mentioned, which I think actually were out of order; he was talking about privately-owned mineral rights to a great extent. But talking about the Crown-owned mineral rights and referring to the owners of the surface, I presume, he said: "It is no fault of their own if they have not the minerals." Mr. Speaker, it is just as true to say, in regard to those who do own the minerals, "It is no fault of their own that they own the minerals." It is entirely beside the point.

It is most interesting to hear a Conservative member say that the Government must bear responsibility for not having informed owners of minerals of their value and for preventing people from going about buying them. If we had done that and had prevented people from buying leases on the minerals, no people would have made a louder hue and cry about it than the members sitting opposite. "Interference! More interference from the CCF. Government with private enterprise." That would have been their cry ...

Mr. McDonald: — We asked you to warn the people.

Hon. Mr. Brockelbank: — They say the Government should have known that value of these minerals. Nobody knew the value of these mineral rights and certainly for a Government to go out and tell people the value of their property is an entirely new philosophy as far as I know. It just has not been heard of. People like to deal with their property the way they want to, and I am sure that is what they did. Certainly there were some who probably made foolish deals with their property; but they have also made foolish deals with their surface rights, and lawyers have written up the agreements for those deals, too. Actually I think that is there is any class of people that should be offering advice to their clients, who pay them for advice, it is the people who are in the profession of law.

Mr. McDonald: — Many of them did, too.

Hon. Mr. Brockelbank: — They didn't offer it very much; but it is certainly no business of the Government to go out and tell people, "You can't sell this piece of property; you can't sell that piece of property; you can't lease another piece of property."

Mr. McDonald: — It was your responsibility that they misrepresented the case.

Hon. Mr. Brockelbank: — That is certainly beyond reason altogether. Then he said, "When people find out what they have disposed of they will be angry with the Government."

Mr. Loftson: — He doesn't have to hope. They are.

Hon. Mr. Brockelbank: — Oh, my friends over there are going to be working to try to get the people to be angry in every place where oil is discovered and where they have leased their mineral rights for 10 cents or 20 cents or \$1.00 an acre. They are going to say to those people, "The Government should have told you this was worth \$10,000." That is what they are going to go out and say for purely political purposes.

I shall now deal with the question of surface rental, which the member was very careful in dealing with. First, he said it wasn't very much; and then he said it was not insignificant. As a matter of fact, I never heard anybody make a clearer effort to ride a fence than the hon. member did in moving

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this motion. He wasn't to be everybody's friend. He said the farmers are mad because the Crown owns the mineral rights. I want to deal with a little bit of the history of the ownership of the resources of this province. Actually, he only gave one reason in all his speech as to why this resolution should be adopted

...

Mr. Loptson: — It was a darned good speech, though.

Hon. Mr. Brockelbank: — ... and that was because some of his neighbours were jealous of some of his other neighbours. That is the only reason he gave.

Now, Mr. Speaker, there is another thing funny about this motion. It actually isn't very compatible with what the hon. member said about the income from resources in this Legislature: that revenues from resources should be put into a trust fund, or a fund for the future. The irony of it is that the first one to come to make a raid on the provincial revenue is the hon. member himself. He apparently hasn't learned that you can't have your cake and eat it too.

Last year, the hon. member for Moosomin introduced a motion similar to this. I took the trouble to read over the debate of April 7, 1953, and I found that he gave no more argument (if as much) for it than we heard today from the hon. member for Estevan ...

Mr. McDonald: — He didn't give any!

Hon. Mr. Brockelbank: — I am agreeing with the hon. member that he didn't give any.

Mr. McDonald: — Neither did you.

Hon. Mr. Brockelbank: — Not one, as to why the motion should be adopted.

Mr. McDonald: — You didn't even debate it.

Hon. Mr. Brockelbank: — It was debated.

Mr. McDonald: — It was no such thing.

Hon. Mr. Brockelbank: — The hon. member moved it ...

Mr. McDonald: — And you never said a word about it!

Mr. Speaker: — Order! Order!

Mr. Cameron: — He moved the amendment, and didn't speak on the resolution.

Hon. Mr. Brockelbank: — I am saying my piece now ...

Mr. McDonald: — Some piece!

Hon. Mr. Brockelbank: — ... and once in two years I can quite easily answer the member for Moosomin and the member for Souris-Estevan.

Mr. McDonald: — It takes you two years to answer.

Mr. Speaker: — Order!

Mr. Loptson: — Two years to prepare an answer.

Hon. Mr. Brockelbank: — We will take care of that situation all right. It was outstanding, Mr. Speaker, that the hon. member for Moosomin never produced one logical reason why the publicly-owned resources of the province and the income from them should be raided for the sake of making a few people wealthy. He never produced one reason for that at all.

Mr. Danielson: — That's what you think.

Hon. Mr. Brockelbank: — And neither did we have one reason produced for it, today.

Mr. McDonald: — You don't recognize logic when you hear it.

Hon. Mr. Brockelbank: — Now, let's go back into history a little bit in regard to our natural resources. It is interesting to look at the clause in the British North America Act of 1867, when the four original provinces of the Dominion were set up. Section 109 says:

All lands, mines minerals and royalties belonging to the several provinces of Canada, Nova Scotia and New Brunswick, at the union, and all sums then due or payable for such lands, mines, minerals or royalties shall belong to the several provinces of Ontario, Quebec, Nova Scotia and New Brunswick, in which the same are situated.

Now, Mr. Speaker, we come on next to the time when the province of Saskatchewan was taken into the Dominion of Canada. I want to emphasize, Canada has suffered so many raids upon its resources as has the province of Saskatchewan, and I shall prove that point to the hon. members opposite before I am finished.

When we come to 1905, to *The Saskatchewan Act*, we find this — remember what I read out of the British North America Act, section 109, and listen to this:

All Crown lands, mines, minerals and royalties incident thereto and the interest of the Crown in the waters within the province under the Northwest Irrigation Act of 1898, shall continue to be vested in the Crown and administered by the government of Canada for the purposes of Canada.

That is the first thing to remember. That is the way the province of Saskatchewan was formed; that is the kind of a deal we got. For 25 years nothing was done about it and then, finally, a natural resources agreement was consummated and signed by the late Dr. Anderson, then Premier of this province, and the federal authorities. And as I read this motion and think of the battle put up by Dr. Anderson to get the resources for this province, it seems to me that he would not rest easy if he knew that a Conservative member of this House was now trying to do what was done in the past — make a raid on the natural resources of the province of Saskatchewan.

Mr. Loptson: — That has nothing to do with it.

Hon. Mr. Brockelbank: — This Natural Resources Agreement is in the nature of a confession by the Federal Government because here it says, after 25 years:

Whereas the Government of Canada desires that the province should be placed in a position of equality with the other provinces of confederation ...

Mr. Walker (Hanley): — A little late!

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Hon. Mr. Brockelbank: — A little late is right, because a lot of things had happened in the meantime.

Mr. Speaker, it was in January 1890, when an order-in-council was passed which prevented, from that date on, the granting of minerals with the title to land, with certain exceptions. Any homestead entries made before January 11, 1890, when they proved up their homestead and got their patent, they got the mineral rights ...

Mr. Loptson: — 1890?

Hon. Mr. Brockelbank: — Yes, 1890 was the date for the area east of the third meridian. West of the third meridian, in Alberta, it was 1887. That is one of the reasons why they had a lot less privately owned mineral rights in Alberta. But besides the exception of the homesteaders who had made entry there were other notable exceptions – the grants promised to the Hudson's Bay Company, the grants promised to the railways and to certain colonization companies. After that date, in millions of acres, the mineral rights of the province of Saskatchewan were given away by the Federal Government. Now there are some other exceptions too, and I would like to deal with those for a minute or two.

There was an order-in-council passed at Ottawa on July 23, 1906, number P.C. 1551. Lest any hon. members would doubt my word I have brought the book: it's in the book. This order-in-council reads, in part:

In the year 1902 it was decided to set apart two certain areas of land in the province of Manitoba with a view to the creation of a permanent forest reserve, the one being known as the Duck Mountain Forest Reserve and the other as the Lake Manitoba West Forest Reserve.

They found out that certain railway companies were entitled to select lands in these areas which were being set up as forest reserves, and so the Order goes on:

It was considered desirable that the right of that company – the Great Northern Railway Company, later the Canadian Northern Railway Company – to these lands should be satisfied by the granting of other lands in exchange, and negotiations have been carried on with that company with a view to such exchange being carried out.

And the last paragraph of the Order reads:

The Minister recommends that in consideration of the Canadian Northern Railway Company having relinquished all rights to selection of lands in the list (a) and (b) ... he be authorized so soon as the said company file in the Department of the Interior an acceptance by it of the terms of this minute of Council to issue patents to the

Company on account of its land subsidy for the lands contained in list (c) and (d) so far as the same are clear and available for the purpose.

These lands in lists (c) and (d) had a total acreage of 283,000 acres, and the result of this deal was that Manitoba got all the resources in the provincial forests; the railway got land in Saskatchewan, after the province was formed in 1905. The Federal Government give 283,000 acres of land and mineral rights to a railway, which had the result of freeing this land in Manitoba, the railway had the land and the mineral rights, and Saskatchewan only got grounds for complaint.

I want to give you some samples – it is very interesting where that land is. Some of it is located in the Humboldt-Quill Lake area and a good deal in the Kindersley-Brock area. In the Brock gas field, in township 27 in or close to the Brock gas field, there are four sections of this land. In the same township where the Coleville oil field is located there are 13¼ sections of this land that was to pay off a debt to the province of Manitoba. In the Smiley field, 11¾ sections of land in that township 31, range 26, were given to the railway company in payment of the land now owned by the province of Manitoba.

There is another example of brazen raids upon the resources of the province of Saskatchewan. Manitoba and Northwest colonization Railway built 235 miles of railway, of which 53 miles was in Saskatchewan. That was 22 per cent of the rail line in Saskatchewan. Yet they got the right to take 72 per cent of their land subsidy in Saskatchewan!

Mr. McCarthy: — What was it worth?

Hon. Mr. Brockelbank: — They got the right to take over a million acres of their land grant in Saskatchewan. In 1885, the Government of Manitoba floated debentures, or guaranteed debentures (I think they floated debentures actually) for this railway, and they took the land subsidy as security in the province of Manitoba. The Railway then got into financial difficulties ...

Mr. Loptson: — Mr. Speaker, I submit that that has nothing to do with the motion.

Hon. Mr. Brockelbank: — Mr. Speaker, on the point of order ...

Mr. Loptson: — ... the Northwest Territories ...

Mr. Speaker: — I rule the point of order is not well taken.

Hon. Mr. Brockelbank: — Thank you, Sir. And when the Railway Company was getting in worse condition, then the Government of Manitoba went to the Federal Government and persuaded them to issue the land grants, the patents, earned by this railway under this agreement ...

Mr. Loptson: — That has nothing to do with it.

Hon. Mr. Brockelbank: — ... direct to the Government of Manitoba. So Manitoba twice was able, with the connivance of the Federal

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Government at Ottawa, to make a raid on Saskatchewan's resources. Between November, 1903, and November, 1908, six orders-in-council were issued at Ottawa granting 324,000 acres of Saskatchewan land to the province of Manitoba.

Mr. McCarthy: — What was it worth at that time?

Hon. Mr. Brockelbank: — My hon. friend says "what was the land worth at that time?" The same minerals pretty well were there that are there now, you know — and I don't think he should be so fussy about that. It was good land, and it is not a question of how much or how little it was worth, but it is the principle of it: that Saskatchewan was used time and time again to pay off debts of the Federal Government that they owed in the province of Manitoba.

Now, the resolution calls for surrender of certain income from Crown resources. I was hoping that the hon. member, when he debated this resolution, would give us some reasons why that income should be surrendered; but, as I said before, the only reason he gave was that someone who did not own the mineral rights was jealous of somebody who did. Well, there may be somebody jealous of the hon. member's law practice. Should we, for that reason, take away some of the income of his law practice and give it to somebody that is jealous of him? There may be some of my hon. friends who have a real good farm or a good business, and there may be somebody jealous. Should we take one quarter-section away and give it to somebody else?

Mr. Lopton: — Such as the Minister of Agriculture?

Hon. Mr. Brockelbank: — This, too, is a new kind of a philosophy, and I ask myself, what for? Why? Why the surrender of certain income by the province, income from our resources? Is it for the purpose of helping the people who need it most? There have been a lot of suggestions crop up lately about help for the people who need it most — health service, pensioners and all kinds of people. No, it is not for that; it is not to help the poor or the sick; it isn't to provide improvements or to give service from which everyone will benefit. No! Then what is it for? Well, I will have to let the members answer that for themselves to some extent, but I will tell you what it would do. It would enrich, if we adopted this policy, a few lucky individuals without any regard to their need. I have no objection to a farmer being rich or getting rich, though I don't think there is too much hope of it as long as the Rt. Hon. James G. Gardiner is kicking around ...

Mr. McDonald: — We're better off than if he wasn't.

Hon. Mr. Brockelbank: — ... but I don't think it is the way a farmer or anybody else should get rich ...

Mr. Lopton: — The Provincial Treasurer does.

Hon. Mr. Brockelbank: — ... by taking public revenue for which he has no need.

Now in the province of Saskatchewan it would probably be a long time before more than 500 surface owners would benefit under the suggestions in the resolution; but let us say that, ultimately, 1,000 farmers did benefit; 1,000 owners of parcels of land — and if we reach that it will be a wonderful rate of oil production, believe me, Mr. Speaker, But let us say 1,000 quarter-sections did benefit. With four wells on each quarter-section producing 50

barrels per day and the oil worth \$2.00 per barrel, one per cent royalty would be nearly \$1½ million a year surrendered. And those are very, very moderate figures indeed! How will my hon. friends explain to the people this kind of revenue? They won't try to explain it at all. They won't come up to my constituency and ride this horse.

Mr. McCarthy: — Don't be too sure!

Hon. Mr. Brockelbank: — Well, if they do, that will be fine. The only place they will follow this line is at Frobisher or close to Frobisher and Forget and so on, where the picture is 'hot' in regard to oil. But my people in the north are just as much a part of the province of Saskatchewan as the people in Souris-Estevan or Cannington or Moosomin, and we are not going to take second place in our right to the benefit and ownership of the minerals in the province of Saskatchewan which are Crown-owned.

Premier Douglas: — If it comes out of the School Lands Fund it would come out of the children of the province.

Hon. Mr. Brockelbank: — Apparently they don't care much about that, either. Actually, Mr. Speaker, this would be the greatest lottery that was every conceived ...

Mr. Walker (Hanley): — A political lottery.

Hon. Mr. Brockelbank: — Well, I don't think it has so much political value, but they think it has; but it would be a real lottery. The Irish Sweepstakes wouldn't be in it any more.

Now let us look at the situation at the present time. There are approximately 175 sections of Crown land in the province capable of producing oil.

Mr. McDonald: — How do you know?

Hon. Mr. Brockelbank: — Does the hon. member want to ask a question?

Mr. McDonald: — Yes, how do you know?

Hon. Mr. Brockelbank: — I happen to know ...

Mr. Speaker: — Order! Will the hon. member please stand if he wishes to ask a question.

Hon. Mr. Brockelbank: — That's all right. I don't mind him witting down; he is looking old and tired. I happen to know because we have discovery wells and development wells proving up that number of sections of land. Now let us assume that there was full development and production on that 175 sections, and we will say at the rate of 16 wells per section, and we will say just 40 barrels per well per day, and we will cut down the price of oil, say so it will be worth \$1.75 per barrel. One per cent royalty on the full production on the oil that has already been proven would amount to \$700,000 annually ...

Mr. Kohaly: — Mr. Speaker, would the Minister allow a question? What does he mean by one per cent royalty? One per cent of 100 per cent, or

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one per cent of the royalty of the Crown?

Hon. Mr. Brockelbank: — One per cent of 100 per cent. My hon. friend from Moosomin, last year, was more specific in his resolution; he asked for one-fifth of the Crown royalty – that is 2½ per cent if the royalty was 12½ per cent.

The present situation, then, is that with full production we would be forgoing \$700,000 a year of revenue. What member in this House will forgo the privileges of improvements in his constituency? What member in this House will say, “Let us give \$700,000 less in grants to education”? Would the hon. member for Cannington? I don’t think he would.

Actually, on the average, this would amount to about \$4,000 each for the holders of these 175 sections of land, and in many cases where there was much higher production than the average, the return could, of course, be much greater. And if we had it on the scale suggested by the hon. member for Moosomin, last year, instead of \$4,000 on the average it would be \$10,000.

Mr. McDonald: — He could use it.

Hon. Mr. Brockelbank: — The motion says that this should be in addition to compensation for surface rights, and through the hon. member in his speech made it clear that he did not want us to discuss or mention the surface rights compensation, I will have to do it.

Previous to this Government taking over office, the surface rights owner could only bargain or have arbitration. That is all the right he had; there was no formula set up at all. The regulations of 1931, 1938 and 1943 were all the same, with one rather notable exception, and that was in regard to Crown lands which were leased. I have here in my hand this extra copy of the ‘Saskatchewan Gazette’ published on April 8, 1944, and let us see how the Liberal Government of that day treated the owner of the surface rights, or the occupant of the surface rights when that occupant was a lessee of Crown land. Section 77 reads:

If land or any part thereof held under lease or permit or if it appears that the land contains minerals, the Minister may, if he deems it to be in the public interest, cancel the lease or permit or withdraw any portion of the land included therein on 30 days’ notice in writing to the lessee or the permittee.

Sub-section (2) goes on to say:

On receipt of such notice the lessee or permittee may apply to the Minister for permission to remove any improvements made by him on the land.

Sub-section (3):

If the Minister refuses permission to remove the improvements, the lessee shall be entitled to compensation therefore and the decision of the Minister as to the amount of compensation shall be binding.

Isn't that a dilly, Mr. Speaker?

First of all, on 30-days' notice he has to give up this land. If there are any improvements on it, he can move them off if the Minister will allow him to do so. If the Minister won't allow him to move the improvements off, he can get compensation for them – not an arbitrated compensation, but what the Minister says he will get. That's the Liberal way of treating the people who have the surface rights!

Mr. McDonald: — All friends together.

Hon. Mr. Brockelbank: — Several years ago we provided a formula for settlement for use of the surface and damage to the surface by oil companies. That was worked out in co-operation with the people interested; it worked very well for a number of years, but it was specially designed for the Lloydminster field. Weaknesses were finally found, and the regulations were reviewed. We held meetings ...

Mr. Danielson: — Read it to us.

Hon. Mr. Brockelbank: — ... with the representatives from the oil industry, from the surface-rights organization, from farm organizations and, of course, representatives from the Department of Natural Resources. These meetings did not arrive at any agreement, but we did learn and did derive benefit from the discussion of their ideas. Finally, regulations were designed, which were sent out to the interested parties and finally passed. I think the members all have on their desks a copy of this little 'Ready Reckoner'. My hon. friend from Estevan was dropping some big tears from Mr. Quinn on section 34 township 3 range 4, where that new well is. I don't know what the assessed value of the land is there, but shall we say it is \$20 an acre?

Mr. McCarthy: — It wouldn't be that high.

Hon. Mr. Brockelbank: — Would it be \$15?

Mr. McCarthy: — Around \$2,600.

Hon. Mr. Brockelbank: — About \$15 an acre. Well, if it was \$15 an acre, then the capital damage for a well site, not exceeding four acres and for a roadway not exceeding one acre, would be \$265; the annual rent, \$265 – the total payment, the first year, of \$530. On a quarter-section, leaving out the capital damage, just taking in the annual rent, it means \$1,060 a year; with four wells on a quarter-section. If that land is the class of land that would be assessed at \$15 an acre, then I imagine that \$1,060 a year clear would be a fairly good income from the quarter. When you deduct all the costs of operation and labour of farming that class of land it would be very difficult to have more net than \$1,060. On a half-section it is \$2,120 ...

Mr. McDonald: — Did you say an acre, Mr. Minister?

Hon. Mr. Brockelbank: — No, \$1,060 per quarter-section, with four wells on it; but you could have eight wells on a quarter if there was 20-acre spacing but there wouldn't, in that field, be 20-acre spacing. On a half-section the rent would be \$2,120 ...

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Mr. Kohaly: — I wonder if the hon. Minister would inform the House as to how many quarter-sections, to his knowledge, in the province of Saskatchewan, have, today, four wells on them?

Hon. Mr. Brockelbank: — There would be a great many, but I would suggest to the hon. member that if you haven't got the wells on your land you haven't got the damage and you cannot expect to be paid for something that isn't there.

Mr. Kohaly — You haven't got \$1,000 either.

Hon. Mr. Brockelbank: — That is the question that we should raise. I think that is the trouble with this situation. The hon. members want to make good fellows of themselves by paying for something that isn't there. Now, if you go into the class of land that is worth \$25 an acre, four wells on a quarter-section will bring an annual rent of \$1,460; on a half-section, \$2,920 — and that is clear money. And if there are four wells, at five acres a well, that is 20 acres — we will knock off 40 acres and you still have 120 acres left to farm on a quarter-section. So I would say that the compensation provided for the surface rights is certainly generous.

At the meetings held with representatives of the farmers and the Surface-Rights organization and the oil industry, there was no pressure at all for a royalty for settlement of damage to the surface rights. There was no pressure, because everybody recognized that it would be most unfair that the payment for surface rights should be based not on the value of oil or gas produced, but on the value of the surface and the extent of damage and use. There was one thing upon which we agreed unanimously and that was that compensation should be fair and generous, and I am sure that members will regard these rates as generous.

The resolution, of course, could only apply to Crown-owned minerals, and we are just talking nonsense when we think that the private owners of mineral rights in Saskatchewan, who have about 23½ million acres, would pay a royalty to the surface owners. I would like to see the CPR doing that, or the Hudson's Bay Company. I just can't imagine it. But these regulations which we have passed for compensation for the surface apply in all cases where the owner of the mineral rights is a different person from the owner of the surface rights. This proposal in the resolution — what about the fellow who has a dry hole? He would get nothing, and he would be jealous and I can only say, after looking at this motion from all possible angles, and after listening to the hon. member from Souris-Estevan, that this motion looks to me like a raid on the treasury of the province in the hopes of getting some votes out in the country.

I do not see how members who support this motion can do anything else but disagree with the policy that was established in 1890, when we began to recognize resources as a part of the public domain. We do not want, and the oil company doesn't want, a share of the crop on the surface of the land. In my constituency, practically all the oil rights are Crown-owned. There is exploration going on there, and there could be somebody get the idea that this would be a nice thing. But I will say this, Mr. Speaker, before I try to save my political hide by such an unprincipled raid on the public purse, I will take defeat.

You have probably guessed, Sir, that I will not support the motion.

Mr. Walker (Hanley): — Mr. Speaker, I beg leave to adjourn the debate.

Some Hon. Members: — No, no.

Mr. Speaker: — Has the hon. member leave to adjourn the debate?

Some Hon. Members: — No, no.

Mr. Speaker: — The hon. member must then proceed.

Mr. Walker (Hanley): — Well, Mr. Speaker, I realize that it is a rather difficult position to follow the Minister of Natural Resources who has so ably dealt with this matter, but I cannot sit here in my seat and allow the bare-faced attempt of the member for Souris-Estevan to alienate this large section of our natural resources from the people of Saskatchewan without rising in my place to protest.

I see that he has very carefully avoided reference to a percentage of these mineral royalties that he proposes to give to the farmer. He has done that with some degree of wisdom, I suppose, because no matter what percentage he takes, he is bound to have his whole scheme exposed to the ridicule which it deserves. If you take the province of Alberta where revenues up to \$70 million a year are anticipated from Crown-owned mineral oil resources and take even a small percentage, take even a percentage of 2 per cent of the total production, or approximately one-sixth of the Crown's royalties, you get a fabulous amount of over \$10 million a year. And, of course, if you adopt this policy now, you will be 'stuck' with it when the production in Saskatchewan reaches the amount of tens of millions of dollars worth of oil. And you will be stuck with a programme of spending or giving \$10 million or more from the public domain into the hands of a small private group.

Some years ago when this question was first raised, I took the opportunity to make inquiries in the province of Alberta to find out just how many quarter-sections of publicly owned mineral rights were affected by the oil play in that province, and the information I got at that time was that some 157 quarter-sections of publicly owned mineral rights were commercial producers of oil. So my hon. friend's proposal is nothing more or less than to give \$10 million or more of the public money to some 150 farmers every year.

As far as I am concerned, Mr. Speaker, I think that the basic, fundamental principles of good government demand that in our taxation and in our fiscal policies we should be taxing the people who have large incomes and spreading them out in social services and benefits to all the people. We should not be depriving the great majority of the people of this country of social benefits in order to hand it to the big taxpayers. That is government in reverse. I suggest that people of a Tory turn of mind are bent on the idea of government in reverse. Any time that the Government of Saskatchewan becomes a collection device for handing over large sums of money to a small group of people who happen to own the quarter-sections of land which are producing minerals, then I say that we members of this Legislation ought to protest that as the 'big steal'. I cannot speak too emphatically against this kind of policy.

My hon. friend, no doubt, is trying to capitalize on a lurking optimism that lies deep in the breast of every free-enterpriser that some day he is going to be a millionaire. My hon. friend is catering in his resolution to that sinister desire on the part of some of his free-enterpriser friends to become millionaires at the expense of the public treasury.

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Mr. Speaker, Tory governments and Liberal governments have made the natural resources of this province a political pork barrel, as the Minister has pointed out, for the last 70 years. I think the time has come to call a halt to that kind of politics. And so, no matter how he dresses it up, I for one will not be tempted to support that kind of political trickery. I want to put myself plainly and firmly on record as being opposed to this resolution.

Mr. Cameron (Maple Creek): — Mr. Speaker, it is getting near six o'clock and I know we want to vote on this resolution. I won't be very long, but I would like to say that I was extremely interested in the attitude taken by the Government side this afternoon, and I must say that I think the Minister of Natural Resources has always been somewhat consistent in his attitude towards this whole problem, of whether or not we should permit the farmer who doesn't have his mineral rights to share in the oil that is discovered underneath the surface.

I have always taken the attitude that we should. Perhaps I am looking at it from the angle of the southeast where there are very few farmers in my area who own the mineral rights. They are only able to work the top six inches, but anything beneath that they have no control over whatsoever. An oil company can come in there, drill below his top six inches, take hundreds of thousands of dollars out of his land and he has no right to share in any of that productivity. I have always taken the stand that I don't think it is fair that any imaginary line should have been drawn across the province of Saskatchewan, and that those people to the east of that imaginary line had the right to obtain their mineral rights, and those people to the west of that imaginary line have been denied those rights. They haven't got their mineral right today. They have no opportunity to share in any of the development, if oil is struck on their own land. We feel earnestly that something should be done to give these people a share if oil is found on their land, because they have been denied their right of having the minerals to them.

Some say it is raiding of the treasury. The Minister has been firm in that. We have heard it described as the 'big steal'. We have heard it described that the Liberals are wanting to establish a 'political pork barrel' and all of these things in connection with the resolution and the stand that we have taken for the past number of years with regard to sharing part of the revenue from oil, if it is discovered, with the man who owns only his surface rights.

I want to point this out. I refer to last year in the budget address of mine – I came unprepared for this today; but I just want to point out that the Minister said at that time much the same as he said today. I am quoting from the Debates and Proceedings, last March 6th, in the House. He said, "The result of this Liberal policy would be to benefit a few ..."

I was quoting from a press comment in The Commonwealth:

... benefit a few hundred at the most at the expense of the rest. I am disgusted to think that the once great Liberal Party has attempted to buy the political support of 120,000 farmers in Saskatchewan by asking them to put up money to make rich a few hundred.

And that has been his attitude. I pointed out then, and I just want to point it out here today, that on May 20, in 1952, in discussing this whole issue in the election, the Premier took to the radio. The press announcement came out with the heading "Douglas promises Farmers Oil Share." That was the heading in the press. And he took to the radio and he said:

The Saskatchewan Government is going to provide benefits to the farmers who have only surface rights on oil land, Premier T.C. Douglas said Monday night. He did not elaborate, and in a short passage in the radio speech Mr. Douglas said, 'immediate steps will be taken to provide benefits to the farmers on whose land oil is discovered but who do not own their mineral rights'.

Now, then here is the Premier, according to the statement that we have heard today, ready for political opportunity to make a 'raid on the treasury' to institute this great 'steal' in order to influence a few of the voters in Saskatchewan. That is the situation.

Premier Douglas: — Mr. Speaker, on a question of privilege. The statement which I made there is quite correct. That statement was implemented by the setting-up of a committee representing the oil companies, the surface righters and the association of rural municipalities, and the benefits were set forth in the plan for compensation which my hon. friend has just suggested. Nowhere did I suggest that the share would come out of the public treasury. The benefits to be paid to the farmer would be paid by the oil companies, who are the people who ought to pay it.

Mr. Cameron: — I would like to say in answer to that, Mr. Speaker, that we had surface rights set up before 1952. There was a formula then by which the owner could share for surface rights damage, could receive compensation for surface rights damage.

Premier Douglas: — Not a generous as this.

Mr. Cameron: — No, not as generous as this. Now they have, through negotiation, made it more generous. But, you notice the headline was ...

Premier Douglas: — I didn't make the headline.

Mr. Cameron: — There was no headline or anything else that appeared in the paper afterwards making the correction either. "Douglas promises Farmers Oil Share." He doesn't mention in here, 'We'll be more generous with the surface rights' — it says 'oil share'.

Premier Douglas: — Not share — benefits. I didn't use the word 'share' at all.

Mr. Cameron: — 'Saskatchewan Government is going to provide benefits to the farmers' — benefits to the farmers. Not going to pay them for the land that the oil company is working on, surface right damage, they are going to receive 'benefits to the farmers who have only surface rights on oil land', Premier T.C. Douglas said. He's going to pay them benefits. The Government is going to pay them benefits.

Premier Douglas: — No!

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Mr. Cameron: — The Saskatchewan Government is going to provide benefits. Who is going to provide them? The Saskatchewan Government is going to provide benefits in keeping with the heading “Douglas Promises Farmers Oil Shares.”

I thought that was most interesting in view of all the talk that went on here today. We have not changed our plan. We are still prepared to stand behind that commitment, and I would suggest an appropriate heading for ‘The Commonwealth’ would be for them to carry the heading “Brockelbank Denies Farmers Oil Shares.” Let them carry that heading prominently in their paper. It reminds me of several of my friends near my hometown, particularly my C.C.F. friends who were discussing that one day ...

Mr. Walker (Gravelbourg): — Have you got some of them?

Mr. Cameron: — Oh yes, I have. One of them said this, “I cannot conceive of the Government letting an oil company come onto my land and drill for oil and find it, without I have the right to share in that oil development. I don’t believe that because we haven’t got the mineral right we cannot share in the oil development.” He had so much confidence that if oil is struck on his land, the Government will see that these oil wells cannot be developed unless he gets a share in them. So I say a heading such as that, “Brockelbank Denies Farmers Oil Share” would put the situation straight to all the people of the province in regard to the thinking of this Government in the sharing of the revenues from the oil. There is the situation.

I am glad to see now that there has been a reorientation of all the thinking among the government members in this whole matter, and I hope that in the future we will find the Premier and the Minister of Natural Resources in complete agreement in their thinking and in their press reports in regard to this matter. Then it will leave us on one side and will leave them on the other, and from that the people can distinguish which they want.

I just wanted to say those few things to show that there was a time when he said ‘immediately’ – May 20, 1952. It will soon be May 20, 1954. I wonder how far we can stretch the word ‘immediately’. But, of course, he wasn’t thinking of a ‘raid on the treasury’, nor the ‘big steal’ or any of those things, or that there might have been an election on at that time; those weren’t the thoughts then. As I say, I just wanted to point out that at least now we have them all thinking alike. We know where we are going and why on this whole resolution now.

Mr. Kohaly (closing): — Mr. Speaker, there is only a short while left and I wish merely to say that I thought carefully over the wording of the resolution, and for no sinister purpose, in order that the Government might consider this situation. I was, I thought, very careful to point out as I went along some of the places where we could discuss this. I realize maybe there were some good arguments to be made. I am not experienced in the rough-and-tumble of debate that apparently ensues from such a suggestion and effort on the part of a member, and so I will have to watch in years to come, and remember to be prepared for just that.

I wish to echo the words of the member from Maple Creek to the effect that I was surprised at the attitude of the Government. I use that term advisedly, because I have been in many of the courts of this land when my arguments were presented and they were not acceptable from time to time by the

judiciary, or by the opposing solicitor; but I always found that they would at least say, "Well, now, what about this and what about that." It wasn't a question of saying "political trickery", "judicial skulduggery" or what not; but that is what I found today. And that is why I say that I am surprised at the attitude.

The attempt was made to blacken me and those who may support the resolution, rather than to deal with the material in it. That, of course, is the privilege of any speaker, apparently, as he sees fit to do; but at least I, as a new person, not having seen it before, must speak out and say that is what I saw with my own resolution and that is what I got when I presented the resolution here; and it was the attitude, not the effect of the logic they had, that convinced me of that particular thing.

I do want to point out to you, Sir, that I, in all fairness, said that the compensation was something that we had to take into consideration. I realized that. I said it in my resolution, and much ado was made about it by the hon. Minister. It would have been more fair if he had said, "Well, here's what we have on these acreages." You have a well – I don't know of any quarter-section in the province of Saskatchewan that has four wells. I assure you, Mr. Speaker, I do not know of a single quarter-section. I did not hear correctly or accurately when the Minister gave his answer to my question, but I understood ...

Hon. Mr. Brockelbank: — Lots of them with eight.

Mr. Kohaly: — Lots of them? Well, I don't know of any of them and certainly there are none in the Estevan area as far as I can possibly remember. But all of the figures that were used were on the basis that every one of these quarter-sections had four wells, or eight, or whatever there was going to be. Those were the figures.

I purposely stayed away from the question of the actual percentage, because I thought it was something that had to be worked out in the light of the number of dollars that were involved. And then what comes back? It is going to be \$10 million, or some such figure as that, from the hon. member for Hanley (Mr. Walker); could be \$10 million. You should inform the Provincial Treasurer, because he has told us that there is going to be \$10 million all told from all types of oil revenue, this year, on page 15 of his budget. And that is the attitude I get when bringing in a resolution. Political? Not a bit of it political. People are interested in this in the constituency I represent, and I am here to tell you what they have to say, not to be told that it is 'political trickery', because it is not political trickery and I resent the imputation very much. If that is the attitude it is going to be, that is entirely up to the member who wants to express that attitude. I submit that I have presented this resolution in good faith and in all fairness and asked for some consideration by the members. Whether you believe in it or not, that's well and fine; but it should be considered on the basis of the resolution.

When I deal with resolutions I consider them myself with a view to whether I am to support them or not. Whether I am to support a motion of the Government or not, I consider it on the basis of the motion, not on the basis of political trickery. Maybe I am wrong. Maybe I have to learn, Mr. Speaker. Maybe I will learn, if that is the basis of it.

As far as the CPR and the Hudson's Bay Company and the CNR as referred to by the hon. Minister, receiving lands in this province, that is

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the section that I put in here, "in all other cases where possible." I realised, Mr. Speaker, when I dealt with it today, that it was not possible, that it was an unfortunate wording, but I put it in and I stayed away from it. The hon. Minister seized on the one phrase that I left out and immediately attacked the whole argument on that basis.

There are apparently 175 sections of proven oil land in the province of Saskatchewan, a figure I had not earlier known. Multiply it by 640 acres and it gives you only 112,000 acres. Yet we are told there are 12½ million acres today that are freehold! There is a tremendous difference there. There are a lot more people involved than 175 sections, if you accept the figure of 23½ million acres.

Many more things come to my mind. One only is this. When the Premier spoke of the interpretation which should be put on the quotation that was attributed to him that he was going to see that the province gave them some share, or benefit, that he was giving to them compensation that they were entitled to because they were the surface owners, and as surface owners they had the right to the ownership, exclusive of all others including oil companies, to go on there and explore for oil. They have no right, because he owns the surface, and that's his business. And so, the Premier was going to give the people something by way of benefits so that when the oil people came on there – that was their right; and I submit, Mr. Speaker, that the motion should be considered in the form it was presented to you and in the manner it was presented, and in all fairness, and not as political trickery, and I urge that some hon. members consider it in that light and support it.

Hon. Mr. Brockelbank: — Mr. Speaker, on a point of privilege. I realise that I was 'warmed up' when I was making my speech but I feel very deeply on this question because of my close work and association with our resources in the province of Saskatchewan. I realise that I did use unnecessarily strong language, and I want to apologize to the hon. member.

The question being put, it was negatived by 35 votes against 11.

The Assembly adjourned at 11 o'clock p.m.