

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
Fourth Session – Twelfth Legislature  
8th Day

Monday, February 20, 1956

The House met at 2:30 o'clock p.m.

On the Orders of the Day:

**CONDOLENCE**

**Hon. T.C. Douglas (Premier):** Mr. Speaker, I am sure all hon. members will have learned with regret of the passing of Mrs. Wellbelove, the wife of the member for Kerrobert-Kindersley and the Deputy Speaker of this House.

Mr. Wellbelove has long been a highly respect and well beloved member of this House. All of us who have been privileged to work with him have come to have a sincere regard for him, and I know that all of us will join with him in a deep feeling of sympathy at the great loss which he has sustained. I know that the members of the House will want to extend to him our condolences in his hour of bereavement.

I would, therefore, like to move, seconded by Mr. McDonald:

“That this Assembly learns with profound regret of the loss suffered by its respected Deputy Speaker, the Hon. Member for Kerrobert-Kindersley (Mr. Wellbelove), in the death, this morning, of his beloved wife and helpmate over 37 years, and extends to him and to the members of his family its sincerest condolences, praying that Divine Providence may comfort and sustain them in their bereavement.”

(Carried unanimously)

**DEBATE ON ADDRESS-IN-REPLY**

The House resumed, from Friday, February 17, 1956, the adjourned debate on the proposed Motion of Mr. Brown (Last Mountain) for the Address in Reply to the Speech from the Throne.

**Hon. J.A. Darling (Minister of Public Works):** — Mr. Speaker, one can hardly take part in this debate without at least acknowledging the existence of a very serious problem facing the farmers of this province. This year, as a result of the wheat surplus and the “cost-price squeeze” and other factors to farm income – the drop in farm commodity prices all along the line and the high cost of those things the farmers have to buy.

I am not going to add anything to what has already been said by those who have spoken in this debate up until this time, but I want to associate myself with those who have discussed this very serious subject. I feel that the Leader of the Opposition (Mr. McDonald), in failing to deal with it, was lax in his duty as a responsible Leader of the Opposition. It is all nonsense to suggest that this is purely a federal issue and for that reason is not a fit subject for discussion in a provincial legislature. It affects nearly all the men, women and children who are citizens of Saskatchewan, and surely we can make use of the legislature, here, in order to make known the feelings of the people of Saskatchewan through their elected representatives. I want to say that, if the Leader of the Opposition remains silent because this is a federal issue, it was rather strange that his only comment was to ask this Government what it had done about it.

**Mr. Loptson (Saltcoats):** — A good question.

**Hon. Mr. Darling:** — A good question is right. Now, Mr. Speaker, I want to speak about the Saskatchewan Power Corporation. Up until this time the activities of the official Opposition and their spokesmen throughout the province, and the press which represents their point of view, have been rather kind to the Power Corporation. For some reason that isn't too difficult to understand, this year they are directing all the power of their propaganda against that institution. There can be no other reason, except that it has been so eminently successful in its operations, and has had such an appeal to the people of Saskatchewan, that they recognized it as a political enemy, and the suggestion that it has now become a 'political arm' of the Government is entirely unjustified.

We have, on the staff of the Power Corporation, men who have told me, personally, that they do not support this Government; but we have had no quarrel with their loyalty to the Power Corporation. The Corporation has conducted the affairs of the utility with absolute impartiality, no matter what the prospective customer or the existing customer might be with respect to his political affiliations.

Mr. Speaker, I want to spend just a very few moments in saying a word or two about the programme in 1955. All hon. members and all people in Saskatchewan will recall the undertaking given by the Government on behalf of the Power Corporation at the time of the 1952 election; namely, that we would undertake to electrify 40,000 farms in a five-year period, and that we would bring electrical energy to all the towns and villages in the province. That was quite a bold undertaking four years ago, and yet I am sure we are all proud to know that we have already electrified 32,500 farms and that, by the end of the 1956 construction season, barring circumstances quite beyond our control, we will complete the 40,000 farms in four years which were promised in five years. I have no present reason to doubt that we will fulfil our other undertaking to serve all the towns and villages in Saskatchewan.

Not only have we fulfilled these undertakings, but we have, as well, kept pace with the need for expansion in generating plants. Everyone who had the pleasure and satisfaction of being present at the official opening of the new Swift Current plant must have been impressed with the extreme efficiency, in fact, beauty, of that plant. I might say it is one of the very few plants I have visited which wasn't in the process of being added to in some way or another. That plant was complete, and everything was clean

and painted up so that it was really a very nice exhibition of what a plant can be.

And, of course, we have made progress in the expansion of the plant at Saskatoon and the one at Estevan. We have a new plant at Kindersley in operation now. All of those things are matters that are not possibly too close to the actual consumer of electricity in his home; nevertheless, they are the feature of the Power Corporation activity upon which every other activity depends.

When the Liberals set up the Power Commission in 1929, press comments were to the effect that there was nothing spectacular about it, but that their programme was eminently sensible. I suggest, Mr. Speaker, that the C.C.F. Government has made the effort spectacular, and that it is being recognized across Canada as a development which reflects credit on this Government, and as well on the staff of the Corporation who have carried out the actual engineering and other work.

We recall the previous Leader of the Opposition standing up and saying that we should copy Manitoba; that the Liberal Party, if they had the opportunity, would electrify Saskatchewan farms under the same system as they do in Manitoba. This has really become a joke. But once again that is a plank in their platform with a rider that is still more of a joke – that they will pay back to all those farmers who have already got the power, who are in the clear, and don't owe the S.P.C. anything; they will pay back to those farmers the construction charge which they have paid, and collect it from them presumably in one way or another again.

That, Mr. Speaker, is a reversal of what has been good for the farmer ever since I came to the farm in 1908. A farmer who does not pay cash when he is able to pay cash is in nine times out of ten following the wrong policy. A farmer's income from year to year varies too much and is too insecure for him to go into debt for something when he is in a position to pay cash for it.

Now, they say we should copy Manitoba. I wonder, Mr. Speaker, why the Liberal Party did not copy Manitoba when they had the chance to do so? In 1942, a Commission set up by the Manitoba Government to study and report on farm electrification in Manitoba, completed their studies and reported to the government, so that the Manitoba Power Commission was able to begin farm electrification in 1945. Manitoba began in 1945. Had the Liberal Government of that day in Saskatchewan shown the energy and drive that was shown by Manitoba, it is not out of the question that every electrifiable farm in Saskatchewan would have been served by this date. Instead of that, we still have several years to go before the job is complete.

**Mr. Danielson (Arm River):** — Why did you wait until 1948?

**Hon. Mr. Darling:** — I'm telling you that, because you didn't even think of farm electrification back in 1944. You were saving up for the next depression. Every member of this House who was here between 1944 and 1948 will remember from the official Opposition at that time, not once, but several times, hearing that when they were defeated in 1944, they had \$8 million saved up towards the next depression. In 1944, when this Government came to power, you know what we had in the way of power development.

We had a dozen little systems scattered all over the province not connected with one another at all, and, of course, because they were small, and their generating facilities were small and out of date, the cost of generation was high, and the cost of the service was high, so that even had the farmers been served from those systems, the cost of them would have been so great that they could not have made use of it.

More than that, Mr. Speaker. In 1944, when the C.C.F. Government came to power there were 2,000 miles of transmission lines being operated by private companies. I would suggest that the sensible thing to have done with that \$8 million would have been to buy up those private companies and incorporate them with what there was of the Saskatchewan provincial system. Instead of that, nothing was done, and when we came to power in 1944, that was one of the first things that had to be done. In 1946 and 1947, those private companies were purchased at a cost of just something under \$7 million. That had to be done. Then we had to go forward from there and build the provincial grid system, which had to precede any effective farm electrification scheme. So it was 1949 before we got started, mainly because the Liberals did not copy Manitoba when they had a chance.

Now, Mr. Speaker, for reasons that the Opposition would not understand, it is distasteful to me to draw comparisons with our sister provinces. The electrical utilities in the three provinces are pretty close together. There is frequent liaison between them, and they are all members of the western zone section of the Canadian Electrical Association. They meet together in conventions annually, and discuss their mutual problems. They get together to produce a moving picture film on farm electrification and the premiers showing of that movie, I am told, will be in our Natural History Museum auditorium sometime before this Session is completed. I think it would be of interest to as many members as possible to go and see the film, particularly since a great many of the shots were taken in Saskatchewan.

There is another reason why I don't like odious comparisons, comparisons odious to everyone, between our Saskatchewan system, and the Manitoba and Alberta utilities. I have a keen recollection of a disastrous fire suffered by the Saskatchewan Power Corporation two or three years ago, when we lost our warehouse and a great deal of our equipment. I remember . . .

**Mr. Lopton:** — . . . heavily insured.

**Hon. Mr. Darling:** — I remember the very next morning we were in receipt of telegrams from the other utilities in the three Canadian provinces, offering us their help in order that our programme would not be interfered with. And now, because of the attitude of the Opposition, I am compelled to draw comparisons between our programme and theirs.

There is not much use in drawing comparisons as far as area is concerned. Everyone knows in Saskatchewan that the Manitoba area to be served is just one-third, or less than one-third, of the area which the Saskatchewan Power Corporation has to serve. Everyone knows, too, that farm density is greater in Manitoba than in this province. As a matter of fact, I get more accurate figures than I ever had before. The mileage per farm over the entire Manitoba system is something under three-quarters of a mile per farm, while in Saskatchewan it is one mile per farm. Now, that is

in itself a very substantial difference in the two systems. It means, in fact, that the Manitoba programme was about 5,000 farms a year – some years they exceeded that a little, and some years they were a little under; but to serve that 5,000 farms they had to build 3,750 miles of power line. Here in Saskatchewan, in this last year 1955, on the basis of one mile per farm, we had to build 7,500 miles. That makes a very great difference in the cost of the farm electrification.

Now, really it is amusing to see the process by which the Leader of the Opposition arrived at his policy as presently announced during this debate in the House.

**Some Opposition Member:** — . . . compelled to draw comparisons between theirs and ours.

**Hon. Mr. Darling:** — During his initial speech, for the first time to my knowledge, he stated categorically that power would be taken to the farm without financial outlay by the farmer, and that it would be reimbursed to those farms who had paid their construction charges. Now, in Rosthern on August 6, 1955, the hon. Leader of the Opposition hadn't arrived at that decision. According to his speech at that time, he said his party favoured rural electrification to the extent of taking power to the farms without cost to the individual farmer, but that there would be a 20-year agreement between the farmer and the Corporation to pay back the capital cost. That, of course, would enable him to fulfil another promise in part, at least, to reduce rates if there was an agreement to repay coincident with the power to the farm at cost.

He must have had another thought again a month later in Kamsack, where he said that it would be on the same basis as Manitoba. At Kelvington, a month later, he said they would take it into the farmer's yard without cost, but they would, by a system or rates, recover the cost of construction. Now, these are three different statements, one each month for three months, and he didn't know which one he meant.

**Mr. McDonald:** — It's all the same thing. You just don't understand it, that's all.

**Mr. Cameron (Maple Creek):** — They're all tied up in the same farm.

**Hon. Mr. Darling:** — Mr. Speaker, for years they have been declaring what their policy was. For years they haven't known what that policy was. They don't know yet.

**Some Opposition Member:** — The farmers know.

**Hon. Mr. Darling:** — Mr. Speaker, the hon. member for Cannington (Mr. McCarthy) really did bring out the most evidence of the complete thoughtlessness of the Liberal Party with respect to farm electrification. Yes, he is going to return the construction cost to the farmer by means of a reduction in the service charge. Everybody knows the service charge is \$1 a month, \$12 a year – 42 years to pay back that \$500.

**Mr. McDonald:** — What are your figures?

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**Hon. Mr. Darling:** — I repeat, Mr. Speaker, that the Liberal Party doesn't know what they are doing with respect to farm electrification. They are going to return to 40,000 farmers an average of \$500 apiece, which is \$20 million.

**Mr. Kramer (The Battleford):** — Oh, that's nothing.

**Hon. Mr. Darling:** — Mr. Speaker, Shakespeare said 'All the world's a stage, and all the men and women merely players'. The Liberal Party have their own stage in Saskatchewan, and they are putting on a play for the benefit of the voters next June, if that's the time of our election. Every act is a fantasy, and if they ever get the opportunity to convert that fantasy to reality, they would have great difficulty in having their stage money converted to legal tender.

**Mr. Howe (Kelvington):** — It's a comedy of errors.

**Some Opposition Member:** — It's a farce!

**Hon. Mr. Sturdy (Minister of Social Welfare):** — Is it a farce or a tragedy?

**Mr. Speaker:** — Order!

**Hon. Mr. Darling:** — It is a farce, Mr. Speaker, because nobody believes them.

**Mr. Cameron:** — Mr. Roper does!

**Hon. Mr. Darling:** — I don't have to depend upon my own thoughts on the matter. If the hon. Leader of the Opposition has seen Friday's 'Star Phoenix', the editorial there captioned 'Douglas and McDonald', he will have noted that in the middle of the article, it states:

“Mr. McDonald bore down on the electrical and natural gas policies of the Saskatchewan Power Corporation, both large targets. Unfortunately, he did not score many direct hits.

“With respect to rural electrification, it is invidious to compare farm hook-up policies in Manitoba with those in Saskatchewan, since the geographic factors involved in each of the provinces could hardly differ more.”

I don't have to depend on my own summing up of the situation . . .

**Mr. Cameron:** — Freedom of expression.

**Hon. Mr. Darling:** — Now, Mr. Speaker, I don't mind the tactics that are involved as long as they are truthful. I don't care how warped the thinking of my hon. friends across the way happens to be, but I do feel that there should be at least some standard of ethics involved in producing propaganda and circulating it through the province. Dr. Novak, the Liberal candidate in the Yorkton riding said that the Saskatchewan Government refused to allow residents of Saskatchewan to buy power from Manitoba and, instead, forced them to use the Saskatchewan Power Corporation service at

much higher rates. Now, Mr. Speaker, there are occasions when it would be foolish to deny someone on one side or the other of the border power service, if it was not available to him from his own side. We have done that on the western side of the province to some small extent.

But Dr. Novak goes on about a MacNutt, Saskatchewan, district farmer of his acquaintance (mind you, it is of his acquaintance) who had made arrangements to buy Manitoba power, but was refused the right to do so by the C.C.F. Government.

**Mr. Loptson:** — I know the party.

**Mr. Speaker:** — Order!

**Hon. Mr. Darling:** — Now just a minute. There is no record in the files of the Power Corporation to show that any farmer at MacNutt asked to be served, and was refused the chance to take power from the province of Manitoba.

**Mr. Loptson:** — Maybe the application was made, but the Manitoba Government wouldn't do it.

**Mr. Speaker:** — Order!

**Hon. Mr. Darling:** — Mr. Speaker, I said that I wanted to point out that the propaganda being used was untruthful, and I am trying to do that. I want to read here a letter written to a Manitoba farmer by the Business Manager of the Power Corporation, and dated February 1, 1954. I'm not going to name this farmer over the air, but I will say that his address is Box 279, Elkhorn, Manitoba. Presumably he was living in Manitoba at the time. Mr. Sarsfield writes:

“Dear Sir:

In regard to the possibility of serving your farm from Manitoba, we are prepared to take the matter up with the Manitoba Power Commission to find out what can be done to help you to get service.

However, on our records there is another farm shown on the SE $\frac{1}{4}$  of Section 25 just south of you. Could you write us and let us know if this is an occupied farm and what possibility there may be for service. We note also a farm is shown north of you near the centre line on the NW $\frac{1}{4}$  of Section 36 and then there is a group or two west of you.

I do not know whether it would be possible to include any of these farms in such a project (in a Manitoba project), but if one farm were served it would, of course, open the situation up so that this whole question should be studied before any definite decision is made.”

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Now, that is not turning down an application. That was a pocket of farms that was not easy for us to reach, and Mr. Sarsfield was prepared to take the matter up with the Manitoba Power Commission.

There is another letter here that I would like to read, in which the Manitoba Power Commission refused to enter Saskatchewan with their power line. This letter is written by the Commercial Superintendent of the Power Corporation to the same farmer, Box 279, Elkhorn, Manitoba:

“Dear Sir:

In connection with service to your farm and one or two neighbours from the Manitoba system, we had official notification on May 6th that the Manitoba Power Commission would not be in a position to serve farmers located in Saskatchewan.”

Surely, Mr. Speaker, that finishes the subject. And yet another letter from the Commercial Superintendent.

“Since dictating the previous letter I have just this afternoon heard from our Yorkton office regarding a Mr. Maguire of Togo, located on NE36-27-30 W1st. He is about 300 yards from the Manitoba border, and just over one mile from us.

Apparently he had been dealing directly with the Manitoba Power Commission, and has a letter from them dated March 30 to the effect that they cannot serve him, since he is located in Saskatchewan.”

Mr. Speaker, that propaganda regarding the Power Corporation, which is quite untrue, has been circulated 200 miles from the Manitoba border, west into Saskatchewan where they have no opportunity to find out what is true and what is false.

I would like to sum up by telling a few things about the Manitoba Power Commission, comparing them with Saskatchewan. It is most unfortunate, and certainly good news to no one, that Manitoba has run into difficulties with respect to the supply of power. The generating plants in Manitoba have been largely hydro plants on the Winnipeg River, and now perhaps, because the business of generation and the business of distribution were under separate authorities, or for whatever reason, they find themselves in difficulty.

**Mr. Danielson:** — Good news! How do you like that?

**Hon. Mr. Darling:** — This clipping from the ‘Winnipeg Free Press’ with the heading ‘Forecast Power Dim-out; Rate Boost’. Rate boost – they are always comparing our rates with those rates in Manitoba, and the hon. Leader of the Opposition said they should be cut in half.

**Some Opposition Members:** — Hear! Hear!



**Hon. Mr. Darling:** — Oh, hear! hear! I would like to see a Provincial Treasurer go down to Toronto or Montreal, or down to the United States even – where my hon. friends don't want us to borrow any money; I would like to see him go down there, and try to borrow money for a power corporation which was losing several million dollars a year, and if the rates were cut in half that would undoubtedly be the case. But hear this from the 'Winnipeg Free Press' article:

“With the use of steam plant power, cost of supplies will go up as this is more expensive energy than that produced by hydro plants. From now on it appears the province will have to depend on more costly steam plant power; thus indicating an increase in rates”.

Now, no one likes to see that, but that is one of the reasons our rates are higher here in Saskatchewan; that we have been denied the use of hydro development in this province.

**Mr. Buchanan (Notukeu-Willowbunch):** — It's 'Jimmy' Gardiner's fault.

**Hon. Mr. Darling:** — I would like to tell this Legislature that when we were dealing with Mr. Gardiner on the South Saskatchewan river project, the Power Corporation was asked to estimate the amount of capital which they could invest in the dam without the resulting energy produced from a hydro plant reducing the cost of generation in this province. We were asked how much money we would contribute towards that dam so that the electrical energy produced would not be less than the cost from steam generation.

Now, Mr. Speaker, I want to take just a little while on natural gas. I don't think there is any subject upon which there has been more inaccurate so-called information dispensed in this province than that which has been dispensed by those who profess to know something about natural gas. Amateur engineers; amateur statistical analysts. The 'Leader-Post' doesn't both to find an engineer to advise it on the facts of the construction of its editorials. It makes it a very difficult subject with which to deal, when you are trying just by word of mouth to impart some understanding of matters which are of engineering significance.

One thing surely anyone can understand – even my hon. friends across the House. Had it not been for the actions of this C.C.F. Government, the chances are very slight that there would have been any actual gas development in this province to amount to anything up to this date. This is an industry that the C.C.F. Government initiated.

**Mr. Loptson:** — You're just eight years too late.

**Hon. Mr. Darling:** — Back in 1947, when the Liberals would not even have been thinking of farm electrification, when there was no gas development in this province except small, isolated developments with very limited markets, a study was made of the economics of distribution of natural gas; so that when my friend, the Minister of Natural Resources, got the oil exploration work rolling and there was very great possibility that natural gas showings would come to light as a result of that oil search, the Government authorized the Power Corporation to undertake to buy natural gas wherever

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it was discovered in commercial quantities, and close enough to a market to be economic.

It was that undertaking on the part of the Power Corporation which encouraged the search for natural gas; and we moved very quickly when the first discovery well at Brock was brought in. That is really an amazing chapter in the records of this Government, but it was in September of 1952 that the first well was brought in at Brock. Then the Department of Natural Resources, in order to encourage the people who were drilling there, gave certain concessions with respect to lease rental agreements, and encouraged them to go forward to drill other wells to determine the reserves in that particular field. But in 1952 we immediately, as a sort of practice operation, were negotiating with the city of Saskatoon with regard to supplying them as soon as the Oil and Gas Conservation Board could assure us that there was a reserve to justify the extension to that city.

With respect to our dealings with Saskatoon, there is a great deal of misinformation going about regarding that. I have friends on the city council of Saskatoon that I had never met before we opened those negotiations, and our negotiations with the city of Regina are not of the type they have been represented to be. Here is a 'Leader-Post' editorial dated February 2, 1956:

“It will be remembered that in the Corporation’s negotiations with Saskatoon city council, the council was under terrific political pressure and other pressure, to sign the agreement when the lowest domestic price (for gas) the Corporation had offered was in excess of 90 cents per 1,000 cubic feet.”

Mr. Speaker, there was only one pressure, and that was if we were going to be able to serve the city in 1953. At that time we felt we had to know by the first of January in order to place orders for pipe and to let contracts, and complete the job. That was the only hurry, and before we had reached the end of the year, I know that some of our Power Corporation officials would have been quite happy if Saskatoon had said 'No, we won't make a decision', because by that time they were pretty thoroughly worn out and were worried in case a decision would be made when they would find difficulty in taking it there in 1953. You don't start a project of that kind in the middle of the summer. When a programme is planned to take the service to a community, that construction has to be sufficiently far advanced in the early fall that the residents of that community will depend on natural gas for the following winter's heating. Otherwise, it is on into October and November, and they still don't see it coming; then they are going to stock up on the fuel they have been using previously, and the Corporation would find its capital tied up for a full year before it would be used. So there was no political pressure brought on the city of Saskatoon, and our relations were entirely amicable, as soon as we had got together and they began to understand what we were doing.

Again, this 'Leader-Post' editorial says:

“The lowest domestic gas price the Corporation had offered was in excess of 90 cents.”

Again, that is wrong. Our original offer to the city of Saskatoon was a price of 90 cents for the first three years; 85 cents for the next two years, and 75 cents after the fifth year. The city of Saskatoon chose in preference to start off at the 80 cent rate, and since we could not forecast accurately the financial behaviour of a natural gas utility, having had no previous experience, then we agreed, and it was our intention, that the 80 cent rate should remain without provision for automatic reduction.

With respect to the natural gas programme for next year, I am not ready at this time to make an announcement. I hope certainly before very long to be in a position to do so. All the talk, of course, has included the prospect of a deal with the Trans-Canada Pipe Lines Limited. We are not certainly dependent on natural gas service through the Trans-Canada Pipe Line; there is an alternative which we have been giving very close study, and we have not, up to this time, come to a decision. I think we could get a favourable deal from the Trans-Canada people, but we are still undetermined as to what policy would be best to adopt.

Really I think I have never seen a subject so misrepresented as that of natural gas to the city of Regina. Here I have a clipping from the 'Leader-Post' of January 31, reporting a speech made by Mr. Alvin Hamilton, Leader of the Progressive Conservative Party in Saskatchewan, to the Peoples' Forum. He has made more inaccurate and untrue statements in that single speech than would surely constitute a record. He said:

"It was foreseeable that propane and butane, by-products of gas fields, might some day be going through Saskatchewan, providing cities and towns with clean heat. The Government had forgotten this in making its estimates."

I wonder how he knew the Government had forgotten. The Power Corporation has been well aware of that, and has recognized the extreme unlikelihood that butane and propane gas could enter into effective competition with natural gas. The city of Winnipeg has that type of gas, and is very anxious to get natural gas.

Again he says:

"The Government visualizes services to all, but what we want is cheap gas."

Forget the rest – cheap gas! Pure Conservatism, Mr. Speaker. And we really want the benefits of industry being attracted to the province. Mr. Speaker, I am quite sure that everybody wants cheap gas, but to suggest that a favoured few should be given all the benefits of natural gas in Saskatchewan, and that others who could be reached on an economical basis, should do without any benefits, surely is the height of selfishness.

**Mr. Walker (Gravelbourg):** — Political bribery!

**Hon. Mr. Darling:** — Political bribery, Mr. Speaker, is a part of the programme of the Liberal Party at the present time.

**Mr. Cameron:** — That's the Conservative platform you're talking about!

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**Hon. Mr. Darling:** — You can laugh all you like, Mr. Leader of the Opposition; but what is to offer \$20 million to 40,000 farmers if it isn't to buy their votes at the next election?

**Some Opposition Member:** — 40,000 farmers didn't pay for electricity. The \$20 million you stole from them.

**Mr. Speaker:** — Order!

**Hon. Mr. Darling:** — Mr. Speaker, there are other things that I would like to deal with. I see I still have just five minutes, and I would like to use that five minutes on a subject that I think is deserving of the attention of every resident of Saskatchewan, because it shows the extent to which our Opposition is at the present time prepared to go in order to defeat the C.C.F. Government in this province, and to place obstacles in the way of its programmes.

Mr. E.N. Davis, who, we understand, is an editorial writer for the Regina 'Leader-Post', . . .

**Hon. Mr. Sturdy:** — Former organizer of the Liberal Party . . .

**Mr. Cameron:** — He's a good man.

**Hon. Mr. Darling:** — A good man. Well, this is a press release prepared by the Power Corporation in refutation of Mr. Davis' article, which they have not published. I'm going to read it to you, and I am not surprised they have not published it:

“Recent news stories emanating from Regina indicating that the town of Maple Creek had sought permission to develop a nearby gas well, construct a pipeline and distribution system into Maple Creek and had been refused by the Saskatchewan Power Corporation have been branded as ‘trash’ by the Mayor, and ‘utter rubbish’ by the Town Clerk of Maple Creek, according to a statement made today by Mr. H.B. Blaine, Public Relations Director of the Saskatchewan Power Corporation.

“The story was referred to recently in the ‘Leader-Post’ in Regina and ‘Letter Review’ in Fort Erie, Ontario, but has also appeared in other eastern Canadian publications.”

Spreading it all over the country!

“Specifically, it was included in a column called ‘A Letter from Saskatchewan’ in the Toronto Globe and Mail on January 24, 1956, under the by-line of E.N. Davis, who according to the Globe and Mail, is understood to be an editorial writer for the Regina ‘Leader-Post’, Mr. Blaine said.

“According to the Globe and Mail, E.N. Davis wrote, ‘How rigidly this monopoly is enforced is illustrated by the experience of Maple Creek town in southern Saskatchewan.

A prospective source of natural gas for the town was discovered about 12 miles away. Before attempting to develop it for the town's use, the council approached the Power Corporation. It was told that even if it developed the field itself, it would have to sell the gas to the Corporation at the field, and buy it back again for distribution in Maple Creek after the Corporation had piped it the 12 miles.

Mr. Blaine pointed out that no evidence existed in the Corporation's files to show that the town of Maple Creek had ever made such a request, nor was there any indication of a gas well existing 12 miles from the town of Maple Creek.

"In order to corroborate my suspicions," he stated, "I discussed the matter with Mr. Stockdale, the Town Clerk of Maple Creek on long distance telephone, and asked him specifically whether the town had ever asked, verbally or in writing, for permission to develop a gas well. He replied that it had not. I asked him also if the town had ever asked for permission to develop or to build a pipeline and distribution system in Maple Creek, and he stated that the only gas well near Maple Creek was at Hatton, some 25 miles away, and that the town was not interested in developing its own well or building a distribution system. Mr. Stockdale did point out that the town had written the Power Corporation a couple of years ago, asking the Corporation to bring gas to Maple Creek as soon as circumstances permit."

Mr. Blaine pointed out that since discussing the matter with Mr. Stockdale, he had received a letter from Mayor A.B. Myers of Maple Creek, corroborating the Town Clerk's statement.

"In his letter," Mr. Blaine said, "the Mayor stated that he had read such an article in the 'Leader-Post' which he knew had been sent in by a correspondent in Maple Creek". The letter went on to say, 'When they received it, I had a call from the provincial editor. After contradicting most of the article, I thought I had him straightened out on it; however, when it was published, I was much surprised'. I would like to add that Mayor Myers also stressed the fact in his letter that the relationship between the town of Maple Creek and the Saskatchewan Power Corporation 'had always been, and still is, one hundred per cent.'."

Mr. Speaker, to date the 'Leader-Post' has not published that, and will not; and the 'Leader-Post', after being told the story was not true, did publish it.

**Some Govt. Members:** — Shame! Shame!

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**Hon. Mr. Darling:** — Mr. Speaker, the 'Leader-Post' and the Liberal Party of this province are one and indivisible. They are the instruments of reactionary elements in Canada who are seeking to destroy the Saskatchewan Power Corporation. They are trying to spread an atmosphere in eastern Canada which will interfere with the credit of this province to secure the money to carry out the programmes we have in mind; and they are raising objection during this Session of the House — or at least one can infer they are preparing to raise objection — to this Government borrowing in the United States.

**Mr. Horsman (Wilkie):** — Where did you get that one?

**Some Opposition Member:** — Mr. Coldwell said that . . .

**Hon. Mr. Darling:** — Mr. Speaker, I think the people of Saskatchewan will know where their best interests lie when the time comes to pass judgment.

**Mr. Peter A. Howe (Kelvington):** — Mr. Speaker, the other day when the Leader of the Opposition spoke in this House, he made quite a few very sweeping statements. Because of the time at my disposal today, I shall only be able to attempt to deal with one of them. The statement which I make reference to is when he stated that "in 12 years of administration of this Government, they have done absolutely nothing to assist and aid the municipalities in this province."

What a statement, Mr. Speaker! You know, I am going to confine my remarks this afternoon, particularly the figures I want to quote to you, to the electoral division of Kelvington; and I went to the trouble to get all the figures on the various expenditures of the Department of Municipal Affairs and Highways for the last 18 years.

By the way, that will take in some of your record, over there.

**Some Govt. Member:** — Wouldn't take much paper to hold that.

**Some Opposition Member:** — We've heard it all before.

**Mr. Howe:** — Let me just see now what the Liberal administration in the last six years they were in office, what direct assistance did they give to the municipalities in my constituency?

**Mr. McDonald (Leader of the Opposition):** — Here comes the dustbowl.

**Mr. Howe:** — I happened to be on the Opposition, and I can verify this, I can remember it so well. In six years they made by way of grants for roads \$10,000, and in the following six years under a C.C.F. Government it was increased from \$10,000 to \$95,560, or 9½ times as much in this first six-year period under a C.C.F. Government, as in the last six-year period of the Liberal Government in Saskatchewan.

And then, he could get up in this House and say to all the people of Saskatchewan that this Government has done nothing by way of giving aid to municipalities in this province.

Now let us take a look at the second six-year period of this Government. In the next six-year period they provided the municipalities in my constituency \$182,462 by way of grants and assistance for special projects, in building roads. In other words in the first six-year period we gave 9½ times as much as the Liberals did in their last six-year period, and in our second period of six years, we increased it again by 100 per cent, in aid to municipalities.

And then they say “Nothing has been done”! What a ridiculous statement, Mr. Speaker. You can’t fool the people any more in Saskatchewan.

Now, in addition to giving the type of assistance I have mentioned, in 1952 we abolished the public revenue tax. Yes, the Liberals put it on, as the Premier said, and we had to take it off.

**Mr. McDonald:** — You voted against taking it off.

**Mr. Howe:** — No! No!

**Mr. Cameron (Maple Creek):** — Oh, yes!

**Mr. Howe:** — We actually took it off in 1952, which deprives the province of about \$1,800,000 in revenue, which we had to find somewhere else in order to give that help to municipalities.

**Mr. McCarthy (Cannington):** — And charged it back to the municipalities.

**Mr. Howe:** — 1954 was a very difficult year for the farmers of this province, a year in which we had so much rain, the crops were rusted out, and in the northeastern part, where I come from, a lot of small farms had more rain up there than any other part of the province; a lot of farmers weren’t even able to harvest their crop, leave alone some that did get off some of the crop – it wasn’t worth anything. So the Provincial Government in 1954, in order to help and relieve the situation to these people, inaugurated a work-and-wages programme. The municipalities made good use of it. They provided for clearing road allowance, corduroying wet places, providing for drainage so that could be done to good advantage, and in my constituency I am happy to say, Mr. Speaker, that we received from the Government almost \$30,000 that year on a work-and-wages programme.

I can assure you that the municipalities throughout Saskatchewan appreciated it very much. You can’t tell them that they haven’t been getting any assistance from this Government.

**Mr. McCarthy:** — Ask them in Cannington what they got in the same period.

**Mr. Howe:** — Perhaps you didn’t know how to distribute it down there.

**Mr. McCarthy:** — I never got a chance to distribute it.

**Mr. Howe:** — Then in 1955, we had another flood, much greater than many of us have ever seen in this province, and, because of the nature of that flood and the extend to which it was damaging our roads and bridges and culverts, and did damage to homes and places of business, the Government made an appeal to the Federal Government in Ottawa, to see if they would not

consider this an emergency. In the meantime, the Government went to work and tried to assess the damage, make provision for providing \$2 million - \$1 million to try to replace the roads, and another \$1 million to provide for drainage in this province.

I want to say to the members opposite, and to my constituents, that out of that \$2 million, my constituency benefited to the extent of almost \$83,000, to help to repair the damage of the flood in 1955. And you would find it very difficult to go up to Foam Lake or Kelvington or Invermay and tell those people that they have had no assistance from this Government. You might just as well stay home.

So that in these two emergency programmes in the two years, \$111,935, of special assistance in 1954 and 1955, went to the municipalities in my constituency. All this must be looked upon as direct assistance to our municipalities, not only in Kelvington, but all over the province of Saskatchewan.

**Mr. McCarthy:** — Not all over.

**Mr. Howe:** — I want to suggest to the Leader of the Opposition that if the Government had concentrated on direct assistance only to our municipalities and closed their eyes to all the other services that are needed, we could have provided a lot more direct assistance to the municipalities. But our programme is designed to make conditions better for every citizen in the province of Saskatchewan, no matter where he lives, or what his occupation is. So then, we started to do such things as our hospitalization plan, which reaches into every corner of Saskatchewan; our Air Ambulance that has taken sick people from Saskatchewan to other places outside of the province, and from every corner of this province for emergency hospitalization. Then we started to give medical attention, hospitalization, to the aged people in 1944, to the blind pensioners, and to all Mothers' Allowance recipients and all their dependants. We could have closed our eyes to these things and done some other things; sure we could.

Then we have also undertaken social aid to the extent of 80 per cent in Saskatchewan. Under the Liberal Government the municipalities had to assume the full responsibility of social aid.

**Mr. McDonald:** — What a ridiculous statement.

**Mr. McCarthy:** — That's a ridiculous statement.

**Mr. Howe:** — Oh, yes! Nobody knows better than the municipal men themselves. Perhaps the Leader of the Opposition would be prepared to throw something out the window . . .

**Mr. McDonald:** — Yeah! Throw you out.

**Mr. Howe:** — . . . and find a little more money for municipal work. Perhaps the hospitalization scheme could go; the Air Ambulance could be thrown out. Assistance to the aged people and all those social services we are giving, they could throw them out and give a little more money in other places; but I think the people of Saskatchewan would like to know what the thinking of this Liberal Party really is . . .



**Some Govt. Member:** — If any.

**Mr. Howe:** — . . . if any, that's true.

It doesn't matter if they talk about municipal aid, education, power or what have you, they were always going to do all those things much better and much more than we have been doing so far in this province. But it could only mean, Mr. Speaker, one of two things; they would either have to dispense with a lot of the services we are giving today, or else increase taxation and have a bigger budget than we have ever had before in Saskatchewan.

I was just going to remind the members opposite of some of the things that they are going to do. Well, they are going to use a greater share of the Federal subsidy, for instance, to give to the municipalities, I presume about \$12½ million. They are going to take the full responsibility for bridges, \$2 million. They are going to increase school grants to 50 per cent - \$50 million there. They are going to lend farmers the cost of rural electrification, \$5 million. They are going to increase the assistance to the pensioners, which will cost \$2½ million; additional money for market roads, \$4 million; reduced electrical rates, \$1 million. They are going to pay half the cost of municipal roads, \$4½ million.

**Mr. McDonald:** — That's right.

**Mr. Howe:** — Yes, and they are going to share the cost of maintenance on municipal roads, \$3 million. They are going to reduce the provincial taxes from \$44 per capita to \$18 per capita, \$22 million. They are going to provide a fund to lend to municipalities, \$5 million. They are going to give one-fifth of the share of the royalties to those who do not own the mineral rights to their land, \$2 million; reimburse farmers the amount paid for power lines in this province, \$20 million.

**Mr. McCarthy:** — Can you add all that up?

**Mr. Howe:** — Well now, that adds up to a grand total of \$99½ million.

**Mr. McCarthy:** — A lot of money.

**Mr. Howe:** — A lot bigger than the total budget of Saskatchewan today, Mr. Speaker.

**Mr. McDonald:** — A great mathematician.

**Mr. Cameron:** — He says he "presumes" they will.

**Mr. Howe:** — The Liberals in this House today, who are occupying the position of the Opposition in this Legislature, the irresponsible attitude that they are taking not only in the House now but have been for 12 months and I presume will continue for another few months, I think they owe it to the people of Saskatchewan to take them into their confidence and tell them what they are going to do if the terrible thing should happen if you ever had anything to do about the affairs of this Province.

Mr. Speaker, I will support the motion.

**Mr. D. Zipchen (Redberry):** — Mr. Speaker, the excellent speeches of the Mover and the Seconder of the Address in Reply to the Speech from the Throne, deserve congratulations. I wish also to join with the Members of the Assembly in congratulating you, Mr. Speaker, for the fine record you have established in the important position you hold. I feel, as the others do, that your decision to retire will be a great loss to the Assembly, but wherever you may be, you will always be remembered by many friends who have been associated with you here.

I also wish to congratulate the Premier for his sincere and uplifting reply in this debate. I feel that as long as we have our Premier (Hon. T.C. Douglas) as a guiding light in this province, then the province shall continue to march forward towards progress and higher attainments.

I must congratulate the Provincial Treasurer for his careful assessment of the expenditures of the Government. We are most fortunate in having a Minister of such high ability and integrity. It is a rare thing, indeed, to find a Minister such as we have who is acquainted with the smallest details in the business of government. Again I say, that the people of Saskatchewan are in safe hands.

Mr. Speaker, I was amazed to hear the Liberal Leader of the Opposition endeavouring to make unfounded charges against this administration. He stated that this Government failed to relieve the burden of the weight of debts and taxes in the municipalities of this province.

When the Premier, in reply, stated that this Government had relieved the municipalities of a dead weight of debt for seed grain and relief in the amount of \$72 million, the Leader of the Opposition scoffed at this fact.

Mr. Speaker, I was the Reeve of the R.M. of Redberry from 1940 to 1947. Before my time, over \$650,000 had been granted to the municipalities for needy people of my constituency. This heavy load of farmers' debt was completely cancelled by the Government of Saskatchewan, and I ask you if this was not assisting the municipalities, then what would you call it?

**Some Govt. Member:** — Hear! Hear!

**Mr. Zipchen:** — This ranting by opposition members is ridiculous, and will not be swallowed by either R.M. Councils or by the people who received the benefits.

When the Liberals were in power they collected a patriotic tax, some of which we used to pay the high cost of highway construction, to friendly Liberal contractors. They gave little or nothing back to the municipalities for building of urgently needed roads. Today, the story is different. Now municipalities have thousands of dollars, or a general levy of 2 mills, which they can use for the purpose of their municipality. In addition, the Government continues to give generous equalization grants to further assist the municipal units. And still, my friends, the Opposition says this Government has failed to assist the rural municipalities. Let the Leader of the Opposition and his champions of a lost cause tell the people of this province the grants they gave to the municipalities. Let them tell us what they did with the millions of dollars they collected from the public revenue tax.

Let them tell us about contracts which they approved for their Liberal friends.

**Some Govt. Member:** — Hear! Hear!

**Mr. Zipchen:** — They will not, Mr. Speaker, because there is a black page in the history of Saskatchewan.

**Some Govt. Member:** — Hear! Hear!

**Mr. Zipchen:** — Who was it that paid for the relief year after year, Mr. Speaker? Was not the whole burden on the municipal taxpayer? Who was it that paid for the full cost of indigents? Was it not the municipalities during the days of Liberal administration? Again, today, the story is different. The Government pays 100 per cent of such costs for indigents and 50 per cent of the cost for social aid to residents in any municipality. And the Leader of the Opposition has said that we have not assisted the local governing bodies; I say the Opposition Leader and his associates are trying to mislead the people of this province for political gains. But, Mr. Speaker, the people will not be misled by them. Under the policies of Liberal administration, with its lack of foresight, hospitals in this province were closed at many points; hospital boards could not operate because of debts, and the fact that the sick could not pay for accommodation. Yet this Government under the Hospital Services Plan has made it possible that every needy person may obtain a bed and hospital care, and none need die by the wayside.

Grants were made to assist union hospitals to carry on essential health services. In Hafford alone, a grant of \$7,500 was made to re-open the existing hospital. Yet my friends across the floor belittle everything this Government has done. I say, Mr. Speaker, that the Opposition either knows nothing of these matters or they are deliberately misleading the electorate.

At this time I would like to mention the amounts of market road equalization grants allotted to rural municipalities lying wholly or partly in the electoral division of Redberry, for the fiscal years 1953-54. In the year 1952, grants were \$24,730 and in the year 1953, \$45,139, or an increase in the amount of \$20,409. According to the Public Accounts for the fiscal year ended March 31, 1954-55, the equalization and special grants were also at the top level for the Redberry constituency; and yet the opposition members say we have not assisted the municipalities. What a silly statement!

Dealing with last year's flood in my constituency, I can only say that we were hard hit; farmers' grain in the bins was in many cases destroyed. The municipalities suffered heavy losses in washouts of roadways, culverts and bridges. Immediately the Provincial Government presented a submission to the Federal authorities for a reasonable share of the costs for personal damage and damage to public works, such as has been granted to other flood-stricken areas in the past few years.

What was the result? This Government was turned down flat, and not a single Liberal, in this House or out, protested against the discrimination of Ottawa against the people of Saskatchewan.

Mr. Speaker, I congratulate this Government and compliment the Cabinet for the assistance to all those parts of Saskatchewan stricken by last

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year's flood. In my constituency, assistance was given on the basis of the formula in the amount of \$53,932 towards market roads, culverts and bridges.

Mr. Speaker, I am sure I can speak for all the municipalities I represent, when I say we are all grateful for this Government's concern and assistance during our time of need. I regret that the Federal Government failed to undertake a similar responsibility, and I can assure you that my people will not forget.

Now I would like to say a few words about agricultural depression. We are grateful to bountiful nature for the unforeseen crop of 1955. It was a gift worth remembering in our Jubilee year. Yet there are many piles of grain lying in the open fields and many granaries are full, and due to the stupidity of the Federal authorities, farmers are today penniless. Machine agents and other businessmen are going bankrupt, because the grain cannot be marketed. The banks, in most cases, refuse to loan money to farmers. Farmers, too, resent paying 5 per cent interest on money which is actually their wages. As a result, in this situation, we are living through a serious crisis, and every segment of our local society is suffering.

I am one of those who are amazed that the Liberal members opposite, who, only a few years ago, voted with us for cash advances, have now done an about-face, betraying the agricultural people. This too, Mr. Speaker, will not be forgotten by the people of my constituency, as well as those in other parts of Saskatchewan.

There is one other matter I would wish to discuss at this time. It concerns the rail grading of hogs. May I say that the present system of grading is far from fair. I have before me on my desk, a hog grading statement of settlement for 16 hogs shipped from North Battleford on January 19, 1956 to Canada Packers Limited, at St. Boniface, Manitoba.

It is noted that only 2 of these were graded "A" and were sold or settled for at \$19 per cwt. The other grades went as low as \$15.50 per cwt; and so I ask, because this is the common experience of producers in the West, whether anyone can agree this is a reasonable return.

The producers in my constituency are more than disappointed in the floor price, and in the system of grading that pertains. Both farmers and consumers alike are at the mercy of the packer. After all, the only difference between an "A" hog and a "B" hog is a little extra fat over the shoulder, or it may be slightly on the thin side. Yet when the consumer (which means every one of us) purchases bacon, pork, or ham, we are asked to pay for the finished product the same price, regardless of whether it comes from a fat or a lean hog. The farmer is penalized, and the consumer obtains no discount. This, Mr. Speaker, is one more injustice which must be placed at the feet of our Liberal friends in Ottawa, whose concern appears to be the welfare of the millionaire packing industry.

It is my duty not only to commend the Government for its good policies, but I must also offer some constructive criticism, and at this time, I have one thing in mind, which I am sure the Government could do, and thereby make many of the people in my constituency more grateful. I suggest that the rural electrification programme be carried into the poorer areas

allowing the people in such areas a period of time to pay for the installation. Most of the farmers could easily pay for this capital cost if it were spread over a period of a few years. Now they are unable to pay the complete cost at one time. I am sure this suggestion is worthwhile, and I urge that some easier manner of financing be adopted for such communities or areas.

In conclusion, Mr. Speaker, I wish to mention that we on this side of the Assembly will continue to fight for justice and the rights of the farmers, working people and small businessmen.

I am sure that a year from now, many of my hon. Friends opposite will remain at home, where they will probably do a better job than they have done here. To them may I say that I hold no bitterness.

**Mr. McDonald:** — Thank you.

**Mr. Zipchen:** — They might have had more wisdom and spoken better for their constituents, yet I do wish them well in whatever work they may be doing after the next election is over. I shall, of course, support the motion.

**Hon. I.C. Nollet (Minister of Agriculture):** — Mr. Speaker, I beg leave to adjourn the debate.

(Debate adjourned)

## SECOND READINGS

### **Bill No. 11 – An Act to assist Saskatchewan Cement Corporation Ltd. In establishing a Cement Manufacturing Plant in Saskatchewan**

**Hon. C.M. Fines (Provincial Treasurer):** — Mr. Speaker, this is an Act to assist Saskatchewan Cement Corporation Ltd. in establishing a Cement Manufacturing Plant in Saskatchewan.

I think, before asking the members of the House to vote on this very important Bill, I should say something about it. As hon. Members know, we have been trying now for several years to get a cement plant in Saskatchewan. The Industrial Development Office have approached many individuals with a view to getting them interested in this particular industry. In recent years, as all hon. Members know, there has been a very great shortage of cement in Saskatchewan, with the result that we have had to use a great deal of American cement at a cost which is much higher than that of cement produced in Saskatchewan. We require a total of 1,300,000 barrels of cement, annually, here in Saskatchewan. At the present time most of the cement used comes from either Winnipeg to the east, or from Exshaw, Alberta, in the west.

A group of businessmen located in western Canada became interested in this project in Saskatchewan during the past year. One of

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these men, a gentleman by the name of Mr. J.W. Sharpe, a young man of 44 years of age, who has been in the cement business now for 27 of those 44 years, showed a great deal of initiative in getting a company organized. Mr. Sharpe succeeded in getting interested a number of very prominent businessmen from British Columbia and Alberta. Mr. R.D. Welsh, who is the President of the Company, is a very well known successful businessman in the construction business in British Columbia. Mr. H.A. Martin is also a very well known businessman in that province, also being engaged in the construction business; he is an engineer by profession. And then, Mr. J. Davidson, who is the Vice-President of the company, and is a very prominent insurance man in Vancouver. Then we have Mr. Chesher of Calgary, a man who is in many fields of activity in that city. And then Mr. Max Bell, who is well known by name at least, his illustrious father having, at one time, occupied the position which I occupy at the present time. These were the men who got this company put together, they interviewed the Industrial Development Office and it was suggested to them that they should endeavour to get some Saskatchewan people interested also. They were able to get Mr. George Whitmore who has been very active in the business life of this province for many years. Mr. Whitmore was appointed Chairman of the Board.

Then they went to the Co-operatives in Saskatoon and succeeded in getting Mr. Harold Benson of that city to go on the Board. May I say that for awhile, we were very hopeful that we would get the Federated Co-operatives to put a considerable amount of money into this company. They were quite interested to do so. Unfortunately, however, their capital has been pretty well tied up with the great development which is taking place by the organization in oil refineries, etc.

By now it was agreed that they would investigate the possibility of putting up a plant capable of producing 850,000 barrels. The Company had a survey made, and it was found that this could be done at a cost of roughly \$8½ million. They then approached the Government with a view to us putting up out of our Industrial Development Fund a certain amount of this.

The proposal they originally made was that we should put up \$3½ million out of the total of \$8½ million. They were prepared to give us first mortgage bonds to the extent of \$3½ million, in return for this amount of capital. They then proposed that they would put up, themselves, \$2 million, for which they would obtain the common stock, and that they would sell second mortgage bonds totalling \$3 million, also at a rate of interest of 5½ per cent, but these second mortgage bonds would have some other features, such as warrants, which would entitle the holder to purchase common stock under certain conditions.

However, that deal fell through when the Company found difficulty in raising the \$3 million. They then came back to the Government later on with another proposition which I shall tell you of later.

In the meantime, the Government decided, before it could put up \$3½ million, that we would have to have our own independent survey made. So we engaged a firm which is probably one of the two best known firms in the Dominion of Canada for this purpose, the Stevenson-Kellogg Limited, who are consulting Engineers. We asked them to investigate this proposal. They submitted a report to the Cabinet, a report which was very favourable,

recommending that this was a very good investment for the province. We also appointed Professor Thorvaldson of the University of Saskatchewan, now retired. Professor Thorvaldson is recognized as being one of the outstanding cement authorities on the North American continent. He provided the Kellogg-Stevenson people with the technical assistance which they needed to enable them to prepare their report, and his report was most favourable.

The Company would have to go to Manitoba to obtain certain of the materials that we did not have here in Saskatchewan. The clay at Regina was found to be very suitable for this purpose. However, they would require a certain amount of other materials which could not be obtained in Saskatchewan. These materials would come from Mafeking in Manitoba, some 7 miles away from the railway. There is a proven tonnage of limestone there sufficient to operate the mill for 145 years. There is suitable clay here, some 200 acres, with a deposit 50 feet deep, right near Regina, which would provide the proposed mill with some 6 million tons, or sufficient tonnage to operate the mill for 150 years. So the supplies were considered by the Company to be quite adequate.

Then the Company came back to the Government around the first of October, when the first plan had fallen through. They had been unable to get any firm commitment from any underwriters to raise the \$3 million. The \$3½ million they were going to get from the Government would not, with the \$2 million which they were prepared to put into the Company themselves, be sufficient. So they came back with a new proposition, and that was that they would put in \$1 million, and \$1 million would be obtained by the sale of common stock, making \$2 million in all. They then suggested that the Government guarantee debentures totally \$5½ million. They had approached the Bank of Montreal in Montreal, and had been able to get an assurance from the bank that they were prepared to buy these bonds with the government guarantee attached.

The bank officials came out to Regina and this was when I was called into it to start working out details. First the bank suggested that they would lend the money to the Company at 3½ per cent for the first five years and at 4½ per cent for the next five years, and that the province would get a guarantee fee. However, it seemed to me that for money which averaged 7½ years (that is, 6 to 10 years debentures), that 4½ per cent was altogether too high an interest rate, so we were able to persuade the bank to accept a 3½ per cent interest rate throughout, and the Province would get a 2 per cent guarantee fee for guaranteeing the bonds. That is the deal that has been worked out with the Company. The guarantee of the province will apply on the \$5½ million of debentures. We will not be required to put up any cash whatsoever. All we will be required to do is to guarantee the repayment of the \$5½ million, and for that we will obtain a fee of 2 per cent per annum until they are paid off.

Now there are certain precautions we took. First of all, we told these directors, we felt that they should be prepared not only to put up this \$1 million in cash which they were putting up, but that they should be prepared to guarantee the first payment. They have agreed to do that. Under the Trust Deed which has been drawn up and a subsequent agreement which certain of the directors, they have agreed that they will guarantee the payment of the first \$550,000 . . .

**Premier Douglas:** — Personal liability.

**Hon. Mr. Fines:** — Yes, it's under their personal liability, not out of the Company. They can't use up any of the assets of the Company; it would come directly from their own personal funds.

Then the second thing we said to them was: "We are interested in this not only for three years or four years, but until the whole thing is paid up. We, therefore, would like to have you people give us an undertaking that you will not dispose of your common stock."

They have agreed to do that. The common stock will be in escrow with the company which did the financing (that is with the syndicate) for a period of three years, I believe, after which time they are prepared to put that stock in our hands or in the hands of a trust company, and that stock cannot be released except with our written authority. The reason for them retaining it is in case of death, for example, of one of them, and the stock may be required to be converted into cash to pay succession duties, or if it needs to be put in the bank in order that they can use it for raising money for some other project or company. But they have agreed that they will not dispose of that stock nor use it in any way except with our prior approval.

Now, may I say that the directors have agreed on something else. The limestone deposit is seven miles from the railway, and they have agreed to construct a spurline for this distance of some seven miles. The spurline will cost them somewhere in the neighbourhood of half a million dollars. This is to be financed entirely by certain of the directors themselves.

Mr. Speaker, there is a great deal one could say about this. We feel that this is a very important industry for Saskatchewan. It is an industry that will provide employment for approximately 100 people. It is an industry that lends itself to other types of industry coming along, to provide materials which they will need; and, of course, one industry brings forward another industry. It will use, of course, a very considerable amount of electricity and a very considerable amount of natural gas, if and when we get natural gas in this area. In the meantime, of course, it will be using a great deal of fuel oil, of which we have an abundance now in the province.

Some people have said to me, "How can an industry of this sort operate in Saskatchewan?" . . . "What is it that gives it an advantage over these other old-established industries that have been in existence for many years?" It is a question of freight rates. At the present time we have to bring a manufactured product all the way from either Exshaw, Alberta, or from Fort White, near Winnipeg, in Manitoba. The freight rates on a manufactured article are very, very high whereas the freight rate on a raw product is very low. So they are able to bring this raw material down from Mafeking, which is just over the Saskatchewan border, in Manitoba; they are able to bring that all the way down, bring it to the plant here, and then manufacture the article and sell it at a very good price. We have the figures here which show that there are advantages depending upon the location. Right here in Regina, there will be a very substantial advantage; even in Saskatoon there will be a substantial saving. But, of course, when we get down to Moosomin or, the other way, to Maple Creek, or up to Lloydminster, the advantage is not as great, because there would be the freight rate on the



finished product from here out to those points.

We have done everything humanly possible to protect the interests of the province in this. We have had the very close co-operation of the Bank of Montreal and I would like, at this opportunity, to express publicly the Government's appreciation to the Bank for the way in which they have co-operated with us in drawing up this Trust Deed and other various legal documents that have taken a great deal of time. We have, of course, the security of the plant. The bonds that are issued on first mortgage bonds, so that if at any time anything happens, and the industry could not go forward, we have a plant on our hands. I don't think there is any danger of that happening. I think we have studied the question sufficiently, we have had enough experts working on it, and I have every confidence in the type of people at the head of this – men with many, many years of business experience, and real go-getters. If any of you have looked at the records of these men you will find that these directors are all very successful men. Mr. Sharpe himself, who is coming in as General Manager, has had 27 years experience. He was the general manager of the largest cement plant on the western coast; his whole life has been devoted to this and he has every confidence that this plant will be a real success.

Now, Mr. Speaker, there may be other questions, the details I think we can probably best consider in Committee. If there are any matters of general principle, however, that the members would like to raise today, I would be very interested in a discussion of them. I feel that by supporting this Bill we are supporting an industry to become established in Saskatchewan that will be a success in years to come, and will result in other industries coming into our province. So I will move that the Bill be now read the second time.

**Mr. A. Lopton (Saltcoats):** — Mr. Speaker, I would like to say a word or two on this Bill. I do not want to throw any cold water on the project, but I think it is only fair that I should remind the House that cement projects have not been any too profitable in the past. It is more or less a fair weather proposition. The shortage of cement during the last few years has been due largely to the large amount of cement that has been used for defence purposes.

Now I think, in all fairness to the Opposition at least, and to the people of Saskatchewan, that we should be provided with a prospectus of this proposition; that we should have a chance to study it, and that we should have a chance to check up on the personnel who are behind it, apart from what the Provincial Treasurer has said. We should know how much of this capital is going to the promoters. We should know how the profits are going to be distributed in the boom years, and what portion is going to be paid on the bonds before profits are distributed to the shareholders. All these factors are pertinent to the security of this loan.

If the profits of the plant are going to be used to redeem the loans before anybody else gets anything out of it, then I would say that the security would be much better, but if the promoters are going to get the first profits and the bonds are going to be held back, except for the interest, we might find ourselves holding a 'ghost' plant here, with \$5,500,000 against it. That has happened before. It is not like some other industries where there is a continuous demand for its product. Its sales depend entirely

on the building prosperity of the country; and if Saskatchewan is in such a terrible situation and condition as the C.C.F.'ers make out it is, then the future of cement and buildings in Saskatchewan is not too bright. If the farmers are all broke and they have no money, then the businessmen are certainly going to be broke and they have no money, then the businessmen are certainly going to be broke and they are not going to be expanding in the building field. I suggest, Mr. Speaker, that this should be held up until we get a copy of the prospectus, which must be in the hands of the public and the proposition must be studied.

I am not going to say that I am going to oppose it, but I do think that, in all fairness to the Opposition and to the people of Saskatchewan, that we should have something in black and white to show the fundamental set-up of this proposition before we give this Bill second reading; and if it is necessary to hold it up, I beg leave to adjourn the debate.

**Mr. Speaker:** — You are asking permission to adjourn the debate?

**Mr. Loptson:** — I think that would be the proper thing to do. I don't think that we should just pass second reading. It is the principle of the Bill that we are passing and I think that we should have this information before we pass the principle.

**Premier Douglas:** — Mr. Speaker, . . .

**Mr. Speaker:** — I think the hon. Member is in order in seeking adjournment of the debate.

**Premier Douglas:** — No, he is not in order unless he gets leave to adjourn the debate.

**Mr. Speaker:** — Well, if he makes a motion to that effect.

**Premier Douglas:** — He hasn't made a motion, Mr. Speaker.

**Mr. Speaker:** — I understand he made a motion.

**Mr. Loptson:** — I said that I would move the adjournment of the debate in order to get this information.

**Premier Douglas:** — Mr. Speaker, I would like to point out, the information which the hon. Member has requested is information which could not possibly be given in the House. The proper place to get it is in the Committee to which this matter goes. The information which my hon. Friend asks for is to have a prospectus and to look at the engineering reports which have been prepared by Stevenson-Kellogg, the consulting engineers who were hired to get information regarding the principals of this company. Now my hon. Friend is perfectly aware of the fact that those are details of the Bill that we couldn't circulate information on when the House is in full session. The proper place for details like that is when we are in Committee of the Whole, and I am sure the Government would be quite prepared either to have this matter go to a special committee, or to any standing committee or to the Committee of the whole House, and give my friend all the information he wants.

I would be quite prepared to undertake now that we will leave

the matter in Committee until all that information is available, but I cannot see any point in adjourning the debate, because in the House itself there is no opportunity for questions and answers. The moment the Minister has finished speaking he cannot speak again; you cannot ask questions and you cannot get answers; you can only make general statements. The moment I sit down now I have given up my right to speak on this Bill, just as my hon. Friend has. The proper place to discuss this Bill and get the type of information my hon. Friend wants is in Committee of the Whole, or in a Standing Committee of the House. We are quite agreeable to have the Bill go to either one.

**Hon. Mr. Fines:** — Mr. Speaker, might I suggest to the hon. Member that he not adjourn the debate, but rather that he allow the second reading to go through. I would then be prepared to give to him all the documents I have: first a document prepared by the Saskatchewan Cement Corporation — it is a project study and a plant proposal. I certainly agree that members are entitled to all the information there is.

I have here, also, a report on the proposed Regina plant prepared for the Industrial Development Office by Stevenson and Kellogg; if it is agreeable with you we could give him that, too. And then, finally — I don't know if this adds much; it is one that I would be glad to let you look at. It is suggested by the Bank of Montreal — their proposals.

I would be very glad to let you have all this material and we could then, when we get into Committee, ask questions back and forth. But may I say that there is some urgency because of the fact that these bonds are dated on March 1st, and there is a great deal of legal work yet. I have given assurance that I would expedite this. I gave the assurance last November, in writing, to the Bank, that I would introduce this Bill on the first day that I had an opportunity. I did so but because of all the legal difficulties we have had, it has been held up until now. I would suggest we let the second reading to through. We are approving the principle; we all agree, surely, on the principle.

**Mr. Loptson:** — I'm not so sure.

**Hon. Mr. Fines:** — Well, if we are not sure, then, of course, it is a different thing.

**Mr. Loptson:** — If certain information . . .

**Mr. Speaker:** — Order! Has the hon. Member leave to adjourn the debate?

**Some Hon. Members:** — No.

(Motion to Adjourn Negatived)

**Mr. McDonald:** — Mr. Speaker, I think that if we let the Second Reading of this Bill go through then we are approving in principle the subject matter of the Bill. In all fairness, since the Provincial Treasurer has stated he has information he is prepared to give to the Committee, why not let us have that information before the Bill goes into Committee . . .

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**Hon. Mr. Fines:** — You can have it right now.

**Mr. McDonald:** — Well then, why not leave Second Reading until say tomorrow or the next day? I know, personally, I would very much like to peruse the information that the Minister has before committing myself.

**Mr. Speaker:** — That has been disposed of by the vote.

**Mr. McDonald:** — It has not been disposed of, Mr. Speaker. The Bill has not received Second Reading, and I think before it receives Second Reading that this information should be made available to whatever members want it. The end result would be that you probably would get your Bill through just as soon by doing it that way as by leaving all the questions to be answered in Committee.

**Hon. Mr. Fines:** — Well, Mr. Speaker, before you put the question, I would like to answer the question raised by the hon. Member for Saltcoats (Mr. Loptson) that has to do with the profits being taken out by the directors or the common shareholders. They cannot take any profits out, there can be no dividends paid on any of the common stock except with the permission of the first mortgage bondholders; that is one of the conditions of the Trust Deed.

Mr. Speaker, may I say that one reason I have for suggesting that this get Second Reading and then get into Committee is that there are a great many questions, and I would like to have some of the legal people who have been working on it here, when we take it up in Committee of the Whole, to answer those questions. In the meantime I am quite prepared to send these documents over to the Opposition rather than have them tabled in the House, because there is only one copy of each. I will give you these and you will, of course, bring them back when we take the matter up in Committee. I would suggest we leave it until about Wednesday and give you a couple of days to study this, and then we will be all set and ready to go.

Mr. Speaker, I might say the bonds are payable at 10 per cent each year. It is not all left until the end. They have agreed to pay back \$550,000 each year, plus the interest on it.

**Mr. Loptson:** — May I ask a question? Isn't there a regular prospectus made out?

**Hon. Mr. Fines:** — Oh, yes, of course. Those are available to the general public.

**Mr. Loptson:** — Well, aren't they available to us?

**Hon. Mr. Fines:** — I haven't got one.

**Mr. Loptson:** — I certainly think they should be available to every member of the House.

**Hon. Mr. Fines:** — I think any stockbroker could give my hon. Friend one. I am sure they all got them, but I haven't seen it.

**Mr. Loptson:** — I think it is the duty of the Provincial Treasurer, who is responsible for this Bill, to see that every member in the

House has a copy of the prospectus. Does he want these men just to vote \$5,500,000 just because . . .

**Hon. Mr. Fines:** — Mr. Speaker, the purpose of a prospectus is to give information to sell shares, and we weren't interested from that point of view.

**Mr. Loptson:** — we are interested in seeing what they promise to the shareholders.

**Mr. Danielson (Arm River):** — Mr. Speaker, I would like to ask the Provincial Treasurer a question. He said that bonds were payable over a period of 10 years. Is that an equal amount?

**Hon. Mr. Fines:** — Yes, that is equal as to principal. The interest will go down each year. We also will have a director; the company has given to the Government the right to name a director to the company; that is, until we are paid out.

**Mr. McCarthy (Cannington):** — Does he hold shares?

**Hon. Mr. Fines:** — Oh, no.

**Mr. Loptson:** — Would the hon. Provincial Treasurer see to it that the broker provides the members of the House with copies of the prospectus?

**Hon. Mr. Fines:** — I would be glad to, Mr. Speaker. I will be glad to do anything I can to expedite the procedure. I will be very glad to try, but I don't know if the brokers here have enough to go around.

**Mr. Loptson:** — We haven't got the money that the Provincial Treasurer has to throw around, but I would to see what they promise.

The question being put on the motion for second reading of Bill No. 11, it was agreed to, and the Bill referred to a Committee of the Whole at the next sitting.

The Assembly then adjourned at 5:25 o'clock p.m.