

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Fourth Session – Twelfth Legislature**  
**18th Day**

Monday, March 5, 1956

The House met at 2:30 o'clock.

On the Orders of the Day.

**Budget Address**

**Hon. C. M. Fines (Provincial Treasurer):** — Mr. Speaker, this is the twelfth occasion upon which I have been given privilege to rise in this House to introduce the traditional motion of Supply. A year ago, in the observance of Saskatchewan's Golden Jubilee, it was also my very great honour to present the Province's fiftieth budget. I suggested then that we had reached a notable milestone in our history — the end of the beginning. Now we are entered upon a new phase of development, conscious of our heritage, tempered by our trials, looking forward to the second half-century.

Those who would assume a position of leadership in building for the future of Saskatchewan face a grace and heavy duty. Abundant as our new-found resources may be, as firm in spirit as the people are, nevertheless the tasks of the years ahead are many and great. The facts of our geography are no less harsh. The strains of Canadian nationhood are not yet resolved. And the course of international trade and political relations remains stubbornly unpredictable. In the face of difficulties such as these, the responsibility of democratic government to guide and assist in the continued economic growth and social progress of our Province is many-sided and perplexing. Its successful accomplishment calls for decisive judgment tempered by understanding, technical knowledge with administrative efficiency, vision rooted in realism.

The annual budget may be likened to a mirror, testing whether the government of the day, or of those seeking to be the government, are possessed of such qualities and are equal to the challenge of the years ahead. In presenting the budget today, I am also conscious that the Government is now competing its twelfth year in office. I hope today, therefore, while concentrating upon our hopes and places for the future, to give as well a broad account of our stewardship over the past decade.

**National and International Trends**

In turning to the customary reviews of the economic background, I should like first to draw attention to a few highlights of the national and international scene. You will recall that a year ago, we were much concerned by the economic decline which had occurred in 1954. In both Canada and the United States, production had fallen while unemployment had risen to the highest level since the war. Fortunately 1955 brought the overall recession to a welcome and early end. Recovery and expansion proved exceptionally strong; so much so that by the late fall inflationary tendencies had

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provoked relatively severe restrictive policies by the monetary authorities in both countries. These economic trends were similar in part to those which had developed somewhat earlier in Western Europe, and particularly in the United Kingdom. In the latter country, moreover, a widening gap between imports from and exports to the dollar area caused a fairly sharp fall in gold and dollar reserves, thus pointing up once again the difficult trade position of the traditional market for our wheat.

In Canada itself the national economy as a whole moved on to new high levels in 1955. Growth in population and consumer demand, capital investment and industrial production, inventories and foreign trade, employment and earnings, were all of marked importance. The "gross national product", which measures the total value of all goods and services produced in the economy, recovered the ground lost in 1954 by advancing some 10 per cent.

The most disappointing aspect of 1955, however, was the failure of the recovery to extend to the farm income sector. Greatly increased physical production in agriculture in Western Canada contributed to a substantial gain in accrued personal income for the country as a whole. But farm cash returns declined by a further 2 ½ per cent. Prairie farmers were particularly affected. Here the decline amounted to over 5 per cent. The basic explanation for this contradiction between production and income may be traced in the data on foreign trade. Although total exports from Canada reached a new height in 1955, the export value of what and what flour fell about 10 per cent below the level of the previous year. The relative movement of prices, moreover, brought further serious problems to our farmers. The remarkable stability in the general price level is now seen to be due to the fact that the inflationary pressure generated by the industrial boom has been largely offset by continuing weakness in farm product prices and has been largely offset by continuing weakness in farm product prices and reduced demand from the agricultural sector. In a sense it may be said that to date the farmers of Canada have had thrust upon them an involuntary burden of restraining inflation throughout the national economy.

### **Saskatchewan Economy**

With respect to the Saskatchewan economy itself, I need not dwell at any length upon the familiar story of recent developments. Nevertheless, I should like to re-emphasize certain broad trends and draw attention to some significant aggregates which underlie the growth in our provincial finances.

Although the current fall in farm cash income is not doubt our most pressing problem, in my view the most significant economic development of 1955 was the amazing recovery in the physical output of our farms. The damaging effects of rust, floods, curtailed acreage, weeds and insect pests, were successfully overcome. In the result, one of the best crops in the fifty years' history of the province was grown and harvested. All told, the physical output of grain jumped from 302 million bushels in 1954 to over 572 million in 1955. With substantial improvement in quality, the aggregate value of this production was approximately doubled.

Unfortunately, as we all know, the grains in production were not

matched by any upturn in cash income. The decline in exports, and the failure of the Federal Government to assure maximum use of available storage capacity, have curtailed deliveries to country elevators in the first half of the current crop year by almost 25 per cent. In this province total farm cash receipts from all sources amounted to \$449 million in 1955, compared with \$473 million the previous year. As against this, a first estimate of accrued net income, taking into account the value of larger farm inventories, is placed at about \$310 million. This is a gain of some 150 per cent over the exceedingly low level experienced in the previous crop failure year. But it is evident that the worsening relationship between the prices of goods and services paid for by farmers and the prices received for farm products continues to eat into net income. This cost-price squeeze upon net income remains as perhaps the most disturbing aspect of the current and prospective farm picture. If the ratio of costs to prices in 1945 is taken as 100, the comparable ratio in 1955 has risen to approximately 162.4. The latter calculation makes no allowance for final payments on western grains, but it is clear that the relationship has swung against the farmers by at least 50 per cent. It had, in fact, deteriorated to the unfavourable situation existing before the last war.

### **Non-Farm Expansion**

In the budget address of one year ago, I noted that despite the severe difficulties encountered by our farmers in Saskatchewan economy in 1954 was maintained at a very high level. The same buoyant forces have been operative in even stronger degree throughout 1955. We have had a further object lesson, a further demonstration of new-found resilience and diversity in our economic foundations. I have already mentioned the vigorous physical recovery of agricultural output. It has been matched by a steady expansion and an increasing relative importance of the non-farm industries. In 1945, these industries accounted for only 22 per cent of the net value of commodity output as compared with 78 per cent for agriculture. In 1955, in contrast, while agriculture still remained the major activity as much as 40 per cent of net production came from the mines and power stations, the oil and gas fields, the lakes and forests, the factories, workshops and construction industry. The remarkable growth in these other basic industries has gone far toward taking up the slack in our economy caused by the decline in farm earnings.

As in 1954, the most striking gains have again been recorded in the mineral industries. The Federal Government for the first time has published data on radio-active ores. It is now possible therefore to give a complete figure for mining in Saskatchewan. In 1955 uranium production rose to an estimated \$14 million, and the total value of mineral output jumped by 23 per cent, rising to some \$84 million in comparison to only \$24 million ten years ago. The oil industry continued to forge ahead, again doubling its physical output and advancing 120 per cent in value. The number of productive oil and gas wells has now risen to 1,850, and proven reserves of crude petroleum to more than 500 million barrels. In the north, the production of base metals gained a further 17 per cent in value; our southern coal mines accounted for a fifth of total Canadian output; and new high levels of activity were achieved in a wide variety of industrial minerals, including brick and clay, sand and gravel, common salt and sodium sulphate, and in potash development.

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The other resource-based industries – forestry, fishing and trapping – all enjoyed a particularly good year in 1955. Strong market conditions were combined with effective management and utilization programs, resulting in substantial gains for production, employment and income. In electric power, the extremely rapid rate of increase in provincial consumption continues unabated. The output of central electric stations rose by over 16 per cent to reach some 850 million kwh. In the construction industry the value of work performed reached \$274 million in 1954. The intentions forecast at the beginning of 1955 showed a slight decline, but final figures are likely to show that the level of activity was maintained at the previous peak. In manufacturing, the value of factory shipments rose to \$282 million in 1954, making the largest annual increase since the inflation of the Korean war and double the average rate of growth since 1951. Employment in manufacturing has remained strong throughout 1955, and production values for the year have been forecast at close to \$300 million.

### **Population, Employment and Income**

In tying together all the many strands of the provincial economy, it is obvious that for the second year in succession the depressing influence of lowered farm earnings has been substantially resisted. At June 1, the Dominion Bureau of Statistics estimated our total population at 889,000. It is gratifying to not that at the recent Ottawa conference on health insurance, the Saskatchewan population is forecast at 905,000 in 1956 – a gain of 9 per cent in five years. This is particularly significant when it is recalled that between 1936 and 1946 our population declined from 932,000 to 833,000 persons. At the seasonal peak last August, the labour force had risen to a postwar record. The total number of employed persons was estimated at about 324,000 – a rise of 10,000 over the previous high in 1953. This is also reflected in the substantial gain in labour income, estimated at about \$420 million compared with \$404 million in the previous year and only \$161 million in 1944. In total, while the realized income of all Saskatchewan residents remained at just about the same level as in 1954, accrued personal income climbed again over the \$1 billion mark. In per capita terms this will be about equal to the national average.

### **Economic Prospect in 1956**

Now what of the prospect for the year ahead? Obviously the most important questions concern markets for farm products and the continuing problem of cost-price relationships in the farm economy. These are difficult and perplexing problems. Their solutions must clearly be sought within a framework of national and international policy. The Wheat Board has made the careful statement that exports in the current crop year ending next July will approximate the same level as in 1954-55. If this is true, and adequate measures are taken immediately to utilize storage capacity to the full, farmers' marketings should undoubtedly improve substantially. The latest reports on foreign crops indicate some prospect for improved wheat markets in the next crop year. Despite the refusal of the United Kingdom to enter a new International Wheat Agreement, we are still hopeful that helpful results will emerge from the current discussions in Geneva. This may be achieved if the talks lead to some softening of policies of

greater agricultural self-sufficiency in Western Europe. As the Food and Agriculture Organization of the United Nations points out, such a development would be greatly assisted by a relaxation of world tension and the easing of international payments difficulties. In all of this we must certainly continue to urge that the Canadian Government should provide a dynamic, constructive lead.

In any circumstances, if deliveries this year equal the level of 1954-55, farmers will still have on hand about 260 million: — grain at July 31 next. About 156 million will be wheat of very high quality, so that the economy will be well insulated against any possible crop disaster. Cash income would of course be greatly improved if the Federal Government would agree to cash advances on farm-stored grain. However, we do welcome the pending legislation under which storage charges are to be paid on that part of the wheat carryover in commercial position exceeding 178 million bushels. This plan, together with the interim payment on the 1954-55 wheat crop, should add about \$36 million to normal agricultural income in Saskatchewan this calendar year. Provided price declines can be avoided, the rising livestock population on our farms noted in the annual December count, suggests a further increment of cash income from this important source.

As to the balance of our economy, I am confident that the gains achieved to date will be surpassed in 1956. True there are many signs that the industrial boom in both Canada and the United States is now slackening off, and this may weaken markets slightly. But growth factors are strongly operative within the provincial economy. Important increases in mineral production are well in sight. The exploration and development program continues to grow in scope and intensity. According to the magazine "Oil in Canada", total expenditure on petroleum development in Saskatchewan in 1956 will reach \$95,500,000, up by more than \$10 million over 1955. Copper, uranium and potash will also share the spotlight. Interest is higher than ever in the potential utilization of forest resources. This applies not only to our pulp and paper potential, but also to other wood-using industries such as plywood, blockboard and wallboard, and studies now underway may well lead to important new projects being launched this year. The imposing list of new plants and plant expansions already line up — steel pipe, cement, wire and cable, strawboard, sewer pipe, and so forth — all point toward a record year for manufacturing investment. Both engineering and building construction seem likely to remain at peak levels. The service sector will be greatly stimulated by the further growth in basic industries and the anticipated upturn in total realized income. In the overall picture, capital investment should be maintained at a very high level and as the budget detail will disclose, the provincial government's own plans for capital construction will continue to play a vital role in Saskatchewan's continued economic growth in 1956.

### **Dominion-Provincial Relations**

Before proceeding to the budget itself, I must deal with a further broad and important topic. Those members of the House who have served here since 1944 (and it is a real pleasure to observe just how numerous they are, especially to your right, Mr. Speaker) will recall that one of the first tasks of the present Government was to settle some

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long-standing financial problems with the Dominion. My first three budget addresses dealt at some length, therefore, with such major issues as the repayment of the seed-grain loans, the settlement of the tremendous relief indebtedness incurred during the thirties, the resolution of the natural compensation dispute, and the first post-war tax rental agreement which grew out of the Conference on Reconstruction. During the past year a series of federal-provincial meetings and conferences has also dealt with several basic issues, all of which are of particular relevance to our financial position.

The first of these has to do with the recurrent question of unemployment relief. As I have already recalled, the economic downturn in 1954 brought in its wake a serious fall in employment. By the time the first federal-provincial meeting was held in April, the unemployment level had climbed so high and such pressure had been brought to bear upon Ottawa, that it was clear the Federal Government would be impelled to face up to the problem. As the printed record of the meeting will indicate, the provinces were united in their hope that the Dominion would indicate, the provinces were united in their hope that the Dominion would at last move to carry out in full the proposal it had made in 1945, "to establish a practicable and comprehensive system of assistance to able-bodied unemployed persons. . ."

The federal plan is finally presented to the provinces following a further meeting in June fell far short of these expectations. In principle it requires the provinces to continue to carry the full burden of aid for unemployable persons in need. But in addition, it expects the provinces to carry 50 per cent of the cost of relief for the able-bodied unemployed not protected by unemployment insurance. Admitting the practical difficulty of distinguishing clearly between the employable and the unemployable categories, the plan provides for an arithmetic formula to draw the required line. The provinces and their municipalities are left with complete responsibility for all persons receiving social aid up to the level of .45 per cent of the total provincial population. When the social aid rolls exceed this percentage, the Federal Government will then contribute 50 per cent of actual expenditures on the excess number.

Several important conditions and exclusions are written into the agreement as drafted by Ottawa. I shall not attempt to comment upon these, other than to note that their main effect is to reduce the extent of responsibility to be shared by the Federal Government. Over the past several months we have conducted extensive discussions and correspondence aimed at improving the original draft agreement. Some concessions have been won. But on important questions such as our urging a more intelligent handling of mothers' allowance caseloads and the inclusion of relief payments issued under work and wages programs the Federal Government has taken an adamant contrary stand. Nevertheless, we have now indicated a willingness in principle to sign an agreement and are presently exploring the best method of passing on to the municipalities a fair share of any assistance which may be eventually received from Ottawa.

The second broad problem taken up in federal-provincial discussions during the past year has been the matter of fiscal relations. I do not intend to take up the time of the House today by tracing the long background not the extensive negotiations which culminated in the

formal proposal advanced by the Federal Government. The outlines of the scheme are contained in a letter from the Prime Minister of January 6th last. It will be useful to record here the salient features of the new approach which replaces the existing tax-rental agreements as of April 1, 1957. For the sake of clarity, let me set them out in point form.

- 1) The Federal Government is prepared to make room in the three main direct tax fields – personal income, corporation income, and inheritances – for the provinces to re-enter these fields. Where a province desires to do so, in an attempt to avoid duplicate taxation, the Dominion will reduce the existing federal rates to a defined extent, described as the “standard rates”.
- 2) These standard rates are 10 per cent of the federal tax on personal income (excluding the Old Age Security tax); 9 per cent of the taxable income of corporations earned in the particular province; and 50 per cent of the federal succession duty.
- 3) As an alternative to re-entering these tax fields, a province may elect to rent out any or all to the Dominion, which will in turn pay to the province a rental amount equal to the imputed yield within the province of the tax or taxes at the standard rates.
- 4) Recognizing that these direct taxes are collected on incomes which flow from the entire national economy, the Federal Government will make unconditional equalization payments to the provinces. These annual payments will be such as to bring the combined per capita yield of the standard taxes in each province up to the average per capita yield of these taxes in the two provinces which have the highest combined yields.
- 5) A stabilization guarantee is provided. In the first year, 1957-58, it is based on the amount payable in the final year of the present agreement; in subsequent years it is geared to the level of preceding payments.
- 6) Under certain conditions the Federal Government will make its facilities available to any province for collection of provincial taxes on personal or corporation income on an agency fee basis.
- 7) Where a province imposes corporation taxes based other than on profits, any levy in excess of the higher of the standard rate or any general tax on profits imposed by the province will be allowed as an expense to the corporation to be deducted from taxable income. The resulting losses to the Federal Government will be deducted from any payments due to the province under the plan.

It will be clear from the foregoing outline that there is little advantage, if any, in electing to rent out sole occupancy of the tax fields to the Federal Government. This is the essential difference from the existing arrangements which were aimed among other things, at the maintenance of a co-ordinated tax system in Canada. In contrast, the new proposals do make it possible for each province to follow an independent course in tax policy.

It is not easy, Mr. Speaker, to pass brief and simple judgment

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upon a problem so complex and so intertwined with the whole federal system of government in Canada. The new approach has certain merits and advantages. Some of these will undoubtedly appeal more to some provinces than to others. For our part, we have attempted to approach the question with two main things in mind: first, that a desirable solution will incorporate principles of long-run benefit to the whole Canadian people; and second, that we have a duty to our own province to seek as large a revenue as possible on its behalf.

On the first point, we have voiced the concern that the new proposals may so weaken the powers of fiscal management in the hands of the Dominion as to prove a real handicap in combating a serious depression. The proposals also seem to us to beckon the provinces back into the corporation tax field, and thus to pave the way to a return of duplicate, overlapping and inconsistent systems of taxation. Moreover, despite the equalization provision, little heed is paid to the undisputed fact that there are important regions of the country where fiscal resources are frequently so slender that special aid is obviously required if standards of services are to be brought up to a minimum national standard.

On the second aspect, the latest estimates brought forward at a recent meeting of officials suggests that some improvement in revenue is in prospect for Saskatchewan as compared with the present tax-rental agreement. It is not entirely clear, however, just how substantial this margin might be in future years, and particularly in comparison with a modest adjustment of the existing system. A further conference is now to be held in Ottawa next Friday, at which time we hope that the outstanding questions can be resolved. We shall then be in a position to undertake a final appraisal and determine just which course the Province should follow.

As the House will know, health insurance has also been a major topic occupying the Federal-Provincial stage during the past year. At the agenda meeting in April, Saskatchewan recalled the 1945 federal commitment to meet up to 60 per cent of the cost of provincial health insurance plans, and asked that the "next step toward building a comprehensive national health insurance scheme" be taken up at the plenary conference. In particular, we urged that the Dominion should make a clear-cut declaration as to just what it was prepared to do in this regard. We were much heartened by the interest and support voiced during the discussion by the Governments of Ontario and British Columbia.

When the conference was convened last October, it was evident that the concerted efforts of our three provinces had finally pushed a reluctant Federal Government into take a definite stand. In his opening statement to the conference the Prime Minister enunciated two points; first, that diagnostic services and hospital insurance should have priority; and second that the Federal Government would consider itself justified in participating financially if a majority of the provinces representing a majority of the Canadian people were prepared to embark upon provincially-administered health insurance schemes.

Again at the urging of the same three provinces, the Conference agreed to set up a committee of health and finance ministers to assure that the matter would be pursued further. This Committee met in Ottawa in



January and the Federal Government then made known what financial aid it was prepared to give under the commitment of last October, together with the general terms and conditions to be required of the provinces.

Briefly, the approach taken by the Dominion is this. It will pay a specified portion of defined "shareable costs" of provincial plans which provide universal coverage for diagnostic services and hospital care. The "shareable costs" are to be limited to normal operating and maintenance costs for standard ward care. They therefore exclude any capital costs, and do not extend to mental hospitals, tuberculosis treatment, or particular groups otherwise protected. The actual contribution by the Dominion is to be worked out on a formula which results in a sliding scale of federal assistance to provincial programs. It ranges from a low of 45 per cent in B.C. to a high of 72 per cent in Newfoundland. The federal contribution to Saskatchewan is the third lowest, amounting to an estimated 47 per cent. A sum of about \$11,000,000 in support of our Hospital Services Plan is therefore involved.

I must repeat here the qualifications already stressed both by the provincial minister of health and myself. There is, of course, no prospect that this assistance will in fact materialize for some time to come. It is extremely unlikely that the required number of provinces will be able to set approved insurance programs in motion before 1958. When this is finally achieved, and when the Federal Government is at long last participating in the first step toward comprehensive health insurance, the people of Saskatchewan will have real cause for pride. They will know that their pioneering efforts with Saskatchewan's hospital plan have certainly been the main instrument through which this notable victory for social progress has been won for the people of Canada.

#### **1954-55 Fiscal Year**

I come now, Mr. Speaker, to the actual finances of the Province. The Public Accounts for 1954-55, which were tabled at the beginning of this session, show that for the fourteenth successive year a surplus on revenue account was achieved. Based on revenues of \$82,696,000, and expenditures of \$78,154,000, the surplus amounted to \$4,542,000. A heavy capital program of nearly \$20,500,000 was financed from liquor profits of \$10,207,000, and from the accumulated surplus of previous years. Advances to the Power Corporation and to Government Telephones, financed by capital borrowing, reached \$21,736,000. In spite of the heavy capital program, I am pleased to announce that the net debt was reduced in 1954-55 by a further \$12,316,000.

#### **1955-56 Fiscal Year**

In spite of the troubles besetting our farm economy, the financial position of the Province remains strong this fiscal year. Revenues are running at a slightly higher level than in 1954-55, chiefly due to increased returns from mineral and natural resources.

Normal expenditures on revenue and capital accounts will conform closely to the budgetary plan. The Department of Highways incurred

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over-expenditure on maintenance, and were unable to complete their entire construction program largely because of the extreme flood conditions of last spring. This situation has also been responsible for substantial over-expenditure on revenue account. To meet the emergency, the Government make available a special vote of \$1,000,000 to assist municipalities in carrying out necessary repairs to damaged roads and bridges. A further \$1,000,000 was provided for flood control measures in an extensive program undertaken by the Department of Agriculture. As a consequence of these emergency expenditures, I anticipate that for the first time since 1950-51, it will be necessary to transfer a portion of liquor control revenues to balance the revenue account budget.

### **Capital Financing 1955-56**

The present fiscal year has seen a very heavy capital program financed in a manner that has provided large sums of capital at favourable rates of interest and with repayment provisions that should result in very little burden in years to come. All debenture borrowing to date this fiscal year has been for advances to the Power and Telephone Corporations. Not only has it made provision for all the requirements of the present fiscal year for these corporations but it will look after their needs for the first six months of 1956-57. The following table indicates the borrowings referred to:

### **Capital Borrowing, 1955-56**

Date of Loan	Maturity	Coupon	Payable	Amount
May 15, 1955	May 15, 1975	3 ¼%	Canada	\$10,000,000
Oct. 1, 1955	Oct. 1, 1975	3 ½%	Canada	10,000,000
Jan. 2, 1956	Jan. 2, 1976	3 ¼%	U.S.A.	25,000,000

In addition to the above program, the Province has issued treasury bills in the sum of \$4,000,000 for highway construction. These bills are presently being held in various government accounts. Similarly with treasury bills totalling \$4,445,982, which were issued to finance the balance outstanding on the prior redemption of \$7,500,000 debentures payable in 1960. By redeeming these debentures in advance, there will be a saving in interest charges of about \$165,000 annually. It is expected that some of these treasury bills will be funded in the near future.

During the year the treasury bills and debentures have been paid off as they became due. In addition, the 1960 issues were called for prior redemption as noted in the following table:

**Debt Redemptions, 1955-56**

Date of Issue	Date of Maturity	Amount	Interest Rate
1925	Sept. 1, 1955	\$ 494,180	4 ½%
1930	Sept. 1, 1955	4,000,000	4 ½%
1945	Sept. 1, 1955	1,000,000	3 ½%
1945	Sept. 1, 1955	150,000	3 ½%
1949	Jan. 3, 1956	180,000	3 ¼%
1935	Aug. 1, 1960 (called Aug. 1, 1955)	4,000,000	4 %
1935	Nov. 1, 1960 (called Nov. 1, 1955)	3,500,000	4 %
Treasury Bills paid to Ottawa		1,860,000	
		<u>\$15,185,180</u>	

Moreover, during the year, the following amounts were redeemed prior to maturity:

**Debt Redemptions from General Sinking Fund, 1955-56**

Date of Issue	Date of Maturity	Amount	Interest Rate
Nov. 15, 1927	Nov. 15, 1957	\$ 730,000	4%
Nov. 1, 1929	Nov. 1, 1959	1,950,000	5%
Dec. 2, 1929	Dec. 2, 1959	700,000	5%
Feb. 1, 1930	Feb. 1, 1960	360,000	5%
Mar. 15, 1930	Mar. 15, 1960	700,000	4½%
		<u>\$4,445,000</u>	

This was done by cancelling the bonds held in the general sinking fund, since no specific fund had been established to take care of any of these particular issues. This action has not changed the net debt but has reduced the gross debt and, of course, the amount in the sinking funds. The interest rate on outstanding debt is down from 4.539% on April 30, 1944, to 3.671% last December 31st.

**Debt Reduction**

Despite the fact that the Province found it necessary to borrow this past year for highway construction work, once again I am able to report a reduction in the net public debt of \$9,328,000. This brings the net down to \$70,538,000 or \$79.35 per capita at December 31, 1955. This is a total reduction in 12 years of \$106,785,000 or \$131 per capita, as is indicated in the following table:

**Debt Reduction, 1944-55**  
(thousands of dollars)

	April 30 1944	Dec. 31 1954	Dec. 31 1955
Gross Funded Debt.....	\$125,245	\$168,818	\$179,566
Treasury Bills.....	92,911	30,841	36,422
Contingent Liabilities.....	<u>20,016</u>	<u>3,542</u>	<u>2,487</u>
Gross Debt.....	\$238,172	\$203,201	\$218,475
Less: Sinking Funds	<u>23,919</u>	<u>23,381</u>	<u>18,387</u>
Direct and Indirect Debt after deducting Sinking Funds.....	\$214,253	\$179,820	\$200,088
Less: Loans and Advances to Revenue Producing Enterprises.....	<u>36,930</u>	<u>99,954</u>	<u>129,550</u>
Net Debt.....	<u>\$177,323</u>	<u>\$79,866</u>	<u>\$70,538</u>
Population	843,000*	878,000*	889,000*
Per Capita Net Debt.....	\$210.35	\$90.96	\$79.35

\* Estimated

**Revenue and Capital Budgets For 1956-57**

The estimates for next year, 1956-57, reflect a substantial growth in the economic strength of the Province. They provide for the following revenues and expenditures:

On Revenue Account:	
Estimated Revenues.....	\$87,172,000
Estimated Expenditures.....	<u>87,147,080</u>
Estimated Surplus.....	<u>\$ 24,920</u>
On Capital Account:	
Estimated Expenditures.....	<u>\$20,215,000</u>

The people of Saskatchewan will be pleased, as I am pleased, Mr. Speaker, that improved public services will be possible next year without any increases in taxation. They will be proud, as the Government is proud, that expanding revenues from natural resources will make the most important contribution to this improvement in services.

**Education**

The largest single increase in the 1956-57 estimates is for the Department of Education. This vote is raised by \$2,240,000. It brings the total estimate for the Department up to \$17,278,000, or very close to 20 per cent of the revenue account budget. Of first importance are the

grants to local schools. These are increased by \$1,777,000, bringing the total to \$12,212,000. The additional vote for 1956-57 follows upon a series of similar increases over the past several years. With the proposed further boost, it is estimated that grants per enrolled pupil will exceed \$60, compared with only \$15 in 1943-44. I may add that the Government has been giving the most careful study and attention to the financial problems of our school system, and it is our firm intention to continue to accord the highest priority possible to the educational needs of the Province.

To assist with the heavy school building program, the House will be asked to vote \$400,000 for loans to school units and districts, an increase of \$100,000. Moreover, the Government plans again to purchase up to \$1,000,000 of school debentures for its trust funds. Next year therefore, the Province will provide \$1,400,000 in loans for the building of local schools. I recall that twelve years ago, capital assistance of this kind of virtually did not exist.

Nor has higher education been neglected. Changes in the Canadian economy in general and the Saskatchewan economy in particular are creating new demands for the professionally and technically trained person. At the university level, funds are increased by \$235,000, raising the total to \$1,935,000. Further, as the Throne Speech made known, the Department is working on plans for the establishment of a provincial technical institute, designed to meet the obvious need for new industrial skills.

### **Public Health**

In the field of public health, the 1956-57 budget provides for total expenditures of over \$23  $\frac{3}{4}$  million. The strides we have made in Saskatchewan are well recognized. In 1944, the budget provided 36 cents per capita for programs aimed at the prevention of illness. Today the comparable figure is \$1.59 per capita. Nearly 50 per cent of the population is now included in eight organized health regions, not including the cities of Regina and Saskatoon, which operate their own health departments. Similarly, for the care of the sick, this budget makes available about \$24 per capita compared with a little over \$3 just ten years ago. The wide range of services available in Saskatchewan – the hospital plan, free cancer treatment, free treatment for tuberculosis, medical services for pensioners, the air ambulance service, and many other programs, have placed Saskatchewan in the vanguard of health care in Canada.

Nor are the mentally ill any longer the forgotten men and women of Saskatchewan. Our expenditures on the mental hospitals alone amounted to \$6.25 per capita in 1954-55, as compared with the average of \$2.95 per capita being spent by all other governments in Canada in the same year. Perhaps of even greater significance for the future is the expenditure of \$237,000 on mental health clinics and community services, and on psychiatric research, bringing our total per capita expenditures on mental health to over \$8.00 in 1956-57. We have been much heartened by the growing public interest in this terribly important field. Much remains to be done, but the figures I have quoted give some measure of

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our effort. We have reached the point where the ration of patients discharged from the hospitals, as compared with those admitted, has improved immeasurably over the unhappy pattern of a few years ago. It is our aim to seek further steady advance, and particularly to continue to press for the inclusion of the mental hospitals in the plan for federally-aided hospital insurance.

### **Social Welfare**

Expenditures for social welfare in 1956-57 will be up by over \$1,000,000 to more than \$10,000,000. The welfare programs are wide and varied in scope. Almost \$6,000,000 will be voted to provide aid for those in greatest need. There is expanded provision for the aged and infirm, for the care of hundreds of unfortunate children, for rehabilitation of the handicapped, and for an improved corrections program.

It must be recognized that progress cannot be measured in terms of dollar expenditure alone. The employment of trained social workers in our public assistance programs, for example, has meant an improvement in the kind of services being provided by the department. No longer are we satisfied merely to dole out relief to needy families, ignoring the problems that face them. It is recognized by our social workers that other forms of advice and assistance must be made available wherever possible.

Expenditures on child welfare have risen from less than \$200,000 a decade ago to \$1,296,000 in 1956-57. The improved quality of this service is especially gratifying. No longer is there a vote "Grants to Orphanages". Today, children are given a more natural and normal life through the foster home program. We owe a great debt of appreciation to the many hundreds of foster mothers in the province who are giving a service impossible to evaluate in terms of dollars and cents.

At the opposite end of the age scale, the budget reflects in full the cost of the improved supplemental allowances introduced last year to assist the needy aged. Moreover it provides further expanded assistance for the care of the infirm in nursing homes and for housing for senior citizens. Since 1944, the number of public and private nursing home beds has more than tripled. The budget provides \$995,000 in support of these institutions, and a sum of \$275,000 in grants to the rapidly expanding program of local homes for the pioneer residents of the providence.

### **Agricultural Development**

To finance these humanitarian measure, society must be willing either to accept substantial increases in the tax burden, or to undertake measures for the expansion of the economy in order that the same taxes on our provincial wealth might yield more revenue. It is the latter road that this Government is attempting to travel. There have been substantial changes in the agricultural economy of Saskatchewan, as we all know, and the government is constantly seeking methods by which it can assist farmers in improving the level and quality of agricultural production. The budget provides over \$5,000,000 for just this purpose.

It is difficult to measure the results of extension programs such as those carried on by the Agricultural Representative Branch, the Plant Industry Branch, and the Animal Industry Branch. There is no question that weather plays the major role in determining crop yields, but I think there is little doubt either that improved tillage methods, crop variety improvement, moisture conservation, fertilizers and control of weeds and insect pests have all played an important part in boosting average yields.

In direct assistance to farmers for improving agricultural productivity, expenditures on drainage, irrigation, forage and pasture projects have risen from just over \$14,000 in 1944 to \$1,868,000 in 1956-57. Expenditures on clearing and breaking of land have risen from virtually nothing to an average of \$1,000,000 per year over the past three years. Behind these dollar figures one can point to very significant results, not the least of which is the increase of 2,000,000 acres in the area of occupied farm lands in the last decade.

### **Resource Development**

Honourable Members have heard much in previous debates of the great progress being made in the development of our oil and natural gas resources, our metallic and industrial mineral deposits, our manufacturing industries, and in the scientific management of our forest. Government programs contributing to this development are numerous and varied. To mention just a few examples, nearly \$50,000 will have spent in four years in prospectors' assistance; over \$200,000 will have been spent in a five year period on the forest inventory; and well over half a million dollars will have been spent, over the same period, on industrial minerals research, and on basic and applied research by the Saskatchewan Research Council. For 1956-57, the budget provides almost \$4,000,000 for the two Resource Departments. The construction of northern access roads and airfields alone, estimated at \$529,000 will exceed the total vote on resources development in 1943-44.

Policies for the stimulation of the oil and natural gas industry have also been new and varied. The Government has introduced, for example, the net royalty lease on crown oil reserves, a policy substantially different from that of outright sale of these valuable acreages. Instead of seeking immediate financial returns from these resources, and making political capital out of the programs that could be financed in this way, the Government has been willing to accept instead an annual return in the form of a royalty over and above the regular royalty. In renting our resources in this way, we are not only benefiting future generations, but we are also making it possible for smaller independent oil companies, financed in many cases by Canadian capital, to participate in the development of our resources.

Programs such as these have been combined in our general development policy to achieve the truly remarkable results with which you are all familiar. In budgetary terms alone these advances may be measured by the revenues from mineral resources – over \$10,500,000 estimated for 1956-57 compared with \$250,000 in 1943-44.

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### **Industrial Development**

Hand in hand with the development of resource industries must come the growth of secondary industries. The 1956-57 budget provides for the stimulation of industrial development by private capital, co-operative capital, and public capital. In this regard, I draw your attention to the able contribution of the Industrial Development Office. In just five years, it has assisted in bringing to this province such industries as a pipe mill, a plywood factory, a generator winding plant, a garment factory, a farm equipment manufacturing enterprise, a cement plant – to name but a few. The Industrial Development Fund, which a few years ago counted a \$50,000 loan to a new company as a major transaction, is expected this year to lend up to \$500,000.

In the co-operative sector of the economy, the Department of Co-operation and Co-operative Development will receive a total vote of close to \$355,000 to continue its work of assisting the development of co-operatives and credit unions. The investment by the co-operative movement in industrial expansion in Saskatchewan – in the form of producing oil fields, refinery facilities, wholesale and retail trade – has had a significant impact on our growth. The Saskatchewan Co-operative Credit Society, to which this Government regularly provides short term capital, and whose loans are often guaranteed under the Co-operative Guarantee Act, is playing an important role in assisting this contribution.

Together with private and co-operative development, the two large government utilities are helping to change the face of Saskatchewan. The Power Corporation will receive advances of nearly \$26,700,000 in 1956-57. This amount will be borrowed by the Province and loaned to the Corporation at cost, to enable it to expand power and natural gas facilities, and the rural electrification system. I think we may count ourselves fortunate that Saskatchewan's credit position has so improved that we are able to finance not only the expanding power program, but also the distribution of natural gas to so many parts of the Provinces.

Paralleling the tremendous growth of the Power Corporation, is that of Saskatchewan Government Telephones. In 1956-57 the Government will lend to the Corporation \$9,500,000 for investment in micro-wave facilities, in telephone lines and installations, and in central exchange equipment. Like the Power Corporation, the Telephone Company will augment the loans from the Treasury with depreciation reserves and its retained surplus, with the result that the total investment by the two corporations will exceed \$45,000,000.

### **Crown Corporations**

I turn now to a question of perennial interest and importance to Honourable Members, - the performance of the smaller business enterprises operating under authority of the Crown Corporations Act. As the individual reports being table in the House will reveal, these corporations have enjoyed the best financial year on record. The net earnings of the entire group of eight companies for fiscal years ending in 1955 totals



\$1,366,284. At the same year-ends, total advances invested by the Government amounted to \$9,633,688. The rate of return on our investment stood therefore at 14.18 per cent. This is an income ration substantially higher than that achieved by the Power and Telephone Utilities, calculated on a comparable basis before the interest charges.

I think it worthwhile today, however, to go behind and beyond this simple measure of financial success. I should like to review again the basic purposes which underlay the establishment of the crown companies. Let me recall some of the problems of ten years ago – both general and specific – that public investment in business enterprises was designed to help overcome.

In the first place there was an urgent need to do everything possible to increase the flow of capital into industrial development, both for diversifying out one-sided economy and providing new job opportunities. Before 1945 the inflow of investment capital into this province had fallen to a particularly low level, and for as long as fifteen years Saskatchewan had been lagging far behind other provinces in industrial growth. Second, the relatively primitive state of many essential services demanded, their rapid improvement. Not only was this needed to spur economic growth, but also to reduce the costs of services and goods to consumers and producers alike. Third, it was clear that neither essential long-range programs of conservation, nor the maximum return to the people of the Province, could be secured by continuing the then existing policies of wasteful exploitation of natural resources.

These were some of the problems. It was certainly never thought that they could all be solved by a modest investment of public funds in a small number of crown companies. But it was expected that the companies would make their own contribution to the overall need for development. They were to indicate our own faith in possibilities for effective investment in Saskatchewan. And they were expected to provide workable answers to a number of specific problems, particularly in basic service fields. I think it can be said, with all fairness and conviction, that we have achieved just these results.

In terms of employment and income, for example, the eight companies provided jobs for a minimum of 1,237 persons in 1955. The great majority of these jobs were only made available in Saskatchewan as a direct result of corporation programs. In ten years the wage bill has totalled over \$27 million. It is not possible to estimate accurately what the indirect economic results of this employment and income have been. A publication of the U.S. Chamber of Commerce entitled “What New Industrial Jobs Mean to a Community” sheds some light on the question of the income and employment multiplier. Based on a study of nine U.S. counties, the report shows that 100 new industrial jobs led to a further gain of 74 workers in supporting services, a population increase of 296 persons, and 112 additional new households. It can be inferred from the results and generate through multiplier effects at least \$6 million annually in personal income and an increase of \$3 million in retail trade.

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Several examples of benefits to the people of the province in terms of better services and reduced costs readily come to mind. The bus company has greatly improved road transport facilities in many parts of Saskatchewan and Government Airways has played a hew role in opening up our northland. Insurance premiums have been held down or reduced; lower cost building materials assured; and higher returns to producers through the fish and fur marketing services, combined with cheaper goods through Government Trading, have helped to raise the standard of living in northern areas.

In respect to increasing returns from natural resources, only one example need be cited. In 1955, the Timber Board returned \$1,156,853 in stumpage dues and net earnings. This is in contrast to only \$670,992 paid in royalties in the previous peak year, 1943-44, when private operators cut out twice the volume of timber as was harvested in 1955.

To be sure, Mr. Speaker, our experience in the field of crown corporations has not been without its problems nor its failures. Over a period of years, four operations had to be abandoned at a total cost, including both operating and capital losses, of \$1,350,418. These included the fish board, the shoe factory and tannery here in Regina, and the woollen mill at Moose Jaw. With respect to the manufacturing plants, the problems of management ability and production skills, and particularly the limitations of local markets, combined against their success. Perhaps the major error, however, lay in their timing. The projects were launched before the development of our basic resources had reached a momentum sufficient to create an industrial climate in the province. For my part, I look back to these early failures sure in the belief that before many years have passed industries such as these, and many others besides, will be making their proper contribution to the expanding economy of Saskatchewan.

In addition to the four enterprises I have just mentioned, two other companies were wound up after the specific task assigned to them were successfully completed. These were the Reconstruction Corporation and the Reconstruction Housing Corporation. They closed with an accumulated surplus of \$486,000.

Now what of the overall financial results of the past ten years? Let us look at the record, as disclosed by the yearly audited statements of each and every company. To date the total of annual surpluses comes to \$8,118,000. Against this there are accumulated deficits, including the losses already mentioned, of \$1,746,000. The net accumulated profit, therefore, is \$6,372,000.

Moreover, as I have pointed out, the figure on the losses of closed companies includes a full allowance for capital deficits. It would therefore be fair to estimate our capital gains. If the average net profit earned over the past five years is capitalized at five per cent, we can secure an objective measure of the present capital valuation of our operating companies. This gives us a total capital sum of \$18,184,000. When we subtract the actual amount invested by the government, the remainder represents our capital gain. It amounts to \$8,550,000. Over the ten years,

Therefore, against total losses of \$1,746,000 there may be offset the sum of operating profits and capital gains amounting to \$16,668,000. I doubt that there is a businessman in Canada who would not be justifiably proud of a record such as this. I may add that the outlook for the year ahead is bright indeed. Taking into account all the foreseeable risks, it is likely that the net earnings of these companies in 1956 will approximate \$1,000,000, or a return of better than 10 per cent.

**Statement of Surpluses and Deficits of Crown Corporations for Their Financial Years Ending in 1955 (Before Interest)**

	Surplus or Deficit for Year Ended in 1955	Amount of Advances at Year End
Saskatchewan Government Airways.....	\$ 44,755	\$ 600,000
Saskatchewan Forest Products:		
Timber Board.....	579,852	3,330,000
Wood Enterprises.....	48,300 * *	710,000
Saskatchewan Government Insurance Office..	335,489	
Saskatchewan Guarantee & Fidelity Co. Ltd..	129,662	365,688
Saskatchewan Marketing Services:		
Fish Marketing Service.....	2,001	97,000
Fur Marketing Service.....	63,298	188,000
Government Trading.....	19,220	333,000
Saskatchewan Minerals:		
Clay Products.....	56,986	750,000
Sodium Sulphate.....	121,907	1,085,000
Saskatchewan Government Printing.....	49,168	275,000
Saskatchewan Transportation.....	12,248	1,900,000
Saskatchewan Power Corporation.....	4,121,526 *	82,758,836 *
Saskatchewan Government Telephones....	3,796,849 *	37,053,055 *

\* Estimated or unaudited figures

\* \* Deficit

**Highways and Roads**

In the face of the changing complexion of the Saskatchewan economy, and the changing technology of the day, one of the most challenging jobs the Province faces is the provision of adequate roads. For 1956-57, gross expenditure by the Province on highways and roads, inclusive of federal Trans-Canada funds will reach \$28,360,000. On a net basis, the budget increases the vote to the Highways Department by \$1,350,000, providing \$7,725,000 on revenue account and \$12,000,000 on capital. It also contains the first instalment of the Province's share of the \$50,000,000 market road system. In providing for this program, the Legislature will be voting a total of \$2,325,000 for assistance for municipal roads, bridges and ferries. I should point out, too, that this amount will increase in future years. The road grid plan calls for an average annual contribution by the Province of \$2,500,000 for ten years. In consultation with municipalities,

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however, it was agreed that in the first year not more than \$1,000,000 of the Province's contribution could be spent. As the construction program gets properly underway, the grant from the Province may be expected to rise about the \$2,500,000 level annually.

This will be, by far, the largest road building program ever undertaken in Saskatchewan. Large as it is, we recognise fully that it still falls short of meeting the tremendous need. Nevertheless, we are pushing our resources to the limit in the endeavour to provide a steadily improving transportation system. Every cent of user taxes – and much more besides – is being devoted to this end.

In 1956-57 close to \$25,000,000 of provincial funds will be spent on roads, highway safety and associated requirements. In contrast we estimate that only \$20,000,000 will be received in gasoline tax and motor vehicle registration fees.

The expenditures are these:

Highways (net).....	\$19,725,000
Municipal roads and bridges.....	2,325,000
Interest and sinking fund payments on highway debt.....	2,076,860
Administration of the Highway Traffic Board.....	279,150
Administration of The Vehicles Act.....	366,680
Administration of The Gasoline Act.....	170,230
	<hr/>
Total:.....	<u>\$24,942,920</u>

The revenues are:

Gasoline tax.....	\$14,500,000
Motor vehicle fees and licenses.....	5,700,000
	<hr/>
	<u>\$20,200,000</u>

Those who would criticize the adequacy of Saskatchewan's highway system by comparing it unreasonably with facilities available in densely populated areas would do well to remember not only the huge mileages required in our sparsely populated province, but also that we are spending beyond the resources being made available by those who use the roads.

### **Public Buildings**

This, Mr. Speaker, is a thumbnail sketch of what is contained in the 1956-57 budget as presented to the Legislative Assembly today. It is a budget founded on confidence in our future, and characterized by the diversity for which Saskatchewan has become known. The budget for public buildings alone provides evidence of the scope and balance of our program; a University Library will be completed, and a women's jail will be started; a 300-bed nursing home will be completed, and work on a Research Council Building will commence. There is provision for a fish hatchery on the Qu'Appelle Lakes, for a start on a new court house in Saskatoon, the beginning of a new building in Regina to house the Department of Public Health,

and for the continuing reconstruction jobs required at our mental hospitals.

### **Provincial Aid to Municipalities**

The very diversity which characterizes this budget as a provincial budget characterizes the assistance being made available to the municipalities of the province. Honourable Members have heard so much lately about what the Government is or is not doing in this field, that it will be worth while to review the 1956-57 budget from that standpoint.

First it is possible to identify the grants that will be made available to local governments. As I have said, grants to local schools will exceed \$12,000,000. Aid for regional medical care schemes and municipal doctor plans will reach \$154,000. Contributions for the construction and operation of local homes for the aged will exceed \$331,000. The Province will provide two-thirds of the cost of preventative health services in health regions, at a cost of \$560,000. The grant for market roads, including the grid system and equalization payments, will equal \$1,500,000. This direct aid totals some \$14,500,000 for 1956-57. By contrast, in 1943-44, similar grants amounted to less than \$3,000,000.

In loans to local governments in 1956-57, we shall also make available close to \$1,700,000, including \$1,000,000 in school debentures, \$400,000 for direct loans to school units and school districts, and up to \$250,000 for the construction of hospitals. As I announced in 1954, we are also prepared to purchase a reasonable percentage of debentures issued by municipal governments for the purpose of financing self-liquidating projects.

It is also possible to measure in part the financial significance of revenue sources made available to the municipalities since 1944. The abolition of the public revenue tax in 1953 has provided them with a potential income of \$1,800,000. Payments in lieu of taxes to municipalities by Crown Corporations will approximate \$185,000, not including payments by the Power Corporation to certain cities where the Corporation is responsible for the distribution of power. Urban authorities have also been able to take advantage of the amusement tax, a levy which yielded \$430,000 in 1954, and one which is still retained by provincial governments in nearly every other province.

In addition to direct assistance to municipalities, the Province is providing many services formerly being borne either by the municipalities, or directly by citizens themselves. Honourable Members will be fully aware of the provision in this budget of nearly \$6,000,000 of revenues from general funds for the operation of the Hospital Services Plan. In 1956-57, the provision of medical services for public assistance recipients totals nearly \$1,430,000 more than was the case twelve years ago. Free medical and hospital care for the mentally ill will cost next year almost \$7 ¼ million, in contrast to less than \$1,420,000 provided by the Provincial Government of 1943-44. Free cancer treatment will involve the Province in expenditures of close to \$990,000 and the grant of \$2.00 per patient day to tuberculosis sanatoria, instead of the \$1.00 per

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day formerly provided, will require a total of \$540,000. Finally, in 1956-57 public assistance payments will exceed those being made in 1943-44 by \$3,304,000. Over the corresponding period, municipalities have been obliged to raise total social aid payments by only \$400,000.

All of these measures, and many others such as the conservation program of the Department of Agriculture and the cancellation of seed grain and relief debts, have combined to bolster the ability of local governments to meet their responsibilities. Nevertheless, I am the first to recognize that the cost of many local services is rising faster than the property tax base. As a result, there are many problems of local finance to which hundreds of municipal men are giving devoted attention. I want to assure them that this Government will continue in the future, as in the past, to seek out the best ways and means to come to their aid in the basic job of preserving strong local government.

### **Financing Public Services**

No one can deny, Mr. Speaker, that over the past twelve years Saskatchewan has taken remarkable strides forward, not only in the broadening of its economic foundations, but also in the development of the highest standards of social services. With a 10 per cent increase in estimates, the budget proposes a further remarkable advance in 1956-57. It will be accomplished, all Honourable Members will be glad to know, with no new taxes and with no increases in existing taxes.

Because our record of achievement speaks for itself, because it is recognized at its true value by the people of the Province, critics of the Government are forced to take refuge in charges of burdensome tax increases and reckless extravagance. What substance is there to charges such as these?

There have been a number of minor adjustments in licenses and administrative fees, but these have been neither general nor significant in revenue terms. In the case of the Education and Hospitalization Tax, one of the first acts of the present Government was to effect a very significant reduction in its burden by exempting all foodstuffs and drugs. The later increase to a 3 per cent rate did no more than to restore the yield of the tax to the same level as would have been provided by the 2 per cent levy without the exemptions. The actual weight of the gasoline tax has been increased by only 1 cent, since 3 cents was assumed by the Province from the Federal Government as a part of the revised federal-provincial tax arrangement after the war. The only new levy has been the per capita assessment for Hospital insurance, which is earmarked for a specific service, valued in its own right, I am sure, by every Saskatchewan citizen. So much, then, for the accusation of burdensome tax increases.

Has there been reckless extravagance? Has it been of the type so glibly promised by spokesmen for the Opposition? Again the facts are plain. Never before in our history has the Province paid its way so well as it went, and at the same time paid off the heavy debts incurred in earlier decades. In twelve years, the net debt has been reduced by

\$107,000,000, and on a per capita basis it now stands among the lowest of the provinces of Canada. Nor have extensive capital programs and debt management policies been carried out without careful thought to the future. We are now setting aside in sinking funds every year 3 per cent of the gross funded debt, and are voting \$4,000,000 annually for debt reduction. In twelve years the credit rating of the Province of Saskatchewan has been raised from oblivion to where it is recognized today in the New York market as the equal of the large provinces of Ontario and Quebec. So much for the cry of extravagance!

How then has it been possible to carry forward the broad programs of economic development and social advance reflected in the budget today? Certainly not by any financial magic of the Provincial Treasurer. The answer lies in the productive work and effort of the people of the province, and in the good fortune bestowed upon us by a beneficent Province. Both directly and indirectly, the remarkable growth in our production, resources and income in the past decade has swelled the tide of revenue flowing into the public treasury. It has been the task of the Government to assist that growth, and to use the resultant revenues for the greatest good of the greatest number. We have tried to do that job honestly, intelligently, imaginatively. In due course, the people of Saskatchewan will judge the measure of our success.

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**Government of the Province of Saskatchewan**  
**Breakdown of Estimated Net Revenues for 1956-57**  
(Revenue Account)  
**By Major Source**

Percentage of Total Revenue %		Amount
31.50	Tax Rental Agreement.....	\$27,460,000
2.34	Statutory Subsidy.....	2,040,000
18.35	Education & Hospitalization Tax.....	16,000,000
16.63	Gasoline Tax.....	14,500,000
6.54	The Vehicles Act.....	5,700,000
12.09	Mineral Resources.....	10,540,000
2.18	Natural Resources.....	1,900,000
1.08	Interest.....	942,190
1.48	Attorney General.....	1,291,600
1.37	Agriculture.....	1,189,700
1.43	School Lands (Other than Interest on Principle Monies).....	1,242,700
5.01	Other.....	4,365,810
<u>100.00</u>	Total.....	<u>\$87,172,000</u>



**Government of the Province of Saskatchewan**  
**Breakdown of Estimated Net Expenditures for 1956-57**  
 (Revenue Account)  
**By Major Activity**

Percentage of Total Expenditure %		Amount
27.30	Public Health.....	\$23,793,390
(14.60)	Department.....	\$12,722,270
(12.70)	Sask. Hospital Services Plan.....	<u>11,071,120</u>
11.70	Social Welfare and Rehabilitation.....	10,195,740
19.83	Education.....	17,277,710
8.86	Highways and Transportation.....	7,725,000
2.66	Municipal Road Assistance Authority.....	2,325,000
3.47	Agriculture.....	3,026,910
3.16	Natural Resources.....	2,756,950
1.01	Mineral Resources.....	876,820
7.47	Debt Retirement and Sinking Fund.....	6,510,450
2.99	Interest.....	2,607,850
.88	Labour.....	765,310
.92	Municipal Affairs.....	801,480
2.12	Public Works.....	1,844,460
2.34	Treasury.....	2,036,340
2.53	Attorney General.....	2,207,660
2.76	Others.....	<u>2,396,010</u>
<u>100.00</u>	Total.....	<u><u>\$87,147,080</u></u>

**Government of the Province of Saskatchewan**  
**Comparative Statement of Net and Per Capita Expenditure on Revenue Account**  
For the Fiscal Years Indicated Below

	(In Thousands of Dollars)					Per Capita (In Dollars)				
	April 30 1945	March 31 1952	March 31 1953	March 31 1954	March 31 1955	April 30 1945	March 31 1952	March 31 1953	March 31 1954	March 31 1955
Debt Charges.....	\$ 4,375	\$ 4,216	\$ 3,549	\$ 3,965	\$ 3,413	\$ 5.25	\$ 5.00	\$ 4.12	\$ 4.52	\$ 3.84
Sinking Fund and Debt Retirement.....	992	3,483	4,350	6,571	7,161	1.19	4.13	5.05	7.48	8.05
Legislation.....	419	315	637	453	319	.50	.37	.74	.52	.36
Administration and General Government....	2,343	3,782	4,010	4,268	4,897	2.81	4.49	4.66	4.86	5.51
Education.....	4,541	9,325	11,584	12,825	14,436	5.45	11.06	13.45	14.61	16.24
Legal and Judicial Administration.....	934	1,424	1,466	1,855	2,101	1.12	1.69	1.70	2.11	2.37
Transportation and Communication.....	3,307	7,171	8,272	8,974	9,742	3.97	8.51	9.61	10.22	10.96
Public Health.....	3,128	17,845	18,683	18,922	19,980	3.76	21.17	21.70	21.55	22.47
Public Welfare.....	4,097	8,068	7,212	7,630	8,596	4.92	9.57	8.38	8.69	9.67
Agriculture and Natural Resources.....	1,349	4,896	5,377	6,034	6,670	1.62	5.81	6.25	6.87	7.50
Other Ordinary Expenditures.....	1,134	743	355	1,267	839	1.36	.88	.41	1.44	.94
	<b>\$26,619</b>	<b>\$61,268</b>	<b>\$65,495</b>	<b>\$72,764</b>	<b>\$78,154</b>	<b>\$31.95</b>	<b>\$72.68</b>	<b>\$76.07</b>	<b>\$82.87</b>	<b>\$87.91</b>
Estimated Population.....	833,000	843,000	861,000	878,000	889,000					

**Government of the Province of Saskatchewan**  
**Comparative Statement of Net Revenue on Revenue Account**  
For Fiscal Years Indicated Below

	(In Thousands of Dollars)					Per Capita (In Dollars)				
	April 30 1945	March 31 1952	March 31 1953	March 31 1954	March 31 1955	April 30 1945	March 31 1952	March 31 1953	March 31 1954	March 31 1955
Dominion-Provincial Agreement.....	\$5,236	\$18,344	\$20,238	\$24,866	\$26,294	\$6.29	\$21.76	\$23.51	\$28.32	\$29.58
Federal Subsidies.....	2,154	2,041	2,041	2,041	2,088	2.59	2.42	2.37	2.32	2.35
Taxation:										
Education Tax.....	4,895	..	..	..	..	5.88	.	.	.	.
Education & Hospitalization Tax.....	..	12,932	15,629	17,941	17,045	.	15.34	18.15	20.45	19.17
Gasoline Tax.....	3,385	9,388	11,759	14,088	14,470	4.07	11.13	13.66	16.04	16.28
Other Taxes.....	3,597	1,964	2,186	3,413	1,072	4.32	2.33	2.54	3.89	1.21
Licences:										
Motor Licences.....	2,185	4,599	4,761	5,394	5,729	2.62	5.46	5.53	6.14	6.44
Other Licences.....	935	417	872	370	565	1.12	.50	1.01	.42	.63
Fees.....	1,339	1,468	1,956	1,923	2,462	1.61	1.74	2.27	2.19	2.77
Interest.....	379	611	839	1,194	534	.45	.72	.97	1.36	.60
Natural Resources	3,219	6,179	6,826	6,753	7,898	3.86	7.33	7.93	7.69	8.88
Miscellaneous.....	1,511	3,444	3,114	4,566	4,539	1.81	4.09	3.61	5.20	5.11
	<u>\$28,835</u>	<u>\$61,387</u>	<u>\$70,221</u>	<u>\$82,549</u>	<u>\$82,696</u>	<u>\$34.62</u>	<u>\$72.82</u>	<u>\$81.55</u>	<u>\$94.02</u>	<u>\$93.02</u>
Estimated Population.....	833,000	843,000	861,000	878,000	889,000					