

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN  
Second Session — Thirteenth Legislature  
29th Day

Tuesday, March 25, 1958

The House met at 10:00 o'clock a.m.  
on the Orders of the Day:

**MOTION RE CAPITAL FUNDS FOR MUNICIPAL WORK PROJECTS**

Moved by Mr. Wood (Swift Current) seconded by Mr. Thiessen (Shellbrook):

"That this Assembly, recognizing the pressing need of municipalities for schools, hospitals, roads, streets and sewer and water facilities, together with the strained credit resources of municipal and provincial government; and

"Recognizing also the immediate need to provide new employment opportunities together with the desirability of shifting investment emphasis to socially useful capital works, urges the Federal Government to make capital funds available at low rates of interest for municipal work projects, specifically by reviving and broadening the Federal Municipal Improvements' Assistance Act of 1938."

**Mr. E.I. Wood (Swift Current):** — Mr. Speaker, we are all well aware in our modern way of living of the necessity of industrial capital for such things as factories, machinery, office buildings, steamships, etc., for the production and the distribution of the goods that we use every day of our lives. I am sure that everyone here, today, will also agree with me of the necessity for our social capital, composed of the schools, universities, churches, hospitals, public utilities, roads, streets and utilities; that these are also of equal, if not of greater importance to us; even though at times perhaps the benefits that we derive from them are a little less tangible than what we obtain from the products of our industrial capitalization.

I would like to take a few minutes, this morning, to assess the extent of the need for social capital in Saskatchewan and in other provinces of the Dominion, but especially Saskatchewan.



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Let us first look at the position in regard to our schools. The schools throughout Canada are undergoing a certain amount of need for new buildings on account of the increase in population. There has, as we all know, been a large increase in population across Canada. In Saskatchewan, due to the mechanization of our farms and to other economic reasons affecting the farmer there has been a large migration from the farms and as a result, over the last 20 years, there has been a lessening of the population in Saskatchewan. However, in the last few years, over the period of the last five or six years, there has been an increase again, due to the efforts of this Government to establish within the province industrial development. That has resulted in an increase in the population of Saskatchewan, although a small one in comparison to the increase in other parts of the Dominion.

But, I want to point out, this morning, that our need for schools in Saskatchewan is not so much because of the increase in population, but because of the movement of that population. In the last decade and a half there has been a tremendous movement of the population in Saskatchewan and this is more especially noted in regard to the school enrolment. In 1932-33, the total school enrolment in the province of Saskatchewan was 225,000. In 1949-50 this had dropped to 157,450. It was up again, in 1956-57 to 181,442. That is the total enrolment, but I think that the division of this enrolment is very interesting and enlightening. In 1932 the total rural enrolment was 131,349, which in 1949, had dropped to 75,599, and in 1956-57 had continued to drop until it was very little more than 56,000. It dropped from 131,000 to 75,000 to 56,000 — that is the rural schools. In the villages, in 1932, we had 37,000; this dropped, in 1950, to 34,000, but was up again in 1956 to 40,000. The towns, in 1932 and 1949, showed hardly any change; they remained pretty well at 20,000; but in 1956-57, they went up to 33,000. The cities — in 1932 there were 36,000, which dropped in 1949-50 to 26,000; but in 1956 it was increased to over 51,000.

You will notice that in the country schools there has been a continuous drop, and a large drop, in the enrolment; but in villages and town there has been an increase; and in the case of the cities and the villages it has been a huge increase. This has had a definite bearing upon the costs of the need for construction of schools in Saskatchewan. Because pupils leave a farm community and that school becomes more or less vacant that does not in any way increase the room for those same pupils when they move to the city. The fact that there are empty schools in the country doesn't help the situation insofar as school buildings in the cities are concerned. Added to this, in many cases we have had to expend money on buses to move pupils — those few who are left in the rural communities — to the urban centres in order



that they may receive their education. This is quite noticeable; in 1954, we had 8,726 pupils conveyed by school buses, while in 1955 this figure rose to 12,724 — just about exactly 4,000 more or one-third more in the matter of one year.

In the overall picture of school buildings in Saskatchewan we have not too great an amount to complain about. I think that our school plant, if I may call it that, is comparatively adequate. We have caught up, to a great extent, with the backlog of new building that was built up during the 'thirties', but if satisfactory finances were made available it is possible at this time that we could increase, in our school buildings, the auditorium facilities, the number of technical laboratories, gyms and staff rooms, etc. These things are quite necessary, but, because of our lack of finance they, have been left out in a good many cases where there have been school building programs. Last year, the cost of schools in Saskatchewan, that is, schools and teacherages — there were 407 classrooms added, plus some facilities for laboratory work, libraries, auditoriums, etc., and 59 teacherages was at an approximate cost of \$9,300,000, but we all know of the effect, over the years, that this building of schools coupled with other current expenses in regard to our schools, on our tax mill rate. That I will go into in more detail later on this morning.

The next thing I would like to draw your attention to is the matter of hospitals. In a book that has just been put out, called 'Housing and Social Capital'; under the auspices of the Royal Commission on Canada's Economic Prospects, we are shown very clearly the conditions, today, of the available hospital space in regard to active treatment beds in Canada. In Quebec, there are 4.7 per 1,000 population; in Newfoundland, 4.1 per 1,000; in Prince Edward Island, 5.9 per 1,000; in Nova Scotia, 4.8; in New Brunswick, 4.3; Ontario, 5; Manitoba, 5.5; Alberta, 6.5; British Columbia, 5.4; while in Saskatchewan there are 7 active hospital treatment beds per 1,000 population, which puts Saskatchewan well in the lead in the Federal overall picture in the amount of hospital bed space that we have available. Over the past years, between December 31, 1949, and December 31, 1954, this has cost the province some \$21 million, of which the province paid \$12.1 million and the Federal Government paid \$2.1 million and the hospital districts \$7.2 million. We are proud of what we have achieved here in Saskatchewan in that way; but in looking at the need of social capital in Saskatchewan, this morning, we must realize that we cannot rest on our laurels in regard to what we have been able to do in the hospitalization and hospital building program. If we are to keep our province at a high standard of service to the people we must be prepared to continue to spend the amounts of money that we have done over the past few years in order to achieve what we have along this line. We know of different places in the province, today, where there is a necessity for



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rebuilding the present hospitals that we have, and, at today's prices this is going to run up into a good many millions of dollars.

We might look for a few minutes at our roads and streets. Throughout Canada and the United States this is one of the big problems which has been brought about over the last half century by the mechanization of transportation; and the factors which have caused the pressure on the public purse for the building of roads and streets is being increased by the increase in population throughout Canada and the United States. This increase in population is augmented by the increase in cars, or motor vehicles, that we have per 1,000 of the population throughout Canada and the United States.

In Canada as a whole — to put it another way — in 1930 there were 8.3 people per motor vehicle; in 1939 there were 7.8 people per motor vehicle; and in 1952 there were 4.2 (I don't know where you get that fraction of a person sitting in a car; I think possibly he is behind the wheel); so that actually there are twice as many vehicles per 1,000 population in Canada, today, than there were in 1930. In Saskatchewan itself, the ratio has dropped from 5.1, in 1948 to 3.3 in 1953; so added to the increase in population we have the increase in the number of cars in relation to the population; and besides this is a hard thing to assess, but in Ontario they have made some study on it and, in 1931, it was estimated that the average motor vehicle travelled 6,600 miles, while, in 1954, it was estimated to be 8,600 miles; so we have a large increase, as well, in the number of miles travelled per motor vehicle.

So throughout the North American continent we have an increased problem, today, in the matter of roads and streets; and I think this problem should be assessed in the amount that poor roads or inadequate roads cost the travelling public. There has been a study along this line made a few years ago in the state of Iowa, in the United States, and they came to the conclusion that it costs 8 cents per mile to drive a passenger car on an earth road; it costs 5 cents per mile on a gravelled road; and 3 cents per mile on a paved road. You can see what it is costing the public to drive on earth roads, rather than on a better type of road; and I think that when they were making up this tabulation in the States they weren't taking into consideration the snowdrifts that, in the average winter, we have to buck here out on the country roads of Saskatchewan. If you add that to the cost of driving on a dirt road in the States, I think you would find that the cost of driving on our country roads is indeed an expensive proposition, as a good many of us here know very well indeed.

This problem concerning roads that we have in other parts of the country is intensified in Saskatchewan, as we all know, because of our traditionally small population and industrial development in comparison to other parts of the country. This places a



burden of road mileage per taxpayer in Saskatchewan which is unique in the Dominion of Canada, in spite of what this Government has been able to achieve along the line of bringing industry to the province. Here again we find practically the same effect of urbanization that we had, as I mentioned a few minutes ago, in regard to schools. The fact that thousands of people are leaving the country and moving to the city increases the pressure upon the city taxpayers budget for the need of streets in the cities, while at the same time it does practically nothing to eliminate the need for roads in the country. You need practically the same amount of roads in the country to serve the population as what you had years ago when you had a good many more people living in the community.

I would like now to look at the situation in Canada and in Saskatchewan in particular with regard to the sewage and water utilities. On the farms we find a good sewage and water system to be a very good and useful thing, but the necessity for water and sewage installation is much increased when you leave the farm and go into urban centres. When the people begin to congregate in the urban centres, the need and desirability, not only the desirability but also the actual need, for proper facilities along this line becomes a great deal more urgent. We have a sanitation problem there and also the matter of keeping contamination from our water supply. Added to this there is the necessitation for a good supply of water for fire fighting purposes in the urban centres. There is a little by-product there of the desirability of water services in that these would cut down the insurance rates in the towns where they have a satisfactory fire fighting establishment.

In our cities we find that the movement of the people to the larger centres is having an effect, today, in the pressure put upon the taxpayers pocketbooks for the provision of these utilities in the outlying portions of the cities, where they are beginning to expand. We all know that tax rates are going up because of the necessity of providing these facilities in those portions of the cities. But what I would like to draw your attention to mostly, this morning, is the situation as it is in the smaller urban centres of Saskatchewan. It is there, it seems to me, that we have a much more striking need in regard to these things. In this same book, 'Housing and Social Capital', they point out that, in Saskatchewan, there are 45 waterworks and sewage systems serving some 260,000 people, or 31.2 per cent of the population.

In another provincial survey I found that, in 1954, in towns of over 800 population there were 35 towns with water and sewage facilities; there were 10 with one of these services, but not both, and 14 with none. There are between 30 and 40 communities with a



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population of between 400 and 800 with no organized services. I think that is a matter that we have to give considerable attention to. I must be fair, at the outset, in admitting that at least a good portion of the trouble does not lie entirely with the lack of finance; there is that matter of the lack of water supply, especially perhaps in the southwest and the southern part of the province where have a very limited supply of water in many cases. I think it is a matter that should be taken up jointly by the Municipal, Provincial and Federal governments, that a survey of some kind should be made to establish the present facilities and see what can be done to increase the facilities of water supply in our province, for the use of these smaller urban centres.

I would like, now, to take a look at the underlying financial position of our province that we have to look at in connection with this need for social capital here. It has often been stated by people who are looking at this problem of facilities for municipalities and provinces and so on, that it is not fair to any present generation to endeavour to pay over a short period of time for those things which will serve the community for a great deal longer period of time. But in Saskatchewan, today, we find that there are real difficulties in the way of any community attempting to finance these utilities out of other than current revenue. In the first place, when they attempt to sell their debentures they find that the main markets for debentures are not in Saskatchewan; we have rather poor facilities in Saskatchewan for the purchasing of municipal debentures and these local governments who wish to dispose of their debentures must travel to eastern Canada where the markets are. When they arrive down there they find that they are unknown; financiers in the East, in Toronto and the big cities there, the smaller places in Ontario and Quebec are known to them, but, when you go down there trying, to sell debentures from such places as Gull Lake or Cabri or some of these other smaller towns, they never heard of them. And then, too, they never heard of these things — but they have good memories and they remember what Saskatchewan was like back in the 'thirties' and there is always a fear of a return of those conditions. The end result is that when our men go to the east in an endeavour to sell their debentures they are up against, first of all, the real difficulty of disposing of them at all, and on those that they are able to dispose of, even at high interest rates, they also have to take a discount; so that the end result is that money obtainable for municipal improvement in Saskatchewan often comes at a very high and expensive price. The result of this has been, over a period of years, the fact that a very large percentage of municipal financing for capital is that it is done out of current revenue. From 1951 to 1953, in Saskatchewan, of municipalities other than cities, 73.18 per cent of capital expenditure was financed out of revenue. I am not going to criticize this too unduly because often times it is a good thing that our communities



are not going into debt; but there is an actual limit to what the taxpayer is able to do along the line of financing the necessary things out of current expenditures.

I do not intend, this morning, to take up your time talking about the cost-price squeeze or the state in which agriculture now finds itself, but any fair-minded person, I think, must realize that the position of the agricultural economy at the present time has a great deal to do with our ability to raise taxes in Saskatchewan, not only in the rural municipalities but also in the urban centres as well. The underlying lack of finances by our agricultural communities has a definite effect upon the ability of the municipalities of our province to finance these things out of current revenues.

There has been brought to our attention the Statutory Limitations that are imposed upon the borrowing capabilities of the municipalities. There are some that say if it wasn't for these limitations imposed by the Government that there would be more facilities in our communities. But when you look at the facts you find that there are comparatively few municipalities who are actually being restricted because of these statutory limitations. In 1954, in cities of 15,000 or over in the province of Saskatchewan, there were 25 per cent who had borrowed their limit. Of the cities under 15,000 there were none who had borrowed their limit. In the towns of 2,000 and under there were — pardon me, 2,000 and over, there were 31 per cent had borrowed their limit, but in towns of 1,000 to 1,999 only 15 per cent had borrowed their limit. In towns of 500 to 999, none had borrowed their limit; and in the towns up to 500, 13 per cent had borrowed their limit, but in the villages and the rural municipalities, there were none that had borrowed their limit. So it would appear to us, this morning, that there must be some other reasons why the municipalities have not borrowed this money. It is not because of the statutory limit.

I think, in passing, I might say that I am sure that if the taxing base in the municipalities, was strengthened, or if the cost of debenture money was less, it is quite possible that our Government might be prepared to take another look at these statutory limits because, after all, they are imposed strictly and only for the protection of the municipal governments themselves in a field that is very technical and hard for the municipal man to get a grasp of, with all that is involved. And these statutory limitations are placed there for the benefit and the protection of the municipalities.

I would like to say, this morning, that I believe our Provincial Government has been very sympathetic and has endeavoured to do everything within its power for the alleviation of the situation



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in regard to capital financing of social capital in the province of Saskatchewan. In the first place, our Government has made outright grants in many situations for capital construction; for such things as schools, hospitals, roads, bridges and homes for the aged. Secondly, after it has encouraged the municipalities to sell as many of their debentures as possible at the local level, among their own people, the Government of Saskatchewan has done its utmost to purchase all of these debentures which it can, in some cases as high as 50 per cent of those who were in the most need, who could show they were the most deserving, along these lines. As an example, in 1956, provincial funds purchased 28.1 per cent of the school debenture. They purchased 10.7 per cent of town debentures and 25.3 per cent of our hospital debentures. I think this is a real step in the right direction by our Province. There are those who would say that we should go a great deal further, that we should be in a position to guarantee all the debentures of the municipalities; but when you look at the situation in Saskatchewan, where it is necessary for the Government to go out and purchase money on the money markets for the expansion of its own capital expansion, its own capital program, it is very difficult for them at the same time, to underwrite the capital expansion of the lesser governments. In fact there is a definite limit to the capital which can be borrowed in the province of Saskatchewan, and after all, a guarantee by the province of the debts of the municipalities is a strain and an added impost upon the facilities and the ability to borrow of the Provincial Government.

We have looked, this morning, at the need for social capital in the province. We have looked, for a while, at the financial situation underlying this need. I would like to look, for a few minutes, into the future.

It is very difficult to assess with any degree of accuracy our demands over future years, but by looking back a few years and catching the trend of what has gone before we can project that into the future and get some idea of what may be the result. This has been done by experts and I feel, this morning, that in regard to schools it is safe to assume that the present factors of population increase and increased urbanization will continue; and added to these there will be increased demands for education of a highly technical nature. Where there are more highly technical skills necessary; you will find that there will be a further demand upon facilities for education in our province.

A hospital building program will have to be continued at a high level, to maintain that which we have already achieved.

Regarding roads and streets, it is rather difficult to lay down any idea of what may come about in the following years, that



is for any length of time, because we never know what is going to turn up along the line of transportation. But I think it is quite safe to say that we will still, for a good number of years, have to face the problems that have to do with increased population, an increased number of cars per 1,000 population, and increased mileage. In this regard the building and maintaining of roads is going to be a large factor in our economy for many years to come.

In the field of public utilities we have the present backlog to contend with, coupled with increased urbanization, and with the demands for a higher standard of living. I think that the expenditures along this line will have to continue at a very high level.

This matter can be summed up briefly, I think, in the survey that was put out by the Saskatchewan Government: 'Prospects for Economic Growth in Saskatchewan' in their submission to the Royal Commission on Canada's Economic Prospects, and in it they estimate that in the years from 1956 to 1961 it is expected that the Province will be requiring some \$175,500,000 for these expenditures for social capital, whereas, during, the same period, the municipalities will require some \$148,500,000. Now these figures do not mean too much when they are taken by themselves, but when you take the municipalities, in which we are primarily interested this morning, over that time it was estimated that they would need to spend some \$30 million a year and compare this with something less than \$25 million that was spent in the first year of that period, namely 1956, and it shows you quite clearly that in order to measure up to the standards that are set out in this book, we will have to increase — not only maintain, but increase quite sharply our expenditure on the municipal level to maintain a satisfactory set of municipal facilities and other things that we need for the well-being of our people. And in setting up this program the people who did it felt that they were being pretty conservative in the figures that they used. So I think in the years to come it is quite safe to assume that we are going to have to quite sharply increase our expenditures for social capital in the Province of Saskatchewan.

I think at this time it is only right in view of what I have said, this morning, that we should look to the Federal Government for assistance in this matter of social capital in the Province. You may easily say that that man Wood is just running to the senior government; he is shirking off the responsibility of our own provincial government in this regard. But I think that, in looking the questions squarely in the face we have to ask ourselves, if it is right and reasonable to expect the Province of Saskatchewan to carry this burden, along with what the municipalities are carrying; if it is right and fair that we should continue to carry this thing without going to the Federal Government.



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In the first place there is the matter of the distribution of the national tax dollar, which we have often heard of before and which I will review for you again this morning. In 1939, the Federal Government received 48 cents of the tax dollar; the provinces received 23.3 cents and the municipalities received 29.7 cents. But in 1956, the Federal Government received 77 cents, the provinces 12 cents and the municipalities 11 cents, which is a sharp reduction in the amount of the tax dollar received by the lesser governments. Now if you will compare this, at the same time, with the fact, as pointed out by our Premier at the Federal-Provincial Conference, of October, 1955, that in the years between 1930 and 1955 new capital expenditures by the Federal Government increased by slightly over three times, while during the same period they increased for the municipalities by over five times, and by the provinces by six times; while our share of the tax dollar was dwindling, at the same time our responsibilities in regard to capital expenditures were increasing.

Not only has the Province a lack in the actual fiscal finance to supply the needs of the municipalities in this regard, but also it lacks the financial power. We have no power here whatsoever over the financing of our country, the financial methods that are used, whereas in the Federal field they have direct power over the fiscal monetary and economic policies of the country. Just by way of a little illustration you might see just how easily it could be done at a Federal level, to direct finances into the purses of these same debentures to which we have been referring, by simply placing some sort of selective taxation upon investment. The investment could be steered, quite readily, by the fiscal powers of the Federal Government which are entirely lacking here in the Province. Then again there is the overall extent of the financing from the Federal field. If you compare the need for capital finance in the provinces compared to their overall financial resources and compare that same figure of financial need in the provinces with the overall financial resources of the Federal field you will find that there is just no comparison. The Federal people have a great deal more at their command, and placing this same problem which we have discussed this morning to that amount of money, it appears to be a much smaller problem; and I maintain that, relatively, the Federal Government has a great deal more money at their command than that of the provinces and the municipalities combined.

Finally, in this regard, I would like to say that the Federal Government has made grants and loans to such capital projects as Trans-Canada Highway, hospitals, university buildings, housing and pipelines, and I can see little reason why they should not make funds available for such socially necessary projects as roads, schools and sewer and water development.

Specifically, Mr. Speaker, I would suggest, this



morning, that the solution to our problems here could be to a great extent solved by the revising, and reactivating, of the Federal-Municipal Improvements Assistance Act of 1938. This Act contemplates the granting of loans to the municipalities by the Federal Government at low rates of interest, with debentures or other securities given as security. This Act was in operation for a short time after it was brought out, and during that time Saskatchewan was able to receive some \$850,000 from this fund that was set up. Since that time the bulk of this money has been repaid and there is none of it that is in default. But the limitations of this Act are such that any project that is to be attempted under the program has to be self-liquidating; and as defined in the Act this would include such things as sewage and waterworks, but not such things as schools or roads; and while this Act would be very useful to us if it was reactivated, today, and that self-liquidating clause was still included. I can see no valid reason why assistance from the Federal Government should be given to such things as sewer and water — desirable as they are — and schools and roads and other social aid desirable things not be included. It is also limited in its scope, in that it was primarily enacted as an unemployment relief scheme; and it says in the Act that it must be shown that any project attempted under this Act will be useful in relieving the unemployment situation. While that, in itself, is a very good thing; and there is no doubt that, today, there are many places where municipal projects could be attempted and built, with a lessening of the unemployment situation in those communities, it still seems to me that that should not be necessarily a limiting factor in the use of this Act. There are many places where we need these things; they are socially desirable and we must have them; but I don't think that we should have to wait until such time as the unemployment becomes so serious that we must do these things in order to work out a relief scheme for them.

Then, again, the figure mentioned in the Act — the overall amount of money that is available is \$30 million. Individual loans are restricted to not more than \$200,000 to any municipality. I think that, today, those figures are too small.

I would propose, this morning, Mr. Speaker, that this Act should be revised and so broadened that it would include other projects than those which are self-liquidating and projects that are other than those which are absolutely necessary for the relief of unemployment; and that funds be made available in this Act in a greatly increased amount and that this Act should be brought into effect immediately.

One of the reasons for this is the same unemployment that I mentioned a few minutes ago. Whereas I do not feel that it is necessary that unemployment be always present before we are able to



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have the things which are socially desirable, yet, at the same time, today, we do know that through the length and breadth of our nation there is a great deal of unemployment and the revising of this Act would have a definite effect upon the situation in the country today. The time it is necessary to consume between the setting up of the necessary legislation to combat unemployment is so long that we should not delay in getting ready to do something about these things. That is one real lack that our Federal governments have always had; they start to do their planning after we have unemployment really with us, as we have today. Now is no time to be setting up a shelf of works to be used during a time of unemployment, not when we already have unemployment in our midst, and above all things they should not delay any longer in setting up an Act such as this which will, in times to come, be of use to us in combating unemployment.

In speaking of a shelf of public works it is quite possible that some of the projects that we have in mind could be set aside; projects that could be taken out in time of national or local need in regard to unemployment. But I must say, Mr. Speaker, that I consider that most of these things which we have under consideration are not the type that can be shelved. As I say, there may be some, but most of them are of such importance to the community, of such importance to us as Canadians, that they should be proceeded with immediately, irrespective of any need for special projects to be used in time of unemployment. I have maintained that the health and the safety and the education of our people is of such importance that it should be proceeded with, today. I have nothing to say, this morning, against the program of defence which we have in our country. I feel that it is very imperative that our nation should be prepared at all times to defend itself against any emergency; but I do feel — I can't help it — that this same health, safety and education and the well being of our people and our children is much more important than building up say, for instance, aeroplanes that are obsolete even before they leave the drafting board.

Another thing that I would like to say, Mr. Speaker, is that in our society today we have what amounts to crass commercialization. It seems as though the large bulk of our capitalization is placed into the factories which will produce automobiles, televisions, refrigerators, juke boxes, liquor and so on; and from the money that is earned through these projects we attempt to finance our schools and colleges and facilities in our communities; it seems to me, Mr. Speaker, the time is approaching when we should, somehow, attempt to shift the emphasis from this crass commercialization — where the things that we buy are dictated by a high pressure advertising scheme, which sometimes pressures the public into buying things that, while perhaps they can use them in some way, and they are not actually harmful; they are of dubious advantage to our civilization. I think that we should endeavour to place our investment emphasis upon those things which are really



socially desirable, such as I mentioned before, these municipal utilities which are a good example; and from the wages that are derived from the building and the maintenance of these programs, we can proceed to buy the other things such as radios and televisions and so on. It seems to me that our weight of emphasis is being placed in the wrong place.

We in the province can do nothing about that, but our Federal Government, through the reactivation of this Act, and by putting capital into these places where it is really socially desirable and socially useful, can do much to help the situation as it is with us today.

Therefore, Mr. Speaker, I would like to move the above written Resolution, seconded by Mr. Thiessen (Shellbrook).

**Mr. John Thiessen (Shellbrook):** — Mr. Speaker, in seconding this motion of Mr. Wood, I don't think he has left very much ground uncovered in speaking to it. He has pretty well covered the entire provincial field, in that he spoke of schools, hospitals, roads, streets, water-works. I thought he left out one item and that was rural telephones, which could also be covered under this motion. I would like to go back just a little bit to 1927 and bring to your attention the cost of money to the ratepayers of the municipalities. At that time the village of Aberdeen built a four-room school, costing some \$20,000 which was thought to be a lot of money at that time. 23 or 24 years later, the larger unit paid out the last debentures of that school and it had just doubled the price. That meant that to build a \$27,000 building would cost you \$27,000 to finance. We had a lot of schools that have been financed under that; we have a lot of municipal road machinery which has been purchased under that debenture system, and I feel it is costing away too much money. It costs too much money to liquidate debts which have been created for the purchase of doing municipal work.

This resolution says, "self-liquidating works." Rural telephones, streets and roads would not come under that, but I would feel that in revitalizing this thing, and broadening it, it should be broadened sufficiently to cover those. At one time we had thought we were going to get cheaper money when they created the Bank of Canada, but somehow or other this thing did not take place at that time, and municipalities were left at the same mercies as they were before.



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In reading Hansard of last fall I noticed we are not the only ones who have thought there should be cheaper money for use for municipalities. There were a number of M.P.'s last fall, in speaking to the House, that asked for this very same thing. Some of our C.C.F. boys out there, and also some of the others. The Prime Minister of Canada has spoken on this at various times, and so have other people. I think that the hon. member from Swift Current (Mr. Wood) has pretty well covered this thing, and I take pleasure in seconding this motion.

**Mr. Cameron (Maple Creek):** — Mr. Speaker, I just want to take a moment or two — I don't intend to spend 50 minutes like the mover; I'll be more like the seconder.

**Hon. Mr. Fines:** — You heard a great deal in that motion that will do you good.

**Mr. Cameron:** — When I was sitting there, I don't remember the quotations, but he spoke of 'cabbages and kings' and a good many things. I think he spoke of a good many things that did not have a direct bearing on the question at hand at all.

**Premier Douglas:** — You're out of line.

**Mr. Cameron:** — He talked about fiscal policy and pressure salesmen, and crash commercialization, and all of such things in the economy of the country. He even went into defence. He raised the question of whether or not we should spend huge sums of money building aeroplanes that will be obsolete even before they are put into use, and many other things of that nature. I want to deal strictly with the resolution as set out here. Recognizing the pressing needs of municipalities, schools, hospitals, roads, streets, sewer and water — then he speaks of the strained credit resources of municipal-provincial government. Well, we know the credit resources of the municipality are strained, indeed, but I didn't think that the credit resources of the province of Saskatchewan was in that category. I have listened to the Provincial Treasurer (Hon. Mr. Fines) and he has always spoken of the great credit resources of the province, and with the great ease with which he has been able to borrow money on the sound credit financial position of the province. It is rather revealing to think of the province as being in strained credit resources.

But apart from that it recognizes also the immediate needs to provide new employment opportunities, together with the des-



irability of shifting investment emphasis to socially useful capital works. Then, it urges the Federal Government to make capital funds available at low rates of interest for municipal work projects, and specifically by reviving and broadening the Federal-Municipal Improvement Assistance Act of 1938.

I don't think anyone has any quarrel with that objective. I don't think that anyone would say for a moment that it is not a field in which the Federal Government can participate. We heard a speech delivered in this House, I think a year or two ago by the then Federal Minister of Public Works, in which he spoke of the new concept that is developing in Canadian life. The new concept of co-operation between the senior governments and that of the province, and he spoke of that concept as having resulted in the participation in the construction of the Trans-Canada Highway. Federal grants and assistance for the construction of hospitals; federal assistance on the university level; grants to universities, is along the same concept of working out a relationship between the provinces and the Dominion Government. The Dominion-Provincial Conference and the sharing of the tax dollar is along that same concept of a working arrangement between the provinces and the senior government. There is nothing then in that new concept that is contrary to the thinking that says the Federal Government should assist municipalities in the financing of their projects. It is true that a great many of the municipalities, school districts in particular, are financing too much of their capital construction out of current revenue. I think that has been one cause of the excessive mill rate in some of these larger units, possibly to a lesser extent in the municipalities themselves.

We have been urging that the Provincial Government should take a look at this problem and to set aside some funds that would assist the municipalities in establishing sewer-works, water-works and things of that nature. I notice that Alberta has taken a forward step in that direction. She purchases debentures for the municipalities that wish to go into sewer and water at a long-term, low rate of interest, in order that the earnings from the sale of these utilities will pay off the debentures over a period of time, and will not become a burden on the taxpayer as such. However, the Provincial Government has always felt that that is not in their particular field, and it should be a Federal undertaking. I am glad to see this resolution. I would point out that we have been ahead of you in bringing that to the attention of Federal authorities, and to the attention of at least one of the great parties that may be the Government after the 31st. If that is true, our voice will have been heard, because we were successful, as members from western Canada, and particularly from Saskatchewan, in presenting that very problem, and much the same argument as used here.



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So I am glad we are in agreement on that, and that you are following the line as suggested by us. We asked that we not only broaden the scope of the present Act, but that the Government set up a loan development fund on the Federal level, the same as we have been urging, on the provincial level over the past number of years. That would make it available on the federal level, additional finances over long-term period, for major municipal improvements, that could be gotten at immediately, in order to help the employment situation, and so forth.

We asked that these funds be made available immediately, under this municipal loan fund, in order that they could get a quick start on it. This expansion in the urban and municipal units is urgently needed. No one will dispute that question. Funds are scarce, and hard to come by. No one will dispute that, but I would like to point out to the member from Swift Current (Mr. Wood) that the difficulty which the municipalities are experiencing in having people purchase their debentures is not the lack of security, as he would indicate, and it is not their fear of the municipalities not being able to meet their commitments. It is, in the main, because of a shortage of money for all the projects that are going on, and many of these loaning institutions that are prepared to loan money, such as life insurance companies, and so forth, can step out and purchase debentures and securities in huge volume; therefore they don't have to 'bother around' so to speak, in picking up 20,000; 50,000 or 100,000 of municipal debentures. The market is too great and too easily come by, in other quarters, for them to bother with these smaller amounts. I think that is the reason why municipalities have found difficulty in getting these firms to purchase their debentures, because of the availability of huger amounts and which are more readily accessible to them.

Then, in urban development I don't think anyone will disagree that there is an urgent need. I think it is time that the present legislation was amended. I think it should be amended to give far greater participation of both the Federal Government in some of these undertakings. They are restricted under the present legislation in their field of activity. I think it is time federal aid for slum clearance in the urban centres should be raised to 75 per cent of the cost, because it is a social necessity, as the member from Swift Current (Mr. Wood) spoke of, and they should carry greater than 50 per cent of the cost.

I think it should provide for federal sharing with the municipalities in regard to water and sewer and street services if we carry this new concept all the way down — then it should seep down to even the lower levels of local government. There is no reason why



the Federal Government shouldn't be able to share in these undertakings on a municipal level. I think they should ease the restriction under the Act, on re-development for commercial uses in the urban centres as well as for housing. We presented that, and I am pleased to say that that is in line with the Liberal program set out, and therefore we have no dispute with that. I think it was a step in the right direction; I think it is a step we have been urging for some time, and I am glad to see it recognized here. I am glad to see that we have unanimity of thinking in this Legislature regarding the field of activity which the Federal Government can participate, without in any way infringing upon the rights of the province by this new concept of sharing responsibility between the Federal and the Provincial Governments.

For that reason, we believe that a loan development fund should be set up, from which municipalities can borrow at a low rate of interest over a long period of time, in order to assist them with their problems, to further enlarge the scope of this Act at present to ask the Federal Government to share 75 per cent of the cost of slum clearance instead of 50 per cent, and to provide for Federal participation directly in water and sewerage, street services, or urban municipalities. There is nothing in this resolution that we can't go along with right down the line, and for that reason, Mr. Speaker, I am going to support the motion.

**Hon. C.M. Fines (Provincial Treasurer):** — Mr. Speaker, I don't want to take up the time of the House, but I would think it would be most unfortunate if some of the remarks made by the hon. member who has just taken his seat were allowed to pass. I would particularly like to congratulate the mover of this resolution. In the 14 years I have been in the House I have never heard any private member prepare their material and present it in a more able manner than the resolution that was presented by the hon. member for Swift Current (Mr. Wood). I think it is a real credit to himself that he dealt with this subject in such a masterly manner, as he did this morning.

I would like to say, Mr. Speaker, that we have recognized this problem over the years. I would like to point out that our problem in Saskatchewan has been somewhat the same until recent years. I would like to remind hon. members (some seem to forget it) that from 1932 to 1946 this province had no credit whatsoever. The province of Saskatchewan was not able to go on the market and borrow a single dollar, except for refunding purposes.

**Mr. Danielson (Arm River):** —What a confession!



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**Hon. Mr. Fines:** — Now, Mr. Speaker, from 1932 to 1946 — and I'm not blaming the previous administration alone, because I found the present Government was in the same position for a couple of years. Then the situation began to change. At first we were able to borrow a few million dollars. I thought we did very well in 1946 when we managed to borrow about \$3 million. It is only two years ago, in 1956, that we were told that the total amount that the province could expect to borrow on the Canadian market in any one year was \$20 million. Now, a program such as we have — with the Power Corporation, for example, spending about \$60 million this year alone on capital expansion, the Telephone Corporation spending about \$10 million — this taxes us to the limit of our ability. We would not be able to borrow for the municipalities.

The hon. member referred to the Alberta plan. He is just a little bit out of date. He should know by this time that the Alberta plan has been discontinued. The Alberta plan, Mr. Speaker, has been discontinued now for three months — it is no longer.

**Mr. Cameron:** — It's a re-adjustment.

**Hon. Mr. Fines:** — No, it is not, Mr. Speaker. The Alberta municipalities this year are having to go out on the market and do their own borrowing. The plan was discontinued because the Alberta Government found they were going to require their own capital for their own needs, because of their revenues falling off, and levelling off, they've been unable to continue, and so they have discontinued the Alberta Loan Improvement plan.

Mr. Speaker, one statement which the hon. member from Maple Creek (Mr. Cameron) made was: "We have been ahead of you; we raised the question with one of the great political parties at our convention this year." This is a joke. This question has been raised at every provincial-federal conference since 1945. In 1955 we approached the Hon. Walter Harris, who sat at this Conference with Prime Minister St. Laurent, and made the suggestion to them, in the presence, may I add, Mr. Speaker, of the representatives of the municipalities, that this Act should once again be revitalized, and then brought up to date. Mr. Harris, at that time, in 1955 and again in 1956, said that he could see no reason for it; that he could not get any evidence that the municipalities were not able to borrow all the money that was required. That was the Liberal party within the last two years!

I am glad if, out of office and in the valley of humiliation, they have seen fit to be able to do the things which we have been recommending. I have here the report of the Conference of 1955,



and again the Conference of 1957, November 25-26, recommending these in the Saskatchewan brief — we ask the Federal Government to do this very thing, and yet my hon. friend gets up and . . .

**Mr. Cameron:** — How many briefs have you had that you didn't do over a period of years?

**Hon. Mr. Fines:** — . . . says, 'We have been ahead of you'. The question was raised by us, with one of the great political parties in Canada.'

**Opposition Members:** — That's right.

**Hon. Mr. Fines:** — Mr. Speaker, that is all I want to say. I think there is nothing can be added to the remarks by the hon. member from Swift Current (Mr. Wood). I don't think he left out one single point. I think he has an iron-clad case here, which I think is one which I am sure will warrant the support, not only of all the members of this House, but of all the municipal governments of Saskatchewan — yes, across Canada; and one which will, I am sure, meet with the overwhelming approval of the people of this province.

**Mr. Weber (Meadow Lake):** — Mr. Speaker, I would just like to say a few words to associate myself with the motion that was presented here this morning by the member from Swift Current (Mr. Wood), and I would like to say that in my experience in civic administration on a local level, in urban municipalities, I found that there were many times when we required financing on a major scale, and we found nowhere we could turn to for this assistance.

I believe the hon. Provincial Treasurer (Mr. Fines) will know some of the facts which I am relating to when I say that we found, in the particular town of which I was mayor for four years, we were finally able to borrow enough money to enable us to put in a sewer system. We were sort of putting the cart before the horse for the simple reason that we have sewer in that particular municipality today but we have no water. I believe that a program is under way now where they can almost see where they can install a water-works system. But it did require additional assistance from the Provincial Government in helping that municipality to carry out this program.

During my experience on municipal councils, I found the necessity for establishing some source of financial assistance to municipalities who found themselves in situations similar to ourselves. Last year in this Legislature, in my speech in reply to the



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Speech from the Throne, I advocated that the Provincial Government set up a financing corporation similar to that which was established in Alberta, and since has been abandoned, as the Provincial Treasurer indicated, I believe it was the vast amount of money required by the municipalities to institute these services, and the Government in that province found that they were unable to finance, without going into debt or borrowing money which they did not deem to be good business methods. They felt too, the same as the mover and the seconder of this motion felt, that it is the responsibility of the Federal Government to set up such a fund, available to municipalities.

I agree with the member from Maple Creek (Mr. Cameron) that there should be more included in this motion. However, at this time I would certainly give my support to the motion as it stands. We found that previously in our schools, and also in our hospitals, when we enlarged our hospital and also had to do some extensive enlargement of school buildings, that to get this money (on a long-term period) was practically impossible to do. As the financial critic for the Opposition (Mr. Cameron) mentioned, these large financial institutions were not interested in lending money to municipalities that only required smaller amounts of loans, which required the same amount of administration as far as they were concerned, as was required by larger municipalities who might borrow up to as much as one hundred times in one transaction as the smaller municipalities did.

I believe the Federal Government did have low interest-bearing assistance loans some years ago, but they were discontinued, and at that time a lot of municipalities availed themselves of this money and found it to be of great benefit to them. I would like to see this same assistance given again to these municipalities, but I would also like to see included in this motion recommendations that this assistance be given to these municipalities at the low interest rates which prevailed at the time this assistance was given by the Federal Government. However, I imagine that at the time this deal will be made, these things will be taken into consideration. At this time I would like to say that I am in wholehearted support of the motion.

The question being put, it was agreed to.

The Assembly then adjourned at 10:00 o'clock p.m.