

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Thirteenth Legislature
12th Day

Friday, February 27, 1959

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

On the Orders of the Day:

WELCOME TO STUDENTS

Mrs. J. E. Cooper (Regina City): — Mr. Speaker, before the Orders of the Day are proceeded with I would like to draw the attention of the members of the Legislature to a group of Central Collegiate students who are visiting us, today, together with their teacher, Mrs. Harding.

I know that by the time they hear the Budget Address they will have a much better idea of how the revenues of this Province are spent.

I am sure the members would all like to join with me in welcoming them here this afternoon.

QUEEN OF THE NORTH

Mr. John J. Harrop (Athabasca): — Mr. Speaker, before the Orders of the Day are proceeded with, I would like to bring the attention of the Assembly to the news that Miss Jean Cuthand of Lac la Ronge has won the title of 'Queen of the North' at the Trappers Festival at The Pas, Manitoba.

Miss Cuthand is the head nurse at the hospital at Lac la Ronge and I am sure all members would like to join me in offering congratulations to her.

CORRECTION

Mrs. Mary J. Batten (Humboldt): — Mr. Speaker, before the Orders of the Day are proceeded with I would like to draw the attention of the House to an error that was made in the report by the Moose Jaw paper, and also in the "Leader-Post", reporting a speech that I made to the Liberal Association in Moose Jaw.

Mr. Speaker: — Order! That is not the concern of this Assembly.

Mrs. Batten: — There was an error in the paper and it has to do with the House.

Mr. Speaker: — Order! It was not something that was said in this House.

Mrs. Batten: — It is very misleading, because it seems to indicate that this was said in the House, as well as at the meeting.

Mr. Speaker: — But the matter was not a matter which was reported from this House. I am afraid it is out of order.

SALE OF PETROLEUM & NATURAL GAS LEASES

Hon. J. H. Brockelbank (Minister of Mineral Resources): — Mr. Speaker, before the Orders of the Day are proceeded with I am pleased to announce to the House that a sale of Petroleum & Natural Gas Leases was held at 3:00 p.m. on February 24, 1959. Bids were invited for standard leases or net royalty leases; 41 parcels of land were advertised for sale. Bids were received on 27 parcels and 14 parcels received no bids. Bids were accepted for 20 standard leases and for two net royalty leases. Total cash received from the sale was \$1,829,014.26.

BUDGET ADDRESS

Hon. C. M. Fines (Provincial Treasurer): — Mr. Speaker, in rising today to present the traditional Motion of Supply, may I just refer briefly to the unusual degree of public attention that has been focussed this year upon the annual budget message. As you might well expect, I have been greatly interested in the many speculative stories in the newspapers and on radio, attempting to forecast the Province's balance sheet for 1959-60. I think this attention, and even the speculation, is all to the good — even though it would seem that the pundits have been mainly concerned about the gloomy possibility of a so-called "deficit budget". One can well understand that a change of this kind, following upon the fifteen years of uninterrupted budget surpluses achieved by the present government, would certainly rank as news. But deficit or otherwise, we all know that year by year government budgets are coming to play an increasingly larger role in the daily lives of all our citizens. This merely underlines the great need for an informed public understanding of the many complex issues involved in budget-making. Anything that will contribute to intelligent awareness of these problems is therefore very much worthwhile; and I am hopeful that the press gallery will not be disappointed in any way in the newsworthiness of this budget.

In any event, a heightened interest in public finance is certainly evident this year. No doubt it stems directly from the widespread concern over the rather disturbed and contradictory trends prevailing in the national economy. It is, then, to a summary view of this essential background that I should first turn today.

In looking back upon the developments of 1958, we may recall that

the first half of the year was marked by a carryover of the fairly severe national recession that began early in 1957. Fortunately the decline was checked, and by the end of the year a recovery phase was apparently well under way. Several factors were influential in this reversal of the business cycle. Personal income and expenditure remained high, despite the effects of the recession. Government expenditure at all levels expanded greatly, with increased public investment largely counter-balancing a fall in business capital spending. The rapid liquidation of business inventories came to a halt, and a slight build-up began about the last quarter. Similarly, although export trade for the entire period fell slightly below the level of 1957, an encouraging pick-up was evident at the close of the year. Significantly for Saskatchewan, the relatively high export total was due in large measure to increases in exports of wheat, beef cattle and uranium, which offset widespread declines in other commodities.

Despite the apparent end of the decline, however, the national economic accounts for 1958 are expected to show a final gross national product of only slightly more than \$32 billion, a gain of about 2 per cent. In terms of real dollars per person, this is actually lower than in 1957. The slack in the economy, reflecting an under-utilization of both manpower and physical plant, was perhaps most obvious in the employment situation. Throughout the year, the level of unemployment was appreciably higher than for most of the entire postwar period. The last official estimate of the numbers of persons out of work and seeking jobs across the country amounted to almost 9 per cent of the civilian labour force. Unemployment at this level is clearly more than a normal seasonal problem.

The year 1958 also revealed more sharply than ever before the economic paradox of our times. Despite the evidence of a severe recession in the national economy, there was the contradictory evidence of the phenomenon known as “modern” or “creeping” inflation. This description is intended to distinguish it from the more familiar kind of “galloping” inflation, frequently summarized in simple terms by “too much money chasing too few goods”. That this latter was not the problem in Canada is clearly seen in the fact that the level of industrial output remained substantially below the capacity of industry to produce. The persistence of price advances, in the face of severe unemployment and curtailed demand is due in large part to the increasing rigidities being built into our pricing system through modern institutional forces. It is true as well, however, that the fiscal and monetary policy of the Federal Government in 1958 — involving as it has a very substantial increase in the money supply — has contributed materially to latent inflationary pressure.

In looking to the economic prospect ahead, then, two major hazards seem to complicate the national scene — unemployment and inflation. On balance, present indications suggest that at least a moderate rate of recovery will prevail. With capital investment intentions still in doubt and excess plant capacity still to be absorbed, however, so far there is little evidence of a full-scale boom in the making. Nevertheless, there is reason to anticipate that the most urgent problems of cyclical unemployment should be eased.

In some quarters there appears to be considerably more optimism about the possibility of the recovery rapidly swelling in vigour and threatening a genuinely inflationary push on the price level. At the moment this seems to be based chiefly upon unpredictable psychological factors. But it is relevant to note that in the United States the President's recent economic report forecasts that continued economic recovery together with only a modest decrease in expenditure should result in a balanced budget for 1959-60.

This view of the prospect ahead suggests that we now seem launched upon the narrow and precarious channel that leads between the sirens of inflation and the whirlpool of depression. Those in Ottawa charged with piloting our ship have a heavy responsibility. In my own mind they could undoubtedly do the job better if they accepted the broad principles of economic and social planning consistently advocated by members on this side of the House. But as it is, we can only wish them well and bend our own efforts in provincial financing so as not to make their task more difficult.

Turning now to the Saskatchewan picture itself, it is most encouraging to note that the provincial economy weathered both the effects of the national recession and the continuing squeeze in agriculture in surprisingly good shape. The gross value of commodity output rose about seven per cent in 1958. Non-farm sources contributed almost two-thirds of the total — striking evidence of the long strides we have taken in our march toward a more diversified, balanced economic base. Personal income receipts more than kept pace, advancing about nine per cent to the level of \$1,095 million.

Reflecting the additions to output of recent new and expanded plants, manufacturing production rose to an estimated \$326 million, up about 8 per cent over 1957. The mineral industries increased their production total by 28 per cent, and Saskatchewan replaced British Columbia as the fourth largest producer of mineral wealth among the provinces. Construction was sustained at peak levels in spite of a considerable decline in oil exploration and preliminary data strongly indicate that the capital investment "intentions" figure of \$626 million will have been surpassed. The service industries, particularly in the larger centres, have reported a good year. This is reflected in expanded consumer expenditure, with retail trade rising to \$885 million, a gain of almost 5 per cent.

These records of economic growth were achieved, as I have suggested, despite continuing difficulties in agriculture. Rainfall during the 1958 growing season was less than two-thirds of normal and it was only providential rains late in the season that enabled the crops to make a near miraculous recovery. The year's experience does lend support to the contention that improved techniques of dryland farming have come a long way toward lessening the hazard of scant rainfall, contributing to an increasing stability of agricultural production.

Farm cash income registered a gain of about 10 per cent in 1958, and is now estimated at \$595 million. The livestock industry was the major factor in this increase. An appreciably higher level of cattle marketings,

coupled with firming of prices, and an upsurge in volume of hog deliveries, boosted income from livestock past the \$130 million mark, about one-third higher than in 1957.

In the grain sector of the agricultural economy, it was only the depletion of carry-over stocks on farms, together with the P.F.A.A. and wheat acreage payments, that sustained cash receipts. Farm net income is estimated at only about \$215 million, only slightly up from the unusually depressed level of 1957. In fact the squeeze between costs and prices has completely nullified all the advantage that should have been won by our farmers as a result of the better than average grain deliveries they achieved over the past two years. In terms of real purchasing power, moreover, farm net income in 1957 and 1958 has fallen 53 per cent below the average for the period 1946-56. It is this desperate situation — extending all the way to the grassroots — that clearly underlies the decision of prairie farmers to send their mass delegation to Ottawa next March 10th.

Effective action by the Federal Government in offsetting the cost-price squeeze on prairie agriculture would, of course, be the most important stimulus the overall provincial economy could possibly receive. In any case, Canada is expected to maintain her position in world wheat trade during the 1958-59 crop year and to export about 3,000 million bushels of wheat and flour. This in turn should make possible fairly normal farm deliveries for the better part of 1959. The prospect for continued high levels of cattle and hog marketings should also help to sustain cash income from livestock at close to the record level of 1958. However, there are grounds for some apprehension concerning the grain crop in the year ahead because of inadequate sub-soil moisture and fairly widespread grasshopper infestation. Assuming normal crops, I think we can anticipate only a slight decline in farm cash receipts. On the other hand a short crop in 1959 would be directly reflected in a sharp reduction of both cash and net income, with resultant repercussions throughout the whole provincial economy.

As against this, the prospects for continued industrial growth are bright. The recovery of the national and international economies should give added stimulus to the further development of most of our non-farm resources. New production records are again forecast in the petroleum industry; uranium will rise to peak levels on the basis of existing contracts; base metals will reflect firming world prices for copper and zinc; and the first full year of potash mining and refining may also see a second major producer commence operations. All told, the value of mineral production may climb close to \$260 million in 1959.

The outlook is also good for an accelerating pace in the expansion of manufacturing industries. Thus, since its inception in 1948, the provincial Industrial Development Fund has made a total of 48 loans; but twelve applications were approved in 1958 alone. No doubt the most important stimulus to future growth will be the establishment of a basic steel industry. Late this year or early in 1960 both the \$15,000,000 mill now being constructed by Interprovincial Steel and the structural fabricating plant of Dominion Bridge will be completed. I think we have now set in motion a process of growth in manufacturing, the very momentum of which will prove to be a highly strategic factor in further expansion.

Comprehensive forecast data on investment and construction in 1959 are not yet available. But it seems likely that the peak levels of the past two years will be maintained. One of the most important long-range developments, of course, is the South Saskatchewan River Development Project, where a total outlay of about \$8-\$10 million is expected this year. Unlike many other large projects where a major part of the investment is required to be spent on materials and equipment imported into the Province, the bulk of this expenditure will be devoted to on-site construction work, with resultant direct benefits to the provincial economy.

Taking the overall picture then, the outlook for the Saskatchewan economy in 1959 is a distinctly favourable one. Without attempting to minimize either the difficulties apparent in agriculture or the important part it occupies in our economy, I think we shall see further solid diversification and growth over the next 12 month period. While the movement away from the farm continues year by year, the level of industrial employment is seedily advancing, affording new opportunities for retaining population growth. On the basis of current data on interprovincial migration, the chances are good that our population will rise to well over 900,000 by next June — a gain of more than 70,000 people since the census of 1951. We have come a long way since the disaster of the thirties — and to my mind, the most encouraging development of all has been the widespread evidence of a new faith and a new confidence shared by the people of Saskatchewan in the future of their own province.

I turn now, Mr. Speaker, to the Province's finances. The Public Accounts for 1957-58 were tabled at the beginning of the Session. Honourable Members will note that their form has been changed to the new basis which was discussed at this Legislature's Public Accounts Committee during the 1957 Session, and which was outlined in a monograph tabled last year. It is my hope that in this new form the accounts will assist Honourable Members in their task of appraising and analyzing the financial policy of the Government.

The accounts reveal that last fiscal year the Province enjoyed a budgetary surplus of \$13,166,511. This surplus, combined with sinking fund earnings, brought about a reduction in the net debt of \$14 million, from \$38.9 million to \$24.9 million.

A booming -s economy caused revenues to rise to nearly \$133 million. The principal increased occurred in petroleum and natural gas revenues, which rose by \$3.0 million; in gasoline tax collections, which rose by \$2.7 million; and in liquor profits, which rose by more than \$800,000. Expenditures totalled \$119,663,473, including \$98.6 million of ordinary expenditures and \$21.0 million of capital expenditures.

The financial picture for the current year is, as we all know, not as bright as last year, but it is remarkably good. As a result of the high levels of personal income in this province, education and hospitalization tax collections and liquor profits have continued to be buoyant. For the same reason gasoline tax and vehicle licence revenues have increased.

On the other hand, federal-provincial tax-sharing revenues, which

depend on the levels of corporate profits and personal income taxes in Ontario and British Columbia, show a decline from the federal estimate of \$36.5 million, and our estimate of \$34.5 million, to \$33.8 million. Further, there has been a reduction in the prices paid for crown oil rights owing to declining foreign markets for oil and the resulting slow-down in oil exploration activity in the Province.

With certain notable exceptions, expenditures have been running according to plan. Supplementary estimates which were tabled today outline the special expenditures which were authorized this year. These include additional appropriations of \$603,000 for employment-creating projects, an increase of \$1.2 million for grid road and municipal bridge construction, a sum of \$325,000 to help farmers to secure emergency supplies of feed and fodder, and a further \$1,481,000 for the Hospital Service Plan.

Taking the revenue and expenditure outlook together, I expect that this year the Province will just about break even. There may, in fact, be a small surplus of something like one per cent of the anticipated revenues. For the calendar year, however, I can be more definite, Mr. Speaker. I am happy to announce that during 1958 the net debt of the Province was reduced by \$5,851,048 to \$26 million. This means a net debt of less than \$30 per capita, compared with nearly four times that amount just ten years ago.

During the year all debentures and treasury bills were repaid as they matured, without the necessity of any refunding operations. In addition, prior redemption of certain debentures was made from accumulated sinking funds. During the present fiscal year there have been debt redemptions of \$20,357,958, of which \$15,163,908 were received from the Saskatchewan Power Corporation and the Saskatchewan Government Telephones and from the sinking funds.

Older members of the Legislature have become accustomed to the use of the comparative statement of net debt as used in this Province for some thirty years and as used in other provinces of Canada. As indicated in previous years, the results are bound to be somewhat different than through the use of the balance sheet method of determination of net debt. The latter counts as assets the cash on hand, working advances and other loans and advances that will be repaid. However, in order that Honourable Members can make comparisons with previous years and with other provinces, with your permission, Mr. Speaker, I shall again include the statement.

This statement shows a total reduction of over \$10 million in the past year, and of \$22,600,000 in the last two years.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND NET DEBT

ASSETS AND NET DEBT				LIABILITIES			
		Dec. 31, 1958	Dec. 31, 1957			Dec. 31, 1958	Dec. 31, 1957
Cash and Temporary Investments		\$5,657,410.57	\$9,254,026.24	Funded Debt		\$309,932,960.00	\$285,538,580.00
Debtentures issued and sold but not delivered		1,000,000.00	2,500,000.00	Treasury Bills		23,259,849.19	24,435,947.05
Working Capital Advances		7,668,071.18	7,205,577.79				
Sinking Funds							
- Provincial Share		14,535,532.84	18,506,794.35				
Loans to, and Investments in, Crown Enterprises:							
Government Finance Office		10,769,006.46	10,669,006.46				
Saskatchewan Government Telephones		63,066,938.17	54,024,752.74				
Saskatchewan Power Corporation		199,092,068.98	170,313,307.22				
Other Loans and Advances		5,393,803.69	5,640,036.43				
Capital Assets		1.00	1.00				
Net Debt		26,009,976.30	31,861,024.82				
		\$333,192,809.19	\$309,974,527.05			\$333,192,809.19	\$309,974,527.05
				Contingent Liabilities:		\$6,413,382.30	\$5,539,325.47

COMPARATIVE STATEMENT OF NET DEBT

(On Former Basis)

	<u>Dec. 31, 1956</u>	<u>Dec. 31, 1957</u>	<u>Dec. 31, 1958</u>
Gross Funded Debt	\$214,729,820	\$285,538,580	\$309,932,960
Treasury Bills.....	31,554,044	24,435,947	23,259,849
Gross Debt	<u>\$246,283,864</u>	<u>\$309,974,527</u>	<u>\$333,192,809</u>
Less Sinking Funds	23,803,096	31,796,863	32,338,415
Gross Debt after deducting Sinking Funds	<u>\$222,480,768</u>	<u>\$278,177,664</u>	<u>\$300,854,394</u>
Less Loans and Advances to Revenue Producing Enterprises	158,608,064	226,504,317	259,570,473
Net Direct Debt	<u>\$ 63,872,704</u>	<u>\$ 51,673,347</u>	<u>\$ 41,283,921</u>

The past year has again been a period of difficulty in obtaining money for capital purposes. Honourable Members will recall that the programs for both Power and Telephones were record-breaking. We undertook to borrow \$57 million for Power and \$10,800,000 for Telephones. As indicated to you a year ago, of this amount we had borrowed \$25 million on December 2nd, 1957. We were very successful in raising \$25 million on the U.S. market last April at the time when prices were most favourable. This amount was borrowed at 4.15% for a period of 25 years. Shortly after I arranged another private loan in Canada for \$5.0 million. This was for a four year period and was borrowed at 3.9%.

In July the Federal Government announced the conversion loan and thus destroyed any hopes of any successful provincial loans for several months. We therefore decided to use our own resources to finance the \$10,800,000 requirements of Telephones. We had over \$10 million of Victory Bonds in various Government controlled accounts. We did not convert these except for a few short-term bonds, but instead, used the proceeds to make a provincial issue of \$10,800,000, due in 1983. These bonds have a 5% coupon and were sold at par. Thus we were able to complete the borrowing program at an early date, except for \$2.0 million for Power, which has since been obtained in a new issue of \$25 million for Power and Telephones, obtained on January 2nd. We have more recently borrowed \$8.0 million on the Canadian market. The prospects for provincial borrowing at this time are not favourable because of the large requirements of the Federal Government and the investors' lack of confidence in bonds because of the recent awakening to the dangers of inflation. However, with over \$30 million already secured for next year's program, I am confident we can raise the balance required. The following table indicates the bonds sold during the present fiscal year:

CAPITAL BORROWINGS

Date	Maturity	Coupon	Payable	Amount
June 2, 1958	June 2, 1983	4-1/8%	United States	\$25,000,000
June 2, 1958	June 2, 1962	3-3/4%	Canada	5,000,000
Sept. 2, 1958	Sept. 2, 1983	5%	Canada	10,800,000
Jan. 2, 1959	Jan. 2, 1984	4-3/4%	United States	25,000,000
March 1, 1959	March 1, 1979	5%	Canada	8,000,000
				<hr/> \$73,800,000

In accordance with standing practice, the annual reports of our provincial crown corporations are being tabled in the House for examination as rapidly as they can be completed. The final statements have not yet all been audited, but 1958 has clearly been one of the best years on record.

Reflecting the general strength of the provincial economy, the total volume of business transacted by the whole group of thirteen enterprises rose to \$71 million, an increase of more than 12 per cent over 1957. At the year-end, the number of workers employed stood at close to 5,500, and the wage and salary bill for the year amounted to \$21 million, up by 15 per cent. The companies made payments to municipalities in lieu of taxes of some \$564,000. In addition, the public treasury received over \$578,000 in royalty revenues.

The statement of advances and earnings included with this address shows the financial results of continuing large-scale expansion in the Power Corporation and Government Telephones. At the end of the year our advances to these two utilities stood at \$262,159,000, and their gross revenue, before deductions for interest, amounted to \$12,672,000, compared to \$10,757,000 in 1957.

**SUMMARY OF RESULTS OF OPERATIONS OF CROWN CORPORATIONS
FOR FINANCIAL YEARS ENDING IN 1958**

	Advances at Year-end	Surplus or Deficit for Year
Saskatchewan Government Airways	\$ 675,000	\$19,701
Saskatchewan Timber Board	3,797,000	459,178
Saskatchewan Fish Marketing	225,000	30,631
Saskatchewan Fur Marketing	100,000	8,910
Saskatchewan Government Trading	333,000	12,862
Saskatchewan Government Insurance Office	—	427,097
Saskatchewan Guarantee and Fidelity Co. Limited	365,688	4,481
Saskatchewan Clay Products	600,000	21,803
Saskatchewan Sodium Sulphate	1,085,000	218,286
Saskatchewan Government Printing	275,000	49,135
Saskatchewan Transportation Company	1,600,000	71,445
	<u>\$9,055,688</u>	<u>\$1,284,127</u>
Saskatchewan Power Corporation	\$199,092,069	\$9,104,586
Saskatchewan Government Telephones	63,066,938	3,567,240

Ø Deficit

At fiscal year ends outstanding advances held by the eleven enterprises reporting to the Government Finance Office had been reduced to \$9,056,000. The gross revenues, again without taking into account the cost of money, amounted to \$1,284,000. This represents a return of over 14% on our outstanding investment, and the dividend payable to the Treasury, to be included in our budgetary revenues for the next fiscal year, has been increased from \$800,000 to \$1 million.

Among the highlights of the year were the record earnings of the Insurance Office and the Sodium Sulphate Division of Saskatchewan Minerals. In the face of seriously depressed markets for lumber and pulpwood, the Timber Board achieved record sales and a very satisfactory rate of return. The remaining enterprises maintained a high level of service — in transportation, printing, and marketing — and the only one of the companies to incur a deficit, Saskatchewan Government Airways, nevertheless carried on its essential transportation role in the development of the North.

As Honourable Members know, two of the crown companies serving the people of our northern regions, the Fish Marketing Service and Government Trading, are now to be re-organized as co-operatively owned enterprises.

Over the past ten years, these two divisions have handled sales and services totalling some \$11,000,000, and have paid their way without cost to the Government. At the same time they have performed tasks of real social and economic significance to the fishermen and trappers concerned. Building upon these foundations, I feel sure that the new co-operatives will prove to be effective instruments for the further development of the North and its people.

I have spent some little time, Mr. Speaker, sketching the economic and financial background against which the budget for next year was formulated, since it is within this context that the budget must be judged.

First, let me set at rest the minds of those who have speculated so energetically about this 1959-60 budget — it is a balanced budget. And it has been balanced without any increase in taxation.

Budgetary revenues have been estimated at \$133,325,210, and budgetary expenditures at \$133,245,440, leaving a nominal surplus of \$80,000. Revenue estimates are, of course, based on the Government's appraisal of Canada's and Saskatchewan's economic outlook for 1959. With personal income expected to remain high next year, I have estimated a modest rise in education and hospitalization tax collections to \$20.2 million. Gasoline tax collections are set at \$19.9 million and motor vehicle licence collections at \$6.9 million, both reflecting not only higher levels of personal income but also a continued increase in road use.

Recurring revenues from mineral and other natural resources are expected to rise from \$17.4 million to \$19.3 million. Of these, petroleum and natural gas revenues are set at \$12.8 million, other mineral revenues at \$4.0 million, and revenue from the balance of our natural resources at \$2.5 million. However, non-recurring oil revenues — those from the sale of crown oil rights — have been severely reduced to \$5.0 million in light of this year's experience.

To estimate our other major source of revenue — federal tax-sharing payments — one must make a judgment concerning economic activity in Canada as a whole. Our expectation is that 1959 levels of corporate profits and personal income taxes will be somewhat higher than this year, enough to warrant a slight increase in expected revenue from this source. I have estimated these tax-sharing revenues at \$34.2 million, up from the present estimate of \$33.8 million for the current year.

In summary, Mr. Speaker, our best estimate is that revenues for 1959-60 will reach \$133 million. With this year's expenditures running at around \$134 million, the Government had to decide whether to choose the difficult course of balancing the budget, by raising taxes or cutting back expenditures, or the easier course of budgeting for a deficit, to be financed by borrowing. We chose the course which we think is the right one, Mr. Speaker. We balanced the budget. Let me tell you why.

BUDGET SUMMARY						
1959-60 and 1958-59						
BUDGETARY TRANSACTIONS						
		1959-60		1958-59		
Budgetary Revenues			\$133,325,210		\$131,547,000	
Budgetary Expenditures						
Ordinary		\$109,505,500		\$104,100,840		
Capital		23,739,940	133,245,440	25,903,390	130,004,230	
Surplus				\$79,770		\$1,542,770
NON-BUDGETARY TRANSACTIONS						
Disbursements						
Gross Sinking Fund Payments		\$9,292,640		8,559,550		
Less: Reimbursements from Sask.						
Power Corp. and Sask. Govt. Telephones		7,880,240	1,412,400 *	6,789,640	1,769,910	
Debt Redemption Payment			15,200,470		7,314,100	
Loans & Advances to Crown Corporations			45,600,000		68,363,000	
Other Loans and Advances			490,000		325,000	
Inc. in Working Capital Advances			200,000	\$62,902,870	500,000	\$78,272,010
Less: Receipts						
Repayments of Loans and Advances (Crown Corp.)		\$3,695,320		\$1,319,050		
Repayments of Other Loans		666,570		610,500		
Proceeds from Sinking Funds		7,058,780	11,420,670	617,260	2,546,810	
Amount to be Obtained by Borrowing:						
Saskatchewan Power Corp.		36,500,000		57,063,000		
Sask. Government Telephones		9,000,000	45,500,000	10,800,000	67,863,000	\$70,409,810
Excess of Non-Budgetary Disbursements over Non-Budgetary Receipts				\$5,982,200		\$7,862,200
Net Cash to be Obtained by Reducing Cash Balances				\$5,902,430		\$6,319,430
* Requirements for Debt Redemption are met, in part, by repayments of loans and sinking fund proceeds totally \$10,754,100.						

Canadian governments, particularly the Federal Government, but we believe also provincial governments, must accept responsibility for planned economic development in Canada — for high levels of employment, for stable price levels, for balanced economic growth. This means that budgets must be formulated so as to achieve these goals as far as possible. And they must be altered as economic circumstances change. Thus it was that this Government moved from a \$13 million surplus in 1957-58, a boom year, to a roughly balanced budget in the current year of recession. This action contributed in no small measure to the maintenance of high levels of income and employment in Saskatchewan, and constituted Saskatchewan's share in creating employment elsewhere in Canada.

If we believed that the recession would extend into 1959 and 1960, it would be appropriate for us to further Saskatchewan's contribution by deficit financing. But if we believe, as we do, that there will be at least a moderate economic recovery, we should present another balanced budget. The reason for this is obvious: to deficit finance is to enter into competition next summer and fall with what we think will be higher levels of economic activity on the part of consumers, co-operatives, contractors and builders, and business generally. The result of any such action is equally obvious: this Government would be contributing to inflationary pressures and a resulting decline in the value of people's savings.

A great deal is being said these days about what governments should do to create employment and what they should do to control inflation. Some say governments should spend more to create employment, and others say they should spend less to contain inflation. The fact is, Mr. Speaker, we must get over the notion that there is a simple unplanned solution to these problems. Just spending more money doesn't necessarily create jobs in regions where there is unemployment. Nor does it create jobs at the time of year when they are required, nor in the industries where high productivity is possible. Indiscriminate spending may very well, indeed, simply lead to a pressure for higher prices without doing the things it is meant to do.

There is an answer, of course, but it is an answer that the old political parties are not prepared to accept — planned private and public investment. Indiscriminate and massive deficit financing which may or may not create the needed jobs, which is not supposed to interfere with so-called private enterprise, but which certainly sows the seeds of inflation, must give way to planned fiscal and monetary policies. To this viewpoint we are committed and for this reason we have consistently tried to introduce a greater measure of planning into the provincial budget.

There is a second very good reason for submitting to Honourable Members a balanced budget. Saskatchewan, like all other provinces, has limited credit facilities, though they are vastly better than they were when this Government took office. We have consistently sought to use this limited

credit to make what we conceive to be our maximum contribution to Saskatchewan's economic growth — the expansion of electric power, of natural gas distribution, and of telephone and other communication facilities. If we were to borrow for public buildings, let us say, it would simply mean we would be unable to borrow as much for these highly productive enterprises. What is of more immediate concern to the taxpayer, to borrow is to add to his costs in future years. For 20 or 25 years he would pay interest on the debt incurred and this Government has no desire to so burden Saskatchewan taxpayers with dead-weight costs. Indeed, it has been one of our major accomplishments that such burdens have been reduced. Five years ago, for example, the annual interest burden borne by the taxpayers was \$3,700,000; next year it will be less than one-half of this \$1,784,000.

In other words, this budget avoids adding dead-weight costs to the farmers and the taxpayers of the Province, and it permits the continuing expansion of our highly productive crown enterprises which have added so much to Saskatchewan's economic growth.

I said a moment ago, Mr. Speaker, that expenditures which are provided for in government budgets should be carefully planned to ensure that they achieve the government's goals. Let me outline to Honourable Members what these goals are. The first one I have already discussed: the budget seeks to direct government expenditures so as to maximize economic growth and in so doing to create employment where employment is required. We have tried in drafting these expenditure plans to draw a timely balance between the programs which will stimulate immediate economic growth and those which will be of longer-run benefit.

Second, the budget seeks to economize both in administrative costs and in programs so as to make possible maximum government service to the primary producers — the farmers — without increasing their costs through higher taxes. Special measures are being introduced to further assist agricultural producers, to the extent that we can do so as a province.

Third, the budget provides for a continuation of the present high levels of health and welfare services and for a very substantial increase in the level of educational services. These are the programs which provide for that greater measure of equality which members on this side of the House have always advocated. The special emphasis which is given in this budget to education is present for three reasons: it is the best way of further extending equality of opportunity, it is a sure method of assisting local governments, and it is the best single way of ensuring the healthy growth and future well-being of this province.

It has long been an objective of this Government to stimulate and encourage a more balanced growth of Saskatchewan's economy. I need hardly remind Honourable Members of the very gratifying success that has so far met our efforts. Ten years ago mining contributed only 5.0 per cent of the Province's production, today it contributes nearly 18.5 per cent; manufacturing contributed 7.3 per cent of the Province's production ten years ago, now it contributes 15.9 per cent; and the construction industry contributed

10.0 per cent of the Province's production ten years ago now contributes 24.4 per cent.

After more than a decade of growth, the time has come, we believe, to take stock of our progress and to lay plans for future development. Consequently, we have employed a highly qualified team of Canadian and American consultants to undertake a broad development survey of the Province. This survey will unquestionably be of great assistance in identifying those sectors of the economy which are capable of the greatest growth and will undoubtedly play a major part in shaping future budgets for resource and industrial development.

Meantime, the 1959-60 budget seeks to achieve an appropriate balance in stimulating the various phases of Saskatchewan's economy. The Government proposes to invest a further \$36½ million in the Power Corporation to finance the Corporation's continuing expansion plans. These plans include investment in a hydro dam at Squaw Rapids on the Saskatchewan River, the completion of the first stages of the new generating stations at Saskatoon and Boundary Dam, the continuation of the farm electrification program, and the connection of Yorkton and a number of major towns to the Province's natural gas system.

The Province will invest an additional \$9.0 million in the communications industry through loans to Saskatchewan Government Telephones. During 1959-60 eleven thousand new telephones will be installed, over \$1,000,000 will be invested in the extension of the Province's micro-wave system, and the greatly improved long distance dialling system will be further extended.

In the field of manufacturing, the help of the Industrial Development Fund will continue to be made available to firms wanting to locate new industries in Saskatchewan. One of the most important factors in promoting the growth of recent years has been the aggressive program of the Industrial Development Office, and the estimates provide for continuing expansion of this activity. As I have said, the major landmark for manufacturing development in 1959 will be the establishment of the basic steel mill in Regina. As Honourable Members know, the Government is assisting in this venture by guaranteeing the bonds of the Interprovincial Steel Corporation.

As far as primary industry is concerned, 1958 has been marked by excess capacity. We look forward to higher levels of production from existing sources of supply, recognizing that additions to plant are not immediately required to meet today's demand. Before many months have passed, however, additional plant will be required, and we fully expect that much of it will be developed in Saskatchewan. Consequently, while expanding other phases of this budget, we have been careful to maintain our resources development programs at their present high levels. Honourable Members will note, then, that the budgets of the Mineral and Natural Resources Departments provide for the continuation of such programs as forest conservation and renewal

for additional mineral surveys but with greater emphasis on ground as opposed to aeromagnetic surveys, and for the continuation of petroleum and natural gas research and development programs.

We are all aware, of course, of the truly remarkable expansion that has occurred in these sectors of the economy, particularly petroleum and natural gas development. We are all aware too, that the public very properly expects to share in the benefits of this expansion through the recovery of a part of the oil taken from crown lands by the oil companies.

So far this has been achieved through leasing to the oil companies all crown lands except those which form a part of road allowances. These lands have always been dealt with separately — witness the Mineral Resources Act of 1931 which said:

“The mines, minerals and mining rights in, on or under all public highways and road allowances shall continue to be vested in the Crown and may be leased or otherwise disposed of under the regulations.”

It is proposed now to use these lands as a means of increasing the public return from crown lands. This will be done, not by leasing road allowances since that is not feasible, but by requiring the companies which are producing oil to share with the Government the oil which can be considered to have been drawn, on a pro rata basis, from under the road allowances, which adjoin their leases. I anticipate that this new measure, which will be explained in greater detail by my colleague the Minister of Mineral Resources, will net the Treasury approximately \$500,000.

Let me turn now, Mr. Speaker, to the estimates for roads and public works. For some years now we have become accustomed to thinking of roads in three categories: provincial highways, local roads including the municipal grid, and northern roads. The 1959-60 budget proposes that expenditures on all roads combined will be maintained at this year's record levels, except for a reduction of \$740,000 in the appropriations for northern roads.

I pointed out in my last budget speech that for many years this Government has been active in building access and development roads in the North; in fact we have built more than 2,500 miles in 12 years. It seems to us appropriate, however, in a year when revenues are limited, that we should assign a higher priority to more urgent needs — specifically to main market roads and municipal bridges. There may be some who will argue that by doing this we are sacrificing federal dollars which have lately become available to assist us in our northern road program. To these people I shall only say this, Mr. Speaker: we do not propose to permit the Federal Government to cause us to divert our financial resources from the places where they are most needed to those where they are, for the moment, less needed.

Road construction and maintenance in the southern part of the Province will be maintained at today's peak levels. Aggregate expenditures

of \$30.2 million are proposed for the Department of Highways and the Municipal Road Assistance Authority, with some greater emphasis being placed this year on municipal roads as opposed to provincial highways. The continuation of these high levels of road expenditure are desirable not only because of the essential character of our road network, but also because our road program has been a steady source of employment for the people in the southern part of the Province.

The greater emphasis on local roads proposed for next year will, I am sure be welcomed by all Honourable Members. For a number of years expenditures on provincial highways have been exceptionally high owing largely to the construction of the Trans-Canada Highway. Next year's plans for placing greater emphasis on local roads will result in total appropriations of \$6.2 million for this purpose. Included is \$4.5 million for grid roads and bridges, an additional \$500,000 for other municipal bridges, and \$660,000 for municipal equalization grants. The Government is gratified that, as a result of the enthusiastic co-operation of the municipalities, the grid program is well ahead of schedule.

In contrast to expenditures on roads, capital expenditures on public buildings will be slightly reduced in 1959-60 from \$6.5 million to \$5 3/4 million. I have already pointed out that in our view our limited resources should be put to their most productive uses, such as financing power and gas expansion. This necessarily implies a reduction in expenditures on public buildings, a decline which, preliminary surveys suggest, will be more than offset by an increase in the tempo of other building activity.

Included in the Public Works capital budget is provision for the continued construction of the Arts and Biology Buildings at the University of Saskatchewan, the completion of the first stage of the Provincial Technical Institute in Moose Jaw, and the completion of the Provincial Office Building in North Battleford and the Health and Welfare Building in Regina. The major new building for which provision is made is the much needed Court House in Regina to be started this year.

I have pointed out, Mr. Speaker, that one of the principal reasons for this very rigorous pruning of the budget is our concern that nothing be done to aggravate the cost-price squeeze which is so deeply troubling our farmers today. We are perfectly aware, of course, that the Province by itself is unable to solve these agricultural problems.

At the same time we all recognize that we must do everything we can, provincially, to help. First, we must continue to expand our services to individual farmers to assist them in maximizing production, and the returns from the family farm. This we are doing through the agricultural representative service and through the variety of specialists to be found in the Plant and Animal Industry Branches. We propose next year to strengthen these services by the addition of farm management specialists as and when such assistance is sought by the farmers.

Further, we are providing direct assistance through the Agricultural Machinery Administration which was established last year. This organization has developed, in just 12 months, an excellent system of inspection to ensure that farm implement dealers carry adequate stocks of repair parts; and it has already undertaken the farm machinery testing program which will guard the farmer against defective equipment. To further develop the work of this organization, a 23 per cent increase in its appropriations is being proposed.

The second method of helping our agricultural producers, is to encourage measures which will assist them in establishing economic farm units. One obvious requirement is an adequate farm credit plan. Now we know that a province cannot hope to meet all the credit needs of its farmers; indeed the Royal Commission of Agriculture and Rural Life cautioned this province not to try. But there are things we can do. We can continue to try and persuade the Tory Government at Ottawa, as we tried to persuade the Liberal Government before them, to introduce a comprehensive credit plan — one that will truly enable farmers, as present schemes do not, to obtain the equipment and land and livestock necessary to convert their holdings into economic units.

There is another thing we think we can do. We believe that we should try, in a modest way, to meet the problem of the transfer of the family farm to the younger generation. This troublesome problem is familiar to all of us, and is one which the Royal Commission believed we might properly tackle. Therefore, legislation is being introduced which will provide, through Saskatchewan's co-operative movement, a farm credit plan to help young farmers establish themselves on economic family farm units. To accomplish this, the Province will make available its credit resources to the Co-operative Trust Company, in order that \$10 million might be raised to finance this specialized credit scheme. The people of Saskatchewan, and particularly members of co-operatives, will be able to assist the plan by purchasing Trust Company bonds fully guaranteed by the Province.

I would like to draw particular attention to our effort to make the conditions of the loans reasonable: modest security requirements and generous repayment terms have been provided for so that young farmers will be able to obtain the kind of help they need to establish themselves on the family farm. I only hope that the federal government will similarly improve the provisions of its farm credit legislation, and that we shall be able to integrate our plan with theirs at an early date.

The third thing we must do for the agricultural industry is to begin to concentrate our resources on the South Saskatchewan River Dam Project. Provision is made in this budget for establishing a South Saskatchewan River Development Commission which will co-ordinate the multitude of activities which form a part of the project. Next year, too, we will make our first contribution toward the cost of the Dam, namely one-quarter of the \$1.0 million which will have been spent this year. Also in 1959-60, preliminary irrigation studies costing some \$120,000 will be made by the Department of Agriculture. All in all, we will spend next year just under

\$400,000. Future years, however, will see the expenditure of vast sums, with the result that we must be prepared temporarily to limit other conservation and development expenditures in order that we might get on with the major job.

Side by side with these measures designed to increase the aggregate economic welfare of our province are those which provide for the equitable distribution of our wealth. Provision is made for an increase of approximately \$1½ million in social aid and other public assistance payments. Part of this increase is undoubtedly due to the new social aid plan which has already been announced. Under this scheme the Province will underwrite all costs of social aid, and the municipalities will in turn make a flat per capita contribution toward the cost. We are confident that as a result of this change a person in need will receive prompt and considerate assistance without confronting the necessity of proving which municipality is financially responsible for him.

Another reason for the increase in social aid costs is that the numbers of people requiring assistance always increases during an economic recession. As a matter of fact, these payments and unemployment insurance have done a great deal to keep consumer expenditures, and consequently general economic activity, buoyant. We on this side of the House who pioneered these programs can, I think, enjoy great satisfaction when we hear orthodox economists now solemnly endorsing these measures as effective devices for maintaining economic stability.

A second major increase in the Welfare budget is to be found in the housing vote. Provision is made for a new housing policy designed to further encourage low rental housing projects. This policy provides for reducing the municipal capital contribution for public housing projects to five per cent of the costs, with the Province contributing 20 per cent, and the Central Mortgage and Housing Corporation 75 per cent. Rental subsidies will be shared in the same proportion. As a further incentive for public housing projects, the Province proposes to relieve municipalities of all financial responsibility for housing surveys.

There is another program which, in my opinion, warrants special mention, Mr. Speaker. That is the community development program in Northern Saskatchewan. For some years the Government has been engaged in studies seeking the best way of assisting the people of the North to assume greater responsibility for their own economic and social affairs, and, in the process, of improving their standard of living. We have now embarked on what we think is an exciting new program.

Under the direction of our Northern Affairs Branch and with the assistance of the Centre for Community Studies at the University of Saskatchewan, a program has been initiated under which the people of the North will be encouraged gradually to assume complete responsibility for directing their own commercial, economic, and community affairs. A wide variety of co-operative community projects is being undertaken, such as electric power distribution systems, gardening schemes, co-operative stores and building projects. As I have already suggested, the re-organization of the Fish Marketing Service and Government Trading as co-operative ventures is planned to dovetail with this program. This co-operative approach is the only one, we think, which will develop the kind of dynamic self-determination which we all hope for.

Public Health expenditures will rise by approximately \$7.5 million next year, exclusive of Federal reimbursements which bring the net budget to this year's level. The principal changes are to be found in the Hospital Services Plan and in the appropriations for preventive health services.

A major step has been taken toward making all hospital services a part of the Hospital Plan — a policy we have been urging on the Federal Government for the past several years. Starting in the current year, geriatric centres were put under the Plan, and beginning next year we will do the same with cancer clinics. In extending hospital insurance to cover the services of provincial geriatric centres, we are providing for an extensive increase in the medical care and rehabilitation facilities of these centres. As medical science extends the life expectancy of the population and the numbers of people over 65 or 70 increase, it becomes more and more important that we find methods for keeping elderly people active, useful, and happy members of society. The experiments to be conducted will, we hope, point the way to a bold and imaginative program for the rehabilitation of the aged.

Perhaps I should pause for a moment to explain to Honourable Members the disposition of the Federal Government reimbursement to the Hospital Plan. The amount of the reimbursement for 1959-60 is expected to be \$13,250,000. Three years ago, when our expectation of federal payments to the Plan was renewed, we had hoped that these funds would be available for other purposes. At that time, hospital costs in Saskatchewan were running at about \$22 million annually. Rising costs, increased utilization, and the inclusion of new groups which were formerly a federal responsibility have raised these costs to an estimated \$33.3 million for 1959. Further, an amount of \$1,686,000 has been returned to the taxpayers by the reduction of the family personal tax from \$45 to \$35. It is apparent, therefore, that the federal reimbursement will be used almost entirely for hospital purposes.

Honourable Members will be aware, Mr. Speaker, that the Government has, over the years, been seeking to increase its emphasis on preventive health. This has been done through greatly enlarged staffs of public health nurses, sanitary officers, public health educators, and other specialists, in health regions. The budget for 1959-60 provides for the operation for a full year of the Melfort-Tisdale Health Region which was organized last month, and for the formation later in the years of the eleventh of the proposed twelve health regions.

The major innovations of this budget are to be found in the appropriations for the Department of Education. As I have said, there are a number of reasons for this, Mr. Speaker. First, we are committed to the view, as I am sure all Honourable Members are, that the provision of freely available education services is the best means of achieving equality of opportunity. Second, from a purely economic standpoint, expenditures on education are probably the best means of increasing economic productivity since a well-trained labour force is essential if we are to increase provincial wealth. Third, this Government is committed, as revenues grow, to the acceptance of and ever increasing share of education costs. In this way we shall continue to make a major contribution toward keeping local tax rates down.

The budget for 1959-60 provides for increased assistance both to students directly and to local school authorities. Students are now able to choose when they leave secondary school between a number of alternatives for further education. There is the University of Saskatchewan to which the Province will next year contribute \$4.2 million, including \$2.7 million in operating grants and \$1.5 million in capital. There are the Teachers' Colleges of Regina and Saskatoon and in 1959 there will be the Provincial Technical Institute in Moose Jaw. In other words, students are now able to obtain advanced training beyond high school level regardless of their interests or talents.

To help them to do so Saskatchewan pioneered in the field of student aid by establishing some years ago a \$1.0 million student loan fund. This year it is proposed to supplement these interest-free loans with provincial scholarships. These will be made available, on the basis of achievement, to assist students in their first year at University or Teacher's College and their first year of special two year courses at the Provincial Technical Institute. The Legislature is being asked, Mr. Speaker, to appropriate \$150,000 for this purpose.

Finally, to assist local schools directly, this budget proposes an increase in school grants of \$4.0 million, bringing such grants to a total of \$24 million. This, Mr. Speaker, is an increase of 20 per cent in a single year and represents a doubling of school grants in just four years. As a matter of fact, the appropriations for school grants will equal in this single year all the school grants that were made during the 21 years between 1905 and 1926, or in all the 11 years between 1934 and 1944.

I believe that we on this side of the House may be excused if we point with pride to our accomplishments since 1944 in the field of education. Primary and secondary school facilities have been vastly improved by the establishment of school units and the provision of these greatly expanded school grants; the quality of teacher training has been so improved that the certification of teachers in Saskatchewan now is the subject of favourable comment in Toronto's Financial Post; University facilities have been more than doubled in a ten year period; and as I have said, the Provincial Technical Institute will be opening this fall. Parents of this province know that their children may now proceed from high school into almost any profession they choose, from plumbing to art to medicine. And they can do so largely at the expense of the Province.

May I be pardoned if I suggest of Honourable Members that the budget for 1959-60 is a balanced budget in more ways than one.

First, I have tried to preserve a balance between our desire to meet every reasonable demand for government services, and the need for maintaining a sense of fiscal responsibility. We all know that government expenditures, whether current or capital, must sooner or later be met by the taxpayer. And it seems to me there is today a disturbing tendency to accept deficit financing, or borrowing for capital expenditures, without adequate regard to its effect on the economy or to its future impact on levels of taxation.

Second, we have sought, in this as in previous budgets, to strike an appropriate balance between the use of funds for the development of the economy on the one hand, and for health, welfare and education programs on the other. Honourable Members will note that expenditures on education have been increased to 23.32 per cent of the budget, with economic development taking 26.74 per cent, public health 19.88 per cent, and social welfare 9.54 per cent of estimated expenditures. I cannot refrain from pointing out that interest on public debt now constitutes less than 1.35 per cent of total ordinary and capital expenditures, compared with 7.17 per cent ten years ago.

Third, the 1959-60 budget attempts to achieve a balance, in the expenditure of public funds, between projects which will be of immediate benefit to the taxpayer, and those the results of which will become apparent only in future years. In the field of economic development, for example, we will be spending money not only on roads — which result in immediate taxpayer satisfaction — but also on mineral surveys, forest management, and scientific research, which will not yield results until sometime in the future. In the fields of education, health and welfare, we are making expenditures not only on such programs as social aid and hospital insurance, but also on education and cultural affairs where the impact is more indirect.

I present this 1959-60 budget to Honourable Members hopeful that they will give it the same rigorous scrutiny in reviewing it as the Government has attempted to apply in formulating it. Mr. Speaker, I move that you do now leave the Chair.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

ESTIMATED BUDGETARY REVENUE

FISCAL YEAR 1959-60

Percentage of Total Revenue %			Amount
	Federal-Provincial Tax Agreement.....	\$ 34,200,000	
	Statutory Subsidy	2,080,000	
27.21			\$ 36,280,000
15.15	Education and Hospitalization Tax		20,200,000
14.93	Gasoline Tax		19,900,000
	Mineral Resource		
	Petroleum and Natural Gas	17,838,350	
	Uranium	1,500,000	
	Quartz.....	600,000	
	Mineral Tax.....	1,250,000	
	Other Metals and Minerals.....	736,650	
		
	Total Mineral Resources	21,925,000	
	Natural Resources	<u>2,175,350</u>	
18.08	Total Natural and Mineral Resources		24,100,350
8.81	Liquor Profits		11,750,000
5.17	Motor Vehicles.....		6,900,000
<u>10.65</u>	Other Revenues		<u>14,194,860</u>
<u>100.00</u>	TOTAL BUDGETARY REVENUE		<u>\$133,325,210</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

ESTIMATED ORDINARY AND CAPITAL EXPENDITURES

Percentage of Total Expenditure %		Amount
19.88	Public Health.....	\$26,488,640
9.54	Social Welfare and Rehabilitation	12,715,430
23.32	Education	31,073,010
	Highways — Ordinary	\$ 9,060,060
	— Capital	<u>14,939,940</u>
		24,000,000
18.01	.....
4.63	Municipal Road Assistance Authority	6,166,350
	Public Works — Ordinary	2,417,880
	— Capital	<u>5,750,000</u>
6.13	.....	8,167,880
	Agriculture — Ordinary	3,772,860
	— Capital	<u>1,550,000</u>
3.99	.....	5,322,860
	Natural Resources — Ordinary	3,446,720
	— Capital	<u>1,500,000</u>
	.....	4,946,720
	Mineral Resources	<u>1,366,730</u>
4.74	Total Natural and Mineral Resources	6,313,450
1.34	Treasury — Interest on Public Debt	1,784,220
<u>8.42</u>	Others	<u>11,213,600</u>
<u>100.00</u>	TOTAL ORDINARY AND CAPITAL EXPENDITURE	<u>\$133,245,440</u>

NET VALUE OF COMMODITY PRODUCTION, SASKATCHEWAN

\$000,000

Year	Agriculture	Forestry, Fisheries and Trapping	Mining	Electric Power	Manufactures	Construction	Total
1949	484	5	32	9	47	64	641
1950	393	6	27	10	50	61	547
1951	691	7	39	11	61	70	879
1952	733	6	30	13	81	88	951
1953	636	6	33	15	80	120	890
1954	260	7	35	17	105	166	590
1955	443	9	45	19	113	149	778
1956Ø	569	8	77	22	117	196	989
1957Ø	300	7	111	23	125	203	769
1958Ø	300	8	149	25	128	197	807

ØE.A.P.B. Estimates

Source: D.B.S. Survey of Production

VALUE OF MINERAL PRODUCTION, SASKATCHEWAN

\$000,000

Year	Metals	Non-Metallics	Fuels	Structural Materials	Total
1949	27.5	1.8	4.5	2.3	36.1
1950	26.6	2.1	5.3	2.0	36.0
1951	39.3	3.1	6.1	2.5	51.0
1952	38.2	2.5	6.4	2.4	49.5
1953	34.8	2.5	7.8	3.0	48.1
1954	49.5	3.4	12.7	2.9	68.5
1955	54.7	3.9	23.3	3.3	85.2
1956	68.4	3.7	40.1	4.4	116.6
1957	72.0	3.7	83.2	7.1	166.0
1958Ø	88.7	3.8	103.3	8.8	204.6

Ø Estimate

Source: 1949-1955 D.B.S., General Review of the Mining Industry
1956-1958 Dept. of Mineral Resources

PRIVATE & PUBLIC INVESTMENT, SASKATCHEWAN

\$000,000

Year	Primary and Construction Industries	Manu- facturing	Utilities	Trade Finance and Commercial Services	Housing	Institutional Services and Government Departments	Total
1949	136	14	63	17	39	43	312
1950	145	12	87	20	38	44	346
1951	155	17	78	23	37	49	359
1952	203	14	84	22	47	63	433
1953	208	23	84	34	60	67	476
1954	170	18	143	38	62	75	506
1955	183	14	107	29	57	82	472
1956	241	24	188	27	49	94	623
1957Ø	241	19	192	29	62	104	647
1958ØØ	221	17	180	26	70	112	626

Ø Preliminary

ØØ Intentions

Source: Department of Trade and Commerce,
Private and Public Investment in Canada

PERSONAL INCOME, SASKATCHEWAN

\$000,000

Year	Wages. Salaries and Suppl. Labour Income	Net Income of Farm Operators from Farm Prod.	Net income of Non-Farm Unincorp. Business	Interest, Dividends and Net Rental Income of Persons	Government Transfer Payments	Other Components and Adjustments	Total
1949	263	344	66	54	74	- 5	796
1950	278	235	67	62	70	- 5	707
1951	315	582	73	73	70	- 7	1,106
1952	350	614	80	88	85	- 8	1,209
1953	411	484	91	73	85	- 8	1,136
1954	439	145	86	54	93	- 8	809
1955	450	280	85	75	121	- 8	1,003
1956	501	442	92	78	107	- 8	1,212
1957	548	157	92	78	122	- 10	987
1958Ø	578	186	94	70	177	- 11	1,094

Ø E.A.P.B. Estimate

Source: D.B.S. National Accounts

FARM INCOME, SASKATCHEWAN

\$000,000

Year	Total Cash Income	Total Net Income from Farming Operations
1949.....	579	364
1950.....	422	260
1951.....	644	561
1952.....	716	585
1953.....	746	500
1954.....	471	145
1955.....	449	334
1956.....	599	442
1957.....	539	187
1958Ø.....	595	214

Ø E.A.P.B. Estimate

Source: D.B.S. Handbook of Agricultural Statistics, Farm Income 1926-57

EMPLOYMENT AND EARNINGS
in the Non-Agricultural Industries, Saskatchewan
(1949-100)

Year	Employment	Aggregate Payrolls	Weekly Earnings
			\$
1949.....	100.0	100.0	41.50
1950.....	100.8	104.2	42.86
1951.....	106.0	119.1	46.68
1952.....	111.4	136.4	50.90
1953.....	116.0	152.6	54.54
1954.....	118.0	160.0	56.09
1955.....	117.2	164.2	57.88
1956.....	120.4	178.8	61.26
1957.....	125.2	196.9	65.06
1958Ø.....	126.5	206.5	67.90

Ø Preliminary

Source: D.B.S. Employment and Payrolls

CONSTRUCTION INDUSTRY, SASKATCHEWAN

Year	Average Number of Employees	Salaries and Wages	Net Value of Production	Value of Work Performed
		\$000	\$000	\$000
1949.....	13,111	28,436	34,510	73,960
1950.....	13,854	32,321	46,383	119,378
New Series				
1951.....	19,666	49,460	69,649	153,762
1952.....	22,233	65,259	88,078	200,761
1953.....	25,476	77,455	120,199	235,195
1954.....	30,656	100,784	165,895	291,521
1955.....	27,556	91,677	149,144	280,415
1956.....	29,636	109,793	196,637	365,100
1957Ø.....	27,684	113,473	202,672	379,300
1958ØØ.....	27,285	111,173	197,507	372,700

Ø Preliminary

ØØ Intentions

Source: D.B.S. Construction in Canada

REVENUE BY MAJOR SOURCE FOR THE FISCAL YEARS ENDED
MARCH 31, 1949 to 1958
(Thousands of Dollars)

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Federal Provincial Payments.....	\$16,111	\$17,177	\$19,009	\$20,386	\$22,279	\$26,906	\$28,382	\$28,220	\$ 35,837	\$ 36,504
Education and Hospitalization Tax (1).....	6,820	7,597	11,185	12,932	15,629	17,941	17,055	16,592	20,688	20,158
Gasoline Tax.....	6,642	7,881	8,331	9,388	11,758	14,088(2)	14,470	14,663	16,221	18,944
Oil and Gas Revenues.....	55	105	200	646	1,846	2,653	4,288	7,157	16,260	19,226
Liquor Profits.....	8,301	8,891	8,229	9,546	8,927	9,988	10,500	10,517	10,993	11,800
Other Revenues.....	16,273	16,541	16,576	18,913	18,854	21,531	19,547	20,277	23,731	26,198
	6									
	\$54,202	\$58,192	\$63,530	\$71,811	\$79,293	\$93,107	\$94,242	\$97,426	\$123,730	\$132,830

(1) Education Tax only for the fiscal years ended March 31, 1949 and 1950; Education and Hospitalization Tax for subsequent fiscal years.

(2) Gasoline Tax increased from ten to eleven cents per gallon effective April 1, 1953 and from eleven cents per gallon effective April 1, 1957.

REVENUE BY MAJOR SOURCE FOR THE FISCAL YEARS ENDED
MARCH 31, 1949 to 1958
(Thousands of Dollars)

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
Federal Provincial Payments.....	\$16,111	\$17,177	\$19,009	\$20,386	\$22,279	\$26,906	\$28,382	\$28,220	\$ 35,837	\$ 36,504
Education and Hospitalization Tax (1).....	6,820	7,597	11,185	12,932	15,629	17,941	17,055	16,592	20,688	20,158
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(1) Education Tax only for the fiscal years ended March 31, 1949 and 1950; Education and Hospitalization Tax for subsequent fiscal years.

(2) Gasoline Tax increased from ten to eleven cents per gallon effective April 1, 1953 and from eleven cents per gallon effective April 1, 1957.

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
SHOWING THE GROSS AND NET DEBT
(Thousands of Dollars)

Year Ending March 31.....	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958
LIABILITIES										
Funded Debt.....	\$142,460	\$130,822	\$134,594	\$135,331	\$145,350	\$164,293	\$177,337	\$204,567	\$231,156	\$285,315
Treasury Bills.....	48,056	40,239	37,100	36,168	34,384	32,526	30,666	38,247	27,108	27,436
Gross Debt.....	\$190,516	\$171,061	\$171,694	\$171,499	\$179,734	\$196,819	\$208,003	\$242,814	\$258,264	\$312,751
ASSETS										
Cash and Investments.....	13,218	11,108	18,293	14,109	14,348	13,046	6,020	6,622	11,060	14,260
Debentures Issued & Sold but not Del'd.....	...	...	...	...	...	...	...	...	...	2,000
Working Capital Advances..	2,920	3,248	2,889	3,917	4,250	5,662	5,280	4,999	6,807	7,707
Sinking Funds (Net).....	24,956	18,397	12,290	11,140	11,267	17,580	19,983	13,499	17,092	19,940
Loans to, and Investments in Crown Enterprises										
Gov't Finance Office.....	7,759	8,440	9,506	10,135	9,496	8,941	8,965	9,145	9,146	9,145
Ind. Development Fund.....	35	35	44	99	126	199	199	199	624	1,524
Sask. Government Telephones.....	9,423	10,698	12,156	14,447	18,723	24,356	33,196	43,303	44,549	54,025
Sask. Power Corp.....	21,715	23,811	25,865	32,969	39,635	56,581	68,298	101,509	124,337	173,813
Other Loans & Advances....	18,345	7,103	7,383	5,451	5,638	5,538	5,563	5,815	5,674	5,406
Total Assets.....	\$98,371	\$82,840	\$88,426	\$92,267	\$103,483	\$131,903	\$147,504	\$185,091	\$219,289	\$287,820
NET DEBT.....	\$92,145	\$88,221	\$83,268	\$79,232	\$76,251	\$64,916	\$60,499	\$57,723	\$38,975	\$24,931

**REVENUE FROM GASOLINE TAX AND MOTOR VEHICLE LICENCES IN COMPARISON WITH EXPENDITURES ON
PROVINCIAL HIGHWAYS AND OTHER ROADS IN THE FISCAL YEARS ENDED MARCH 31, 1950 TO 1958**
(Thousands of Dollars)

Revenue from Roads	1950	1951	1952	1953	1954	1955	1956	1957	1958
Gasoline Tax.....	\$7,881	\$8,331	\$9,388	\$11,759	\$14,088	\$14,470	\$14,663	\$16,222	\$18,944
Motor Vehicle Licences.....	3,521	3,802	4,599	4,761	5,394	5,729	5,745	5,517	6,602
Total Revenue.....	\$11,402	\$12,133	\$13,987	\$16,520	\$19,482	\$20,199	\$20,408	\$21,739	\$25,546
Expenditure on Roads									
Department of Highways									
Ordinary.....	\$6,868	\$6,371	\$6,919	\$8,042	\$8,687	\$9,511	\$9,146	\$9,140	\$8,282
Capital.....	1,900	2,305	4,999	9,176	8,474	8,994	9,210	12,619	14,462
Interest on Highway									
Debentures.....	1,412	1,291	1,407	1,305	1,428	1,431	1,358	1,344	1,169
Mining and Northern									
Development Roads.....	296	295	505	301	230	381	410	520	682
Municipal Road Assistance									
Authority.....	...	...	...	...	...	...	6	3,123	5,375
Administration of Fuel Petroleum									
Products Act.....	79	94	98	114	137	159	141	164	150
Administration of									
Vehicles Act.....	221	212	220	224	256	347	341	339	375
Administration of									
Highway Traffic Board.....	Ø	61	97	101	125	246	236	261	328
Total Expenditure.....	\$10,776	\$10,629	\$14,245	\$19,263	\$19,337	\$21,069	\$20,848	\$27,510	\$30,823

Ø Amounts for Highway Traffic Board are included with Administration of the Vehicles Act in 1950.

COMPARATIVE STATEMENT OF SELF-LIQUIDATING DEADWEIGHT DEBT

(Gross)

As at April 30, 1944 and December 31, 1958

	April 30, 1944	December 31, 1958
Debentures and Treasury Bills outstanding	<u>\$218,155,854.12</u>	<u>\$333,192,809.19</u>
Self-Liquidating Debt		
Farm Loans.....	15,509,776.20	3,510,005.59
Power Corporation.....	7,877,432.48	200,092,068.98Ø
Wheat Pool.....	13,752,000.00	.....
Telephones.....	13,566,252.76	63,066,938.17
Crown Corporations.....	.....	746,159.51
Municipal Affairs.....	.....	365,000.00
Agriculture.....	.....	652,000.00
TOTAL SELF-LIQUIDATING.....	<u>\$50,705,461.44</u>	<u>\$267,432,172.25Ø</u>
Deadweight Debt		
Relief.....	\$88,095,518.05	\$23,247,207.32
Highways.....	32,827,775.06	25,003,361.12
Public Buildings.....	23,419,330.56	10,690,584.60
Revenue Deficit.....	15,574,822.97	3,770,845.17
Deferred Charges.....	2,784,107.23	1,700,265.01
Elevators.....	2,067,692.36	.....
Creameries.....	1,193,319.36	.....
City of Regina.....	586,351.55	.....
Drainage Districts.....	395,312.82	.....
Lignite Utilization Board.....	279,684.73	.....
Cancer Commission and Public Health.....	134,014.84	59,449.50
Natural Resources.....	92,463.15	288,924.22
TOTAL DEADWEIGHT.....	<u>\$167,450,392.68</u>	<u>\$64,760,636.94</u>
DIRECT DEBT.....	<u>\$218,155,854.12</u>	<u>\$333,192,809.19Ø</u>

Ø \$1,000,000.00 delayed delivery 4 1/8% June 2, 1983.

**REVENUE FROM EDUCATION TAX, SCHOOL LANDS FUND
and
PUBLIC REVENUE TAX
and
EXPENDITURES ON EDUCATION FOR THE FISCAL YEARS ENDED
MARCH 31, 1949 to 1958**

Year	Revenue				Expenditure on Education
	Education Tax	School Lands Fund	Public Revenue Tax (1)	Total	Functional- (Net Basis)
1949.....	\$ 6,820,315	\$1,382,893	\$	\$ 8,203,208	\$ 10,001,778
1950.....	7,597,459	1,306,781	.....	8,904,240	10,848,825
1951.....	7,981,618	1,051,867	.....	9,033,485	10,641,510
1952.....	8,665,357	1,288,001	.....	9,953,358	10,285,491
1953.....	10,462,240	1,404,942	1,978,663	13,845,845	11,965,454
1954.....	12,008,101	1,680,613	290,026	13,978,740	13,477,589
1955.....	11,428,156	1,342,862	70,127	12,841,145	15,291,720
1956.....	11,126,277	1,238,734	46,066	12,411,077	16,609,363
1957.....	13,857,612	1,807,711	50,930	15,716,253	19,015,688
1958.....	13,508,791	1,730,326	32,450	15,271,567	23,342,878

(1) Public Revenue Tax repealed effective January 1, 1953. By the same statute, receipts from this tax are dedicated for educational purposes effective April 1, 1952.

SECOND READING

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Fines:

That Bill No. 62 — An Act to assist Interprovincial Steel Corporation Ltd. in establishing a Steel Manufacturing Plant in Saskatchewan — be now read a second time.

Mr. A. Loptson (Saltcoats): — Mr. Speaker, I have taken some time in looking over this Bill. To my mind it is just a continuation of a principle that was set when a similar Bill was passed in this House in aid of the Cement Plant. With this exception, I will admit, that it does not afford the same opportunity for the promoters to take a 'quick buck' out of it, as was the case in the Cement Plant.

I think that, in all fairness, under an orthodox system we can accept the Plan as being one of common practice and I must say it is very unusual and should be incompatible to the principles advanced by a socialist government. We observe, in looking it over, that there is some very generous remuneration provided for for the promoters. I would say that \$200,000 taken out of it for the promotional expenses and organization expenses is rather unusual for an organization of this size. This would indicate that the promotional shares of 130,000 have been earned by services, and the balance of the \$200,000 will be taken as remuneration for the organization.

Now there are only one or two reasons why a Corporation has got to come to a government for a guarantee of their Bonds. There isn't a province in the Dominion of Canada where a corporation of a similar size has had to go to the government to get them to guarantee their bond issue, or an issue of a mortgage, for the purpose of establishing a profitable organization. There are only one or two, or maybe part of two, reasons why these people who are promoting this have to get a guarantee from this Government — because those who have the money to loan are not prepared to take the risk that is attached to industrial loans here. First of all I may say that one reason may be that the proposition is not sound. If it is not sound for the private borrower, then it is no more sound for the people of Saskatchewan, to set their signature as guarantors for the mortgage. I submit, Mr. Speaker, that that is one aspect that should be scrutinized.

Now if we are going to assume, as this Prospectus illustrates, that it is a profitable proposition, then there should be no reason for these people not being able to borrow money without a guarantee. But I think that there is another factor that compels these people to come to the Government for a guarantee, and that is the atmosphere of socialization. The atmosphere of 'red label' relations with management; may people feel that in this Province it is worse than in other provinces to the extent that labour might close up this institution or organization by unfair and unreasonable demands of wages. That would jeopardize the security of the money that is loaned to establish it; and they feel that as long as the Government has a debt

against it, or at least as long as they are obligated to the Government, that risk might be minimized.

On the other hand, those who have bought the shares (I might say most of the share money was made out of the profits of the Cement Plant, there is no question about that; the money that these people invested in this Steel Plant was the profit that they made out of the Cement Plant) but be that as it may, there is no quarrel about that; the fact that they have put their money into shares of this Steel Plant would indicate that they expect to get that money back before the Government of Saskatchewan is released of their obligation for the money that is loaned in the way of Bonds.

I am just bringing this to your attention because the people of Saskatchewan should know just the kind of Government they have here in Saskatchewan and how they are impairing the development of industry here. It is time they should know.

Now, here is the Premier of Saskatchewan calling these people ‘quick buck artists’; ‘undesirable profiteers’; and then when he finds that these speculators or investors are cooling off he sends the Minister of Mineral Resources to the headquarters of the capitalists of Canada and he calls a press conference to tell them that there is not going to be any risk of their capital when they come to Saskatchewan. That is a funny combination. The Premier condemns everybody that puts any money in here, and he sends another Minister to tell them that it is all bunk — what the Premier said — and that they are going to be guaranteed a profit. What a combination! What a Government!

Now, Mr. Speaker, I am not going to oppose this Bill, although I am opposed to the principle of guaranteeing these promotions and the people of Saskatchewan being placed in this position. However, they are just as much responsible for this kind of thing as the Government itself, Mr. Speaker. They should have never had voted for them. They shouldn’t have put them in here. If there was a Liberal government sitting on the other side there wouldn’t be any of this guaranteeing by the Government for capital to come into Saskatchewan, any more than there is a guarantee from any other province in this Dominion.

But since the situation is as it is and we are anxious to get the industry into this Province I am prepared to support this Bill; but I am going to warn this Government; I am going to warn the people of the Province of Saskatchewan that if this principle is carried on further it may jeopardize the whole credit of this Province, because, after all, there is an element of risk in these things. In spite of the fact that they are supposed to make \$6 a share profit in the first four years, which is more than the shares have been sold for — you talk about profiteering; this Government is condemning everybody else. They talk about the Trans-Canada Pipelines because the promoters there got some shares for \$8 that went on the market at \$10. This Government buys a bunch of shares at 60 cents that are going on the market for \$6 — that is 600 per cent.

Hon. Mr. Nollet: — For all the people of the Province.

Mr. Lopton: — That is all right! In other words, if I commit a sin I should be sent to hell, of course, but if they commit the

sin they should go to heaven. Do as I say, but don't do as I do!

The element of risk is this — they have to get sufficient raw materials to keep this plant going. They have to get enough sales to sell the product. You have to have sufficient profit to make such an industry worthwhile. If you don't allow an organization such as this to make a fair profit when business is good, they are not going to come into this Province and they are not going to survive because they are also going to run into some slack years. It is only on the optimistic view that this thing can survive. Let us hope that what money is put into this venture, belonging to the Province of Saskatchewan, will be repaid. I don't know how the Cement Plant is going; I think it is all right at the present time, but it, too, could get into a slump like any other business.

Mr. A. H. McDonald (Leader of the Opposition): — Mr. Speaker, I was very interested in the remarks of the Provincial Treasurer (Hon. Mr. Fines) when he introduced this Bill for Second Reading. I was amazed to hear the Provincial Treasurer make the remark that this particular Steel Mill would round out the industrial empire of Saskatchewan.

Mr. Speaker, apparently it is the opinion of the Provincial Treasurer and this Government that sits on your right that by building the first basic industry in the Province of Saskatchewan they have now completed or rounded out our industrial empire. Mr. Speaker, that is utter nonsense. This is the first basic industry that has been attracted to the Province of Saskatchewan. I outlined in an earlier debate some of the industries that are necessary in Saskatchewan; some of the industries that we must attract before we can even think of — let alone talk about — having rounded out our industrial empire. Some of those industries have been promised on several occasions. As a matter of fact, no less an individual than the Premier himself has announced, on many occasions, that some of these industries were about to begin building their plants within Saskatchewan. I can refer to no better example than the numerous announcements by the Premier and other members of his Government with respect to a pulp and paper industry. This isn't the rounding out of our industrial empire. This is the beginning — the first spoke; and we have all the rest of the spokes to put in; then we will have to set the hub in the middle and put the rim on the outside. But according to the Provincial Treasurer, this will complete our industrial empire.

Hon. Mr. Fines: — No, no.

Mr. McDonald: — These are the words of the Provincial Treasurer, and I will quote them to you:

“This will round out an industrial empire.”

Do you know that reminds me of the statement he made when he announced that the Steel Mill would be built in Regina — when he said that “Regina would become the Pittsburgh” — now, Mr. Speaker, I don't know whether the Provincial

Treasurer has ever been to Pittsburgh or not, but if he hasn't I would suggest that he take a trip down there.

Hon. Mr. Fines: — Will you come with me and show me around?

Mr. McDonald: — Yes, I could do that. I know Pittsburgh very well; and if he thinks that the Mill — welcome as it is — is going to be any competition to the great steel magnates in Pittsburgh I think he is going to be a little bit disappointed. Sure, we are happy to see a Steel Mill come to Regina, or come to Saskatchewan, but I sincerely hope that it will have a better effect on our economy than what some of the other industries that were given the support of this Province have had.

There is no better example than the Cement Plant, and I can recall when the Provincial Treasurer was swaying in his place, when he announced what the Cement Plant would do for Saskatchewan. "Why", he said, "the price of cement in Saskatchewan is away out of line; and if we have a cement industry here it will make a great difference to the price of cement to Saskatchewan consumers." Mr. Speaker, do you know that the price of cement in the City of Regina, today, is the highest price of any place on the North American continent? Do you know that the price of cement in Regina, today, from supposedly our own Cement Plant, is \$5.90 a barrel? Do you know what the price of cement is in Winnipeg? It is \$3.41 a barrel. Do you know what the price of cement is in Edmonton? It is \$3.41 a barrel. Do you know what the price of cement is in Exshaw, Alberta? It is \$2.91 a barrel. So haven't the consumers of cement had tremendous benefits out of the cement industry that was brought to this city? We have enjoyed some benefits; because we have a cement industry here we have some 150 or 175 people employed at the cement plant, but it hasn't meant a nickel to the consumer of cement in this city or in this Province. The prices of cement throughout the whole of the Province of Saskatchewan are exorbitant, Mr. Speaker. We can go to the City of Yorkton; they buy cement even cheaper than it is sold in Regina; they buy their cement for \$5.37 a barrel. We can go to Weyburn; they buy their cement cheaper than it can be bought in Regina; they buy it for \$5.58 in Weyburn; or you can go to Estevan and it is \$5.58 a barrel there. It is \$5.82 in Moose Jaw; in Swift Current it is \$5.47; it is \$5.58 in Saskatoon; it is \$5.90 in Prince Albert; \$5.58 in North Battleford and \$5.90 in Regina. The most expensive cement that can be bought on this Continent is right here in the City of Regina where we put up \$5 1/2 million, or guaranteed the note of the bank for \$5 1/2 million, to build a cement industry in the City of Regina, to bring cheaper cement to our people.

With what result? With the result that we are paying the highest price of any place on this continent.

Now, what is going to happen with the Steel Mill? Is this going to mean that we are to have cheaper steel? I don't think so. I don't think this is going to interfere too much with Pittsburgh. I would doubt if the steel industry in Pittsburgh are too concerned about this mill that is being built in Regina. I doubt very much if the price to the consumer will be any less because of a steel industry being built in Saskatchewan, or in Regina, than if it wasn't built.

I believe that if we are going to bring the maximum benefits of industry to this city and to the Province than surely to goodness, by locating an industry here and by taking or pledging the resources of this Province, then we can bring cheaper goods to our own people.

It is quite true that upon the announcement of the steel industry another concern, namely Dominion Bridge, have decided to come to Regina. I am very pleased to note that that has happened, but you know, Mr. Speaker, that the Province of Saskatchewan was the only province in Canada where Dominion Bridge haven't got a plant. Why have they been so long in coming here?

Hon. Mr. Walker (Attorney General): — There was a Liberal government here.

Mr. McDonald: — A Liberal government? According to the Provincial Treasurer we haven't had anything but C.C.F. The Provincial Treasurer, when he introduced this Bill, said it was very difficult to raise capital. I agree with him. It is very, very difficult for governments, today, to raise the necessary capital, or what can be termed as the necessary capital, to carry on governmental activities — both federally and provincially. It is very difficult for private concerns to borrow money today; we all realize that; but this Government has made it almost humanly impossible for industry to get finances outside the Province of Saskatchewan, in other parts of Canada or the United States. These people must accept their fair share of the responsibility for placing industry in the position it is at the moment, as far as borrowing money is concerned to be used for the development within the Province of Saskatchewan. No better example could be given than the speech of the Premier himself in the Province of Ontario, just a few months ago.

How on earth can you expect people with this kind of capital to invest their money in Saskatchewan in view of the speeches that the Premier makes — both inside and outside Saskatchewan? Why on earth didn't the Premier go to eastern Canada and make a speech similar to the one that the Premier of Manitoba made?

Hon. Mr. Brown (Minister of Travel and Information): — Oh, we've heard this before!

Mr. McDonald: — The Premier of Manitoba invited people to come and invest their money in the Province of Manitoba; but our Premier has made every effort to destroy the confidence of private enterprise in the Province of Saskatchewan.

Hon. Mr. Nollet: — You're doing a good job of it.

Mr. McDonald: — Now, Mr. Speaker, I am not too concerned about the Provincial Government having to back an industry such as this to the tune of \$10 million, but I want to again point out that they have created a precedent, that in all probability they will have to continue if we are going to attract other industries to this Province so that we can complete the wheel and put the rim on it that I spoke about earlier.

I hope that we will be able to attract a pulp industry or several pulp industries to Saskatchewan. Now when the Provincial Treasurer introduced the legislation to lend money to the Cement Plant>>>

Hon. Mr. Fines: — Guaranteed Bonds.

Mr. McDonald: — To guarantee — I am sorry; he said at that time that he hoped we wouldn't have to go above 50 per cent of the value of that plant. Then again, last year, when amendments were made to The Crown Corporations Act and the Provincial Treasurer was referring to this particular industry he said again that he didn't expect we would have to go above 50 per cent of the value of this industry; but, Mr. Speaker, we have had to go to two-thirds of the value. This mill is going to cost something in the neighbourhood of \$15 million and the Provincial Treasurer and his Government are backing a note for some \$10 million at the banks. Well what would that mean if the Province of Saskatchewan carried this program through to its ultimate end and were to back future industries that we hope we can attract to this Province to the tune of two-thirds of their capitalization? It would mean, Mr. Speaker, that if we are able to attract, say three pulp mills, to Saskatchewan, the Provincial Government would have to back their notes at the bank to the tune of \$100 million.

Mr. Speaker, I am not worried about \$10 million — but \$100 million is a different thing. If we have to back a petro chemical industry and all of the other industries that are needed in Saskatchewan you can see where the policy of this Government will lead the Province of Saskatchewan to. I am convinced that we must make every effort to attract industry to the Province of Saskatchewan. You can see from the sums of money that were referred to, this afternoon, that it is going to be necessary, in the future, for this Province to raise even greater sums of money than they have been able to raise over the past few years. In order to do that, Mr. Speaker, we must have new sources of income. I had hoped that private enterprise would be prepared to invest their millions in Saskatchewan in developing the rich resources that we possess, but apparently they are not prepared to do that, so if we have to, because of the administration that sits on your right, because of their actions and the lack of confidence in this Province to attract industry then I will have to support it, because in my own opinion we must have new sources of revenue.

I think that was demonstrated to every member who sat in this Chamber, this afternoon. We cannot increase taxes on the taxpayers that we already have. New sources must be found and I hope that private investors will again gain confidence in Saskatchewan and that they will come into our Province, put up the necessary capital to industrialize this Province so that we will not have to pledge the resources of =f in order to get that development.

All I ask is for Saskatchewan to get the same consideration as other provinces of Canada and if that were the case a move like this would not be necessary, but it appears that we cannot do it without guaranteeing the resources of the Province, without pledging the resources of the Province, and therefore I will have to support the Bill.

Premier Douglas: — Mr. Speaker, I won't take very much of the time of the House, but I would like to make just a few remarks arising from some of the statements which have been made.

I notice my friend addressed the House as 'Ladies' I can only assume

that this is the speech which he makes to the Ladies Liberal Clubs throughout the Province. . .

Mr. McDonald: — I tell the same things in the country that I tell here and that is more than you do.

Premier Douglas: — He not only tells the same things, but he tells things that he has told ten times before.

Mr. Cameron (Maple Creek): — At least he is consistent.

Premier Douglas: — The member for Saltcoats (Mr. Lopston) started out by saying that this Bill was the same principle as the Cement Bill, in that it was a guarantee, and that was true. He said, however, that there was less opportunity here for somebody to make a 'quick buck' than there was in the Cement deal. I want to point out, however, that so far as the Cement guarantee is concerned the Province has been getting a 2 per cent guarantee fee or 2 per cent of the total amount of the debt outstanding without having to put a single dollar out. I don't think we would have any difficulty at any time in getting rid of our guarantee if we wanted to give up that 2 per cent fee. So I don't think there is any problem there.

The member for Saltcoats also said that he was going to support his Bill because he thought it was incompatible with the socialist principles of the members on this side of the House. Mr. Speaker, I prefer to look after my own principles rather than have them looked after by someone whom I have not considered too much of an authority on that subject. If he will look after his principles I will try to take care of my own over here. As a matter of fact, Mr. Speaker, it is not inconsistent or incompatible with our principles. Whereas in the case of the Cement guarantee we got a flat 2 per cent guaranteed fee, although we didn't put up any money; in this case the people of Saskatchewan will get a block of some 180,000 shares, and as the value of this Plant appreciates, the people will have a permanent equity in that industry. It seems to me that that is a very good type of public participation. When you think of the figures which the Minister of Mineral Resources (Hon. Mr. Brockelbank) put on the record, the other day, of what an investment in General Motors, in 1918 has brought in in the ensuing period. The tremendous value of that stock today gives some idea of what it would have meant to the people of the United States if they had had an equity in General Motors or in any one of these big corporations.

The member for Saltcoats also said that no other industry had to go to the Government for this kind of assistance. I am afraid he is not keeping pace with what is going on in Canada and in the world. First of all the Government of Canada quite properly, the last year I was in the House of Commons in 1944, in anticipation of the war coming close to an end, brought in The Industrial Development Bank Act, which was set up as an adjunct to the Bank of Canada.

Mr. Lopton: — Have any other provinces?

Premier Douglas: — Yes, I am coming to that. Almost all the other provinces have

now set up Industrial Development Banks. As a matter of fact, the Province of Newfoundland went further than any of them; they not only made loans to companies wanting to start up new industries, but even went so far as to build factories, equip them and then lease them to the companies, without them having to put in a dollar.

Mr. Loptson: — This is a different proposition.

Premier Douglas: — This isn't a different proposition at all. They even guaranteed \$16 million of bonds for one of the companies and most of them were British and American companies.

Mr. Loptson: — Would you say that these people couldn't borrow this money if it wasn't for the fact that the C.C.F. Government is in power?

Premier Douglas: — I am saying that these people in this Province are no more different — in borrowing for industry — than in any other province.

Mr. Loptson: — Our friend, the Provincial Treasurer. . .

Premier Douglas: — The members opposite, particularly the member for Saltcoats, do not want to vote for this but they want to damn it with faint praise. He said there are two or three reasons why we have to guarantee these bonds. First of all he said: "Maybe it is not sound". Well that is a good way to encourage it; it is a great way to help people put their money into a venture like this — to suggest that it is not sound. I remember when we were discussing the Cement Plant, the Federal Minister of Agriculture at that time, commenting in the House of Commons, said: "You can never make cement out of that Regina clay; it just isn't suitable." Well that was certainly designed to help the Cement Plant. Of course, the clay has turned out to be excellent clay for cement. But this is one of the ways of my hon. friend when they try to be on both sides of the fence. They won't vote against it but if there is anything they can do to pour cold water on it and keep the public from investing in it, to keep investors from supporting it, then, of course, this is what is done.

There was no other reason for my friend saying: "Perhaps it is not sound." The other suggestion he made was that companies are hesitant to come in here because of the political atmosphere and because labour may up the costs and make such labour demands that it wouldn't be economical. Well, Mr. Speaker, if having a free enterprise government and no labour organization would attract industry to this province — and that is what my hon. friend infers — this Province should have had an abundance of industry and new investment during the 34 years that there was a Liberal Government in Saskatchewan.

Mr. Loptson: — That's just bunk; you know. . .

Premier Douglas: — When I was a youngster living in Winnipeg the Dominion Bridge had been operating in Winnipeg for over 40 years. Why didn't they come into Saskatchewan during the Liberal regime?

Mr. Loptson: — . . .the Premier of this Province. . .

Premier Douglas: — If my friend will just keep quiet. If he can just control himself while I try to give him some of the facts of life. In the 34 years when there was a Liberal government in Saskatchewan — we had iron works and steel works going into Manitoba and into British Columbia. There was no socialist government here to keep them out. We had no great amount of Trade Unions. Certainly there was no labour legislation that would keep anybody out. I think we had a minimum wage down about as low \$9.00 a week and I am sure this wouldn't keep anybody out. The fact of the matter is that there was no incentive to come in, because the basic thing that attracts industry wasn't here.

Mr. Lopton: — Why did you send the Minister of Mineral Resources to Toronto?

Premier Douglas: — I would ask the hon. member to get on his feet and ask his questions properly or keep quiet. He had better stop acting like a naughty child. He shouldn't keep on acting like a juvenile delinquent at his age. It isn't funny any more.

Now, Mr. Speaker, the Leader of the Opposition (Mr. McDonald) talks about this as the first basic industry and he completely distorts the words of the Provincial Treasurer, who talked about this rounding out of the picture; but my hon. friend talks about completing the picture. Now they are quite different. If my hon. friend some day gets rounded out, nobody will suggest that he is completed. They are not necessarily synonymous terms. This is not the first basic industry in Saskatchewan. I have pointed out again and again that in the course of industrial development your basic industries, first of all, are those industries which process your primary products, such as oil, cement, clay, brick, potash and uranium. Mining of the primary products are your basic industries and until you get these basic industries you are not going to get secondary industries and this is a secondary industry.

Mr. McDonald: — It is no such thing.

Premier Douglas: — My hon. friend says it is no such thing. May I point out that I don't think he knows what on earth a basic industry or a secondary industry or a tertiary industry is.

Mr. McDonald: — It's obvious that you don't.

Premier Douglas: — If he wants to know what the basic industry in steel is, the basic industry in steel is producing pig iron from iron ore. That is the basic industry.

Mr. McDonald: — You ought to know.

Premier Douglas: — Steel is a secondary industry and the fabricating of steel is a tertiary industry.

Mr. McDonald: — You have a piece of it sitting on top of your shoulders.

Premier Douglas: — I will give my friends a little course some day in industrial development. I know it would be a waste of time because no matter how much you tell them they still don't know any more than before you started.

The fact is, Mr. Speaker, that we have developed, in the last 10 or 12 years, the basic industries that now make it possible to attract secondary industries. The steel industry is a secondary industry. The fact that it is attracting now a fabricating, or a tertiary, industry is further indication that this is rounding out the picture.

I want to say just one other thing. The Leader of the Opposition talked about this setting a precedent and if we had the right kind of government we wouldn't need to set such a precedent. Mr. Speaker, the facts speak for themselves. In the last 10 years \$750 million has come into this Province to develop oil and petroleum resources alone. There has never been anything like it in the history of the Province.

Mr. Loptson: — In spite of you!

Premier Douglas: — If we do it it's in spite of us — that is characteristic. There has been more public and private investment. . .

Mr. Loptson: — You didn't do it.

Premier Douglas: — . . . in any one year of the last five years than during the last 10 years the Liberals were in office. The public and private investment, in 1948, was \$241 million; last year it was \$626 million; and still my friends say: "Money won't come into the Province." The fact is that money is coming into the Province.

Mr. Loptson: — And you propose to eradicate the investors.

Premier Douglas: — My hon. friend talks about setting a precedent and he is worried about the fact that we have to keep pledging the credit of the Province; and he talks about three pulp mills. Nobody would suggest that we would pledge the credit for three pulp mills. We have made a practice of saying that for a new industry, for the first industry coming in, we are prepared to give them some assistance in the form of a loan or in the form of a guarantee. When that industry comes in we are convinced that that industry will attract other industries, competing either in the same field or attract service industries, or secondary, or tertiary industries that will work in conjunction with that industry.

I am not worried at all about setting a precedent. This precedent has been set in other provinces; it has been set by the Dominion of Canada; it has been set in this Province in other loans which we have made both to private companies and to the Co-operative movement.

Mr. Speaker, I think instead of my hon. friends trying to pour cold water on this and instead of trying to belittle it, they ought to be proud of the fact that this is the first Steel Mill of its sort being established in western Canada. There is not a Steel Mill of these specifications west of Sault Ste Marie. This could make Saskatchewan a very important centre for steel. As I said, on another occasion, if iron ore develops in the Province, as we hope it will, this will make it even more important as a factor in our economic development.

Mr. Speaker, I think we ought to be very glad that there are people willing to put their money into this and to give their experience and technical know-how to build a steel industry in Saskatchewan. I don't think that those kind of people are very much encouraged by the kind of speeches we have listened to this afternoon.

Mr. McDonald: — That's bunk.

Premier Douglas: — My hon. friends say that it is the Government that keeps industry out, in spite of the fact that industry has come in as it has never before. But I certainly would say this. If the Opposition keep on making speeches like the ones they have made, this afternoon, it is the public who will think that the Opposition are trying to keep them out. The public have ways of dealing with people who are trying to hurt the Province.

Mr. McDonald: — You couldn't tell the truth if. . .

Mr. A. C. Cameron (Maple Creek): — Mr. Speaker, just before the motion is put I would just like to make one clarification.

I know the Premier is very adept at taking words of the English language and assigning to them a meaning other than that which the speaker meant. I know he is most adept at that. He tried to create a great picture because the member for Saltcoats (Mr. Lopston) used the word 'sound' — that this industry may not turn out to be 'sound'. He ridiculed it. Being sound, in some layman's language, I presume, is the same as saying there is a risk involved; and the Premier himself said, in introducing this legislation, that it may not be sound. In other words, he said 'there is a risk involved'.

Premier Douglas: — I didn't introduce the legislation.

Mr. Cameron: — He said "there is a risk involved"; and that is why the Government. . .

Premier Douglas: — Mr. Speaker, on a point of privilege, I didn't introduce the legislation.

Mr. Cameron: — You didn't introduce it but you spoke on it. Pardon me, the Provincial Treasurer said. . .

Hon. Mr. Fines: — I never said anything about this not being sound.

Mr. Cameron: — No, you said there is a risk involved — instead of the word 'risk' you can apply the word 'sound'; we are not sure whether it is going to materialize or whether it is going to be a great industry or not; there is a risk there. It is just a play on words to try to make a story out of something that was said. The Provincial Treasurer said: "We are prepared to take part of the risk, because we know there is a risk involved in any new enterprise that is being set up." And a risk is much the same thing as soundness; we don't know; this thing may be very sound; and it may go bankrupt.

It is just a play on words; and he justified why they were purchasing \$180,000 worth of shares at 60 cents, in order that the Government would take part of the risk — 15 per cent of the risk. So there is a risk there; — it may turn out that it may not have been too sound a venture; and it may be one of the most stable industries that we have, that makes oodles of money. Now it was just a play on words in order to create a case against the member, there is no distinction at all. Because if there is no risk involved why should the Provincial Treasurer point out that they were taking these shares so that he could carry part of the risk.

I think the Minister of Mineral Resources (Hon. Mr. Brockelbank) made the statement that people who put up risk capital should receive some prize because of the danger involved. I think this method of doing it is probably a change from what you proposed to do in the first place.

The Premier spoke about the Industrial Development Bank in Canada and the Government Development Banks in other provinces. We set up similar legislation here. We have an Industrial Development Bank in the Province of Saskatchewan. It is called the Industrial Development Board, but we have voted money to them each year in order that they can, at their discretion, make loans to encourage industries to come in; but I notice, today, in the Estimates just budgeted that a year ago we voted \$900,000 to the Industrial Development Bank in order that they could encourage industry; last year we reduced that figure to \$500,000; and this year we are only estimating for \$100,000.

Hon. Mr. Fines: — There is a very good reason.

Mr. Cameron: — And we vote to the Industrial Development Board, to encourage industries to come into the Province \$100,000.

Hon. Mr. Fines: — Mr. Speaker, on a point of order, may I point out that we are not debating the budget now but there is a very good reason for this. . .

Mr. Cameron: — That is no point of order.

Hon. Mr. Fines: — Are we going to debate the budget today, or. . .

Mr. McDonald: — We're not debating the budget.

Mr. Cameron: — We're not debating the budget at all; we are pointing out a change of emphasis. I am pointing out that you are placing the emphasis on a direct guarantee rather than in the method of advances to the Development Board or Bank, whereby they would encourage industry and use those funds. I just wanted to point those two things out, to keep the record straight.

Hon. Mr. Walker: — It's really askew now.

Mr. Cameron: — . . . this talk about risk and soundness and so forth; I couldn't let that go unanswered. There are a vast number of words to be found in Webster's dictionary and even though the meaning may be clear there is someone ready to twist and turn them to find a meaning

altogether different than what was intended in the mind of the person who was speaking.

Mr. J. R. Barrie (Pelly): — Mr. Speaker, I will take only a few minutes, but I believe there have been some amazing revelations taken place in connection with this particular Bill and I wonder at the wisdom of a Government who already has, and may in future have, much greater financial commitments than they have now, entering into a commitment to a business which we hope will be successful and an asset to this Province, but like all businesses there is a great element of risk, particularly in a business that has so many competitors and so much competition.

It seems strange to me we would have to go to the extent of guaranteeing two-thirds of the capital necessary to establish this business in the Province and the other principals only taking the responsibility for raising one-third. It seems the wrong proportion in my mind. There may be reasons for that, but we certainly must be very anxious and I believe possibly that is correct — that we should be anxious to invite and have industry come into this province, but to have to put up this proportion of the capital or guaranteeing this proportion of the capital — over 50 per cent — seems to me a little out of order.

In this particular case the other feature that has struck me is the fact the Government is going into accepting or purchasing or going into the matter of playing with stocks and they are going to have 180,000 shares in this Company; it is hoped it will be a success and will yield dividends. What I find amazing is the people that have always talked, over the years, so much about the coupon clippers and those people getting dividends should be interested in them now, particularly in this Bill and this particular business; associating themselves with a number of millionaires in order to develop and establish this business in the Province. It is a very sad state of affairs, in my opinion, when we see people who sacrifice principle for some expediency. If these people have changed their principles, changed their attitude and changed their thoughts in connection with business and free enterprise, then I am very happy about it, but I just cannot understand how they can be so strongly in favour of putting over a deal of this kind, obligating the resources and the people of the Province of Saskatchewan; and they may have to do it with other industries in the future. I am surprised particularly at the Premier of the Province when, about 14 years ago in this Legislature, in the Session of 1945, he is reported to have said this, and I quote: "Let none of those who sit in high places lull themselves into security, this Government (he is talking of the Government we have today) is pledged to eradicate capitalism in this Province and the establishment of a Co-operative Commonwealth; and will do so first or perish in the attempt.

Mr. Gardiner: — And now he walks with the millionaires!

Mr. Barrie: — I cannot understand how he can associate himself, today. . .

Premier Douglas: — May I ask my hon. friend a question. Could I ask him to go and finish the quotation in which I defined a Co-operative Commonwealth as a partnership of private, co-operative and public enterprise.

Mr. Loptson: — Ah, baloney; that was your platform those days.

Mr. Gardiner: — Read the Regina Manifesto.

Mr. Barrie: — I don't want to take the time to read this, but I think it is very familiar to the people on the other side of the House, and as I have understood it, from utterances of members of the Government and supporters of the Government, they are still behind this particular document. If that is their principle I admire them for it, the same as I have my ideas about things which are opposite to theirs; but that is why I say I do not see how they can reconcile themselves in this particular instance — to be going into business by putting up a guarantee on the credit of this Province of two-thirds of the amount of money required to establish this business.

Mr. Loptson: — Building up millionaires.

Mr. Barrie: — There is something wrong when we have to do that; but I believe, in spite of what has been said, there is no citizen of Saskatchewan — inside or outside this House — who doesn't welcome anything in the way of industry or anything else that will be for the betterment of this Province; and under these circumstances and in view of the fact that it appears to be very, very urgent and very necessary that this Legislature, and the members of this Legislature, pass this Bill in order to get this steel industry established in the Province, which I hope will be a success, then if there is some reason for that urgency, some reason this has to be done; if it is necessary, in order to bring this steel industry in, then, Mr. Speaker, I am quite willing to support the Bill.

Hon. C. M. Fines (closing debate): — Mr. Speaker, I do not wish to say very much but I must answer one or two questions. I must answer the statement made by the hon. member from Maple Creek (Mr. Cameron) in which he referred to this year's Estimates that were tabled this afternoon. He pointed out that we have only estimated \$100,000 for the Industrial Development Fund compared with \$500,000 last year. May I say that the reason for this reduction is not because we hope to lend less money next year, but simply because of the amounts of money which we now have on hand in that fund and in the Government Finance Office. If he will examine the report that was tabled — the Industrial Development Fund report which was tabled yesterday, and the G.F.O. report which was tabled today — he will find that we have on hand \$174,000 in the Industrial Development Fund and, of course, we shall be receiving repayments, of interest, of roughly \$226,000, making \$400,000 in the Industrial Development Fund.

In addition to that, the Government Finance Office has only been turning back to the Government \$800,000 while as we know the surpluses have been much greater than that so during the years there have been some very substantial amounts accumulated and if this statement is examined you will find that we have on hand — Cash, \$759,000; Dominion of Canada Treasury Bills, \$496,000; Bank deposit, \$300,000; Loans to Crown Corporations, \$600,000 or over \$2 million, which is available for loans. So the only reason we put the \$100,000 in was to bring this item before the members of the House in order that they might discuss it. Actually it is not for the purpose of having the money voted at all. I just want to make that clear. It was done for a very logical reason. It just goes to show, Mr. Speaker, that a little knowledge is a dangerous thing.

The Leader of the Opposition referred to the Cement Plant. I would like to make a statement on that. I may say that I am not happy either with the fact that these cement prices are being kept as high as they are, I am very unhappy about it; however, this is private enterprise and this price system is the way private enterprise operates. This is the policy of the oil companies, for example — the Imperial Oil Company adopts exactly the same policy. There are people right around Leduc and Redwater in Alberta who are very annoyed — here they are right where the oil comes from, right there where they have a big refinery; and it makes them awfully peeved and awfully annoyed when they know that, in Regina, you can buy a gallon of gasoline cheaper than you can get it in Edmonton. Why? Because of the pricing system — a pricing system which is based upon the competitive price of anybody else bringing oil in. Now the oil that is in competition with the oil from Edmonton would be the oil from Wyoming and it costs less in Regina for that oil than it does in Edmonton; therefore, they charge more in Edmonton. It seems silly, I know, but that is private enterprise. That is the way they operate.

The same is true with the steel industry. . .

Mr. McCarthy (Cannington): — It is the same with the brick.

Hon. Mr. Fines: — We find the very same thing with the steel industry so the Cement Corporation is not doing anything that is not done in other industries.

Mr. McDonald: — May I ask the Minister a question?

Hon. Mr. Fines: — Yes, if I can answer it.

Mr. McDonald: — Is this the same policy that is adopted by the Crown Corporation that handles brick?

Hon. Mr. Fines: — I don't think so.

Mr. McDonald: — It certainly is.

Hon. Mr. Fines: — I think that you can buy brick, for instance, in Estevan more cheaply than you can get it in Regina.

Mr. McDonald: — You can buy it cheaper in Winnipeg than you can in Estevan.

Hon. Mr. Fines: — I don't know; I am not really too well up to date; I say. . .

Mr. McDonald: — We know that.

Hon. Mr. Fines: — You see, Mr. Speaker, there is a little difference. . .

Mrs. Batten: — Mr. Speaker, will the hon. member allow a question?

Hon. Mr. Fines: — If it is a good question, yes.

Mrs. Batten: — I am sure it is a good question. Was the Hon. Provincial Treasurer aware of this vicious pricing system when he introduced the Bill with regard to the Cement Plant? Didn't he promise that we would have lower prices?

Hon. Mr. Fines: — Oh, definitely. Mr. Speaker, the economics of the Cement Plant were based upon that. This Cement Plant, I may say, is a high cost plant; probably the highest cost per barrel producing cement of any plant on the North American continent. When you stop to realize that you have to bring your principal product all the way from Mafeking in Manitoba and when you consider that this Plant was built only two or three years ago at a time when prices were very, very high. The Plant in Alberta, at Exshaw, is right there situated where they have an abundance of cheap power from the power sources in the mountains; right there where they have the raw product right at hand — a plant that was built 25 years ago at a price which would be worth — at least our dollar would be worth about 40 cents in relation to the dollar of that time. In other words, it would cost, today, about \$2.50 for every dollar that they invested; and, of course, it has been written off. The same is true of the plant at Fort White in Manitoba. I was born and brought up there and at the time when I was a youngster I remember that plant; it was an old, old plant, built at a time when money was very cheap — or, if I put it the other way, at a time when the dollar would buy a great deal more than it does today.

Now, Mr. Speaker, I mention this to point out that it is not the Government that is fixing this price. It is true that we still have a guarantee there, but I would like to tell the House it was only yesterday that I wrote a letter to the President of the Inland Cement Corporation of Montreal, with a copy to the Vice-President in Edmonton, and a copy to the local manager, pointing out this injustice and urging that something be done about it.

Now, Mr. Speaker, I feel that the time has come when we probably should try and get the Company to change its policy in this respect, but I would point out — that this Company, three years ago, was not in a position that it could afford to cut its prices too low, because if they did, immediately the Canada Cement Company would come in from both sides and would ship their cement in here and sell it at a price of say \$1.00 less, take the business and, of course, then there is a price war. Here you have a small company with expensive operation costs trying to compete against another. It is a pretty serious and difficult problem.

Mr. McDonald: — Would the Minister answer another question? Do you know what the profits of Inland Cement in Canada were last year and the percentage of that total profit?

Hon. Mr. Fines: — No, I don't know the total profits, but I do know the profits for this Plant, and I know it is less than \$1.00 a barrel.

Mr. McDonald: — . . .pretty good. . .

Hon. Mr. Fines: — I agree. Nevertheless, I do think they are entitled to some return.

Mr. McDonald: — Just a million dollars worth, that's all.

Hon. Mr. Fines: — A million dollars is what they got for profits — roughly \$1 million.

Mr. McDonald: — On an investment of \$8 1/2 million.

Hon. Mr. Fines: — The Inland paid approximately \$12 million.

Mr. McDonald: — With depreciation? It would run about \$8 million.

Hon. Mr. Fines: — No, they paid roughly \$12 million at the time the transaction was made.

Mr. McDonald: — That's when your friends made all their money.

Hon. Mr. Fines: — Now, Mr. Speaker, I only wanted to deal with those two things — the matter of the pricing policy and the Cement Corporation — to point out that this is a matter where private enterprise has declined, in its wisdom, the policy to be adopted; and it is following the pricing policy of oil and the pricing policy of steel. It is not unique. I also want to emphasize again, Mr. Speaker, that we are not trying to cut down on the total amount of money spent for Industrial Development in the next year.

I would like, also, Mr. Speaker, to thank the members of the Opposition for their support of this Bill. I think that this very generously given support from the Opposition means that we can all look forward to this industry going ahead, and as I pointed out, in introducing it, the rounding out of this particular industry. I should probably not have used that term because I think there is one other phase and that is the development of an Iron Mill which will come, no doubt, some day just as soon as we find the raw ore in sufficient quantity to justify the construction of such a plant. When we do then we will have a thoroughly integrated steel industry in this Province and I believe that this is just going to be the forerunner to many other mills in the future.

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

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Walker:

That Bill No. 18 — An Act to amend The Fair Employment Practices Act, 1956 — be now read the second time.

Mrs. Mary J. Batten (Humboldt): — Mr. Speaker, I have some questions which cannot be asked of the Attorney General on this Bill at this time; and I am quite willing to let this stand over until we discuss the matter in Committee.

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

The Assembly adjourned at 5:30 o'clock p.m.