LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Thirteenth Legislature
21st Day

Friday, March 13, 1959

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

On the Orders of the Day:

WELCOME TO STUDENTS

Mr. Stone (Saskatoon City): — Mr. Speaker, before the Orders of the Day are proceeded with, I would like to draw the attention of this Assembly to a group of pupils from the North Park School in Saskatoon who are sitting in the west gallery. I am sure all members will join with me in welcoming them to the capital city, and we hope their stay here will be pleasant and profitable.

TAX-RENTAL AGREEMENT

Moved by Mr. K. Thorson (Souris-Estevan), seconded by Mr. E. Johnson (Kerrobert-Kindersley):

> That this Assembly requests the Government of Saskatchewan to again urge the Government of Canada to convene a Dominion-Provincial Conference at which special attention will be given to establishing a policy whereby the Provinces receive a larger share and a more equitable distribution of funds from the Government of Canada within the framework of the Tax-Rental Agreements.

Mr. Kim Thorson (Souris-Estevan): — Mr. Speaker, just eight years from now the people of Canada will be celebrating 100 years of Confederation. Now, and perhaps not even by 1967 will we have yet solved the financial problems involved in the confederation of Canada. In fact, on the national scene, this problem of fiscal and financial relations between the central government and the Province is rivalled in importance only by the lack of method we have in Canada for amending our constitution. It would be quite understandable in a federal country like ours if we have a great deal of controversy about what amendments should be made.

I am sorry I do not have more time to spend on this question of constitutional amendments, but I wanted to point out that the only other issue on the national scene which is as important as the financial and fiscal relationships between the provinces and the Dominion, is this question of constitutional amendment in Canada. I don't mean, of course, there isn't a very strong case for federalism in Canada. At the time of Confederation the men who met to establish this new nation in British North America realized that, with a wide diversity of economic, social and cultural conditions spread over a wide and regionalized geographical area, a federal nation was the only possibility. These diversities of conditions are still with us today, and we still need a federal nation. but from the very beginning of Confederation to the present time, the financial arrangements made between the provinces and

the Dominion were never satisfactory. In fact, the province of Nova Scotia, almost before the ink was dry on the British North America Act, was beginning to negotiate for better terms, and quite understandably so, because the province of Nova Scotia was running large deficits in its budget immediately following Confederation. I think perhaps the prime reason for finding this dissatisfaction with financial arrangements stems first of all from the stipulations laid down in the confederation agreements, and secondly, of course, from the fact that the British North America Act, in Section 92, allocated to the Provinces exclusive jurisdiction and, therefore, responsibility for things like roads, health services, welfare services, education, and local matters. Also the British North America Act provides the Provinces with financial resources, to meet these responsibilities, only the direct taxation which is levied within the province. These provisions may have been reasonable at the time of Confederation almost 100 years ago, but I submit they are not reasonable today. I do not blame the men who made the agreement which brought Confederation into being; they could not foresee the tremendous changes that were about to take place in the twentieth century. I don't want to take a long time to dwell on these changes, but I want to call members' attention to the fact that governments play a much more important role in all fields of endeavour today than they did 100 years ago. In a book published in 1946, written by Mr. Wilfrid Eggleston, called 'The Road to Nationhood', he has a table which sets out the expenditures on various government functions in 1867, and the expenditures made in 1937 — I want to deal with the period following 1937 later on. But it is interesting to note what a great changes was made in Government responsibilities over that period of time. For instance — and these are all combined expenditures of Dominion, provincial and local governments — in 1867, on highways and transportation, Canada through all its governments, spent $9 million; in 1937, $240 million; on Public Health and Welfare (including unemployment relief), $1.2 million at Confederation, $284 million in 1937. All of the other expenditures made up $12.3 million in 1867, and $352 million in 1937. This gives a total of government expenditures in Canada at the time of Confederation of $25 million, but in 1937 not $25 million, but $1 billion. This means that in 1867, our governments' per capita expenditure was $7.50 per person, but in 1937 we were already spending $90 per capita on government services. As a percentage of national income: in 1867, 8 per cent; by 1937, 26 per cent of our national income was expended in government services.

I mention these figures just to point out the increasingly important role of governments in all fields of endeavour today, as compared with almost 100 years ago. I do not need to dwell on the fact that because the British North America Act, our constitution, allocated to the provinces jurisdiction and responsibility for highways, education, public health and welfare services, that means the expenditures and responsibilities of provincial and local governments have increased much more than the expenditures of the Federal Government in Canada. This is because the increasingly important role of governments is felt in these particular fields — roads, education, health and welfare.

In fact, even by 1920 when the Hon. C. A. Dunning was presenting his budget address in this Assembly, this is what he said, and I want to quote it:

> The Dominion Government does not render to the people of Canada anything like the volume and value of service performed by the provincial and municipal bodies of the Dominion.

If that were true in 1920, we are all aware that it is infinitely more true in 1959. In fact, the last 30 years have demonstrated very dramatically how unsatisfactory the financial arrangements of Confederation were. Those members whose memory goes back to the 1930's do not need to be reminded of the disaster of those days. Many provinces were bankrupt, and Saskatchewan was one of the hardest hit of all. These conditions gave rise to the appointment in 1937 of the Rowell-Sirois Commission, a royal commission on Dominion-Provincial relations, which did a very exhaustive study, particularly of the financial arrangements of Confederation. Though its recommendations have not yet been accepted in total, the study of this Commission, the recommendations it made, have had a very significant effect on Dominion-Provincial financial relations since the early part of the war years.

I do not want to take time to deal with the war-time tax agreements between the Dominion Government and the provincial governments, except to say that, in the post-war period, the tax-rental agreements between the Dominion Government and the provincial governments have been much better than any previous financial arrangements between the Federal and Provincial Governments, but they are still not satisfactory. The present tax-sharing agreement, which was established in the last days of the Liberal Government before the June election of 1957, and which is still in force, represents some 20 years of negotiation and compromise and evolution in the Dominion-Provincial financial arrangements. Under this Agreement the provinces rent to the Federal Government exclusive jurisdiction in the matter of collections from person income tax, corporation income taxes, and succession duties. I should say, of course, it is only the provinces in the Agreement who have rented these fields to the Federal Government. Then the payments are made from these collections to the provinces, on the basis of giving to the provinces 10 per cent of the income tax, 9 per cent of the corporation tax and 50 per cent of the succession duties. The allocation to the provinces is based on the average yield of these three taxes in the two provinces where the yield is highest.

Of course, there have been some alterations in the agreement since the new Government was elected in 1957. I just want to say a word about that. The new Conservative Government maintained the agreement, and all members will recall the very extensive and wide-spread talk of Conservative candidates in that election campaign on the need for more money being made available to provincial and local governments in the tax-sharing agreements. As a matter of fact, these Conservative spokesmen were in no doubt of the need for more money to provincial and local governments. When they were elected they maintained the tax agreement. They had said a good deal about calling a Dominion-Provincial Conference immediately they were elected, but as a matter of fact they did not call a Conference, until November, 1957, although the election had been held in June and this new Government was sworn into office in July.

Then, Mr. Speaker, when the provincial Premiers and their assistants went to the Provincial-Dominion Conference, the Federal Government, instead of presenting to them a program which would provide more revenue for the local governments and the provincial governments said — and we really very well the Prime Minister saying that he was prepared at this Conference "to listen and to learn." Quite a change from the days just prior to the election of 1957 when no Conservative spokesman was in any doubt about the need for more revenues to provincial and local governments! But by November, apparently, their knowledge had changed a good deal, and they were now willing "to listen and to learn." The end result of the Conference, of course, was that the provincial Premiers were told by the Federal Government to go home, and to wait to be called to another Dominion-Provincial Conference early in the new year, 1958. but of course the new year 1958 is now the old year 1958, and no Dominion-Provincial Conference has yet been called. As a matter of fact, the Minister of Finance, rather than call the provinces together in a conference, simply announced a little over a year ago, by telegram to the Premiers, that the formula for payments under the Tax Rental Agreements would be changed from the 10-9-50 formula to the 13-9-50 formula, and he has announced this again for the coming year. The attitude of the Federal Government since its election in June, 1957, an attitude which the Conservative spokesmen condemned when the Liberals were in power, is still to say to the provinces: "This is what we offer you; you can take it, or leave it." No consultation! No new Dominion-Provincial conference to work out terms and arrangements!

That's why I think this calling of a Dominion-Provincial Conference is overdue, because the Federal Government, after all, promised they would do it, and the need for more revenues to provincial and local governments is as great today as it was two years ago, when the Conservative Party was campaigning for votes in Canada.

Three essential improvements are needed in the present tax-sharing agreements. First of all, the provinces should have a larger share of these tax collections than the present formula allows. There can be no justification for the Federal Government receiving the lion's share of these tax collections when provincial and municipal responsibilities are increasing at such a rapid rate under the provisions of our constitution, the B.N.A. Act. As a matter of fact, while our responsibilities on the local level have been increasing so rapidly, the Federal Government's responsibility, except in the field of national defence, have not been increasing so rapidly. I submit that, while large expenditures are made by our Federal Government on national defence, a good portion of these expenditures have been wasted. I think the money might better have been spent providing for economic security and economic improvement in Canada. I do not believe the expenditures which we have made on obsolete armaments — the most recent example, of course, is the money we spent on developing the Arrow, which will not now be produced; these expenditures have not made Canada more secure in the world. I submit if there had been a good portion of this money spent to solve our own economic problems, it would have made Canada more secure not only at home, but in the world community. The expenditures of these moneys on obsolete articles has not only not

brought us security, has not solved our problems internationally, but it has left unsolved a number of our domestic problems.

In addition to a larger share of the Dominion-Provincial tax-sharing agreement being made available to the provinces, there is also a need for more stability in these annual payments to the provinces. I submit that one way to achieve this stability is to guarantee to every province that in any future year it will not receive less than it received in the year just past.

The other improvement that is needed in the tax-rental agreements is to come to an agreement on arrangements whereby the provinces will receive not only a larger share of these tax funds, but a more equitable distribution of these funds among the provinces. Payments to all of the provinces should be based on the yield of these three taxes that are rented, on the highest province, not on the eaverage in the two highest provinces. And there should be not discrimination against one province as opposed to another in the payments from the collection of these taxes.

In addition to these improvements in the Agreement itself, we need to have the Federal Government go another step further in the field of Dominion-Provincial financial relations. It seems to me that the payments made to the provinces from the central government in our Confederation of Canada ought to be based on the fiscal need of the provinces. I spoke earlier of the wide diversity of conditions in Canada. One of the widest diversities is in economic resources and economic development. Some provinces are much wealthier than other provinces. The best measure of the wealth of one province as against another is the personal incomes which the citizens of various provinces are able to earn, and there is a wide variation in personal incomes in Canada as between one province and another. where the personal incomes of the less wealthy provinces are lower, provincial tax levies yield less revenues to provincial governments. This is true for taxes such as sales taxes, motor vehicle and license fees, which are charged by provinces. Of course, if these collections are lower, and the personal incomes of people in those provinces are lower it means that their services are sub-standard and do not come up to the average of services in other parts of Canada. Therefore, federal grants should be paid to less wealthy provinces to make up the deficiency in provincial tax yields resulting from lower personal income in the less wealthy provinces.

The resolution which I present to the Assembly asks for special attention, at a Dominion-Provincial Conference to the arrangements for the tax-rental agreement. There are a number of items which could be included on the agenda at such a Conference. We think of the need in Canada today to coordinate our national development programs in such fields as power and fuel; soil and water conservation; renewable resources; roads and highways. The second item might be the whole question of agricultural marketing and income. Thirdly on the agenda could be included the need to expand the national hospitalization service to include T.B. patients and

mentally-ill patients. Also on the agenda should be placed the whole question of unemployment in Canada, and the possibilities for removing the categories for public assistance programs where the provincial governments are assisted by the Federal Government. Of course, another item would be the whole question of municipal finance.

Mr. Speaker, I wanted to say quite a bit about this question of municipal finance, particularly the problems of raising capital funds for local public works. I am not going to take as long as I had intended, because I recall that, a year ago, the member for Swift Current (Mr. Wood) have a very thorough discussion of this during that session. I don't need to impress upon the members of the Assembly, and on the dedicated public servants in local governments in Canada and in Saskatchewan particularly, how difficult it is for us in all municipalities, and particularly in this province, to raise money for capital expenditures. Interest rates are very high, and in some cases the debenture market will not accept the debentures of municipal corporations from Saskatchewan. The result of this difficulty in the capital field has been that local governments, more and more in Saskatchewan, finance public works, capital investments programs, out of their current revenues. They attempt to market their debentures locally, and we know there is not a very large market for the purchase of debentures within our province alone.

Of course the Provincial Government has tried to come to the assistance of local governments by purchasing a good many of these issues of school boards, hospital boards, and of some of our cities, towns and villages. But provincial purchase of bonds and provincial guarantees of bonds do not increase the availability of money for capital expenditures, because we must go outside of the province to bring capital funds in for these purposes. Also the Provincial Government already has heavy obligations — telephone service, power and gas service — where money must be borrowed.

We must, in this field, turn to the Federal Government, which has not only the constitutional power to meet the problem, but, because of its role in our national economy, it could influence the direction of capital investment, and it should take a more active role in directing our investment for the socially necessary expenditures: schools, hospitals, roads, and other local works.

Mr. Speaker, I began by saying that in just eight years we will be celebrating our Centenniary in Canada. And I have been talking about he problems of municipalities. This gives me an opportunity to make an announcement to the members of this Assembly. I was just informed, this morning, that another celebration will be taking place not eight years from now, but this year, in the province of Saskatchewan. The community of Estevan, just 60 years ago this year, was incorporated as a municipality under the laws of our land at that time. Very quickly it was incorporated as a town rather than a village, and just two years ago the city of Estevan was incorporated. The members will recall the ceremony that took place in the Premier's office at that time.

May I take this opportunity to invite all the members of the Legislature to be with us in Estevan this year, to celebrate our Diamond Jubilee. The main celebrations will take place during the last days of June and the first days of July, at our Exhibition and Fair in the city of Estevan.

I mention the fact that Centennary Year is very near because it seems to me that, if we are to celebrate that event of 100 years of Confederation in Canada, if we are to celebrate it with a growing pride in our Canadian citizenship, we ought to begin to plan now for increased financial grants to local governments by increasing revenues to the provinces within the Tax-Sharing Agreement. We also need to plan now for long-term public investment programs in resource development and in social development, for schools, hospitals, roads and housing. Our aim as Canadians ought to be to raise living standards for all Canadians, without discrimination, regardless of which part of Canada they may live in. This calls for more than just planning, essential though that is. This calls for action and co-operation on the part of local governments, provincial governments, and the Federal Government. I want to emphasize again that, since Confederation, the responsibility of provincial and local governments has increased much more than the financial responsibilities of the Federal Government and, at the same time, the revenues available to the Federal Government have increased much more than have the revenues available to local and provincial governments, which are limited to means of direct taxation only.

Therefore, Mr. Speaker, I move, seconded by Mr. Johnson, the resolution as it appears under my name on the Order Paper.

Mr. Eldon Johnson (Kerrobert-Kindersley): — Mr. Speaker, I wish to associate myself with this resolution by being privileged to second it. The mover has given a very comprehensive resume of the Federal-Provincial fiscal relationships that have existed since Confederation, and, as he has pointed out, these relationships, in pursuance of the principles laid down at Confederation, have endured even though many things have changed since that time.

I think it is fair to the Fathers of Confederation to state that they envisaged placing the heaviest financial responsibilities on the Federal Government and, as pointed out by the mover, there has been a very distinct and very important change in the proportion of the expenditures that are expected of the provincial, federal and municipal governments. I think the principles which they have laid down have endured, and I think it is not the principle that is at this time under question.

I would like to quote from an article in the ‘Canadian Journal of Economics and Political Science’ by Prof. W.F. Waines, of the University of Manitoba. He says:

> Financial arrangements should be such that each area of government must be able to meet the

> obligations constitutionally and politically imposed upon them to a level which is generally accepted as a minimum Canadian standard, without unduly high taxation in one region relatively to another, and with a tax structure which will distribute the burden of financing minimum services of national importance equitably among the taxpayers of the country.

I certainly concur in that statement, and I think there is general concurrence in this remark. I would like to read further from Prof. Waines:

> Financial resources should be redistributed to the point where minimum standards can be maintained either by grants or by direct expenditures.

It is these principles which should be discussed at any future Federal-Provincial Conference.

I would like to comment specifically on the matter of social service, and by that I will include all these matters such as education, welfare and health. We can see that the Federal Government has engaged to a certain extent in these things. However, anyone familiar with municipal finance is well familiar that we are expecting far more of our social services than we did years ago. At the time of Confederation it was regarded as a personal responsibility to assume responsibility for health, education and welfare. Now it is commonly regarded that those things should be public responsibilities, and therein lies the chief change in the relationship between the federal and provincial governments.

We can notice the important things the Federal Government has done, such as contributing towards old-age pensions, hospitalization and so on. This principle has been subscribed to by the Federal Government. We might ask ourselves, then, what is the case for increased financial support to the provinces? We might say that it is this — and we could look first at the personal incomes of people in different regions, because I think it is accepted that there should be equality between regions, as Prof. Waines has outlined. We notice disparity in personal income between the Maritime provinces and Ontario, and as between Saskatchewan and Ontario. We notice for the year 1956, the personal income for the people of Saskatchewan was $1,123, whereas in Ontario it was over $1,600. The average for Government for 1956 was $1,395. certainly the personal income is a gauge of a tax which people are able to support, in supporting their public services, and I think there is agreement that we should be able to maintain comparative standards at no excessive taxes to any particular region.

I think it is germane to the discussion at this time to remark on the exports from Canada. I think it is well-known in this Legislature that wheat is the export of second greatest value from Canada, having a value of $573 million in 1956, which is second only to newsprint. I think it is also well-known by this Legislature that the province of Saskatchewan is the greatest producer of wheat in Canada, and yet we notice the disparity in income.

I think it is also germane to this resolution to point out the effects of tariffs on the income of people in Saskatchewan compared to the most industrialized region, that of Ontario. There is no dispute that tariffs benefit Ontario people to the detriment of the people in Saskatchewan. I think, therefore, that there is a case in the matter of income for not only increased aid to provinces, but greater particular assistance to this province.

Also I think it is germane to observe, something that this province has observed, the recent municipal conventions, rural and municipal. It is interesting to observe that these organizations, in endeavouring to maintain the standard of services which they wish to provide, are themselves applying to their senior governments, the Provincial Governments.

I think it is also important to observe in this motion the recent budget debate. I don't intend to dwell upon that, Mr. Speaker, except to draw attention to the fact that the budget gives an outline of the intended expenditures for the province for the coming year, and no speaker on this side nor the opposite side indicated any desire to reduce any service that the Government was intending to province, and no speaker proposed any method by means of which more finances could accrue from taxes to this Provincial Government. I think, therefore, the conclusion that we must come to is that this Government, through a Federal-Provincial Conference, must apply for a better financial arrangement for the province, in order that the social services that the people of this province expect can be developed and may be maintained at a satisfactory level without excessive taxation.

Mr. E. I. Wood (Swift Current): — Mr. Speaker, I beg leave to adjourn the debate.

[Debate adjourned]

FREIGHT RATES AND TRANSPORTATION

Moved by Mr. Brown (Bengough), seconded by Mr. Meakes (Touchwood):

> That this Assembly, recognizing the impact which rising freight rates have had upon the economy of the province,
>
> (1) commends the Government of Saskatchewan for its efforts to limit the rise in freight rates and to secure a more equitable freight rate structure, and
>
> (2) urges the Government to continue its efforts to alleviate the inequitable impact of increases in transportation costs on the Western and Maritime provinces.

Mr. A. L. S. Brown (Bengough): — Mr. Speaker, the subject matter of the resolution which I propose to introduce can be considered possibly as equal in importance to that which has just been discussed by the two previous speakers on the previous debate. They both date back to

the age of Confederation. In fact the one to which I refer dates back to many years previous to Confederation, and both of them have had a very serious impact upon our society and the development of the type of economy here in Canada and particularly in western Canada.

The resolution which I propose to introduce recognized four basic factors, I believe. It recognizes, first, that freight rates have had an impact upon our economy not only in this province but in Canada as a whole. Secondly, we recognize and we want to commend this Provincial Government for its efforts to limit the rise that has taken place in freight rates on every occasion the railways have asked for this increase. Thirdly, we want to sincerely commend them for their efforts to secure a more equitable freight rate structure here in Canada. Fourthly, we ask through this resolution that this Assembly urge the Government to continue their efforts to alleviate the inequalities that are created by our present freight rate structure here in Canada, particularly as these rates affect western Canada and the Maritime provinces.

Recognizing the impact that freight rates have had on our economy, recognizing the impact the transportation system has had upon our economy here in Canada, I think we have only got to realize that, as long as the railways push from the east to western Canada and as the branch lines branch out from these railways, it made it possible for western Canada to develop. It was the result of a transportation system being built into western Canada that made it possible for western Canada to become known as the granary of the world. As this transportation system was pushed westward, as I say it had an effect upon our economy, but it is equally true that it had effects upon the social developments that took place here in western Canada, and today it is still having the same effect both on our economy and upon our social life as well.

There is no one who is not affected by the transportation system, by the effects of the transportation system, by the cost of a transportation system. It determines to a large degree the development which will take place in any given area in Canada, and by virtue of our position here in western Canada and by virtue of the fact that we have had to pay high costs for that transportation system into this province and out of this province, has no doubt had its effects upon the fact that we have had to pay high costs for that transportation system into this province and out of this province, has no doubt had its effects upon the fact that we have had not the industrial development that has occurred in other parts of Canada. So our transportation is still having its effect and I feel and I think the Government in its presentation has expressed the desire and the hope that there can be worked out a means by which the transportation system can work in the interest of all the people of Canada, and can be so adjusted that we can have developed here in western Canada an economy comparable to that in any other part of Canada; that we can have developed in the Maritime Provinces an economy comparable to other parts of Canada. Because of this importance of the transportation system and particularly the rail transportation system to our economy, I think that we here in this Legislature are justified in commending this Government on the actions they have taken.

You will recall, Mr. Speaker, that back in 1946, following the war, the C.P.R. and the C.N.R. (but mainly through the C.P.R.) made application for increased freight rates and that, during the ensuing years, there has been

continuous applications for increased freight rates before the Board of Transport Commission. Going back to 1946, at that time the railways asked from the Board of Transport Commission an increase of 30 per cent. They were granted at that time, not 30 per cent it is true, but were granted 21 per cent. Through the ensuing years there have been continuous applications for increased freight rates and continuous approving of them by the Board of Transport Commission, with the net result that, from 1946 up until the present time, there has been imposed an increase of 157 per cent in our freight rates, on the average. That is to say that, on the average, we are paying today 157 per cent more on our freight rates than we pain in 1946 and 1947.

The Minister of Municipal Affairs yesterday gave us some figures in respect to this article in which there has been much more than 157 per cent increase, and to compensate for that it is equally true there are some articles on which the freight rate has not increased as much; but on the total rates they have increased 157 per cent. The significant think about it is that, in general — not in all particular cases but in general — they have been horizontal, they have been across-the-board increases. Because they have been across-the-board increases on general freight they have had a more serious impact upon our economy and upon the economy of the Maritimes than they would have, possibly, on other parts of our Canadian economy.

Because it appeared, at the time of the first request for increase following the war, that it was going to have a serious impact upon our economy, the Government of Saskatchewan set up what they term their Freight Information Service Division, established in April 1948. It was established originally under the Department of Co-operation and Co-operative Development, and later transferred to the Department of Municipal Affairs under the Minister of that Department.

This department for freight information and services was set up more than for the simple purpose of combating that proposed increase in freight rates of 1946. It was set up so that a study could be made of our whole transportation system in Canada and in Saskatchewan as to how we could make the most effective and best use of all our means of transportation. Throughout the years since it was established this freight information service has appeared when there was application for increase by the railways before the Board of Transport Commission, and it has made a contribution in the appeals which have gone from the Board of Transport Commission to the Federal Government. I feel that this division and the service rendered by it, and the Government by its representations before the board of Transport Commission and before the federal Government, have prevented what might have been considerably greater increases in freight rates than have already taken place.

Not only has the Government appeared and place the case before the Board of Transport Commissioners but, in addition to that, you will recall, Mr. Speaker, that there was appointed a royal Commission, under Chief Justice Doiron, to study all aspects of the transportation systems in Canada, through the medium of freight information services and through the Provincial Government, they have made a submission and through that medium were able to place before that Commission many of the views held by the people of western Canada. I think that in that Commission’s report, as we read it, you will realize

that the solution to this problem is not a simple but a complex one, and one that cannot be solved simply by saying that we should have equalized freight rates, one that cannot be solved simply by saying that we need freight rates subsidization.

I think that this illustrates both the report and the submissions which have been made by this Government to the Board of Transport Commission and indicates clearly that what we need in Canada is an equitable freight rate structure which is considerably different from simply an equalization of the freight. I don't think that it would do us too great a good if we simply said that between given points of the same distance that the freight rates shall be the same in all parts of Canada. I don't think that would solve our problem. What I do think and do believe is that we have to look at our whole economy and decide on a planned basis how we are going to develop the economy, and then on that basis develop a freight rate structure that will make it possible for that to be felt in a most effective and efficient manner. To do this may require subsidization, and I believe that it will require subsidization; but I am not adverse to suggesting at this time that if through the means of utilizing subsidization we can create in Canada an equitable freight rate structure, that will be in the interests of Canadian economy. This is not the only industry that would be subsidized. Industries which I am convinced are not as important as our transportation industry in this province have been subsidized, and I refer to such industries as the gold mining industry.

I am not suggesting that I could come up with all the answers to what we would have when we have got this equitable freight rate structure. It is true some efforts have been made towards what I would consider an equitable freight rate structure. For instance, there has been established in Canada for a goodly number of years what we have commonly referred to as the Crow's Nest Pass Rates which has created some equity in so far as our transportation of our grain is concerned. It is true that the railways got considerable and, possibly, profitable concessions for the fact that they put into effect this particular rate structure as it applies to grain and certain other commodities. I think we must accept the fact that his was a form of subsidization. I think that we must accept the fact that, if we had had to pay the actual transportation costs of our grain out of western Canada on to the markets of the world, it would have delayed the development of the wheat basic industry in Canada, and in some areas in the province of Saskatchewan it might possibly have made it impossible. So here was a means of which an endeavour was made to create equity, and I suggest that by so doing the railways did in fact receive subsidization from the Federal Government of that day.

There are some other forms of equities within our freight rate structure that are developed; but they are developing, I feel, on a non-planned basis. I refer to those freight rate charges which are commonly called 'agreed charges'. Through this medium the railways are making it possible for some commodities to be moved at a lower rate and at a lower cost to the consumer, but as I say, these are being developed on a non-planned basis and do not necessarily fit in with our entire economy, do not necessarily fit in with our other means of transportation. I think that to arrive at a freight rate structure premium in Canada we must take into consideration the necessity and the need of our other transportation systems, such as the trucking industry, the airways and seaways as they exist in Canada.

I suggest, Mr. Speaker, that railways in Canada have a responsibility not only to themselves but to the people of Canada. I think that was clearly set out in the Railway Act when it was first inaugurated. I think that it might be of interest to note that, at the last application for a freight increase in Canada, the rules of the game were changed in two respects. First of all, they asked for a freight rate increase before the need arose; they asked for a freight rate increase in the expectation of an increase in their labour bill. The second rule of the game that was changed was that, on previous occasions, the C.P.R. was used as the yardstick and in this case it was the C.N.R. that was used as the yardstick for the simple reason that the C.N.R. was showing a greater deficit, and would show a greater deficit under the labour increases than would the C.P.R. I suggest that the railways have a responsibility to the people of Canada and in carrying out this responsibility they must look at the interests of the people of Canada and not at the interest of themselves alone or of any segment of our economy and, therefore, realizing the importance of a transportation system in Canada, realizing the impact which a continuation of the present trend can have upon particularly western Canada and the Maritime Provinces, I am pleased to move and ask for your unanimous endorsation of the motion which appears under my name on the Order Paper.

Mr. Frank Meakes (Touchwood): — Mr. Speaker, on rising to second the motion moved by the hon. Member for Bengough, I think we will all agree that he gave a precise resume of the necessity of equitable freight rates. Seeing that, through the years and again recently, the railways are endeavouring to have this agreement done away with, I would like to deal for a few minutes with the history of the Crow's Nest Pass Agreement, on the necessity of it, and on the falsity of the arguments of the railway companies which they are endeavouring to put forward as to why the freight rates of the Crow's Nest Agreement should be done away with.

I think that we should go back a little way into the history, the background, loading up to this Agreement, back into the history of what is now known as western Canada, back into the 1850's, back into those days in our history books when it was known — I think most of us will remember the phrase — 'fifty-four-forty-or-fight'. At that time the United States had already penetrated into the western part of the North American continent with railways. They were now turning their eyes northward into what is known now as the western prairies and British Columbia. At that time there was a colony settled in British Columbia. These people were not all of British origin, and although they were wanting to become a part of Canada, they felt they were in a bargaining position to do a little pressuring on Canada. By 1880, things were coming to a head. It might be interesting to read just a little extract of a letter that Sir John A. MacDonald, then Prime Minister of Canada, wrote to a friend of his, in which he said:

Many thanks for your letter of the 26th, giving me an account of your conversation with . . . (he doesn't say who it was with) . . . "It is quite evident to me, not only through this conversation but from advice from Washington, that the United States are

resolved to do all they can, short of war, to get possession of the western prairies, and we must take immediate major steps to counteract it. One of the first things to be done is to show unmistakably our resolve to build a Pacific Railway.

In the next 10 years, the Federal Government passed the Railways Act, and several railway companies built portions of the railway. By 1881, the C.P.R. was formed. This was part of the agreement — the Federal Government had agreed that British Columbia was to come into Confederation. They were to start a railway within two years and finish it in ten. Ten years was now practically up, and British Columbia was becoming very impatient.

The C.P.R. was incorporated to do two things, or for two reasons: first, to complete the proportion of railway not already built, and second, under the Agreement, they were to operate the entire line in perpetuity. From this Agreement which the C.P.R. had signed with the Federal Government, they had several benefits. The first benefit was to receive all the ownership of any railways that had already been built by the Federal Government. The Federal Government was to pay a grant of $25 million to the railways. The Federal Government was to give 25 million acres of land; special care must be taken that this land was good land, and water was not to be counted in the Agreement. This land was to be in a belt 24 miles on either side of the main line of the Railway. The Railway was to be able to receive all the ground necessary for road-beds, station wells and station grounds, free, whether it was land other than their own or not. The Government was to extinguish any titles — Indian titles — to the land and the road-bed. Then the Government agreed to build a 715-mile length of railway from Selkirik to Emerson at a cost of over $37 million. The C.P.R. was to have no duty on the purchased steel rails, and also a wide range of materials for the building of the railway. They were to have tax exemptions on practically all materials and on property for 20 years. No other railroads would be allowed to build within 20 years. Then it gave all these some previous benefits to any side-lines that were built by the C.P.R.

Let us just take a look at what this Agreement has done for the C.P.R. It has now become a giant company, a company with assets of over $2 ½ billion; it has investments and over 20 controlled companies — that is, companies in which they own the controlling shares. They have investments in over ten uncontrolled companies. They are leasing over 30 railway companies either in Canada or in the United States. When you look at the financial report of the C.P.R. we find these figures: from 1928 to 1957, they had net earnings of over $950 million; they paid in dividends for that same period of time, 1928 to 1957, over $484 million.

We come to the Crow's Nest Pass Agreement again. By 1977, the C.P.R. was anxious to build a railway from Lethbridge to Nelson, B.C. This railroad was to lead into the rich gold fields in the Kootenay Valley, which is a heavy mineral area. But at this time (in 1877) they still needed financial assistance, and they were anxious to get financial assistance from the Federal Government to get into this area, because at this time the railway companies of the United States were anxious to get railways into this rich area of the Kootenay Valley.

The Government was anxious to sign the Agreement for another reason. They felt that the only way they were going to get the western plains settled was to have some concessions for agricultural products to be shipped out, and the articles the farmers required to be shipped in. With the long freight haul, no water competition, they felt the only way they could get these western plains settled was through an Agreement with the C.P.R.

It might be interesting to note what the C.P.R. said at this time. As early as 1897, the C.P.R. was impressed with the importance of the diversity of travel and of territories, and the assurance of their earning position. The Company's Annual Report for that year stated in part:

While the results of the harvest will always be a matter of great importance in affecting the earnings of the Company, the past year has shown that it is already comparatively independent of the crop in any one province, or in any one season. This is, in part, due to the vast expanse and great diversity in character of the territory covered by the lines of the Company, and in part to the development of mines and other industries not affected by those costs.

They went on in that Report to discuss the foreign invasion of this rich area; to prevent the invasion by foreign mining companies of a district rich in precious metals and other natural resources:

Your directors have secured the control of the charter of the Columbia and Kootenay Railway Company, and agreed with the Provincial Government that a railway shall be built about 30 miles in length, during the present season, to permit navigation waters to the Kootenay Lake from those of the Columbia River, thus opening a line for steamboat and railway communications of more than 250 miles.

Under this agreement, the Government agreed to subsidize this 360 miles at the rate of $11,000 a mile. When the railway was finished, they finally paid the $3,404,720. In return, the Company agreed to several things, which I am not going to read completely, but I will read several things on which they agreed, and which I think pertain to this resolution:

That as soon as the railway is open for travelling to the Kootenay Lakes, local rates imposed on the railway and on any other railway used in connection therewith and now hereafter owned or lease by, or operated on account of the company south of the company's main line in B.C., as well as the rates between any points on such line or lines of railway, on any point of the main line of the company throughout Canada, or any other railway owned or leased by, or operated on account of the company, including its

lines of steamers in British Columbia, shall be first approved by the Governor in Council, or by the Railway Commission, if and when such Commission establishes by law, shall at all times thereafter from time to time, be subject to revision . . .”

This is really what they agreed to:

That a reduction shall be made in the general rates and tolls of the Company as now charged, or as contained in its present freight tariff, whichever rates are now the lowest, for carloads or otherwise, upon the classes of merchandise hereinafter mentioned, westbound, from and including Fort William and all points east of Fort William on the Company’s railway to all points west of Fort William on the Company’s main line, or on any line of railway throughout Canada owned or leased by or operated on account of the Company, whether the shipment is by all rail line or by lake and rail, such reduction to be to the extent of the following percentages respectively, namely: . . .”

I am not going to read the long list of articles. They have all been wiped out by the Railway Commission with the exception of grains. They go on:

And that no higher rates than such reduced rates or tolls shall be hereafter charged by the Company upon any such merchandise carried by the Company between the points aforesaid; such reductions to take effect on or before the first of January, one thousand eight hundred and ninety-eight.

I would like to go a little further and see how the C.P.R. has fared from this Crow’s Nest Pass Agreement. First of all, I would like to remind hon. members that the C.P.R. wanted to get into this rich mineral area of British Columbia. When they got the railway in there, they also received rich mineral lands. In 1906, into being came the Consolidated Mining & Smelting Company, a subsidiary of the C.P.R. This is a company with assets of over $185 million. In the three years, 1955-57, they got over $82 million net profit, and they have paid dividends every year since 1948. The company is engaged directly and indirectly in mining, smelting and refining, and exploration; it manufactures chemical fertilizer. It owns the Sullivan Mines, one of the largest mines of lead, zinc and silver in the world. It bought, in 1946, two chemical plants operated by the Federal Government during the war, at a fire-sale price; they received it for next to nothing.

I think, Mr. Speaker, the main thing the hon. members want to remember is that the C.P.R. was given its charter not only to operate as a railway; it was given a charter to operate in many functions. When you study the charter, it is operating within its functions the way it is operating today; it is operating steamboats, mines, hotels, and is operating in a large field of commerce. It was given that right under its original charter.

I mentioned in the beginning that the C.P.R. has objected several times, and again recently, that the Crow's Nest Pass Agreement should be done away with. It is argued that they lose money on the grain haul out of the western prairies. But the Agreement was brought in because the Parliament of Canada was deliberately trying to compensate prairie agriculture in some measure, because of the lack of competition. In eastern Canada we have the waterways; in British Columbia we have the waterways. Here in western Canada the only means of transport was by way of rail. This was the reason that the Federal Government agreed to compensate agriculture with this measure for the long haul by rail.

I think we should also remember that the C.P.R., when they signed this Agreement, agreed to certain maximum rates on grain in perpetuity. This was an agreement which they went into with their eyes open. Then they go on to argue that the rates under the Crow's Nest Pass Agreement are unreasonable under today's economy. This Government, in conjunction with other prairie provinces, have used the argument that this is not true. They have pointed out some of the discrepancies of the railway's argument. Many rates are lower today than they were in 1997. These rates have been brought down to meet competition, and I think this is interesting enough to put on the records of this House a few figures. I will read from a joint submission of the Governments of the Provinces of Alberta, Saskatchewan and Manitoba, dated Ottawa, January, 1950. It is a submission given to the Royal Commission on Transportation. They have a table here in which they illustrate all rates on first-class traffic, which show rates below the 1897 level. Between Calgary and Red Deer, the present rates (this was for 1950) were 41 cents; in 18967, they were 53 cents. From Calgary to Lethbridge, in 1950 they were 41 cents; in 1897 they were 69 cents. Edmonton to CaMr.ose, present rates in 1950, 29 cents; 1897, 35 cents. Canmore to Golden, present rate in 1950 was 95 cents; 1897, $1.08.

All that is left of this original Agreement, which the railway is still forced by agreement to carry at reduced rates, is grain and flour. That is all that is left of the old Agreement. Never have the railways been able to prove accurately to anybody that they have lost money. They have never been able to produce those figures. I think that, in speaking to the motion the member for Bengough brought in, we need an equitable freight rate, based on distance. we must not forget that here in western Canada we have a long haul. I don't think that we should forget to take in the financial structure of the C.P.R., when we are fighting for an equitable rate. I think the figures I have given here today prove that the C.P.R. has not suffered. I think another thing that enters into an equitable freight rate across the country is the fact that, in western Canada, we do not have competition which is adequate; we have neither competition by water or by road. In eastern Canada the markets are close; in western Canada they are not.

Pursuant to what I have said here, this afternoon, Mr. Speaker, I would ask all hon. members to support this resolution, and I take pleasure in seconding the motion.

The motion (Mr. Brown (Bengough)) was then agreed to, unanimously.

MORATORIUM ACT REPEAL
THIRD READING

The Assembly resumed, from Thursday, March 12, 1959, the adjourned debate on the proposed motion of the Hon. Mr. Walker: "That Bill No. 14 — An Act to repeal the Moratorium Act", be now read the third time and passed.

Mr. L.N. Nicholson (Nipawin): — When we were debating Bill No. 14 in Committee of the Whole there was a lot of horseplay went on from both sides of the House and I did not like it. When I realized that we could debate it on third reading, I asked for an adjournment and, Mr. Speaker, what I would like to know is: what was the origin of The Moratorium Act, when was it made law, when was it declared ultra vires; who, if anyone, was responsible for this legislation being declared ultra vires?

Hon. R.A. Walker (Attorney General): — Mr. Speaker, in moving that this Bill be read a second time, I advised the House that the legislation had been held by the Supreme court of Canada to be ultra vires. At that stage the House was discussing and considering the principle of the Bill, and it is at that stage that the principle should be discussed, rather than in Committee of the Whole. Some question was raised in Committee of the Whole as to the history and origin of this legislation and as to why it was held ultra vires.

I think, Mr. Speaker, that most hon. members here know that this legislation was passed in 1943 and it was passed to replace The Debt Adjustment Act which had, just prior to that, been held to be ultra vires of the Saskatchewan Legislature. This, of course, I suggest, is not particularly relevant to the discussion except for background information, and this information is available to every hon. member of the House. What I thought was the relevant point was that the legislation was ultra vires in whole and, therefore, it could be repealed because it no longer had any legal significance. I did not have with me in the House that night the report of the Supreme Court of Canada, but I think I told my hon. friend, when he asked me, that my recollection was that it was in 1956. I have now the 1956 Canada Law Reports reporting the decision of the Supreme court of Canada, and at page 31 of those reports it sets out the judgment of the Court and the judgments of all the judges of the Court who heard the case. Judgments were given by Chief Justice Kerwin, Taschereau, Locke and Cartwright. Locke gave the actual judgment report and it was concurred in by all of the other judges.

The relevant section of Mr. Justice Locke's judgment is found on page 42, near the middle of the page, and I suggest that this is a paraphrase of what I said in the House, on second reading:

The Moratorium Act as enacted in 1943 and as it appears as c. 98 of the Revised Statues of Saskatchewan of 1953, is, in my opinion, in relation to insolvency and, as I consider that those parts of it which might be justified as a proper exercise of provincial powers cannot be severed from those which clearly exceed those powers, the Act should be found ultra vires as a whole.

This means, of course, that there is no part of the Act which has any legal significance at all. That is the decision of the Supreme Court of Canada.

My hon. friend said he would like to know a little bit more about the history of the Act. I can only say that, when The Debt Adjustment Act of 1934 (the fall of 1934) was passed, it provided for the appointment of a Board which had the power to intervene in any action for foreclosure or in any action involving a judgment against a debtor in excess of $100, and this Board had the power to file with the Court a notice or a memorandum stopping or staying the action of the Court.

In 1943, when this legislation was found to be ultra vires, the principal provisions of it were divided into three other Acts. They were The Moratorium Act — the one which we are dealing with; The Mediation Board Act, and The Limitation of Civil Rights Act. Some of the provisions (the ones which abolished or prohibited any recovery on personal covenants) were put in The Limitation of Civil Rights Act, and they are still there. the provision regarding the establishment of a Board and giving it power to mediate suits was put in The Mediation Board Act, and that is still there. the moratorium provision of the old Debt Adjustment Act, with some limitations, was put in The Moratorium Act.

The Moratorium Act differs from the provisions of the old Debt Adjustment Act chiefly in this respect. The Debt Adjustment Board purported, on its own orders, to stop actions in the Court. Under the new legislation, however, this power was vested in the Lieutenant-Governor in Council, and it was limited to a two-year period. Under the old Debt Adjustment Act there was no limit. I could stay it indefinitely. The new Act (The Moratorium Act) purported to give the Lieutenant-Governor in Council the power to stay actions for two years on the recommendation of the Mediation Board. It was on this question that the Act was referred to the Courts.

When it was referred to the Courts, it was referred, I may say, by way of a constitutional question, under The Constitutional Questions Act, to the Saskatchewan Court of Appeal by the Government of Saskatchewan, as a result of a decision of the Queen's Bench Court of this province. In order to settle the matter without putting the parties to the expense of taking it to the Supreme Court of Canada, it was referred by the Government, and the Government, of course, paid the expense; much, as hon. members will recall, as was done with certain sections of The Vehicles Act last year when, the constitutionality having been called in question, rather than put the parties to the expense of airing an appeal to the Supreme Court of Canada, the Lieutenant-governor in Council referred the question of its validity to the Saskatchewan Court of Appeal, and, therefore, paid the expense of both sides of the litigation through the Saskatchewan Court of Appeal and on to the Supreme Court. In connection with The Vehicles Act we had a little more happy experience and we were upheld. In that case, of course, it was questioned by, first of all, a member of the Legislature who violated the rules of the House by giving legal opinions to the House.

Mr.s. Batten (Humboldt): — I am not the Attorney General, although you seem to think I am.

Hon. Mr. Walker: — The principal question, however, which was put to the Courts was No. 3 which asked:

Is The Moratorium Act, c. 98 of the Revised Statutes of Saskatchewan, 1953, ultra vires of the Legislature of Saskatchewan either in whole or in part, and, if so, in what particular or particulars, and to what extent?

The answer which I read from the judgment of Mr. Justice Locke answers No. 3; and the Court said, having answered No. 3, it was unnecessary to answer any of the other 10 questions that were asked.

I may say, in answer to my hon. friend from Arm River (Mr. Danielson) who opposed this legislation, that Saskatchewan was represented in both courts. The Dominion Mortgage Investment Association was represented in the Supreme Court of Canada. The Canadian Bankers Association was represented and argued the case, argued against its validity; and Mr. E.P. Varcoe and Mr. D.W.H. Henry appeared and argued on behalf of the Federal Government for the Attorney General of Canada, to the effect that the legislation was invalid, and they won.

I don't know if I have helped my hon. friends to know what the purpose of this repeal is. I think I dealt with the matter when I said that it was invalid, unconstitutional, a nullity, and, therefore, should be repealed to save paper.

The motion was then agreed to; the Bill, accordingly, was read the third time and passed.

SECOND READING

Moved by the Hon. Mr. Walker: "That Bill No. 35 — An Act to amend The Queen's Bench Act", be now read the second time.

Hon. R.A. Walker (Attorney General): — There are two principles involved in this legislation. The first one is the one whereby we propose to repeal, effective next January 1st, the regulation-making power of the Lieutenant-Governor in Council as to the rules of Court. The other, and more important, principle is the one dealing with the ex parte interim injunction in labour matters.

In introducing this amendment to The Queen's Bench Act, the Government hopes to overcome and injustice which has developed in the use of labour injunctions. The injunction, for the information of the House, is a court order by which a person may be ordered to do something which is required by law that he do, or to prohibit him from doing something which is a civilly unlawful act, something which is a violation of someone else's civil rights. The injunction is not used in the field of criminal law and should only be granted in civil cases where damages are not a good enough remedy for the party who will be injured. For example, if my neighbour decides to dig a hole in his back yard, a large hole which threatens my back yard with sliding into it, I might get an injunction against him to prevent him from digging the hole; otherwise I would suffer an irreparable damage or injury which could not be compensated for by mere monetary damages.

Injunctions can be of two kinds, permanent or interim. If I commence an action against my neighbour for damages for the damage that I have suffered from the noise and the vibration of him digging in his back yard, I can get damages for that. I might also get an injunction, a permanent injunction, prohibiting him forever from doing any similar digging. If, on the other hand, I become apprehensive as soon as he starts digging and can convince the court that I am in danger of suffering permanent and irreparable harm, I might get an interim injunction which would prevent him from doing any further digging in his back yard until such time as the whole matter could be completely tried in the court to see who was right. In other words, the interim injunction actually goes further, and without the respective rights of the parties having being adjudicated upon. It maintains the status quo until such time as a trial can be held. Thus, the interim injunction, it will be see, was not designed to settle rights, but to merely preserve the right of the applicant until the matter can be tried fully and to protect him from irreparable harm which might ensue.

Injunctions may be obtained from the court in two ways: one, by giving the other party notice of the intention of the application so that he can appear and oppose it, argue against it and produce evidence against it; or, an injunction may be obtained ex parte, without any notice to the other side, and without the other side even being present. This is where the injunction is required to prevent permanent serious injury to the plaintiff.

Ex parte interim injunctions have been very useful over the centuries and this is a remedy which extends back over many hundreds of years. They have, however, caused considerable injustice in the field of labour disputes in recent years. When a strike starts, the chief weapon which labour has to further its rights is the right of strike action; and a strike, of course, can only be effective if it is supported by a picket line. As the law has been up to date, when a strike is threatened, an employer may make an ex parte application to the court, without any notice to the strikers or the intended strikers, asking the court to prohibit picketing. The employer, of course, in making the application would have to allege that he was apprehensive of some unlawful act, such as the carrying of defamatory signs, or trespass, or nuisance. He would not have to produce any witnesses or any other evidence except his own affidavit, or the affidavit of his agent or employee, and such affidavits may be on the basis of hearsay evidence alone; they usually are. The court could then, by injunction, prohibit the strikers from picketing or from continuing to picket.

In many cases this injunction would, in effect, be prohibiting the workers from striking. This is particularly true when there are two unions in a plant and one of them goes on strike; usually the members of the other union will not feel bound to stay out of the plant unless there is a picket line which they would have to cross. The members might feel free to work and might continue working; and, of course, the usual case is where non-union labour is brought in, or attempted to be brought in, when the union is on strike. These, too, would be discouraged from entering the plant when a picket line was on the job.

The right to picket has been upheld and affirmed by the courts on numerous occasions. It has long been recognized as a legitimate right of labour. Yet the situation has developed where the courts could give injunctions

on the flimsiest evidence, without hearing both sides, and a strike could be broken simply because picketing was prohibited. This is not necessarily a criticism of the courts as they are obliged to act on the evidence put before them, and they are required to consider applications for an interim injunction without hearing both parties; but the result has been that ex parte interim injunctions, instead of being a mere remedy to preserve and protect the status quo, having in fact been settling labour disputes, in favour of the employers, by breaking strikes.

In an effort to remedy this situation The King's Bench Act was amended, back in 1951, to provide that such injunctions would have a duration not to exceed four days. However, experience has shown that the early days of a strike are the crucial days, and if picketing is prohibited during the early days, particularly in the first four days of a strike, the strike will likely collapse. If it does not collapse, then it will simply be prolonged by those additional four days or even longer, because labour has been denied the right to assert its right in an ordinary and generally lawful way during the first four days.

It has, therefore, appeared necessary for us to introduce legislation at this time to prohibit the use of ex parte interim injunctions in labour disputes. If an employer feels, after this new legislation is passed, that he requires an injunction, he will have to serve notice on the strikers that he is going to make an application to the court. You will note that the new Section 20, subsection 2, requires him also to serve notice of the affidavits and other material which he intends to use as evidence. Formerly, he needed only to file these affidavits in the court, and if he did so on a Friday afternoon, of course, it just could not be examined or scrutinized by the union until 10:00 o'clock, Monday morning. Moreover, the new legislation provides that hearsay evidence will not be sufficient on which to base an application. The affidavits must confine themselves to facts which are within the personal knowledge of the deponents.

The abolition of ex parte interim injunctions will not have the effect of depriving employers of their ordinary legal rights. If the picketers or strikers do damage to his plant or to his business, he still has the right, which is not abridged in any way, to seek remedy in damages; but he will not be able to use the courts to impose a solution on the strikers which he would not be entitled to receive in any other way. He will not be able to get an injunction to prohibit an act which would not otherwise be held unlawful by the courts.

The labour injunction became a more serious problem in the United States much earlier than it did in Canada. In 1931, the State of Wisconsin took the lead in abolishing ex parte labour injunctions; in 1932, the United States Congress, in the Norris-Laguardia Act, limited the use of ex parte injunctions in labour disputes. Under their law the applicant must establish his case by calling witnesses who will testify under oath; there is no such thing as accepting hearsay evidence, merely on information and belief of a deponent. There is now legislation in some 20 or 21 of the American states similar to what we are proposing here. I won't bother to give the House the names of those states, but nearly half of the American states have seen fit to outlaw ex parte interim injunctions and, as I say, the Congress of the United States has limited it so severely that it really amounts to the same thing as what we propose here in Saskatchewan.

In England there is no legislation outlawing the ex parte interim injunction, and the reason for that is that employers there have made little, if any, use of this injunction procedure. Other jurisdictions, such as New Zealand and Australia, have not got the problem either, because they have other means of dealing with labour disputes. They have unique legislation providing for the rights of employers and employees.

This legislation has been requested in Saskatchewan over a period of many years by the Trade Union movement. In their brief to the Saskatchewan Government in 1949, in 1950, in 1954, in 1955, in 1956 and in 1958, the Saskatchewan Federation of Labour has called for restrictions in the use of injunctions in labour disputes. Experience has shown that such action is justified. I might point out, too, that the Federal Government has had similar representations from labour and have ignored these requests.

At the merger convention of the Canadian Congress of Labour, in 1956, the limitation of the use of injunctions in labour matters was included in their platform of principles, and in January, 1957, submission was made to the Federal Cabinet for federal action. Prime Minister St. Laurent at that time said that many of these matters would fall under provincial jurisdiction, and he was not sure that the provinces would agree, that they might not co-operate in the issue. The fact of the matter is, of course, that the Federal Government has exclusive jurisdiction in certain classes of labour matters. This he did not see fit to act upon.

Again, in October of 1957, the Canadian Labour congress presented this proposal to the Canadian Cabinet. The Federal Minister of Labour replied that the contents of the brief would be taken under consideration and, as far as I can ascertain, it is still under consideration by the Federal Government. No other province in Canada has yet seen fit to limit the improper use of labour injunctions and this makes another ‘first’ for Saskatchewan.

With these few words, Mr. Speaker, I move that the said Bill be now read a second time.

Mr.s. Batten (Humboldt): — Would the hon. Attorney General permit me to ask a question. How many interim injunctions have there been granted in Saskatchewan during the last three years?

Hon. Mr. Walker: — I cannot give you the dates or the figures of the number that have been granted, because those are not in the ordinary course reported to the Attorney General’s Department. We have no other way of knowing except through the channels that are open to any hon. member. We hear about them, and I know of seven or eight in the last eight years; there have been seven or eight occasions when this remedy has been used. This is not an exhaustive list; it could have been used in any number of occasions without us having knowledge of it at all.

Mr. Coderre (Gravelbourg): — Mr. Speaker, I may be out of order, but I would like to know: How does that compare with the situation that is now taking place in British Columbia in regard to this?

Hon. Mr. Walker: — Well, comparisons are always odious and I am sure British Columbia will find it son in this case. British Columbia is proceeding in the opposite direction entirely.

Mr.s. M.J. Batten (Humboldt): — Mr. Speaker, I only have a few words to say on this. I have not any particular objection to this change, particularly on the ex parte matter, but the question that I would like clarified is this. When the hon. Attorney General says that this legislation is not abolishing any rights, I have to take exception to that statement because it is, even on the face of it, abolishing the right of the employer to supply for an ex parte injunction; and it is abolishing a right that has existed in this province and which exists in every other province in Canada.

Now I don't know whether it was made clear to this House, but I think maybe the members are aware of the fact that this type of remedy is a very exceptional remedy not only in the case of labour; but to obtain any ex parte injunction is not the easiest thing in the world. The court has to be a convinced that there is very ample justification for such an injunction, and it is only in a case where there is almost no other remedy and where the dangers are almost instant and self-evident to the court that such a remedy is granted.

I submit that the only justification that the hon. Attorney General has given for this legislation is that the labour unions want it, and I suppose that is reason enough; but I cannot see that the right of the union or of the worker has been jeopardized. Certainly there has been no illustration of a case where they have been hurt in any way. After all, it is only a four-day stoppage, and it could enable the employer to dispose, perhaps, of goods or services that are absolutely essential or that might spoil in the meantime.

That is the only reason that I hesitate; first of all, because it is curtailing and abolishing a right that presently exists; and secondly, because it might be causing damage in our industrial life and to the economy of this province. However, I am willing to accept the word of the Attorney General that this has been well thought out by the Government and the Government is convinced it is proper legislation and that the unions need this for their protection. For that reason I won't oppose it.

Hon. Mr. Walker: — I would like to make just one comment in reply. This is one occasion when I followed my notes rather closely, Mr. Speaker, and just to keep the record straight, what I did say was: "Abolition of the ex parte interim injunction will not deprive the employers of any right other than the right they have been claiming, to break strikes."

I went on to say: "But he will not be able to call on the courts to prohibit acts which he could not otherwise prove unlawful." I did not say that it was not abolishing any rights.

The motion for second reading of Bill No. 14 was agreed to, and the Bill referred to a Committee of the Whole at the next sitting.

CROWN OIL UNDER ROAD ALLOWANCES

Moved by the Hon. Mr. Brockelbank: "That Bill No. 68 — An Act respecting Crown Oil within, upon, or under Road Allowances", be now read the second time.

Hon. J.H. Brockelbank (Minister of Mineral Resources): — Mr. Speaker, before moving second reading of Bill No. 68, I would like to give a little bit of background information, and also some explanation of the principle of the Bill itself.

I first want to make it clear that the minerals on road allowances, from the beginning of mineral administration in Saskatchewan, have been recognized as set apart. Section 4 of The Mineral Resources Act of 1931 reads as follows:

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.

Since 1931 a similar provision has been found in every Mineral Resources Act. As a matter of practice, all other minerals except oil and gas, the other minerals which are non-fluid, have been handled by disposition. There the problem was quite simple. If you had a deposit of coal or gravel or anything else on a road allowance it would not run away as a fluid will into or onto the adjacent land.

The other thing I would like to point out is that no permit for exploration, no leases which have been issued in the province of Saskatchewan in regard to oil and gas have ever included road allowances. They have always been confined to the specific legal parcel or parcels of land mentioned in these documents. So the background is that these minerals have been, from the earliest days of our history in this matter in the province, recognized as property of the Crown; and that situation has never been compromised by any lease or agreement or any clause or implication in any document.

This problem (that of oil and gas under road allowances) is different from other minerals because, when oil or gas is produced through a well, it comes from the whole reservoir without regard to survey lines. It is a different situation altogether from that where mining is done by actually picking up the mineral from its original location and proceeding from that point.

During the years that we have had oil production here in the province of Saskatchewan the oil producers and the owners of land along the road allowances, other than Crown land, have enjoyed the advantage of the fact that no provision at that time had been made for the disposition for the Crown of the road-allowance oil. In many cases, particularly where there were freehold oil rights on both sides of a road allowance, the Crown would not even be getting any standard royalty from this oil; that would be enjoyed by the owners of the freehold lands alongside.

It is also true that the parcels of land which have been included in exploratory permits and in drilling reservations and leases have been the areas which have provided the incentive and the returns for drilling and development. We approached this problem as one that had to receive attention at some time, and one of the first things that we took note of is that, where an oil field is drilled out, the facilities which are now in place, the wells, will produce the oil from that reservoir including the oil under the road allowances, without any additional capital cost and with very little additional operating cost.

We could have proceeded to lease the road allowances but, of course, without interference with the pattern of drilling you could not have wells drilled on those road allowances. It could be done, but it would change the pattern, and it would be very difficult for all concerned. The administration, from the point of view of the Government and the companies as well, would be difficult. If you leased these parcels they could, of course, then have been pooled with the adjoining parcels; but that would mean many, many hundreds of pooling agreements which would have to be arrived at and agreed upon. So we rejected both of those methods.

It is interesting to note that just recently in the State of Texas, they have had, or are having (I don't know whether the sale is over yet) a sale of oil rights on road allowances, and it is proposed there to follow one of the methods which we have rejected — that is, of providing the right to drill and providing an allocation of production for that road allowance tract. That does not mean, of course, that the oil produced through the well drilled to get the road allowance oil will all be oil from the road allowance. it does not happen that way; but they would allocated a proportionate amount of oil which could be produced through that well, that proportion in relation to the area of the road allowance in comparison to the area of the adjoining land.

In Saskatchewan we have different systems of surveying. In the first system there was a road allowance around every section of land, and the road allowance was six rods wide. that meant that the road allowance was approximately 3.75 per cent of the land in a township, which is quite a substantial percentage. Then, in our later surveys where we find a road allowance around each two-section block of land, and the road allowance is four rods wide, the road-allowance land is approximately 1.88 per cent of the land in a township. We considered the question of having variations from one area to another and decided to reject that, for the simple reason that the administration appeared to be quite difficult, and, therefore, we arrived at the conclusion to put in the Act that 1.88 per cent of the oil in any reservoir in the province shall be road-allowance oil, or shall be deemed to be oil that comes from under the road allowance. that is the percentage which is found in the survey with the smallest percentage of road-allowance land.

In the other areas of the old surveys, which includes some of our oil fields, the people who were previously enjoying some advantage will continue to enjoy half of that advantage, because this is actually about half of what it is in the road allowances in those other areas.

Having established by the Act that 1.88 per cent of the oil in a reservoir is Crown oil from the road allowances, we then provide that approximately 53 per cent of this oil shall be delivered to the Crown and that the

producer (the company doing the production) shall take for himself, for the cost of producing and lifting the oil, just over 46 per cent of the oil which has been established as road-allowance oil. That is the division of the oil: 53 per cent of the road-allowance oil will come to the Crown; a little over 46 per cent goes to the company for doing the job of lifting or producing the oil.

The way the Act reads is that one per cent of the total oil produced in a field shall come to the Crown. It is put that way merely for convenience. It is actually just over 53 per cent of the road allowance oil. The comparison is between one and .88; and that is how you arrive at the 53 per cent and the 46 per cent. So the producers will get nearly half of the oil for the trouble of lifting it. When this oil is produced the first thing that will be calculated in regard to the production is the 1.88 per cent of the production, and that will be taken off the production — 53 per cent of it goes to the Crown and 46 per cent to the Oil Company; and then, on what is left, whatever royalties may be applicable, according to any lease or regulation or agreement, will apply.

I would like to point out to this House that this is neither a tax nor a royalty. It is a share — taking a share of the oil which is the property of the Crown. I know a great many people will continue to call it a tax or a royalty, but it is no more a tax or a royalty than the share of the crop you get from your farm when you lease it out to somebody. It is in exactly the same position.

Mr. Speaker, I don't want to get into too much difficulty, but there is a difference between what is called a farm-out, which is a share-production job, and a lease, where there is a standard or over-riding royalty. I am not going to worry about what it is called, but I did think that I owed it to the members of this House to explain exactly what it is.

Members will probably want me to say something about the reaction of the oil industry towards this Bill; and naturally, quite naturally, they are not cheering and jumping up and down about it. You would not either, if you were in the business. I have known cases — and I apologize for bringing these simple cases of farming in as examples, but I know them best — exactly similar, where a farmer has broken up a road allowance that was not used, had farmed it for years and years, got crops off it, paid no rent to the municipality or the owner of the road allowance, and pays no taxes on it either; and I suppose when it came to the time that the municipality wanted to use the road he might feel grieved that he had lost something which he had been using for a long time.

Mr. Danielson (Arm River): — But this is a royalty, isn't it?

Hon. Mr. Brockelbank: — I didn't expect my hon. friend to agree, but the example I cited is much the same situation. It will cost the industry some money which they have previously enjoyed and, if I were in the industry, I would weep and cry a little bit about that, too, personally, and so would everybody else. However, I think it is important to remember that it cannot be argued that this is not a fair proposition, that we take a share of the oil which is under the road allowance which belongs

to the Crown — to the people of Saskatchewan.

So I am pleased to move that Bill No. 68 — An Act respecting Crown Oil within, upon or under road allowances, be now read a second time.

Mr. A. Loptson: — Mr. Speaker, I would just like to get a little clarification on this Bill. In the first place I was quite interested to hear the Minister say that it isn't a royalty or a tax. It is just like saying to a man who is drawing wages that it is neither a salary nor wages; but he is still getting paid.

Hon. Mr. Brockelbank: — Well, you get an indemnity, which is neither salary nor wages.

Mr. Loptson: — I wonder, Mr. Speaker, if this hasn't got some far-reaching repercussions. After all, it is giving you and increase in royalties; that is what it is, a one per cent increase in royalties. Instead of the companies paying 12 1/2, which is the common rate, they are paying 13 ½ per cent. Isn't that a fact?

Hon. Mr. Brockelbank: — No.

Mr. Loptson: — In addition they are getting this one per cent from the free-hold properties. You are getting it from the Crown Land, and you are also getting it from the freehold.

Hon. Mr. Brockelbank: — No, that's not right.

Mr. Loptson: — Then it doesn't apply to the freehold?

Hon. Mr. Brockelbank: — No, it only applies to road allowances.

Mr. Loptson: — According to the Bill, it does.

Hon. Mr. Brockelbank: — That is not freehold.

Mr. Loptson: — Well then, the man who has a freehold lease, he gets oil from the road allowance adjacent to that land. How can he help it? But take, for instance, a section that is divided into sixteen 40-acre legal subdivisions and if you have 40-acre spacing for the wells, which is commonly done — I think that is the regulation here in Saskatchewan, and the hon. Minister can inform me if that is not right.

Hon. Mr. Brockelbank: — That is the case with some of them.

Mr. Loptson: — Then that is four wells per quarter-section. In this light oil I think that is common. That means that a well on Legal Subdivision 1, 4, 13, and 16 draws oil from a half-mile of road allowance, because he gets a quarter of a mile on each side. The wells on 2, 3, 5, and 12, 14, 15, 8, and 9, draw oil from a quarter of a mile or road allowance. Then you get the four wells on Legal Subdivisions 6 and 7, 10 and 11, and they are a quarter of a mile away from a road allowance. Now how are you going to apply it to them? If you have all of these wells — four of them on a section that gets half a

mile of road allowance, and sight of them drawing from a quarter of a mile — then you have the four wells in the centre of the section that will not draw any oil from the road allowance, and I am wondering how you are going to apply this tax. Is it going to be two per cent for the one on the quarter of each section that draws oil from a half mile, as compared with one per cent on the wells that will only draw from a quarter of a mile. I would like to have that explanation, if it is proper to have it at this time, or in Committee. I think it is rather interesting.

I want to draw to the attention of this House the principle of this Bill which would indicate that contracts with this Government are not too secure, because this is an increase in royalty that has been contracted for, and what may be the next tax that they may decide to apply on the industries of the province of Saskatchewan.

Mr. D. T. McFarlane (Qu'Appelle-Wolseley): — Mr. Speaker, when the Minister introduced this Bill, it reminded me of a saying during the last war among service personnel at that time. The favourite saying, whenever they perused Orders of the Day, was that "something new has been added." When this Bill was introduced, and in spite of the remarks of the hon. Minister that it isn't a tax, to me I cannot see any justification for his explanation, because it still represents a form of taxation.

I was not so much interested in what the hon. Minister said in explaining the Bill as I was interested in what he did not say. There are some clarifications which I think should have been brought out, and some that are probably of vital interest to the future of the oil industry in this province.

One thing which has not been made clear — maybe I do not understand it, and I would like to be corrected if I am wrong — is whether this could even apply to farmers royalties. Wouldn't the farmer also be expected to pay one per cent of his 1/8th of the royalties? That has not been brought out. The other thing that wasn't clarified is: why do the oil companies, in certain cases, have to pay in kind, namely, deliver oil to the Government in staid of cash? That is something which is of vital interest, and I think that should have been explained. I can see a situation where the Crown could take its payment in oil, and take that volume of oil and possibly deliver it to a certain oil company, or to a certain company distributing oil. If they had that means of dealing with the public, there is a possibility there where you could have a price war among major oil companies throughout the province, and it appear that it could be used as a whip against one or any oil company.

The other thing I was very interested in is, as has been stated before, there has been $374 million invested in this province by the oil companies in trying to develop oil. We have had situations in the past where oil companies have left this province and gone to other provinces. At the present time I understand there is some oil development in areas which is probably only marginal development. Some of the oil wells are not too good producers; the prospects for the future aren't too good. The oil companies today say they are just operating some of these oil wells to try and get some of their original investment back. So I would suggest to the hon. Minister if this tax has the result of possibly shutting down some of these operations,

then we, the people of this province, have a chance to suffer under a tax of this kind.

The other thing is this. He went on to explain that the oil companies haven't drilled on road allowance; but what kind of an agreement would you make supposing you were to start up under your own Crown Corporations and drill on some of your own road allowances? Then what kind of a deal would you make with the oil companies that had leased land next to your road allowance? Mr. Minister, I, therefore, think there is a great deal of explanation yet needed in the interest of the people of this province, in regard to this particular Bill.

Mr. L. P. Coderre (Gravelbourg): — Mr. Speaker, the hon. Minister, a few moments ago, said that the industry, or some in the industry, are crying about this. I don't doubt that, and probably in some cases I would quite agree that they have too much, but what I would like to ask at this time is — are we not likely to cry at some future date? That is a question we should keep in mind. It took several years after the present Government came into the province before we could coax the oil industry into this province. Now, after they have somewhat established themselves and are just starting to get a return on some of the millions they have invested, they are leaving. We see considerable amounts of activity in British Columbia and the Northwest territories, and Saskatchewan's share is dropping considerably.

I think there seems to be some socialist planning in this, because we seem to be departing from the customary practice of other places or any other province or, in fact, states or even countries, in establishing this additional tax. Mind you, the Minister said he didn't call it a tax. Well, it all comes out of the well.

Hon. Mr. Brockelbank: — Mr. Speaker, I didn't say I didn't call it a tax. I said it isn't a tax.

Mr. Coderre: — The Minister said it isn't a tax. It's a form of levy. The hon. member from Saltcoats (Mr. Loptson) said, a moment ago, that the oil comes out of an 88-acre block; it doesn't matter where it is. The oil is taxed on that basis, or there is a royalty on that basis. So if you pump 20 barrels today and get one per cent of it, and then you add on the other 12 per cent, I have to alternative but to think of it as a form of tax even thought the Minister has said it is not a tax. Now it is a question of whether the Minister is right or wrong. I think that some way, somewhere we probably should have a larger share of the provincial oil revenue, but no more than what the other provinces or other areas are getting, because in so doing we are chasing out of this province the oil industry that we so greatly need.

That is the one reason, Mr. Speaker, that I got up — just to bring out very emphatically that we must be very careful. It has been a hard, tough row to hoe to get the oil industry into this province. Now, let's not do something foolish with our planning and lose it all.

Mr.s. Mary J. Batten (Humboldt): — I was under the impression after reading this Act, that this Bill was intended to be a tax or a royalty in breach of agreements already made by this Government. But, since I have been informed by the hon. Minister that it is neither a tax or a royalty, I certainly would like leave to adjourn the debate so that I can study the matter further.

(Debate adjourned)

SCHOOL GRANTS

Moved by the Hon. Mr. Lloyd: "That Bill No. 69 — An Act to amend The School Grants Act", be now read the second time.

Hon. Woodrow S. Lloyd (Minister of Education): — Mr. Speaker, this Bill, together with similar amendments which will be introduced in The Larger School Units Act, provides the changes in the different methods by means of which school grants are distributed in the province. I have already had reference to the underlying principles when I spoke during the budget debate, so I think I can perhaps summarize in rather a brief fashion at this time.

I first of all have reference to that group of schools in the province, each of which employs less than 30 teachers. The only change insofar as this group is concerned is in the equalization grants. That is, these schools will continue to receive the $900 per year per elementary classroom, $1,200 per year per high school classroom, and $10 per day on the basis of their average daily attendance. The change, then, has to do with the basis of paying the equalization grants. Last year, for equalization grant purposes we included all of those districts with an assessment of less than $135,000. This year, we propose to include all those with an assessment of less than $140,000. We will provide also this year that when a school of this kind includes high school as well as elementary rooms, the rate of equalization grant will be somewhat larger than if the school only includes elementary rooms.

The larger group is that to which grants are distributed under what we call the "general formula", and includes all of the school units in the province, the 10 cities and two largest towns which are not in the school unit. In other words, it includes all of these areas which employ 30 or more teachers. here, as I intimated in the previous debate, we are broadening the basis of our foundation support, and we are also increasing the level of that support.

May I have reference, first of all, to the assigned costs for the program as was used last year, and as we will apply them this year. We will continue to use the actual costs of transportation, of fees paid for students who attend schools outside the unit, or of high-school assistance. The second factor in program costs is determined by considering the members of classrooms or teachers, whichever happens to be the greater in the area. We continue to use as the basis in the elementary classroom, $3,600 as last year; but this

is the major change, if the teacher who is employed holds a standard certificate or better, we will add $400 to that basic cost. In other words, in every elementary room in which the teacher holds a standard certificate or better, the assigned cost is $4,000.

With regard to the high-school classrooms, we continue to use the basic assigned cost of $5,000 as last year, but we add this: if the teacher has a professional certificate, then we use $5,600 as the basis of cost.

The third change is that if, in an elementary school, the principal holds a professional certificate, the cost assigned to that school will be $5,600.

Those, Mr. Speaker, are the main changes which are proposed in this Bill which I move be now read a second time.

Motion agreed to, and Bill referred to a Committee of the Whole at the next sitting.

STUDENT AID FUND

Moved by the Hon. Mr. Lloyd: "That Bill No. 70 — An Act to amend the Student Aid Fund Act", be now read the second time.

Hon. Mr. Lloyd (Minister of Education): — Mr. Speaker, this is a very brief amendment to which, I may say now, will be added an equally brief House amendment in order to make it possible to implement the plan of providing scholarships which are being proposed for this year.

Perhaps I might take a few minutes to have a reference to the assistance which has been available in the province and the effectiveness of its operation, and use that as the basis for indicating how the additional assistance will be provided. As the Student Aid Report which was tabled in this House some weeks ago indicated, the giving of assistance to university students and teachers' college students has been a practice in the province since the early 'forties. In 1949, ten years ago now, it was decided to put the assistance on a more organized and, more particularly, a more permanent basis. At that time we passed what was called The Student Aid Fund Act, and, as a result of the Act, invested $1,000,000, the earnings of which were to be used to provide assistance to students at teachers' college, university, or those who were taking training as nurses.

In addition to the funds so available were to be added repayment of loans which had been previously made, and which would be made in the future, and any payments which were available from the Federal Government.

The extremely gratifying experience that we have had as a result of our loan plan can be generalized, to some extent, by saying that, in the ten years of operation, we have loaned out almost $2,000,000 — about $1,750,000 — which is almost twice the amount of the original revenue. The estimates this year provide a return of $75,000 in capital to that investment,

so that we will have still the $1,000,000 invested. As a result, we have almost one-half a million dollars of assets in the form of loans which have been made and which, I may say, are being repaid almost right on time. One of the gratifying features of the plan, or rather of its operation, has been the very excellent response by those who have borrowed money, in regard to their repaying the money. We felt, however, that it was desirable to do something more than just make money available on the basis of the loan; consequently, the decision this year to introduce a plan of scholarships.

The Bill does not give all the details, so I will give you some indication as to the policy which we propose to operate. The scholarships, first of all, are to be made available to University students in their first year, or to a student at Teachers' College, or to students taking their first year of a two-year course at the Technical Institute. The question may be raised as to why we confine it to students in the first year. Our thinking has been that, while the Loan Fund has been made available and will be available through the Loan Fund, there is, I think, some psychological barrier, perhaps, which prevents some people from borrowing money. A great many people here in Saskatchewan (and all of us can understand why, I think) don't like too well to borrow money. We feel that, once the student gets the first year under his belt (or wherever he happens to put it) is much more likely to continue. So, if we can get him over that first initial barrier, which I think is partly psychological, it is well worthwhile.

Secondly, of course, a student who is going into his first year does not have a very long period of time to work in order to save money. he completes his Grade XII at the end of June and, in a couple of months, he has to be at University, whereas the University student who gets out much earlier does have more time — four or five months — in which to accumulate something towards the expense of his second year. We have felt that the best use of the money which we have would be to make it available to first-year students.

The amounts of scholarships will be $500 a year or $300 a year. They will be $300 a year for those students who are fortunate enough to live in the city in which one of the institutions happens to be. Students whose home is in Regina, and attending in Regina, will be eligible for $300; but a student living half-way between Regina and Saskatoon, who goes to Saskatoon or Regina or Moose Jaw, would receive $500. Students living in Saskatoon going to the University would receive $300; one from Meadow Lake going to Saskatoon would receive $500. They will be distributed on the basis of the academic standing of the students. Students will be required to write all of the Grade XII examinations in order to qualify. They will be required to apply for the scholarship.

I should have mentioned that, with the $150,000 which is provided some of the scholarships being worth $500, and some worth $300 — we anticipate this will provide close to 350 scholarships. Instead of making the selection by ranging all of the Grade XII students who write their examinations in the province in one group, we propose to divide the province into zones. I am not quite sure at the moment how many zones there may be — 10, 12, 15 or 16. We will make available in each of these zones a number of scholarships based on the number of Grade XII graduates in that zone the year before.

Doing it this way, we hope to get a somewhat better distribution of the assistance than we would if we treated all the students as just one group. In addition to that, we hope that we can make the dollars to a bit of 'double duty'. They will be of assistance to the student in helping finance his university course for the first year. They will, I think, also be some valuable incentive, and more incentive when they are applied on an area basis rather than if they are applied across the province as a whole.

It is difficult to say at the moment just what percentage of our students will receive assistance in this way. The students will have to have an average of at least 75 per cent, and perhaps higher, in their Grade XII examinations in order to qualify. Certainly a very respectable portion — I think might be the word to use — of the students in the province who have that kind of academic standing will have this assistance available to them.

Mr. Speaker, I have been able to say before in the House that the finances in this province of Saskatchewan are available to make it possible for anybody who qualifies and wishes to go on with higher education after Grade XII. I would like to say now, with even greater conviction, that his plan will make doubly certain that none of our abler students need to be denied the opportunities of continuing their education because of any financial problem. I am extremely enthusiastic about moving the second reading of this Bill.

Motion for second reading agreed to, and the Bill referred to a Committee of the Whole at the next sitting.

GROUND WATER CONSERVATION

Moved by the Hon. Mr. Nollet: "That Bill No. 73 — An Act respecting the Drilling of Water Wells and the Conservation and Utilization of Ground Water", be now read the second time.

Hon. I. C. Nollet (Minister of Agriculture): — Mr. Speaker, this is The Ground Water Conservation Act, and the reason that this legislation is being introduced is primarily because of the ever-increasing need for information on the location, quantity and quality of ground water, because of the tremendous demand on the part of urban centres as well as farmers. It is expected that this legislation will give us the best source of information from the well-drillers themselves.

This Act is also associated with the work presently undertaken by the Saskatchewan Research Council, in conjunction with the Government, on the whole question of ground water supplies. The information and data obtained as a result of this legislation will be made available to well drillers, and will be of assistance to them. In addition, it will be of assistance to municipalities who are interested in ground water, and also to industry. We have obtained very considerable information from the Department of mineral Resources, but this method will give us more specific information relating to ground water, and locating ground water, and obtaining ground water of suitable quality and in sufficient quantities.

This will, as I said, require registration and licensing of well-drillers in order that we may have a record and obtain samples from them, and also to provide them with useful data, which will be transmitted to the Water Rights Division, to the Research Council, and other media. With this explanation, Mr. Speaker, I move second reading of this Bill.

Mr. Korchinski (Redberry): — Does the Government foresee any additional revenue to the Government from this?

Hon. Mr. Nollet: — No, the licensing fee will be a nominal licensing fee for the purpose of getting a record of the well-driller, and providing him with information which will be useful in the drilling of wells, to promote better well-drilling and better conservation of water.

Mr. J. R. Barrie (Pelly): — Would the hon. Minister permit another question? Does this mean that any farmer, before he drills a well, shall report to the Department? I notice here it says: "Every person shall notify the Department before commencing the drilling of a well."

Hon. Mr. Nollet: — It will not apply to a farmer drilling his own well. We are not greatly interested in the casual well-driller who drills shallow wells, although any person who drills wells will be asked to register his core sampler in order that we may have the information as to the subsurface structure of the well which was drilled. But it is not too important insofar as the individual farmer well-driller is concerned.

Mr. Loptson (Saltcoats): — What is the depth specified?

Hon. Mr. Nollet: — There is no depth specified.

Mrs. Mary J. Batten (Humboldt): — Mr. Speaker, I wish to ask leave to adjourn the debate.

[Debate adjourned]

The Assembly then adjourned at 10:00 o'clock p.m., without question put.