

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
First Session – Fourteenth Legislature
11th Day

Thursday, February 23, 1961

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

On the Orders of the Day:

CONGRATULATIONS RE BY-ELECTION

Hon. Mr. Brockelbank (Minister of Mineral Resources): — Mr. Speaker, before the Orders of the Day, I would like to take this opportunity on my own behalf, and on behalf of the Government and the Members on this side of the House to congratulate the Opposition on their victory in the by-election yesterday, and to congratulate Mr. Foley, the Member-elect. I am sorry, of course, that we did not win the election, but the people have made the decision and naturally it is accepted.

I would like also to state that if the Members of the Opposition have no objection, the Government would be willing to introduce a special Bill which would allow the Member-elect to take a seat in the House as soon as the Bill can be passed by the House. The Bill would, of course, protect all the rights under the law, with regard to the checking of the election. The only difference would be that instead of the Member-elect sitting in the chair behind the rail, and being quiet, he would be able to do that waiting period sitting in a seat on the floor of the House, and I'm afraid be noisy. The Government will be happy to do this if no one has any objections.

Mr. Ross Thatcher (Leader of the Opposition): — Mr. Speaker, on behalf of the Members of this group, I should certainly like to thank the acting Government Leader for his words and congratulations this afternoon. Quite frankly, we were afraid it might be the other way around, so we're quite relieved at the results. I'm awfully glad to have an opportunity to thank the people of Turtleford for their

February 23, 1961

decision – people of all political parties. Now we were concerned about the position of Mr. Foley, because as I understand it, the way the regulations are now it might be as long as 5 weeks until he can take his seat.

Hon. Mr. Brockelbank: — 31 days.

Mr. Thatcher: — Yes, and then I understand there's a further period of repeal or something of that kind, and of course, under those circumstances, the people of Turtleford would be deprived of representation and, therefore, we indeed welcome this offer of the Government to bring in a Bill of this kind. Of course, we would be delighted to give unanimous consent. As soon as you bring in the Bill, if you'll bring it over here I will be glad to second it, and we'll have Mr. Foley in the House at an early moment. May I suggest to the acting Minister, if there are any other by-elections he would like to call we would be very happy to proceed in the same manner.

Hon. Mr. Brockelbank: — Mr. Speaker, might I just answer the hon. Member on two points. First, if the election had turned out the other way at Turtleford, I would have been over there with the Bill, to ask him to second it, and I hope he would not have refused under those circumstances. As to any further by-elections, well I don't know, my hon. Friends look pretty healthy over there, but if anything happens, why, we'll be having some more.

QUESTION RE SETTING UP COMMITTEE – PRIVILEGES

Mr. Ross Thatcher: — Mr. Speaker, with your permission, I wonder if we might for a moment revert to "Orders of the Day" so I could place a question to the action Government Leader.

Mr. Speaker: — I will have to ask leave of the House. Is it agreed then to revert to "Orders of the Day".

Members: — Agreed.

Mr. Thatcher: — I would just like to ask the acting Government Leader whether any action has been taken yet in setting up the Special Committee that was going to go into Members' privileges? We're rather interested in this committee on the Opposition side as you know, and it had been indicated to us that the committee would be sitting the first several days of this Session.

Hon. Mr. Brockelbank (Leader of the Opposition): — No. Not to my knowledge has any action yet been taken. Of course, no committee could be set up. If it were a committee of the House, it would have to come here.

MOTION ON TAX RENTAL AGREEMENT

Mr. Ross Thatcher: — Mr. Speaker, before I make this motion, I would like to read it to the House.

“That this Assembly request the Government of Canada to arrange for early negotiation with the provinces of a new Tax Rental Agreement which will renew and extend the basic principles of the present agreement.”

Mr. Speaker, as every hon. Member knows, today, a very important conference is taking place in Ottawa. The Federal Government is meeting with representatives of the 10 provinces to discuss the Dominion-Provincial Tax Agreement. I believe that it is appropriate for Members of the House to express an opinion on this important matter, particularly, Members of the Opposition.

Now I think most hon. Members know that in the last year the Government received from Ottawa, with no strings attached, the sum of approximately \$44 million. It received this sum under Legislation, which has come to be known as the Dominion-Provincial Agreements. Now over the past 20 years these tax-sharing agreements have become so commonplace, that some hon. Members and some Canadians, perhaps have forgotten their historical background. Yet, there was a major reason which caused the Liberal Government back in 1941 to introduce this legislation.

The historical fact is, Mr. Speaker, that there would have been no Confederation in 1867 if the provinces had been required to raise all their revenue by their own taxation. Before Confederation, some provinces, New Brunswick, Nova Scotia, and later Newfoundland levied many indirect taxes, including customs duties and so on. When the BNA Act was brought in, of course, they were obliged to discontinue levying this kind of tax. So to compensate the provinces for the loss of these indirect revenues, the BNA Act gave them substantial subsidies. These subsidies, which came from the Federal treasury, became the very

February 23, 1961

cornerstone of our Confederation.

The provincial governments managed to carry on with these subsidies, with relatively minor adjustment, and with a steadily increased burden of taxation, pretty well down to 1930. However, they did so in many cases by levying taxes which in effect forced many taxpayers to pay double income and Corporation taxes at varying rates.

The great depression of the thirties completely undermined the foundations of provincial finance. By 1935, at least one half of provinces in this great Dominion were virtually bankrupt. One of the provinces in that kind of trouble was Saskatchewan.

As hon. Members know, there is a great difference between our provinces as far as resources and wealth are concerned. Thus, in the early thirties there was a great disparity in the kind of taxation that citizens had to pay in each province. Those who happened to live in Saskatchewan or Nova Scotia, or in one of the have-not provinces, had to pay higher taxes than people living in Ontario, and still they sometimes had services which were not good or efficient. Ontario's happy position was not caused, as some people in Ontario seem to think, by any particular virtue or skill or energy. It was largely the result of having a large concentration of wealth, earned in all parts of Canada, but accumulated at the financial centre, at the disposal of Ontario's tax collectors.

The Liberal Party has always believed that Canada is one Nation, not ten, and that our Canadian people will never be happy or united unless opportunities and public services are available to all Canadians on roughly equal terms. Thus in 1937 a Liberal government appointed the Rowell-Sirois Commission to recommend a method of restoring the finances of the provincial governments. Before that commission had completed its work, war broke out. But in 1941 a temporary Tax Rental Agreement was formulated. When the war ended in 1945 a Federal-Provincial tax conference was called and the Liberal government of that day proposed: First, a comprehensive plan for Federal-Provincial Tax Rental Agreements; Secondly, federal financial assistance to the province, and a wide area of social security and national development. The federal authorities in essence offered a substantial subsidy to any province which would agree not to levy its own income tax or corporation taxes or succession duties.

I think all hon. Members would agree that the

tax agreement has worked out over the years to the great advantage to the province of Saskatchewan. This is true for two main reasons: first, because we have obtained substantially more money through the agreements than we could have raised by our own taxation acts; secondly, because the province has been enabled to enact Social Security measures, which otherwise could not have been financed.

Many people do not really understand the size of the grants which are coming each year from Ottawa. In the past year our provincial budget was in the neighbourhood of \$140 million. Huge federal payments were included in that budget. Statutory grants under the Tax Agreement \$42 million; health grants - \$2,600,000.00; hospitalization grants - \$12,800,000.00. In other words about \$58 million last year of the province's revenue came from Ottawa. Or to put it another way about 41% of the whole budget came from the Federal Parliament.

Our CCF friends like to tell us that since 1944 they have sharply increase social welfare and health grants, and that is true, but let it be realized that they have paid for these improved services almost entirely from funds which they obtained from Ottawa under the Agreement. Last year, while receiving as I say \$58 million from Ottawa, the Socialists spent only \$41 million on the Departments of Public Health and Social Welfare. I want to remind the House again, and the people of Saskatchewan, that these huge sums of money come to this Legislature, come to the people of Saskatchewan, as the result of policies inaugurated by a Federal Liberal Government. Without such grants, most of the social welfare benefits which are being paid out by the Provincial Government today would be impossible. I suggest that my Socialist friends should not forget that fact. I think without these grants today, this Government could not even think of considering a prepaid medical insurance scheme. The Agreements, of course, have not been perfect, but as I say, they have been a God-send to the province of Saskatchewan.

Probably the main weakness of the Agreements has been that the Federal Government collects the tax money, while the Provincial Governments spend it. This has led to some irresponsibility in the demand which provincial governments have made of Ottawa. Provinces over the years have moaned sometimes, and complained about Ottawa's stinginess in distributing income tax revenues. I think no citizen should forget that whether Ottawa collects his tax dollars, or whether Regina does so, they come from the same place – the pocket of the average citizen. I think

February 23, 1961

all of us who are elected representatives, no matter on which side of the House we sit, must be reasonable in the demands that we make of the taxpayer.

I think it was a year ago, at the Dominion-Provincial conference, when the Premiers had made all their financial demands, Finance Minister Fleming of the Federal Government added up the dollars that would be needed to carry them out. According to what he said, one and a half billion dollars would be needed, or about 900 million dollars more than the Agreements called for at that time. Now it's pretty obvious that demands of that nature were neither practical nor realistic.

The Prime Minister, pointed to the Federal deficit and then made a shrewd political move: he blandly suggested that if the provinces were so dissatisfied with the Dominion-Provincial Agreements, the federal authorities would be quite prepared to scrap them, and then the provinces could go back to collecting their own taxes. I think the Prime Minister's move was a slick tactical move. Without doubt it shocked many of the provincial governments back to financial reality. But I also think that that's about all that can be said for the Prime Minister's suggestion. I am quite sure that even Mr. Diefenbaker doesn't take his own suggestion seriously. As a plan for meeting the cost of Canada's Government, that idea would be completely deplorable. If adopted, the provinces as our Premier has pointed out, would revert to the pre-war tax jungle, with the early prospect, first either of punitive taxation of our people, or secondly, the virtual bankruptcy of several provincial treasuries. I think that no province in Canada would be hit with such severity as our own.

Mr. Speaker, I think everyone in this House today will remember back to the last two federal elections when the Conservative Party, and particularly our Prime-Minister, made some very specific promises on this subject. For instance, at a press conference in Winnipeg on May 14th, Mr. Diefenbaker was quoted by the Winnipeg Free Press as having said this:

“Under a Conservative Government, the provinces would have a voice in deciding fiscal terms.”

Speaking in Saskatoon on May 27th, 1957, the Prime Minister said this:

“No province would receive less than it is receiving under existing fiscal Agreements with Ottawa. No new fiscal Agreement would be made, except by agreement of all.”

Then speaking in Toronto on the 25th of April, 1957, Mr. Diefenbaker said:

“We believe there can be no national unity in this nation until there is a realization that the federal-provincial matters have handcuffed the provinces of this nation, and denied the municipalities adequate sources of revenue, and placed the provinces and the municipalities in a position where they cannot discharge their constitutional responsibilities. We believe the provinces and the municipalities must have the financial resources to carry out those responsibilities.”

Now we Liberals feel obliged this afternoon to charge the Federal Conservative Government with failing completely to carry out the promises that they made on this subject before the last election. At the last Dominion-Provincial conference, instead of getting a new deal, the provinces got no deal, or perhaps you might say, they got a raw deal. The Prime Minister, a year ago, whether he was serious or whether he wasn't, proposed that the Agreements should be scrapped. So I'm going to suggest that this is one more plank in the Conservative platform which apparently has been forgotten.

I haven't seen yet the suggestions that the Government made this morning, but I certainly hope that they were more realistic than the ones which they made a year ago.

Mr. Speaker, I'm going to tell the Prime Minister of Canada this: If they do scrap the Dominion-Provincial Agreements, we think they could rock Confederation – rock it to its very foundation. Our people in the west are already paying a high toll to eastern Canada through tariffs, and I don't think we're prepared to make further financial sacrifices. Scrapping the Agreements, if it goes that far, might even mean that some westerners might think it would be a good idea to consider becoming the 51st state. However, this of course, is an eventuality that we hope and are confident will not occur. In early November, the Hon. L.B. Pearson, national leader of the Liberal Party, made our position crystal clear over the CBC. He made this statement:

“The Prime Minister may repudiate his principle but we Liberals don't. We insist that, to make possible the quality of basic provincial services between all the provinces, all should receive

February 23, 1961

an approximately equal revenue per capita from these three shared tax deals. We Liberals stand firmly on this principle, even if the Government has rejected it. It is essential to Canadian unity and progress.”

Mr. Speaker, as Liberals see it, that is the true essence of this question. Are we a conglomeration of different nations, of different provinces, or are we a country of 18 million people? If we are Canadians, united Canadians, then we are all entitled to the same governmental services, the same basic minimum standards of living. These days, on many occasions, I do not find myself in agreement with the Premier of Saskatchewan. However, I will tell this House, and the Province, that the Saskatchewan Liberal Party stands four square behind the Dominion-Provincial Agreements. The Liberal Party originated in the future will continue and expand the Agreements.

We also say this, that when under these Agreements, this Provincial Government received \$44 million or more, the greater share of the money should be passed along to the municipalities. We think that if the Government really wants to solve the municipal problem instead of worrying about redrawing these boundaries, all they have to do is take some of this Dominion-Provincial money and divide it up among the municipalities.

Mr. Speaker, I don't think this is a contentious motion, and I hope that hon. Members on both sides of the House will be able to support it.

Hon. Mr. Blakeney (Minister of Education): — Mr. Speaker, before turning my attention to the motion of the Leader of the Opposition, I would like to associate myself with those who congratulated you, on your election to the high office of Speaker of this Legislature. I share with them the view that you will discharge the duties of this office with dignity and impartiality.

Now, Mr. Speaker, as the Leader of the Opposition has already said, this motion which he has placed on the Order Paper is, I think, not a contentious one. I, speaking on behalf of Members of this side of the House, am more than happy to support and support whole-heartedly the motion moved by the Leader of the Opposition.

As he has mentioned, there is in Ottawa at the present time a conference going on between representatives of the various provinces of Canada and the Federal authorities, and I think that if this motion is to have its full impact we must see that it is passed as quickly as possible, preferably unanimously, and forwarded to the Federal authorities at Ottawa, and to our own provincial representatives. I am, therefore, going to ask all hon. Members, those on this side of the House and on the other side of the House, to support the motion, so that we may forward it to the appropriate authorities at Ottawa.

Mr. Speaker, I would urge support for the motion for substantially the reasons set out by the hon. Member for Morse (Mr. Thatcher). He has outlined to the House the history of these payments from the Federal Government to the Provincial Governments, and as he has pointed out they go back all the way to Confederation. When some people say that it is wrong for the province to go to Ottawa and ask money from the Federal Government in order to carry out provincial services, they are overlooking the history of this country.

When this country was formed the statutory subsidies which were built into the Constitution provided for the provinces of this country, as it was then constituted, a proportion of their provincial revenues, which was in no case less than 50% of such revenues, and in some cases as high as 80% of such revenues. I want to make this point clear: some of the provinces got 80% of their money from Federal statutory grants when this country was first organized. This was the basis of Confederation.

Now, Mr. Speaker, this has continued to be the basis for Confederation – that in exchange for the surrender of certain tax fields by the provinces to the central government, the provinces had the right to receive from that central government certain payment from the federal treasury. Now, Mr. Speaker, I want to emphasize in a slightly different way, one of the points made by the Leader of the Opposition. He pointed out how much money the province of Saskatchewan gets from the federal treasury through the tax rental agreements, and I agree with him that these sums are very substantial, and any substantial diminution in these sums will strike at the very roots of the economy of this province. But Mr. Speaker, I do not share with him the view that these are grants, if by grants is meant something which is given by largesse. These are not grants, Mr. Speaker, but payments – payments which this province received, not by grace, not even, Mr. Speaker, by the grace of a Liberal government at Ottawa, by right. We as Canadians are entitled to these sums

February 23, 1961

on money from these tax fields – these tax monies which are raised from all Canadians.

Now, Mr. Speaker, the Leader of the Opposition has asked us, and I am suggesting that we do as he asks, to support his motion in favour of agreements which will renew and extend the basic principles of the present agreement. I would like, Mr. Speaker, to just say a word or two of what I think the basic principles of the present agreement are. They vary somewhat; the agreements which obtained from 1952 to 1957 vary in certain respects from the agreements which obtained from 1957 to 1962. But there are certain principles which have been followed to a greater or lesser extent throughout. I think, we might name them as four.

First: The idea of tax simplicity; we in Canada should have one income tax, one corporation tax, one set of succession duties, so that we would not have, as we have had in the past, federal income taxes, provincial income taxes, and even municipal income taxes. One of the ideas of these agreements was to get away from this tax jungle, and to bring order and simplicity to our tax system.

Another basic principle, Mr. Speaker, was that, of these three tax fields – the income taxes on individuals, the corporation taxes on incorporated companies which carry on business, and the succession duties or death duties, the proceeds would be shared between the provinces and the Federal Government. Now, Mr. Speaker, this is no more than a plain recognition of the constitutional fact, that both the provinces and Federal Governments have the right to raise these taxes, and have in the past raised them. It follows, therefore, that if we are going to have a unified system of income, corporation, and succession duties raised by one authority, that the funds out to be split between the provinces and the Federal Government, each of which could levy these taxes.

Alright, we have the principle of tax simplicity, and we have the principle of sharing these three tax fields – income, corporation and succession duties. There is one other principle, Mr. Speaker, and this is, I suggest, the bedrock of the position of Saskatchewan: that is that these tax monies, raised from the three shared taxes, should be distributed to the provinces on a basis of equalization. Now, as the Leader of the Opposition has so succinctly said, the fact that Ontario may be able to raise more money from these particular tax fields than Nova Scotia and Saskatchewan, does not flow from any particular virtue on the part of the people of Ontario, does not flow from

any superior energy, or any superior initiative on their part; it flows from national economic policy. Our national economic policy of tariff barriers has meant that industry has concentrated in certain parts of this country, and in particular in Ontario, and the St. Lawrence Valley. Now, Mr. Speaker, where industry concentrates, tax potential concentrates, and it was the implementation of this national economic policy, which gave to certain provinces a greater tax potential than other provinces. Mr. Speaker, it is our contention, and I believe the contention of the Leader of the Opposition, that inasmuch as these circumstances, these differing abilities of provinces to raise taxes out of these three fields, stem from the implementation of a national economic policy, and primarily from national tariffs, the advantages and the disadvantages of this particular national policy should be borne by all the people.

Mr. Speaker, the hon. Leader of the Opposition has mentioned the Rowell-Sirois report, those commissioners even went further than this. They said that not only should these sums be distributed on a sum per capita basis, but that they ought to be distributed on the basis of financial need, having regard even to other sources of income such as resources revenues. Mr. Speaker, that has not been one of the principles of the Agreements as they presently exist, and we, I think, on this side of the House, would be satisfied if the present Government at Ottawa would adopt the policy which we have espoused, and which the National Leader of the Liberal party has espoused, that these sums which have been raised though these shared tax fields should be distributed among the provinces on the basis of equalization.

Now there is one more principle, and it stems really from the first – the idea of tax simplicity. Not only is it desirable that the Federal Government collect all these taxes in order to achieve tax simplicity, it is also desirable that this be done so that the Federal Government may have some control of the economy. Mr. Speaker, it is our contention that it is the responsibility of the Federal Government to insure that our economy operates at a high level. If there is unemployment, we lay it at the door of the Federal Government. If we lay this responsibility at that door, we must give them the tools to cope with this responsibility. One of the tools is control of the tax sources represented by income tax, corporation tax and succession duties. They can raise these taxes or lower them in order either to dampen down on inflationary situation or to stimulate a recessionary situation.

Mr. Speaker, this principle has been well put

February 23, 1961

by Mr. Walter Harris, the former Minister of Finance under the Liberal Government at Ottawa, when he said that the tax rental agreements had provided the means of fiscal control through taxation, which had proved a useful power on occasion. Mr. Speaker, it's a great pity that the present Federal Government at Ottawa, does not use some of these powers which are open to it to control these very situations which we now say they are not controlling.

Mr. Speaker, these then are the principles which I believe, and I think Members on this side of the House and Members opposite agree with me, are essentially built into the existing tax rental agreements and tax rental arrangements. The idea of tax simplicity; the idea that these three tax fields of income tax, corporation tax and succession duties, are shared fields; the idea that the provincial share should be distributed on the basis of equality; and the idea that these taxes are weapons to fight inflation or deflation as the case may be, and should be available to the Federal Government, who can use them for that purpose.

It is, Mr. Speaker, because we support these principles, as enunciated by the Leader of the Opposition and myself, and because we feel that the Federal Government is launching what amounts to a frontal attack on these principles, that we feel that this motion of the hon. Leader of the Opposition is so very timely.

Mr. Speaker, as I understood the proposition put forward by the Federal Government last fall, they were going to abolish the tax rental arrangements altogether, and they were going to permit the provinces to raise their own income, and corporation taxes and succession duties, and they were going to have us return to the tax jungle. They were going to have us share these tax fields by means of a multiplicity of taxes, and not by the common-sense method of collecting the money in one pot and dividing it; they were virtually going to do away with the principle of equalization; and they were going to divest themselves of any opportunities to use these tax fields as a method of controlling inflation or deflation.

Now to come back to this point of equalization, Mr. Speaker. They have suggested that they would set up a fund, which would be divided on some basis of equalization, but they didn't suggest that it would have reference to sharing of the tax take from these three taxes. Once we admit that equalization can take place on any other basis which will depend upon the whim of a Federal Government at Ottawa, then we are losing the fundamental principle that the provinces as of right

share these tax fields, and that each province as of right, has a right to an equal share of these because they stem from national economic policies.

This is the proposition which we must not permit the Federal Government to, if I may use the term, get away with, without our speaking out very loudly against it. We must see that there continues to be equalization, and that this principle continues to be based upon the yields from these three tax fields which we say, are in part legitimate fields for taxation for the provinces, and that these ought to be distributed, for the reason stated, on the bases of equalization.

In closing, Mr. Speaker, I would again like to urge hon. Members on both sides of the House to support this resolution unanimously; I would look forward, if possible, to us passing it today, so that it could be wired to the appropriate Federal authorities, and I would most heartily endorse the resolution moved by the hon. Leader of the Opposition.

Mr. A.H. McDonald (Moosomin): — Mr. Speaker, as this is the first opportunity I've had to take part in a debate during this Session, I too want to extend my personal congratulations to you, on being elevated to your present position, and I want to say that as far as I am concerned, I have been more than pleased with the fairness and the ability with which you have performed the duties of your high office, and I sincerely hope that we will conduct ourselves in a manner that will make it easy for you to carry out those responsibilities in the future.

I don't know whether it takes a by-election to bring harmony into this House or not, but if that is the reason that we have such harmony today, perhaps there ought to be more by-elections. If there are, I hope they are created by vacancies on that side of the House, preferably. Perhaps it is because it's Brotherhood Week. It seems to me that all people in Saskatchewan who understand what the Dominion-Provincial taxation agreements have meant to our province and to many other provinces of Canada must have been shocked when they learned of the suggestion of the present Prime Minister that these Agreements might be done away with. If the Agreements were done away with, Mr. Speaker, it would mean virtual stagnation to a province like Saskatchewan. We as a province could not survive under present economic conditions without these agreements.

Now the Minister of Education referred to these payments, using the word "payments," and he pointed out

February 23, 1961

that the Leader of the Opposition had used the word “grants”. Well it’s true that these are not grants. These are payments made to the provinces, Saskatchewan and other provinces, that we are entitled to, and I think the reason the word “grants” has been used on many occasions is because it’s a word that has grown up, but it is certainly not the meaning under the taxation agreements that anyone is given a grant. We’re only collecting that we are entitled to. This revenue belongs to all of the people of Canada, and if we are going to maintain a united nation within this country, then we cannot allow people in parts of Canada to receive services because they happen to live in a wealthier area than people who live in less fortunate circumstances cannot receive. I can imagine the feeling of the Provincial Treasurer of this province when we have informed of the position and the result that the Prime Minister expects.

I want to go even further than the Leader of the Opposition has gone; he has said that we on this side of the House, here in Saskatchewan, are four square behind the stand of our National Leader. I want to say that on this issue, and I am positive I can speak for every Member in the Opposition, we stand four square behind the Premier and the Provincial-Treasurer of the Province of Saskatchewan, because I want to say again that this province could not survive without these agreements; they are not grants which have been paid to us over the past; they are payments that have been paid to us, as a right; they are the only reason that we have been able to provide many services for all of our people in Saskatchewan to which our people are entitled.

Surely we are not going to go back to the tax jungle days of the past when it was impossible to provide similar services for people in Saskatchewan, and some other less fortunate provinces in Canada, that people in the wealthier areas of our country could receive. I think it is up to each and every one of us, regardless of what our political stripe may be, to see that we are paid in the future and guaranteed to be paid in the future our fair share of these revenues.

Now I only wish that the Provincial Government would adopt the same attitude when they are dealing with their junior governments that they have adopted when dealing with the Federal Government at Ottawa. I can recall when the conference was told that the Prime Minister had suggested that these agreements might be done away with. It would be reverting to tax jungles, and a jungle society was a word that our own premier used. Well, of course, we’re living in a jungle society as far as the sharing of taxation is concerned in our own province, and I wonder

where the Prime Minister of Canada ever got the idea that we should return to this tax jungle. It seems to me, Mr. Speaker, that this idea originated right here in the province of Saskatchewan. When the municipalities sat in this room, at a provincial local government conference, and asked for a greater share of provincial revenue which, in my opinion, Mr. Speaker, local governments are entitled to, because if we're going to share the wealth of Canada among all of our people, irrespective of where they may live, it seemed to me that would be a good principle to adopt as a province. You see, it is equally true that in the province of Saskatchewan our wealth is not equally distributed among all the areas of our province: We have some areas in Saskatchewan that I believe, could be considered depressed areas; we have other areas that could be considered wealthy areas in comparison. Thus I believe that this sharing of general revenues between Canada and her provinces would be a good principle to adopt with our local governments.

When I say that the suggestion of scrapping the agreements may have come from the province of Saskatchewan, I refer to a speech, or to a paper that was presented to the provincial local government conference in which they were told that there were many tax fields that municipal governments could enter. The Government of the province, the Government that sits opposite, were creating a tax jungle in Saskatchewan, the very thing that they were fighting in Canada, and my personal opinion is that is if it's wrong in Canada it's wrong in Saskatchewan. Now some of the suggestions that we made to this provincial local government conference were, for instance, that local government should collect gasoline taxes on their own; they should collect car license tax on their own; in other words double taxation was suggested. You'd have one license on your car for the Provincial Government, one for the municipality. You'd pay 12 cents a gallon provincial taxation on gas, goodness knows how much municipal tax on gas, a frontage tax, a tax on the assets on private property, as a matter of fact there was a list of eight suggestions made to our local governments. These would mean a tax jungle, and I know that politically it's not very nice to have to collect taxes, and then hand it to someone else to spend, but I do believe for the good of the province of Saskatchewan, that this is the proper method of collecting taxes. I do not believe that we should have the province collecting income tax, corporation tax, and succession duties, and I agree with the Minister of Education with what he has told this House this afternoon – that one of the main reasons for giving these tax fields exclusively to the Government of Canada is so they can play their proper function in controlling the economy of our country. I do not believe in the past, that we've

February 23, 1961

gone far enough to control the economy of our country through the use of taxation, and I sincerely hope that we will do it, not only in Canada, but that we will do it in Saskatchewan, I plead with this Government to not only pass this resolution, but to adopt a similar frame of mind when dealing with the local government in Saskatchewan.

It had been my intention to ask leave to adjourn this debate, but I have been convinced by the arguments of the Minister of Education that it probably would be best if we could conclude this debate today, and send a unanimous resolution to Ottawa. I hope that if all provinces, like the province of Saskatchewan, are doing what we are doing today, we can strengthen the hand of those people that are in Ottawa presenting our case at the moment, and I will certainly be prepared to vote on the motion this afternoon, and to forward it to the Premier and the Provincial Treasurer, so that they can show to people from all parts of Canada who are attending that conference the attitude of not only the Government, but the attitude of the people of the province of Saskatchewan.

I will be very please to support the resolution.

The question being put on the said motion, it was agreed to unanimously.

**RESOLUTION RE ABOLITION OF THREE CENT PER ACRE MINERAL TAX ON
FARMERS' LAND**

Mr. Ian H. MacDougall (Souris-Estevan): — Mr. Speaker, before I make this motion, I would like to read it to the House:

“That in order to provide some aid in reducing farmers’ costs of production, this House recommends to the consideration of the Government that the three cent per acre mineral tax on Farmers’ land be abolished.”

Mr. Speaker, as I rise to move the following resolution, I have a few observations which I would like to make at this time. A basic principle of taxation is the ability to pay, which presupposes some form of actual income. The mineral tax is a tax on something which in most cases may not even exist. The acreage mineral tax

should never have been imposed on the farmers' land. It violates all sound principles of taxation. The owner of mineral rights which came with the land, either through homesteading or purchase, should not be put under the unjustifiable pressure of attempting to retain that which he has acquired in good faith, and with full government approval.

One of the main purposes of the tax is confiscation of property. The 'Saskatchewan Gazette' of June 30th, 1960, contains a list of some 1,100 cases where mineral rights are subject to forfeiture. A further list of over 600 cases appears in the Gazette of September 2, 1960. Now, Mr. Speaker, these lists are preceded by the threat that unless all arrears of mineral taxes are paid within six months, the minerals will be forfeited and become the property of the Crown.

The situation is associated with the departure of oil companies from the province. When the companies were operating, much of the freehold area was leased to them. The compensation paid the taxes, and, in addition, paid rentals to the former owner. J.J. Phelps, in the 'Commonwealth', dated December 13, 1944, said:

"It is a new tax, the only one introduced during the Session, and it is the first step by the department in restoring the natural resources of the people."

The 'Commonwealth' of November 14, 1945 said:

"The Mineral Taxation Act, provides for a tax of 3¢ per acre per year. If the owner of mineral rights does not pay the tax, these minerals will revert to the Crown, that is to the Government of the province. The Act also provides for a tax not to exceed 10 mills on the \$1.00, of value of minerals as shown in the assessment. It is expected that 1. Greatly increased revenues from taxation will come to the provincial treasury, from those best able to pay. 2. Mineral rights over large areas will revert to the Crown."

An article written as a topic for C.C.F study clubs, in that November 1945 issue, of the 'Commonwealth' says:

"Socialism is the next logical step in government. The Mineral Taxation Act is given as the first example of government action."

February 23, 1961

This section concludes:

“It is expected that mineral rights over large areas will revert to the Crown.”

As pointed out before, this text is apparently having its designed effect. Hundreds of farmer owners, have had their mineral rights taken from them by the Government for failure to pay the mineral tax. This socialist farce should be ended.

I hope, Mr. Speaker, that hon. Members will show that they are earnest about reducing farmers' costs by voting for the resolution I am about to move. I don't suggest that this is all that is needed to reduce farmers' production costs, many actions by both Provincial and federal Governments will be necessary to accomplish much in that direction. It is one example of what the province can do. If the Provincial Government takes this action, it will add weight to appeals made to Ottawa to do something. There is nothing to commend this legislation, except the Regina Manifesto, which states in part:

“No C.C.F Government will rest content until it has eradicated capitalism in all its forms.”

Well, the coal area adjacent to Estevan is quite heavily taxed, yet while a sparse survey has shown coal deposits throughout, no one knows whether any particular quarter section has 1,000 tons of coal hidden beneath its depth, or 1 million tons of coal, or none at all. Yet, Mr. Speaker, this tax is applied to all the land. The Government, on the other hand, is taking no risk. If it collects the tax money it is ahead; if it secures the mineral assets by default, it loses nothing but could gain valuable minerals. The whole plan, as I pointed out, in the debate on the Throne Speech, is a variation with accepted taxation methods undertaken by most Governments, based on the principle that natural products hidden in the earth, are of no value until recovered. It is a sound, reasonable and fair premise.

Mr. Speaker, I move:

“That in order to provide some aid in reducing farmers' costs of production, this House recommends to the consideration of the government, that 3% mineral acreage tax on farmers' land, be abolished.”

Seconded by Mr. James Snedker.

Hon. Mr. Brockelbank (Minister of Mineral Resources): — This is an old motion that has been moved in this House on previous occasions. It is also a principle that has been tried out on the electorate in the province of Saskatchewan, when the results were not all as happy for my hon. friends as they were yesterday. Apparently there are a lot of people who are inclined to think that this is a reasonable kind of tax.

The hon. Member for Souris-Estevan started out by saying that this was not according to the basic principle of taxation, that is the facts of income and ability to pay. Property taxes, Mr. Speaker, have been with us for a long, long time, and property taxes have never been affected by the question of whether or not the property brings the revenue earned, or otherwise. The tax is there, and if you have no tenants in your house, and you get no revenue for it, the taxes are there just the same. So, he was referring to the principle of the income tax. I agree, that the income tax is the most fair of all taxes, but if we are going to raise all our money by the income tax, there would certainly be a lot higher rates of income tax than there are now, and I can imagine many of my hon. friends complaining about the rate of the tax.

The hon. Member also quoted, that the main purpose of the tax was for confiscation, and he quoted from the 'Commonwealth' of 1944-45. I don't agree with what he quoted, and I don't think that the main purpose of the tax is for confiscation. If the main purpose is for confiscation it has completely failed in its purpose, because there have been relatively small amounts of land that have been forfeited for non-payment of taxes. A question was asked in the House the other day on how many parcels of land has title to mineral rights been forfeited to date under provision of the Mineral Taxation Act. The answer is 1,455 titles, but there is a note which points out that this includes 803 titles with all minerals, and 652 with various combinations of minerals, but not including petroleum.

This also includes, of course, a great number of very small parcels of land, of one acre, of two acres, or five acres of land. There are a great many cases where a former rural school site was in question in this regard. No one paid. The school units didn't pay the mineral tax on it, and the title to the minerals went to the Crown. When it comes to actual confiscation of any important mineral rights, there has been very little of it. He mentions the list published in the 'Gazette', and I knew

when we made the decisions to publish those lists in the 'Gazette', that hon. Members would be crying about it. We are not required to publish those lists in the 'Gazette', but we did it to make more than sure, doubly sure, that no one could possibly have any complaint about not having known that the tax was in arrears, and if they didn't pay it they would be liable to forfeiture. After all, notices are sent out; they are never forfeited without sending out notices; they have plenty of time to do something about it. But collecting taxes, no matter what kind of a tax you collect, particularly property tax, this is the procedure for collecting them, and this has been approved for a long time; it has been approved by my friends opposite in previous years, but it isn't so good, of course, when we use it.

A point was also made, that there would be a reduction in the farmers' production cost. I don't see what difference it makes to a farmer in his farming operations who owns the minerals, as to whether they are owned by him or anybody else. It makes no difference to the cost of working the land. It makes no difference to the value of the crop grown, and what my hon. friends are overlooking, is that there are a relatively few people in the province of Saskatchewan, who are fortunate enough to own the minerals under their land. They got it by no particular virtue of their own. They didn't pay anything for that ownership, but the rest of the people of Saskatchewan did not get the ownership to minerals. Those people who have the ownership have a decided advantage, because in most cases they have been able to get some revenue by leasing those mineral rights. They have actually had income from this source. To go to the people up in the northern part of the province, where the mineral rights are not owned by the farmers, and say to them, "we think we should do away with this million dollars of revenue which is being paid by the people who own the mineral rights under their land in the province, or under somebody else's land," – well, I don't think they would like it. I don't think they would think it was a fair kind of a proposition, because the acreage tax brings in about 800 thousand dollars and the producing area tax is the balance. It is a fair tax, because people do own some real property – a right to minerals which they have been able to capitalize on, and on which they have been able to make some income.

He also said, there was nothing to commend this except the Regina Manifesto. I wonder, did my hon. friend never hear of the province of Alberta, where they have an acreage mineral tax, and have had it for years and years before we had it here in the province of Saskatchewan, or did he forget that? It appears, of course, that when my

hon. friends over here talk about these minerals when the farmer owns them, they aren't of any value, and no tax should be paid on them; they shouldn't be expected to pay any tax, but if the Government acquires one parcel by forfeit, the Government is gaining, for they may have valuable minerals. You see, it's a different thing as long as the private individual owns them.

Now, of course, there is actually a very small part of the mineral tax paid by farmers. We made, just a horseback analysis of the tax collections in two or three townships in different places in the province. I haven't got that with me, and I don't know whether I could find it now, but I do remember this, that when we took into consideration the minerals in those townships which were owned by the companies, C.P.R and the Hudson Bay, and land companies, they paid the tax on those minerals that the farmers in a great many cases had leased to them. Seven-eighths of the tax was being paid by the oil company who had the lease. It actually boiled down to this: about 10% of the acreage tax which was collected in those townships was actually paid by farmers; the rest of it was paid by somebody else. I don't know that there is need to say very much more about it. I know that the Opposition will always be wanting to cut down taxes, because they know that makes it a difficult proposition for the Government to get along and give services. Cut down revenue and talk about increased services, is a popular tactic of an Opposition. I always have some very deep suspicion when a resolution like this is introduced. I asked a question the other day – I wanted to find out how many parcels of land in the vicinity of any known oil fields had been forfeited. I found, Mr. Speaker, that there has not been one which has been forfeited, not one that is near an actual oil field. The people are not losing valuable rights; the tax is not a burdensome tax; it is not an additional cost of farming; it is not an additional cost on the farm operation; and it does bring good revenue to the people of the province of Saskatchewan, and I will have to oppose the motion.

On a motion by Mr. McDonald, debate was adjourned.

NOTION THAT CONTINUED REPRESENTATIONS BE MADE TO THE FEDERAL GOVERNMENT TO ASSUME MAJOR RESPONSIBILITY FOR LIABILITY LOSSES IN CONNECTION WITH CROP INSURANCE FOR WESTERN FARMERS

Mr. F.A. Dewhurst (Wadena): — Mr. Speaker, before I move this motion, I

would like to read it to the House:

“That this Assembly, recognizing the comparative productive instability of Saskatchewan agriculture, requests that continued representations be made to the Federal Government to assume major responsibility for liability losses in connection with crop insurance for western farmers.”

Mr. Speaker, I rise to move this resolution which is on the Order Paper under my name, with a good deal of pleasure, because all of my life I have been interested in agriculture, and the luck of agricultural people. Agriculture in this province has had to take the brunt of our economy for many years. At no time, in the history of Saskatchewan, has agriculture received a fair share of the national income. We have never seen a parity price equal to the rest of our society for an income for agriculture. On many occasions, agriculture has sustained crop failure, but when a crop failure hits our agriculture of this province, it not only effects the agricultural part of our economy, not just the farmer alone, but it also effects the small business man, and the larger business man; it effects the implement companies and all who depend on agriculture for their markets, to say nothing of how it effects the income of our provincial and local governments. Without the income from agriculture, the farmers have no ability to pay the taxes which they should pay, either provincial or municipal, to supply the services which they need for themselves. When we get years or crops like 1937, which was almost an entire provincial disaster, or years like 1949, 1954, or again in 1959, with the crop under the snow, hardships are borne unto the people of this province, and the small quarter section and half section farmers are the ones who are called on to suffer the biggest share, in proportion to their ability to stand it. A few years ago the Royal Commission on Agricultural and Rural Life made an exhausted study on the economy of this province. They found that the instability of agricultural income was one of the biggest worries which was effecting our farmers. They may have a good crop one year, and no crop at all the next year. That didn't give them any stability. They recommended, after a considerable careful study, that a crop insurance scheme should be devised for the farmers of this province, and also for Manitoba and Alberta.

I have here, Mr. Speaker, a summary of the Royal Commission's report as it deals with crop insurance. I would just like to recall two or three of the recommendations on crop insurance. There are some twenty-eight or twenty-nine recommendations in this report. Their first recommendation was that an experimental crop insurance program be launched in Saskatchewan as a program complimentary to, but separate from, the present Prairie Farm Assistance Act program, and that an intensive effort

be made to find ways and means to extend the experimental program to representative areas in the provinces of Manitoba and Alberta. Another one of their recommendations was that reserve requirements for the experimental program be provided by the Federal Government, and that the central administration function is to be undertaken either by, P.F.A.A., or by a new agency, which would incorporate the P.F.A.A. and crop insurance programs.

What do we find, Mr. Speaker? We find that the federal legislation for crop insurance which was brought down in 1959 to make it possible for the provinces to go into crop insurance, instead of the above recommendations, that the Federal government assume some responsibility toward this crop insurance, the major onus of responsibility is left to the provinces.

I would just like to give you a rough example, Mr. Speaker. The average crop in this province, if we have a decent crop, is in the neighbourhood value of \$600 million. Under the Federal Crop Insurance Act, any province which enters into a crop insurance scheme can only insure 60% of the long-time average, but if we wanted to insure 60% of the 600 million dollar crop value in this province it would be \$360 million. That would be \$360 million of a liability if all the crop was insured, if every farm in the province was under insurance. Now, assuming that the premium rate on the crop insurance was set at 10%, that would make a premium income totalling some \$36 million, and that would be, under the federal legislation, if there were no arrears in premiums, if every farmer paid the premium, and paid cash, a total premium income of \$36 million. Out of that \$36 million of premium income, if there is no arrears, the Federal Government will pay seven million two hundred thousand, and the farmers would have to pay the other twenty-eight million, eight hundred thousand. But suppose that we had a total crop failure, and I will be the first to admit, Mr. Speaker, that I don't think that there has ever been a year in the province when we have had a total crop failure, an absolute crop failure. Some area or another, it is true, has always had some crop, but to show the example of what should happen if we had a total crop failure, it would mean that we had \$360 million of liability, and only \$36 million of premium income to pay for that liability. It would leave us \$324 million of a deficit, or of liabilities over and above the premium income for any one given year. Well, under the federal legislation, they say that they will make money available after a given minimum has been paid by the province; they will loan the money to the province to pay the balance, but that isn't an interest free loan.

February 23, 1961

At the present rate of interest, running somewhat around 6%, one can easily see that if it took fifteen years to pay that \$324 million back at 6% interest over a fifteen year period, the amount of liability which would have to be paid back would not be \$300 odd million, but with interest it would amount in the neighbourhood of \$600 million.

On the other hand, what would happen if the farmers of this province were all in a program? There is nothing in the federal act, and consequently can't be anything in the provincial act, making it compulsory for every farmer to be in and stay in. If the farmers of this province were all in a program that way, and the province should incur a heavy deficit, then, if the following year most of the farmers, or a good proportion dropped out of the scheme, who would be responsible for the deficit? You couldn't go back to the farmers and say, "You must pay up now because you were in this scheme before". They have dropped out of it. Then, would the province have to pay that deficit, or would the Federal Government come in and assume the responsibility?

Now, under the crop insurance act, of the United States, no state or county government has to pay the liability. They pay their insurance, and if there is a deficit, the nation as a whole bears the responsibility. I think too, in this country here, Canada as a whole after a given floor, should bear the responsibility. The Federal Government should not take the floor and the province have to take the rest. Also, another weakness of the federal Act, and I have the act right here on the desk, is that the P.F.A.A. levy is not charged on any grain which is produced on a farm if any portion of that farm is insured. In other words, Mr. Speaker, under the crop insurance program, if a farmer just takes insurance on his wheat land, then he doesn't have to pay the P.F.A.A. on his oats or barley, or any other grains he may produce if it's part of that same farm. This 1% P.F.A.A. levy, is not to be charged at the time that the grain is sold at the elevator, but the P.F.A.A. levy is charged on any interim or final payment which may be coming to the farmers, but they are not credited to the individual farmer to help to pay his crop insurance scheme, nor are they turned over to the crop insurance board either in this province or in Manitoba or Alberta where they are working on schemes. They are not turned over to the crop insurance board to help them have additional income to assume this liability. I realize it would be quite a bit of bookkeeping and work for the Wheat Board to have to take the payment on the final payment, or the interim payments, and not to deduct on one what they deduct on others. That may be difficult and a lot of bookkeeping

for them to do, but they could, and they would know what percent or how much grain is in the area which is in the crop insurance, and the portion that is deducted from those could be turned back to the crop insurance board, and in turn it would be another source of income to the crop insurance board. Thus when the rating of insurance is struck for any given area, that the rate could be lowered because they have other sources of income which the farmer has paid. The farmer would be paying through the elevator where he sold his grain coming back from the wheat board on the interim and final payment.

Those are some of the difficulties which the board is going to run into in trying to get an adequate scheme adopted for this province. I realize, that at the present time it is very difficult for the farmers to join the crop insurance program. Many farmers in my part of the province have told me that they would like to, but at the present time the federal act states that before they will pay their 20% of the premium income, it must be on an actuarially sound basis, and that also, there must be no arrears or they won't pay their 20%. In other words, Mr. Speaker, if the crop insurance board had to say the insurance was \$1.00 an acre for any given farmer, you pay 25 cents now, and the balance in the fall, and take a note for their balance, they would only pay 20% of the 25 cents, and not the 20% of the \$1.00, because the other hadn't been paid in.

When you add all these things together, I realize it makes it pretty difficult for the board to try and get a type of an insurance scheme we should have, when we do not have the Federal Government assuming the responsibility they should assume. Now, over the past number of years in this province here we have all paid a 1% levy in to P.F.A.A., as deducted at the elevators, and I find that if we take what has happened in Saskatchewan from 1939, to 1957, that is to the fiscal year 1957-58, that in Saskatchewan there has been some \$60.8 million paid into the P.F.A.A., on those P.F.A.A. levies, but in the same period of time there has been \$138.7 million paid out. So you can see that in Saskatchewan, due to our hazards of crop production in some areas, over twice as much has been paid out than has been collected. When the P.F.A.A. scheme was brought in some years ago it was to help take care of catastrophes in crops, to help to put a little more stability under agriculture. Statistics show that the Federal Government has, over the years, made contributions to the economy through the P.F.A.A. They could, in my opinion, assume responsibility if they would like to

February 23, 1961

see a crop insurance scheme, they could assume responsibility at giving some of that fund to the crop insurance scheme.

After all, Mr. Speaker, the agricultural economy, as far as the dollar and cent income, is the sole responsibility of Federal Government. I do not care what the political complexion of the Federal Government may be, it is the responsibility of the Federal Government. They control trade and commerce; they control our import and export; they control the tariff setup and all the rest. They have the jurisdiction over what the farmer gets for his products, and also, as to what it costs him for the cost of operation.

Now, there are many things I could say along that line, Mr. Speaker, but I do not think, in speaking to this resolution, I need to deal with our agricultural life at too great a length. I do believe that Members on both sides of the House will agree with me, that the Federal Government in this country should assume responsibility on behalf of agriculture in this great land of ours to somewhat of the same extent, especially crop insurance, as is done in the United States. Maybe our program won't be as generous as the United States program. Maybe we will have to curtail it and have a smaller insurance, but at least they could assume the responsibility for what program is inaugurated, to the same extent as is done in the United States. Though, while the federal act does not say that 25% of the farmers must sign it before a crop insurance scheme can be brought into being, that statement was made by the Minister of Agriculture at the time of introducing the Bill.

In these past few days I have spent a little time talking with the boys who are working with the crop insurance board, and they don't know as yet whether or not any area will receive a 25% signup. There are a number of meetings going on at the present time through the province; there are some farmers applying for insurance coverage. I believe, myself, that in order to get a little experience, the Federal Government should agree to 25% of a township or a smaller basis, because after all, it would be good knowledge and information for any crop insurance board to gain. I believe that the Federal Government, when they say that 25% should be in, and you can only insure for 60% of the long-time average of crop production, are setting the rules of the game, and therefore they should be prepared to help pay the cost if it's necessary.

After all, Mr. Speaker, suppose it did cost the

Federal Government, once in a while, \$300 million, to pay a deficit on a crop insurance program. To the Federal economy that wouldn't be too great. I know \$300 million is a lot of money, but it is less money than what was spent on the Avro Arrow program which they scrapped before an airplane ever took to the skies. They were building these Avro Arrows for defence, and they spent well over \$300 million on the first one, which never took off the ground, and then they scrapped it. How much better would it be, Mr. Speaker, if they would spend a few million dollars to guarantee the farmers a decent standard of living, and take our surplus food and put it into the hungry stomachs of the millions of people throughout the world, and help to feed those people. Those people would be our friends then, Mr. Speaker. There would be no need to spend money on Avro Arrows if people were all friendly to us.

The United Nations survey shows that 3/5 of the world's population goes to bed hungry every night, not knowing where they are going to get their breakfast from. Well, surely when 3/5 of the world's population is in that need, that dire need for food, it is necessary for agriculture to be able to produce all the food stuffs we could, and all the Federal Government needs to do is to devise ways and means of distribution to get the food to where it is needed. I am sure, that in the long run, it would be far cheaper for us to subsidize agriculture, through crop insurance or whatever other scheme was necessary, and help to feed the hungry millions of the world, than it will be to fight a war, and to try and keep them off our shores if it should break out, because they are starving, and we here are starving in the midst of plenty.

I hope that every Member of the House will support this resolution, and see if it is possible for us to get better consideration from the Federal Government towards getting a proper crop insurance scheme for Saskatchewan.

So therefore, Mr. Speaker, I move, seconded by Mr. Thibault:

“That this Assembly recognize the comparative productive instability of Saskatchewan agriculture, request that continued representations be made to the Federal Government to assume major responsibility for liability losses in connection with crop insurance for western farmers.”

February 23, 1961

Mr. Arthur Thibault (Kinistino): — Mr. Speaker, in rising to second this motion, first of all I want to congratulate you in your new office and I certainly wish you well.

One of the major deficiencies in the present Federal-Provincial system of all-risk crop insurance, is that it places the emphasis in the wrong place.

Mr. Speaker, it is the Federal Government which should bear the lion's share of the responsibility of underwriting the liabilities of the program and not the Provincial Government.

Let me take a simple example to illustrate, what I mean. Supposing the average premium rate of 10% in a total liability on protection is being offered. This is a very reasonable assumption. This means, that for every hundred dollars of risk, assumed by the Provincial Government, the premium would be \$10.00. Since the Federal Government is prepared to pay a maximum of 20% of the premium paid in any year, a maximum of \$2.00 would be forthcoming from the Federal Government for every \$10.00 premium. Thus, for every \$2.00 paid by the Federal Government in premium contribution, the province is being asked to assume the full responsibility for carrying a \$100.00 of risk.

Multiplying this simple illustration, we can see the unreasonableness of the Federal Government. If the Federal Government were to pay into the provincial crop insurance plan in any year the sum of \$2 million, it would mean that the province would have to assume the sole responsibility of underwriting \$100 million of crop insurance risk.

This is obviously outside the physical capacity of this province, and the Royal Commission on Agricultural and Rural Life concurs in this view. Consider the situation when it is remembered that the total value of principal field crop production in the province averages over half a million dollars a year.

In the United States, the Federal Crop Insurance Program does not ask the State to assume a single dollar's worth of underwriting risk, nor are the States asked to pay anything towards the administration expenses.

What this resolution asks, Mr. Speaker, is that the Government of Canada consider once and for all whether they wish a token program of crop insurance, or one which will be comprehensive and meaningful to the province of

Saskatchewan.

If they consider the situation objectively and sincerely they can but conclude, as I have, that to make all-risk crop insurance practical under particular circumstances, we will be faced in Saskatchewan with a call for a much larger assumption of responsibilities for underwriting crop insurance risk by the Federal Government.

It could be done in a number of ways and I will mention a few possibilities at this time.

First, the Government could offer to assume a certain portion of the crop insurance risk, say up to 75% for a small percentage of the premium income.

There could be a sliding scale, depending on the size of program, with the province assuming initially more than half of the risk they share towards the province, diminishing the total liability that grows in size.

Secondly, the Federal Government could offer a stop loss type proposition to the Provincial Government, where they would be certain of a percentage of the total premium. For example: 5% issued, assumed 90 – 95% of all beyond a certain amount of any given year. The difference with the present set-up is that there is entirely too much concentration of risk and it is quite possible with a re-occurrence of 1937 or even 1954, for the losses in any one year to reach 50% of the total liability.

Should such a situation occur, the province would be responsible for debts in a period when owing to the crop failure provincial revenue would be declining.

Postponing the payments of liability through investments such as loans, merely postpones the day of reckoning, and adds the premium rates to the framers, because the rising interest charges would have an adverse effect on the borrowing powers of this province.

For these reasons, Mr. Speaker, I would like to see this resolution supported from both sides of this House.

Mr. Karl F. Klein (Notukeu-Willowbunch): — Mr. Speaker, I too am one of

February 23, 1961

those fellows who has not had an opportunity to congratulate you on the position that you have obtained in this House. I don't suppose that you have been so whole-heartedly and so often congratulated since your wedding-day or some other great occasion in your life. However, this is no doubt as great an occasion (maybe I shouldn't say that) as the day you were married. I am sure, though, judging from your actions thus far, that you will conduct the House in a very impartial manner, as you have already demonstrated, and it is fitting that you should do so.

Before I can whole-heartedly concur with the resolution that is before the House now, I believe it is my duty to point out certain pitfalls and dangers that we may be getting ourselves into, before we proceed with this resolution.

I speak now on behalf of an area where crop risk is extremely high. We have had many failures in certain parts of that Constituency and I am just afraid that if the crop insurance program is extended that the premiums will be prohibitive to many of the farmers in that area.

In my own mind, I have many misgivings that the crop insurance program is not the real answer to the farmers' problem in that area. I have those misgivings for many reasons. I went back, for example, to when the Minister introduced the act on crop insurance. He too had the same misgivings as I have that that was not an answer. I'd like to quote. He said:

“There are things, which crop insurance can do and there are things crop insurance cannot do. Certainly crop insurance cannot improve farm income and it will not increase farm income. It can, however, stabilize farm income. This is one of the things that can be accomplished, providing that the premium costs are within the reach of the farmer and providing that in that period of time, when premium is stimulated to the fund, no major disaster takes place.”

Now, I imagine that today, after one year of trial, those same conditions still exist. The request is in effect for more money so that the crop insurance program can be expanded. And again I say, I am not too convinced that is the answer, nor do I think that all farmers are convinced that this is the answer to their problems.

I would like to quote a chap, who appeared

before the Agricultural and Colonization Committee, March 12, 1957, in the House of Commons. This was the Vice-President of the Alberta Farmers Union, Mr. Young, who was speaking at that time. He said:

“I don’t want here to give the impression that the Farmers Union of Alberta is advocating the American system of crop insurance. We are definitely not advocating that. We do not mention it here, but the American system of crop insurance is a voluntary system and is based upon... (and so forth.) We do not think it is feasible in this country at all. What we are advocating is an expansion of the Prairie Farm Assistance Act to do something more for a crop insurance plan. That is the way in which we think it should be done.”

We realize, that in order to receive these amounts of money that the crop insurance program might require of the Federal Government, it is necessary to convince all segments of the Federal Government, all segments of that society, that they should support the crop insurance program. You have to convince the apple-growers, the fisherman, the lumberman and all the other industries, that they should help alleviate the problem.

We remember, for example, the tremendous amount of opposition there was to the Prairie Farmers Assistance Act before it was introduced and before we had the benefits of this act. Now then, if we continue to press for something different, for something that will cost more money, we also know that in order to get into an insurance plan, we cannot participate in P.F.A.A. I am just afraid that we may be forcing the hand of this Federal Government or any Federal Government to discontinue the Prairie Farm Assistance and speaking for the farmers in our area, I don’t think we should do anything to jeopardize the Prairie Farm Assistance Act.

I have long reviewed the benefits that have come to Saskatchewan from the Prairie Farm Assistance Act, and I find, as was pointed out by the mover, that we have benefitted by this Act to a great degree. In 1959, for example, the total collected from the levy, was \$3,600,000 odd dollars. The total received that year was \$13,600,000.

Now then, we can further check figures to

February 23, 1961

illustrate how various municipalities have benefitted from the Prairie Farm Assistance Act. I find, that one of the municipalities in my area, has received over \$1,089,000 since the inception of the Prairie Farm Assistance Act.

If we continue pressing for something that is going to cost more money and because we may be getting more opposition to P.F.A.A., I am afraid we may force the Federal Government to discontinue the Prairie Farm Assistance Act. In our area, I do not see that the crop insurance program can take the place of that Act.

For the reason that I have already mentioned — if the P.F.A.A. will discontinue, and the crop insurance program put in its place, the farmers in some areas could not possibly participate in the program, as it is set up now. The premiums would be prohibitive.

I have no strong opposition to the resolution as it stands, if we can gain anything by sending it in. I am willing to support it. However, I could not do so without pointing out some of the pitfalls and some of the things that I do hope, will not happen, if the insurance act is put in. Namely I do not want it to do away with the Prairie Farm Assistance Act or jeopardize it in any way. With those words I would like to agree with the mover of the resolution.

Hon. Mr. I.C. Nollet (Minister of Agriculture): — Mr. Speaker, I would like to relieve the fears of the hon. gentleman. This complaint came to a great extent from the northern part of Manitoba, where people were flooded and were unable to obtain P.F.A.A. payments to the same degree that people do in the drought area of Saskatchewan. I would like to place on the record again the difference between the agricultural economics of Saskatchewan and Manitoba, I know, hon. Members in the House are aware that Saskatchewan has the widest variations in the farm income of any province in Canada, because of our natural hazards. I would hope that the press would cease suggesting that we can bring in a plan in this province on a wide scale as easily as it could be done in Manitoba. I would like to mention again that our plan is a year behind Manitoba's for the simple fact, that the federal legislation was passed in July 1, 1959 after the House had adjourned.

I told Members of the House before that I contacted

Mr. Harkness when our Session was on early in 1959, asking him to let me know what kind of complementary legislation might be required if the Federal Government passed crop insurance legislation. He said he was unable to tell me, because the legislation had not been introduced in the federal house, and it was introduced, as I say after this House adjourned, and enacted in July. The Manitoba Legislature was in Session after the Manitoba election. Their first Session was after the Act had passed the House of Commons and they therefore passed the crop insurance legislation a year ahead of ours.

Our plan is different. We have not set up areas, we have given our farmers a choice of going into this kind of plan if they wish to do so. Now, I have said before I must say again, complying with what the hon. Member of Notukeu-Willowbunch said, that this crop insurance plan will probably only be acceptable by people in the best crop areas of Saskatchewan. I want to say that some of our pretty good crop areas are considered high risk areas in Manitoba. For example, the area that the hon. Member from Cannington comes from, is considered reasonably good agricultural land. On the Manitoba side it is considered a pretty high-risk area in terms of that province's agricultural economy.

So, if Manitoba is not satisfied with the present crop insurance plan we cannot as a Provincial Government see much prospect of wide acceptance in this province because of the liability responsibilities which rest entirely with the Provincial Government. Mr. Hutton and the people in Manitoba who have stated a plan say that with one bad year in Manitoba like 1954, when we had wide – spread rust, a provincial-wide plan would break their Provincial Government. There are the kind of liabilities we would assume, if we were to adopt a wide-scale crop insurance plan throughout Saskatchewan.

We do hope, Mr. Speaker, to take advantage of the present plan as it is and to give it a try. We will encourage farmers this year, if we can, with a good sufficient sign-up in an area, to give it a try, but we are making strong representations to the Federal Government that they assume greater liabilities. The present Federal Minister of Agriculture has indicated to us that we have very good reasons for making these representations and that the Federal Government ought to take a bigger share of the liabilities.

We are thinking in terms of the Federal Government providing an opportunity for re-insurance or something of that kind. But we always say this: the P.F.A.A. ought to be continued on a more generous basis and if possible

on an individual farm basis in the high-risk areas and then try to work out a plan that would be applicable to the better areas of Saskatchewan to eliminate the complaints after received from northern farmers that they have paid into the plan and have received little benefit from it. So, possibly, we may eventually work out a crop insurance plan for the better cop areas of Saskatchewan for the farmers, who would then be exempted from the P.F.A.A. and a better, more generous type of P.F.A.A. and a better, more generous type of P.F.A.A. scheme for the medium to high-risk areas of Saskatchewan for the farmers in such high and medium risk areas. Because this crop insurance plan, as the Member from Notukeu-Willobunch said, will not be acceptable to farmers in the south; first of all the premiums are too high, especially when you get above a 10% premium. The experience in the United States, where they have had various kinds of plans since 1939, indicates that farmers are not greatly interested above a 10% premium. Further indications in the United States are, that even in the better crop areas, there are only a limited number of farmers who take out crop insurance and usually they are the bigger farm operators. It has its limitations, but we may be able to work out something and if it can be done, if anything at all can be done, to stabilize farm incomes in this province both in the high-risk areas and the better farm areas it will be worthwhile. We need to take a very good look at it. We are going to co-operate with the Federal Government and see what direction we can travel in in regard to crop insurance and expanding the benefits under P.F.A.A.

I want to say to the hon. Member from Notukeu-Willowbunch, this is not a case of the Federal Government spending more money. As a matter of fact if it were possible to extend the crop insurance plan over the whole province, the Federal Government would be paying far less into the crop insurance fund in terms of their 20% premium – than they have paid under P.F.A.A. over the years, and at times it almost appears they were trying to dodge out of P.F.A.A. and inflict this crop insurance plan on us. For example, they have been paying on the average of about \$4 ½ million a year into P.F.A.A. payments in the province since the inception of P.F.A.A. Now, let's assume that the crop insurance plan was extended over the whole province. If they were to pay 20% of their premium into a scheme amounting to \$4 ½ million, this would mean an insurable value of crops of \$230 million. Now, if that were done, they would be paying \$4 ½ million in terms of their 20% contributions to the premiums, and the province would be sitting here with a liability, a possible liability of \$230 million. Obviously this wouldn't be a very good deal for the province. I pointed this out to Mr. Harkenss when he was Minister. As a matter of fact I suggested that we trade places, that we pay the 20% for the premiums and they undertake the liabilities, but he wouldn't take me up – he's a shrewd dealer. But, I do want to say, to the hon. Members and reassure the House that we'll certainly never give up P.F.A.A. This is a commitment that was made by the Federal Government as an obligation on their shoulders because they had the initial responsibility for the agricultural settlement of the province, and it has always been said that this was a

continuing responsibility of theirs and we want to keep it that way. I think everyone will agree with this.

Mr. Ross A. McCarthy (Cannington): — First I want to extend my congratulations to you, Mr. Speaker, on your election to your office of great responsibility.

I hadn't intended to take part in this debate, but looking back almost ever since I can remember, there have been suggestions about crop insurance. Different suggestions come to municipalities and conventions, but none of them are very feasible. They all ran into the same conditions this thing is running into – that the people who really need it are the people who are subject to drought, and we have large areas like that in this province. Now those people, if they are going to have a financially sound system, would be faced with the premiums so far out of line that they couldn't participate in it, and that of course, is the experience in the United States.

I don't think you have to set-up an experimental project; all you have to do is go over to the States south of us where they've been working at it for years with a great deal of government money put into it. Still if you go down there today, you'll find people who were on, let's say, sub-marginal land, are not participating in it; they can't, even with all of the federal subsidies they're getting; they can't participate in it. The only place they can participate in that State to any great extent is in the Red River Valley, and the better parts of the State where they're growing specialized crops. I don't want to be pessimistic, but I am looking at it through experiences of North Dakota, and I doubt that this is feasible. I think we would have been on much sounder ground had we tried to build up the P.F.A.A.

Now I think, with all due respect, we have to give our former Minister of Agriculture Mr. Gardiner, a great deal of credit. I've often marvelled how he went down to that tough House at Ottawa and got that much money paid to the handful of people who live on these prairies, because it is tax on all the people of Canada, and it goes to a particular group and not a very large group at that. I still think that we'd be on much sounder ground, had we, rather than going into this crop insurance, had we attempted to build up P.F.A.A.

The P.F.A.A. was never put in as crop insurance. It was put in as a result of the relief in the thirties. Somebody said something over there about a one crop failure; well down in our district we didn't have a one crop failure, we had ten years of crop failures. It was as a result of all these conditions that Mr. Gardiner was able to get this thing through the Federal Government and the figures that have been quoted here today bear out

February 23, 1961

the fact that the Government has assumed quite a responsibility, but one of the things recommended to me at least, is that it is the man on the poorest land with the poorest crop who reaps the benefits. After all, if you've been in municipal business, and most of you have, you know that those are the chaps who come to you for personal relief; they are the people that are in the worst state.

I think we'd probably have been on a sounder basis had we attempted to build P.F.A.A. As I said, it was never intended in the beginning as an insurance; it was a protection against relief, and as you well know, when it started out, it was only paid on the township basis, and was only paid for the drought; it wasn't paid for hail or flooding or anything like that. Now since that time it has been extended to a certain extent; it does take in hail, and it does take in flooding to a certain extent. I don't want to be pessimistic; I'm not going to oppose this motion, but I'm not at all optimistic about the results of it.

I think that you can see that the results so far: you set up another department to run this, and there still isn't very much information on it; there haven't been any districts set; there haven't been any rates struck, or anything else, as far as I can find out from a question on the Order Paper. There is one provision I believe, and I want to be corrected if I'm wrong on this Mr. Minister, but I believe that they won't accept any district where the potential rate is over 15%. Now, I don't know, but I would hazard a guess that this high rate covers a third of this province. I would hazard that guess, because they're going to take it over the long term production in these areas, and I know that there are certain districts which since 1939, when the P.F.A.A. was set up, have collected P.F.A.A. in more years than they haven't collected it. Certainly if you go into that district you're going to have a high rate, and those are the people who need it, but those are the people who are automatically going to be out of it. I'm not criticizing it, because the experience in our neighbouring States taught us that that is what happens. After all, we don't get anything free in this world, if we're going to set up an insurance or anything else, sufficient money must be paid in to it to make it sound. I still think, that we'd have been on much sounder ground to have tried to bring P.F.A.A. legislation out a little more, probably not altogether, but a little more on the line of insurance.

That's all I have to say, Mr. Speaker.

The question being put it was agreed to.

SECOND READING

Bill No. 6 – An Act to amend the Provincial Parks and Protected Areas Act, 1960.

Hon. Mr. Kuziak: — Mr. Speaker, the first two or three amendments in this Bill are very minor, and I suggest that they could be gone into in detail on third reading, but there is an amendment, 6(c) that is very important. It gives the Minister, on the direction of the Lieutenant Governor in Council, the power to expropriate land, for the purpose of provincial parks, protected areas, or highway camp sites on so on.

We have had over the past few years, difficulty in purchasing some sites, and then again, the prices, particularly for some sites along the lake, have been fairly high. In fact, I know that some of the young hon. Members have criticized the Department for probably paying too much in reacquisition of some of these areas that are required for the development of new parks, or the extension of parks already extended.

I would like to point out too, that over the last few years, we have had tremendous pressure and demands on the development of new parks, the extension of new parks, the provisions of highway camp sites, and so on, but this has happened in practically every province in Canada.

I would like, Mr. Speaker, to inform the legislature, that for example, all the other provinces of Canada have had to pass amendments very similar to ours. For example, I would like to point out that Alberta amended their Parks Act to include expropriation some couple of years ago. British Columbia is bringing in an amendment this year to amend their Parks Act to enable them to expropriate land for the development and extension of parks. Manitoba, under section 5, of the Provincial Parks and Recreational Area Act, has this authority. New Brunswick, Newfoundland and Nova Scotia, passed amendments similar to that in 1959. I believe that we must have that authority. This authority is only given the Minister, if he is being directed to do so, by the Lieutenant Governor in Council. I believe that it would be easier to purchase such land, and at a more reasonable price.

Now, with that explanation, Mr. Speaker, I move second reading of the Bill.

February 23, 1961

Mr. Ross A. McCarthy: — Would this apply to Kenosee Lake, by any chance.

Hon. Mr. Kuziak: — Oh certainly it would apply to Kenosee Lake.

Mr. McCarthy: — No, but the particular problem you have in Kenosee Lake at the moment.

Hon. Mr. Kuziak: — No there are two or three other areas that we have besides Kenosee.

Mr. McCarthy: — It isn't being passed for that particular purpose.

Hon. Mr. Kuziak: — No. One problem is the Jack Fish area.

The debate was, on motion of Mr. Guy, adjourned.

SECOND READING

Bill No. 17 – An Act for the Protection of the Health of Persons exposed to Ionizing Radiation emitted by Certain Radiation Equipment.

Hon. Mr. Erb: — This, Mr. Speaker, is a new Act, which concerns ionizing radiation, caused by certain radiation equipment such as X-ray equipment. It has been felt for some considerable time that the effects of excess ionizing radiation are such that could create much harm to people not only in the practice of medicine, and in hospitals, but also in industry work where X-rays are used. I might say, that a committee on radiological health had been set up which made investigation into the matter of ionizing radiation. This Committee consulted with the College of Physicians and Surgeons, and with radiologists, and as a result of these meetings and consultations, it was recommended that we have an Act together with proper regulations under the Act that would help protect operators of X-rays and patients from ionizing radiation.

I think with that explanation, Mr. Speaker, I would move second reading, and we can discuss the Bill more fully in committee.

The debate was, on the motion of Mr. Thatcher, adjourned.

SECOND READING

Bill No. 18 – An Act respecting the Department of Highways and Transportation.

Hon. Mr. Willis: — Bill No. 18, Mr. Speaker, is merely a consolidation of the Highways and Transportation Act, incorporating many amendments which have been passed by this House, in the last few years. Proposed amendments, which we are bringing forward in the Act, are few in number, and minor in intent. One such amendment has to do with the interpretation section, where a provincial highway proposed by the Department to be built is treated as if in effect it was in the provincial highway system.

Another proposed amendment has to do with extending signing authorization from the Minister to an officer of the Department, in some cases by a letter authorized by the Minister, and in some cases by the Lieutenant Governor in Council.

With this brief explanation, Mr. Speaker, I move second reading of the Bill.

The debate was, on motion of Mr. Thatcher, adjourned.

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