

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**SECOND SESSION — FOURTEENTH LEGISLATURE**  
**1st Day**

**Wednesday, October 11th, 1961**

The House met at 3:00 o'clock p.m.

This being the day appointed by Proclamation of His Honour the Lieutenant-Governor, dated the Fifth day of September, 1961, for the meeting of the Second Session of the Fourteenth Legislative Assembly of the Province of Saskatchewan, and the Assembly having met:

Mr. Speaker informed the Assembly that he had received a communication from the Private Secretary to His Honour the Lieutenant-Governor stating that His Honour would open the Session at three o'clock p.m., today, Wednesday, the Eleventh day of October, 1961.

3 o'clock p.m.

His Honour the Lieutenant-Governor entered the Chamber and having taken his seat upon the Throne, was pleased to open the Session with the following Speech: —

Mr. Speaker,

Members of the Legislative Assembly:

It is my privilege to welcome you to the Second Session of the Fourteenth Legislature of Saskatchewan.

For almost two decades arrangements have existed between Canada and most of the provinces facilitating the collection of income taxes, corporation taxes and succession duties by the Government of Canada and providing for payment to the province of a share of the total proceeds of these taxes for payment to the provinces of a share of the total proceeds of these taxes on an equalization basis. The resulting agreements have represented an important instrument in the hands of the federal government for shaping national fiscal policy and for assisting the provinces to provide their citizens with minimum levels of services. My government has always urged that the principles inherent in these arrangements be maintained and strengthened. However the Government of Canada has declared that it no longer wishes to continue on this basis beyond the expiry date of the present agreement.

It is the view of my government that this is a retrograde step which makes more difficult the attempt to achieve a measure of equality of services for all Canadians. Any departure from the principle of equality interferes with the realization of

**October 11, 1961**

effective Canadian unity. However, the decision of the Government of Canada makes it necessary to enact laws respecting the imposition of income and corporation taxes by the Province. The Income Tax Act will be introduced for your consideration.

Following the announcement that the Government of Saskatchewan proposed to inaugurate a province-wide contributory medical care program, a representative Advisory Planning Committee on Medical care was appointed to examine and report on all aspects of a program which would provide medical care of the highest possible quality to all persons in Saskatchewan. Members of this Committee have already devoted a considerable amount of time and energy to this task. My government wishes to record its deep appreciation for their efforts.

An interim report from the Committee has been received and copies have been distributed to all Members. A careful examination has been made of the recommendations of this report. Legislation for the provision and financing of medical care will be presented for your consideration.

I leave you now to the business of the Session with full confidence that you will favourably discharge your duties and responsibilities in the best interests of the Province. May Divine Providence continue to bless our province and guide the Legislature in all its deliberations.

His Honour the Lieutenant-Governor then retired from the Chamber.

On the Orders of the Day:

### **SPEECH FROM THE THRONE**

#### **ADDRESS IN REPLY**

**Mrs. J. E. Cooper** (Regina City): — Mr. Speaker, in rising to move the Address in Reply to the Speech from the Throne, I am fully conscious of the very great honour that has been given to me and the constituency which I am so proud to represent, the thriving, progressive city of Regina.

I notice, Mr. Speaker, that Mayor Buckwold of Saskatoon recently had some very uncomplimentary remarks to make about our capital city. He suggested that his definition of capital punishment was to have to spend a weekend in the city of Regina! However, we understand — we're very understanding in Regina and we know that all the little cities are very jealous of the city of Regina. So we'll forgive Mayor Buckwold, at least until we have time to think up something more critical of the city of Saskatoon.

I am going to depart today from the traditional type of reply to the Speech from the Throne which usually covers a broad field of government activities and concentrate on the special business of this session, which I believe is the first fall session since 1951.

There are two main items of business — the first the tax measures thrust upon us arbitrarily by the Conservative government in Ottawa when they decided to walk backwards into the old tax jungle and abrogate the very sound principles that were contained previously in the tax-rental system. However, as the seconder of the motion, the member for Touchwood (Mr. Meakes) is going to deal rather extensively with this point I am going to confine myself, Mr. Speaker, to talking about the medical care program. At the outset I would like to commend the government on the energy and the speed with which they have proceeded to implement the promise made to the electors of this province in the 1960 provincial election.

I know that the Leader of the Opposition has been making some suggestions that since this was a poor crop year, perhaps we should postpone this plan; perhaps we can't afford it. What does the Leader of the Opposition suggest? Does he think that people should take sick only in a good crop year? It has been my experience in raising a family, Mr. Speaker, that sickness is no respecter of the state of your pocket book at any given time, and it has always seemed to me that when sickness did arise, it never rained but it poured and it usually seemed to choose the time when the exchequer was at the lowest. Surely, Mr. Speaker, it is in a poor crop year that we need this medical plan to spread the risks and to equalize the costs between the haves and the have nots.

I would like also to commend the government on the fact that ever since the C.C.F. government have been in office they have proceeded steadily, step by step, in an orderly fashion, to prepare for this major step that we are now proposing to take — a medical care plan. For instance, the setting up of health regions which was a necessary preliminary step and which was advocated by the Health Services Planning Commission, and this has been done. Then we provided hospital and medical care to some of our needy old-age pensioners and other dependent groups, and of course free care for cancer, polio, and mental illness. These are government-sponsored programs that have been so beneficial to the people of the province.

Then we set up the air ambulance scheme which has saved many lives and relieved so much unnecessary suffering. At Swift Current, they have had the health plan, a medical plan which has been very successful and will now give us a very valuable experience when we are planning this medical plan.

**October 11, 1961**

We have doubled the hospital bed capacity in this province. We now have a medical school and a University Hospital where our young Saskatchewan people can train to become doctors and nurses. Of course, the biggest step was the institution of the hospitalization plan which has been such a God-send to the people of Saskatchewan, and which was the inspiration and the forerunner of the national hospital plan which we have today.

For all of these advances, Mr. Speaker, providing a health programme in Saskatchewan, the best that can be found on this continent, I think we owe a debt of gratitude to this government, and in particular to the hon. Premier whose vision and courage and pioneering spirit have brought about such a revolution in health care in this province in the last 17 years.

Now, because of the years of careful planning and the preliminary steps already taken, we meet in this session to implement the next great step — a medical care plan. The first step towards this was the appointment of an advisory committee under the chairmanship of Dr. W.P. Thompson, one of the most able and energetic way this committee has undertaken their arduous task; also to the many people who presented briefs to the commission — briefs that must have taken hours and hours of work, and I am sure these briefs were very helpful to the committee.

It is only as you read the interim report of this committee and realize that further reports are to follow that you can fully appreciate the magnitude of the task this committee has undertaken. While all the recommendations of the committee may not necessarily be implemented, and certainly couldn't be implemented in full immediately, they will form a guide and a basic pattern for a medical care program that will be evolved.

I have spent considerable time, Mr. Speaker, during the last few weeks, studying the briefs presented to the commission and more recently the interim report of the committee, and also the minority reports contained therein. I read with particular interest the briefs of the College of Physicians and Surgeons who presumably speak for the private practitioners in the province and consequently their views are of great importance.

I also studied the brief of the Federation of Labour. There is a tremendous amount of work involved in this brief. It is well documented; it covers almost a whole field of health care and it deals primarily with the stake of the public in the medical care plan. I find in these two briefs several points of disagreement. One of the points at issue is this: the College of Physicians and Surgeons is recommending that our medical

care plan be available to everyone in the province, but not necessarily universal. The advisory committee are saying that it should be universal and cover everyone. This is one of five principles outlined when the government presented its plan to the people, and this was for a good reason, Mr. Speaker. You can readily see that in a voluntary plan, many of the good risks — the young people and the people who have had very little illness in the past — would take the risk and stay out of the plan, while people with families and all the bad risks would certainly come in. This would materially increase the cost to the people who did insure and make for an unfair division of the cost.

The provision of health care, like that of education, is a co-operative responsibility in which we all must share, and to suggest that only part of the population — those who wish to do so — should participate, is like suggesting that only part of the population — the people who want to do so — should pay taxes to support and maintain hospitals.

Now, I may never need to go to the hospital and I might be willing to take the risk that I will never have to, but because hospitals are necessary for the care of the sick and for the health of the community at large, I have no choice but to pay my share, and the same principle applies in the case of medical care.

In briefs of the College of Physicians and Surgeons, and Medical Services Incorporated, and also Group Medical raise the cry that a universal plan means compulsion and loss of freedom. Mr. Speaker, the world we live in is full of compulsion — necessary for the good of society as a whole. In pre-historic ages, in the days of the cave-man, freedom of action on the part of the individual was almost unlimited, but as man began to co-operate with his fellowman for his own protection and the protection of his fellowman, he lost some of his personal freedom. But in doing so he gained a greater freedom. As society progresses and becomes more aware of its social and moral responsibilities for the safety and health and welfare of the people as a whole, freedom of arbitrary action on the part of the individual has been subordinated to a greater freedom for the group and the society as a whole. Could anyone deny that this is a healthy and a progressive trend?

As civilization becomes more mature, more conscious of social needs, this broader concept of freedom will be enlarged. It is, Mr. Speaker, because it is an enlightened

**October 11, 1961**

concept of freedom that we have traffic laws which I must obey. I can't throw my garbage in the lane because it might affect the health of my neighbour. The education of our children is not merely available. It is compulsory, and it must be supported by all, whether or not we have any children; whether we wish to send our children to a private school, or whether we wish to spend the money to pay for our children's education. Income tax is compulsory, making us all help provide the facilities and services that society needs. It is imposed according to ability to pay.

I may not wish to spend money for the defense of my country. I may feel that I can defend myself, or I don't need to be defended, or that someone else can pay my share. But governments and society have dictated that all of us must share in the paying of defense for our country, whether we want to or not. The defense of our country, the education of our children, and the protection of the health and welfare of our people by the provision of the best possible medical care without economic barriers — all of these things are co-operative responsibilities of society as a whole, and must be supported by the people as a whole. The cry of compulsion and loss of freedom have no validity here.

Now then we come to another point of division of opinion. That is how this plan should be administered — who should administer it? What the College of Physicians and Surgeons is suggesting, and this was supported by their representative of the Chamber of Commerce on the committee, was this: Their suggestion is that existing private agencies, like M.S.I. and Group Medical have this plan in their hands. They are willing to have some government representation, but they do not want a government plan. They want to leave things the way they are. What they are suggesting is this: First, all those who can afford it should be encouraged to join the plan and pay the full fee, which is at present with M.S.I., I believe, \$72.00 per couple; \$84.00 a family, and then in private contracts and some community contracts the insurer must also pay in addition to his tax, half the cost of office calls and some of the diagnostic services.

Secondly, they are suggesting that people of all ages and on limited means, should be admitted to the plan, but the government should subsidize the plan and make up the difference between what this group can afford to pay and the regular fee for the private plan. Then they point out that for people over 65 years of age, that it costs twice as much to service these people as it does people under 65 years of age, so they are suggesting that people over 65 years pay the

full fee, but that the government put in the extra money. In other words the government would be asked to pay double for this group of people.

Thirdly, they say the uninsurable, the people that the private agencies have never taken in because of pre-existing conditions, or because they were such bad risks, that these groups should be admitted at the regular rate, but that the government should pay any extra cost that is incurred because of these people.

In order to do this, Mr. Speaker, they are suggesting that all who can't afford to pay the full fee of the voluntary plan and who wish to join should be placed on a means test, and they are suggesting this might be from 10 to 20 per cent of our population. This suggestion, Mr. Speaker, is completely repugnant to me. It is true, as they say in their brief, that the government has administered means tests, but this is to a very limited group of people who have no financial resources at all, or whose financial resources are so small that they fall below a minimum standard of living. They do receive social aid and medical care, but to suggest that 10 to 20 per cent of our population should be submitted to a means test in order to participate in a medical plan is absolutely unthinkable and I think it would be unacceptable to the public.

They also suggest that this means test should be administered at the local level. Now I am sure the municipalities would object to this. A means test at any level is a miserable thing to administer, but back at the local level, on the municipal basis, where the municipal officials would be dealing with their closest friends and neighbors, it would be much more difficult to say 'no' and much more embarrassing for the people who had to apply through a means test. I am sure, Mr. Speaker, that the municipalities would say 'no thank you' to this suggestion.

I am also sure, Mr. Speaker, that many people on low incomes would do without medical care, rather than submit to a means test. Or perhaps they would do without food or necessary clothing, in order to pay the full cost, and belong to the plan.

Now, the College of Physicians and Surgeons states, and I am quoting here, "We do not think an income determination test is humiliating." I wonder, Mr. Speaker, how many of the doctors would be prepared to take a means test, under

**October 11, 1961**

any circumstances, and particularly if it was because they were hard-up. This is a brave statement coming from a group of people who never have had to take a means test, and never will have to take a means test. I think they are forgetting that a man's pride is not dictated by the size of his pocketbook. The right to medical care, regardless of ability to pay, is a basic human right, so stated by the World Health Organization. I will go further, Mr. Speaker, and say that medical care must be provided as a right, and not as a charity.

But aside from this aspect, which I think is the most important one, means tests are a very complicated and costly business. Not only is there the first investigation to consider, but due to fluctuating incomes, because of crop conditions on the farms, or unemployment or seasonal employment in the cities, a means test is a constant process of investigation. I am very glad, Mr. Speaker, that the majority of the committee repudiated this suggestion, and certainly so should we.

The committee took a position also, that as a large sum of public money is involved, and the government is responsible for the expenditure of this money, the plan must be administered by a public agency. They suggest a commission responsible to the government.

Now, I would like to talk about the method of payment for the doctors' services. This is a point in contention. I don't believe that anyone in this legislature, at the present time anyway could categorically state what would be the most efficient and the fairest way to pay for services rendered. It is only after we've had a good deal of experience with this plan that we can make a final determination. But in thinking through this matter, I think we must keep foremost in our minds the objectives of this plan. We're striving for a system that will guarantee the best possible medical care by a method and at a rate that is within our ability to pay. We want a system that will provide incentives for better distribution of our doctors and specialists among urban and rural people. We want it to be simple, reducing the costs of administration to the lowest level, cutting the red tape, cutting down on the paper work to a minimum.

One of the fears that the medical profession expressed when we were talking about this plan, was that the paper work would be excessive. I know all of us want to do everything possible to prevent this happening. Also, we want the major stress in our plan to be on prevention. We don't want merely sickness insurance, but health insurance in its broadest sense.



The advisory committee are suggesting a fee for service basis with certain allowance in special cases for specific cases agreed by the plan and the doctor. They don't give all the reasons for this but I would assume one of the reasons is that it has been the traditional method of paying doctors in Canada, and the doctors have asked for it. I can readily understand that doctors might be somewhat apprehensive of a change in the system that they are accustomed to. But, when I think of these objectives I have outlined to the plan, it seems to me that a straight fee for service basis would not meet all of these objectives. For one thing, I believe it would be the costliest method. Checking the accounts on a multitude of different charges for a variety of services is very complicated and a very costly procedure. For instance — one fee for a gall bladder operation, a different one for an appendix, or a maternity case, or a tonsillectomy, or an office visit, or a home visit — a multitude of different fees for different services.

Now I have never been convinced, Mr. Speaker, that this patchwork, piecemeal method, type of fee structure is necessarily the most equitable basis of payment. It seems to me it has special preference for surgery and certain types of surgery, and may not be producing a fair balance between the surgeon, the internist, and other medical personnel. If this is so, a fee for service basis would tend to perpetuate any inequities that may exist. And of course there is nothing in this to encourage doctors to practise in rural areas.

In the minority report, commission member Walter Smishek says: "Fee for service basis tends to promote quantity rather than quality in medical care, and by providing an incentive for quantity, it encourages superficial care." Such a system penalizes financially the good, thorough doctor who is willing to spend time with his patient, and who really tries to build up this doctor-patient relationship we have been hearing so much about lately. There is no encouragement for preventative medicine where the major emphasis should be. Fee for service might complicate and discourage consultation or referral to specialists where such referral is needed. It gives no recognition for experience or special ability. The new graduates will receive the same fee as the doctors with years of practise. So, for these reasons, Mr. Speaker, you can see that I have some rather serious reservations about this method of payment.

Now turning to the salary method. There are some obvious weaknesses here too, although I can see many advantages.

October 11, 1961

First of all, it would be the simplest to administer — simpler for the doctor and simpler for the plan. It would eliminate much paper work in checking such a variety of fees, and it would spare the doctor from spending much valuable time in giving such a detailed report. The doctor would know in advance what his income would be, and I think that should be a benefit, and the government would know the cost of the plan with much more certainty and be able to budget in a better way. It would remove any inequities that may be inherent in the fees for service basis. It would encourage quality medical care rather than quantity, because the time spent by a doctor with any one patient would not mean a loss of income, and it should mean more encouragement for the preventative side of medicine.

Now, some people argue, Mr. Speaker, that if doctors were put on salaries they would do inferior work, knowing that they would get their pay anyway. I think such a statement is an insult to the medical profession. Already a sizable proportion of our doctors are on salary — doctors in our cancer clinic, T.B. sanatorium, mental hospitals, health regions, public health, and I might even mention the Mayo Clinic. These are among the most conscientious and dedicated doctors that you can find in the medical profession. I have no reason to believe, Mr. Speaker, that private practitioners are any less conscientious, or any less dedicated to their profession. Show me a doctor, Mr. Speaker, who would neglect his patient because his income was derived from a salary rather than a fee for service basis, and I'll show you a doctor who is doing inferior, careless, and dishonest work right now. A doctor who is ethical and dedicated to his work is not going to change because of the method of payment.

But, I think there is a real weakness in the salary method of payment. The experienced, capable, popular doctor might easily get a disproportionate amount of the work, and yet a doctor with less work get an equal salary. Now, of course, this might be partially overcome by having a range of salaries allowing for experience and special ability. Or you might combine the basic salary with the capitation payment I mean by that a salary plus a certain amount of money for the number of patients that the doctor has on his roll. Or, Mr. Speaker, if it wouldn't be too difficult for the administration, perhaps it might be advisable to give the doctors a choice of three methods of payment — fees for service, salary or salary and capitation. In this way if we could have a chance to see these three methods at work, then it would help us to make a good final solution to this problem.

But by whatever method a doctor is paid, he certainly should be well paid for his work. When you consider the many years of training, and the expense involved, and the tremendous responsibility a doctor carries, and the long hours he works, I don't think anyone would wish to see a doctor underpaid. But, if it is decided to use the fees for service method, Mr. Speaker, I would suggest that we certainly should get a top limit, and if the cost exceeds this limit, or it appears it is going to exceed the limit, then I think the scale of fees would have to be renegotiated.

Now the committee has estimated that the cost for the first year would be \$20 million. When you subtract from that the administrative costs, which they estimate at \$1 million, we find \$19 million to be divided among 755 doctors, which is an average of something over \$25,000 per doctor. If I were to use the figures submitted by the College of Physicians and Surgeons which is \$25 million, you would find the average is over \$31,000 per doctor, but I intend to use the committee figures. Now, of course in all fairness this is a gross figure, and you would have to deduct legitimate office expenses and necessary equipment. But in relationship to the average income of the people who must pay the bill, and to other professions, I think this is fair and reasonable and even generous. On the basis of income tax reports the committee found that 22 per cent of the people who completed income tax forms earned less than \$2,000. Thirty-four per cent earned \$2500 or less. Forty-four per cent earned under \$3000, and forty per cent of the people of married status were non-taxable because their incomes were too low.

Now, Mr. Speaker, if anyone needs any further proof of the urgency of a medical care plan you have it here in these figures.

Of course, this \$25,000 I speak about is an average figure and many doctors would fall below this and many of course above. But, remember, this is not the full amount the doctors would receive because it is suggested that some medical services be excluded, and further payments would be members of the R.C.M.P., war veterans, members of the armed forces, Indians on reserves, inmates of penitentiaries, and people who are receiving care under workmen's compensation.

Referring again to the brief of the College of Physicians and Surgeons, they have been suggesting to the public that by subsidizing a voluntary plan, it would cost the treasury only some \$3½ to \$4 million, and it would cost

**October 11, 1961**

at least \$15 million more for a government plan. Now, this is a very misleading statement, Mr. Speaker. Are they suggesting that by their method medical care could be provided to all the people of Saskatchewan for \$3½ to \$4 million? What about the millions of dollars that have been paid into the private plans? Now whether money for medical care is paid from the provincial treasury by taxes, or to the private schemes, it is the same dollar isn't it, and it is the same cost? The \$15 million they suggest wouldn't be saved at all. It would come out of the pockets of the people who belong to these voluntary plans or pay their bills individually. It wouldn't represent a saving to anybody. Actually, Mr. Speaker, the cost would be higher because there would be a much higher cost of administration with many private plans. So let's not be fooled about this. We must always keep in mind, Mr. Speaker, that the cost of a medical care plan is not a new cost. People have been paying for the medical care right along, and if there is any additional cost it will be because people who have been needing medical care have not been getting it.

Now I want to mention the recommendations of the committee regarding utilization fees, sometimes called deterrent fees, and sometimes co-insurance. The committee is suggesting that the doctor may charge, in addition to the tax already paid, a dollar for an office call, two dollars for a house call and three dollars for a night call, or on a holiday, but that the charge should apply only to the first three calls in any new illness. Now the committee doesn't state its own reasons for this, but it does give the opinion to the people who have had a good deal of experience in working with medical plans, and of course many medical plans do use this method. Naturally the purpose is to discourage abuse. The charge will not be mandatory. The doctor will decide whether to charge it or not.

Personally, Mr. Speaker, I do not favour a deterrent charge unless it is proved absolutely necessary to the economics and workability of the plan. In my opinion it has many weaknesses. First, it deters only the people on the lowest income, and these people are no more apt to abuse the plan than people in higher income brackets. Secondly, I think it is complicated and difficult to administer. For instance, they suggest that this fee be charged only for the first three calls in any new illness. Now, how do you decide just what is a new illness? Of course, there is no financial advantage to the doctor in charging this fee because he must deduct any of these fees from the total cost that he receives from the plan. It is a nuisance to the doctor

to administer and consequently my speculation is that the fee will be charged very sparingly, only when a patient repeatedly calls on a doctor and the doctor thinks it is unnecessary, and if this does happen the revenue from this would be very small, and might be largely offset by the extra administration costs. Remember, if this is to be a real deterrent to people, it will deter the sick as well as the well. It will be more apt to deter the conscientious when sick than the frivolous when well, and it might fall heaviest on the largest families.

I found some conflict in the report on this matter. In one section they suggest we institute the means test now, and review it again in three years, but in the cost section they state, and again I quote, "The device of co-insurance should be used only when better methods have failed." Certainly there needs to be a great deal of thought before this decision is made.

Finally, Mr. Speaker, we come to the crucial question of who is to administer the plan, and I see I haven't time to adequately discuss this. I would merely say that the committee as you know has recommended an independent commission, but it seems to me that this is fraught with danger. In the long run the government must accept the responsibility for the success or failure of the plan. Millions of dollars of taxpayers' money are involved, and it is the duty of the medical plan is only part of a health service that is administered by the Department of Public Health, and there must be close co-operation between these two plans. But, I would say this, Mr. Speaker, if the commission type of set-up is decided upon, then there must be iron-clad safeguards to insure that the government will initiate major policy and have control of the cost.

In conclusion, Mr. Speaker, it goes without saying that implementing a medical insurance plan is not simple, it is not easy, there will be lots of problems and we always knew that there would be. To evolve an efficient plan and to achieve the results we want will take patience, a degree of trial and error, continuous study and adjustments. But, after all, nothing worthwhile in this world was ever achieved simply or easily, and I am proud, Mr. Speaker, to belong to a political party and to a government that has the courage and the pioneering spirit, and a humanitarian philosophy to bring

**October 11, 1961**

us today to the start of a medical plan. This hospital plan and this medical plan will remove once and for all the fear of the crushing burden of debt that can be caused by sudden catastrophic illness. I am proud also that in Saskatchewan at least, the basic right to the best available medical care without financial barriers will be realized.

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

That an humble Address be presented to His Honour The Lieutenant Governor as follows:

To His Honour, The Honourable Frank Lindsay Bastedo, Lieutenant Governor of the Province of Saskatchewan. May it please your Honour:

We, Her Majesty's dutiful and loyal subjects, the Legislative Assembly of the Province of Saskatchewan, in Session assembled, humbly thank Your Honour for the gracious Speech which Your Honour has been pleased the address to us at the opening of the present Session.

**Mr. Frank Meakes** (Touchwood): — Mr. Speaker, in rising to second the Address-in-Reply to the Speech from the Throne, I would first like to congratulate the hon. lady member from Regina, who I think has just so eloquently, not only stated the necessity of a medical care program, but what a medical care program should do. In fact she has done such a wonderful job that she leaves me little to say on this subject, and I am sure that her constituents, the people of Regina, are as proud of her as we her colleagues on this side of the House are.

**Some Hon. Members:** — Hear! Hear!

**Mr. Meakes:** — She has brought honour to Regina as she has brought honour to the CCF movement down through the years.

I would like to say a few words on medical care. I too feel there is a great deal of credit coming to those men and women who are part of the planning committee on medical care. I think they have worked hard; they brought in an interim report that can be very useful.

To me there are two main objectives in an all-inclusive medical care program. First, we should have a good standard of medical care to all the citizens of Saskatchewan, and second no citizen of Saskatchewan should be burdened with debt that sometimes can weigh them down for years to come. It is reasonable, Mr. Speaker, that the poorer the economic conditions of the people of this province, the more important it is that we have an all-inclusive medical care program. The hon. lady member from Regina put forth that argument so well.

I also want to give great credit to the doctors of this province who I think through the years have given unselfish service to the people of the province. I doubt whether anyone was ever turned away from a doctor because of lack of money. I know a little about medical care, Mr. Speaker. I live in a municipality, the R.M. of Emerald #277, which has had a municipal doctor for thirty-one years, and all the citizens of that municipality had medical care, that is, partial medical care. We had good service for minor ailments and good advice for major ailments, but when it came to surgery every ratepayer had to bear the brunt himself. I know many people who some people might call foolish, who were too proud to go to a doctor and ask for credit. We all know people who went on for years in need of operations, who died years later for the lack of them. I say this is the type of case that an all-inclusive medical care program would take care of.

It gives me great pleasure to be chosen to second the motion for the Address-in-Reply that will go down in history as the first step in bringing medical care, not only to Saskatchewan, but to all of Canada.

**Government Members:** — Hear! Hear!

**Mr. Meakes:** — Mr. Speaker, in the Speech from the Throne mention was made of the necessity of passing legislation at this sitting to be known as the Income Tax Act. I am sure that all members in this House will regret, with me, the necessity of this legislation being brought down. Along with other provinces, Saskatchewan has no choice but to bring down this legislation. After nineteen years of tax sharing agreements the Diefenbaker government has decided to scrap these agreements. What were these agreements and why is it now necessary to bring

**October 11, 1961**

in this legislation? I would like to review for a few minutes the history of the Dominion-Provincial fiscal arrangements over the last thirty years and the progress that has been made along this line.

Over thirty years ago, in school, in what was known then as civics I was taught all about the British North America Act. All members of this House will remember that in the British North America Act certain powers and certain responsibilities were given to each level of government. One of the things I remember was that the federal government was given the sole right to levy hidden taxes, that was the right to levy a tax at the manufacturing and the wholesale level which would be added to the wholesale price and in this way few people realized that the tax was being paid. Also we were taught that both federal and provincial governments were given the right to levy direct taxes, that is a tax that is calculated on the retail price. For example, during the last war the federal government had a direct tax on watches and jewellery and such, and we of course in this province have a hospitalization and education tax. We were taught that both governments were allowed to levy corporation tax, also both governments were allowed to levy succession duty taxes. Then of course, both governments were allowed to levy income tax. This dual authority in the income tax field itself, created a tax jungle. Wealthier and older provinces were able to raise more money per capita than younger and have-not provinces. Provinces like Ontario and Quebec, with cities like Toronto and Montreal, became the homes of companies and corporations that did business not only in the home province, but all across Canada. Mr. Speaker, the profits that these companies made from all across Canada were taxable only in the home province. This meant that these businesses in provinces like Saskatchewan, paid no income tax to the province, but it received most of the services that that province rendered. It also meant that all the citizens of Canada were not able to receive the same level of services due to the inability of certain provinces to raise sufficient funds.

By 1937 the necessary services across Canada were in such a state that the federal government of that day decided to appoint a Royal Commission to look into the fiscal provincial arrangements. This commission became known as the Rowell-Sirois Commission. After three years of study with sitting all across Canada, they brought in a detailed and exhaustive report. I have not intention of reading all that report today, but there are a couple of paragraphs



from their summary of the problem that I think we would do well to put on the records of the House. In assessing their problem they concluded, and I now quote:

“It is clear that the present situation in Canadian public finance represents a wide departure from the conception of the fathers of Confederation, and from the spirit by the financial settlement which they devised. Costly government responsibilities, which have become national in scope, being supported by regional and local revenues — revenue sources which have become national in character, are being employed by regional and local governments, to the complete and partial exclusion of the central authority.

We have seen that the efficient administration of the functions of government under present-day conditions require some redistribution of the functions as between the Dominion and the provinces. In the same way, if growing waste and inequities in taxation are to be avoided, better allocation of taxing powers and responsibility is imperative. A third essential step will be to adjust the revenue sources to the functions so as to insure that every unit of government will be financially able to recognize its responsibility.”

Later on, in one more paragraph:

“At the heart of the problem lies the need of the Canadian citizen. These needs whether material or cultural can be satisfied, only if all provincial governments in Canada are in a position to supply those services which the citizens of today demand. The ability of provincial governments to meet the demands of their citizens depends in part on the constitutional powers that they enjoy, and in part on their financial capacity to perform their recognized functions.

The striking fact of the commission’s studies of Canadian conditions is that many provinces whose financial position is not the result of emergency conditions are unable to find the money to enable them to meet the needs of their citizens. The basic problem before the commission, lies, therefore, in finding a way in which the financial position of the provinces could be improved and assured

without disastrous financial consequences to the federal government on whose official functioning all provinces are dependent. National unity and provincial autonomy must not be thought of as competitors for the citizen's allegiance, for in Canada at least they are but two facets of the same thing, a same federal system. National unity must be based on provincial autonomy, and provincial autonomy cannot be assured unless a strong feeling of national unity exists throughout Canada."

In brief, the commission reported or recommended five things. First was that the provinces should renounce the right to tax personal income tax. Secondly, they should renounce the right to levy corporate taxes. Thirdly, they should renounce the tax on succession duties on estates; fourth, in lieu of the provinces cancelling the rights to these taxes, that 10 per cent of this money should be returned in the way of annual grants, and the fifth recommendation was that these grants should be reviewed every five years.

Mr. Speaker, nothing was done about this commission report until 1945, when the government of that day called a conference — a Dominion-Provincial Conference on reconstruction at which they laid down certain proposals which became known as the green book proposals. The federal government stated the reasons why they were calling this conference. They had five reasons for doing so. First, the federal government was to be given . . .

**Opposition Member:** — Take it as read!

**Mr. Meakes:** — Take it as read? Find. They pointed out certain objectives that they thought should be aimed at in this conference. First, they should make possible a reorganization of the tax system, carefully designed to encourage, rather than restrict enterprise, investment and employment. Such adjustments cannot be successfully made by competing jurisdictions, nor can maximum reductions be accomplished. Second, they required that the Dominion should have the financial resources to finance when necessary, both substantial deficits with unquestionable credit, and the counterpart of this is that the provincial government should be assured of more stable revenue.

The third requirement of the post-war financial arrangements was that they should make possible at least an adequate minimum of standard of services in all provinces,

while not denying to any provinces the resources it gives to it, or the freedom to establish its own standards.

The fourth requirement is that Dominion-Provincial financial arrangements must be such as to strengthen, not weaken the federal system established in our constitution. They must be such that it will give to the provincial governments a dependable financial basis on which to operate, and to ensure the freedom to make the decisions for which they are responsible, independently of the dominion.

To fulfil these requirements the federal government suggested that after the way the provincial governments should, by agreement, forego the imposition of personal income tax, corporate tax exemption, leaving the federal government with and exclusive access to these revenue sources, and conditional upon the provincial acceptance of its tax proposals, to pay to each provincial government the sum of \$12.00 per capita annually and increase or decrease it in proportion to the value of the gross national production per capita, as compared to 1941.

Mr. Speaker, to summarize the recommendations of the commission and the green book proposals, firstly I want to repeat that the provincial governments would renounce the right to the three fields of taxation and that in return, the federal government would pay annual payments to the provincial government. The first post-war tax-sharing agreement was signed in 1947, and every five years since, these agreements have been renegotiated. The 1947-52 agreement and the 1952-57 agreement were known as tax-rental agreements. They provided payments to provinces based on a fixed amount per capita, but stepped-up according to change in the gross national amount. But in 1957 this agreement was changed from a tax rental agreement to a tax-sharing agreement, and the main difference in the two was that the tax-sharing payments were to be divided into two parts. The first part was an amount equal to the yield of the standard taxes applied to the three tax fields, that is, ten per cent of personal income, which when the Diefenbaker government took power they changed to thirteen per cent, nine per cent of corporation income, and fifty per cent of succession duties.

The second part of the grant was an equalization grant, which was designed so that the total payment to each province was not less than the average paid to the two wealthiest provinces on a per capita basis. Prior to the 1957 agreement, the equalization principle provided only that

**October 11, 1961**

those provinces which rented their tax fields out to the dominion would receive any equalization grant. In the 1957 agreement, this clause was done away with. This meant that province, whether it rented its fields out or not, received an equalization grant. Mr. Speaker, I would suggest that this was the first blow struck by the Diefenbaker government at national unity and a co-operative spirit between federal and provincial governments. This removed the only inducement for provinces such as Ontario and Quebec to sign the agreement. They received an equalization grant anyway.

On July 25th, 25th, and 25th, 1960 the Prime Minister of Canada called a conference of federal and provincial governments to discuss a new agreement which would take effect in 1962. What did the Prime Minister now offer? I am going to suggest to all members of this House that they get the proceedings of this conference — it's well worth reading. Suffice to say this, that practically every Premier in Canada with the exception, possibly, of Mr. Frost of Ontario, protested long and strong, not only at the proposals of the federal government, but at the attitude of the Prime Minister and the Minister of Finance, Mr. Fleming — an attitude of 'take it or leave it'. I think the words of our Premier of Saskatchewan, on page 81 of this report, when he said in part: (I think his words are right to the point). He says, and I quote:

“To argue for the principle of equalization is not to plead for a ‘confederation poor-box’ by which the wealthy provinces would contribute to the less fortunate. The fact is that no one can properly allocate the income derived from the production to the areas where it is truly earned and merely because taxes are paid in one province does not mean that there is revenue produced in that province. Corporations and individuals paying income taxes in the central provinces, in many cases earn their income from economic activities carried on in other parts of Canada.

I might cite in passing, defence contracts which are largely given in the central areas of Canada, but which are paid for by the tax-payers in every part of Canada. In a country where some regions must sell their products in the competitive markets of the world, while at the same time they are compelled to buy at a closed protection market, I am sure that it would take the wisdom of Solomon himself to determine where the tax revenues were actually earned. Unless we return to the tax

jungles of the thirties, we in Saskatchewan are convinced that a high degree of equalization must be maintained in our tax-sharing arrangements. The main argument for equalization lies in the concept that every Canadian citizen has an inalienable right to certain minimum standards of health, education and welfare, irrespective of where he may have lived in this broad dominion. A chain is only as strong as its weakest link and no nation is truly great which has depressed areas, whose citizens must content themselves with the standard of services far below the national average.

Such a policy could only foment resentment and recrimination. Such a policy would eventually destroy the fabric of national unity.”

Also I would like to quote one paragraph of a letter addressed to the Prime Minister of Canada from the Premier of Saskatchewan, dated June 30th, 1961:

“As I said at the conference, our main criticism of the new proposals is that they abandon the principle of equalization and replace it with averaging.

Under the existing agreement the income tax revenues of all provinces are equalized, to the level of returns of the two richer provinces. Your letter makes clear that the federal government still feels that this reasonable yardstick should now be scrapped, and be replaced by the much less equitable measure of the national average cash yield.

While it may be true that provinces may now increase their own income taxes, this is surely not a reasonable substitute for equalization.

In fact, my officials tell me that based on current Department of Finance questions of taxes, that the provinces of Newfoundland, Saskatchewan and Ontario each required an increase of \$10.00 per capita in revenue. Under the proposed new system, the personal income tax rates in Newfoundland would have to be raised by 20 per cent. In Saskatchewan by 15 per cent and in Ontario, by only 7 per cent.”

**October 11, 1961**

Mr. Speaker, this year Bill C122 was brought into the House of Commons. What does this bill now offer the provinces? First, the federal government no longer claims the exclusive rights to income tax, corporation tax and succession duties tax. Instead of turning back 13 per cent of these three taxes, as they had been doing in the old agreement to the provinces, they were prepared to withdraw by 16 per cent in 1962-63 and 1 per cent a year for the next four or five years. They agreed to withdraw by 9 per cent corporate tax, and 50 per cent in succession duty tax.

On the face of it, Mr. Speaker, this looks like a fairly good offer, and I have no doubt that in months ahead Tory politicians will be racing around this country, boasting about what good and kindly Samaritans they are and how they are the saviours of the province, but I say this is the greatest betrayal that has been perpetrated on the provinces of Canada in the last 90 years, and heaven knows we've had lots of betrayals by both Tory and Liberal governments.

This is a complete, clear break-away from the objectives of the royal commission and the green book proposal which were considered so vital to the social and economic welfare of Canada. The federal government also is prepared to abandon its control over its fiscal powers. Gradually that important tool that should be used for national economic policy has been destroyed.

On top of that, the federal government has insisted that before it will collect the taxes for the provinces, that the provinces must agree to accept first the federal basis for computing taxable income, and secondly, the federal tax structure.

Also, the provinces must define its rates in a percentage of the federal rates. Diefenbaker has demanded that the only date these rates can become effective is January 1st of any year. On top of that, the federal government must be given adequate notice before any changes. This means that the provincial government is losing control over their own revenues from its own tax sources, at least to a very limited extent. For example let us suppose that the federal government decides to reduce its taxes when bringing down the budget, which is generally brought down after all the legislatures have prorogued. Now, if the provinces want to regain their losses the only way to do this is by raising their rates, and the only way they can raise their rates is by the will of the legislature, which normally doesn't sit for another eight or ten months. Then they have to wait

until the following January 1st — at least 18 months — before they can start regaining their losses.

Mr. Speaker, the Prime Minister has said that this will give the provinces more flexibility and control of its own affairs. I say there is as much flexibility in that as there is for me to scratch my back when I've got my hands tied in front. I question the sincerity of the federal government. I believe they have just given into the wishes within a few years that you are going to see 11 collection agencies for income tax across this wide dominion, because of the simple fact that the provinces are going to be forced into it. This, again will just be added expense to the tax-payer.

Let us come to the equalization part of the grant. As I said before, under the old agreement it was based on the average of the two wealthiest provinces. Now it is on the average of all the provinces. This new equalization formula also demands that provincial revenues from natural resources must be included into the calculating of the provincial per capita revenues to be equalized. Why only natural resources revenues? Why not all revenues? The province with the largest natural resources are going to suffer the most. The provinces who have taken care of their natural resources will also suffer. Even the Maritimes will suffer, because of the fact its \$35 million special grant which has been given to the Maritimes must now be thrown in and be equalized into the fund. What does this mean, Mr. Speaker? Not only Saskatchewan, but for all the other provinces.

The Prime Minister says we will be better off because we have a wider room to work in in these tax fields, but what he ignores is that any gains made from the extra room in the tax field is that most provinces will suffer from loss from the equalization. It is interesting to compare the revenues which will be raised from the old tax, or the old formula, and the new formula. Let us first suppose that there will be a natural five per cent increase in these three fields of taxation. Under the old formula, the federal government will pay \$866 million. Under the new formula they will pay \$883 million — nearly \$17 million of an increase. But who gets this increase? Well, the Maritimes get a little bit. Quebec, Manitoba, Saskatchewan get the same. Alberta, British Columbia get quite a bit less, but the most interesting thing is that Ontario gets \$18 million — so out of \$17 million she gets \$18 million — she not only gets the \$17 million increase, but she gets \$1 million which

has previously gone to other governments. Not only that, she not only gets more dollars, but her percentage rate has gone up from 33.8 per cent to 35.3 per cent.

Mr. Speaker, the provinces all across Canada have repeatedly argued for a greater share of the income tax field, in order to meet the growing demands of her financial responsibility. These new proposals do nothing to alleviate these demands. All it is doing is helping the richest province — Ontario. It seems to me the philosophy of the Diefenbaker government is the survival of the fittest; let the strong trample the weak. I wouldn't have believed three years ago that the arrogance of this government is even greater than the arrogance of the previous government, the C.D. Howe government.

**Mr. McDonald:** — They're both pikers compared to you.

**Mr. Meakes:** — I say we have no choice but to pass this legislation, but I do say we pass it under protest. The financial problems of federal-provincial relationships which have plagued Canada ever since 1867, for which the royal commission had recommended several cures, have never been solved. In fact, under the Diefenbaker government they have gotten worse.

**Hon. Members:** — Hear! Hear!

**Mr. Meakes:** — The federal government have turned the clock back. In fact progress toward national unity and towards equality and fair treatment for all Canadians is to be reversed.

Back in 1957-58 the Canadian people demonstrated their dissatisfaction with the Liberal party, to provide a fair deal under those old tax agreements. Now it is clear that Tories are even worse than the Liberals, if that is possible. The hope of the people of Canada is to elect a government which takes seriously the needs of local and provincial governments; which has a vision of national unity more than an election slogan, a government which will plan and develop and distribute the wealth of the nation in the interests of all the people.

In the meantime, we in Saskatchewan have no choice but to accept this Tory deal; to make the best of a bad situation; but we are determined more than ever to turn the Tories out at the first opportunity, and take a major step towards a sound federal-provincial fiscal arrangement.



Mr. Speaker, I second the Address-in-Reply to the Speech from the Throne.

**Mr. V. Ross Thatcher** (Leader of the Opposition): — Mr. Speaker, my first remarks this afternoon, of course, must be to congratulate the mover and seconder of the Address-in-Reply to the Speech from the Throne. The lady member for Regina (Mrs. Cooper), as usual, performed in a very gracious manner, and it was obvious that she spent a good deal of time in preparing her remarks. With some of the material, of course, we agreed. With other parts we did not. There was one point in her address this afternoon I think the people of Saskatchewan will find significant. Not one word did she say about how this medical plan is going to be financed. Everybody would be for a medical plan if it is 'free', of course. Everybody is in favour of Santa Claus; everybody would like to be a do-gooder. However, why is it that when these socialists talk about this medical plan, they can never get down to hard facts and tell us what it is going to cost. And the hon. member for Regina this afternoon, as usual, did not disappoint us. I don't think she's got a clue where the money is coming from. I don't think the government has, either.

**Opposition Members:** — Hear! Hear!

**Mr. Thatcher:** — As a matter of fact, I think if this government did everything the hon. M.L.A. for Regina suggested, two things might happen. In the first place I don't think we'd have many tax-payers rich enough to pay all the taxes that were needed for her proposal. In the second place, I don't know whether there would be too many doctors left in the province to administer the plan.

As far as the remarks of the hon. member for Touchwood (Mr. Weakes) were concerned, it is always a pleasure to listen to the genial member and again with much of what he said we could agree. His speech is always good for a few laughs, and it was this afternoon too. This party holds no brief for the Conservative party for scrapping the provincial-dominion agreements, and our members will have a good deal to say about this subject late in the session. But let me say this: one of the major reasons probably, why the Prime Minister and others felt it necessary to scrap these agreements, was the nagging criticism year after year from governments like this one, that they were never getting enough.

I remind you, Mr. Speaker, that when the last Liberal government left power, it was receiving about \$11½ million a year from Ottawa. This last year the socialists are getting \$67 million, and still they are always saying, 'Not enough'. So now Ottawa has said in effect, 'Well, let them collect their own taxes'. And if the people of Saskatchewan are going to suffer from these agreements, let me say that part of the responsibility at least lies upon the shoulder of the socialist administration.

**Opposition Members:** — Hear! Hear!

**Mr. Thatcher:** — There was an interesting motion that the Premier put on the Order Paper just as the House began. We must start morning sittings Monday. I think it is regrettable, Mr. Speaker, that the first 15 minutes we get in here, with all the problems facing this province at this moment, that the steam-roller comes out. We're going to have to sit morning, afternoon and evenings. Here we face an agricultural crisis; here we face unemployment. Well, my hon. friends don't want to do much about these matters, but the Liberal opposition does. Here we face a lack of industrialization in this province; still no pulp mill; still no petro-chemical industry. We want the minister to tell us what he's going to do about such problems. Here is a government that is going to spend \$23 million, \$24 million or \$25 million on a medical plan, and they tell us in the first 15 minutes — they're hardly going to give us time even to read the bill.

Mr. Speaker, I want to serve notice upon the Premier that we are going to do all we can do to oppose morning sittings. We think we should sit reasonable hours next week. Just because the New Democratic Party wants to have its founding convention on November 1st, 2nd and 3rd is no reason for us to get out of here. Just because the Premier wants to get down and campaign in British Columbia or Ontario or Quebec for federal matters, that is no concern of ours. Our job is to look after the business of the people of Saskatchewan. That's why we came in here.

**Opposition Members:** — Hear! Hear!

**Mr. Thatcher:** — Mr. Speaker, the Throne Speech is surely an amazing document. Not one single word about agriculture. Saskatchewan is an agricultural province. Here we face the worst drouth we've had since the dirty thirties. Our cash income for farmers is down about one-half. Fodder reserves all over the province

are, to say the least, inadequate. Many farms and many communities lack water. Municipalities and school units almost without exception across the province, are having their financial difficulties. Grasshoppers, they tell us, will cause even greater damage next year. Now, we have a lot of trouble on our hands this year with the drouth. Next year the authorities at Ottawa tell us that the picture will be even worse. I will tell the Premier and the Minister of Agriculture the census figures of the Diefenbaker government of a few months ago showed that 38,000 people have abandoned their farms in the last five years — since 1956. In view of all these problems that the farmers face, here we come into Regina and the only solution the socialists have to help them is, higher taxes. The only thing they are proposing in this Throne Speech to help the farmers is to give them millions of dollars in new taxes, on top of the taxes they already must pay.

It is not very much wonder that this New Democratic Party isn't getting very much support from the farmers. For a long time we have been listening to the hon. ministers opposite running around, saying this new party is going to be an amalgamation of trade unionists and farmers. Well, I was reading the Leader-Post yesterday and it doesn't look like it's going to be that kind of a party in Ontario. The headline is 'New Democratic Party Set-Up Replaces Ontario CCF.' Yesterday they had the new party convention in Ontario. It says here there were 1034 delegates — 35 of them were farmers — 3 per cent. Certainly an amalgamation where the farmers were missing!

Mr. Speaker, I say it is disgraceful that this government would call a special session of the legislature, and then not even be willing to discuss the problems of agriculture.

What about the unemployed? The Premier has been running up and down this country from one end to the other telling all the other provinces — telling everyone else what should be done about unemployment. Why doesn't he stay at home and do something about it right here in Saskatchewan? We have 30,000 people out of work last year. No doubt this winter we'll have more, if we still have a socialist government. Why isn't there something in the Throne Speech about what this government plans to do for the unemployed? I want to say this, Mr. Speaker, that the Premier, who is soon leaving the province, is leaving a province which is burdened by high taxation, which is frustrated by unemployment, which is cluttered up with abandoned crown corporations; which is hamstrung by industrial stagnation. He is leaving

October 11, 1961

a province which under his leadership for 17 long years has stood still as far as population is concerned. He is leaving the province where the wage scale is substantially below the average for the rest of Canada.

I am even going to say today, Mr. Speaker, that maybe the Premier is choosing a good time to leave the province.

Just before I adjourn this debate this afternoon, there is one thing I would like to say. I think an era in Saskatchewan politics is shortly ending. The C.C.F. party as such will soon be going into the discard. The Premier, I assume, will be going down east — maybe not as a member but he will be going down to take an office anyway, and I suppose this will be his last session in the legislature. There are one or two comments I would make on this event, on behalf of opposition M.L.A.'s.

I admit very frankly we have had many harsh things to say about the Premier in the past, and I hope we will have many harsh things to say about him in the future. We have differed with him fundamentally on many broad and basic issues.

**Hon. Mr. Blakeney:** — Not always.

**Mr. Thatcher:** — However, I am sure the Premier and the people of Saskatchewan will realize that our differences have been political and not personal. I am quite certain that the Premier, while serving in this legislature, has done his best to do a good job. I am quite sure also that no matter how the opposition feels about his politics, we do not question his ability, his integrity, or his sincerity. I have not the slightest doubt that when the history of this province is written, it will record that the Premier left his mark on its pages.

I am not going so far this afternoon to say that we are sorry he is leaving, because we're not. We think his departure is going to help the Liberal party in this province. I'm not going to wish him good luck in his new job because we hope he won't be too successful. However, on behalf of the opposition I do wish to extend him our best wishes every way except politically. We hope he will enjoy a long and healthy life when he leaves the legislature, preferably, of course, in some retirement at the coast, or elsewhere.

Mr. Speaker, I wish to move the adjournment of this debate.

The Assembly adjourned at 4:38 p.m.