

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
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14th Day

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CONGRATULATIONS TO PREMIER

Mr. W. Ross Thatcher (Leader of the Opposition): — Mr. Speaker, before the orders of the day are called, on behalf of the opposition I should like to congratulate the Premier on his recent elevation to the highest office in this province. I might say that in our opinion he assumes the leadership at a very critical time in the history of Saskatchewan. Certainly it will take aggressive and vigorous leadership to cope with the many problems that the people of Saskatchewan face.

I wish to assure the Premier that while we intend to discharge the recognized duties of the opposition, we do hope this can be done in a friendly manner. We've observed the energy and the ability that he has displayed in the past, and we think these assets will be a real value to him in his enlarged area of responsibility.

While of course we don't want him to occupy the Premier's chair for too long, yet during his tenure of office, we do hope he will find his duties rewarding and pleasant.

Hon. Mr. Brockelbank (Minister of Mineral Resources): — Mr. Speaker, I rise also to congratulate the Premier and express to him the very best wishes and offer him the full commission-operation, and I am sure I can say it for all the members on this side of the House, and I hope on the other side of the House too.

I will go one better than the Leader of the Opposition and hope that both the Premier and the Leader of the Opposition continue to occupy their positions for a great many years.

We have had a very outstanding Premier in this province in the person of Mr. Douglas, who has now left this assembly. I have watched our new Premier before he assumed that office and since, and I have full confidence that he too will establish a very distinguished record in this House, and as Premier of Saskatchewan.

I also want to say to my seat-mate, the hon. Minister of Municipal Affairs, that I am kind of sorry to leave him as a seat-mate after having sat with him for 17 very pleasant years.

Premier Lloyd: — Mr. Speaker, may I just express my appreciation for the kind and generous words from the Leader of the Opposition and from my colleague the Minister of Mineral Resources. The Leader of the Opposition has referred to the fact that I take over these responsibilities at a time when the situation is a little bit difficult. I often take comfort in the fact, Mr. Speaker, that I got married during the depression. I felt it was the very best time to get married and probably this is a very good time to occupy, for the first time, a position of this kind.

I would be remiss I think, if at this time I did not add to what I have said a word of appreciation and recognition on my part of the fine contributions made by my immediate predecessor Mr. Douglas, and indeed by others who have occupied this chair during the rather short but very eventful history of this province of Saskatchewan. May I, through you, Mr. Speaker, assure the legislature and the province that to the best of my ability I will show respect for the responsibilities and the tradition of this office.

QUESTION RE MEDICAL CARE

Mr. W. Ross Thatcher (Leader of the Opposition): — Mr. Speaker, before the orders of the day are called, I should like to direct a question to the Minister of Health. During the recess has the government made any effort to work out a compromise with the doctors of this province in an endeavour to get them to participate in the medical scheme which is now before this legislature?

Hon. Mr. Erb: — Mr. Speaker, I wish to say that we have had no such meeting with the College of Physicians and Surgeons.

Mr. Thatcher: — Would you repeat that Mr. Minister?

Hon. Mr. Erb: — We have had no such meeting with the College of Physicians and Surgeons to do what the hon. Leader of the Opposition suggests.

Mr. Thatcher: — Mr. Speaker, might I ask a supplementary question. When does the minister intend to get together with the college to see if a compromise can or cannot be made?

Mr. Speaker: — Order!

STATEMENTS RE HOUSE SITTINGS AND CIVIL DEFENSE

Premier Lloyd: —Mr. Speaker, part of our opportunity to meet with the doctors to discuss ways and means of implementing the program depends of course upon the date on which the House adjourns and the machinery which is being established for appropriate discussions has been established.

While I am on my feet, Mr. Speaker, may I make two other announcements, one with regard to the business of the legislature. We have now had a recess of some considerable length. All of the items to be discussed are on the order paper, and we would expect to meet after this evening, meet in our morning, afternoon, and evening sessions, with the exception of Wednesday evening, which of course, is a day which we do not sit ordinarily.

Another announcement I wish to read, Mr. Speaker, has to do with the national civil defense exercise which as hon. members know begins today. Some six weeks ago the Prime Minister of Canada advised that a national civil defense exercise will be held in November. Hon. members are no doubt aware that this exercise will be held over a 24-hour period beginning early this evening. The purpose of this exercise is to test again various civil defense procedures that have been designed to assist society to function as much as possible in an orderly fashion no matter what disaster might arise.

Since the time the exercise was announced, officials of the government of Saskatchewan have met on a number of occasions with federal officials for the purpose of working out the details for the conduct of the exercises in Saskatchewan. This preparation has resulted in plans for the government of Saskatchewan to be represented by ministers and a sizeable group of senior civil servants. It is expected that the results of this exercise will add to the knowledge and experience that the government of Saskatchewan, has acquired in recent years in dealing with a number of disasters of a local nature.

On the 27th of this month a federal-provincial conference in civil defense will be held at Ottawa. The government of Saskatchewan will be represented at this conference by two ministers and officials that have civil defense responsibilities. We will take to the conference for discussion with the representatives of the federal government and other provincial governments, the information which results from the exercise. Our aim in participating in the exercise which is to be held this evening and tomorrow and in attending the federal-provincial civil defense conference later this

month, is to acquire information and skill that will best serve the people of Saskatchewan in the future.

STATEMENT RE DEPARTMENT OF SOCIAL WELFARE

Mr. J.W. Gardiner (Melville): — Mr. Speaker, in light of statements that have been made during the past week by the Minister of Social Welfare with regard to the conduct of affairs in his department by certain municipalities, I think a great deal of confusion exists in the minds of the municipalities in the province at the present time as to whether or not they have control of the administration of social welfare within their own municipalities.

I think it only fair, because of the condemnation of the minister of one municipality, that the minister should make a statement to clarify this situation.

Mr. Speaker: — Order! The hon. member may ask a question. He may not make a speech.

CONGRATULATIONS — YELLOW CREEK SOCCER TEAM

Mr. Arthur Thibault (Kinistino): — Mr. Speaker, before the orders of the day, I take great pleasure in announcing to the House that the Yellow Creek high school soccer team won the provincial championship on Saturday, October 28, with a 4 to 2 victory over Battleford in the final of a four team tournament held in Yellow Creek. In the semi final the Yellow Creek lads blanked out Bedford Road from Saskatoon 3-0, while Battleford edged out Lebret 4-3. The Yellow Creek team also won the provincial championship two years ago and were the runners up last year. My congratulations go to Yellow Creek, and I want to point out that Yellow Creek is in my constituency.

STATEMENT RE UNION

Mr. Gordon T. Snyder (Moose Jaw city): — Before the orders of the day are proceeded with, I would like to take this opportunity to make an announcement and to draw to the attention of members on both sides of the House, the fact that the organization with which I am associated,

the Brotherhood of Locomotive Firemen and Enginemen did on Tuesday last, on a very good majority vote, by secret ballot, vote to affiliate with the New Democratic Party. I congratulate them at this time on their political awareness.

QUESTION RE ADMINISTRATION OF SOCIAL AID

Mr. J.W. Gardiner (Melville): — Mr. Speaker, possibly you didn't consider that last one a question, and I will direct a direct question to the minister in relation to my previous statement. Have municipalities in the province the right to set regulations with regard to the administration of social aid in the province at the present time?

Hon. Mr. Nicholson (Minister of Social Welfare): — Mr. Speaker, it wouldn't be appropriate for me to debate the question that has been raised, but our department has had meetings regularly with representatives of the S.A.R.M., S.U.M.A., and at least 95 per cent of the municipalities are finding the arrangements quite satisfactory. There are a few problems in the province, but very few I am happy to say, and I think the great majority of the municipalities are well satisfied with the working arrangements.

ACKNOWLEDGE OF ADDRESS-in-REPLY

Mr. Speaker: —I beg to inform the assembly that I have received a communication from His Honour, the Lieutenant-Governor.

“Frank L. Bastedo, Lieutenant-Governor — to the members of the legislative assembly. I have received with great pleasure the address which you have voted in reply to my speech at the opening of the present session of the legislature, and wish to express to you my sincere thanks for it.”

RESIGNATION OF T.C. DOUGLAS

Mr. Speaker: — I also would beg to inform the assembly that I have received the resignation as a member of this assembly of Thomas Clement Douglas Esq., member for the constituency of Weyburn, and have accordingly issued my warrant to the chief electoral officer to make out a new writ of election to the said constituency.

ADJOURNED DEBATES

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Lloyd: That **Bill No. 2 — An Act respecting Income Tax** be now read the second time.

Mr. McDonald (Moosomin): — Mr. Speaker, for some unknown reason, car trouble or something, Mr. Cameron has not arrived to take his seat during this day, and he has prepared himself to address the assembly on this particular matter and I would like to ask if it were possible to have this second reading delayed until Mr. Cameron is present in the House.

I want to repeat I have no idea why he is not here, but it must be car trouble or some other reason.

Premier Lloyd: — Mr. Speaker, I want to meet the wishes of the House. The government is rather anxious and it is rather necessary for us to proceed with this bill during the early part of the week. I think there would be no objection on our part if Mr. Cameron were to have the right to speak when he does arrive in this House, if the opposition are prepared to carry on with the bill at this time.

Mr. Speaker: — In order for the member to have his right to speak, he would have to speak at this time, but I think by leave of the House this rule could be set aside. Is leave granted?

Some Hon. Members: —Agreed.

Mr. A.H. McDonald (Moosomin): — Mr. Speaker, I am probably the one caught in the squeeze. I hesitate to take part in this debate, not having made the preparation that one should to speak in this debate or any other one. This is a problem I think that is familiar to most of us in that it has been discussed on previous occasions and previous years in this assembly. Although I do realize the position the government now finds themselves in, both with regard to having to impose this tax and the time element, I understand this legislation is necessary in order for the new forms to be printed in Ottawa to allow provincial governments to collect the part of the provincial income tax that is to be collected by this government in Ottawa, and this necessitated the printing of new forms and of course this will take effect the beginning of January, therefore, there is some haste and I agree with the Premier

when he says we should proceed with the bill at this time.

On previous occasions I have expressed my opinion with regard to the dominion-provincial taxation and I am not going to take the time of the House to repeat many of those thoughts on this occasion. The only thing I want to say is this: that I have not changed my mind at all. I still believe that the agreements that are in existence at the moment were more advantageous to the province of Saskatchewan and to Canada as a whole, than the new agreements will be. But I feel that being in the opposition we have a little different responsibility than the government that sits opposite. Undoubtedly the government that sit opposite feel that they must have this revenue to carry on and to provide old services and new services for the province of Saskatchewan. So I realize the position they are in, and probably compels all of their members to support this legislation. But I do not feel that I have that responsibility as a member of the opposition.

Government members during this session have said that they didn't like this legislation, but they are going to have to vote for it, it's their legislation. I dislike it too and I am not going to vote for it. I believe that this is a retrograde step, not only for Saskatchewan, but for all of Canada and if we continue to pursue the type of thinking that is now going on in Ottawa, we will destroy not only provinces like Saskatchewan, but we will destroy unity throughout this nation. Surely we are not going to say to the people of Canada, that if you happen to live in one of the wealthy areas you will receive greater benefits from your provincial government than you would receive if you lived in a less-wealthy area. This is exactly what this legislation is going to do. It is going to mean that we in Saskatchewan, yes, we have a floor, we will not receive less, but if Canada grows and I hope it will, and its natural products increase — the productivity of the nation as a whole. But under this legislation we will not — we will be as well off as the average Canadian. I think we should be as well off as those people who live in the most wealthy areas and surely if anything is going to destroy the unity of this nation, it is this type of legislation. For that reason, Mr. Speaker, I cannot support it.

I want to register my objections to the government of Canada, and to the people of Canada, and I feel that if I support this legislation then I am agreeing to the principle that has been announced by the Prime Minister of Canada and by his government. I cannot do this and I hope that my colleagues will see fit to do the same thing.

I appreciate the position that this government finds themselves in and naturally I don't expect they will vote against this bill or it wouldn't be on our desks, but I believe in my own heart that the vast majority of those people who sit opposite, if they voted according to the conscience they too would vote against this bill. Because in voting for it, you are voting for disunity in Canada. You are giving your support to a bill that makes it impossible for Canadians as a whole to receive the benefits that are derived from the increased productivity of our nation. I feel that for once, the government find themselves in a strange position. Their own party in other parts of Canada have voted against similar legislation — their own party in the province of Manitoba voted against this type of legislation. I think they were right. The Liberal party in Manitoba voted with the CCF party and I think they were right. I can only say that I hope that all of my colleagues on this side of the House will oppose this legislation.

Mr. C. Herman Danielson (Arm River): — Mr. Speaker, I didn't intend to say anything on this motion. I touched on this subject when I spoke on the Speech from the Throne and there are just a few things here I want to mention. This government under the leadership of the former Premier should accept and will no doubt have to take the responsibility for this bill being in the House in the form it is in at the present time. This government more than any other provincial government in Canada has constantly tried to belittle and to blackmail the federal government, no matter whether they were Liberals or Conservatives or what they were — the government that sits opposite, Mr. Speaker, and to your right has always done this through the years.

I couldn't help thinking the other day when the then Provincial Treasurer, who is now Premier of this province was speaking, and he made a masterful address, and every word of it was in condemnation of this bill not a word was said that wasn't condemnation or against the principle of this bill. It would be peculiar for him to now stand up and vote for that bill, and I hope he will have the courage not to do it.

But I want to say this. Now we have exactly what the former Premier of this province said he wanted — he wanted the principle incorporated into that agreement with the federal government which would take into consideration the needs of the people in the provinces. That is just what Mr. Fleming is doing. He is doing just what the former Premier of this province asked the federal government to do.

For that reason, Mr. Speaker, I am going to vote against this bill, with the greatest of pleasure — because

I think it is going to hurt the people of the province of Saskatchewan. For this retrograde step, Mr. Speaker, the government that sits opposite must take its full share of the responsibility.

Mr. A.H. McDonald (Moosomin): — Mr. Speaker, I wonder if I might inform the Premier that Mr. Cameron — I have just got word that he will not be in the House today, and I have no strong feelings, if you want to proceed with the bill . . .

Mr. Allan R. Guy (Athabasca): — Mr. Speaker, I didn't intend to participate in this debate, but if it is going to be voted at this time, I certainly do not wish to let this bill go through second reading without pointing out the fact that this government that sits opposite has taken it upon themselves, before the agreements have even been signed, to increase the corporation tax by one per cent, and to increase the income tax — 6 per cent over what was paid by an individual last year. Now that to me would seem to show that the former Premier and probably the present Premier were only too happy to get the opportunity to get their grasping fingers into the income and corporation tax fields.

For that reason I would say that although I sympathize with the government having to accept this from the federal government that they were probably accepting it with a great deal of glee and this is one place where the people of Saskatchewan will be taken over the coals over the next few years and the income tax and the corporation tax will continue to mount more rapidly probably than any other tax field in the province. It is for that reason that I certainly would not support the bill and I would hope that the other members on this side of the House would go along in opposition to it.

Hon. A. E. Blakeney (Provincial Treasurer): — Mr. Speaker, after listening to the comments of the hon. members opposite with respect to this bill, I think that I should like to say one or two things about it. Hon. members opposite are suggesting that they do not like the bill, therefore, they do not propose to support the bill. This unfortunately does not completely cover the ground. There are a great number of things which I do not like but I still have to support, because I like any alternative a good deal less. This I think is the situation which all members in this House should find themselves in.

There are really only three possible courses of action with respect to the situation which gave rise to this bill. We can either pass the bill and have the federal government collect certain taxes on behalf of the province of Saskatchewan, or secondly we can fail to pass the bill and forego the very substantial revenues which will accrue from the tax fields and from the equalization payments and the other arrangements of the federal government which come along with this bill, or thirdly we can fail to pass this bill, but pass another bill whereby the provincial government would levy its own taxes and set up its own taxation machinery. Those are really the only choices that are open to us. No one of those commends itself to me wholeheartedly, but in looking over the three there is no doubt where I must say my choice lies. I am not prepared for all the reasons which have already been mentioned, I am not prepared to see this province pass a tax statute and set up its own machinery and have a duplication of the tax collection machinery of the federal government and I think no member of this House supports that course of action. So I think we can exclude that one.

Now what is the next choice? Shall we not pass this bill and forego the revenue? Is this a possible course of action? I think that when one turns one's mind to the services which would have to be discontinued if these revenues were not forthcoming, one is faced with a choice which seems to me to eliminate the possibility of not passing this bill or any bill like it. So in my mind we have excluded the idea that we can pass a bill which sets up a separate tax machinery. We have excluded the idea that we can pass no bill, and thereby forego the revenues which will come from this bill, and we are left with the third alternative which is the best of three. Perhaps not what we would like, perhaps just as offensive as the hon. member for Arm River would suggest, but the only one that is left to us. The other two are worse. So I say, any member who is turning his mind to the affairs of this province and making up his mind as to what course of action is best for this province, will be bound to support this bill, or alternatively I would suggest that he tell the House which of the other two alternatives he supports.

I don't think a purely negative approach is one which should commend itself to any member on this side of the House or the other, and I think they will agree with that. I don't think they can just say, 'Oh, but we don't like this'. I don't think anybody likes any tax, but the alternative is — no services. I think that looking over the field we will reach the conclusion that the only thing for us who are doing what we think is best for the welfare of the province is to support this bill, however unfortunate it may be in many respects.

Now I want to say a word or two in comment on the remarks of the hon. member for Arm River, (Mr. Danielson). We have heard this suggestion before, that somehow a provincial premier by suggesting that a province has a legitimate right to some of the yield from these particular tax fields, somehow he by stating this — what I would have thought was a fact — is antagonizing the federal authorities in a way which is improper, in a way which is offensive to dignity, in a way which is going to lead to a reaction by the federal authorities against the interests of this province and other provinces. I think that idea is just not tenable. It is almost foolish. Surely we can all agree, that the provinces have a right to a portion of these tax revenues. Surely we can agree that the precise proportion that the provinces are entitled to will not be determined without some (to put it mildly) discussion with the federal government, indeed without some bargaining with the federal government. When in the course of bargaining you make a statement to the effect that certain things are your right, surely this is doing no more than you should on behalf of your province. I think that our Premier has stated his position clearly and succinctly on a number of occasions. The Premiers of other provinces have done the same. I am sure that the previous Premier of this province, the Hon. T.C. Douglas, had a gift for stating his position clearly and succinctly, but I am confident that in stating the position of this province, he at no time put it with more force or in language which was more likely to offend than did the Premiers of Newfoundland, or Quebec, or other provinces. One only needs to look at the records of the last conference and note what the Premier of Quebec, Mr. Lesage had to say, or to see what on this occasion and many other occasions, the Premier of Newfoundland, Mr. Smallwood had to say, to know that the light touch is not the thing which is usually applied when Premiers are negotiating with the federal government in this regard. I think that to suggest that Premier Smallwood, by stating with some clarity and with some force the claims of Newfoundland government, is in some way leading the federal government to lash out and break up the tax structure of this country, is really not sensible and I don't think it is any more sensible to lay this result at the door of Mr. Smallwood than it is to lay it at the door of Mr. Douglas.

We know the origins of this particular hokus-pokus. We know where it came from. We know that these new tax structures are quite unnecessary. We know that even if the federal government had wished to permit provinces to levy varying rates of income tax, and apparently this was one of their purposes, we know, that even if that was their intention,

they didn't need to resort to this sort of hokus-pokus. The reason is clear, the old structure was one which dealt in a more or less fair way with all the provinces. The old structure was one which could not simply be modified and still permit very handsome bonuses to the province of Ontario. Once you assume that the purpose of the federal government was to bonus the province of Ontario in this way, you reach the conclusion that the old structure had to go and you had to find some hokus-pokus to put in its place. This indeed is what has been presented to the people of Canada. A great structure which has nothing to commend it except that it is different from the old structure and by being different permits the federal government to deal differently with different provinces. We know the results. We know that Alberta and British Columbia are going to come off badly. We know that Saskatchewan is going to come off badly. We know that Quebec is going to come off badly. We know that New Brunswick is going to come off badly and we know that Manitoba is not going to come off too well. I think probably some way will be found to compensate Manitoba, and if this is so, then a simple analysis of the political structure of this country will provide ample reason for this particular bill.

Mr. Danielson: — This is what you are going to vote for.

Hon. Mr. Blakeney: — Yes, this is what I am going to vote for, because as I say I have reviewed the three alternatives and this is the one which is the most palatable.

I am sure that the province of Quebec and the province of New Brunswick and the province of Newfoundland will adopt a bill not different from this. As I say, we know why this is here. We know that it has nothing to commend it except that the present federal government at Ottawa finds it necessary to pay certain debts which they believe they have contracted to certain provinces of Canada and they have decided to pay off these debts with the taxpayers' money, and I may say unfortunately with the taxpayers of western Canada's money, by and large. Maybe we'll find a way to even the score. I don't know. I trust the people of western Canada, particularly, when they look at this, will find a way to even the score.

We can see how this is coming about. The bill itself, as hon. members have suggested, is one which has shortcomings as a piece of legislation. It is a bill which was recommended to us almost word for word by the federal government. I for my part, cannot applaud all of the legislative devices used in it, but it is a bill, so far as I am concerned, for which there is

no alternative or no palatable alternative, since I am not prepared, Mr. Speaker, to forego the revenues from the federal government which will accrue under this bill, and I don't know whether members opposite are. None of them has suggested a diminution of services except, perhaps, the medical care plan. None of them has suggested a return to the tax jungle. All of them are in favour of a unified system of collecting taxes. This is the only device available — that the federal government makes available to us — to preserve a unified system of tax collections. Therefore, Mr. Speaker, I will be supporting the bill. I would ask all hon. members who do not want to see a return to the tax jungle, and who do not want to see a sharp diminution of services to support this bill.

Mrs. Mary J. Batten (Humboldt): — Mr. Speaker, I certainly didn't intend to participate in this debate. This is a very sorry bill and with the hokus-pokus that has just radiated from the other side, it is even more sorry. A rather poor excuse or apology for this type of legislation and this type of agreement, Mr. Speaker. Now, I don't think that anybody on this side of the House is going to vote negatively. In fact I think we have the only positive stand that has been taken on this bill. This is the stand that we believe in a federal form of government, that we believe that the federal type of government that we have in Canada should grow and should be extended and should be utilized to help all parts of Canada. This is the consistent stand of the Liberal party in the federal House and in every provincial House. This is the stand on which we're relying to support our so-called negative vote, which I say, Mr. Speaker, is the only positive stand that can be taken.

But it is amazing enough indeed to anyone who has sat here for years listening to the people on your right, to hear them wailing about this type of bill. Surely, Mr. Speaker, if one is a socialist and if one has a socialist government, one should be very happy that one has the right to tax according to one's own socialist principles. That one has more liberty and not less to put one's own socialist type of thinking into effect in the province. Surely these people shouldn't begrudge the fact that the federal government said to them, 'All right you boys, you're never happy, you're never satisfied, you don't like the way things are going. Go ahead do it your own way.'

These are the people, Mr. Speaker, who for years have been complaining every time the federal government has wanted us to take a more national stand, to take a more federal stand about anything. They have gone so far as to distort the facts and to say for instance that the federal government supported mortgage companies when the Minister of Justice had a representative in the Supreme Court and a bill from Saskatchewan came up for a declaration as to whether it was ultra vires. They have distorted every single thing that the Liberal federal government has done. They are the people who elected the present government into power, so far as the representatives in Saskatchewan are concerned.

Well the hon. Minister of natural Resources, (Mr. Kuziak), can well laugh, but I have a clipping in my file stating he (with practically his arms around dear John) said what a wonderful fellow he was, and how everybody should vote for him, far superior to any Liberal who had ever been in office. Today they are crying because this government isn't giving them what they wanted.

Mr. Speaker, if this government had been consistent with its own socialist principles — if this government had been consistent and had carried out its promises when it was elected in 1944, this bill could be the most wonderful thing that happened to this province — this agreement. And it wouldn't have to be brought in by a bill of this kind, because we wouldn't have had to have income tax here at all. After all, the late Premier promised us that they would develop the natural resources, that they would make all sorts of miraculous technological advances whereby we would have everything for free. We don't need to have any taxes in this province if you listened to the socialists, because they were going to take over the means of production and they were going to produce for the good of the people. Here are these poor people still producing for the good of the government and the cabinet ministers who sit opposite us. What a sorry sight.

Opposition Members: —Hear! Hear!

Mrs. Batten: — with any other government you could understand why they would bewail this type of agreement with the federal government. Surely this government should be very happy that the federal government has finally said to them: "You boys have been talking about your rights, you are going to have your rights. Up to now you have had more than your rights."

The hon. minister who has just sat down knows this as well as I do. So far as any rights under our constitution are concerned, they are taking their rights today under this agreement. They are getting their rights to collect these taxes and that is all the right they have. They have no more legal right under the constitution to demand that the federal government split any monies that the federal government collects with them, than I have to ask that the government split properly and sanely and justly with local governments, which they have at no time done in this province since they assumed power.

Opposition Members: —Hear! Hear!

Mrs. Batten: — Surely it sits ill on these people to complain about injustices to a lower government by a superior one, when they who by their legislation created the local government begrudge them every cent, overrule them on their spending, interfere with everything local governments do and have done their best through the years to take over and manage the local governments.

Mr. Snedker: — Destroy them.

Mrs. Batten: — Destroy them and weaken them. And every bit of money that they have put out to these local governments has had a handle and a condition attached to it. Something that the federal government did not do. Yet there was no word of thanks for that. Then they say of course no government should expect thanks. This is a ridiculous feeling, this one of gratitude. Everything with them is a matter of right. Well, Mr. Speaker, these gentlemen have their right and now they are crying on our shoulders. We don't intend to soothe their tears away.

Opposition Members: —Hear! Hear!

Mrs. Batten: — We intend to stay by the principle in which we believe in, the principle of federal commission-operation. We believe that there is a sense of justice, a sense of fair play, where governments the federal government and the provincial government can sit together and can plan for the good of all Canada. The fact that these governments failed to do so lies at the doorstep of the late Premier as well as the federal government, and he shouldn't try to evade that responsibility.

Therefore, I take great pride in standing with the other members on this side of the House to vote against this principle, where some provinces are going to be treated as

step-children, where some provinces are not going to be given the same opportunities for advancement that the Liberal government had given us in previous years.

Hon. J. H. Brockelbank (Minister of Mineral Resources): — Mr. Speaker, I listened to the hon. member for Humboldt, (Mrs. Batten) very carefully. I know that the hon. member from Humboldt can talk very sensibly at times, but it was quite evident that she was making a supreme effort to talk otherwise this afternoon. I never heard such a bunch of dribble come from any member on that side of the House, and it's only a person as clever as the hon. member from Humboldt could achieve such distinction in putting up that kind of line of argument.

Government Members: —Hear! Hear!

Mr. McCarthy: — You're not doing bad yourself.

Hon. Mr. Brockelbank: — This bill that we have before us, Mr. Speaker, this bill is to continue certain relationships which aren't, as has already been said, what we would like to see in this province. I want to point out to you that this government, over the years, Premier Douglas, Mr. Fines, and then the present Premier when he was Provincial Treasurer, going to dominion-provincial conferences, lining up with the other provinces, arguing the best they could with the federal governments of the day, whatever they happened to be, for a fair share for the provinces. A good deal of progress was made in getting for the province of Saskatchewan a fair break, and for the other provinces. It was because of this that we were able to do a good many things that otherwise we would not have been able to do.

I would like to mention in particular the assistance that has been given to local governments. Over ten times the assistance given to education in the way of grants that was given previously. Not all of this was because of the better agreements we were able to get with the federal government, but certainly that made a contribution to it. More than 20 times the grants to municipalities for public improvement, roads and bridges has been made — an increase has been made. Mr. Speaker, less than two years ago the hon. member for Cannington, (Mr. McCarthy) was making a speech. I have the clipping in my file over in my office. But in that speech he was pointing out how well the municipalities have been doing and how much their surpluses were in the municipalities.

Mr. McCarthy: — You've got the wrong speech.

Hon. Mr. Brockelbank: — The hon. member got the wrong speech. All right I admit that. But he said it. It's gone, it's too late to withdraw it. Now he'll have to live with it. And he said 'I think that is a wonderful record for municipalities.' You see, Mr. Speaker, at this particular time, the hon. member for Cannington (Mr. McCarthy), - he has two or three positions on different angles he occupies at different times — on this particular occasion he was trying to argue that there didn't need to be any change in the form and structure and organization of local government. He pointed out how well they were doing, that they had surpluses. I think it was the hon. member for Humboldt (Mrs. Batten) mentioned that this government was trying to override the municipalities and take over their responsibilities and destroy them. If that was the case why did the hon. member for Cannington say the municipalities were getting along so well . . .

Mr. McCarthy: — As soon as you sit down I'll tell you what I said Brock.

Hon. Mr. Brockelbank: — If they are going to tell different stories they should tell them in places far enough apart where we won't catch them, or else they should tell all the same story.

It is nothing new for the hon. member in the opposition to announce that they are going to vote against a bill like this. Of course on another bill that was introduced in this legislature at this time, they talked against it and they voted for it, because they didn't dare do anything else but vote for it. Here is one they think they can vote against. They are not saying what should be done. They are not saying whether we should levy our own taxes or whether we should do without the revenue and cut out all of these services, some of which I have mentioned this afternoon.

Mr. McDonald: — Why don't you listen.

Hon. Mr. Brockelbank: — They are completely irresponsible, uninterested in any progress that is to be made. They think by voting against this bill they will be able to go out to the country and say we voted against this increase in taxation, and we are the people who want reduced taxes and all this sort of stuff . . . tell the people of the province part of the story. I can see them, they are just trying to make themselves a little story. The people of Saskatchewan are too intelligent to fall for stories like that. We have no choice but to pass this bill, but some day and it may not be too far away, we will get a different kind and a

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fairer arrangement between the federal government of Canada and the provinces of Canada. It won't be a Liberal government that will do it either.

Government Members: —Hear! Hear!

Hon. Mr. Brockelbank: — It will be the New Democratic Party. My hon. friends can just put that in their pipe and smoke it and store it away for future reference.

Mr. Ross A. McCarthy (Cannington): — Mr. Speaker, I hadn't the slightest intention of taking part in this debate until I heard the two previous ministers speak, and one of them over there said that what we were doing was almost foolish. I am going to go a little further and make the statement that the two ministers who have just spoken were not almost foolish, they were.

The Provincial Treasurer said that we had a good agreement but they changed it. I want to ask him, why it was changed? I sat in this House for a long time and there wasn't one word of praise for the old plan. He is saying that the provinces now are complaining, but that is after the change has been made. Previous to this change these people over there in every conference said, 'This is no good, you're robbing us, you're robbing us'. Since the change has come along from Ottawa some of the other provincial governments have gone along, but up until that time when there was a Liberal government, the CCF led the fight all the way — it was no good, they were robbing us. After all they set it up on what the Provincial Treasurer said was a fair deal. He admitted it was a fair basis. Your predecessors over there before you came into the House, howled day and night about what an unfair agreement we had. Now that it is gone some of you younger people realize that it was a good deal.

I have quite a bit of sympathy for the government. I shouldn't have, but I have. They've got themselves in this position by themselves and now they can't do anything else but vote for it. I wish the exemption-Minister of Municipal Affairs hadn't gone out, because he distorted all out of line what I said. What I said in that speech was and I will repeat it, that the municipal governments of this province had given better service and got more service for the tax dollar than any other body in this province or in the dominion. That is what I said and I stay with it.

Opposition Members: —Hear! Hear

Mr. McCarthy: — I also said that you people over there are doing your very best to destroy local government and I repeat it, and you're still doing it despite the fact that you agreed with the municipal people that they would have a vote before any more was done. You are not carrying out that agreement.

I have never said anything in this House, Mr. Speaker, that I'm not prepared to back up but the gentleman who just spoke distorted (which he is very clever at) some of the statements I made. That is the only reason I have spoken.

Mr. J.W. Gardiner (Melville: — Before the minister rises to close the debate I would like to say a few words with regard to the bill that is before us. In opening my remarks I would just like to make reference to the remarks of the Provincial Treasurer, the former Minister of Education — in case we might get mixed up — his remarks berating the opposite for being irresponsible. I suppose he would attach the same label to the supporters of his party in the province of Manitoba, that opposed the very same legislation when it was placed before the members in the legislature of Manitoba. Here in Saskatchewan he points to the members of the opposition and attempts to call us irresponsible for the fact that we are opposing this measure, while the members supporting the same party he supports in Manitoba, opposed the very same measure in that legislature. How he can stand here, and other members of his party, comparing the position of the opposition here with Liberal leaders in other parts of Canada, and then come back and accuse us of being irresponsible, when his own party is doing the same thing in Manitoba, is something I can't quite understand. I can't fathom anyone, many minister, accusing the opposition party, which they state is supporting the very things they would like to support themselves — which they state themselves — wish to support those things by opposing this measure and would stand up and call the opposition irresponsible.

I am going to say this to the minister. We're not very far removed from the next federal election. In my mind there is no reason why the provinces of Canada could not have put up a last-ditch stand on this very measure and placed John Diefenbaker and the present government in Ottawa directly on the political spot and taken the government of Canada to the electors on this very issue.

Opposition Members: —Hear! Hear

Mr. Gardiner: — We here in western Canada, for years, as speakers on the government side have stated, have sent the leaders of our government down to Ottawa to argue for better treatment — I am not going to call it fairer treatment. Possibly there are those in other parts of Canada who might argue that we were getting fairer treatment. But we have sent our leaders, as have been stated, to Ottawa, year after year, time after time, to ask for better treatment as far as the federal government was concerned.

We did finally achieve a proportion of what we were seeking when we had a Liberal government in office in Ottawa. We did finally achieve a portion of the success that we were seeking in sending our representatives of western Canada to try and achieve better treatment for the people of the west and the people of the have-not provinces.

As has been stated by other members on this side of the House, there never has been a single time when the members of the government of this province have shown the least appreciation of what the federal government in Ottawa has done for the people of this province or for the provincial government as such. I want to state here that in some ways, I think possibly Mr. Diefenbaker in his own mind, was justified in taking the action that he did, because of the fact that I'm quite certain that he realized there were some governments, particularly the government that sits to your right, Mr. Speaker, who were making political capital every day that they possibly could, out of the monies that were coming from Ottawa. Making political capital — not using the money for the purposes it was intended, but using it for purposes that would promote their political ideals in this province, and their particular political party.

So I say, I think to some extent the Prime Minister may have been justified, but in so doing he was harmed the position of his own province of Saskatchewan — he has harmed the position of most of the have-not provinces in Canada. He has destroyed an effort at commission-operation between provinces and the federal government — a commission-operation which could have meant great things for this country of ours. He has done that because of the fact, I feel he thinks politically it may be better for him to let Saskatchewan and some other governments sink or swim on their own, instead of gaining political popularity at the expense of the federal government. I think that is one of the reasons the federal government has taken this action.

There is nothing today that prevents the government of this province, or the government of the 10 provinces saying to their people — “We are going to oppose this measure”,

and if it is going to be a year till the next federal election, we're prepared to go to the people of our province and the people of Canada, in opposition to this particular bill, and any unpleasantness we will have to go through for the next year we are prepared to do it, in order to stand on our principles and stand for what we believe. That is what the opposition in this House is asking the members in this House — both government and opposition — to do today.

Here we have an opportunity to actually fight and take a stand for something we believe in. Our friends across the way say we believe in it too, but we don't feel we're in a position to take a stand. Then they criticize us in the opposition for not being honest, by opposing this particular measure.

I don't know whether the Minister of Mineral Resources can straighten out his own thinking in his own mind. He made reference to the fact that he thought one or two over here weren't quite straight in what they were saying today. But I can assure him that every one that I've heard on this side of the House has been promoting and fighting for ideals that he has believed in and that our political party has believed in for many, many years. We are prepared to stand and vote against this measure because it is something we do not believe in and we do not believe will be for the benefit of the people of this province.

The other reason, of course, was stated by the member for Athabasca (Mr. Guy) earlier with regard to the tax increases that are going to be made by the government of this province due to the fact that we have changes in our income tax regulations in the country at the present time, under which increases are going to be made in income taxes. I think there again, we as an opposition have the responsibility to stand up and tell the people of this province and this government that they have no right at this time, when the economic position is such as it is in his province of ours and possibly throughout the entire dominion of Canada — we are not in the position where we should be increasing the burden of taxation on the people of this province or the people of any part of the dominion of Canada.

I know again the Provincial Treasurer and others will probably stand up and make this statement — 'Well then we have to do without some services'. I want to repeat once again, Mr. Speaker, time after time, and speaker after speaker, has risen on the opposition side of this House and has suggested to this government how economies could be made in the administration of the government that sits across the way.

I want to congratulate the new Premier, after arguing for the last 17 years the cabinet was too large, our new Premier has at least had the courage, since he was elected to that office to reduce the cabinet in this province, at least by one, thereby proving that economies are possible. It is going to be an economy in salary alone of, I think, \$9 thousand to the people of this province. I would imagine certain other staff as well as that will not be necessary due to the in the government. I would hope that possibly he would continue his progress in government economy that we have been during on this side of the House, and I am quite certain that today without any effect on the general actions and working of government of this province, that our government across the way could cut 10 per cent off government operation costs, without any effect on the efficiency of the operation of government in the province of Saskatchewan.

Opposition Members: —Hear! Hear

Mr. Gardiner: — If this were done, Mr. Speaker, the increases that have been suggested in this income tax act, would not be necessary. Therefore, I feel that there isn't any member in the opposition side of the House that could vote for this bill which will include an increase in taxation for the people of this province at the present time. Because of the fact that they have not investigated the possibilities of economies in government and they have not investigated the possibilities of holding up unnecessary expenditures that are being made in the province at the present time in order to provide more worthwhile services to the people of this province. So I say for that reason as well, and possibly for that reason alone, I don't see how any member in the opposition side of this House could vote for tax increases. We have had no budget placed before us, yet we as members of this legislature are asked to vote tax increases — income tax and corporation tax increases to a government who has not presented a budget, a government who has not told us exactly whether these monies are going to be necessary. We are not certain where these monies are going to be expended and we are asked a s a legislature to give a blank cheque to this government, to tax the people of this province, and ministers across the way have the gall to stand up and say that the opposition by so doing is irresponsible.

Well I say, Mr. Speaker, that the government of this province is irresponsible. Not only are they taxing the people of this province for something that they haven't provided, with no assurance it is even needed, or how it is to be expended in the future, but they are going to tax them anyway at the beginning of next year, through the measure that we are being presented with, not only on the basis of previous taxation

but on the basis of increase . . .

Mr. Speaker: — Order!

Mr. Peterson: — Is he speaking on this bill, or is he speaking on the education and hospital tax? What bill is he speaking on?

Mr. Gardiner: — I don't know, there may be something wrong with me, but I understood there was going to be an increase in income tax starting the first of January, under this act that we are considering at the present time. I understand there is going to be an increase in corporation taxes. I don't know whether the member has been sitting in the House during this session. There is going to be an increase in corporation taxes before any budget is brought down in this House by the present government. There are going to be two tax increases, that are going to be brought in under this particular measure. If we haven't the right to speak about these matters at the present time, then I say there is something extremely wrong and we would be remiss as opposition if we didn't raise our voices in opposition to the type of taxation that is taking place in this legislature today — increases in taxation without a budget and without recourse to the normal methods of taxing the people of the province of Saskatchewan.

So I say, for those reasons, I definitely cannot support this measure, and it is with a great deal of pride, not with any sense of irresponsibility that I say to the people of this province that we should not support this legislation, we should fight as long as we possibly can against these changes and see to it that at the next election, a government that believes in the legislation which is bringing about this commission-operation — a Liberal government is returned to office in Ottawa.

Hon. I.C. Nollet (Minister of Agriculture): — Mr. Speaker, the hon. member who just took his seat, has demonstrated very effectively in the course of his presentation that the opposition is taking a negative and irresponsible attitude in this matter. It is all right to say in this House, other opposition parties in other legislatures have done certain things and taken certain attitudes to measures of this kind. It is also correct to say that other governments of the same political persuasion as our hon. members opposition have accepted their responsibilities as governments to do something in terms of meeting the requirements of the federal government.

I want to say, Mr. Speaker, that there is no need on the part of the opposition members of this House to continue to defend the record of the previous federal administration in regard to this matter. They were the ones, Mr. Speaker, who initiated — attempted at least to initiate the Rowell-Sirois recommendation. They failed to implement those recommendations. They too made a political deference to the richer provinces where populations are thicker and votes thicker, in favour of the two central provinces and emasculated the original proposals that were submitted by this important commission. This is where the trouble started, Mr. Speaker. Had we had a proper and equitable arrangement with the provinces from the beginning we would not be facing this situation at the moment.

I lay the blame initially with the former Liberal administration, who dodged their responsibility to the have-not provinces and to local governments. When I say this, Mr. Speaker, I am well supported in the fact that local governments went to plead with the federal Liberal government at Ottawa, as well as federal-provincial governments, to give the provinces and local government a fair deal. Now we're being told, Mr. Speaker, again, that it is the responsibility of this administration because we dared to speak out for a fair deal for this province and other provinces in a similar position, that we have scuttled the former agreements with the federal government. Nothing could be farther from the truth, Mr. Speaker.

The hon. members opposite can exercise their own prerogatives if they wish by voting against this legislation, but may I tell them that they can, as we, express their criticism and opposition to this new federal arrangement and vote for the bill and accept their responsibilities because they know that we as the government are bound to discharge our responsibilities to the people of this province in maintaining services that we have. They know as well that this administration, whether they think we're right or wrong, will introduce a medical care program for the people of this province. Opposition to this bill, Mr. Speaker, is a poor way of sabotaging these new services that we have in prospect.

The hon. member for Melville (Mr. Gardiner) knows very well that additional great sums of money will be required for this purpose, which is a very beneficial and legitimate purpose, Mr. Speaker. He knows that no economies in government services would be sufficient in terms of saving money to make up this deficit. Therefore his arguments on the basis of further economies are invalid. I must agree that economies at any time are good and certainly this administration, as compared to similar provincial jurisdictions, is giving the people of this

province full value for their tax dollar.

Government Members: — Hear! Hear!

Hon. Mr. Nollet: — If the hon. members opposite want to obtain some evidence, comparative evidence, on expenditures of public funds, for what they term frills and unnecessary services, they ought to go and visit some of these other provincial jurisdictions and make an unbiased comparison themselves. Saskatchewan has always been economical, because of geographical position, because of great distances and costs of providing services and communication for our people, in stretching the taxpayers' dollar to the limit. This has been done, Mr. Speaker. This administration believes that we ought to and the people have a right to additional services that will give them security, particularly with reference to health. On this basis, Mr. Speaker, alone, I am fully justified as a member of this House to discharge my responsibility because I recognize that the national jurisdiction has come to a decision to which we must abide. We have no other choice whether we like it or not.

I will, Mr. Speaker, continue to register my firm opposition in this legislature and out to the treatment that the less fortunate provinces are receiving, the unfairness of it, the return to the tax-jungle situation. We can do that, in and out of this House. But, while we are in this House, and since the national government has made this decision we have no choice, Mr. Speaker, in discharging our responsibility and we as government members of this House intend to support this legislation. I will therefore support the bill.

Mr. J.R. Barrie (Pelly): — Mr. Speaker, I want to compliment the Minister of Agriculture, (Mr. Nollet) who has just resumed his seat, on being consistent, frank and honest in connection with this particular basis of what is under discussion. He elaborated and was very definite in his statements, that over the years his particular party, and the government that he is a member of, consistently showed ingratitude and criticized the plan that was brought in by a Liberal federal government. It was really a plan of equalization for the provinces, from which Saskatchewan benefited considerably. He agreed to that. Some of his colleagues, of course already in this debate, have taken the very opposite point of view, which amazes and surprises me. This particular plan, which was referred to I believe by the Provincial Treasurer, as the old structure, was a plan brought in by a Liberal federal government and the

basis of the plan was Liberal principles. The principles that we on this side of the House still believe. References were made to Mr. Robichaud, Mr. Smallwood and Mr. Lesage, creating a certain amount of difficulty and carrying on a certain amount of criticism, but I want to remind the members opposite — these men are Liberal gentlemen who believe in the same principles that I do. This has only been done since we've had a Conservative government at Ottawa that have a different type of policy and a different type of principle. These people who were referred to by the Provincial Treasurer are gentlemen who have only been dealing with the federal government, outside of Mr. Smallwood, for a matter of a very short period of time.

Insofar as our socialist friends are concerned, what amazes and surprises me is down through the years, we have heard consistent and continual criticism of the taxation of large corporations, the taxation of those individuals who possibly have larger incomes than others. Now they have the opportunity within their own hands to tax those various corporations and to tax those people with the larger incomes, and it appears they don't want to do it. They are on the spot, Mr. Speaker, at the present time. I want to repeat once again that if you will look through the records, down through the years, in the federal-provinces conferences that were held that the leaders of the government of Saskatchewan, the late Premier and the late Provincial Treasurer, I refer to Mr. Fines these were the people that led and spear-headed the attacks against a particular basis of equalization under the financial arrangements which were made with the provinces. These were the people who offered no gratitude, criticized and condemned and never were satisfied. Now today, members of this government opposite, in this House this afternoon, are feeling sorry we've lost that particular arrangement. They have to bear a large proportion of the responsibility, not only for themselves, but also for the other weaker provinces, the Maritimes and Newfoundland, in that this is lost. Because they gave Mr. Diefenbaker and the Conservative government the opportunity to throw this particular thing back to them with the result we are now asked to support this act.

We have been criticized for being inconsistent. We've been asked even by the Provincial Treasurer to give them an alternative. I've said in this House before and I say it again that the role of the opposition in this legislature and in any parliament, is to criticize and scrutinize the government proposals and government policy, not to make the policies. When they get out and another government takes over — then such government will make the policies and take the responsibilities for them.

Under no circumstances can I see why any member on this side of the House, and I would also include the members on the opposition side of the House, how they can support legislation such as is being proposed at the present time, and be consistent in what they have said and in what they possibly think, and conscientiously believe.

Mr. Speaker, I take great pleasure in adding to what has been said by members from this side of the House on this particular question - I take pleasure in not supporting this bill.

Mr. L.P. Coderre (Gravelbourg): — Mr. Speaker, I too would like to add the reason why I will not support this motion. I should like to answer the Minister of Agriculture, Mr. Speaker, in that I as long as I am in this legislature I shall always sabotage the efforts of the government in their waste and extravagance and unnecessary taxes they are trying to propose. I shall always do that, Mr. Speaker.

Socialism, Mr. Speaker, has always been pictured as an octopus and I think they have caught themselves in a trap of their own making. I should like to somehow or other justify the reasons why I am not going to support this motion and there are reasons why I should support it. But first, Mr. Speaker, I do believe in good equalization methods of distribution of money to the junior governments by federal and provincial as well.

The reason that this present tax-rental agreement that we've had with Ottawa will not be in effect very shortly is because the formulas involved on equalization have been constantly criticized by the administration across.

About four years ago, Mr. Speaker, Saskatchewan was one of the only provinces who definitely disagreed most wholeheartedly with some of the clauses. More so than any other province. Their ramblings and screamings have probably been loud enough to over a period of time convince other provinces of their opinions. Now we find ourselves in this situation that we have no more tax-rental agreements to go back on.

Our great Canadian 'John' did exactly what the socialists wanted to do. It has been mentioned in the House this afternoon that the scuttling of this tax-rental agreement is dividing Canada in some respects. What does Marxism want to do. It does want to divide. Divide and conquer.

In some small way they have succeeded in scuttling the tax-rental agreements and have divided Canada.

Opposition Members: — Hear! Hear!

Mr. Coderre: — Support it or not is the concern. But what happens if we do not support it and it is not supported by the legislature as a whole? Will they establish their own tax-rental agency? Will it be loaded with political patronage? Will the affairs of every man in this province be open to socialist prying? There is great danger in that, Mr. Speaker, because the philosophy of socialism has been to tax the rich — a tax the rich philosophy. Anyone who has any more than anyone else will be under this constant pressure. It is a fundamental philosophy of socialism.

We have to make a decision and I have made my decision in voting against it, because I have to show to the people of Canada that we in Saskatchewan are not in complete agreement with the agreement that is being presented to us today — that we favour a tax-rental agreement. If all the people of this legislature would go and vote unanimously for this agreement, it would tell the rest of the people of Canada that we are in agreement with the scuttling of the program. Therefore I would like to tell the people of Canada that I am voting against this bill by coercion rather than by a willingness to vote for it.

Therefore, Mr. Speaker, in those few short words, I have definitely registered my opposition to the bill.

Mr. F.E. Foley (Turtleford): — Mr. Speaker, I would have like the hon. member for Maple Creek to have had the opportunity of participating in this debate this afternoon because I feel that his judgment on financial matters and in particular on a piece of legislation with such far reaching implications for the future of our province, would have been greatly valued by all the members of this legislature.

There are a few matters that I would like to mention during this debate, however, since the minister indicated that an adjournment is not possible and that he wished to close the debate.

Now, I listened to the hon. Minister of Agriculture, and I am sorry he is not in his seat, mention that — the main necessity for the provincial government taking full advantage of

the rights that are being granted to them by the federal government in the income tax field was to finance the medical care plan. Mr. Speaker, it occurred to me that one of the interesting aspects of this change in the tax-rental agreement is the fact that for the first time, this government will now be called upon to take political responsibility in a direct manner for the taxation which is being planned and the scope in which this taxation is levied. They have been in the position, prior to now, whereby any implications or repercussions from the levying of income tax has been laid at the door of the federal government and I seem to detect a certain reluctance on the part of many of the members, particularly in the treasury bench, who for the first time are going to have to justify to the people of this province, not only the amount of income tax that is being levied, but also the purpose for which it is being levied.

I was interested to read in the press, comments made recently in the province by the federal Minister of Finance, Mr. Fleming. I would just like to make brief reference to one or two of those comments. He suggested that since the provinces had been excluded from three direct taxation fields, this had deprived them of a certain flexibility in the conduct of the affairs of the province and that it had in fact severely restricted the activities of the provincial governments. He went on to say that it was the feeling of many of the provinces that the rental of their rights in the direct taxation field derogated from their enjoyment of these revenue sources on an equal basis with the federal government.

I was interested to read the remarks of the hon. federal minister in order to try and have some understanding of the viewpoint of the federal government with regard to this move. I must say, Mr. Speaker, that I certainly cannot agree with some of the remarks he made in defence of this change from the previous federal administration. As far as I'm concerned the revenues which the province enjoyed for a number of years, certainly gave them a basis upon which they could plan public affairs, public expenditures on a fairly sound basis, and rather than restricting them I feel that it did indeed in many ways assist them.

However, he did go on to say this, Mr. Speaker, Saskatchewan's increase in taxation was to cover the cost of medical care in part. Other provinces not having had to contribute to such additional service were in a more favourable position. It occurred to me, Mr. Speaker, that while it is not my purpose to argue the merits or demerits of the expenditures proposed by this government for additional medical care

nevertheless for ministers of the crown such as the hon. Minister of Agriculture to stand on his feet, and on the one hand admit that the legislation is not good, then on the other hand to admit further that he is forced to agree with it, smacks of the type of thing we've heard many times from members of this government with regard to previous pieces of legislation in this House. It seems to me that we must either be for something or else we are against it. We can register our opposition by omission just as clearly as we can be commission. Here I think is an example.

I think the hon. member for Melville, (Mr. Gardiner) had considerable merit in the suggestion that it is not absolutely necessary that members of the government vote for this new rental agreement, in order that Saskatchewan not be deprived of the revenues that are coming from it. Has there been any attempt made on their part to ask for a postponement — to ask for further consultation? If my memory serves me right, I believe that the actual conference in Ottawa took place on the 23rd and 24th of February. To the best of my knowledge I have never seen any suggestions or any move made by the members of the cabinet of this province to ask for any re-opening of negotiations. Now, I quite understand, and probably the Attorney General may comment on this — that there may be certain legal blocks in the way of further negotiations. I can understand from press reports that there is a certain urgency to the passing of this bill under the federal constitution. But I have never seen any move made by this government, other than the protests and the speeches made by the hon. Premier during the dominion-provincial tax-rental conference — since then, or since this legislation was introduced into the House — to have reconsideration made. Nor has it been made very clear, as to what Saskatchewan's exact position is. We have heard references from time to time to the "have provinces". The hon. Provincial Treasurer, I think, mentioned that the prairie provinces as a whole were going to receive less. But at the moment we have not been told how much less exactly, nor have we been told how we are going to supplement this loss in revenue from other sources.

As I understand it the \$3 million which this province will receive in revenue in the coming year from this agreement, plus the \$1 million from the increase in the corporation tax, is in part what this legislation will bring us. However, I also understand that the revenue will increase an additional \$3 million each year for the next 5 years. This means that the personal income tax burden will increase provincially in the same ratio as it decreases from the federal levy.

We've heard a good deal of talk from the members of

this government opposite, Mr. Speaker, about what is being done to encourage industry in the province. Certainly I think we must keep in mind that as corporation income tax increases in this province, certainly corporations who have their head offices in eastern Canada and who may be looking to the west to open up new branches and new industries, will be even more discouraged than they may have been in the past.

It seems to me, one broad principle of taxation is this; to the extent that a government is efficient, then to that extent can taxation legislation be introduced to lower rather than raise taxes. In other words I am suggesting Mr. Speaker, that there is a direct relationship between the efficiency of a government administration and the amount of taxation which must be levied. One of my colleagues has already, drawn to the attention of this legislature, the very promises made by this government in earlier years — promises which if fulfilled would have resulted in a considerably different taxation structure than we have today. I notice that the new Minister of Education is in his seat. I want to say that in the field of educational finance alone, I sincerely hope that he will take a very close look at this problem in Saskatchewan today, and assure us that this legislation in front of us will give additional revenues to the field of education and will do something to take the heavy burdens off the shoulders of local governments and move it onto the shoulders of the provincial government, who now for the first time have more direct control over this field.

As far as I am concerned, if we use taxation levels as a yardstick, then I feel that in the administration of the affairs of this province, this government has become increasingly inefficient. The fact that they feel obliged to accept all features of this new legislation, without any substantial argument, other than here in this House, and without any collective attempt to direct enquiries to the federal government as to the possibility of reconsidering what they consider to be some of the more unfortunate aspects of this legislation, is extremely regrettable.

I recall the hon. Provincial Treasurer, when speaking before the adjournment of this House, mentioning that this new rental-agreement did not call for any gratitude on the part of this assembly.

Premier Lloyd: — The member is now referring to something that was under debate a month ago.

Mr. Speaker: — Reference to another debate, in

this session except by way of illustration is not permitted.

Mr. Foley: — Mr. Speaker, it was my understanding that this was merely a continuation of the debate which was adjourned two weeks ago. I felt quite free to refer to previous remarks in this debate.

Premier Lloyd: — On the point of order, the hon. member is referring to something that was said in the Throne Speech debate. This is not the Throne Speech debate, in case he isn't aware of it.

Mr. Foley: — Mr. Speaker, if it was the Throne Speech debate than of course I agree. It was my understanding that it was on second reading of the bill. Nevertheless it has been stated by hon. members opposite and hon. member in particular that they were getting their just share of taxation revenues. Now there seems to be some inconsistency in this stand and the stand expressed by the hon. Minister of Agriculture and others. So I say again, when the Premier closes this debate, I would first of all like him to assure this legislature that everything possible was done and is still being done to gain for the province of Saskatchewan, the most favourable possible rental agreements.

I would also ask that he detail for us exactly what we will receive in the next five years under this agreement and how this will differ from what we might have received had the former agreement remained as it was. In that way I feel that all hon. members will more properly be able to cast an opinion on this bill.

Finally, Mr. Speaker, I would certainly ask the hon. Premier to tell us how he expects to justify the increase in corporation tax in the light of the difficult position which industry finds itself in this province today and in view of the fact that we are still not encouraging, in my opinion, any major breath of life in the field of industry or in the field of mineral investigation and explorations, nor in any of the major fields from which we might hope to get provincial revenues in the future.

For those reasons, Mr. Speaker, I will support my colleagues in opposition to the bill.

Mr. James E. Snedker (Saltcoats): —Mr. Speaker, anything I have to say in regard to this bill will be brief and to the point. I have heard hon.

members on the other side of the House say it is unfortunate that this legislation has to be presented at this time, and that it is unfortunate that the whole tax-rental agreements have been changed. When they say that, Mr. Speaker, they are just shedding crocodile's tear, their incessant criticism they gave the government in Ottawa the opportunity to do the very things they have done. That is to change the agreements. They have given them the opportunity to put us in an unfortunate position in regard to our relationship to the other provinces in Canada and also open the field of income taxation to the various provinces.

I hesitate to think what a tax jungle we'll be living in if the provinces decide to go out and levy their own income taxes. That is possible with these changes. Members opposite say it isn't going to be done in this province and I hope they stay with that because I don't think any group of people, when it comes to taxation will be so efficient at levying their pound of flesh as will socialists. That is the history of socialist governments the world over. When they start out in the field of taxation they sharpen their knives and cut right down to the very bone — they are cutting down to the bone in this province now.

With the fresh arrangements that are proposed by Ottawa, the provinces have the opportunity if they choose to use it, of entering the field of income taxation and cutting deeper, faster and better. There isn't any question in my mind as to what I think about this thing. I oppose it all down the line. I think we were better off under the old tax rental agreements we previously had. Hon. members on the other side of the House indicated that they thought so too. They have to take the blame for having brought this thing down around our ears and I intend to vote against it, Mr. Speaker, make no mistake about that. I have said why briefly, and that is all I intend to say on the subject at the present time, except to say this: that if by any chance this province or any other province decide to levy their own income tax, set up a bureaucracy of their own, a collection agency of their own — what a swarm of snoopers and tax hounds we'll have. I wouldn't wonder if some of the hon. members on the other side of the House weren't just envisaging that very thing when they laid the groundwork for what has occurred. I'm going to vote against it, Mr. Speaker.

Mr. Speaker: — I must advise the assembly that the hon. Premier is going to close the debate.

Premier Lloyd: — Mr. Speaker, I can assure the hon. member who has just taken his seat that nothing could make those of us on this side of the House happier than to hear that he was opposing something we were doing. This we would expect and we would be disappointed if it were otherwise.

I want to refer to the remarks of the hon. member from Turtleford, (Mr. Foley). first of all he stated that the House as yet did not have any information with regard to what the proposed arrangement would bring to the government of the province, and how this compared with what we received under the previous agreements. I spoke at very considerable length when introducing the bill, Mr. Speaker, and put facts with regard to that before the House in very considerable detail. I think it is not necessary that it be repeated at this time. I did give a very considerable amount of detail at that time.

Secondly he raised the question as to whether or not we had done anything to try to get the federal government to change its opinion and to enter into further discussions. Well, Mr. Speaker, there is a song that says it takes two to tango or something like that. Well it also takes two to negotiate. I can assure him and the legislature and the province that everything possible was done by this provincial government and by a number of other provincial governments to attempt to get the federal government, first, to reconsider and secondly, to call a further conference so that we might make representation on that point. There are both letters and wires from Mr. Douglas as Premier of the province, indicating the requests that were made in that regard, but we were not successful.

That being the case, Mr. Speaker, then the government was left, and here I emphasize the statement of the Provincial Treasurer — there was no option whatsoever so far as the government was concerned to bringing in legislation of this kind. It is all very well for members of the opposition to stand up in their — and I use the word again — complete irresponsibility — and urge that the bill be not passed, or that “something” be done. This had we done so would have been the epitome of irresponsibility so far as the government is concerned. I repeat and emphasize, we had no option other than to bring in a bill of this kind. Had it been a Liberal government (heaven forbid) sitting in these benches, they would have been bringing in exactly the same kind of a bill with one exception. There would have been nothing in it to pay for a part of the medical care program, because obviously there would be no medical care program.

Government Members: — Hear! Hear!

Premier Lloyd: — I don't think it is necessary to detain the House to any great length at this time, Mr. Speaker, but one or two remarks that have been made by the opposition seem to be needing some comment. We had two of the speakers attempt to define for us the role of the opposition. One of them went back to the rather time honoured position which has been occupied by some members of the group opposite, that the role of the opposition was simply to oppose. That may be satisfactory to them. Insofar as the people of the province are concerned, however, I am sure that they would like to know not only what people are against, but also to have some inkling as to what it is people would substitute for that which is being opposed. To date we do not have any indication from members opposite what it is they would substitute for what is being proposed here. It is all very well for members to stand up, as did the member for Humboldt, (Mrs. Batten) and say this is Liberal principle to do this, this and the other thing — but those options are not open to us at this time.

We had the member from Gravelbourg (Mr. Coderre) suggesting his own peculiar, and I emphasize and underline the word peculiar attitude, with regard to the role of the opposition when he construed it as being a function to sabotage anything that the government might do. He is welcome to that particular interpretation if he so wishes it.

Mr. Speaker, we've had repeated in this debate, as we had in previous debates, the suggestion that somehow or other the actions and words of the Premier of this province and of the government generally, was responsible for the fact that this different arrangement between the federal and provincial governments is being entered into. Indeed, some members opposite have gone so far as to say that the attitude we have taken was sufficient to justify the federal government's action in this regard. I think it can be said they have emphasized the opinion that what we have done justified the action of the federal government.

This reminds me of a very unfortunate statement made by the Liberal Prime Minister a number of years ago. There are many who will recall the statement of the Prime Minister of Canada, the Rt. Hon. William Lyon Mackenzie King, in referring to the fact that not a five cent piece would he made available to certain provincial governments that did not happen to agree with his stand. We have members of the opposition today, saying that the present federal government

was justified in putting this new construction for federal provincial relationships before the people of Canada simply because some provinces undertook to criticize the old one.

All that the province of Saskatchewan asked, Mr. Speaker, is that there be a greater share of these three tax fields made available to the province. In this we were asking exactly what nearly every other provincial government asked. I mentioned previously that Premier Frost of Ontario suggested that 50 per cent of these taxes ought to be made available to the provinces. That Mr. Lesage and Mr. Robichaud and the Premier of Manitoba went along with the fact that the fault with the existing agreement was simply that the share made available to the provinces wasn't large enough. This was a position taken without exception by Premiers all across Canada. This is not a new position with regard to this particular agreement. This has been the position which provincial Premiers have taken all during the course of these discussions as to how the proceeds of these taxes could be distributed.

The member from Melville, (Mr. Gardiner) objected to the use of the word "irresponsibility" — with regard to the stand of the opposition. I don't know whether that is the right word or not, Mr. Speaker, but what is being suggested in fact is that the government forego some \$40 million worth of revenue. Now maybe irresponsible isn't the right word to attach to a suggestion of that kind, but if it is the wrong word, then the right word is a much stronger one still and I'd like to be able to find it.

I think this, that if one examines the record of this government you will find that on almost every occasion the government of Saskatchewan over the past 16 or 17 years has been first among the provinces to offer its commission-operation in developing better federal-provincial relations.

I want only to add one thing further. That is to emphasize that we have as much dislike of this principle which we are forced to accept as it is possible to have. I repeat words which I used when I introduced the bill. The aim of the federal state is to create unity and diversity. What this plan does in effect, is to undo unity and to deny diversity. Regardless of that, Mr. Speaker, there is no option in so far as the government of Saskatchewan, but to accept the bill in the form it is at the present time.

The debate continuing, and the question being put, it was agreed to on the following recorded division:

YEAS — 34

Messieurs

Lloyd
Dewhurst
Williams
McIntosh
Blakeney
Brockelbank
Walker
Nollet
Kuziak
Cooper (Mrs.)
Strum (Mrs.)
Davies

Willis
Brown
Thurston
Erb
Nicholson
Turnbull
Stone
Whelan
Thibault
Kramer
Johnson

Meakes
Thiessen
Snyder
Stevens
Kluzak
Dahlman
Michayluk
Semchuk
Perkins
Peterson
Brotten

NAYS — 13

Messieurs

Thatcher
Batten (Mrs.)
McCarthy
Barrie
McDonald

Danielson
Gardiner
Foley
Guy

Boldt
Coderre
MacDougall
Snedker

The Assembly then resolved itself into a Committee of the Whole.

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