

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
First Session — Fifteenth Legislature
35th Day

Thursday, March 25th, 1965

The Assembly met at 10: o'clock a.m.
On the Orders of the Day:

ENQUIRY RE RETURNS

Mr. J. H. Brockelbank (Acting Leader of the Opposition, Kelsey): — Mr. Speaker, before Orders of the Day I would like to call to the attention of the Leader of the house that yesterday, March 24th, there were 25 Returns ordered by this house prior to February 24th. All of them were ordered over a month ago, and not yet brought down and I do wish that the government would pay attention . . .

Hon. D. Steuart (Minister of Health): — Mr. Speaker, I assure the conscience of the house on the other side, we will get at them just as fast as we can. We went through session after session when we didn't get some of them until the next year, and believe me we have a record number and our people are working at them. We will bring them in just as fast as we can, and if he has anything else to do except get up and give us this gentle reproach week after week, we will get them here just as quick as we can, don't worry about it.

Mr. Brockelbank (Kelsey) — Mr. Speaker, on a point of order, I wanted to say regardless of what the hon. Leader of the house says when I think fit and proper to ask the house about bringing in Returns, I shall do so.

Mr. Steuart: — When I think it is fit and proper to say what I did, I will do so.

ADJOURNED DEBATE

RAIL LINE ABANDONMENT — RESOLUTION NO. 3

The Assembly resumed the adjourned debate on the proposed resolution no. 3, moved by Mr. Leith, and the proposed amendment thereto moved by Mr. Willis.

Mr. Sam K. Asbell (Bengough): — Mr. Speaker, relative to this motion, at this particular time, the province of Saskatchewan, as we all know is preparing a policy of statement, to be prepared jointly with the other provinces of western Canada on the behalf of the entire agricultural area on Bill C 120, pertaining to rail line abandonment, and, therefore, everything that has been said at this time will be fully covered by the brief, and extended during this debate. I cannot see supporting the amendment, but I will support the motion.

Hon. Gordon B. Grant (Minister of Highways): — Mr. Speaker, speaking to the amendment, there are really two sections in the amendment; the first refers to a request for a provision for a fair and reasonable compensation to any municipality which suffers damage by abandonment of a branch line. The motion makes reference to no abandonment of a rail line that is essential to a community, and referring to the brief prepared for presentation to the federal government, quoting Mr. Pickersgill who says that no branch line would be abandoned that was essential on either social or economic grounds, and also in the same brief reference was made to a statement by the Minister of Transport in which he said that the first purpose of the railways is to serve the communities they serve, and their balance sheets must be put in second place.

Also, on page four of the brief we indicate that there may be direct economic losses to communities that lose rail service. Rural Municipalities will be forced to shoulder increased expenditure for new roads and maintenance for existing roads, etc. We pointed out in our brief that these factors must be weighed by the Branch Line Rationalization Authority in determining the economic and social costs of abandonment. The government of Saskatchewan believes that any legislation dealing with rail rationalization in western Canada must take note of these factors and suggest that

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recognition of them be made in the legislation.

Mr. Speaker, I feel that our resolution would be somewhat contradictory if the amendment was adopted in that first of all we ask for no abandonment of rail lines that are essential to the communities they serve, and then we turn around and ask for compensation for loss if abandoned.

The second section of the amendment makes reference to a conference to be called by the three prairie provinces, or governments, to consider and determine our mutual position in regard to Bill C 120, as the new transport legislation affects the abandonment of uneconomic branch lines and the rationalization of our railway system. In my considered opinion such a conference at this time is unnecessary and would be ill-advised. Essentially, this is the position of the government of Saskatchewan in connection with the bill as tabled in this legislature: the technical staffs of eight provinces, including, of course, the three prairie provinces, have been busy endeavoring to put together a joint submission to the federal authorities. The task of drafting the submission on the abandonment of uneconomic branch lines was given to Saskatchewan. I can say at this time that the Saskatchewan draft, with very minor amendments, has been accepted by all provinces, and, of course, more specifically by Alberta and Manitoba.

In short, the three provinces see eye to eye on the amendments that will be proposed on Bill C 120 dealing with the abandonment of uneconomic lines. We are also aware that the position taken by the government of Saskatchewan and its policy statement on branch lines abandonment has received wide endorsement from municipal, farm, and grain-handling organizations in western Canada. We also are confident that the joint submissions of the provinces on branch line abandonment will receive solid support of western Canada and the Atlantic provinces. The submission of the provincial governments in regards to Bill C 120, will first be made to the Department of Transport, and the Minister of Transport, and then to the Railway Committee of the House of Commons. We hope that this will be done in the very near future at which time the submission will be tabled in this house.

I suggest to this house that the amendment does nothing to strengthen the resolution, but rather calls for a meeting which could accomplish nothing that has not already been done, and has been attended to in the last three or four weeks.

Mr. Speaker, I cannot support the amendment but will support the motion.

Mr. Hans A. Broten (Watrous): — Mr. Speaker, I would like to say a word regarding this. I think that the resolution does mention Bill C 120 specifically as such. It also mentions transportation rationalization as it affects Canada as a whole, and I think that because of the special circumstances we find in Canada, where a nation has a long thread of settlement and, therefore, a larger transportation problem than most countries, I think this is probably more significant to the country as a whole than normally in most countries.

I also think that anything that can be done to bring to the attention of the government that this transportation problem in Canada is a recurring thing; it is a national thing, and probably to the ones of us in the inland areas, such as Saskatchewan, it is more important than in other areas. The resolution — I mean the amendment — does bring to the attention of Canada that there is an overall rationalization problem and I think that I would like to include here an emphasis for national transportation policy, because of the peculiar circumstances that Canada does find itself in. I think that any time a group of provinces can get together and speak on transportation problems in Canada it is bound to be beneficial. People are bound to learn from each other, the various problems that they have, and they can discuss these problems together when they meet, I think it is all to the good.

I think that we should also emphasize the tremendous lack of understanding of the whole problem displayed by C 120 because it does not specifically mention the whole transportation problem, as such. The problem should be a problem of the whole country instead of just emphasizing that abandonment be where money is not coming forth to pay the various expenses of transportation.

I think this is very important, and this amendment does emphasize that.

Therefore, I would support the amendment, Mr. Speaker.

Amendment negated on the following recorded division

Yeas — 20

Brockelbank (Kelsey)	Willis	Smishek
Cooper (Mrs.)	Whelan	Wooff
Wood	Nicholson	Broten
Nollet	Kramer	Larson
Blakeney	Dewhurst	Brockelbank (Saskatoon City)
Davies	Berezowsky	Pepper
Thibault	Michayluk	

Nays — 28

Howes	Loken	Breker
McFarlane	MacDougall	Leith
Boldt	Gardiner	Bjarnason
Cameron	Coderre	Romuld
McDonald (Moosomin)	McIsaac	Weatherald
Steuart	Trapp	Larochelle
Heald	Grant	Asbell
Guy	Cuelenaere	Hooker
Merchant	Gallagher	Radloff
		Coupland

Motion agreed to unanimously

SECOND READINGS

Hon. A. H. McDonald (Minister of Agriculture): moved second reading of Bill no. 52 — **An Act to amend The Conservation and Development Act.**

He said: — The amendments to the Conservation and Development Act are of a minor nature and I think they could better be discussed in Committee of the Whole rather than second reading, however, I will refer to a few of the changes that may be of some concern to the members.

First of all the reference to Secretary Treasurer in the act — there has been some confusion whether it meant the Secretary Treasurer of the Conservation and Development district or the Secretary Treasurer of the municipality. Under the new act, in all instances when you refer to Secretary Treasurer, it means the Secretary Treasurer of the conservation and Development District, and any other secretary treasurer referred to is spelled out.

Another amendment in the act is to avoid any arguments that the regulations may prescribe the terms of office of a member of the Authority or to describe who may vote at an election. These two amendments are suggested for enactment so that the act will express its intent, and I think this can be better dealt with in Committee of the Whole.

There is also provision to pay \$10 a day and 10¢ a mile for the necessary travelling of the representatives on the Conservation and Development Board. We are extending the numbers of days that can be paid. Experience has shown that with the limit that is presently provided for in the act, that sometimes these people are unable to be reimbursed for the actual work they are doing in the conservation and development districts.

It also makes provision, in some cases, so that it will not always be necessary to hold a vote before debentures can be issued, if it is a small area with five or six members in it, and if they are in agreement that debentures ought to be issued, you do not have to hold a vote. Under the original act the lessee had to have a thirty-three year lease in order to qualify as an elector. This is being changed so that if he has a shorter term lease of five years or more, he will still be able to vote in a conservation district election.

It also takes away the provision where a conservation district could consist of one farmer only.

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I think with those few words the bill can be better discussed in Committee of the Whole and I would move second reading of Bill no. 52.

Mr. E. I. Kramer (The Battlefords): — Could I ask one question? Did I hear you say that there is a provision that would allow one farmer to be a conservation district.

Mr. McDonald (Moosomin): — No, this is being taken out of the act. It is in at the moment but we are taking it out.

Motion agreed to and bill read a second time.

Mr. A. H. McDonald (Minister of Agriculture): moved second reading of Bill no. 54 — **An Act to amend The Liquor Act, 1960.**

He said: — Mr. Speaker, this bill amends the Liquor Act of 1960. The government is introducing this bill to amend the Liquor Act, 1960, because we feel that new provisions must be made in our liquor laws to meet the changing conditions within our province.

The proposed changes will serve to clarify and to smooth the way of certain aspects of liquor control presently contained in the Liquor Act. The spirit of the amendments is in keeping with the government's desire to provide better service to the public, without detracting from the principle of strict government control of the sale of liquor. However, there are areas in the province in which government control is difficult to enforce. In many smaller communities liquor cannot be obtained legally and bootlegging is a problem to the law enforcement agencies.

It would be economically unsound, from the point of view of the Liquor Board, to serve these areas by means of a government liquor store. Through an alternative, therefore, the government proposes in this bill to provide for the appointment of special liquor vendors, the establishment of special liquor vendors will extend to smaller communities the privileges now enjoyed in the larger communities.

The government proposes to appoint druggists, or some other responsible and suitable person who is prepared to accept the appointment. Before appointing a special liquor vendor, a vote will be taken in the local community in the same way that a vote is now taken before establishing a liquor board store. These special liquor vendors will sell liquor in a part of their regular premises considered suitable and made available for this purpose. The lines carried will be limited and will be purchased from the liquor board at a discount on the sales price. The profit will be realized by selling at the regular liquor board store prices. The special liquor vendor will sell liquor during the same hours as the liquor stores, and in this case it will be from 11 a.m. to 6 p.m. The system of selling liquor in smaller communities through liquor agencies, usually a druggist, has been used in the province of Manitoba for several years and has proved quite successful. As a matter of fact in the province of Manitoba now, about 50 per cent of the outlets are through drug stores or other reputable business concerns.

The government has been advised by law enforcing agencies that the task of keeping crime in check would be much easier if the sale of liquor were kept legal, open and rigidly controlled by the government. About two years ago the law enforcement agencies in the province of Saskatchewan requested the then government to ease the regulations to permit one liquor store in each city to remain open after 8 p.m. The government recently considered the representation, and as a result store hours were recently eased to permit one store in each city to remain open until 10 p.m.

The government agrees with the Saskatchewan law enforcement agencies that legal and controlled outlets will thwart the illicit liquor trade. The government feels that our legislation and regulations in Saskatchewan should be designed to meet the needs, requirements and wishes of the people of Saskatchewan and at the same time keep the sale of liquor strictly under the law enforcement officers.

Our present legislation contains a number of sections, sections 36 to 40 inclusive, which provide for the control of Saskatchewan Brewery plants and manufacturers, sale and distribution of their products. A winery plant has recently been established in the province so that it is now necessary to make similar provisions for wineries. We are amending and enlarging the existing sections to embrace not only breweries and wineries but also

distilleries in the event that a member of the distilling industry may also decide to establish a plant in the province at some future date. The control features being introduced are in line with those contained in the legislation of the other provinces where wineries and distilleries are part of their provincial economy.

Section 80 of the Liquor Act provides that it is an offence for the vendor, or other employee of a liquor store to sell liquor to a person under 21 years of age. It is sometimes difficult to identify the borderline age groups. Under the present wording of this section the vendor, or other employees, has no defence whatever if he should inadvertently make such a sale. Even though the purchaser has been challenged and offered false evidence of his age, the vendor's offence is unconditional. We are introducing an amendment to enable the vendor, or store employee, to defend himself in the court if charged.

Our present legislation does not make it clear whether or not it is lawful to make home made beer or wine for personal use. We are introducing an amendment to section 97 making it lawful for a person to make home made beer or wine in his own dwelling house and keep and consume it there for his own use. It must not be sold or kept for sale.

Under our present legislation a brewery or other manufacturer of alcoholic beverages, is not permitted to employ representatives to act in a capacity in connection with the marketing of the companies product in Saskatchewan. We are introducing an amendment to section 106 and adding a new section 106A, to allow the liquor board to permit representatives they deemed advisable and were permitted to control their business activities.

Mr. Speaker, I think we are all aware that this type of representative is operating in Saskatchewan illegally and we feel that if they are legalized and brought under government control that this will be to the advantage of all Saskatchewan citizens.

We are adding a provision to section 201 of the Liquor Act dealing with the disposition of profits which will enable the board to temporarily invest available funds in short term investments specified by the investment board. This will result in higher interest earnings on these funds than is realized under the present system.

The above constitute the basic changes being made in the Liquor Act of 1960. The balance of the amendments are secondary in nature and are simply modifications in some of the existing sections of the Act, necessary because of the introduction of the new provisions. Generally speaking the amendments of a secondary nature are as follows:

Section 11 — Powers of the Board. Clause F. This section provides the Board with authority to grant, refuse, suspend or cancel, various kinds of permits. The wording is being amended to include the permits which would be issued to winery and other manufacturers of alcoholic beverages.

Section 12 of the regulations. This section provides the board with authority to make regulations with the approval of the Lieutenant Governor in Council. In view of the new provisions being introduced in the amendments, it is now deemed advisable to specifically set out some of the additional matters for which regulations may be referred. Some of those matters follow: Describing the days and hours during which special liquor vendors shall keep open his premise for the sale of liquor. Setting out the conditions to be complied with by an applicant for the appointment as a special liquor vendor, governing the issue of permits to breweries, distilleries, and wine manufacturers. Prescribing the manner of holding a vote on the question of the appointment of the special liquor vendor in a town, village or hamlet. Describing the terms and conditions under which a special liquor vendor may buy liquor from the board and sell it and make changes in his premises to accommodate liquor outlets. Governing the disposal of liquor in the possession of a special liquor vendor in the event of revocation his appointment. Governing the manufacture and sale of liquor by brewer, distiller, or wine manufacturer. Governing the importation into Saskatchewan of spirits and wine by distillers or wine manufacturers for blending purposes.

Section 77A will be amended. This is a new section being inserted after Section 77 to provide wineries and distilleries which may be established in the province, with the authority to have, keep and to use liquor brought into Saskatchewan for manufacturing purposes.

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Mr. Speaker, this is the intent of the amendments to the Liquor Act and again I think that the details can be better discussed when the bill is in committee, but these are the general policy changes that the act makes provision for and with this explanation I would move second reading of Bill no. 54 - An Act to amend the Liquor Act, 1960.

Mr. R. A. Walker (Hanley): — Mr. Speaker, I wonder if it would be permitted at this time to adjourn the debate.

Debate adjourned.

Hon. D. G. Stuart (Minister of Health): moved second reading of Bill no. 55 - **An Act respecting Air Pollution.**

He said: — Mr. Speaker, since 1963, the Saskatchewan Municipal Association have recommended that an Air Pollution Act be brought in. Such an act that would be administered by the province. Very briefly these are the reasons for the recommendation. The feeling is general, that existing air pollution problems cannot be controlled by existing laws. In other countries where industries are more advanced and industrial development is more advanced, it has been recognized that air pollution has become a serious problem because preventative and control measures were not taken at a sufficiently early date. This proposed Air Pollution Control Act of 1965 is drafted for this province essentially as a preventative measure rather than for controlling any existing serious problems. In preparing the draft, full consultation with representatives of industry, management and labor, public health officers and other government departments, were carried out.

Air pollution sources are two main classes based on complexity and frequency. The first, industrial sources; example, gas and odor from oil refineries, not too common, created by complex industrial processes. The second, fuel burning equipment, incinerators and open fires, and so on. The smoke from incinerators is comparatively common.

The regulations under the proposed act would prescribe standards to be met so air pollution would be regulated within reasonable limits. Municipalities will be authorized to control the most common air pollution sources — smoke — but not air pollution for more complex industrial sources. Control of air pollution from smoke will ordinarily be carried out by health officers and sanitary officers. Provincial Public Health Department in Regina will administer a system of air pollution testing throughout the province, and also work out standards for permissible air pollution, and enforce laws in connection with air pollution from industrial sources. We feel that initially only one staff member need be added to the Public Health Department. We feel that more staff will be necessary as industry develops in the province of Saskatchewan.

Now, ordinarily the Provincial Public Health Department in Regina would not be concerned with the administration of regulations regulating air pollution caused by fuel burning equipment, incinerators, and open fires. This function would be assumed by the provincial department only in the event that it would not be practical for local municipalities and health officials to do so, or where there was failure to enforce regulations under the act.

Principles contained in this bill are as follows: Air pollution is defined to include air pollution that may cause discomfort to persons; endanger the health and safety or welfare of persons; cause injury or damage to property; or cause injury or damage to plant or animal life. The Lieutenant Governor in Council may make regulations generally prescribing standards to be met for the purpose of regulating air pollution and measures to be taken in controlling air pollution. These regulations will apply throughout the province but it is anticipated that the province would be zoned according to population density and other factors. Regulations by Order-in-Council do not apply to existing fuel-burning equipment, incinerators, open fires and internal combustion engines, until ninety days after publication. Regulations by Order-in-Council do not apply to existing industrial sources until one hundred and twenty days after publication.

The Minister of Public Health would have authority to make orders for controlling all varieties of air pollution. Municipalities' powers to make bylaws are limited to fuel-burning equipment, incinerators and open fires. Medical Health officers' powers to make orders are limited to fuel burning equipment, incinerators and open fires.

Industrial sources as defined, usually involve more complex

processes and for that reason it was thought advisable that control be exercised by one person specializing in this work.

Representatives of industry are strongly in favor of this principle and think it is desirable that the need to consult with only one agency for this purpose.

An Air Pollution Advisory Committee would be set up to advise the Minister of Public Health and would consist of professional and technical personnel. An appeal from an order of the minister or the medical health officer, to the Court of Queen's Bench would be allowed and this act would apply to the crown.

Mr. Speaker, I move that Bill no. 55, An Act respecting Air Pollution be now read a second time.

Mr. W. G. Davies (Moose Jaw City): — I believe this is the bill that the Department of Public Health has been working on for some time, according to my recollection. I would personally think that this is something that the house should support.

The problem of air contamination is something that is exercising almost everyone in any industrial country. The time to attack the question is before it becomes a problem or before it becomes a grave problem at least. Certainly it appears that in some of the bigger industrial areas, in the larger industrial nations, the job just hasn't been done. I certainly concur that we should make a beginning at this time and endeavor to attack the problem of outdoor air contamination which is, of course, what the bill intends to cope with.

I'm not so sure, Mr. Speaker, that eventually we will not have to join outdoor and indoor contaminants in one bill. But I quite agree that as matters now stand, the bill in approaching contamination outdoors, approaches the matter realistically and properly.

You know, a few years ago we used to think that Saskatchewan with all its wind velocity would not encounter any problems of outside air contamination. But there have been several complaints that have been drawn to my attention. I suppose the most prominent one is the one from citizens in the north of the city of Regina. Residents there complain that contamination has stripped the paint off their houses and heaven knows what else. I believe, of course, that you could give a number of examples of this kind where people have complained about contamination in the air having created either unpleasantness or some other bad condition for the families.

This, Mr. Speaker, I think is, as I suggested making a beginning. There are some sections in the bill that I would want to question in committee but I think that as the bill is drafted, generally speaking, it makes a wise approach by covering a wide area without trying to be too rigid in the first attempts to control this problem.

I think, therefore, that I will support it on second reading.

Mr. Martin Pederson (Arm River): — Mr. Speaker, I have taken a look at this bill and there is one area of air pollution that I feel has been missed. I don't know exactly what the legal description of air pollution is, but I think that included under the heading of air pollution should be the offensive odors emitted from the sewage lagoons that are being built around this province, close and adjacent to many of the small villages and towns and which are of real concern to many of the people who live in the surrounding areas. I have personally driven by many of them and they are most offensive, and I think they are a cause of pollution equally serious as the pollution from industrial smoke. As far as I know there is very little that an individual who may live half a mile or a mile away from one of these very offensive lagoons, can do to protect himself. If he happens to live in a down-wind direction, he is stuck with it. This can be a very serious problem.

I know in the cities, there is considerable discussion and noise and alarm raised, when, as in Saskatoon, the wind is blowing out of the south quarter and we detect a slight fragrant, delicious aroma of the stock yards, or the feed lots. I, personally like that, and I think the Premier perhaps, must do too. He's after all, in the business. But I think . . .

Some Hon. Members: — Hear! Hear!

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Mr. Pederson: — But I think — I didn't mean to be offensive, Mr. Speaker. I don't think that a little barnyard smell hurts anyone. But I do think that, Mr. Speaker, that this is a matter that is of very serious concern to many people and I believe that if it was possible the minister should consider adding a section that would deal with this type of thing. There should surely be some recourse open to people who are assailed by this type of air pollution wafting over their homes. As far as I know they have no hope to rectify the matter at all. They must just accept it and live with it.

Hon. D. G. Stuart (Minister of Public Health): — Mr. Speaker, just talking on this point. I don't know how we can possibly include what was said here on the point the hon. Member (Mr. Pederson) raises in this particular act. If he would bring any of those to my attention, there is a recourse they have if they bring it to the attention of the Department of Public Health. There is a way of controlling these right now. So if you could bring them to our attention we would certainly look into them.

Mr. Pederson: — Not under the . . .

Mr. Stuart: — Oh, no, it is nothing to do with this . . .

Mr. Ed. Whelan (Regina North): Mr. Speaker, this bill meets a recognized need and Mr. Speaker, I intend to support it and I congratulate the minister (Mr. Stuart) for having introduced it.

For about two years, because of the situation that exists in my riding, representations have been made to the Department of Health for this type of air pollution legislation. The legislation that has been introduced was in the drafting stage last year when the assembly met and the former Minister of Public Health, the hon. member for Regina West (Mr. Blakeney) had indicated that it would be introduced this session, so I am pleased that the new Minister of Health (Mr. Stuart) has seen fit to introduce it.

In Regina North we have an aggravating and costly situation because of air pollution. In certain kinds of weather industrial gases blacken the homes of residents located near the industrial development in the city's northeast. No insurance policy, Mr. Speaker, will pay for the cost of repainting a home after air pollution has damaged the exterior. Foreign matter in the air makes it very difficult to live in one's home without closing the windows. In warm weather the situation is, at times, almost unbearable.

Council for the City of Regina, asked the Saskatchewan urban municipalities association for provincial legislation and last year this assembly introduced legislation which would allow City Council to pass a bylaw regarding air pollution. A quick look at the situation, however, would convince anyone, as the hon. minister has said, when he was introducing the bill that there just had to be provincial legislation of this sort. It is quite obvious that air pollution does cross municipal boundaries.

This legislation, Mr. Speaker, as I read it, in principle, provides for provincial control; it provides for an advisory board, inspectors, and fines for those who refuse to comply with an order set out to prevent air pollution.

Mr. Speaker, summing up, I'm in favor of the legislation because it brings the control of air pollution under provincial jurisdiction. The legislation provides for administrative procedures to cope with air pollution. The bill provides penalties for infractions. The bill is introduced at a time when rapid expansion of industry demands consideration by everyone associated with industrial development in this province.

I intend to question some of the clauses in committee but, Mr. Speaker, I intend to support the bill on second reading.

Motion agreed to and bill read the second time.

Mr. A. H. McDonald (Minister of Agriculture): moved second reading of Bill no. 60 — **An Act to amend The Saskatchewan Government Insurance Act.**

He said: — Mr. Speaker, Bill no. 60, An Act to amend the Saskatchewan Government Insurance Act, simply removes section 15 of the act which is the compulsory section that compels schools, university hospitals, tuberculosis sanatoria, and institutions that are in receipt of government grants, to buy their insurance from the Saskatchewan Government Insurance Office. The government believes that the insurance office can compete for this business on an open basis and that the general agents across the province of Saskatchewan, whether they represent the government insurance office or the private insurance industry, ought to be given the right to write this insurance. By taking section 15 out, this is exactly what we are doing. We are opening up this compulsory feature to insurance agents generally.

With that explanation I move second reading of Bill no. 60.

Mr. W. A. Robbins (Saskatoon City): — Mr. Speaker, I would like to oppose this bill. I note that the Minister of Agriculture (Mr. McDonald) has mentioned the fact that it is a compulsory feature, but I think when you read the bill you would find that this compulsory feature in terms of the Saskatchewan Government Insurance Act made eminent economic sense. My reason for coming to this conclusion is the fact that this particular section of the act gave assurance that organizations which received grants from the public treasury did in fact, carry insurance.

I recall, on more than one occasion when members opposite sat in the opposition, they took objection to insurance being carried, I believe one of the buildings mentioned was on this building. I am not positive about this but I know a number of buildings were mentioned. I think this was one of the buildings. The assumption was that the construction of the building was such that fire could not destroy it. I think this is a completely fallacious approach because obviously any building can be gutted by fire from within.

Now, I would think anyone with an ounce of objectivity in his political spectrum would admit that it is important to the government of this province that they know that organizations which receive grants from a public treasury do, in fact, carry insurance. This was one means of making certain that this occurred. After all, if a school building or a hospital building is destroyed by fire, the government is also involved in terms of capital grants for construction or reconstruction of the building destroyed. That is the first reason why I would oppose this amendment to the act. The second one is that by reason of the fact the insurance did come to a publicly owned company. The resources were then available for the purchase of debentures which were floated in terms of constructing new schools and new hospitals, and the report of the Government Insurance Office this year, indicated that \$14,800,000 was so invested. Thirdly, I think it is important for us to remember that the publicly owned insurance company has returned \$4,986,002, almost \$5,000,000 to the public treasury since it began business in May, 1945.

For these three reasons, I am opposed to this amendment to the act.

Mr. R. A. Walker (Hanley): — I, too, must oppose this amendment and my reason is that it seems to me the cost of insurance premiums borne by all these institutions really represents the taxpayers' money. It is the taxpayers' money that is going to be used to buy these insurance policies affected by this legislation.

Now, it may be suggested that the taxpayers can get a better deal from private insurance companies than they can from the Government Insurance Office. I suggest that there may be isolated cases where a policy may be written that is cheaper than the Government Insurance Office could write it. Everyone knows that there is a good deal of subjectivity in determining what is a fair risk. You have got to first of all classify the risk and then you have got to set a premium based upon the experience in that classification. It is quite possible for two insurance underwriters to come to a different conclusion as to what is a fair and proper premium to charge on a particular policy. I acknowledge that there may be occasional policies where a public body may save some money by getting their policy from a private company.

But in the long run, Mr. Speaker, in the long run all insurance

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companies try to write insurance so as to break even and so as to have some surplus or profit to apply on overhead and to pay dividend to their shareholders. Assuming that all insurance companies are successful in setting their rates so that there is a profit or surplus on the business which they do, what could be more proper than that this profit should remain with a public organization — an organization owned by the taxpayers.

This means that if the premium rates are higher than the bare cost of providing the coverage, there is no harm done. There is no loss to the taxpayers because that premium income or the surplus of that premium income, the profit earned on that income, stays with the public treasury. If the insurance office, therefore, makes a profit of ten or twenty per cent over and above its operating expenses, that profit goes to the people of Saskatchewan. What better place is there for it to go? It seems to me that since it came from the people of Saskatchewan, it is appropriate that it go to them if there is any surplus at all.

Now, the only question that arises, is whether the Saskatchewan Government Insurance Office can do the business cheaper, more efficiently, more effectively, than the private insurance companies. I say that if the Saskatchewan Government Insurance Office couldn't do the business more efficiently, and more effectively, it wouldn't be the largest insurance company in this province.

Hon. D. G. Steuart (Prince Albert): — That a boy, Bob.

Mr. Walker: — The fact that it has stood up so well in direct competition with other insurance companies, and recognizing the fact, Mr. Speaker, that other insurance companies often give loss leaders, special reduced rates in Saskatchewan, that they do not give in other provinces, nevertheless, the Saskatchewan Government Insurance Office has been able to stand that competition and has been able to thrive and prosper.

So that, Mr. Speaker, by removing these provisions you make it possible, not for the Boards of Directors of these public bodies to deliberately waste public funds by buying at higher premiums, but you make it impossible for them to get insurance at the low rate which it is possible for them to get it when they buy blanket coverage like this from the Saskatchewan Government Insurance Office, because it means that everyone of these policies will be competed for by a number of companies. It will add to the cost of writing the insurance.

I recall, when I was the minister responsible for this corporation, the suggestion being made by some members of the Committee on Crown Corporation that the regulations should be changed to permit commercial truckers to purchase cargo insurance from whoever they liked, instead of being required to purchase it from the Saskatchewan Government Insurance Office. The proposition was put to the commercial truckers. They canvassed the prices if it was opened up, and they found that the prices were invariably higher — premiums were invariably higher from private companies, and they said "Well, this really won't make any difference because we can always get it from the S.G.I.O. if the other companies' premiums are higher". We had to answer and say, No, but you can't get from the S.G.I.O. if you are going to make us bid on it competitively because we'll have to have commissions and attribute other costs to this insurance that we don't have to attribute to it when its automatic, blanket coverage, along with the franchise or license, and we said, we will have to charge a higher premium, but don't let that stop you if you really want to have this thrown on to the open market, just say so. We'll compete with the other companies in our premium levels. They asked us to stay in the field and to require compulsory coverage on cargo insurance because they saw that this was cheaper than to put it on the open market and make the coverage competitive.

There isn't any doubt about it, Mr. Speaker, if the coverage under the Automobile Accident Insurance Act, the compulsory or universal coverage, was put on a competitive basis, it would cost far more on a competitive basis than it does when it is universal and compulsory.

Now, Mr. Speaker, there is no possibility of the taxpayers of Saskatchewan benefiting from this legislation. Absolutely no possibility of them benefiting because they can't get it cheaper than actual cost from private companies, and that is what they are getting it for now.

Mr. Steuart: — Cost, Bob?

Mr. Walker: — No private company can sell this insurance and stay in

business if they sell it at a premium that doesn't cover the underwriting cost of the insurance. No company. So that the premiums are going to be higher, inevitably, and this means that the taxpayers of Saskatchewan must lose money.

Now, if the premiums are higher today than the cost of giving coverage, it doesn't cost the taxpayers a red cent because every cent in excess which they pay in premiums, (the) get it back in profits from the S.G.I.O. And furthermore, Mr. Speaker, I don't know what the percentage . . .

Mr. Stuart: — I don't think you . . .

Mr. Walker: — Apparently, the member for Prince Albert (Mr. Stuart) can't understand that. The member for Prince Albert (Mr. Stuart) . . .

Mr. Stuart: — You can say that again. I don't think you believe that yourself. But if you shout loud enough you might convince yourself.

Mr. Walker: — The member from Prince Albert (Mr. Stuart) doesn't seem to understand that even assuming that every premium charged on public buildings was double the rate charged by the board companies, even though it was double, every nickel of _hat goes back into the treasury of Saskatchewan. Not one cent of it goes outside the treasury of this province. And so . . .

Some Hon. Members: — Hear! Hear!

Mr. Walker: — . . . even assuming that the . . .

Mr. Stuart: — What about the waste, Bob.

Mr. Walker: — I'm going to come to the question of waste.

Mr. Stuart: — How much did you pay for that Prince Albert place? About four times as much . . .

Mr. Walker: — I'm going to come to the question of waste, Mr. Speaker. Everyone knows that one of the reasons why the Saskatchewan Government Insurance Office is able to compete so favorably with the insurance companies is because of the large volume of its underwritings. Actually I believe some twenty per cent, I may be wrong about this and if I am, I'm sure the minister will correct me, but I believe some twenty per cent of their fire and general coverage applies to public buildings, hospitals, schools, is the percentage higher than that?

Hon. J. W. Gardiner (Minister of Public Works): — Forced insurance, about twenty per cent.

Mr. Walker: — Oh, I did well. About twenty per cent. If even half of this is put in the hands of private insurance companies, it will mean that the overhead costs, the fixed costs of operating the Government Insurance Office, will be spread over \$90 worth of premium income where it presently applies to \$100 worth of premium income. This cannot help but increase the fixed costs of doing business by ten per cent. This means that the Government Insurance Office will lose some of the effective advantages which it has because it will lose the opportunity of distributing these fixed costs, these overhead costs, over a larger volume of business. This will mean that every purchaser of insurance from the Saskatchewan Government Insurance Office will be penalized because of the loss of this business and the higher cost of doing business on the remaining volume. So that, Mr. Speaker, who can possibly gain by this? Certainly not the people of Saskatchewan.

Hon. W. R. Thatcher (Premier): — The people of Saskatchewan.

Mr. Walker: — Not the people of Saskatchewan, because today they have either got insurance at actual cost or if the premium income is in excess of actual cost, then the people of Saskatchewan have got the profits from that premium income.

Mr. Stuart: — What costs, Bob?

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Mr. Walker: — Furthermore . . .

Mr. Steuart: — How do you arrive at the cost?

Mr. Walker: — Furthermore, Mr. Speaker, the reserves which are accumulated on that business are invested in Saskatchewan enterprises, public and private.

Now, some private insurance companies do invest their reserves in Saskatchewan, but some don't. Is there any assurance that the insurance policies that will be purchased will be invested in Saskatchewan enterprises or don't they give a damn, Mr. Speaker, so long as their friends get the premium profits for selling this insurance. I think they don't rally care, Mr. Speaker, about the taxpayers of Saskatchewan. They don't really care about Saskatchewan's economic advancement. All they really care about is paying off an election debt. That is all they care about, Mr. Speaker.

Some Hon. Members: — Hear! Hear!

Mr. Walker: — So, Mr. Speaker, I think that this house and the people of Saskatchewan should reject this proposal — they should reject this amendment.

The Liberal party has been promising to "do in" the insurance office for twenty years and now that they have got the chance they don't dare repeal the act. They don't dare stick a knife in the back of the insurance office but they are going to nibble away at it by this kind of attack, — this kind of corrosive sabotage of the Saskatchewan Government Insurance Office, Mr. Speaker.

I must say, that by and large, I think the minister in charge of the Saskatchewan Government Insurance Office has done a good job of administering that crown corporation. By and large he has. I think that if I assess the Minister of Agriculture (Mr. McDonald) right, I think he is not really happy about this.

Hon. A. H. McDonald (Moosomin): — I sure am.

Mr. Walker: — I think, Mr. Speaker, that the Minister of Agriculture . . .

Mr. McDonald: — I am sure happy.

Mr. Walker: — . . . has had this thrust upon him by some of his colleagues who are more concerned about the health and wealth of the private insurance industry than they are about the Saskatchewan Government Insurance Office and the people of this province.

Now, Mr. Speaker, of course, we all believe in giving people as much freedom as we can. We all believe that local government should have as much autonomy as is consistent with sound public policy there is no question about this . . .

Mr. Thatcher: — When did you change?

Mr. Walker: — There is no point in my hon. Friends trying to smother the fact that we all believe in giving local government . . .

An Hon. Member: — You and Khrushchev.

Mr. Walker: — . . . in giving local governments as much choice in these matters as possible. But, Mr. Speaker . . .

Mr. Steuart: — Some more equal than others.

Mr. Walker: — Surely, freedom, surely local governments themselves would take exactly the same position as the trucking industry too in this province. They don't want to pay fifty per cent more for their insurance.

Mr. McDonald (Moosomin): — Mr. Speaker, on a point of order. I can't let the hon. Member (Mr. Walker) go on talking about the trucking industry. The trucking industry asked us to be relieved of this compulsion and they have been.

Some Hon. Members: — Hear! Hear!

Mr. Walker: — Mr. Speaker, they asked that they not be relieved of this universal coverage when I was minister in charge of that department and if my hon. Friend says that they have now changed their view . . .

Mr. F. Larochelle (Shaunavon): — On a point of order, Mr. Speaker. I happen to be one of the truckers belonging to this association and we have been asking for it for the last four years . . .

Mr. Walker: — Mr. Speaker, the hon. Member may have as many disorders as he likes but he can't — that isn't a point of order.

Mr. Thatcher: — Socialist arithmetic.

Hon. L. P. Coderre (Minister of Labour): — He has asked for it for four years.

Mr. Walker: — I would say, Mr. Speaker, that if the minister in charge of Saskatchewan Government Insurance Office has got such a request from the Truckers Association, that he ought to make it available to this house. If my hon. Friend has got a request from the Truckers Association that they want to buy their insurance on the open market, he had better produce some evidence.

Mr. McDonald (Moosomin): — Not only did we have a request, the policy is in effect. Truckers are buying it on the open market.

Mr. Walker: — Well, then, Mr. Speaker, this is just another example of undermining the effectiveness of the insurance office . . .

Mr. Thatcher: — They are getting it cheaper now.

Mr. Walker: — As a matter of fact, Mr. Speaker, these people made it perfectly clear that if they had to buy it on the open market, they knew it would cost them more money. And if my hon. friend opposite thinks he can benefit the truckers, or the school boards and hospital boards, by putting them in a position where they have got to pay more for their insurance, they won't appreciate it.

Now, of course, some of the insurance agents may like this. And some of them may write testimonial letters and some of them may dress up fictitious bids in order to show that private companies can sell insurance cheaper. But the plain fact is, Mr. Speaker, that as long as the insurance office was supplying this, it couldn't be any cheaper because if there was any . . .

Mr. Thatcher: — . . . about the billboard. This is going to make it optional.

Mr. Walker: — . . . if there was any profit it went back to the people of Saskatchewan. And this does not make it optional, Mr. Speaker.

Mr. Thatcher: — It sure does.

Mr. Walker: — It makes it more costly. Mr. Speaker, it does not make it optional. It makes it more costly for the people who buy from private companies and it make it more costly for the people who buy from the Saskatchewan Government Insurance Office.

An Hon. Member: — Makes the insurance company stand on its own feet.

Mr. Steuart: — How did you make out in Montana?

Mr. Walker: — As a matter of fact, Mr. Speaker, it makes it more costly not only for public institutions but it makes it more costly for you and I

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when we buy from the Saskatchewan Government Insurance Office, because they will be able to operate a less efficient operation by losing this business.

So, Mr. Speaker, I think that we will oppose this bill.

Mr. Pederson: — Mr. Speaker, I would like to deal with this bill at some length and the time is almost out. May I suggest, Mr. Speaker, that it is 10 o'clock now, and ask for an adjournment on this debate or beg leave to adjourn.

Debate adjourned.

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