

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
First Session — Fifteenth Legislature
44th Day

Tuesday, April 7th, 1965

The assembly met at 10:00 a.m.
On the Orders of the Day.

QUESTION RE: RETURN ON LOST CAR & LEGISLATIVE SECRETARIES

Mr. Brockelbank (Acting Leader of the Opposition, Kelsey): — Mr. Speaker, before the Orders of the Day I would like to ask the government a couple of questions. I have been told on more than one occasion that the return in regard to the car, supposed to have been seen by the Minister of Labour (Mr. Coderre), was on the way. Now, there is not only a lost care but a lost return. I hope that the government has not been kidding me, if I may use that term, in the answers they have been giving me, and I hope this return will come.

The other question I would like to ask of the Premier is, “have any legislative secretaries yet been appointed?”

Hon. W. Ross Thatcher (Premier): — Well, they have all been unofficially named, but, of course, they haven't started their activities, — no.

Mr. Brockelbank (Kelsey): — None have been appointed by Order-in-Council?

Mr. Thatcher: — No. While I am no my feet, Mr. Speaker, I have a message from the Lieutenant Governor —

Mr. Speaker: —

The Lieutenant Governor transmits further estimates of certain sums required for the service of the province for the twelve months ending March 31st, 1966, and recommends the same to the Legislative Assembly.

Mr. Thatcher: — I move, seconded by the Minister of Health (Mr. Steuart) that His Honor's message be referred to the Committee of Supply.

Motion agreed to.

Mr. Speaker: — Also, under Orders of the Day, hon. members will recall that during a debate on April 5th, objection was taken to certain words used by the member for Rosthern (Mr. Boldt). I did place the whole matter in abeyance pending perusal of the Hansard transcript. Having done so, I find that the words used by the hon. member for Rosthern (Mr. Boldt) were unparliamentary and I would ask that he withdraw them.

Hon. David Boldt (Minister of Social Welfare): — Mr. Speaker, I will withdraw.

SECOND READINGS

Hon. Gordon B. Grant moved second reading of Bill No. 62 — **An Act to Amend The Industrial Development Act, 1963.**

He said: Mr. Speaker, the proposed amendments to this act involve several things, among them is the change in name of the department from Industry and Information to the Department of Commerce. Reference in the bill is made to the department and this brings it into line with the correct name.

It expands SEDCO's powers to explicitly permit financial assistance to specialized livestock, agricultural, and horticultural operations. The terms of office of the Advisory Council members are somewhat ambiguous, and this ambiguity would be removed in the amendment.

April 7, 1965

Provision is made to empower the board of directors of SEDCO to delegate powers to the executive committee, that is those powers that are not explicitly directed to only the authority of the board. There is apparently uniformity lacking in some of the administrative practices and the amendment remedies this.

Provision is made to empower the corporation and SEDCO to establish both pensions and group plans and to validate existing group insurance plans. Formerly the legislation limited SEDCO to one of these, this is for clarification only. The making of machinery and apparatus and equipment grants, as spelled out in the present act, is deleted, and the making of grants will now be subject to the approval of the Lieutenant Governor-in-Council.

I feel, Mr. Speaker, that this brief resume is an explanation of the bill and I now move second reading.

Mr. Allan Blakeney (Regina West): — Mr. Speaker, as the member for Regina South (Mr. Grant), the hon. Minister of Highways, Transportation, Industry, Commerce and Telephones, was saying (I am not sure in what capacity; I think it is Industry and Commerce), the bill contains a number of provisions. I simply wanted to say a word or two on one of them. I simply wanted to say a word or two on one of them: that is the provision for deletion of the machinery and equipment grants, and for the addition of power to make grants to companies and for any other special purpose — a deletion of specialized power to make machinery and equipment grants and the inclusion of a general power to make special grants.

I want to say that I regret the proposal to delete the machinery and equipment grants. People may quarrel as to whether or not this is an appropriate way to attract industry, but I believe that it is a particularly appropriate one; it enable grants to be made to people who are, in fact, setting up an industry, or expanding an industry, and accordingly allows a much more selective type of aid than a simple tax reduction. For example, it seems to me that because it is a selective form of assistance, we get better value for our assistance dollar. Because assistance eligibility can be defined in terms of manufacturing machinery and equipment, we are able to offer a really substantial benefit to someone setting up a plant, say a ten per cent grant on machinery and equipment, which can be a significant item to a plant which comes into Saskatchewan. It is certainly, in my opinion, much more desirable than some other methods of assisting industry and, without returning the house to any old debate, it is, in my opinion, much more desirable than any proposal to grant abatements of municipal taxes, be they municipal or school taxes.

It seems to me a proper exercise of the provincial responsibility for encouraging industry, the burden of which may fall upon a municipality. I am of the view that municipalities must encourage industry by the level of the service they give, and their willingness to supply serviced lots, and generally to supply services, but that they ought not be expected to make cash financial contributions, either by way of grant or by way of tax abatement. If substantial cash contributions by way of grant or tax abatement are required, it seems to me they should come from the provincial purse, they should come, very likely, from the province through the provisions of the Industrial Development Act. The machinery and equipment grant was an effective way to do this, and I regret its passing.

It may be that the meaning given to these rather few words in section 12, “grants for any other special purpose” will be such as to allow continuation of a grant program based upon installed new machinery and equipment, but I would not like to see a couple of words like that used to be the basis of a program, more particularly when we had such a program spelled out in detail in the previous act. I would think that the words would have supported a grant to Canada Cement Company, or some other company which might have wished to come in there, and which needed financial incentives to do so. But, on balance, it seems to me that the existing provisions for machinery and equipment grants are rather more desirable, because they are selective, because they do offer incentives to incoming manufacturing plants, or existing manufacturing plants which are expanding, because they offer the maximum advantage for our industry incentive dollar.

I would hope that the minister would give the house, either when he closes the debate or in committee, an explanation of why it was decided to do away with machinery and equipment grants.

Mr. Speaker, there are some other portions to this bill. I

suspect other members of the house will want to comment on them, and they are rather more qualified to comment on them than I. I will accordingly confine my remarks to the provisions with respect to the grant programs.

Mr. Martin Pederson (Arm River): — Mr. Speaker, I, too, would like to comment on certain sections as they relate to the general principle of, as I think, changing the concept of SEDCO. I am referring specifically to the section that deals with the extensions of grants and so on, to the farm type of operations that are referred to in section 25. It is quite true, Mr. Speaker, that many commercial livestock operations, are in fact, run exactly like a big business, but I still feel that they are directly allied to the farm trade, borrowing to allow the ordinary farm operator to develop his livestock production, develop his holdings, by making use of the facilities already available under many federal acts.

I think that it is wrong for a department of government to extend into this area. I believe that by so doing, there is a real danger of crushing our commercial livestock production at a rate that will tend to decrease the opportunity for the small farmer, and for the medium sized farmer to carry a normal herd through the downward pressure on prices, that a firm such as this is able to exert. I realize that this is probably designed to facilitate the expansion program of certain people in this province. I would hesitate to be nasty enough to single out anyone in particular. I know of one who would very likely be amongst the first in line to seek a loan under this type of a set-up, and I do not think, Mr. Speaker, that it is right and proper under an act such as this, to enter into the general field of agriculture, as this purports to do.

I believe, as I have said, that there are sufficient acts under federal legislation to look after these sort of people. If they wish to expand into a commercial operation, then I think that it is right and proper that they should do so, either through the facilities that are available to them through other acts, or else stand on their own feet through bank loans.

If the enterprises are of such a nature that they require funds from SEDCO, then I would suggest, Mr. Speaker, that if they have been turned down in the normal borrowing channels, or are unable to obtain it there, then SEDCO will be ill-advised to include these people, and give them the opportunity to borrow.

I must say, Mr. Speaker, I strongly protest this intrusion into this area by this particular section, because I think it changes the entire concept of SEDCO, which is, in my opinion, basically an industrial organization for the promotion of industry and commerce, in that category, not agricultural areas. Like the member from Regina West (Mr. Blakeney), I hope that when we get into committee, I will have an opportunity to deal with this section more specifically, but I must voice my protest for the inclusion of this section, changing the principles as I believe it does.

Some Hon. Members: — Hear! Hear!

Mr. I. C. Nollet (Cut Knife): — Mr. Speaker, I wish the minister would more thoroughly define and explain the specialized agricultural operations, horticulture and livestock operations, that are outlined in the act. Specifically in regard to this part which says:

in which the majority of the investment and fixed assets, exclusive of land, consists of building, machinery, apparatus, equipment and vehicles.

Just what does that mean?

Mr. Fred Dewhurst (Wadena): — He cannot answer that without closing debate.

Mr. Nollet: — Oh, I am sorry, I will withdraw my question then. I guess I will have to put my own interpretation on these particular sections. It seems to me, Mr. Speaker, that this is a complete departure from what we term agricultural credit. This is the kind of credit for an industrial enterprise as I see it, which does not involve the concept of a family farm. It departs entirely from the agricultural concept of credit. In

April 7, 1965

this regard I was just wondering, Mr. Speaker, if the hon. members opposite expected this to fulfil their promise of farm credit to the agricultural industry of Saskatchewan. This is not farm credit. It is a credit for a specialized type, more in the nature of an industrial enterprise than it is an agricultural enterprise, as we know it in common terms.

It certainly is taking a completely opposite direction to the concept of credit to maintain family farms, completely opposite to that. I wondered what the purpose was of this kind of credit — is it then the purpose to encourage specialized production in terms of volume? If this is true, then I wonder, too, Mr. Speaker, that since one of the chief concerns of the federal government has been with surpluses (with which I do not agree) but nevertheless, these surpluses have been, by and large, in many specialized fields and occurred because of these specialized enterprises to the detriment of the family farm type of agriculture.

One can cite, for example, eggs. We have a surplus of eggs and poultry generally and the market has dropped to ruinous levels, where the average farm cannot make a living on producing these particular commodities that lend themselves to specialized production.

I hope, too, that the government does not overlook the fact that there was really and truly sound agricultural credit on the statute books of the province, placed on these books at the last session of the legislature. In an area where there is a great need for rehabilitation credit, no use has been made of this legislation. Now the federal government at Ottawa comes out with a grand new program, a war on poverty, and we find a good deal of this poverty in rural areas. The ARDA programs have been directed towards finding a solution to the very low income problems experienced by many small farmers and farmers who operate on sub-marginal land.

We have invested a great deal of money here as a provincial government and now in conjunction with ARDA in trying to provide these people with more income. If we are determined we are truly going to make a war on poverty, particularly in the rural areas, I would have thought that the government would have seen fit to provide rehabilitation credit and to have activated the legislation that we passed at the last session of the legislature. This certainly cannot, by any stretch of the imagination, be passed off as being farm credit. It is not farm credit at all, Mr. Speaker, and I quite agree with the hon. member for Arm River (Mr. Pederson) that this places some phases of agriculture in the industrial field.

The Industrial Development Act, originally Industry and Information, was designed primarily to encourage industry. I am amazed, too, by the apparent great enthusiasm for establishing nonagricultural industry to the point of provided grants to such industry. If I were to rise on my feet in this legislature, and suggest that grants ought to be provided to small farmers, not loans, but straight grants to enable them to increase their resources, I would be called to account by hon. members opposite. They would say we are doing everything for agriculture, we are going over board. But in the case of industry, it seems we will go to the limit to get industrial development. May I point out that we progress also by increasing agricultural production and making it more remunerative at the same time, Mr. Speaker.

I very severely criticize this legislation because it fails completely in doing anything about the fundamental problems facing the farmers of Saskatchewan.

Mr. Thatcher: — Mr. Speaker, I rise to support this legislation. I think the Minister of Agriculture (Mr. McDonald) and other members opposite, realize that the hog population of Saskatchewan has dropped very, very rapidly in recent years, up until a few months ago. The hon. minister also realizes that the government called a conference of hog producers, farm organizations, packing houses and so on, last fall. One of the main recommendations that came out of that conference was that if we would provide some kind of credit to permit large scale operators to get into hog feeding, we might get our hog population increasing again. We think this kind of diversification is needed. The minister knows, probably better than most members in the house, that our packing houses in Saskatchewan, for instance, are in real trouble because there are not sufficient hogs going to market.

All this bill will do, as far as hogs are concerned, is to help diversify our agricultural economy, and I think the same is true as far as livestock are concerned. Today thousands and thousands of been cattle are shipped to Ontario each year, also calves and feeder steers. At the same

time, we ship a lot of our feed grain East. There is a feed subsidy. Thus both our cattle and feed go to Ontario because we haven't got proper feed lots here at home. Surely it makes sense for the people of Saskatchewan to have large, modern feed lots. We can use our grain at home and we can use our feeder cattle at home. We have had many applications to SEDCO from farmers who wanted to go into the feeding business. We think this bill will help agriculture. We think it will help diversify the economy of the province. We think it will help the packing houses of Saskatchewan. That is why this legislation is brought in. Perhaps it does not get to all the basic problems of agriculture. It was not designed to do that. But it is designed to let anyone who wants to go into the feeding business to get some credit.

Mr. Nollet: — May I ask the Hon. Premier a question? There is a federal industrial development loan scheme under which this type of operation could get credit.

Mr. Thatcher: — All I know is that many people have indicated they need this kind of legislation. At this moment, there are a great many applications in front of SEDCO. Whether they will be approved or not, I do not know. However, there does seem to be a void and this legislation is designed to fill that void.

Mr. H. A. Broten (Watrous): — Mr. Speaker, I would like to say a word about this bill. The Premier mentioned something about increasing hog production in Saskatchewan. I think the reason why hog production has not been stabilized in Saskatchewan, is that the prices have been such from time to time, that the farmer found it unprofitable to raise hogs. He does not like to do it on a losing basis, and I think we have to stabilize our price structure, then there will be hogs. What you do in this bill is to help a few people get an economic unit which will not balance with the average unit in the province, and just put that many more people into trouble. I think this will help packing houses, get lower costs, more efficiency and more profits, but you will not help the average farmer, as we consider most farmers in the province.

I am not saying that this is not a good thing under certain conditions but the conditions would have to be different than they are at the present time. There would have to be a shortage of hogs in Canada and not just in one province. I think we have in the present type of marketing, a situation where the supply and demand does, to a degree, cause the price to go up or down, mostly down. We have never had what you would call a sufficient mark up on hogs in order to have any stability in the market, and thus low production at times. I think what you do here is just to make the general run of a farmer more confused than ever in order to make economic units out of a very few at one end of the spectrum, and you run into serious difficulties at the other end. I think that the bill should probably be confined more to industrial development, and, I would say, that the hog prices or the hog price will be lowered by this bill, and it will just put that many more farmers out of business.

I would like to ask a few questions here regarding . . .

Mr. Thatcher: — . . . questions should be asked when we get into committee.

Mr. Broten: — Some of the principles of the bill could be involved here. Well, I will ask my questions later.

Mr. W. J. Berezowsky (Cumberland): — Mr. Speaker, I just want to make a few comments. I am not against the bill. I think it has some value. I think that it will help people that want to get into specialized livestock production. Probably the government is wise in being able to extend credit. I do not think there is any difficulty in getting credit for those people, for if they have any kind of assets then they can get the money today. One of the reasons that they have not been getting into the production of hogs, is because there is really no money in it. You would have to produce at least a thousand or more hogs before you could make a little bit of money on your investment.

What I want to point out to the Premier and to the government is that a year ago, there was a bill passed that would have helped a lot of the farmers to produce hogs in this province — the kind of farmers that

April 7, 1965

live in the depressed area.

When the Premier was in Ottawa not long ago, he made representations on behalf of the people in and around Prince Albert (and there are other similar areas in Saskatchewan). Here is an area where you have a lot of small farmers, who could have been assisted and who could have got into the production of hogs or cattle or any other enterprise like that, and would be better off financially, if this assistance that is available to the big operators had been made available to them.

But there is one thing that the Premier pointed out that I do not think I can agree to. He said that if you get these specialized enterprises set up then, of course, you are going to satisfy the demands of the packers and everything is going to be hunky-dory, and private enterprise is going to flourish insofar as the packing industry is concerned in Saskatchewan. I would like to point out at this time, that if all the hogs that are produced in the province of Saskatchewan were taken to the packers in Saskatchewan, you wouldn't have any trouble now in the packing industry. Your trouble is not in the production of hogs. It is that the hogs produced in this province, as well as cattle, are being shipped by trucks directly down to Winnipeg and East, and you are not going to change that with this bill or any other bill. It is a problem that this bill is not going to correct.

So, I say, I am not going to vote against the bill, but I think that the government is wrong. I think the government should have started where the need is greatest and you are not doing that, but, as far as it is going, well, at least that little bit is going to be of some value.

Mr. B. D. Gallagher (Yorkton): — Mr. Speaker, I would like to make a comment on some of the things that were said by the member for Arm River (Mr. Pederson) and the member for Cut Knife (Mr. Nollet). First of all, the member for Cut Knife (Mr. Nollet), suggested that this was the answer to the Liberal promise of farm credit. I am sure the government does not consider this the answer to the Liberal promise of farm credit. We are still looking at that, we will come up with something much better than this.

But to comment on some of the suggestions made by the member for Arm River (Mr. Pederson), I believe he said that we were helping the large operator by doing this. I would just like to remind you, Mr. Speaker, that there are many people in this province today who are raising hogs, selling hogs, or trying to raise hogs and sell them, who will have a better opportunity to sell them under an intensified hog operation that will be able to be set up under this particular program, and the same goes for feeder cattle. Not only this, Mr. Speaker, there are people today who cannot find a market for feed oats and barley, who are going to be able to do so, because some intensified feed lot operation has been established in their particular community. When the member for Arm River suggested that it was only the large operator that was going to benefit, I would like to say, that I know people who are small farmers, or small businessmen, who want to start just such an operation, and it is for this reason, Mr. Speaker, that I am very happy to support this legislation.

Mr. Speaker: — I would draw the attention of the house to the fact that the mover of the motion is about to close the debate. If anybody wishes to speak, he must do so now.

Mr. Nollet: — Now since the member will be closing the debate, I would again like to have a reply to the question I asked. That is a clear explanation of what is meant by the definition of the specialized agricultural operation, or specialized horticultural operation, or a specialized livestock operation. Does this mean, for example, that a person who had land value in excess of the other assets consisting of building, machinery, apparatus, etc., would not qualify?

Mr. Grant (Regina South): — Mr. Speaker, I am sorry I am not a horticultural, agricultural, or livestock expert, but it seems to me that some of those speakers who have been on their feet in the last few minutes are in that category and, I presume, some of the questions have been answered.

Dealing first of all with the comment from the member of Regina West, I think it can be stated very clearly that while we are deleting the method of machinery grants currently spelled out in the act, the amendment does permit such machinery and equipment grants and, I feel, does it in a

better manner than it is currently done. The present legislation limits the assistance that can be given, either to training grants or the assistance of acquiring machinery apparatus and equipment and the likes of that, and the training of technological skills. If we are to get the kind of industrial expansion that we all hope for in Saskatchewan, I think this act must be broadened in its scope, and that is exactly what the amendment proposes to do. It certainly has no intention of limiting the possibility of making these equipment grants whatsoever.

The hon. member from Cut Knife (Mr. Nollet) asked me to be more specific on the question of specialized horticultural, agricultural and livestock operations.

The feeling seems to be that in order to qualify for a loan, that this must be a supervised operation. I have only been a member of the board of SEDCO for a few months, but I think the experience in those two months has indicated that the applications are not coming from the large type operators, but from smaller ones, and those who wish to get into this type of an operation. Regarding his reference to land, the loan cannot be based on the land holdings whatsoever. It makes no difference whether he has 10 acres, or 110, or 1,110, the loan is based on the buildings, machinery, apparatus, equipment and vehicles only, and land is not taken into consideration.

Mr. Nollet: — Does this mean, Mr. Minister, that land could not be used as security for the loan?

Mr. Grant: — It could be used as security but it would not be used in assessing the amount of loan that would be made available to him. It would not be loaned on the strength of the land.

I think it can be definitely stated, as the member for Yorkton stated, that this is not intended to be a farm credit act at all. It was not intended for that at all. These volume farm operations, I think, are here to stay, I think we must recognize it and live with it. If we do not, the specialized farming operations from Alberta, and elsewhere, will move in and take over our market.

There is some question as to why we would supposedly duplicate arrangements that are available from the federal authorities. I would say the answer is that the demand is here. We had pressure from various sources to make these loans available and there must be some good reason for that demand to exist.

Mr. Speaker, I feel that the amendment proposed in this bill will go a long way to enable us to attract and encourage and help the type of industrial expansion both in connection with manufacturing and farming operations that we want to see in Saskatchewan, and I take pleasure in moving second reading of this bill.

Motion agreed to and bill read the second time.

Hon. D. Heald (Attorney General) moved second reading of Bill No. 75. — **An Act Respecting Cemeteries.**

He said: Mr. Speaker, this is an act respecting cemeteries. The main purpose of this bill is to provide for adequate regulations and control of commercial cemetery companies.

There are ten commercial cemeteries in operation in Saskatchewan at the present time, all of which were established between the years 1952 and 1959. These cemeteries are at Regina, Saskatoon, Prince Albert, Moose Jaw, Swift Current, North Battleford, Weyburn, Yorkton, Estevan and Moosomin. Now, Mr. Speaker, commercial cemetery companies are subject to licensing under part 2 of the present act. They are required to provide for the perpetual care, and to set aside monies to insure that the cemetery will be cared for in perpetuity.

This is achieved by paying over the monies to a trust company under an irrevocable trust and using the interest only for the care of the cemetery. Now the amount to be set aside in the perpetual care fund account, is prescribed by the regulations under the act. Regulations presently in existence specify that fifteen per cent of all monies received from the sale of lots, and ten per cent of all monies received from the sale of markers by set aside for this purpose. Now the bill that we are considering

April 7, 1965

tonight makes no change in this respect.

Initially, Mr. Speaker, these companies only sold lots on a pre-need basis, but soon thereafter, they returned to the lot owners in many cases, with a pre-need plan. Some companies call it the Gold Cross Plan, others referred to it as the Family Security Plan. Under this plan, no matter what the name of it was, lot owners entered into contract with the companies for the purchase of burial vaults, markers and opening and closing of graves on a pre-need basis. Later the plan incorporated the sale of lots, so that salesmen could offer lots, vaults, markers, and opening and closing of graves in one package deal, one contract on a pre-need basis. However, there was no legislation or provision in the Cemetery Act to require that any monies to be set aside for this.

It has since learned that some of the companies failed to set aside the monies to insure performance of the contract, when the services or merchandise were required. These companies failed to report to the department as required or if they did, they failed to supply information in a form which would enable the department to determine their financial position in relation to pre-need sales.

During the summer of 1964, departmental officials visited the offices of those cemetery companies from which they were unable to obtain information. As a result of these visits, a recommendation was made to me, by the officials of the department, and by the Deputy Minister, suggesting that chartered accountants be employed to make a thorough and complete examination of the records of these companies. Such recommendations were implemented and services of three firms of chartered accountants were enlisted, to look into the financial affairs of a number of these companies, not all of them of course, but I will mention later, five of them.

Now the report was completed and the department found it necessary to engage these accountants and the total cost of the services of the chartered accountants was in the neighborhood of \$13,000. Of the five companies examined, all of them were found to be in serious financial difficulty because no monies had been set aside for the purpose of supplying merchandise and services when required. The amount of liability, Mr. Speaker, has been calculated at fifty per cent of the selling price, that is the advice of the chartered accountants whom we had engaged. They advised us that the amount of liability has been calculated at fifty per cent of the selling price, and is based on all contracts where the merchandise or services has not been supplied, whether the contract has been paid in full or only partially paid. For example in the case of the cemetery at Moose Jaw, the audit revealed that the accounts receivable were in the neighborhood of \$41,000, whereas the liabilities were in the neighborhood of \$84,000, a little over twice as much.

The case in Swift Current, the audit revealed that the accounts receivable were something over \$15,000, and the liability was over \$71,000. In case of the cemetery at North Battleford, the accounts receivable were about \$11,000 and the liability was over \$18,000. In the case of the cemetery at Moosomin, the accounts receivable were \$8,200 and the liability was \$8,500, that was about even. In the cases of the cemeteries at Weyburn, the accounts receivable were in the neighborhood of \$31,000 and the liability was over \$48,000.

That is to say, taking the first example, the one at Moose Jaw, when the cemetery at Moose Jaw collects the amount of \$41,000 its merchandise trust account will be deficient by \$84,000. The same calculation applies to the other companies.

Now, Mr. Speaker, in addition, some of these cemetery companies have failed to set aside in the perpetual care fund account, which is provided for under the present statute, the monies required by the regulations. However, the interest was retained in this fund, by order of the minister under section 35 of the act, and if the interest, which would otherwise been paid to the company, is credited against the shortages, the shortages may be made up. So the situation so far as the perpetual care fund is concerned of these same companies is not too bad. In the case of the one at Moose Jaw, the amount required is \$59,000 and the amount held by the trust company is \$60,000, so that the situation is not too bad.

Now, Mr. Speaker, the bill before the house proposes a number of important changes. First of all, the bill provides for the establishment of a pre-need assurance fund, to assure performance of contract where the public has purchased on a pre-need basis, markers, burial vaults and opening and closing. The owner must set aside in the fund at least thirty-five

per cent of all monies received by him for such services or supplies. He must pay these funds over to a trust company. The trust company may invest the funds in any investments permitted under the Canadian and British Insurance Companies Act, but retains both the investments and the income therefrom. The owner may withdraw funds only with the written consent of the Registrar of companies. The Registrar may consent to the withdrawal only if he is satisfied that after the withdrawal the funds remaining equal at least fifty per cent of all monies received by the owner in respect of services or supplies still to be provided.

Now the second change, the bill provides that every owner is deemed to hold in trust both perpetual care funds and pre-need assurance funds until they have been paid over to a trust company. This is they are in trust in his hands. Every person responsible for the failure of the owner to pay over the funds to a trust company would be in breach of trust.

Now thirdly, the bill also provides that where the owner does not set aside or pay over the monies as required, the minister may request the local government board to inquire into the affairs of the company, and the Local Government Board Special Powers Act shall apply. The board can recommend the removal of the director and the appointment of an administrator, who shall have all the powers of a director.

Mr. Speaker, a situation like this developed in Alberta a couple of years ago when they had a commission appointed to look into this situation, and as a result of the commission, the Alberta legislature passed amendments which proved the same sort of a solution whereby they provided for receivership to take over the cemeteries where there was a deficit position, in order that the people who had put the money in the company could be protected.

Now the fourth change — the bill provides that the ownership of a cemetery may not be changed without the written consent of the Registrar of companies. If the owner is a corporation, the shares may not be transferred without such consent. Quite a bit of difficulty has been caused by the fact, apparently, that these companies have changed hands a number of times, and perhaps fairly profitable deals have been made and the situation is that the present owners of a number of these companies are in a pretty bad situation. They have got this deficit situation I have described.

Fifthly, the bill provides for the administration to be in the hands of the Registrar of companies rather than directly in the hands of the minister.

Sixthly, the bill has eliminated section 53 of the act, which states that the act shall apply *mutatis mutandis* to a crematorium, mausoleum or columbarium, and instead makes reference to these in the various sections as required.

Now, Mr. Speaker, these in summary, are the changes in the principles in the bill. Of course it is a fairly large bill and there will be detailed consideration of it, clause by clause, but with that brief explanation, I would move second reading of the amendment.

Mr. A. E. Blakeney (Regina West): — Mr. Speaker, the hon. Attorney General has given a lucid explanation of the principles contained in the rather lengthy bill, and I think that most, if not all, of the principles which he outlined will commend themselves to members of the house. This is the sort of a situation which has arisen over the last two or three years or so and I agree with the hon. Attorney General (Mr. Heald), that it is a situation which can be assisted by additional and strengthened legislation.

The original Cemeteries Act was passed about 1955 which was, as I recall it, the first legislation regulated commercial cemeteries in the western provinces. It was a first in the field and was directed largely at regulating the manner in which the funds received from the sale of cemetery lots was dealt with. The legislation provided that a portion of the price should be placed in trust for a perpetual care fund, and by and large, insofar as any legislation can work effectively in the direct selling field of securities or direct sales of cemetery lots or any type of door to door selling, the old Cemeteries Act worked reasonably well in regulating the sales of cemetery lots and in regulating the manner in which funds were dealt with which were received for the sale of cemetery lots.

But where the weaknesses in the legislation did show up was when the cemetery companies expanded in the manner in which the Attorney General (Mr. Heald) has outlined into selling additional services, pre-need services,

April 7, 1965

markers which were to be delivered at a later date. They began selling either services or articles which were going to be delivered at a later date. Now, a cemetery lot has the virtue that it is sold and the title is transferred approximately at the time of sale. But a marker which is only to be erected at the time of death and burial, is something which may not be delivered for some considerable number of years. This raised an additional opportunity for irregularities and abuses to creep in. As the Attorney General (Mr. Heald) has pointed out, they have crept in. They have not been particularly associated with the larger commercial cemeteries, I do not mean to mention companies, nor do I necessarily endorse any of them, but the ones operated by Memorial Gardens in Regina or Saskatoon or Prince Albert have not given difficulties. But the smaller companies have been a source of some difficulty and some concern, and I am pleased to see that this has engaged the attention of the government, that they have been able to carry out investigations, and that they have been able to formulate legislation which they believe will correct some of these abuses and prevent the recurrence of like abuses.

I think for those reasons I will support the bill and I think that the bill will commend itself to members on both sides of the house.

Motion agreed to and bill read the second time.

Mr. A. H. McDonald, moved second reading of Bill No. 77 — **An Act to amend The Provincial Lands Act.**

He said: Mr. Speaker, what this amendment does is to give the same privileges to veterans who have purchased land that is now being extended to other purchasers. As you will recall, veterans in the past had the opportunity of paying for their land over a twenty year period and we are now giving them the maximum of thirty years, the same as other purchasers, and that is all this amendment does.

I move second reading.

Mr. Speaker: — It has been moved by the Minister of Agriculture (Mr. McDonald) that Bill No. 77 — An Act to amend The Provincial Land Act, be now read the second time.

Mr. I. C. Nollet (Cut Knife): — Mr. Speaker, there may be bit more involved here than what the minister (Mr. McDonald) has outlined. There may be some problems arise out of these amendments.

As I understand it, this particular section deals only with sales of land under V.L.A. to veterans and this involved, at one time, both provincial and school lands. The school lands trust fund has since been abolished.

The amendment apparently extends the payment period from twenty to thirty years and yet says nothing about the initial down payment of one-tenth or ten per cent. But there have been some 1,260 veterans who purchased land under this particular section of the Act. Of these, around 550 or more have paid their purchase contracts in full. Therefore, there are some 700 sale contracts still in effect. Will these contracts be in any way affected by this amendment? I do not want you to close the debate but you can answer it for me.

Mr. McDonald (Moosomin): — The only way they would be affected is that they would be given thirty years to pay up the balance of the indebtedness. That is the only effect it has.

Mr. Nollet: — Yes, well then, there are still a few veterans who continue to lease their lands, some 250, or probably between that and 300, who have not as yet purchased. Now, in the case of the new purchases in the years ahead, how much will these veterans pay down?

Mr. McDonald (Moosomin): — Again, I will just answer the member's question. They will pay the same down payment as people who are purchasing who are not veterans — ten per cent.

Mr. Nollet: — That is ten per cent, well

the ten per cent might . . .

Mr. Speaker: — It now being 10 o'clock the house stands adjourned until 10 o'clock tomorrow morning.

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