

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session — Fifteenth Legislature
32nd Day

Wednesday, March 23, 1966

The Assembly met at 2:30 o'clock p.m.
on the Orders of the Day

WELCOME TO STUDENTS

Mr. W. A. Robbins (Saskatoon City): — Mr. Speaker, before Orders of the Day, I would like to draw your attention and the attention of all members to a group of students from Clavet School, they are in the east gallery with their teacher, Mr. Adrian. I presume it is quite all right for me to do this in the absence of the member from Hanley (Mr. Walker) since another member, from Saskatoon introduced a school the other day from the Hanley constituency. I sincerely hope that this group will have a pleasant time in Regina today, that they will enjoy the legislative proceedings and that they will have a safe journey home.

Hon. Members: — Hear, hear!

Mr. M. Breker (Humboldt): — Mr. Speaker, I would like to direct your attention and the attention of the other members to the west gallery. Seated there are the students from the Spalding High School. They are accompanied by their teachers, Miss Nora Nelson and Mr. Palmer Routin and their bus driver, Mr. Elsworth Johnston. I hope your day has been a pleasant one so far, and that it will be an informative one and I wish you a safe journey home. I would like also to suggest to all the students here that they go to the Exhibition Stadium this afternoon, if they have the time, where they presently are having the bull sale and the light horse show. This afternoon the horses are being put through some of their trials and events. I am sure you will enjoy a few hours out there at the Exhibition. Above all, my dear students, there is no admission charge.

Hon. Members: — Hear, hear!

Mr. A. Thibault (Kinistino): — Mr. Speaker, I would like to draw to the attention of the house a fine group of students from the Dolremy High School, also the Bellevue High and St. Louis Schools. Among their teachers are Sister Marie Yvette, Sister Marie Michele and Robert Kuroki. They have been visiting the city this morning and they had a little trouble with the city transit system but their troubles are over and I want to compliment the mayor for being so helpful. I hope their trip will be educational and pleasant on the journey home. I want to add Bon Voyage.

Hon. Members: — Hear, hear!

Mr. R. A. Walker (Hanley): — Mr. Speaker, may I, as the member for Hanley, welcome the Clavet group in the east gallery, I see Mr. Adrian there and I see Mr. Derdall and all that group of 35 bright young students from the Clavet School. I want to welcome them here on your behalf and join in the words that were uttered a few minutes ago by

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the member for Saskatoon (Mr. Robbins). I hope they will have a very pleasant visit here and that they will tell their friends so that their friends will come back another year.

Hon. Members: — Hear, hear!

Hon. D. McFarlane (Minister of Agriculture): — Mr. Speaker, I too, want to draw your attention and the attention of the members of the legislature to an outstanding group of young students here this afternoon who represent the grade 8 class in the town of Indian Head. The significant part about some of these young boys in the Speaker's gallery, the first three rows, is that they belong to a minor hockey league in that town which comprises some 180 boys. One of their teachers, Mr. Walker, is in charge of the minor hockey league. He is with them this afternoon, and Mrs. Dour, in charge of the girls is also with them this afternoon. I understand the girls all get out, of course, to cheer for the boys. I am sure they will enjoy their stay here this afternoon as they have on so many occasions in the past.

Hon. D. V. Heald (Attorney General): — I would like to draw the attention of hon. members to the presence in the Speaker's gallery this afternoon of a fine group of students from the Sterling School in my constituency. They are touring the building today and they are finishing off by observing the afternoon sittings of the legislature. I am sure you will want me to extend to them the very best wishes of all of us for an interesting and instructive afternoon, I hope the calm which they will observe in the Assembly this afternoon will stand them in good stead when they fight the battle of life. I am sure that we would want them to have an enjoyable stay this afternoon and to wish them also bon voyage.

Hon. Members: — Hear, hear!

Mr. H. H. P. Baker (Regina East): — Mr. Speaker, I want to, if the hon. Attorney General will permit me, to also greet the group from Sterling School because this is the area where I had the privilege of starting my teaching career. I know most of these folks up here, and many of their friends and neighbours in the city of Regina. I want to extend a very warm welcome to the Sterling School district as well. As mayor of the city at this time I would like to welcome the Dolremy, the Bellevue and the St. Louis Schools, and all the other students that have come to their fine capital city. We wish them a pleasant stay and we hope they will enjoy the proceedings and learn much for their own future years to come.

Hon. Members: — Hear, hear!

QUESTION RE HANLEY CONSTITUENCY

Mr. Walker: — Mr. Speaker, before the Orders of the Day I would like to direct a question to the Premier, who I see is back. Last week he made a statement that sometime during the week he was going to introduce some legislation which would have the effect of, shall we say, dismembering the constituency of Hanley? I wonder since

last week has now passed whether or not we should regard that as just one of those statements.

Hon. W. Ross Thatcher (Premier): — Mr. Speaker, the hon. member can take it anyway he likes.

Hon. D. G. Steuart (Minister of Public Health): — One thing sure he is going to get it.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion of Hon. Mr. Thatcher for second reading of Bill No. 60, **An Act to amend The Income Tax Act**.

Mr. R. A. Walker (Hanley): — Mr. Speaker, I think that last day I had a few words to say with reference to the proposal to reduce the income tax of those who are fortunate enough to have to pay income tax and at the same time impose imposts upon those, many of whom do not pay income tax because they are not fortunate enough to have a large enough income to be subject to tax.

Mr. Speaker, the hand-out which the Premier and which the government is giving in this so-called tax reduction to the man who makes less than \$75 a week is just a cent or two a day, not enough even, Mr. Speaker, to cover the increase on the cigarette tax. But the reduction of the income tax by one per cent of the net tax, as is now proposed, to some of the Premier's friends, those who earn \$25,000 or \$30,000 a year, the so-called middle of the road Liberals, will amount to a reduction of almost \$200 per year. Now, Mr. Speaker, I want to make it perfectly clear that I am always in favour of any government reducing taxes if it can do so by more efficient or more economical administration. This is something which the previous government always sought to do, eliminate unnecessary expenses, to eliminate . . .

Mr. Thatcher: — Are you going to vote for it?

Mr. Walker: — Well, we eliminated the Public Revenue Tax which was a three mill tax on all real property in Saskatchewan and now you birds are putting that tax back on. As a matter of fact, Mr. Speaker, the farmers of Hanley constituency enjoyed the benefit of the repeal of the Public Revenue Tax by the CCF government. Now 90 per cent of those people in Hanley constituency are going to have to bear a two mill tax which this government is putting on to fatten and swell their undeserving coffers at the expense of the people of Hanley constituency, people who ought not to have to bear an increase . . .

Mr. Steuart: — What bill is the hon. member talking about?

Mr. Walker: — When this government reduces taxes for their Liberal, their big free enterprise Liberal friends, by removal of one per cent on the income tax, and does it at the expense of the farmers of Hanley constituency,

I protest against that tax, Mr. Speaker . . .

Some Hon. Members: Hear, hear!

Mr. Walker: — Well, Mr. Speaker, the government over there must take the responsibility for this switch, this shift of tax, from people who can well afford to pay to people who can ill afford to pay. As I said before it is always pleasant to see tax reductions, I am just sorry that this government has not seen fit to reduce the taxes where they would do more good. I could think of many places where this \$1,100,000 could do more good. The government could take off the tax on soap and detergents, the government could take off half of the medical care and hospital tax, the government could refrain from putting on the real property tax of two mills which they are now putting on to the lands of this province, the assessed property of this province. There are many, many other alternatives which this government could select. Instead of that, of course, their friends who finance their election campaigns with their generous donations at election time, will get back enough in one year to finance the next campaign of the Liberal party. I would hope that the Liberal party will not get the benefit of that, but this is where it is going, to their friends.

So, Mr. Speaker, I want to make it very clear that I object to the priorities which the government has applied in this instance.

Some Hon. Members: Hear, hear!

Mr. A. E. Blakeney (Regina West): — Mr. Speaker, I, too, want to speak with reference to the bill to amend the Income Tax Act. The amendment proposed is one which will decrease the tax by something under one per cent. Members will recall that the surcharge on the income tax was introduced to finance the medical care program. The Premier in introducing the bill was careful to point out that no other province has the universal medical care program. We now find that because of the buoyant conditions in the province and because of four successive excellent crops, we can make a tax reduction. The question which faces the legislature is the area in which the tax reduction should be made.

The taxes which were imposed with respect to the medical care program included two — (1) the family tax for medical care and (2) the income tax. I regret that the government has chosen the income tax as the tax to reduce. The income tax is a fair tax. I don't say it is a popular tax, no tax is popular. But though we must pay taxes I think every government has the obligation to impose taxes where they will be fairest. The proposal to abate the income tax by one point, something less than one per cent, will do nothing for most elderly couples, elderly people have a \$1,500 tax exemption if they are single and over 65, a \$2,500 exemption if they are married. The facts are that the average older person will get absolutely no benefit from this tax abatement. Very, very few people of 65 or over will benefit from this and they are one class of persons who ought to be benefited by a tax cut. Certainly they will be hit by taxes on soap and taxes on gasoline and taxes of this nature which bear heavily on the consumer. They are not being hit by the sharp increases in cost of living which are being seen all across the province, increases in the cost of food, in meat, bread, milk and so on. If anyone deserves some abatement of tax it is the people who are suffering from these

increases, but they are to get nothing by this bill.

Lower income groups will get nothing. Fully 50 per cent of Saskatchewan families don't pay any tax at all. They will get no relief. Even people with average incomes who pay a small tax will get a benefit of only a dollar or two a year. But for persons with larger incomes the benefits will be very substantial.

The short question which faces the legislature is this: should tax rebates go to the well to do or go to those who need it most. That is the simple question. Should the tax rebate go to the well to do or to those who need it most? The Premier says that other provinces don't have such a large income tax and he wants to get it down to their level. Well how about applying the funds on the hospital tax. There are only two other provinces which have any family tax for hospitals at all. If he wants to abate taxes he might start with the hospital tax since it is a fact that only in Manitoba and in Ontario is there any direct tax for hospitals at all. If he wants to equate our province to other provinces that area is a good place to start; it certainly would be far fairer than to abate the income tax.

In my view this tax relief should be given, but it should given to those who need it most. I think that all will welcome the fact that we can afford a tax abatement of \$1,100,000. And I think on reflection that members opposite will agree with the idea that the tax relief ought to be given to those who need it most. With that in mind, Mr. Speaker, I, therefore, beg leave of the Assembly to move, seconded by the senior member from Moose Jaw (Mr. Davies), the following amendment:

That all the words after 'that' in the motion be deleted and the following be substituted therefor:

That the bill be not now read a second time, but that it be referred to a Select Special Committee of this legislature with instructions to consider legislation which would provide an equivalent dollar amount of tax relief, but which would divide the relief in a more equitable manner, and in particular would benefit senior citizens and persons on lower incomes.

Some Hon. Members: Hear, hear!

Mr. A. M. Nicholson (Saskatoon City): — Mr. Speaker, in rising to support the amendment moved by my colleague, there are a few things I would like to mention. The Premier in his Budget Address announced that he was giving relief of \$1,100,000 to a select group of our citizens. I am fortunate that I happen to belong to this group. In spite of that I cannot consider it in the public interest to support this type of legislation. I did a few calculations after studying the 1965 taxation statistics. These are for the 1963 taxation year. There are 27,983 of us in Saskatchewan who have taxable incomes of less than \$2,000. This group will receive a maximum rebate of \$2.50 a year, or about 21 cents a month. Then there is a larger group, 37,941 Saskatchewan citizens who have taxable incomes between \$2,000 and \$3,000. This group will have a minimum refund of 35 cents a month. Then if you take the next group there are 39,892 who have taxable incomes of between \$3,000 and \$4,000, who will have a rebate of \$6.12 a year, or 51 cents per months.

I submit, Mr. Speaker, that this group of 105,816 Saskatchewan taxpayers really cannot make a good case for getting refunds of these amounts. The next group of 89,188 income taxpayers are going to fare a good deal better. I am referring to those who have a taxable income of \$25,000 or more. The income tax authorities are careful not to go too far in breaking down the individual incomes of the group receiving over \$25,000. In Saskatchewan, there are only 652 of our citizens who have the good fortune to be in the taxable income of \$25,000 or more. They did very well. They had total incomes of over \$22,000,000, they paid in income taxes \$7,187,000. I submit, Mr. Speaker, that this group really doesn't need to have the crocodile tears of the Provincial Treasurer.

We will take the poor chap who has a \$25,000 taxable income. He will get relief of \$90,84, \$7.57 per month. I don't think that a good case can be made for coming to the rescue of this particular group. Hon. members who fill out income tax papers each year are always curious about the citizen who might have a \$400,000 taxable income. The amount he pays is quite sizeable, \$265,070. I should explain that I don't imagine there are many, if any, in Saskatchewan who ever get to these income tax brackets, but certainly there are in Canada. If one were in this income tax bracket, one would have relief of \$2,852, or \$237.68 per month. I ask you, Mr. Speaker, how sorry do you feel for the citizen who has to pay \$285,211 in federal and provincial income taxes. It should be agreed that it isn't how much income tax the citizen pays that is important, it is how much do you have left after you pay your income tax, to pay your property tax, the increased price on gasoline and buy food and clothes for your family. Well, the chap who has to pay \$285,211 would have left after paying taxes \$314 per day, seven days a week, every week in the year.

I submit, Mr. Speaker, that in a country like Canada, we shouldn't be concerned about the appeals made by the people in the high income brackets who complain about income taxes. I presume I was paying income tax before some of my colleagues were born. I have had the good fortune to pay income tax for many years and I have always felt that I have had good value for my taxes, whether they were municipal, provincial or federal taxes. I think that it is a mistake for this legislature to be giving relief of \$1,100,000 to the group of Saskatchewan citizens who need concern when out of a total population of 933,000 in 1963, there only were 195,004 people in the province who had the good fortune to receive enough to pay income taxes.

We haven't been able to identify exactly how many families in Saskatchewan did pay income taxes but I submit that this total of 195,000 suggests that this is well below half of the families, probably one-quarter of the families. I think that instead of giving the relief to the fairly small group with high incomes we should be having a look at those who are going to have to cut down their food and their clothing costs to pay for the additional taxes which are going to be imposed upon us. I think that the citizens of Saskatchewan, after hearing the Premier's plans in the field of education, health, roads, industrial development, and the many other fields, would be anxious to leave the income taxes as they are, and to raise the necessary revenues by other means.

Some Hon. Members: Hear, hear!

The amendment was negatived on the following recorded division:

YEAS — 22

Lloyd	Whelan	Link
Cooper (Mrs.)	Nicholson	Baker
Wood	Kramer	Snyder
Nollet	Dewhurst	Brotten
Walker	Berezowsky	Larson
Blakeney	Michayluk	Robbins
Davies	Smishek	Pepper
Brockelbank(Saskatoon City)		

NAYS — 31

Thatcher	MacDougall	Leith
Howes	Grant	Radloff
McFarlane	Coderre	Romuld
Boldt	Bjarnason	Weatherald
Cameron	Trapp	MacLennan
Steuart	Cuelenaere	Hooker
Heald	McIsaac	Coupland
Gardiner (Melville)	MacDonald	Gardner (Moosomin)
Guy	Gallagher	Mitchell
Merchant (Mrs.)	Breker	Pederson
Loken		

Mr. Speaker: — I must draw the attention of the members 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.

Hon. W. Ross Thatcher (Premier): — Mr. Speaker, I shall only speak briefly. I think we must be realistic. What is the purpose of this bill? Some years ago this government put a surcharge on income tax of six per cent. As a result, people in this province have had to pay six per cent more income tax than all the rest of the people of Canada except in Manitoba. This bill in effect reduces that six per cent surcharge to five per cent. My hon. friends can say if they wish that the legislation isn't going to help the average working man. I do suggest that when you cut taxes you help everyone. This is a measure which is vitally needed. I want to repeat that this government is not going to be satisfied merely to cut the tax from six to five. In subsequent years we are going to get the rate down to a level where it is in other provinces. One of the penalties of having a Socialist government for 20 years has been that our tax levels have been far above other parts of the nation. Liberals are sick and tired of this situation.

I can tell you that this government intends to do something about the Medicare tax at the appropriate time.

Some Hon. Members: Hear, hear!

Mr. Thatcher: — Don't ever let my hon. friends think they will be so fortunate as to go into another election without seeing other taxes reduced.

Some Hon. Members: Hear, hear!

Mr. Thatcher: — The socialists have one great faculty, Mr. Speaker, they usually talk one way and act another. This afternoon we have watched them talk against a reduction in the personal income tax. It's going to be of great interest to watch how they vote. If they vote the way they talk, they must vote against the proposal. I challenge any one of them to get up here and vote against this tax cut which the liberals have introduced. I challenge the member for Lloydminster (Mr. Nollet) particularly. Their vote is going to be very interesting.

When the Homeowner grant was up, they talked against it all afternoon but finally they voted for it. So I think it will be interesting to see what they do on this occasion. This is one more progressive measure, Mr. Speaker, where the Liberals are reducing taxes that the Socialists imposed. It gives me a great deal of pleasure to vote for it.

The motion was agreed to on the following recorded division:

YEAS — 31

Thatcher	MacDougall	Leith
Howes	Grant	Radloff
McFarlane	Coderre	Romuld
Boldt	Bjarnason	Weatherald
Cameron	Trapp	MacLennan
Steuart	Cuelenaere	Hooker
Heald	McIsaac	Coupland
Gardiner (Melville)	MacDonald	Gardner (Moosomin)
Guy	Gallagher	Mitchell
Merchant (Mrs.)	Breker	Pederson
Loken		

NAYS — 23

Lloyd	Whelan	Baker
Cooper (Mrs.)	Nicholson	Snyder
Wood	Kramer	Brotten
Nollet	Dewhurst	Larson
Walker	Berezowsky	Robbins
Blakeney	Michayluk	Pepper
Davies	Smishek	Brockelbank (Saskatoon City)
Thibault	Link	

The Assembly resumed the adjourned debate on the proposed motion of Hon. D. G. Steuart (Minister of Health) for second reading of bill No. 74, An Act to raise revenue for hospitals and to provide for the levying of a tax in areas presently not contributing toward the support of a hospital.

Mr. R. A. Walker (Hanley): — Mr. Speaker, I want to say a few words about this for reasons which I have already given in another debate. But the reason for my vote against the reduction in the income tax is very apparent right now because this is where the money is going to come from. It's going to come from my constituents.

Now, Mr. Speaker, I recognize that there has always been an argument that hospitals should be financed in some other way than through property tax. There has always been a lot of complaint that hospitals financed through property tax within a hospital district have to, by the nature of things, make their services available to all comers. But I think that much of the force of that argument disappeared when we got the hospitalisation plan in the 1940's because under that plan the major cost of operating including such things as depreciation was borne out of the personal tax which all citizens have to pay. I would ask the house to look at a map of the province showing those areas which are not included in hospital districts. They would find, Mr. Speaker, that by and large with some exception, the parts of the province that are not included in any Union Hospital District are areas which have a large amount of marginal or sub-marginal land. In many cases — and I don't say this is true without exception — but in many cases, Mr. Speaker, the reason that there is no hospital district in some areas of the province is because the land was assessed at a fairly low rate and the burden of establishing the capital cost of a hospital was too high. Those people by deliberate design decided that they couldn't afford a hospital because of the low assessed land in many of these areas. Now, I realize that there are some areas where the assessment is very high and different arguments apply to those areas. But there is a lot of land which is assessed quite low in these exempt areas and everyone will acknowledge that the costs of providing the capital costs of hospitalisation should be borne as widely as possible, that the burden should be as evenly distributed as possible. But the way to do that, Mr. Speaker, is not by the application of a property tax but by the application of general taxation, general provincial taxation. The government ought to be looking at the alternative methods of providing these revenues. It has been a cry as long as I have been active in politics that the burden of land taxation is too high in Saskatchewan. In relation to other sources of revenue that are available to the government of Saskatchewan the burden of land taxation impinges too heavily particularly on people of lower incomes.

Land taxation is not as progressive a mode of taxation as is available to the provincial government. Land taxation is a more regressive, one of the more regressive forms and yet this government instead of taking advantage of the opportunity to shift a part of the burden from land taxation and from property taxation to a general provincial tax on wealth and on commerce and on industry and on trade, is moving exactly in the opposite direction. This government is taking taxes off general provincial commerce and putting taxes on real property. I say, Mr. Speaker, that that is a retrograde step. Instead of putting a mill rate on those areas which are excluded from hospital districts, this government ought to be taking the mill rate off those areas which are in hospital districts.

Some Hon. Members: Hear, hear!

Mr. Walker: — And they could do it with the \$1,100,000 that they just tossed to their big rich fat friends. They could have done it. So, Mr. Speaker, when we say on this side of the House that we object to this increase in taxation we cannot be accused of that kind of irresponsibility that the former opposition was accused of, of being opposed to taxation in general. We have been consistent. We have maintained the proper level of integrity for an opposition. We have said that if we are going to demand that certain taxes be

removed, that we must place before the House and the people what alternatives are available. And by our vote here, a few minutes ago, we showed the people of this legislature and of this province that we are prepared to face the burden of finding the revenue, of providing the revenue, of pointing out the fields of revenue that are available. So, instead of putting a two-mill property tax on the rural people of Saskatchewan where this tax will mostly apply, in fact I think this tax will almost exclusively apply to the rural areas of Saskatchewan. Well, my friends may call the hamlets and villages urban, but all of the cities are in their own hospital district and the majority of the towns are in a union hospital district. A small scattering of towns and villages may be, but if my friends call that urban, all right, but these are the places where it is proposed to tax, the rural parts of Saskatchewan and the villages and smaller towns. This tax of, my friends say, \$600,000 — I don't know just how much it is — this tax could have been avoided altogether if the Premier had restrained himself in his zealousness for his rich friends a few minutes ago and not moved that bill that was just passed.

So, Mr. Speaker, this is the objection I take to it. It's a retrograde step to shift taxes off commerce and business and industry and trade and put them on real property, particularly rural property.

The only other objection that I want to take to the bill and I take this purely in reference to my own constituency. As I have said before, about 80 or 90 per cent of the people of my constituency are not in a Union Hospital district, many of them having considered the matter and having decided that they could not afford it at a time when it was opportune to build hospitals . . .

An Hon. Member: — Where do they go to the hospital?

Mr. Walker: — . . . and they can't really afford, in Hanley, for example, they decided they really couldn't afford to pay the hospital mill rate of two or three mills to provide a hospital in Hanley. Now they are going to have to afford it and not have a hospital. Now they are going to have to pay for it and not have it. That was a decision which they made which this government in its arrogance is over-ruling. It's just simply turning upside down.

An Hon. Member: — They asked for it.

Mr. Walker: — As a matter of fact, Mr. Speaker, the people who asked for it are the people who are now paying the tax. If this government had been any good it would have suggested that the whole tax could be lifted, the whole property tax on real property could be lifted. That's what they could have done. Throwing off taxes for their rich friends.

I hope, Mr. Speaker, that we are going to hear a whole chorus of speeches from the other side trying to justify this tax because they can't sit still and keep quiet while anyone else is talking. Let them get up and try to justify putting this tax on. I'm sure the Minister of Health (Mr. Steuart) will because like Don Quixote he rushes at windmills and tilts at them with the most reckless abandon. I want to see the member for Melville (Mr. Gardiner) get up and I want to see the member for Gravelbourg (Mr. Coderre) get up and explain how their constituents feel about

Mr. Speaker, there is one other objection. I am unable to find any provision in this bill for any voice by these rural people who are going to be taxed in the administration of their tax revenue. The Minister of Health (Mr. Steuart) spoke on second reading and said there was such a provision in the bill. I am unable to find it. If it is there, I hope he will point it out when he closes the debate because, quite frankly, although I usually accept without reservation every statement he makes, in this case I just happened to look at the bill and I couldn't find it. If the minister can tell us what section it is that he was referring to when he said that there is provision for representation from these areas, I would like to know what section it is. Because, Mr. Speaker, if it proposed to tax the people of my constituency to support the hospitals in Saskatoon — and as I say, there is some justification or merit in the argument, then there ought to be some voice by the people of my constituency in the administration of that money and that ought not to be a voice expressed through the channels of the Minister of Public Health. It should be a direct voice. They should have some means of electing somebody to some board to represent their interests in this matter. I can well remember that in the Saskatoon Health Region some years ago, the rural people voted in favour of a health regions but the rate-payers of Saskatoon city were persuaded by their then mayor that they should vote against it because it would just simply mean that, while they would get some revenue from the rural area, the rural people would have some voice in the administration of health policies and this would be disastrous in Saskatoon. So it was argued by the then mayor.

Well, if the rural people are going to now be taxed for those health services in Saskatoon, I say that they must be provided with some forum where they can express the opinion and the views of the rural people as to the administration of those hospitals. I would remind the Minister of Health (Mr. Steuart) that a sovereign who was more absolute in his power than the Minister of Health (Mr. Steuart) had his wings clipped for trying to impose taxation without representation, and that sovereign was madder than the Minister of Health, I am told. I hope that the Minister of Health will take this fact into account and will not make the mistake that George III made of trying to tax people without giving them representation.

There was a Boston Tea Party. I can't promise him a tea party if he comes to Hanley, but the people of Hanley will certainly object most vociferously if he is going to tax them without giving them a voice in the spending of their own money. So I make this representation on their behalf today, Mr. Speaker, because after the Premier gets through with what he has got in mind, I might not be able to make this representation. I, personally, would oppose this bill.

Hon. J. W. Gardiner (Minister of Public Works): — Mr. Speaker, I would just like to have a few words to say on this particular bill. I had the good fortune of attending one of the meetings that were held to discuss the possibility of putting this particular measure into effect. If, as the previous speaker said, that he just takes everything that the Minister of Health (Mr. Steuart) says as correct, well, then, I'm going to begin to doubt what the minister says because I wouldn't be prepared to go along and accept everything that my friend across the way would so I think I'm going to have to look things over pretty carefully from now on.

However, with regard to the taxing for hospital purposes, I did have the opportunity of listening to one group of municipal people in this province representing the rural areas, representing urban areas, representing the union hospital organizations, who were quite prepared to admit, in spite of the fact that my hon. friend won't himself, that they should be paying their share and be making a contribution towards the hospitals of this province. I did hear the Minister of Health (Mr. Steuart) ask them if they knew of any better solution to the problem than the one that was being suggested by the Department of Health. I must say that on that particular date there wasn't any recommendation made as to a better method in which to improve the situation. Now my friend (Mr. Walker) across the way says it's terrible to be taxed and not have a hospital. Well, my people in my town have been taxed since 1947; they never had a hospital. What difference is there between the people in my area and the people in the town of Hanley or any other town in this province? My people haven't complained. They know that every town isn't going to have a hospital but they feel that it is fair that they should contribute to the upkeep of a hospital some place in this province and contribute as others are doing. I know there are going to be some of my constituents . . .

Mr. Walker: — Will the member permit a question?

Mr. Gardiner (Melville): — Yes.

Mr. Walker: — Does that town have representation on the hospital board?

Mr. Gardiner (Melville): — Yes, that town does have representation on the hospital board. The people of Hanley have representation in this legislature which will be in charge of the legislation that we are passing. I don't say it's the most satisfactory representation but they have one and I am quite certain that he has the same right as any other member to protect their interests and to see that the money that they are contributing to the provincial treasury for this purpose is spent in a proper fashion. If he is not able to carry out that function on behalf of the voters in his constituency then, of course, he shouldn't be here. Now when he talks about helping out the wealthy with regard to provisions of various Acts, he says anybody that pays income tax is my friend and anybody that doesn't is his. There isn't a group that I know of in my constituency that pays more income tax than the labouring people, the people that work for the CNR in the city of Melville. I don't think there is any group that pays more income tax. Those people are going to be assisted through the previous measure. You know there have been complaints from my friends in the past on the other side, that this government has been unfair to the urban residents and a little bit too fair to the rural people through taxation. Well, I'm going to say that to some extent this balances the record a little bit because we all realize that the majority of the non-taxpaying people as far as income tax goes in this province are probably in the rural areas. In questions like this it will even it up. Practically every working man — I've just worked it out here a few moments ago — who receives only \$50 a week or \$200 a month in many cases will be paying income tax and there are not many workers in this province that are working for a lower wage than \$50 a week at the present time. They would be in a position . . .

Mr. W. G. Davies (Moose Jaw City): — On a point of order. Mr. Speaker, what are we discussing at

this point, may I ask? bill 74 or the Income Tax bill?

Mr. Gardiner (Melville): — The previous speaker in his address made reference to the very things that I have.

Mr. Speaker: — I think it is in order for anybody to have the motion read when they call for it. The question before the House is on the proposed motion of the hon. Minister of Public Health, bill No. 74 — An Act to raise revenue for hospitals and to provide for the levying of a tax in areas presently not contributing toward the support of a hospital, be now read the second time.

Mr. Gardiner (Melville): — Mr. Speaker, to conclude my remarks, I might say that I was just making reference to arguments that were used by the previous speaker in this debate and I am quite certain I was in order by so doing. If the previous speaker (Mr. Walker) could refer to these matters I am quite certain I was quite in order in doing so. But I want to say here that I believe that, if most of the meetings were the same that I attended, the majority of those people in this province today who haven't up to now been making a contribution by taxes toward the upkeep of hospitals the majority of those people are prepared today to pay something. They felt they should have been contributing something in the past just as their neighbors were. This is going to make the situation more equal than it did in the past. It is impossible to make it completely equal over the whole province, because of course there are going to be some people that are going to desire more in the way of hospital services possibly than others, and they are going to have to pay more than two mills. It's going to be impossible to equalize them. But this is going to help the situation. This is going to mean that every person can say to himself that I am paying a share of these costs, I am paying a share of the costs just as my neighbours are in order to have these institutions in our province. So I say today that I am quite prepared to say that the people of my constituency that haven't been paying this tax feel that they should have some way in which they can contribute their share to the cost of the construction and upkeep of the hospitals throughout the province.

Mr. W. G. Davies (Moose Jaw City): — Mr. Speaker, I've had some opportunity of discussing this bill previous to today with some of the officials of the Department of Public Health and I want in the beginning to express to the minister my appreciation for this. It helped me to better understand what the bill means for us in this House. I must say, even after that explanation, however, that I have some very definite reservations as to the effect of the measures that are being proposed today. I was glad to hear that in the first instance the bill was discussed with a committee representing the municipal organizations and the hospital organizations. My initial question would be, while the matters were discussed, as I understand, last year with the municipal bodies; have they actually concurred with the essentials of the bill, whether they would approve, in other words, the bill as it stands.

Now having asked that question, I would put another and I think perhaps a more cogent query, one which has already been put by the member from Hanley (Mr. Walter). That is, have the municipalities that are directly affected and will be directly affected by this bill been consulted and do they agree? Mr. Speaker, I

put this question because it seems to me that if we look at the whole principle of Union Hospital Districts and areas we find that they have been built on the premise of local agreement. Groups of municipalities have decided, over the years, to provide hospital services and facilities and agreed to support the construction of buildings and provide those facilities that they could not have secured if they did not band together. The underlying principle being the agreement of these municipalities, it seems to me to be rather unfortunate at this stage that we could not devise a means by which municipalities which are not to this time contributing would themselves concur in a method that would in some measure do what this bill is trying to do by some other means. This has not been achieved by the bill and, as has been suggested if not directly pointed out by others, regardless of any justifications that may be urged by this bill, the fact is that it is another tax that will be levied upon a group of citizens of some areas of the province to be paid for hospital purposes.

I point out that while the bill seeks to achieve a measure of support for hospitals that are not now getting financial support from some areas of the province, it will be of little use in cases where patients come from union hospital areas to the hospitals in urban areas, as in Moose Jaw, Saskatoon and Regina, because the patient, as I say, is already a member of a Union Hospital District. I am not sure to what extent this exists, but I know that, to take the city of Moose Jaw as an example, a fair number of patients will come from the Swift Current Health Region for certain medical and other services that they wish to secure in the city of Moose Jaw. As far as I understand the bill, Mr. Speaker, and Mr. Minister, it does not provide for any financial assistance for the hospitals that are giving the services to these citizens. Especially in the light of this, the allocation of funds that is proposed is rather rough and ready. It will not assist in respect of the utilization of hospitals by patients from some parts of the province.

Now I also understand provision will be made by this bill and I frankly concede at this point I am not quite clear on what this bill does, and what the amendments we agreed to the other day do. In any case what this bill seeks to do, according to the explanation of the minister is to provide that where a private hospital accepts funds that are raised by the new hospital revenue tax it must also at the same time agree to a kind of public representation on the administration body of the private hospital.

If you follow the logic of the bill this is a laudable enough objective. But how, Mr. Speaker, is this accomplished? As I am informed, many of the private hospitals have appointed as their executive, have appointed as their board, so to speak, one person. That one person is the administrator, that one person is the executive body in fact. Many such private hospitals have over the years formed by their own efforts — and I think it is a very good thing that they have done so — advisory boards. These advisory boards make recommendations to the administrator and on occasion, perhaps quite often, these recommendations are followed. It seems to that, unless the minister has other means devised, the only place where the public representation as such can be placed is on the advisory body of the private hospitals. This may pose a difficulty, I suggest. What I am sure we want to achieve in all we are doing in this bill is to get public representation where it counts as such, where it has some actual powers, not merely recommendatory. I agree that there are now only few difficulties in this area but the minister I am sure would be the

first to acknowledge that there are difficulties that should in some way be overcome by the bill. I am afraid, at least as far as I read the bill, and I am subject to correction, that this objection is not overcome.

Mr. Speaker, I also observe that the revenue that will be raised by the hospital tax, some \$400,000 each year on the estimate, is not simply for the purposes of constructing new buildings and facilities that have to do with hospitals but may be used, generally speaking, in any way that the hospitals receiving the benefits choose to use the money. I suppose in the nature of things and because of the problems of hospitals — and we have heard about these often enough, especially about the deficits that accrue each year to hospitals — that many of the institutions will wish to use the funds received for operating expenses.

If this is a fact, and I believe that this is, what will happen is that much of this money will go to operating expenses. What will have been achieved is that funds that the province is now making provisions for will be provided by this new tax so that there will be an element of financial relief for the province which will not be paid by the municipalities that become subject to this new tax. Mr. Speaker, I would say this. The tax becomes effective in the current year, I would recommend that we hold this legislation until there has been a meeting of the municipalities that are affected so they can review the entire effect upon themselves and so that hopefully we could get either agreement to the measures that are being proposed or some suggested alternative arrangements. This temporary delay, Mr. Speaker, would also I think achieve something else. It would enable the government to go to the municipal bodies, the Saskatchewan Urban Municipalities Association, the Saskatchewan Association Rural municipalities, the Hospital Association, and discuss more specifically with these bodies the precise nature of the measures that are proposed. It may very well be that out of the urban municipalities meeting which is currently taking place, there will be a number of objections that the minister could take cognisance of; and the bill could be amended correspondingly.

There are a number of other questions that I shall certainly wish to pose when the bill is in committee. At this time I have some real misgivings on the effect of the bill. While the bill may be attempting to realize a principle in theory it may not be able to achieve this in practice. Another thing that I observe — and I took a brief note of what the minister had to say the other day — was that the tax is to be levied on hospitals in areas that are not supporting hospitals by taxation. It occurred to me that there may very well be instances — and I believe there are, and there may be hospitals that have intentions on these lines as well — which have made outright and substantial contributions to either hospital construction or hospital operation. This does not mean I suppose that they contribute by taxation but they may not mean I suppose that they contribute by taxation but they may have made an outright grant without recourse to continual taxation. What happens to a hospital of this kind? Does that municipality become subject to the new tax? If so I think, Mr. Speaker, this would definitely not be fair and the application of this bill would certainly be most unwise in that particular respect as well.

Now these briefly and as concretely as I can put them, Mr. Speaker, are my observations on this bill. I believe that while some of the questions might be discussed in committee, the matters that I have mentioned are things that should be dealt with, and could be dealt with most effectively by delaying this bill pending

a discussion with the municipalities affected and with the municipal organizations that represent municipalities and with the Hospital Association of this province.

Mr. B. D. Gallagher (Yorkton): — Mr. Speaker, the one principle that is involved in this bill as I see it is the principle that all parts of the province that are serviced with hospitals should bear some portion of the cost of those hospitals. I think that this is a good principle. I want to remind my friends opposite, Mr. Speaker, that some 20 or 21 years ago in the setting up of the School Units of this province, there were many areas of this province that were not paying for the cost of education and at that time there were many sections of farm land that were taken into newly formed school units because the government at that time believed in the principle that all parts of the province that were served with schools should be helping to pay for the schools. I think, Mr. Speaker, that if this was a good principle in its relationship to education 20 years ago, it is just as good a principle today. It seems rather odd to me, Mr. Speaker, that people who believed in this principle 20 years ago don't believe in it today. I am most happy, Mr. Speaker, that the government has had the courage to bring in a bill like this, and I will be most happy to support it.

Mr. E. Kramer (The Battlefords): — Mr. Speaker, I want to say a word or two about two or three things that have been said here today. It seems to me that land tax in itself is quite often a regressive tax and I know that we haven't found any substitute for a land tax or a property tax, especially a substitute for a farm property tax. Now it has been said in this debate that many of the lands that will be taxed or further taxed by this bill are quite often sub-marginal, outlying areas when people have great distances to travel. Mr. Speaker, I want to say that many of these people that will have this further burden of taxation placed on them, already have many handicaps. I can't disagree with making those people contribute who are not contributing now, but I resent the suggestion that they have not contributed in the past. This is not a problem at all any longer in my constituency because we have now formed a Union Hospital District in The Battlefords area. Prior to this we had a private hospital run by the Sisters and prior to this all the surrounding municipalities taxed themselves and provided contributions, cash grants and contributions to the maintenance of that hospital. They didn't need the long arm of the Premier to come reaching out to them and extract it from their pockets. They gave it willingly and generously. Needless to say, Mr. Speaker, it wasn't very long after this outfit took over that the good Sisters decided that they couldn't take it any longer and packed up and got out.

Mr. Steuart: — I know they got out.

Mr. Kramer: — Mr. Speaker, I have no doubt that the hon. member knows why they got out, but anyway, this is not the point and it is not apropos the argument. The argument here, and I am not arguing against this bill in itself. I am only arguing against the patent unfairness, especially right after a bill which reduces taxes for the wealthy substantially, that here we are placing a burden on farmers who could be faced with one, two, three or four crop failures in a row, and yet have their taxes remain constant regardless of their income, Sir. Regardless of their income they

will continue to pay that property tax and that extra two mills that is going to be placed upon them by this bill. But the people who are fortunate enough to be blessed with good crops, with rainfall, good receipts from their stock will have a one per cent cut in their income tax and I say to you does this make sense? Is this fair? I wouldn't be so concerned about this if it didn't come right on top of a tax cut to the wealthy. I know that they are going to say that there will be certain low-income people that will get tax cuts. The member for Hanley (Mr. Walker) said that it won't even make up for the increase in their tobacco and cigars and certainly not on those 25 oz. mickeys that Thatcher is putting out now. But, Mr. Speaker, we are seeing this constant move, this trend is deliberate throughout the past two years since this government has taken office, to add an every increasing burden on those least able to pay. This bill once again is a bill moving in that direction.

Mr. W. J. Berezowsky (Cumberland): — Mr. Speaker, just a few words in reference to this bill. As a matter of fact I want to ask a few questions. I concede most of what I intended to say has been said. I think that when the government was considering bringing all people more or less into line, what they should have done is to start reducing taxes for those people who already pay hospital taxes. I recognize that the member from Yorkton said that we all benefit in all parts of the province, but I know this also, when we established a base hospital in Saskatoon, the government paid for it, and all the people of Saskatchewan benefited from it. Now in Prince Albert we are to construct a hospital which is a semi-base hospital. I happen to be on the board, the hospital board, and I visualize the future of this hospital, we who are in that particular area may have to pay twice or three times as much tax in the future as we are paying now. I see inequalities. To remove these I think the government would have been very wise to consider cutting out the property taxes and levying a general tax, as has been suggested by the member for Hanley (Mr. Walker).

In perusing this bill — it seems this can be done in committee — I notice, however, that such areas as the Northern Saskatchewan Administration District is now incorporated into this bill and I can't help but think also of the communities of Creighton, I presume La Ronge and Buffalo Narrows and others will be affected by this bill. I would, therefore, like to point out to the hon. minister (Mr. Steuart) that there are a great number of people in that area now, in the Cumberland constituency, in the Meadow Lake constituency, and of course in the Athabasca constituency, who have small holdings, small businesses. Some of them have resorts out of which they barely make an existence and an extra levy will be an extreme hardship to them. I am surprised not to have heard from the two northern members on this point. Another question that I have in mind is: what does the government contemplate doing with Creighton? In Creighton they have hospital services, Mr. Speaker, but they don't pay hospital taxes. They have an arrangement with the company or at least they did have until the Minister of Natural Resources (Mr. Cuelenaere) voided an agreement. I don't know if that part applied or not and I am still waiting for an answer whether they have ever signed a new agreement.

Hon. J. M. Cuelenaere (Minister of Natural Resources): — Very smart.

Mr. Berezowsky: — I hope you give it to me, Mr. Minister. But anyway, people there had an arrangement with the mining company which operates a hospital on the Manitoba side. A deduction is made out of wages and the contributions from wages go directly towards providing hospital and medical services. Everybody in that community can thus get free hospital services. There is no property tax for that purpose, and I think that's the way it should be for the whole province of Saskatchewan.

Mr. Cuelenaere: — Free enterprise.

Mr. Berezowsky: — Well, I hope your government brings that kind of free enterprise into effect in Saskatchewan so that there will be a general tax for all people, thus relieving communities or the government of levying a property tax. These are the kind of points we must consider. When we look at this bill we find that it doesn't answer these questions. The bill provides in one section that the government may exempt certain areas, but the Minister has not indicated what areas will be exempted. I am speaking particularly in reference to the Northern Administration District, the northern people and the northern communities. As it stands I cannot help but vote against the bill.

Mr. J. H. Brockelbank (Kelsey): Mr. Speaker, I am not going to argue about the merits of the bill. My colleague from Moose Jaw (Mr. Davies) has done a very good job of dealing with the proposals in the bill and the contents of the bill. In fact I would have to admit that the levying of this tax, so that all people in the province make some contribution to the capital cost and upkeep of hospitals, is something that you just can't oppose and I am not going to oppose the bill. But the Liberal party and this Liberal government should be hanging their collective heads in shame at bringing in this bill. They should hang their heads in shame. They did not promise that they were going to increase taxes to support hospitals, they didn't promise that they were going to increase good taxes. They promised that they were going to reduce all taxes and that they were going to give greater services. Time and time again we have seen them coming in with increased taxes. Now if this government had been, and this political party over here, had been honest about this thing I could have supported this bill with a lot better heart. I have to support it because I think the principle is right but certainly it is just another case of the Liberal party brazenly ignoring its promises to reduce taxes and instead of doing that bringing in a bill to increase taxation.

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

Mr. Steuart: — Mr. Speaker, I found it rather refreshing to have the member from Kelsey (Mr. Brockelbank) stand up and say he intended to support the bill because it is evidently fair and equitable, and I agree with him. He had to spoil it as usual by showing his temper but then we have come to expect that.

Mr. Brockelbank (Kelsey): — I didn't show any temper. You're the guy . . .

Mr. Steuart: — For the members opposite I would just like to review how we came to this point. Members opposite know very well the history of the formation of Union Hospitals. They came through the efforts of local government. Local people met together in municipalities, towns and villages and cities to support or to build, to develop, to extend hospital facilities and tax themselves. First the provincial government got into it here in Saskatchewan and eventually the federal government got into it. Both have supported to some degree the efforts of local people to build and to maintain their own hospitals. But there were areas that were left out. I don't think they were left out primarily because they wanted to be left out; there were areas left out around cities, the area around the city of Regina, for example. In the city of Regina you had a city-owned hospital that obviously didn't feel any need or any desire to join with the rural municipalities to form a Union Hospital District. The same situation prevails around Saskatoon. It prevailed around the city of Prince Albert for a number of years until the situation arose where they had to rebuild. Then they went to the surrounding municipalities and had good co-operation from them and from the government of the day in forming a Union Hospital District. The same thing happened in Moose Jaw. I don't know whether they had as much co-operation in Moose Jaw as they had in other parts but eventually they formed a Union Hospital District which operates extremely well. But several groups requested that the situation be changed after I became Minister of Health. This request came first from the SARM, it also came from the urban association, from hospital boards, from people who were in Union Hospital Districts and were paying money to support hospitals. Of course, it necessarily came from people who were not members of Union Hospital Districts. They said "We think we should be paying something and we would like to be involved in developing hospitals and paying our fair share." they also said they wanted some representation on these hospital boards, if and when the time came that they were taxed to provide capital for renovation or even operating costs. But the request came from local government itself. So I held meetings with the executives of the urban municipal association, the SARM and with the hospital association, both the Catholic division and the general Saskatchewan Hospital Association executive. As a result of those meetings we set up a committee and asked the committee to look into what could be done and to make recommendations.

But before that committee started to work I sent out a letter to every town, every village, every hamlet, every rural municipality that was not now a member of a Union Hospital District, to every local government jurisdiction that would be involved in paying taxes, if we did in fact introduce the kind of bill that we are contemplating here today. We had a meeting in Regina, another in Saskatoon and they were well represented. I won't say they were all there but they were all notified. In fact the orders went out that they be all notified. I had one complaint yesterday that one municipality wasn't notified and I am looking into it. I am told they were but I am looking into it, there may have been a slip up. But the intention was and I think it was fulfilled that every municipality, town, village and city was notified and most of them showed up. I would say 90 or 95 per cent of them came to these meetings.

At both the meeting here in Regina and the meeting in Saskatoon, they voted unanimously to have the government amend the legislation or bring in legislation whereby we would collect some

money from these local governments and pay it to the hospitals that their people were using. And so there was consultation. First there was the request from local government; then there was full consultation with the associations of local government and final full consultation and explanation. I asked them purposely, "Do you want this? I would like to know your feelings before we leave this meeting and a total endorsement by the very people that will be affected."

Now I will be the first one to admit, Mr. Speaker, that I think this is a less than perfect way of doing it. I think if any of us had a clean slate we certainly wouldn't set up the hodgepodge of overlapping of jurisdiction we have in Union Hospital Districts, they are changing all the time. As patterns of trade in our smaller rural centres change, our Union Hospital Districts are changing and I think that we will all agree, at least anybody that has made a study of the situation would agree, that if we were starting all over again we would have a far different system. But we can't start all over again so we have to take the situation as it is now, a situation that has developed for the most part during the time that the members opposite were in government. This hodgepodge and this unfairness and this inequity developed when you people were in government and you people had these requests, requests year after year to do something about it, but you either didn't have the intestinal fortitude or you ignored it, or both.

Now the member from Moose Jaw (Mr. Davies) raised some very good points, I think he said he was going to oppose it and he has every right to oppose it. But whether he opposes or supports it I think he raised some very sensible questions, questions we will try to deal with when we get into committee. But I have tried to deal with the facts. He questioned whether there had been local consultation. He did suggest we might wait. Well, I don't think we need to wait, I don't think we can wait. The reason I don't think we can wait is that many of our private hospitals are in a serious condition.

They need this money, they need this help. If they don't get this help we are going to find that what happened in North Battleford will happen in other parts of the province. I am sorry that member has left his seat because if there is one man who should not have risen and made the speech that he made, it was the member for North Battleford (Mr. Kramer). I was shocked when he got up and said what he did. In the first place, one of the very major reasons that forced that order of Sisters which had served the people of North Battleford and district, for years and years and had given them wonderful service and were forced to leave was that they didn't have enough revenue. They couldn't depend on their revenue for capital expansion and they were faced with very, very major expansion. Why couldn't they depend on it? They did get some help from the city of North Battleford, and over the years they did get some help from the surrounding municipalities but the help wasn't large enough and it wasn't consistent enough, thus they couldn't depend on it.

So they came down and said — this isn't the only reason, I'll be fair — "One of the major reasons we have to pull out of here and leave Saskatchewan is lack of financial support." They were very sorry to do it because they had a great deal of their history here, a great deal of their time and efforts had been spent in that area and their roots were pretty deep. Consequently they didn't want to pull out.

If this bill had been passed four or five years ago I suggest there is a good possibility that those Sisters would still have been there. We have formed a Union Hospital District in the North Battleford area. I suggest to those people up there that they are going to find that they are going to pay a lot more for the services they get from a Union Hospital than they ever paid when they had the Sisters of Charity running the hospital for them. I hope the hospital is a success, I think it will be. The co-operation that has come from the city and the surrounding municipalities in forming that Union Hospital has been excellent.

That is the reason why I think we should pass this legislation, why it should receive unanimous consent.

But compared to the member from Moose Jaw (Mr. Davies) the member from Hanley (Mr. Walker) as usual gets up, and thunders, and accuses, and gurgles all over the place. He didn't have the facts, one of the things that amazed me was that he can find nothing in this bill that gives these people representation, unlike the member from Moose Jaw (Mr. Davies) who doesn't pretend to be a lawyer like the other fellow, Lord help his clients if he isn't any better at looking up a law, a little simple act when he is defending them in court than he can in this case. He couldn't find that there was anything in this act to give the people representation, I'll call his attention to section 13, subsection (3), clause (Board) which states that:

A city or privately owned hospital would be eligible if it included in its board two representatives from areas in which the tax is being levied.

It's there in black and white for anyone to see that we are asking them to give local representation to the people who put up the money.

Now, again, it may not be perfect. We may have to change it when we get some experience, but it is a start and I think it's a start in the right direction.

Mr. Speaker, I hope that the members opposite and that the members on both sides of the House will support this bill. It's not pleasant to come out and put taxation on people. It's not there to say this will all fall on the farmer. About 60 per cent of it will fall on rural municipalities. It might be 65 per cent and it might be less than that but there are cities involved. There are the cities of Estevan and Melville. There are some large towns like Humboldt.

Now, at the same time we are doing this I would point out we are suggesting certain changes to the Union Hospital Act, to make it more flexible, because I hope that we put ourselves out of this business in a very short time. I hope that as a result of this legislation and the legislation amending the Union Hospital Act we are going to make it a great deal easier to form union hospitals. As it is now we can only form union hospitals to operate, own and run the hospitals, but if we pass this other act it will mean they can form a Union Hospital District just for the sole purpose of supporting a hospital.

I will point out that by this law every cent that is paid into the government must be paid back out to the hospital. While the member from Moose Jaw (Mr. Davies) is right that some of it

may be used for operational costs, we are going to insist that the bulk of it is used for renovations or for building for capital purposes. if we don't what he predicts could come true. We could find it just lessening the levy, just being used for operational costs and defeating the very purpose of this bill. But I don't think we should be too rigid here because union hospitals can now look to their base, their tax base for some help occasionally in their operating costs and many of them do. So I urge you to support this bill. Private hospitals need help. Some of the present Union Hospitals need help and they will get help. If you have a small union hospital, or any kind of Union Hospital District, people from outside that district, who for one reason or another are not in that district, are using the hospital. This prevails; this prevails right now. Some of that money will probably be paid to a Union Hospital. Nothing can stop it being paid to a Union Hospital. Some of it will go to private hospitals. It will be used for the university Hospital, some of it, for example, if it's felt that they should receive some of this money. But make no mistake, many of the private hospitals and some of the Union Hospitals need this help and they need it right now.

I think that if we fail to pass this, then we are saying that we are against equity, we are against fairness, because here you've got a class of people right now who are paying the load; they are paying capital costs; they are paying for the building of these hospitals. You've got another group of people using hospitals who are paying nothing. I don't think anyone can argue that this bill isn't fair and equitable. It's not perfect but it's a lot more fair and equitable than the situation is now. On the other hand I don't think anyone can deny or should deny that we need our private hospitals. We want them here and they need our help. They need our help right here in Regina.

The member from Hanley (Mr. Walker) talked about what this would do. Well, St. Paul's in Saskatoon can use some help, I'm sure. I imagine a great many of his people in his constituency have used that hospital for years. I'm sure if you went and asked most fair-minded people in any constituency "Would you be willing to pay a fair share toward the capital costs of the renovations of St. Paul's that you have used for the last number of years?" I'm sure they would say "Yes, we are willing to pay, we want to pay." That is the message we get although no people like to pay taxes. So, Mr. Speaker, I urge all members to support this. Although it's not perfect, I think it is a step in the right direction.

Mr. W.S. Lloyd (Leader of the Opposition): — Before the Minister takes his seat would he answer one question? I'm not sure of the position of a community which is served by a private hospital and has been contributing to that private hospital through its taxes. Is it now required to pay the two mills tax?

Mr. Steuart: — No, if it's now contributing in a formal way, if it is paying taxes in a formal way and in an agreed manner then it wouldn't fall under this.

Mr. Lloyd: — It's been doing it voluntarily.

Mr. Steuart: — Oh, well then I think it would stop. It would come under this

and start paying. Right now, I'll just take a minute, Mr. Speaker. Many of these places are not talking very, very much about forming Union Hospital Districts to support these local hospitals and I think this is what will happen.

The motion was agreed to on the following recorded division.

YEAS — 50

Thatcher	McIsaac	Brockelbank (Kelsey)
Howes	MacDonald	Davies
McFarlane	Gallagher	Whelan
Boldt	Breker	Nicholson
Cameron	Leith	Dewhurst
Steuart	Radloff	Berezowsky
Heald	Romuld	Michayluk
Gardiner (Melville)	Weatherald	Smishek
Guy	MacLennan	Link
Merchant (Mrs.)	Hooker	Baker
Loken	Coupland	Snyder
MacDougall	Gardiner (Moosomin)	Larson
Grant	Mitchell	Robbins
Coderre	Lloyd	Pepper
Bjarnason	Cooper (Mrs.)	Pederson
Trapp	Wood	Brockelbank (Saskatoon City)
Cuelenaere	Nollet	

NAYS — Nil

The Assembly resumed the adjourned debate on the proposed motion of Hon. A. C. Cameron (Minister of Mineral Resources) for second reading of bill No. 71, An Act to amend The Oil and Gas Conservation Act.

Mr. J. H. Brockelbank (Kelsey): — Mr. Speaker, first of all I wish to thank the Assembly and my seat mate for having this motion adjourned so that I could say a few words on it.

It's a good many years since the Oil and Gas Conservation Act was first passed in the province of Saskatchewan. At that time provision was made for unit operations of oil fields or pools. This was the first case in Canada where this kind of provision was made for the minister to issue unit operation orders. There were unit operations in other parts of the continent which came into effect by agreement. We looked at this question of bringing the unit operations into effect by agreement and there were some disadvantages to that. Now this bill proposes to allow a number of companies by agreement to establish a unit operation and it doesn't give the minister or the department any control. It only requires that the people in the unit will have the responsibility to file a copy of the agreement with the minister. I have serious doubts, doubts about the value of this because there are many smaller oil companies and in some cases individuals who must have the co-operation of the major companies if they are going to continue in business.

They depend upon the major companies for getting land permits on which they can drill and getting a share of the oil if they

discover it. They depend on the major companies in a good many ways. I think we should realize that it is very important to any government in a jurisdiction which has oil to maintain as far as possible the number of small oil companies that will be in operation within that area. The small oil companies have done a wonderful job in stepping out and doing exploration sometimes when a major company wouldn't do it. They went out, they risked their money and a very large part of the present oil reserves that we have were discovered because of the operations of small companies. Now, there being so much difference between small companies who may have a legal subdivision or a quarter section, and big companies which maybe have the oil rights on ten or twenty sections of land, that there can be little hope of equal bargaining within this group. I think it would be much better to leave it the way it was, that when there is to be a unit operation all the people can submit their proposals. They can get together and have meetings. There will be public hearings. This goes a long way to ensuring that there will be little or no injustice in that agreement. But this present or proposed method does open the gate for injustices creeping into these agreements.

I am not going to oppose the bill but I did want to sound this warning. I think the minister and the Department of Mineral Resources should scrutinize these agreements very closely. I would suggest that it would be a good thing to make provision for public hearings in cases where there may be some indication that everything is not just right. The department, its officers, and the fact that there are public hearings have been a real protection to all of the oil companies participating in these unit operations. They are complicated affairs and just by little adjustments in the sharing they could become very unfair. As I said, I'm not going to oppose the bill but I did want to say these few words by way of warning of what might happen under the provisions of this bill.

Mr. Speaker: — I 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. Cameron: — I have a comment or two with reference to the remarks of the member from Kelsey (Mr. Brockelbank).

There are certainly some grounds in what he has had to say in regard to voluntary unitisation. Unitisation, of course, as you know, has been a way of life for the oil companies in this province for a number of years. It's an accepted way of life. There are goodly number of units being formed today that are going to the Oil and Gas Conservation Board. Once an application is made, it takes some weeks before you have it presented; there is a certain waiting period before the board sits. Having gone to the board you find that there is no objection to the unitisation. Everyone is in complete agreement s to the operations of the unit and the sharing in the oil of the unit. There is no disagreement. This could just as well have been a voluntary agreement. More and more of our hearings are of that nature today.

The companies, not only companies but the royalty holders, both the farmers and the company that is doing the drilling, and other interests, sit down and work out a mutually satisfactory arrangement outlining how they are gong to share in the operation, they present their arrangement to the board. It's automatically approved but they can't do it until they have an order of the board. Then it becomes an ordered unit.

These requests have come from both the Independent Petroleum Association and the Canadian Petroleum Association. They both asked for these amendments. We took the view originally that we thought the present Oil and Gas Conservation Act provided for it as it is. There are some that maintain that it does not. Some maintain there is some question whether or not you can have a voluntary unit under the terms and conditions spelled out in the present Act. So it was to remove this question of doubt that these amendments were brought forth. I understand there have been some voluntary units organized in the past in spite of the regulations in the Oil and Gas Conservation Act. But I want to say this. I don't hold that fear for the small independent companies that the member spoke of. Small independent companies have opposed the major companies at public hearings before the Oil and Gas Conservation Board. I can't follow the reasoning that would suggest that they would be intimidated in the formation of a voluntary unit. If any one of the partners to the agreement in a voluntary unit objects to the agreement and is of the opinion that his terms and conditions are not as favourable to him as they should be, he merely objects and there is no voluntary unit. Then they must request an application before the board. It then goes through the routine process of going before the board and the board orders what the terms and conditions in the sharing agreement shall be. They don't negotiate; they order and thus it becomes an ordered unit. This is equally true of the royalty owner. If he figures that he is not getting his rightful share he doesn't sign, and unless they have complete agreement of all the interested owners in the pool there is no voluntary unit. I don't think that fear is there to the extent that the member had indicated that it might be. The companies have asked for it and we think it will speed up activity in the formation of units. We believe the unitisation is a proper method of approach to development of Saskatchewan oil. We believe we should encourage it wherever possible. Those who can do it in a voluntary manner we think should have the right and the privilege to do so. Those who can't will appeal to the Conservation Board. In other areas where the companies may not be favourably disposed to unitisation then, of course, the minister has the power to order a unit whether or not they favour it.

All of those rights are still preserved but given the extended right of the companies where they mutually agree to a method of unitisation and operation. If everybody is satisfied with the arrangement then they simply enter an agreement, file a copy of the agreement with the minister so that we know that the unit has been formed.

Motion agreed to and bill read the second time.

On the motion of the Hon. Mr. Steuart, the Assembly adjourned at 5:28 o'clock.