

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Third Session — Fifteenth Legislature**  
**3rd Day**

**Thursday, December 8, 1966**

10:00 o'clock a.m.

The Assembly reconvened at 10:00 o'clock a.m.

**NOTICE OF SPECIAL SESSION**

**Mr. Speaker:** — I beg to inform the Assembly that, pursuant to an Order passed by the Assembly on September 8th, 1966, dealing with the adjournment of the Assembly, I gave notice to all Members by registered mail as follows:

Regina, Saskatchewan

November 14, 1966.

Having received a request from the Government to reconvene the Third Session of the Fifteenth Legislature, I hereby give notice that in pursuance to an Order of the Assembly passed on September 8th, 1966, I have set December 8th, 1966, 10:00 o'clock a.m. as the day upon which the Legislative Assembly will meet. It is requested that you govern yourselves accordingly.

And the telegram read:

November 14th, 1966, Regina.

Notice given herewith that I have set December 8th, 1966 at 10:00 a.m. as the date of reconvening the Third Session of the Fifteen Legislature.

And in addition to the above I also caused the substance of the said notice to be published in the Saskatchewan Gazette, dated November 18th, 1966.

**CONDOLENCES**

**Mr. Speaker:** — Hon. Members will also recall early this fall the wife of a former Prime Minister of Canada passed away. I thought hon. Members would wish that we should send a letter of sympathy to her husband and I did accordingly write on your behalf the following letter:

Rt. Hon. Louis St. Laurent,  
Quebec City, P.Q.

Dear Mr. St. Laurent:

I am sure that Members of the Legislative Assembly of the Province of Saskatchewan would wish me to extend to you on their behalf our deepest sympathy on the occasion of the passing of your good wife, Mme. St. Laurent. It is our hope that the grief felt by you and your family will be somewhat alleviated by the knowledge that it is shared by others.

With warmest personal regards,  
Yours sincerely,

An acknowledgement was duly received.

### ANNOUNCEMENT RE MINISTER OF PUBLIC WORKS, MR. GARDINER

**Mr. Speaker:** — Hon. Members will recall at the commencement of this session the following notice was given to the effect that the hon. Minister of Public Works, the member from Melville, Mr. Gardiner, due to the absence and sickness of the hon. Minister of Public Health, Mr. Steuart, would occupy the seat formerly occupied by Mr. Steuart. I wish to draw to the attention of all the hon. Members that the Minister of Public works (Mr. Gardiner) will now revert to his former seat which he occupied during other sessions of the Legislature.

### FIRST READINGS

#### Bill No. 3 — An Act to Amend The Income Tax Act

**Hon. W. Ross Thatcher (Premier):** — Mr. Speaker, I would ask that House for unanimous consent to introduce a Bill to amend The Income Tax Act.

**Mr. W.S. Lloyd (Leader of the Opposition):** — Members of our group are generally aware of the Government's wish to complete the proceedings with regard to Bill No. 3 at today's sitting and we are generally sympathetic to that point of view. At the same time, however, I want to draw attention to the fact that there is standing on the Order Paper under my name a resolution which in the minds of this group is an extremely important one and which we feel ought to be and indeed must be discussed during this session. We are prepared to give the consent which the Premier has asked for on a stage by stage basis, presuming that there would be no blocks or, may I use the term, no use of the Government's authority to prevent full discussion of the motion which stands as Resolution No. 1 on the Order Paper.

**Mr. Thatcher:** — Mr. Speaker, I am sorry I can't give that assurance. I think that is up to Mr. Speaker to decide. However, if the hon. Leader of the Opposition (Mr. Lloyd) does not wish to finish the House's business today he can, of course hold up giving unanimous consent on second or third reading of Bill No. 3. So I don't think at this stage anything will be lost if he goes along with the first reading.

**Mr. Lloyd:** — Mr. Speaker, with due deference to what the Premier has said, this is the first information we have directly, officially one might say, from the Government with regard to proceedings, and it seems to me that this is a proper time in which to inform the Members, as best we can, just what the whole order of events and proceedings will be during the day. It seems to me a very simple matter to come to an agreement. The Premier has mentioned the matter of the Speaker. I do not see any possibility of the Speaker having access to any rules which would prevent the discussion. I think the discussion could only be prevented if the Government apparently wished to use its majority to adjourn the House at some particular point, which it would be entitled to

do as I understand, if it wished to. I think it would be highly preferable and certainly conducive to smooth running of the day's proceedings if we could have an understanding at this time.

**Mr. Thatcher:** — Mr. Speaker, may I, just before you make the ruling, suggest that this matter should be debated in the normal place. It will be up within three or four minutes and as I say there is nothing lost by the Leader of the Opposition (Mr. Lloyd) if he lets us get into second reading. I cannot give him the assurance he asks.

**Mr. Speaker:** — The hon. Premier has asked for the unanimous consent to introduce this particular Bill. Is unanimous consent granted?

**Hon. Members:** — Agreed.

**Mr. Thatcher:** — Mr. Speaker, I beg leave to inform the Assembly that his Honour the Lieutenant Governor having been informed of the subject matter of this Bill, recommends it to the consideration of the Assembly and I move that the said Bill be now read a first time.

**Mr. Speaker:** — The hon. Premier has asked for leave to introduce a Bill to amend The Income Tax Act. Is leave granted?

**Hon. Members:** — Agreed.

Bill No. 3 read a first time.

**Mr. Speaker:** — When shall the Bill be read a second time?

**Mr. Thatcher:** — By leave of the Assembly later this day.

**Mr. Speaker:** — Is leave granted?

**Mr. J.H. Brockelbank (Kelsey):** — Mr. Speaker, I think it would be quite reasonable for the Premier to give to the House some assurance. All the assurance that is being asked is that the Government will not use its majority to stop debate on the resolution which is standing on the Order Paper. Now, if the Government continues to refuse to give this assurance and continues to be in the position where at any time by a motion to adjourn the House it can cut off the debate, it is going to make it very difficult for us to give unanimous consent to proceeding with this Bill. I don't think we are being unreasonable at all, Mr. Speaker, and we certainly can't blame you because it is not a question of what you have to do. You would be quite willing, I know, to carry on with the business of the House in the regular way; but all we want is that if we are going to give up some of our rights, the rights to have time to look at the Bill and study it, then we just want a normal assurance that the Government will not use its majority to prevent the discussion of this resolution. After the Bill is passed we are no longer in any position to say we want to discuss this resolution. I have seen the Premier on previous occasions cut off debate with this kind of step.

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**Mr. Thatcher:** — With respect, Mr. Speaker, I think the Opposition at any time can stop proceedings on this Bill on second or third reading just as effectively as on first. So you can hold it up. All I suggest is we debate this matter, which you have mentioned, at the appropriate time, in two or three minutes, but I cannot give you the assurance that you have asked.

**Mr. Brockelbank (Kelsey):** — On a point of order, the appropriate time for debating this question that we are debating now, which is a question of order and procedure in the House, is now, not three or four minutes after consent is given and then when the next consent . . .

**Hon. D.G. Stuart:** — On a point of order, there is no position to debate this now. You either get permission or you don't get permission.

**Mr. Speaker:** — ORDER, ORDER!!

**Hon. A.C. Cameron (Minister of Mineral Resources):** — Why don't you make up your own mind?

**Mr. Brockelbank (Kelsey):** — We can make up our minds. It's my hon. friend the Premier that is having difficulty in making up his.

**Mr. Thatcher:** — We've made our beds

**Mr. Brockelbank:** — What I wanted to point out is that this is the time to debate this question of order and procedure in the House. Sure, I don't want to have to say 'No' but the Premier may force me into that position. I don't want to be forced into that position but if the Premier want sot force me into that position I can say 'No.

**Mr. Speaker:** — Leave not granted. When shall the Bill be read a second time?

**Mr. Thatcher:** — At the next sitting of the House.

#### **ANNOUCEMENT RE ERROR IN PRESS REPORT**

**Mr. A. Thibault (Kinistino):** — Mr. Speaker, before the Orders of the Day I would like to draw to the attention of the Government and of the press to an error of December 6th under the heading 'North Master Farm Award Presented to Aylsham Family'. The Minister of Agriculture was there, Mr. McFarlane. It goes on to say and I want to quote from the Leader Post:

Other guest included Harvey Jasdahl, MLA for Kinistino . . .

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Thibault:** — I want to say that I was not invited, I was not there. I don't know whether Kinistino has become a dual seat. If it has I would like to know if we are going to have two members. I know that Mr. Pederson would like to have an extra member. I would like to know whether this was a court decision or a Cabinet appointment or what it is. You know, I am in a sort of embarrassed position and I would like to know what is taking place, but I want to draw to the attention of the press whether this man was posing as MLA. I doubt it very much because he is a fine chap. But anyway I would like to know where I stand, whether I have a right to sit here.

**ANNOUNCEMENT RE CHANGE IN GOVERNMENT POLICY  
WITH REGARD TO POTASH DEVELOPMENT**

**Mr. Thatcher:** — Mr. Speaker, I wish to announce to the House the change in Government policy with respect to potash development. When the original potash companies came to Saskatchewan a particularly low royalty rate was established. These rates were lower than anywhere else on the North American continent. They are applicable until 1981 to all companies presently committed to production. A year ago the Government introduced a production tax on all potash mined on other than crown lands which did not yield any revenue to the crown. In the interest of the people of Saskatchewan we do not believe that these low rates should pertain to all future potash developments. I, therefore, wish to announce that any company holding potash rights in Saskatchewan which fails to commit, to sink a shaft, or establish a plant on or before October 1st, 1967, will be subject to higher royalty and production rates than those which are enjoyed by the companies presently committed.

**Mr. Brockelbank (Kelsey):** — Mr. Speaker, could I ask the hon. Premier a question on that subject? As I understand it the original agreement, when I had something to do with the business, was that there were two companies that were guaranteed this royalty. I doubt if it was the lowest on the continent but it was low. This was the way we drove out potash companies, of course. Two companies were guaranteed this royalty for the first twenty years of production, now did the Government extend that and guarantee this royalty to all the others besides just these two pioneer companies, the Potash Company of America and IMC?

**Mr. Thatcher:** — Yes, for competitive reasons it was felt that when the first two companies had been given these ridiculously low rates by the former government that we had no choice but to extend them, but from this time on we are going to try and get resources and revenue for the people, to which we think they are entitled.

**Mr. Brockelbank (Kelsey):** — Mr. Speaker, Just a supplementary question there. When this new and higher royalty comes into effect what kind of competitive position are you going to be in then?

**Mr. Thatcher:** — Well, circumstances have improved, of course a great

deal in the last two and a half years so we think we will be alright.

#### **QUESTION RE PRODUCTION FROM DEVONIAN AND MISSISSIPPIAN LEVELS**

**Mr. J.H. Brockelbank (Kelsey):** — I'm glad to see that the Government is getting wiser.

Mr. Speaker, while I'm on my feet I would like to ask the Minister of Mineral Resources (Mr. Cameron) a question. I notice it is reported that there is production in a new well down near the United States border near Minton and the report states the production zones are fifty feet in the Devonian and two zones of 50 feet and 25 feet in the Mississippian. It gives the amount of production as it's on test, I think, 250 barrels a day. Could I ask the Minister if this production from the different zones is being produced separately? Can you tell what we are getting from the Devonian and what is from the Mississippian?

**Hon. A.C. Cameron (Maple Creek):** — The 250 barrels a day is from the Devonian. There are dual and three zones that they may produce from. The well at the present time is under production tests. That 250 barrels was the test of production on the Devonian and is from a 50 foot zone in the Devonian. There are likewise two upper zones in the Mississippian, one with 50 feet as you say and one with 25. This is not the accumulative total of the three zones. It is a 250 barrels a day from the Devonian.

**Mr. Brockelbank (Kelsey):** — Well, the report would give us to understand that this was the total production from the well from all three zones. I hope the Minister is correct in answering.

#### **QUESTION RE THE BASE HOSPITAL**

**Mrs. M.A. Hunt (Regina West):** — Before the Orders of the Day I would like to direct a question to the Minister of Public Health (Mr. Grant). I would like to ask, has any of the money that was allocated in the 1966 budget towards the construction or the planning of the base hospital, been spent or what progress has been made to date towards either the planning or the construction of the base hospital for Regina?

**Hon. G.B. Grant (Minister of Public Health):** — Mr. Speaker, to date there have been no expenditures from the fund set aside for this purpose. Good progress is being made in the recruiting of personnel for the board and we are meeting with the area planning people regularly on various procedures that we will have to face in bringing this base hospital into reality.

#### **QUESTION RE PAYMENTS FOR FARMERS AFFECTED BY BUILDING CANALS**

**Mr. H.A. Broten (Watrous):** — Mr. Speaker, I would like to ask the Government a question regarding the policy of return to the farmer on land that is being used for canals. In my constituency a canal is

going across the whole constituency. There is a tremendous amount of concern because of the formula that is being used now that sufficient monies are not returned to the farmer for the use of that land for the canal. I would think that there should be a review in this area at an early date because there has been some evidence of some of these things being taken to court in order to plan an actual value. I would like to get assurance that this would be done at this time because all the land for canals in my constituency hasn't been bought as yet. I think that it's important that we do have review on this because the value as far as most of the farmers is concerned isn't nearly sufficient, for one thing to compensate for loss of income which we think is not taken into consideration under the present formula to a degree that it should be.

**Hon. J.W. Gardiner (Melville):** — I would just like to report with regard to this question, that as far as the purchases that have taken place so far by The Water Supply Board, on the route that the hon. Member speaks of, these settlements for canals have been in the majority obtained by voluntary consent of the owners. The most difficult phase has been in the purchase of land for reservoirs. There is some indication that we may have perhaps to upgrade payments in this area. But we are definitely taking into consideration the problem that the Member speaks of and I am quite certain that when it is finalized, if we can't satisfy everyone, we are going to do the best we possibly can.

#### QUESTION RE CANADA PENSION FUND ALLOTMENT

**Mr. E. Whelan (Regina North):** — Mr. Speaker, I would like to direct a question to the Premier. Because of the emergency caused by the Local Government Board's refusal to approve bylaws endorse by municipalities and school boards, will any of the Canada Pension Fund allotment made available to the Provincial Government be used to establish a fund to provide monies for financing local municipal projects such as elementary and secondary schools?

**Mr. Thatcher:** — No.

#### QUESTION RE CHRISTMAS BONUS FOR SOCIAL WELFARE RECIPIENTS

**Mr. A.M. Nicholson (Saskatoon City)** — Mr. Speaker, I would like to direct a question to the Provincial Treasurer (Mr. Thatcher). I believe it was while the Premier was in Ottawa that the Minister of Welfare (Mr. MacDonald) intimated that social welfare recipients who had received a Christmas bonus when aid was administered by municipalities would not receive an extra allowance this Christmas. In view of the substantial increase in living costs since the welfare schedules were established, would the Provincial Treasurer (Mr. Thatcher) reconsider this question so that this group might have a happier Christmas in such an affluent year.

**Mr. Thatcher:** — Well, Mr. Speaker, this Government doesn't believe in just giving Christmas bonuses. We have given six per cent across the board to all recipients all over the province.

**Some Hon. Members:** — HEAR, HEAR!!

**QUESTION RE SIGNING OF AGREEMENT WITH HUDSON BAY  
MINING AND SMELTING COMPANY**

**Mr. W.J. Berezowsky (Cumberland):** — Mr. Speaker, before the Orders of the Day I would like to ask the Minister of Natural Resources (Mr. Steuart) a question. For some two years, as is known to this House, the people of Creighton have been held back in constructing a school for some nearly 200 children due to the fact that an agreement had not been signed by the Government with the Hudson Bay Mining and Smelting Company. I would like to know now whether that agreement has been signed?

**Hon. D.G. Steuart (Minister of Natural Resources):** — Yes, we have signed it. It's up to Creighton to sign it now.

**QUESTION RE SUBSIDIZATION OF INTEREST RATES ON HOUSING**

**Mr. W.E. Smishek (Regina East):** — Mr. Speaker, before the Orders of the Day I would like to direct a question to the hon. Minister of Municipal Affairs (Mr. McIsaac) that in view of the announcement last week — I believe it was, or the week before — that the interest rates on housing loans are to be increased from 6 3/4 to 7 1/4 per cent, whether the Government of Saskatchewan will be providing subsidies for home owners in order to keep the interest rates down similar to what is being done in the province of Quebec. This has also become more urgent in view of the Government's policy to discontinue the \$500 bonuses for winter construction of housing. Is the Government of Saskatchewan considering any bonuses or subsidization of interest rates on housing?

**Hon. J.C. McIsaac (Minister of Municipal Affairs):** — Mr. Speaker, in answer to the hon. Member we are giving no such consideration to this proposal at this time.

**QUESTION RE INVESTMENT OF MONEY IN CANADA PENSION FUND**

**Mr. J.H. Brockelbank (Kelsey):** — Mr. Speaker, I would like to ask the Provincial Treasurer, in view of the answer he gave about the use of the money Saskatchewan has at its command from the Canada Pension Fund, if he could have his department prepare for the Members of the Legislature — this I think should be very easy — a statement showing the amount received and its disposal, or where this money is invested, or what it has invested in the Canada Pension Fund.

**Mr. Thatcher:** — I don't see why we couldn't do this. I'd be glad to look into it. I'm not sure whether I can have it for tomorrow but if not I will have it for you very shortly. I may say that almost all of the Canada Pension Funds in this province, indeed all of them, have gone to SPC, to the Telephone Company, and possibly a small amount to the University.



## QUESTION RE ROYALTY FROM DEVONIAN PRODUCTION

**Mr. J.H. Brockelbank (Kelsey):** — I would like to ask another question of the Minister of Mineral Resources (Mr. Cameron). In view of the fact that the Premier is very anxious to get more revenue from potash, what royalty are you getting from the production of oil from the Devonian?

**Hon. A.C. Cameron (Minister of Mineral Resources):** — Mr. Speaker, if I'm going to answer the hon. gentlemen's question you will understand it will take me two to three minutes to do so because his implications are quite broad. In the first place, in regard to potash I may say that the present royalty regulations are established until 1974, so all potash companies enjoy this low royalty until 1974 as set up by the former administration. Coming to the Devonian discovery we have just clarified that they are producing 250 barrels per day from the Devonian. Two wells are in production now. Two new rigs were moved in the day before yesterday. And all during the winter and early spring there will be numerous rigs putting down more wells to extract more production. This is the first time that we have struck Devonian oil in the province and the extent of the production certainly indicates that here is an area that can cause excitement to all the citizens of Saskatchewan.

Furthermore, the Devonian discovery was struck in an area as we say, unassociated with the salt bed, in an area where we didn't think you could find Mississippian oil. Mississippian oil was found in this new area, unassociated with the salt beds. On the way down they struck three levels of production in the upper horizon from which they can produce the Mississippian oil. Now then, I would like to inform the House that this amazing and exciting discovery, we believe, was induced by the incentive program of this Government to bring them in.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Cameron:** — And any oil from the Devonian or lower depths will receive a royalty-free period for three years. All oil producing from the upper horizon from these extra three production zones will pay the same royalty as in all other oil. And so we estimate we will receive sufficient royalty and more from the upper three horizons to take care of what we may have to await for on the Devonian plus some increased surge in exploration all across the province which will bring us in exceptional bonus bids, which in all will give a terrific boost and an amazing impact to the whole industry.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Brockelbank (Kelsey):** — Yes, I'm quite happy. Mr. Speaker, I want to ask the hon. Minister another question and maybe we'll get just as long an answer. I never saw anybody take so long to say 'No' as he did. He should take a lesson from the Premier. He knows how to say 'No' quick. And the answer, of course, was you're getting no royalty from the Devonian. Then he said there is a three year royalty-free period. I don't think it is a three year

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royalty free period. I think it is a royalty free period to a certain date. Is that not correct?

**Mr. Thatcher:** — What is the question, Brock?

**Mr. Brockelbank (Kelsey):** — Is that not correct? You wouldn't understand, Mr. Premier. I think the Minister may. What is the date?

**Mr. Cameron:** — What is the date?

**Mr. Brockelbank (Kelsey):** — Well, it isn't a three year free royalty period. It is royalty-free up to a certain date, 1971 or something like that. What is the date?

**Mr. Cameron:** — Royalty-free period until December 1, 1971, which would give this company when they are actually in production about a three or three and a half year period of royalty because of course this was instituted to encourage the men with the full knowledge it would take from two to three years to get the necessary research and development before the first discovery so they are not going to qualify except for the remaining period from here until December 31st, 1971, which is a tremendous strain for the province.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Brockelbank (Kelsey):** — On a point there, not only did the Minister take a long time to answer but he gave me the wrong answer, when he said three years.

**Hon. D.G. Steuart (Minister of Natural Resources):** — I wonder in view of the terrible hardship that is being worked on the farmers of western Canada and of Saskatchewan by the longshoremen's strike in Vancouver, in view of the fact that the NDP opposition have repeatedly said that they are the friends of the farmer and that the farmers have the same interest as the labor unions, I wonder if the Leader of the Opposition (Mr. Lloyd) could inform the House what vigorous action he has taken, what public action . . .

**Mr. A.E. Blakeney (Regina West):** — Order. Mr. Speaker . . .

**Mr. Steuart:** — . . . he has taken . . .

**Mr. Speaker:** — ORDER!

**Mr. Steuart:** — . . . or as usual have they done nothing when their friends in the labor unions are out on strike.

**Mr. Blakeney:** — Mr. Speaker, on a point of order, do our rules now permit members to ask questions of individual Members or are we restricted to asking questions of Members of the Government. If the rules are the other way, as now interpreted by the Member . . .

**Mr. Steuart:** — I don't want an answer, Mr. Speaker.

**Mr. Blakeney:** — If the rules are the other way then I will be happy to take advantage of them.

### STATEMENT BY MR. SPEAKER RE ORAL QUESTIONS

**Mr. Speaker:** — ORDER! Now a point of order has been raised in connection with the rules concerning the asking and answering of oral questions in this House. I wish to draw the attention of all hon. Members to the fact that in this Legislature there is now no formal established procedure for the asking and answering of oral questions of any kind or nature whatsoever. Presently oral questions are asked and answered here fairly as a matter of courtesy according to the wisdom and the good nature of the House. In Westminster, in Ottawa and in other Legislatures there is a formal procedure for the asking of oral questions and they are not asked without due notice. They all go on the Order Paper. The unstarred questions, that is, those which don't have a star opposite them, are questions which are asked in a written fashion and receive a written answer. And no oral question is asked or oral answer given. Starred questions, that is, those which have a star opposite them on the Order Paper, are so designated in order that everybody will know that they will be asked in the House orally and an oral answer will be expected; due notice of the nature of the question and moment of asking and answering having been given.

We have no established procedure in this House for the asking and answering of oral questions. The House has allowed a wide latitude this morning and I think properly so, in view of the fact that we are reconvening after a lengthy recess and I think that matters which came up during that period of time upon which members might wish to ask a question should receive an answer. But there is no procedure in this House for the asking and answering of oral questions except by the courtesy of the House, and therefore all oral questions, if one applies the rule rigorously, are out of order

There has been raised a further point of order. This is the question regarding who may be asked a question. I quote from page 350 of the 17th edition of Erskine May's Parliamentary Practice:

Questions addressed to unofficial members relating to a bill, motion, or other matter connected with the business of the House, for which Members are responsible have been allowed; though a question addressed to a Member, the Leader of the Opposition, inquiring the course he intended to adopt regarding a motion by the Government was not allowed. Questions may not be asked regarding statements made by Members outside the House; and a question to an ex-minister with regard to transactions during his term of office has been ruled out of order. The former usage, by which questions were addressed to Members who were placed on royal commissions or were trustees with the British Museum, if relevant to their official duties or position is not in accordance with modern practice.

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I think that covers the matter fairly well.

**Mr. Lloyd:** — Mr. Speaker, since the Minister did direct a lengthy and inaccurate question to me, may I be allowed the right of answering it.

**Mr. Speaker:** — Yes.

**Mr. Lloyd:** — Mr. Speaker, nothing could be better calculated to show the blind and uninformed prejudice of the Liberal Party than the question which the former Minister of Health (Mr. Steuart) and the present Minister of Natural Resources, directed to me. He should consult with his blood brother in Ottawa, the Minister of Labour there, who has just declared that the fault with respect to the work stoppage on the West Coast was not the employees but the unreasonable attitude of the employers.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Steuart:** — Mr. Speaker, I just wondered what action he took before he got that little place to hide in, which was nothing of course as usual.

#### **MEMBERSHIP OF SELECT COMMITTEE ON REGULATIONS**

**Mr. Steuart:** — I wonder, Mr. Speaker, if I could move, seconded by Mr. Trapp, by leave of the Assembly, that the name of Mr. Cameron be substituted for that of Mr. Cuelenaere, in the list of members composing the Select Committee of Regulations appointed on April 6th, 1966.

**Mr. Speaker:** — It has been moved by the hon. the Minister of Natural Resources, Mr. Steuart, seconded by the hon. the Minister of Education, Mr. Trapp, by leave of the Assembly that the name of Mr. Cameron be substituted for that of Mr. Cuelenaere, on the list of members composing the Select Committee on Regulations appointed on April 6th, 1966.

Is leave granted?

Motion carried.

#### **QUESTION RE FREE ROYALTY FOR KALIUM COMPANY**

**Mr. W.J. Berezowsky (Cumberland):** — Mr. Speaker, before the Orders of the Day I have another question to direct either to the Minister of Mineral Resources (Mr. Cameron) or to the Premier (Mr. Thatcher).

For some time, as you know, the Premier made representations to Ottawa to have the Kalium Company exempt from royalties in the potash mine; somewhere in Belle Plaine I think it is. Could we have an answer whether this is now the case that they have a three year free royalty from the Federal Government and have they a free royalty from the Provincial Government of any kind? What is the situation in solution mining?

**Mr. Thatcher:** — I'll take that question under advisement. I just didn't understand it the way the Member asked it.

**MOTION: SPECIAL LEGISLATIVE COMMITTEE COST OF LIVING INQUIRY**

Mr. W.S. Lloyd (Leader of the Opposition) moved the following Resolution (No. 1):

That this Assembly, seriously concerned by the sharp increases in consumer prices in Saskatchewan, led by an 18-month increase of 10 per cent in retail food prices, and fearful of the impact of price increases on the real wages of working people, on the living and production costs of farmers and particularly on the well-being of those on fixed incomes, urges the Government to give consideration to establishing a special legislative committee to conduct an enquiry following prorogation or adjournment of this Assembly into all matters relating to the effects on levels of living of recent price increases in Saskatchewan and their causes, and to recommend measures to halt the price spiral.

He said:

Yesterday's news and an Order in Council, which the Attorney General (Mr. Heald) was good enough to make me aware of yesterday, indicated that after a period of three months, a long and costly and economically frosty period for the consumers of Saskatchewan . . .

**DISCUSSION OF POINT OF ORDER ARISING THEREFROM**

**Hon. D.V. Heald (Attorney General):** — I take it that the hon. the Leader of the Opposition (Mr. Lloyd) is now addressing himself to the motion. This being the case I would like to raise a point of order that this matter is now sub judice and I would like to refer, Mr. Speaker, to some citations. The rule of sub judice is well known and is stated in May's Parliamentary Practice and I quote:

That a matter awaiting or under adjudication by a court of law should not be brought before the House by a motion or otherwise.

This rule doesn't apply to bills of course. It does, however, apply also to debate:

Matters awaiting adjudication of a court of law should not be brought forward in debate.

The practice followed by Westminster has also been adopted in Ottawa and the sub judice rule does apply in Ottawa. I would refer you, Mr. Speaker, to a reference to Beauchesne, fourth edition, citations 100, 149, 171. Now the purpose of the rule, I suggest, is not to avoid a conflict between the House and the courts but to avoid the House setting itself up as an alternative forum. A Canadian Speaker has ruled that a question cannot be before two public bodies at the same time. This reference is in Beauchesne, also fourth edition, citation 153. So the rule is clear so far as matters before the court are concerned.

Now, Mr. Speaker, what is the position with regard to

matters before Inquiries under the Public Inquiries Act? This question has been decided by a Speaker of this Legislature. It was Mr. Speaker Agar in 1940. I think I should just read a bit of his decision at that time. It is contained in the Journals of this Assembly, 1940 session at pages 38, 39 and 40. He said and I quote:

When a matter has been submitted to be fully and completely inquired into and investigated to a tribunal properly constituted under the Law of the province and by a method of procedure long recognized as most efficient and effective in such circumstances, it scarcely would be proper for this Assembly under whose Law it is constituted to derogate from the prestige, dignity and authority of that tribunal by constituting itself a second tribunal to determine the same cause.

Thus he ruled out of order discussion of matters referred to a Royal Commission under the Public Inquiries Act, which is the same Act we moved under yesterday, until the report was properly before the House. The ruling was sustained on appeal and I believe stands as the only substantial statement of this rule in the province of Saskatchewan. The position then on a point of order briefly, Mr. Speaker, is that, since this matter was referred by Order in Council, passed yesterday, to an inquiry set up under the Public Inquiries Act, this Commission has full powers to examine witnesses under oath, subpoena records and so on, and that the matter is therefore sub judice and therefore the motion is out of order at this time.

**Mr. Lloyd:** — Mr. Speaker, just a few brief comments at this time. The Attorney General (Mr. Heald) while he hasn't made all things clear, has certainly made some things clear. He has made clear the reluctance of the government just a little while ago to clear the way for discussion on a matter which is of great importance to the people of Saskatchewan. Probably also he has made clear the reason for the delay on the part of the Government in coming to decisions and perhaps even the reason for choosing this particular time for the inquiry. It all seems to indicate that the Government is most anxious and unwilling to have this matter discussed in the House. On one point, as I say the Attorney General is to be congratulated on making some things clear at least.

With respect to another point, the same announcement with regard to the same Commission was made yesterday by the government of our neighboring province of Manitoba. I understand that the same rules apply; the same personnel are appointed to the Commission and the same substance is to be looked into. When this matter was raised in the Legislature in Manitoba yesterday, so I am informed, there the assurance was given that the appointment of the Commission in no way interfered with the discussion of the matter in the House there. It seems to me that if this kind of rule is effective in Manitoba, it should also of necessity, since we use the same kind of rules to guide us, be effective here in the province of Saskatchewan.

Mr. Speaker, this is an important matter and even if there is some substance to the Government's reasoning that this is the best way of proceeding with it, it seems to me that this Legislature has a responsibility, which it can only get at as a result of discussion at this time. At a later time is not good enough,

because certainly one of our responsibilities as a Legislature is to attempt to outline for the guidance of a commission, if it is to be set up, something of the scope and something of the intensity which this Legislature feels the Commission ought to attach to its inquiry. This cannot be done at the next regular session, this cannot be done by the introduction . . .

**Hon. D.G. Stuart (Minister of Natural Resources):** — Mr. Speaker, what point of order is the Opposition Leader making? He's not making a point of order, he is making a speech.

**Mr. Speaker:** — ORDER, ORDER!! We are listening to the Leader of the Opposition.

**Mr. Lloyd:** — Well, such as I was saying when I was so briefly interrupted by such a brief person, that this is a necessary part of the pursuit of this whole inquiry. This Legislature has a right, and surely has a responsibility to indicated to the Commission, into whose hands we put certain materials for inquiry, what we think ought to be done. This cannot be done in another resolution at the regular session next Spring. This cannot be done by the introduction of any other question at this time. This is a matter of such immediate urgency that it should be discussed at this time. This is the only opportunity that the Opposition will have in making any guiding comments, and it seems to me the Resolution ought to be in order on those grounds alone.

**Mr. F.A. Dewhurst (Wadena):** — I wonder what Your Honour's consideration is to the fact that this Resolution was placed before this Legislature on a previous day of this Legislature. It is true that we have had an adjournment between times. Under what rule can a government take a motion off an Order Paper where it has been placed by a Member of this Legislature in referring to a body outside of this House and then tell the Member who has placed the motion on the Order Paper that he has no right to discuss what was placed on the business of this House at a previous day? I think that, if that is permitted, it would then be putting us in a position where we would never know whether we could bring a thing to the floor of this Legislature as a Member, if the Government by action could remove it from the floor.

**Mr. Speaker:** — If I don't hear any more discussion on this particular point of order, I'll answer the question raised by the member for Wadena (Mr. Dewhurst). Now, no motion has been taken off the Order Paper, neither can any motion be taken off the Order Paper that was previously placed there save by that motion being out of order. Now the question that the House is being asked to decide and that the Chair is being asked to decided right now on the point of order taken by the hon. the Attorney General (Mr. Heald), is whether or not the motion is in order. Now the motion was never taken off the Order Paper and it could not be. I hope I have settled the question and made it abundantly clear.

**Mr. Dewhurst:** — Mr. Speaker, if I may

correct, I didn't mean to infer that it has been taken off, but what I did mean to ask was under what rule can a government, in dealing with a motion that was duly in order and everything else, bring in an order of the Executive Council setting up a Commission to bar a motion being discussed which is on the Order Paper where it was placed at a previous time?

**Mr. Speaker:** — We're discussing a point of order here. The question before the House, the question that the House is going to decide, is whether or not the motion is in order, not whether or not the Government is taking it off the Order Paper. That is just out of the picture altogether. It is either in order, in which case it can be discussed, or it is out of order, in which case it cannot be discussed. But I don't think that the question raised by the member from Wadena (Mr. Dewhurst) is particularly relevant in that regard.

**Mr. R.A. Walker:** — Mr. Speaker, if I may just say a word on the point of order. Your Honour is correct when he says there is no doubt it is a question of whether the motion that is before us is in order. But it should be pointed out that the only issue determining whether it is in order is whether some executive action taken by the Government should prevail against this Resolution being debated at this time. Now the hon. Attorney General (Mr. Heald) has cited the public interest as the basis for the rule and he says that it wouldn't be in the public interest for a debate to occur in the House and for consideration to be given to a similar matter in two different public bodies at the same time. If this is the basis for the rule book then I submit that this constitutes a sufficient basis in this instance for the rule to be relinquished so far as this particular question is concerned.

Mr. Speaker, there is no matter of more urgent public interest to the people of Saskatchewan at the present time than the cost of living. Secondly the Government by its own action taken only yesterday, the day before this House was to meet, has deprived this House, or at least the Attorney General is arguing that it should deprive this House, of the right to discuss this question. Now if the Government had been concerned about the public interest of this matter, it was in the hands of the Government to have deferred the taking of executive action until tomorrow and the Commission could then have had the benefit of the discussion of the people's representatives. And I submit, though all my friends may laugh about the rights of the people's representatives, and I am sure this is the note of scorn and contempt which they really feel about public institutions, that the people's representatives are entitled to be heard on this subject. The Attorney General (Mr. Heald) sets before this House as the reason why the people's representatives should not be heard some executive action taken by this Government on the very eve of the meeting of this Assembly.

I say that, if the Government was really concerned about the public interest, and that is the basis on which the Attorney General (Mr. Heald) bases his rule, the Government would have served the public interest much better by taking the executive action which they did the day after the session rather than the day before. And I say that the Government places itself under a cloud of suspicion by having taken this action, as it did, on



the very day before the House met. So I say that, if the Government really doesn't want to be under this cloud of suspicion, it ought not now to raise its own wrongful acts as a basis for prescribing debate in this House, and the Government ought now to say that the Attorney General's point of order is withdrawn, so that the people of the province may have the benefit of the discussion of this very important matter by their representatives in this Assembly.

**Mr. Heald:** — If I might make one or two observations as a result of the remarks just made by the hon. member for Hanley (Mr. Walker) . . .

**Mr. A.E. Blakeney (Regina West):** — Is he closing the debate?

**Mr. Speaker:** — We have no formal debate as such. On the point of order I will be happy to listen to the Attorney General (Mr. Heald) and the member for Regina West (Mr. Blakeney).

**Mr. Heald:** — Thank you, Mr. Speaker. The point that I was trying to make on this point of order, public interest, yes, but the point which Mr. Speaker Agar made in 1940 when he made this ruling was and I would like to quote it again because I think there has been some misunderstanding of the rationale of this decision:

It scarcely would be proper for this Assembly under whose Law it is constituted to derogate from the prestige, dignity and authority of that tribunal by constituting itself a second tribunal to determine the same cause.

This is the point. We have set up an independent Commission consisting of representatives from the provinces of Manitoba and Alberta and Saskatchewan, headed by a District Court Judge. Are we then to debate the same matters encompassing in this Legislature and put strings on the kind of depth investigation that we sincerely hope this Commission is going to make. And that's the point and that's the point of order. Now having set up this Commission we shouldn't try to hamstring it or give it instructions. It is an independent Royal Commission and it will do a good job.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. W.G. Davies (Moose Jaw City):** — Mr. Speaker, I would like to suggest that the arguments that are used by the Attorney General here today have really no substance, because we are not here suggesting a resolution that would duplicate the work of the Commission. We are asking at this point for consideration to be given to establishing a Special Legislative Committee to conduct an inquiry. None of the discussion, Mr. Speaker, at this stage duplicates or takes away from any of the rights of any Commissions that may have been set up prior to the consideration of this Resolution. So I am suggesting to you, Sir, that the arguments of the Attorney General at this point are really not on all fours with the question before us. We are asking for consideration for the establishment of a Committee. It might well be that, if there were an affirmative response given to the Legislature, the Government might

change its mind; but the fact whether another tribunal might contradict the work of the tribunal which is now being set up, is surely a question for the decision of the Government in any case. But this body is not at this point debating the same questions that would come before the Commission that the Government announced would be set up yesterday. And I would suggest in any case, Mr. Speaker, that the announcement by the Government yesterday should not be permitted in any case. It is a prior right of the Legislature in discussing a Resolution which was placed before this body more than three months ago, in which period of time significantly the Government has done nothing whatsoever to make any announcement which would go towards meeting the questions that are suggested in this Resolution. But my main point, Mr. Speaker, is that the Resolution here before us does not duplicate, take away anything that would be discussed by the tribunal. We are talking about consideration and not talking about setting something up at this stage. That is a matter for the Government and the Government alone, and for those reasons his remarks do not apply.

**Mr. A.E. Blakeney (Regina West):** — Mr. Speaker, I simply wanted to say a few words on this topic and I really want to say them under three headings. Firstly let's look at the question we are being asked to decide. We start out with the proposition that this Resolution was on the Order Paper, and that it was in order on the Order Paper. There is not a suggestion nor has there been a suggestion, not even from that source of far-out suggestion, from the member for Prince Albert (Mr. Steuart) that this Resolution was not in order when placed on the Order Paper. The motion was in order and was called for debate. Now, the question then is this; can a Resolution which is on the Order Paper and being in order for debate on Day One be rendered out of order on Day Two by the passage of an Order in Council appointing a Royal Commission? Now that is the question we are asked to decide and I suggest that the answer is no. I suggest that once the Resolution is on the Order Paper it cannot be rendered out of order by subsequent act of the Government.

**Mr. Steuart:** — . . . never on the Order Paper.

**Mr. Blakeney:** — Why is it printed then? But the facts are that it was presented to the Legislature, was on the Order Paper, and if it was valid then, it is valid now unless the passage of the Order in council renders it invalid. And I am suggesting to you that there is nothing in the rules of this House which will render a Resolution properly on the Order Paper an improper subject for debate by reason of executive action pursuant to the Public Inquiries Act. And if we rule otherwise we will be setting a very interesting but dangerous precedent that anytime a Government finds itself in difficulty or in any resolution whether it is in the middle of a debate or otherwise, it may come in and lay an Order in Council on the table and say "Ah ha, we have established a Royal Commission, debate ends". Now this I would suggest would be an abuse of the powers of the House and I suggest that the rules don't call for us making this sort of extreme decision. That's my simple point number one.

Now my point number two is this, that a good deal has happened since Mr. Speaker Agar made his decision. I haven't

had an opportunity to examine it but we have entered into an altogether new phase of Royal Commissions. There are Royal Commissions on everything these days, as is well known. There are so many in Ottawa that they virtually need a Department of Royal Commissions. Would it have been for one moment suggested at Ottawa that any subject with respect to health was an improper subject, let us say a question on the Order Paper at Ottawa because the Hall Royal Commission was sitting headed by a judge for three or four years? Is that a reasonable proposition? Was it ever accepted at Ottawa? And the answer of course is no. Where we have Royal Commissions which are fundamentally commissions of inquiry as opposed to commissions of judicial findings, this analogy between the sub judice rule and Royal Commission is quite wrong. It is true that if a Royal Commission is set up to decide a narrow judicial point there may be some analogy between the court wherein the rule is clear and a Royal Commission which is to decide a narrow point. But where the Royal Commission is one which, if I may quote the Attorney General (Mr. Heald) "has sweeping powers", and can inquire into "all sorts of things", then is it reasonable to say that nothing within the purview of these "sweeping powers", nothing within the purview of "all sorts of things", can be discussed in this House? Now we will hear next session, Mr. Speaker, that this Royal Commission can inquire into the costs of agricultural machinery and then we are not to discuss that subject in the House.

**Mr. A.R. Guy (Athabasca):** — Hurrah!

**Mr. Blakeney:** — "Hurrah" says the member for Athabasca, that great farmer, with the sweeping farmlands in Athabasca. But his is the sort of proposition the Government is putting before this House and I think merely to put it is to refute it. You cannot argue that a Royal Commission with these "sweeping powers" can thereby preclude discussions in this House of everything that might come under the purview of those powers. We have seen this clearly at Ottawa, we have had Royal Commissions; the most conspicuous example is Health Services. It did not in any way preclude all sorts of discussion in the House of Commons about matters which came under the purview of that Royal Commission and we, Mr. Speaker, are governed by the same fundamental rules as they are.

Now my third point, Mr. Speaker, is the point made by my colleague from Moose Jaw (Mr. Davies), and that is that the Royal Commission is not going to inquire into the same subject as the Resolution deals with. The Resolution deals with the advisability of setting up a Legislature Committee. This is the operative word in this Resolution. Should we set up a Committee? That's what we have to decide. Now is this Royal Commission being asked to decide that? The answer is obviously No. The Royal Commission is being asked to look into something. We in this House are being asked to decide one question. Should the House set up a Committee?

Now there are good arguments for saying the House might set up a Committee; it perhaps should be set up by way of a Provincial Royal Commission, without Alberta and Manitoba connections. You can argue that it ought to be inquired into in some other way. That is the issue before the House and that issue will never come before the Royal Commission. So the member for Lumsden, the Attorney General (Mr. Heald) has misconceived

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the fact that I may say that it is in all likelihood that the decision given by Mr. Speaker Agar dealt with another topic. It dealt with the topic of whether the subject matter before the Royal Commission could be debated in this House. Now that is not what we are talking about. We are not talking about the subject matter that is before the Royal Commission. We are talking about whether or not a Legislature Committee is a useful vehicle, and that subject will never be before the Royal Commission. To say that you can set up a Royal Commission and thereby preclude debate on whether or not a Legislative Committee is a useful vehicle is to me to pervert the whole question. He's gone off on a tangent. The subject which we are asked to decide is — should we have a Legislative Committee? That question will never be before the Royal Commission. It may be a good argument against the motion that we already have a Royal Commission. It may be an argument that the member for Lumsden (Mr. Heald) will want to raise but this in no way makes it out of order. Just because you may have a pretty good argument against setting up a Legislative Committee is no reason for saying that a resolution calling for it is out of order. And I think if we turn our mind to the precise subject of this Resolution — should we set up a Legislative Committee? — we will find that that Resolution is never before any Royal Commission as, of course, it could not be, and therefore there is no identity of subject of inquiry. Accordingly it is quite wrong to rule that this Resolution is precluded from debate in this House by the setting up of a Royal Commission.

Those, Mr. Speaker, are my three points and I think that on consideration you will decide that this Resolution is entirely in order.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. J.H Brockelbank (Kelsey):** — I really must confess that I don't think much needs to be said on this question that has been raised by the Attorney General (Mr. Heald) but it is so important that I cannot resist saying a few words on it.

The point first raised by the member for Wadena (Mr. Dewhurst) was that, if this Resolution is out of order according to the arguments of the Attorney General, it puts the Government in a position where any time the Legislature is discussing or is about to discuss a subject which the Government does not want discussed, after the House adjourns at night it has a Cabinet meeting and passes an Order in Council and consequently it is out of order the next day. This is a ridiculous situation. This point was emphasized by my colleague from Hanley (Mr. Walker) and my colleague from Regina who just sat down (Mr. Blakeney). The strong point is that if this were adopted it would make complete nonsense of British legislatures and parliaments. Members of legislatures would become mere rubber puppets because they would have no power within themselves to discuss anything. Under our system the Members of the Government are a part of the Legislature but they are not masters of the Legislature. They must always get the support of the majority of the Legislature in regard to the conduct of the Legislature's affairs. And to propose that the Government when the House is in session, and this House has been in session since September, can by any means make a subject out of order which otherwise would be in order

is an insult. It is an insult to the Legislature, certainly a monstrous idea and would destroy the whole principle of British responsible government, legislatures and parliaments.

I want to make just one more point. Sometimes the evidence is so common that we never think of it. You know here in Saskatchewan we had a McLeod Commission on the question of taxation. Sir, my hon. friends who now sit on the Government side sat on this side. They certainly discussed taxation, and lots of it. They discussed taxation and they would have been most highly offended if we had suggested they couldn't discuss taxation because it was before a Royal Commission on taxation. The suggestion of the Attorney General (Mr. Heald) is absolutely ridiculous, Mr. Speaker.

**Mr. Speaker:** — I wish to thank all hon. Members for their views and opinions that they have extended to me at this time, which I think hon. Members will all agree open up a very wide field of discussion on a rather important principle of parliamentary procedure. I wonder if the House would be good enough to allow me fifteen minutes together with the Clerk to collect my scattered thoughts, more or less to gather the arguments that I have heard. Will all of you return to the House at the call of the bell?

I wish to thank Members of the House for their views and opinions expressed in regard to the ruling you have asked me to make, and I also wish to express my personal thanks for the courtesy which you extend to the Chair when you allowed me a reasonable space of time in which to consider the subject and bring in a ruling on the matter.

#### STATEMENT BY MR. SPEAKER

As I see it, the issue before the Chair is to decide first whether the motion standing on the Order Paper in the name of the Hon. Leader of the Opposition is in fact proposing an inquiry by a legislative committee into the same matters as are presently being inquired into by a commission established under The Public Inquiries Act, Chapter 19, Revised Statutes of Saskatchewan, 1965, and if so whether the motion is out of order under the sub judice rule.

A resolution submitted to the Legislature must always be considered in the light of its effect if passed by the House and the effect of this particular resolution would be to order the establishment of a legislative committee. In essence the motion proposes that a special legislative committee be established to conduct an inquiry "into all matters relating to the effects on the levels living of recent price increases in Saskatchewan and their causes, and to recommend measures to halt the price spiral".

A Royal Commission has been established under Order in Council No. 2394/66 dated December 7, 1966, "(a) to inquire into the causes of price increases and of the general rise in the cost of living . . .; (b) to inquire into the various factors which may have contributed and are now contributing to price increases and to the general rise in the cost of living . . .; (c) to investigate, as the Commission deems expedient, matters relating to

the effects on standards of living of recent price increases of food and other commodities . . . ; (d) to make such recommendations as the Commission from time to time deems appropriate and in the public interest to combat the price spiral and assist consumers to ameliorate the problem of increases in the cost of living". Moreover, the powers granted to the Commission by both the Act and the Order in Council are such as to enable it to conduct a judicial inquiry into the matters referred.

The terms of reference of the commission appear to me to be as broad as the terms of inquiry implied by Resolution No. 1. It would seem to me, therefore, that if Resolution No. 1 were debated and passed we would be in the position of having two public bodies investigating the same matter at the same time.

The application of the sub judice rule in this case can be sustained by certain precedents of this House. As the Attorney General pointed out, a ruling by Mr. Speaker Agar in the Journals of 1940, page 38, is as follows: "it scarcely would be proper for the Assembly, under whose law (a commission of inquiry) is constituted, to derogate from the prestige, dignity and authority of that tribunal by constituting itself a second tribunal to determine the same cause".

Members should also refer to Beauchesne's Fourth Edition, citation 153, where a Speaker's ruling is to be found to the effect that a "question cannot be before two public bodies at the same time". Again, in a report of a select committee of the British House of commons appointed at the session of 1962-63 to examine the sub judice rule it was stated that "the purpose of the rule was not to avoid a conflict between the House and the Courts, but to avoid the House setting itself up as an alternative forum".

It should be noted that in ruling on the resolution it is not so much as question of what should be discussed but whether or not two public bodies should discuss the same subject concurrently. Thus a discussion of prices and costs of living as such is not necessarily out of order, but the discussion as to whether the legislature should establish a committee to inquire into the same is out of order, since another official body already has the matter under discussion.

Moreover royal commissions are established to conduct impartial and unbiased inquiries and produce impartial reports. Discussion of the motion to set up a further official body might imply lack of faith in the commission therefore derogating from its authority.

I must therefore rule that Resolution No. 1 is out of order on the grounds that the matter is indeed sub judice. Nor by ruling this motion out of order is any member deprived of the right to state his views fully before the commission.

**Mr. Brockelbank (Kelsey):** — Mr. Speaker, I wish to appeal from your ruling.

**Mr. Speaker:** — The question before the House is: Shall the ruling of the Chair be sustained? Is it the pleasure of the House to adopt the Motion?

During proceedings in the House I ruled that Resolution No. 1 was out of order on the basis of the sub judice rule. My ruling has been appealed by Mr. Brockelbank (Kelsey). The question before the House is: Shall the ruling of the Chair be sustained?

The Speaker's ruling was sustained on the following recorded division:

**Yeas — 31**

**Messieurs**

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

**Nays – 25**

**Messieurs**

Lloyd	Willis	Wooff
Hunt (Mrs.)	Whelan	Snyder
Wood	Nicholson	Broten
Walker	Dewhurst	Larson
Brockelbank (Kelsey)	Michayluk	Pepper
Blakeney	Smishek	Brockelbank (Stkn. City)
Davies	Baker	Thibault

**Mr. Brockelbank (Kelsey):** — Mr. Speaker, if I might have the consent of the House to just say a word. I would be just as happy as anybody to see the business of this session finished today if we can so arrange it, but I did want to make sure that we did discuss this deal with this Resolution. We have dealt with this Resolution that was on the Order Paper, and may I say parenthetically, in a manner which is entirely satisfactory from a political point of view.

**Mr. Steuart:** — You haven't done anything.

**Mr. Brockelbank (Kelsey):** — I would be quite willing if we could have the noon recess to consider withdrawing my objection to the unanimous consent, if the Premier wants to suggest that we now take recess until 2:30 and come back and see then if he can get unanimous consent to proceed, if he wishes to do that.

**Mr. W. Ross Thatcher (Premier):** — Mr. Speaker, I appreciate the suggestion of the hon. member

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for Kelsey (Mr. Brockelbank) and I would so move then that we adjourn until 2:30. We will then endeavour to get unanimous consent.

The House recessed at 12:30.

**Mr. Thatcher:** — Mr. Speaker, I move, seconded by Mr. Heald (Attorney General) that the Order of the Assembly made this day setting down Bill No. 3 and Bill No. 4 for second reading of this next sitting of the House be discharged, and the said Bills be set down for second reading later this day.

**Mr. Speaker:** — It has been moved by the hon. the Premier (Mr. Thatcher) and seconded by the hon. the Attorney General (Mr. Heald) that the Order of the Assembly made this day setting down Bill No. 3 and Bill No. 4 for second reading at the next sitting of the House be discharged, and the said Bills be set down for second reading later this day. The motion is in order.

Motion agreed to.

### **SECOND READINGS**

Hon. W. Ross Thatcher: (Premier) moved second reading of Bill No. 3, An Act to amend the Income Tax Act.

He said:

Mr. Speaker, in initiating debate on this particular Bill, I should point out that in view of the Federal Government's various rulings we have little choice but to adopt it.

**Mr. J.H. Brockelbank (Kelsey):** — Mr. Speaker, on a point of order, I think that if the Member is moving second reading of this Bill he should ask consent of the House.

**Mr. Thatcher:** — I thought I had so done.

**Mr. J.H. Brockelbank (Kelsey):** — No, they were put down for second reading later this day. I don't know whether this gives unanimous consent or not.

**Mr. Speaker:** — It seems to me that the House has just moved that the said Bill be sent down for second reading later this day.

**Mr. Thatcher:** — Well now the purpose of this special session is to establish income tax rates for the 1967 taxation year. This session also affords an opportunity to review first the major changes to the current tax sharing agreement which terminates March 31st next; second, the position of the Government of Saskatchewan on various aspects of the proposed new agreement.

I would like to make it clear that we propose no changes in either the provincial individual income tax rate or in the provincial corporation income tax rate in 1967. Unfortunately, we inherited a 6 per cent income tax surcharge from the previous Government. This year, we reduced that surcharge to 5 per cent. Next year, we had hoped to make an additional reduction.



However, we face a difficult fiscal situation in 1967-68 for two reasons: first, because of an estimated decrease of \$10,600,000 in equalization payments; second, because the Federal Government postponed introducing its medical care program which would have provided about \$8,000,000 to Saskatchewan next year; that is for nine months only. For these reasons, we cannot reduce income taxes at this time further, without curtailing essential services.

I want to describe briefly each of the major elements of the proposed new agreement. It should be noted that the Federal Government, in compliance with our proposal, in compliance with the proposal for several other provinces, has agreed to review the agreement within two years instead of the customary five.

For several decades equalization payments have been a significant source of revenue for Saskatchewan. This year, we will receive from equalization payments between thirty-three and thirty five million dollars, or at least 12 per cent of our revenues. Equalization grants are, as most Members realize, unconditional payments made to the less wealthy provinces, to permit them to provide a uniform level of services across the country. This Government subscribes unconditionally to the principle for equalization payments. We believe that the richer provinces should help the poorer provinces to maintain minimum standards in education, health and welfare services.

Under the present formula, equalization payments are based on the per capita yield of three major taxes — 24 per cent of the basic personal income tax; 9 per cent of taxable corporate income; 50 per cent of the federal rate of the estates tax. Equalization payments are made to provinces to raise the per capita yield of these three taxes to the same level as that of the two highest provinces in Canada, that is, Ontario and British Columbia. In some provinces a deduction is made from the equalization payment. This deduction is made when a province receives higher revenues from its natural resources than the per capita average of the whole country. The deduction is equal to 50 per cent of the difference between the national average and the provincial revenue from natural resources.

Now under the proposed new equalization formula, a province's revenues would be equalized to the national average, rather than to that of the two highest provinces as in the past. According to Finance Minister Sharp this proposal is an attempt to better measure the availability of revenues to each provincial government. Thus, under this formula, equalization payments would be made to any province, in which the national average tax rate yields less per capita than the yield in the country as a whole. After examining each revenue source, if it is found that the total of all provincial revenues in a province yields less than the national average, then the Federal Government will make an equalization payment to make up the difference.

Now it is very natural that our Government should be gratified to receive from Ottawa confirmation that our province is not eligible for membership among the "have" provinces, along with Ontario, British Columbia and Alberta. This is objective proof, of course, that our economic picture in Saskatchewan has greatly improved since the Socialists left office. At the same time, we recognize that our development is so recent that we feel we require a further period of adjustment in order to achieve a well-

balanced and diversified economy. It is a fact that our economy is still basically tied to agriculture, which we all realize is subject to forces over which we have no control. At the same time Saskatchewan is faced with growing expenditures, that are facing all other provinces in the fields of education and public health. For example, Mr. Speaker, as you know, we are spending millions and millions and millions more on education than the former Government did. In addition, we have many expenditures which are unique in Saskatchewan.

It is obvious to us, therefore, that the loss of an estimated \$37,000,000 in equalization during the 1967-68 fiscal year, would be disastrous. We, therefore, at the conference proposed to the Federal Government an alternative formula. We suggested a formula which would continue to equalize the province's share of the standard taxes to the top two provinces or the top province, and equalize all other provincial revenues to the national average. Honourable Members will recall that this was the same basic formula proposed by the Government of Saskatchewan in 1959.

Our proposal was not accepted. Instead, under a transitional agreement, Saskatchewan's equalization will be reduced to \$27,200,000, in 1967-68, and the decline will be approximately \$7,000,000 a year until it receives no equalization by the year 1971-72. In addition, we will not receive approximately \$3,000,000 a year increase, which would have been available under the old agreement. As provincial and municipal expenditures necessarily increase sharply throughout the next five years, the loss in equalization payments will present an extremely difficult financial problem for Saskatchewan. We haven't all the details yet, but we would think that, altogether when you add it up, likely in the next five years Saskatchewan will lose up to approximately \$150,000,000 in equalization payments.

One aspect of the new proposal provides some assurance that essential services could be continued in the event of a serious economic recession. As a result of very strong recommendations, very strong representations that our Government made to Ottawa, the Federal Government has guaranteed that the general revenue of no province will fall below 95 per cent of the previous year's revenue. In other words if we had a crop failure and our revenues dropped drastically, the Federal Government will bring our revenues back up to that 95 per cent figure. Should this situation arise, the Federal Government will, as I say, make a stabilization payment.

There will be no net increase in the share of federal taxes given to the provinces. During the current five-year agreement, the provinces received an additional nine percentage points of individual income tax from the Federal Government. In our case, one percentage point is worth about \$1,300,000. In the past five years, the number of percentage points given to the provinces escalated each year. In the next five years, we cannot count on an increased share of the income taxes to finance expanding provincial and municipal services. At the conference, Saskatchewan joined with the other provinces to point out that, in the period ahead, the fiscal position of the provinces and municipalities will deteriorate, while that of the Federal Government will improve. We said that in such a situation either funds or taxing powers should be transferred from the Federal Government to the provinces to make for a more balanced situation. We argued

that once such a balance was struck both the Federal and Provincial Governments would then be in a position to carry out their responsibilities for essential services. At the same time, we shared the Federal Government's concern that it must retain sufficient fiscal leverage to be able to manage the economy. We agree that all governments must be concerned not just with the matter of tax-sharing, but with the tax burden imposed on Canadians.

At the conference in Ottawa, the Federal Government proposed to withdraw from three social programs, by offering a new form of fiscal compensation to the provinces. They propose to withdraw from (1) hospital insurance; (2) the Canada Assistance Plan; (3) the continuing portion of the national health grants program.

They proposed that in 1967 they would begin a new form of compensation. Under this proposal, Saskatchewan's share of individual income tax points would increase from 28 to 45. These points would, of course, be equalized to the national average. In addition, there would be an adjustment made each year. By this adjustment, the Federal Government would, where necessary, until 1970, make a payment, so that total compensation would be equal to the federal share of the actual cost of each of these three programs. After 1970 the adjustment will not be tied to the cost of these programs. Instead, the increase in this adjustment will be equal to 1 1/2 times the growth rate of personal income in Canada.

Saskatchewan naturally took exception to these proposals, and, I may say, most vigorously. We believe that the federal proposal would leave the province in a situation where rising costs during an economic recession could jeopardize any one of these programs. We asked that the proposed 'opting-out' formula should contain a guaranteed minimum growth rate. Or as an alternative we suggested the making of block grants to the provinces for such broad functions as health. We argued that these block grants be increased annually to compensate for increased costs in the programs each year. No province accepted the federal proposal in this regard and so temporarily, at least, the proposal is lying dormant.

At the Ottawa conference, the Federal Government announced that is proposed to terminate all per capita operating grants to:

- (1) universities,
- (2) technical and vocational institutes,
- (3) apprenticeship training programs effective March 31st, next.

The exception would be a phase-out of the present capital grants program for the construction of technical and vocational training facilities. In return for this, the Federal Government offered to the provinces an unconditional fiscal transfer comprised of four percentage points of personal income tax and one percentage point of taxable corporate income, equalized to the national average. So that is the Bill which is now before us.

This will be supplemented by special program equalization grants which would bring the total fiscal transfer up to

- (1) either \$15 per capita, or

(2) one-half of the cost of post-secondary education operating costs.

While this proposed transfer of funds is unconditional, the level of assistance in the future would be governed by the level of post-secondary education spending by the provinces. After the first year under this new proposal, the \$15 per capital operation would be escalated according to the percentage of increase in the operating costs of all post-secondary institutions in Canada. The 50 per cent option would be escalated by increased operating costs of post-secondary institutions within the province.

As for federal sharing in the capital costs of vocational high schools, technological institutes, trade schools and other such facilities, Saskatchewan would receive an allotment of \$23,000,000. This would be in addition to the present allotment of \$35,000,000. At the same time, the Federal Department of Manpower and Immigration would accept responsibility for the payment of employment-oriented training courses to adults meeting certain qualifications.

The program and the financial implications of the federal proposal are difficult to assess. They say that another conference has been called in Ottawa on the 20th and 21st of December where the various provincial treasurers will meet again with the Minister of Finance to try and finalize the details of some of these proposals.

Our Government is concerned that the proposal may distort the pattern of development of educational institutions. For example, the Federal Government's definition of "post-secondary students" could lead to an over-emphasis on technological and university training, to the detriment of trades training and secondary vocational education. In this regard our Minister of Education (Mr. Trapp) has made further representations to the Federal Government. And some time this afternoon the Minister of Education (Mr. Trapp) will speak and try to give the House some of the details of the agreement as far as education is concerned, though I must emphasize again that some of the offers are still ambiguous and are still not quite clear as to the exact financial implications, nor is the Federal Government for that matter.

If the definition is not broadened, Saskatchewan people, in one way or another, would have to finance 100 per cent of the operating costs of all trades training at technical institutes, with a few exceptions. In addition, the province and local governments will have to finance 100 per cent of the operating costs of secondary vocational training and after the phase-out of capital assistance, 100 per cent of construction and equipment costs.

Now, a number of definitions remain to be clarified. For example, the Federal Government has not yet clearly indicated precisely what it means by "operating costs" or what it means by "training costs of adults". Nevertheless, it appears that while we gained some assistance on the basis of university needs, this advantage could be off-set by the loss of federal assistance for vocational, technical and apprenticeship training. As far as operating costs are concerned, the federal proposal offers little gain.

In other words, when the smoke had cleared away from the conference it appeared to us that with the one hand the Federal Government offered us more assistance for universities, but with the other hand it took away much of the assistance which it is today giving technical schools. And so when you put the two together we think we are a little further ahead but not much.

On the whole we are extremely disappointed with the new federal-provincial tax proposals. In the face of mounting costs of provincial programs, we had hoped for additional assistance. Instead Saskatchewan was the only province in all Canada to receive less assistance. As a result we will be faced with an extremely difficult task, to finance provincial programs and services in the five-year period ahead.

We recognize at the same time that the Federal Government is faced with its own financial responsibilities. We must hope here in this province that industrial and mining activity will continue to expand. The Minister of Mineral Resources (Mr. Cameron) mentioned here this morning the way it was expanding, thus widening the province's tax base. We must also hope that some changes can be made in Saskatchewan's favour, when we have an opportunity to review the agreement within the next two years.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. W.S. Lloyd:** — Before the Premier takes his seat would he answer one question?

**Mr. Thatcher:** — If I can.

**Mr. Lloyd:** — How much of the loss in equalization grants do you calculate to be due to the change in formula?

**Mr. Thatcher:** — I was going to give these details in committee. If the Leader of the Opposition (Mr. Lloyd) wouldn't mind I would prefer to get down to specific figures. I will give him that information in committee if it's alright.

**Mr. A.E. Blakeney (Regina West):** — Mr. Speaker, I would like to add a few comments to those of the Premier on this subject of The Income Tax Bill and the larger subject of federal-provincial fiscal relations. Like the Premier I was extremely disappointed with the results of the forays of the Saskatchewan representatives to Ottawa. I believe that I am able to answer in a rough way the question which was just posed by the Leader of the Opposition (Mr. Lloyd). If my calculations are right the reason for our loss of equalization is, as to 100 per cent, by reason of a change in formula and, as to absolutely zero, because of any increase in prosperity in Saskatchewan. The entire reason, 100 per cent of the reason, is because of the change of rules. And if the rules had not been changed, we would not be getting no equalization payments as under the present formula but in fact we would be getting more than the \$34,000,000 we are talking about.

If the rules had not been changed by the Government at Ottawa, we would not have lost a penny; we would have picked up money. So the reason for our loss is not because of any change

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in our circumstances in Saskatchewan but of the ineffectiveness of the Premier as a bargainer. We sent him down to Ottawa and he came back empty-handed. The Salesman of the Year has failed.

I want to dwell a little bit on the background of this. As we all know this was one of a series of federal-provincial conferences. They used to be held once every five years but now seem to be more frequent than that. These conferences are symptomatic of a fundamental constitutional problem that we have in Canada. As we know by our constitution the Federal Government is given certain legislative responsibilities and the provinces are given certain taxing powers. And so long as the province's ability to raise taxes more or less equals the responsibility is which they wish to carry out, things went along reasonably well. But when the increase in demand for government services occurred after the war and since 1945 it has continued. And when the provincial financial resources were unable to meet these increased demands, we had a constitutional problem. The system broke down and it broke down because the areas in which the increase in demands for services occurred were provincial areas; education, health, welfare, highways. But the areas where it was easy to raise money were federal areas; income tax, corporation tax, estate tax. Now these are not exclusively federal areas by the constitution but they were pre-empted by the Federal Government during wartime; and at any rate for purely technical reasons it makes sense to raise this money by federal taxes. Provincial taxes in this field produce the tax jungle, if I may use a cliché which well describes a system of variable income taxes, corporation taxes and estate taxes across Canada.

Since 1945 we have been grappling with this problem. There are at least three theoretical solutions. We could turn over provincial legislative responsibility to the Federal Government and this we have done a bit of. Old age pensions have gone to the Federal Government exclusively. Unemployment insurance has gone to the Federal Government exclusively. These used to be provincial concerns. But this tendency which makes sense to some of us has been strongly resisted by some of the provinces, notably the province of Quebec.

Now, there is another theoretical solution. We could have the Federal Government raise the money and parcel out the money to the provincial governments on perhaps a grant system of some kind. We can do this by tax sharing or we can do this by shared cost programs. And we have been doing lots of this since 1945. The tax-sharing arrangements which have continued since 1945 are an example of this. And so are such cost-sharing arrangements as the National Hospital Plan, the Canada Assistance Plan, the Trans-Canada Highways, federal university grants, national health grants, you name it. But again these are being resisted by a good number of provinces, this whole tendency of the Federal Government raising the money and paying it out for what are provincial purposes according to the Constitution.

There is yet another theoretical solution and that is for the Federal Government to back off taxing powers, allow the provinces to tax, and tell them to go and tax and spend as they like. Now, this is what we are seeing in the last few years.

This is what the tax abatement adds up to and this is what the Bill which is before us adds up to, a further four points of tax abatement for income tax and one per cent of corporate income tax abatement.

Now, this problem is not a simple one to solve. If we could agree to be Canadians instead of being from Saskatchewan or from Quebec or as the case may be, then we could solve this problem by having our Federal Government do things for us which we now ask our provincial governments to do. But provincial loyalties are seemingly too strong for this. On the other hand we could continue with the Federal Government raising money and the provincial governments spending the money. This one is criticized because it is said to be undesirable for one government to raise the money and another government to spend it. And I think there is some force in that argument. As you will find out, if you can bear with me and I can forgive you if you can't, as you will find out I well believe that this is the most acceptable solution to the problem.

But there is a third possible solution and that is the one of giving the provinces taxing powers now exercised by the Federal Government. By this device of having the Federal Government back off and the provincial government move in, I say that we gravely weaken the Federal Government and we may make it impossible for it to do the things which we as Canadians have every right to expect our Federal Government to do and that is to assure some measure of equal regional development in Canada, to provide some equality of opportunity for all Canadians and to regulate the economy to the extent necessary to provide prosperity and full employment.

Now, the stand of Saskatchewan in my view should be stated clearly and here I think there is no real difference between ourselves and Members opposite. We must stand for a strong Federal Government. We cannot willingly see Canada fiscally dismembered. We must stand and stand firmly for the right of every Canadian to share the fruits of the natural resources and the human ingenuity which we have in our country and we must insist on a Federal Government which is strong enough to make these bold declarations of principle mean something. We must insist on a government which is strong enough to ensure prosperity for Canada as a whole, insofar as we can do this in Canada, and strong enough to underwrite a fair chance in life for every Canadian.

Now, in today's context this means that in general terms we must oppose this tendency of the federal government backing out of tax fields and the provincial government taking them over. We must advocate the federal government retaining its taxing powers and distributing the tax yield from these taxes on an equal basis across Canada.

Mr. Speaker, I've done no more now than outline the background of the present problem and set out the views and objectives which I and my colleagues have expressed on many previous occasions and which by and large I think Members opposite agree with.

How far do the proposals put forward by the Federal Government in the last few weeks achieve these objectives? Let's look first at the income, corporation and estate taxes. For the sake of brevity I will call these standard taxes. This is a sort of

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a shorthand for saying income, corporation and estate taxes applied nationally at national standard rates. Our position on these taxes is well known. We say that to a very large extent personal incomes, corporation profits, and large estates are accumulated in those provinces where there are large industries, industries like the auto industry, or the electrical industry, or the rubber goods industry. And where are these industries? Largely in Quebec, Ontario and to a less extent in British Columbia. And why? Because we as Canadians have decided that we are going to have industry in Canada. We have erected tariffs and the industries have located there. Without tariffs many of these industries would disappear. But all Canadians pay these tariffs and it is our submission that all Canadians should share in the taxes which are created by the personal incomes, corporate profits, and estates generated by those incomes. Simply put, standard taxes in our view should be equalized to the per capita level of the highest province.

Now, over the years this principle has come to be accepted more or less. During the past few years the standard taxes we distributed among provinces so that no province received less per capita than the average of the highest two provinces. The Premier has just told us that. Canadians have every right to expect that full equal treatment was the next step but what does the new formula do? It does not equalize these standard taxes to the highest province. It does not equalize them even to the highest two provinces. It equalized them only to the Canadian average.

Canadians in provinces where the standard tax yields more than the national average are first class citizens entitled to a high level of services. Canadian citizens in other provinces where the yield for these is less than the Canadian average are second class citizens, who should be satisfied with a lower level of roads or schools, so say the Government at Ottawa.

Now, I said the we had every reason to believe that the next logical step was equalizing to the top province. But there was one thing that perhaps should have put us on our guard. There was one thing which should have suggested to us that we were not going to get equal treatment and that thing was this, that the Liberal Government promised it. Perhaps we should have known right then that we were in trouble. During the 1963 election campaign, it was promised verbally by the Prime Minister, it was printed in their election brochures, you will find it in Mr. Pickersgill's books. As the Federal Government in their election pamphlet said, "A new Liberal government will make equalization payments which will bring the other provinces up to the level of the richest in revenue per head from shared taxes". Pretty clear. Now it may well be that the old Liberal Minister of Finance actually meant that. We may well have got it from Gordon but we were skewered by Sharp. We, Mr. Speaker, have been the victims of 'Sharp' practice. We are the victims of another broken Liberal promise and this 'Sharp' practice is going to cost the citizens of Saskatchewan and of Manitoba and of some of the other provinces millions of dollars over the years. The people that will benefit will be people like those who live in Mr. Sharp's constituency of Eglinton.

I now turn, Mr. Speaker, to the new element that has been introduced into the sharing formula, the so-called prosperity index. This is an effort to list all the taxes which provincial



governments raise and to try to calculate the national yield from these taxes and, if any province gets less than the national yield, to average to the Canadian average.

As a general principle, I have no unalterable object to considering all sources of revenue when trying to estimate fiscal capacity. But I may say that there are some pretty fair arguments for not doing that. Income is still the fairest way to assess the ability of people to pay taxes. I don't really see why, as a matter of principle, we in Saskatchewan should be considered richer because we have to spend more money on gasoline to get around this vast province of ours. But there is the effect of the new index. We have to spend more money on gasoline, more money on cars; this produces more gas tax. The conclusion which is drawn from that is that Saskatchewan is somehow richer.

Furthermore, another really basic argument against this index is that it has taken provincial taxes as they are, not as provinces would like to be, but as they are. Provinces don't tax what they like to tax. They tax what can be caught. They tax what stands still to be taxed and there is no reason necessarily to believe that the taxes which are presently levied by the provinces are as fair as they might be. If, as it now appears, we are in effect going to levy these taxes nationally then there are some better ways to do it. Let me illustrate. We now tax clothing in this province but not air travel. Why don't we tax air travel? Not because we don't think air travel is just as appropriate a thing to tax as clothing; it's just that it's difficult to tax it on a provincial basis. We now tax gasoline but not rail travel. Again hard to tax rail travel on a provincial basis.

**Mr. Thatcher:** — Would the hon. Member say that it would be unconstitutional on either of those?

**Mr. Blakeney:** — Yes, oh yes, I'm sorry. I'm not making myself thoroughly clear here. We tax paper but not telephone services. Now, what I would like to see — and I would like to see the provinces advocate this — is that the Federal Government levy on these types of things a tax at the relatively standard provincial rate — if it looks like four per cent is the going rate of sales taxes — pick up some of these taxes on a national basis and distribute them to the provinces. The province of Alberta had a proposal something like this. It had a sort of a turnover tax idea collected federally and distributed provincially. I am not saying their idea is a good one but I think that there are a good number of things which are not now taxed on a sales tax basis, not because we don't think it would be equitable to tax them but simply because we can't get them provincially. And if we are going to levy this tax nationally — in effect this is what this formula amounts to — then it seems to me that there is merit in asking the Federal Government to pick up some of these areas and put this money in the pot. I think it would have real merit for Saskatchewan.

I want now to deal with a couple of other objections to this index as I see it. The previous equalization was based upon income, estate and corporation taxes. Now we have consumption taxes in the equalization pot, sales taxes, we have gas

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taxes and those are the big consumption taxes, I suppose, liquor profits. Now what does this mean? Consumption taxes produce a yield which is based not only upon the income of people in a given area but on the distribution of that income. Let me put this example. Suppose you had two provinces, Province A and province B. In province A there were two men living there, only two. One had an income of \$10,000 and one had an income of \$10,000. Average income \$10,000. In province B one man had an income of \$15,000 and one man had an income of \$5,000. Average income \$10,000. On the statistics province A with the equalized income is going to have more consumer spending because when money is distributed more or less evenly you get more consumer spending and more consumer tax, more consumer tax potential. Now, you say that is a pretty fine line of argument. Well look at the consequences. Under this formula Saskatchewan does not collect any equalization payments yet in 1964 and 1965 average income in Saskatchewan was below the Canadian average. Now I realize this is partly due to resource revenues but it is partly due to income distribution. What sort of a formula is it where we are below the Canadian average income comes for our citizens but we are above the Canadian average in provincial fiscal capacity? Well, you can look at the figures and you can see the reason. We are above it partly because of resource revenue but partly because we spend a lot of money on things which produce sales taxes and particularly gasoline taxes on motor vehicles. I figure that our excess spending, if I may put it that way, over the Canadian average in motor vehicles costs us \$10,000,000 on this equalization formula. Now I am not sure if this is a really fair index and I say that it seems to me that this index — and I will come to the reasons for it a little later — is loaded against the provinces where income is distributed more or less evenly. And if this is the result, then I suggest it's a perverse result. Anyone who wants to pursue this idea simply can pick up the figures of average income for Quebec and Saskatchewan and they are very close. Look what the average spending per capita is and it is very much higher in Saskatchewan, spending on taxable goods. You can figure out your own reasons for that but that's what the figures show.

Now the other area that I want to comment on is the treatment of resource revenue. I don't want to say much upon this because it may well be that one of my colleagues will have a few words to add. But it appears that this index is loaded against provinces which try to get the maximum amount of revenue out of their resources. It looks to me that it will encourage a give away of resources. Not, I may say, that the Government opposite needs much encouragement, but at least that is the result of it. It appears that if resources are disposed of, produce of minimum of royalty yield, but a maximum of some other type of benefits than that province is bonused. The province which goes out after high royalties suffers from this formula. Of course all sorts of possibilities occur to one, that we ought to say to the potash companies, "You don't have to pay any royalties provided you build a road and a school and a hospital, and there is just not going to be any royalties until you have built them". This has some interesting possibilities and so indeed has the handling of bonus bids. It looks to me like our oil revenue is costing us, under this formula, at a rough guess \$25,000,000 a year, and that's a lot of money that we lose in equalization. It looks to me that this could be vastly decreased, the loss could be decreased, if we went on a net royalty basis rather

than a straight bonus bid basis. I confess that I haven't checked out the figures but it certainly looks to me that there is a real potential there.

The other area that I want to comment on, on the index as such, is the fact that it doesn't take into account municipal revenues at all. You will know that there is no real difference between municipal revenues and provincial revenues. It is a pure matter of convenience or history. The land tax is a provincial tax in New Brunswick. The sales tax is a municipal tax in Quebec. So there is no necessary difference between municipal taxes and provincial taxes but municipal taxes are not included; and if they were included in the formula, on my figures Saskatchewan would get some equalization. It wouldn't be much but it would be three or four million dollars a year. But they have been excluded, and under the formula Saskatchewan gets nothing.

The other major area of complaint about the index is the fact that it is purely measured income and not out-go. It considers only the ability of a province to raise money and not the need of a province to spend money. Now Saskatchewan has a good level of income, has had for some years, but we have high expenses. It costs us more because our people are dispersed over a wide geographical area. It costs us more money to provide education and health, it costs us a good deal of money to provide for highways and roads. And I feel that an index of fiscal capacity ought to make some attempt to measure not only fiscal income but needed fiscal out-go, and that the index doesn't do.

I suggest, therefore, that there are pretty grievous short-comings in this index. I would hope that when our officials and our elected representatives go next to Ottawa that they would press for refinements of this index which will make it fairer to Saskatchewan. I think that we have been, as I said earlier, skewered by the Federal Government by Mr. Sharp and I feel that the Premier (Mr. Thatcher) ought to try his gifts of salesmanship in that department. He didn't do very well the first time but we could hope for better things the next time. Really we are only saved from a real disaster by the transitional payments which the Premier (Mr. Thatcher) has mentioned.

I want now to say a few words about the educational formula. All I can say is that it seems to me a very, very difficult formula, and I think it doesn't get any simpler when you try to find out the definitions. I will, therefore, make a few comments which are more general in scope and I think that one of my colleagues will be adding a few more direct comments. The old formula provided — again I will use round figures — \$5.00 per citizen of Saskatchewan for university training, 50-50 sharing for technical training and 75-25 sharing for technical capital costs. The new formula provided that people who are out into the labor force will be retrained at the federal expense exclusively, that we will pick up 50 per cent of the cost of operating universities and post-secondary educational institutions, and as far secondary education this will be entirely our responsibility.

I think a look at the proceedings at that conference makes it very, very clear that we in Saskatchewan have been doing very, very little in the field of technical education. The amount of money . . .

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**Mr. Thatcher:** — You had twenty years . . .

**Mr. Blakeney:** — We had most of it with Liberal governments in Ottawa who offered nothing. We did more certainly in the last two years of the CCF administration than the Liberals did in the first two years of their administration, or in the last three years. You are trying hard to catch up. The Premier is advising us that the delay in the building of the technical school at North Battleford is a frantic effort to catch up.

**Mr. Thatcher:** — Weyburn . . .

**Mr. Blakeney:** — Weyburn, this is their approach to technical education. Taking an old building, when you can get 75 per cent of the cost of a new building from the Federal Government, you are using an old building which will be technically much less efficient and will offer the young people of Saskatchewan a much lesser opportunity to share in the fruits of technical training.

**Mr. Steuart:** — Sour grapes.

**Mr. Blakeney:** — Sour grapes, boy that is one area in which we have no regret on the sour grapes score and that is the technical education.

Well now, Mr. Speaker, I think the nature of the interruptions from the opposite side was well described by my Leader this morning, (Mr. Lloyd) and so I will make no comment on those. I will simply return, although I don't wonder that they would want to heckle and hector in the field of technical education because let's say in the two years from 192 to 1964 we got from the Federal Government \$3,500,00, and in the two years from 1964 to 1966 the Government opposite got a good deal less than half of that figure, I think about one-third.

**Mr. Thatcher:** — Nonsense.

**Mr. Blakeney:** — Oh yes, and at a time when the need was getting more critical their failure is obvious, painful and dismal.

With respect to university education I am very, very pleased to note that there will be more money for the universities. I urge the Government to see that this additional aid is not cut off by the bandits at Treasury Gulch but surely finds its way to the universities. Surely we certainly deplore what has been happening. Entrance standards have been raised and see what this does, Mr. Speaker. People who previously were able to get university education in Saskatchewan if they had a 60 per cent average can no longer get that education in Saskatchewan, they have to go to another province. This is called keeping our youth at home. And you, Mr. Speaker, and I know that one of the main reasons why the United States is a wealthier society than we are is the fact that they have trained their people of good average intelligence. It is not because their universities are any better than ours; it is that they take people not only of the highest academic bracket but people of good average intelligence and give them a proper training the university field. The

result is that perhaps 40 per cent of people in the university age group go to university in the United States. In Canada it may be 15 or 20 per cent. I would have thought that there would be real efforts to increase that figure of 15 or 20 per cent. It can be done.

**Mr. Thatcher:** — You had 20 years.

**Mr. Blakeney:** — It was done remarkably, and at no time were entrance standards raised to keep people out of the universities. Mr. Speaker, in two short years of alleged prosperity the Government opposite has seen fit to raise entrance standards because they simply cannot or will not provide the physical facilities for our universities to operate. They have similarly raised fees at a time when across Canada we would have thought the tendency was the other way. The Premier (Mr. Thatcher) has said in his public speeches time and time again that he approves this idea of rationing enrolment by the purse. He is going to raise them more; they have got to stand 20 per cent of the cost, yes, sir. Now this is what he says. Now I would hope that when this additional federal money comes into the provincial coffers he will see that some of it gets to the university so that these young people who are now being barred the benefits of university education and are having to go elsewhere to get it will share the fruits of this prosperity.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Blakeney:** — Mr. Speaker, I think my real criticism of the performance of the Premier at Ottawa is the fact that he went there out-manned and out-gunned. In days past we had the best negotiating team of federal-provincial relations in Canada. We had Mr. Al Johnson and Mr. Jim Lynn, and Mr. Tom Shoyama, Mr. Don Tansley, and Mr. Bob McLarty and Mr. Art Wakabayashi, and Mr. Roy Lloyd. We had the horses. Now these fellows are the backbone of three of the negotiating teams.

**Hon. Mr. Stuart:** — Who do you . . .

**Mr. Blakeney:** — Well, I don't know. If you fellows can't negotiate you shouldn't be in there; you should allow someone in there who can negotiate. We never went to Ottawa and came back that empty-handed. We went there because we had the horses and we kept the horses.

**Mr. Stuart:** — You were so poor . . .

**Mr. Blakeney:** — These men were the backbone of three of the negotiating teams. Now I think the Premier (Mr. Thatcher) knows, we all know what was going on at Ottawa. The Federal Government had to find a formula which was going to put some more money into the hands of the province of Quebec. We know that, for reasons which I don't think we need to speculate on, they felt that they had to get some money over to Quebec. And what happened? Mr. Sharp is the person who put forward the proposal, and this is the proposal. The Federal Government offered \$115,000,000 more . . .

**Mr. Stuart:** — Yes, Mr. Mitchell Sharp, a Socialist, yes, yes.

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**Mr. Blakeney:** — Quebec got \$95,000,000, Newfoundland \$20,000,000, Nova Scotia, \$20,000,000. New Brunswick \$12,000,000, Saskatchewan minus \$34,000,000. That's the negotiating performance of Members opposite. Now what was the problem? Quebec is a province which is characterized by fair average incomes but a big spread between rich and poor. They had to come up with a formula which was going to bonus that kind of income distribution and to do this Saskatchewan would get it in the neck. And what we had to do was to come up with a formula which would give Quebec a piece of money and not hit Saskatchewan so hard. And that we failed to do. We weren't able to pull it off because we were out-manned and out-gunned. We just didn't have the horses. Now this is no reflection on Mr. Wakabayashi or Mr. Lloyd. What we needed was more stars on our team and fewer stars on theirs. If we don't win a ball game it doesn't say that our quarterback is no good, it doesn't say that our centre is no good, it may be that we don't have five or six people who are good. That is what happened to us.

**Mr. Nollet (Cutknife):** — Fire the coach.

**Mr. Blakeney:** — HEAR, HEAR!! This little exodus of public servants which the Premier bragged about just cost Saskatchewan people a good number of millions of dollars and that gets pretty expensive spite, even by Mr. Thatcher's standards.

Now, Mr. Speaker, what can we say about this whole matter? I think that we can say that it is a dismal performance by Canadian governments. The brave concept of co-operative federalism is still just a slogan. There has been no progress towards developing a national fiscal policy which recognizes that growth can come best only when all levels of government work in concert. The new equalization or averaging formula is a dangerous retreat from the concept of Canadianism which was painfully developing. Once again a national average has been set as the norm, necessarily creating second class citizens. Regional disparity continues and with them will regional discontent continue and that is the Achilles heel of Canada. Indeed the federal approach of go and raise your own taxes is an abdication of national leadership. Now this completely characterizes the Pearson regime. They have no concept of Canada, they have bargained and bartered away federal power with nothing in view except to get by another crisis. They operate on the premise that to keep Canada together in any form for a day, or a week, or a month, is some kind of a victory, and when you come to think of it I suppose they are right. With the present Government in Ottawa keeping Canada together for a week is not only a victory it is a miracle. The Federal Government has talked about retaining federal powers so that it can perform the proper responsibilities, the responsibilities which I mentioned earlier, guaranteeing national prosperity and full employment, and guaranteeing to every Canadian a fair share of that prosperity, but even while it talked every move it made reduced its power to do these things. It would not take a stand, seemingly it could not take a stand and I am convinced the only reason the Pearson government ever takes a stand on anything is because it can't make up its mind where to fall. We have seen a retreat from the concepts of Canadianism, a retreat deplored by the Government opposite — I know that — but about which it was able to do nothing.

**Mr. Nollet:** — You agree to that, Ross?

**Mr. Blakeney:** — It has largely disarmed itself before it started. It relied heavily on the weapon of press release and that was not enough and so Saskatchewan lost out. It was dealing with a government at Ottawa which regards everything as negotiable and in order to get by, that government surrendered yet another piece of the fabric of a strong Canada. It surrendered to narrow regional interests and Canada lost out. A dismal story. All we can do at this time is surrender to the inevitable for the term of this agreement and trust that an opportunity in the future will occur so that we can stand for Canada, and that day will come. It will come when Liberal governments at Ottawa and at Regina are removed from the trust which they have betrayed.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Blakeney:** — For the sake of Canada I hope and believe that that day will not be long delayed.

**Some Hon. Members:** — HEAR, HEAR!!

**Hon. G.J. Trapp (Minister of Education):** — Mr. Speaker, and hon. Members I would like to correct a statement or an impression left by the hon. member for Regina West (Mr. Blakeney). The decision to raise university entrance requirements was made by the university and it was made and decided — and he knows it — during his term of office as a part of the Government. Let's not try to shelve it on somebody else. I know because I was around at that time in education; this decision was made during your term of office.

Mr. Speaker, in his statement the Premier (Mr. Thatcher) has given in broad outline the changes proposed by the Government of Canada in regard to federal support for higher educational and adult training. As he has indicated, the fiscal implications of these changes cannot yet be fully evaluated. However, in general it does not appear that this province will gain materially in an over-all financial sense from the new proposals. This will ultimately depend on final decisions on points which are still under discussion with federal authorities.

In order to view the new situation in its proper perspective, I wish to draw the attention of Members to certain relevant factors which are in our present program and plans for the future. I consider it important as well to examine the basis on which the Federal Government views its role in educational development.

In common with other provinces, Saskatchewan has experienced since World War II a very sharp increase in school population. This is particularly evident at the secondary school level, where enrolment has almost doubled since 1946. High school graduates have more than doubled in this period. At the same time, and more especially in very recent years, economic growth has accelerated in the fields of natural resources development, industrialization, and in our basic industry of agriculture. However, modern technological developments in these fields have placed

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an increasing strain on the supply of well-educated and well-trained personnel. There is virtually full employment for all who have the skills required for modern conditions. But there remain what we consider serious problems among those of our people whose education and training are insufficient to equip them for the opportunities now open to them in the world of work and business. We must be concerned with those in the adult population whose skills must be upgraded or even developed in new directions; and we must make proper provisions for all young people in terms of their abilities and interests in the world of work and in terms of their capacities to function effectively in an economic and social sense, both for themselves and for the common good of the community and the province.

Recognizing the need for expanded education and training programs, we have seen rapid growth in university facilities and in the technical institutes. At the university the enrolment of full-time students has almost doubled in the past five years. In the past four years enrolments at the technical institutes were raised from 2,175 to 4,310. Just doubled. Upgrading of the unemployed persons has risen from 669 in 1965 to 1,000 in 1966, and is expected to reach 1,200 in the present academic year. Last year some 300 persons received training in programs carried out in co-operation with industry. This figure will rise to 500 in the current year. The most recent development to increase training facilities was the opening of the Weyburn Vocational Centre where courses and facilities in various trades (13 or 14 at the present time) are available to at least 250 trainees.

Quite apart from the specialized training already referred to, we have undertaken to revamp the secondary school program to provide basic preparation at the high school level, leading to matriculation, to technical institute admission and to trades and other pre-employment courses. The new comprehensive high schools came into operation this year, and some eight or ten others are in various states of planning.

The basic objective of our over-all plan is: (a) to provide secondary programs and facilities accessible to all students, and of such a type as to meet the needs of all students; (b) to develop post-secondary programs which will serve the needs of all young people in preparing them for useful and profitable careers; and (c) to design training programs for upgrading adults, both unemployed and under-employed.

The foregoing involves a massive and complicated process of planning and very large expenditures of funds both for operational and capital purposes.

Without going into details of these expenditures, it is however of importance to note that these programs are paid for from local, provincial and federal funds. Under the old agreements, support was based on the principle of cost-sharing. The effect of this was, to a large extent, that the province and the school boards were strongly influenced by the incentives provided by the agreements. In the new proposals, the principle of cost-sharing as such is replaced by a more flexible arrangement under which funds are available to the province for application to education as it sees fit in regard to program. The Federal Government has made it clear that its essential concern is with post-secondary and adult training programs, leaving



primary and secondary education clearly in the control of the province, to be developed by the province without the pressures inherent in incentive grants, such as those which were built-in features of the old agreement.

I wish to turn now to some specific areas of the new federal proposals, capital construction grants. Under the present agreement, which expires on March 31st, 1967, the province has a quota of \$35,000,00 of federal funds available on a 75-25 per cent sharing basis for the construction of provincial technical institutes, trade schools, and the technical-vocational components of comprehensive high schools. This provision will not be renewed in the new agreement, although the present quota will remain available to the province until it has been used. In addition, \$23,000,000 of additional moneys will be allocated to the province on a 50-50 sharing basis for the same purposes. We estimate that, taking account of capital expenditures made to date together with projects which will be under way in the next fiscal year, the original quota of \$35,000,000 will be fully approved or spent by March 31st, 1968. The additional allotment of \$23,000,000 to be shared on a 50-50 basis may take care of building requirements for a period of four or five years after 1968, following which the province and local authorities will be responsible for 100 per cent of the cost of capital construction. We feel considerable concern over this prospect, for it is unlikely that all major building requirements will be met by 1973.

Turning to post-secondary education, the new federal plan will provide 50 per cent reimbursement of operating costs incurred in post-secondary education. This will certainly apply to technology programs in the institutes, to the university and junior colleges and other post-secondary programs which may be developed. The impact of this proposal is dependent on the precise definition given to post-secondary education. We have taken the position that, for purposes of definition, post-secondary should include all programs in any educational institution for which junior matriculation or its equivalent is the normal admission requirement. If our representations on this point are successful, federal support well in excess of \$1,000,000 would be available to provide additional support for post-secondary education. The 50 per cent support formula provides a built-in means of meeting escalation of costs at the post-secondary level. The province may, however, elect to accept a simple flat grant of \$15 per capita of the population. The per capita grant will increase as costs of post-secondary education rise in Canada as a whole.

On the basis of present costs estimates and present definitions, both formulas appear to yield the province approximately the same net return of federal support, namely some \$14,475,000. However, the decision on the option to be selected will depend on the nature and extent of future plans and on a definitive statement of what is post-secondary education, what will be included in operating costs, and what is an 'adult' under the proposed federal manpower training program. At the moment it would appear that, if our plans were to exceed the national average in terms of development, the greater advantage would lie in the 50 per cent sharing formula.

Turning to adult training, the third feature of the new federal proposals and the one which is to us least satisfactory

is that related to adult training. Heretofore, the province has been able to recover 50 per cent of training costs of programs for persons in trade or other pre-employment courses which did not require matriculation standing. This is no longer to be the case. The Manpower Department defines an adult, for the payment of 100 per cent of training costs by the Federal Government, as a person who is in the labor force and/or who is at least one year beyond the legal school leaving age (in Saskatchewan that would be 17 years) and has been out of schools for at least twelve months. The implications of this are that students leaving the regular school system before completing junior matriculation are not eligible for training allowances and the training programs do not qualify for federal support. Hence, in effect, the province must assume full responsibility for a very large part of the training costs of trainees who enter the trades courses which require only Grade X standing. This involves a group of young people who bulk rather large in the training programs, and we take a very serious view of this provision. Again we have made strong representations, urging the need for recognition of trade training for federal support.

It should be noted that, for those eligible for support under the Manpower Department program, the Federal Department will assume 100 per cent of the cost of training and allowances. The training will be provided by the province on the basis of 100 per cent recovery of cost. To be eligible for training allowances, which are generous, an individual must have the economic status of an adult or must have been in the labor force for at least three years. This three year condition may be waived for persons with dependants. We feel this is too restrictive and that it will tend to discourage young people from entering the very large and important field of the trades. For this reason we are pressing for modification of this provision.

On balance, and on the basis of such definitive statements of policy which have been made concerning federal support, it is our view that the new federal proposals for education provide a combination of pluses and minuses which place us in approximately the same net position on operating costs as we are under the present cost-sharing agreements.

Support for post-secondary education will be increased in respect to operating costs, more particularly because universities and colleges will come within the formula. Also, the Federal Government will assume full responsibility for training of persons who qualify as adults under its own definition.

On the other hand, the Federal Government is withdrawing from the field of secondary education, leaving full fiscal responsibilities to local and provincial authorities. Likewise students entering pre-employment courses in the technical institutes directly from high school will no longer be covered in any way by federal support. Our calculations of operating costs on the basis of data presently variable and on proposed definitions of post-secondary education, operating costs, and adult, lead us clearly to the conclusion that we will be little, if any, better off than under the former agreement. However, we have made the strongest possible representations to federal authorities in the hope of more variable applications of the definitions to which I have referred. These are now under consideration and there will be further consultations between federal officials and my department in the very near future.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. M.P. Pederson (Arm River):** — Mr. Speaker, I have listened with a good deal of interest this afternoon to explanations and criticisms that have been voiced in this House of the so-called federal-provincial formula as it applies in the Bill that is before this House. I have also been amused by the occasional trip to the vineyard looking for sour grapes. I hope that throughout the entire debate there will be some thought given to the future when these matters are discussed and when the governments must engage in negotiations once again for the future revenue sources for our province.

Now, it's fairly obvious that the technical reason for the special session is merely a simple amendment to The Income Tax Act, but I feel that the real question before this House and the question which will undoubtedly continue to be before this House for some considerable time is the raising of revenue in Saskatchewan under the new federal-provincial proposals. It is, indeed, as other hon. Members have said, a very vital subject. It was mentioned by the member from Regina West (Mr. Blakeney) that Canada faces many crises. Our national experiment, like many another, is beset by hazards and many problematical difficulties. And surely among these must be prominently noted the question of Canadian federalism, the delicate and critical relationships between the Federal Government and the Provinces. And this matter involved not only the allocation of revenues and the coordination of fiscal efforts, it provides an examination of the theoretical bases of these relationships. Indeed, in my opinion, Mr. Speaker, it is difficult to suitably evaluate the merit of these financial proposals without entertaining some basic notions as to the fundamental nature of what has been described as our confederation. Couple that problem, the problem of defining in your own mind what confederation means, with the problem of the complexity of the proposals that were made earlier in the year by the Government in Ottawa. I believe, Mr. Speaker, that the Premier and just a moment ago, the hon. Minister of Education (Mr. Trapp) have done a very laudable job in explaining as best they can the situation resulting from the new federal proposals made at the October federal-provincial conference. While we are not here being asked to approve or disapprove specifically acceptance or rejections of such proposals, their very existence, in fact, necessitates a good deal of long-range thinking on the part of all of us. And any such long-range thinking is difficult enough at best considering the complexity of the subject matter with which we deal. It is far more difficult to do any real long-range intelligent thinking without any facts at all other than what one might get in the odd newspaper article. I am accordingly indebted to the Premier, Mr. Speaker, for in response to a letter from me he was good enough to make available to me as much general information as he could concerning the new federal-provincial proposals. I don't mind readily admitting that without such information I would have been even more concerned about the vacuum in which this debate is being conducted. This is a real concern to me because I believe, Mr. Speaker, that many Members in this House are taking part, by their presence, in this debate without any real concept of what is involved and what is going on simply because of the tremendous lack of information that has been made available to individual Members.

To begin with, we can and we should all take some degree of pride in the economic strides taken by our province that have brought us into a 'have' position and I say that in all sincerity. The progress of our province has, by the figures at any rate, placed us in this 'have' position. It's perfectly obvious that in spite of that, if we are forced to accept a literal application of being a 'have' province at this time, we would lose, as it were at one stroke of the pen, something like \$33,000,000 of revenue in the coming year. The whole tax and revenue-producing structure in this province would be placed in great jeopardy if that were to be allowed to take place. I think that in this particular regard we must all agree that the Premier and the provincial delegation as a whole that attended the conference last fall are to be commended for working out the arrangements that they did, namely a gradual reduction of the \$33,000,000 at approximately, as I understand it, \$7,000,000 per year over the next five years.

Now, it would be nice indeed, in fact, it would perhaps give us quite a glow of pride if we could say that being a 'have' province we don't need any further revenue-adjustment payments from the federal treasuries and that these revenues could then be used in provinces that are less well off than ourselves. And admirable though this may be under the circumstances at the present time, of course, it is completely impractical. I don't think that even having the Grey Cup in Saskatchewan could entirely offset the difficulties that would be encountered with an immediate \$33,000,000 slice out of our provincial revenues.

Now, having said these things, Mr. Speaker, having given some considerable thought to the proposals that were outlined at the federal conference and the implications of them for Saskatchewan, and having also considered the implication of what we are being asked to do here in ratifying or agreeing to pass this Bill, I have jotted down seven different questions and thoughts that I would like to place on the record at this time dealing with this matter. I have very little information, as I said, available on the forecast for the future of what these arrangements are going to be and therefore I believe that some of the questions that I would like to ask and which could be answered perhaps later on in committee or by subsequent speakers, would be germane to be debate at the moment.

The first point that I want to make is that we are all aware of the heavy tax burden already imposed on the residents of this province. Now that savings could be made in areas of government programs I have no doubt, the Premier himself has championed this idea since taking office some two or two and a half years ago., It's too early yet for any of us to really know how successful or otherwise he has been, but a saving in money alone on existing programs is, in my opinion, no answer to both a reduction in revenue and the fact that much more has to be done in the province than is now being done in many areas. Relief from the property taxes for the financing of education is but one area to which greater and greater attention must be paid. I can only guess that, even if the economy in Saskatchewan should remain buoyant and continue to produce ever-increasing revenues at the same rate as in now being experienced, there will not be sufficient funds realized from existing taxes at the existing rate to make up for the loss of revenue from federal equalization payments. The great question then that I would like to hear answered, Mr. Speaker, and that must be in the minds of all of

us is: What does the Government intend to do by way of replacing from provincial sources revenue lost from the cutting back of equalization payments?

A second point. A serious question that remains wide open in my mind is the possibility at any time of a crop failure in this province. The Premier himself, I noted, in speaking to the conference last fall made it clear that Saskatchewan's economy was precariously poised on a series of good farm crops. I hesitate, as I am sure all Members do, to try and think of what just one crop failure would do. I noted when the Premier was speaking a short while ago that he mentioned something about the Federal Government providing a type of guarantee, a type of stabilization payment based on a guarantee that provincial revenues would not drop below a certain percentage point. I could be confused on that. I am not sure if that was precisely what he implied. But the inference I had was that the level would be guaranteed as a floor. Now, this may be but I would like to know what safeguards there are beyond this in the current federal-provincial proposals against such an economic catastrophe occurring in this province. It seems to me that there must be a tremendous degree of flexibility in any formula that would pick up the very difficult situation that we would face, not in a matter of one year but in the matter of a month or two, should there be an obvious crop failure apparent in a given year.

The third point. It has been explained that the Federal Government has agreed to re-examine the federal-provincial revenue relationship at the end of two years rather than wait for the full five years projected for the new arrangement. Just what is encompassed in re-examination? Something I don't know and I would however like assurances from this Government that such proposed re-examination could take place at any time, whether two years from now or otherwise, in the event of a change in status of Saskatchewan with respect to the other provinces of Canada. The change in status might come about through crop failures or many other factors. The real question is: What if it does come about? What if suddenly we are again a have-not province instead of a have province? What machinery or mechanics are available to take into account any such change in status?

The fourth point was one that was discussed at some length by the hon. Minister (Mr. Trapp) a few moments ago, and that is the Federal Government and its assistance grants for vocational training schools. We are told that the Federal Government intends to get out of the business of capital grants. It's true that they are not getting out as quickly as they had intended to but still they are getting out of this field. This means that Saskatchewan cannot take as much long-range advantage of this program, as it might have, had this program not been disturbed. The Premier has stated that Saskatchewan has taken full advantage of this program in the last year or two. I was quite interested in the debate and the cross-fire in the House a few moments ago dealing with who had build the most and the best. All I say, Mr. Speaker, is that neither the previous Government nor the present one has taken complete advantage of the offer that was made by a federal conservative government some years back in making available a matching grant for the building or the capital costs of building vocational training schools. I have taken a look at the figures and there doesn't seem to be any question but that Saskatchewan did not take full advantage of this program in the last several years since it was instituted.

In other words, because the governments, or the previous government, the CCF administration and, to a certain extent, the present administration have not taken greater advantage of the shared-cost program in the vocational training schools, school boards have lost the opportunity to save considerable amounts of money in capital construction costs. I believe that because of this failure Saskatchewan, in my opinion, lags behind in the provision of technical training institutes. What I want to know is: Are we going to be permanently at a disadvantage because of this failure on the part of the previous Government and to a certain extent, as I say, on the part of the present Government? Or is this Government taking such steps as may be necessary to ensure that full advantage will be taken of such as remains of the vocational training school capital grants program and technical assistance programs? I noted the Minister was outlining the amounts that were still available. I would like to have some assurance that it is the intent of this Government to forge ahead full speed and take full advantage of these grants before they lapse in a certain period of time.

Another point that I would like to make in connection with this debate in general and that is that just within the past few days the Economic Council of Canada has recommended cooperation between the Federal Government and the provinces in their annual budgeting and taxing. This type of proposal would seem not only desirable but almost essential, particularly from the point of view of Saskatchewan. There was some mention made here about the number of horses we have on our team. I don't know about things like that but I do know, Mr. Speaker, that we need as much cooperation between the provinces, particularly in western Canada, as we can possibly get in our fiscal policy. Such cooperation, in my opinion, could take into account the very great fluctuations to which Saskatchewan may be subjected by reason of circumstances such as crop failures that I mentioned earlier. And I would hope that this Government would start immediately to encourage such cooperation between the other provinces and the Federal Government by approaching not only the Federal Government but other provinces as well. In other words, I would hope Saskatchewan would initiate something in this direction.

The sixth point that I would like to raise is a point that is not perhaps directly related to the Bill or the fiscal arrangements but is more of a technical nature. Because of the complexity of the subject matter of this Bill and because of my being a lone Member representing my party in this House, it has been very difficult, and the difficulty has been increasing, to properly assess matters of finance, budgeting and taxes. As a member of this House — and I assume that in any other provincial House in Canada the same would pertain, or indeed in the House of Commons — this difficulty is compounded by the lack of any type of staff of economists, or computing machines for statistical data, etc, and I strongly urge this Government to take a step that is more forward-looking than any yet taken in Canada with respect to the budgeting of these types of things that come before the House. I have in mind the possibility of a very modified form of the system that is used in congress in the United States. I would urge this Government to fully investigate the possibilities of conducting committee and other hearings on their fiscal proposals in each year prior to final adoption, in other words, to make the average Member more aware of what is in the future insofar as the financial fiscal proposals for our province are concerned. No other way really can we properly get

the views of the various segments of our economy. I don't think I do any disservice to the various individual Members of this House when I say that as individual Members it is just not possible for them to acquire the necessary knowledge and information on their own. This House in addition should have its own separate staff of experts whose services would be available to all Members, government and opposition alike, in the research etc, that would be required to properly assess the proposals that is before us this afternoon.

The final point that I want to make, Mr. Speaker, is in connection with the natural resources of our province and of the nation as a whole. The natural resource revenues of our province as those of other provinces are taken into account in the calculations of the equalization grants that are made available to us in our arrangements with the Federal Government. These natural resources are jealously guarded properties of the individual provinces and this is as it should be. I have, however, been very disturbed by a relatively new aspect of provincial jurisdiction over natural resources that has been highlighted in the last few days by announcement of an Order In Council passed by the Government of British Columbia. I am referring of course to the claim insofar as resources are concerned made by the Government of British Columbia to the continental shelf off the coast of that province. Manitoba, Ontario and Quebec are presently engaged in negotiations to divide the equally lucrative floor of the Hudson Bay. I have always maintained the position that natural resource wealth recovered from coastal waters are rightfully the property of Canadians as a whole. My concern stems from the fact, Mr. Speaker, that Saskatchewan having no access, as is the case of Alberta, to coastal waters, we could be deprived of our share of what I believe to be revenue belonging to Canadians as a whole. I would urge most strongly the Government to make the strongest representation possible to the Federal Government to provide within fiscal formulas some method of balancing the inequalities that will arise should the Federal Government accept the proposal that natural resource wealth from the continental shelf do indeed belong to the bordering province.

I have mentioned, two or three times, in my remarks, Mr. Speaker, the difficulties that are faced by individual Members in assessing what is being proposed here today. I would hope that the few points that I have made could be borne in mind so that Members would have a greater comprehension of what they are being asked to do so that arrangements, that in effect are going to affect the life of this province, the people of this province for several years to come, are not being asked to be passed on in a matter of a few hours in a one-day sitting. This I believe is one of the weaknesses of our system and one of the great criticisms that I make that are perhaps not necessarily germane to the debate this afternoon. However, Mr. Speaker, I realize the necessity for having this Bill passed and with those few comments I propose to go along with Government on this Bill.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. W.S. Lloyd:** — Mr. Speaker, one fact which has emerged with great clarity as a result of recent events is, I suggest, this that, if we could settle our problems with Ottawa, not at the field of

provincial conferences but on the football field, Saskatchewan would be a lot better off. Unfortunately that is an avenue that isn't open to us and so we have to have federal-provincial conferences and decisions.

**An Hon. Member:** — We have a better team in football.

**Mr. Lloyd:** — When the Premier was introducing the topic this afternoon he remarked quite correctly that in fact there is little area of discretion at this point so far as either the Government is concerned or so far as the Legislature is concerned. While that is correct, it is still worthwhile for us to spend some time, I think in discussing the results of the decisions which we have to take, in which we have to agree, in order that perhaps we may be warned and strengthened in respect to future discussions to some extent.

I want this afternoon to turn most of my remarks to the problems with regard to the proposals on education. I do so not just from the point of view that these create, as has been mentioned by the Premier and the Minister of Education (Mr. Trapp) some difficulties for Saskatchewan but also because, and more important I think they indicate that the Federal Government has not realized the full potential of education as an instrument for Canadian development. Before I do that I want to say a word of 'Thank You' to my colleague the member for Regina West (Mr. Blakeney) for having answered the question which I put to the Premier and which he said he would answer later. That question, the House will recall, Mr. Speaker, was to what extent the loss in our equalization grants was due to the change in the formula. The member from Regina West (Mr. Blakeney) showed I think correctly, that all of the difference is due to the change in the formula. As a matter of fact, Mr. Speaker, I suggest that if the present formula had been continued into next year's calculations, then our equalization grants next year would have been some \$40,000,000, in other words, \$6,000,000 or \$7,000,000 more than they will be this year. The same province, the same Canada, but the equalization formula now in effect would have yielded us some \$6,000,000 or \$7,000,000 had it been allowed to operate next year. Instead of that we get less so that the total change is due not, as is suggested by some people, and as my colleague, the leader of the Conservative party (Mr. Pederson) suggested a minute ago, to some miraculously great improvements in Saskatchewan as compared to the rest of Canada; it is due to the fact that the Federal Government has changed the rules and to that alone. This suggests to me, Mr. Speaker, that if the Premier and those who argued with him had spent more time, more thought, more effort, in developing and justifying a better formula and had spent less time and less energy in boasting about alleged achievements in the province of Saskatchewan, Saskatchewan probably would have been better off.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Lloyd:** — As I indicated, Mr. Speaker, I want to take a little bit of time to consider some of the problems which I think this arrangement means for Canada because of the treatment of financing education in Canada. I share fully the Government's



apprehension and its concern regarding these proposals for federal sharing of education expenditures. In my opinion they lack appreciation of the essential contribution of education to increase productivity, to reducing regional disparity and in promoting true national unity. I won't labor with a great number of statistics which are available to us to show the effect which increased education for more people, more skills for more people, if you will, can have on production. But this has been well documented by a number of studies, many of them in the United States. One of these studies suggest that over the period from 1929-1952 some 23 per cent of the aggregate increased output in that country was due to better education. The same study suggested that 42 per cent of the increase in output per employed person was due to the fact that more people had better skills. Another study in the United States puts the figure not at 23 but at 20 per cent. In President Kennedy's message to Congress in 1963 he attributed that in fact 40 per cent of the rising productivity in that country had been due to education. Since the Canadian economy is in a sense less mature than that of the United States then it seems to me that Canada could expect to experience even higher returns with the application of a comparable investment in the education of Canadian people. These are references to studies and comments made in the United States.

We are not lacking in such studies in the Dominion of Canada. The Gordon Commission, for example, if the Premier will pardon the expression, Mr. Speaker, came forth with the same kind of comment. So did Dr. Deutsch, the present chairman of the Economic Council, before he became chairman of that Council. He indicated that our skills were years behind the United States, that the answer to this was better education, better technological training and more extensive research. Let me quote one other example before I leave this aspect of it. It is from the Economic Council of Canada's first annual review in June, 1964, when they said this:

During the post war period it has become increasingly apparent that the future prosperity of a nation will depend in large measure on its success in creating and maintaining an adequate supply of professional, technical, managerial and other highly skilled manpower . . . A growing body of economic analysis indicates that education, research and the advance of knowledge relevant to production contributed at least as much as increases in the physical supply of labor and capital to the spectacular growth which occurred in leading industrial countries in this century.

I am sure that no more argument is necessary on that point. My regret is not that this kind of just argument but his kind of fact resulting from good research seems to have been ignored by the Federal Government in making this particular proposal. I would not like to suggest, Mr. Speaker, that all of the productivity gains which result from education are simply commercial productivity because there are other fields to which education does contribute and which are important to the goals which Canadians hope to achieve that will be interfered with if these institutions are not adequately financed. I was pleased to hear either the Premier or the Minister of Education (Mr. Trapp) — I have forgotten which — indicate that one of the dangers of the pattern proposed was that there might be some distortion in

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education effort, that we might be inspired and persuaded because of money available to put into technical education and professional education a disproportionate amount as compared with what we could put into other fields. These are important, I think, very important considerations.

Now, poised as we are at the beginning of our second one hundred years of Canadian history, this seems to me to be regrettable. To increase in aggregate and on a per capita basis Canadian productivity, to improve our competitive position among the trading nations of the world, to circumvent threats of future inflation, to improve living standards and living satisfaction for Canadians, to advance Canadian unity, I suggest that all of this requires and justifies a more substantial and comprehensive Canadian investment in education than the present proposal provides.

I want to look a little more closely at these Federal proposals as they have been explained to us, Mr. Speaker. They have a series of defects as I see them. They lack appreciation, as I have just been arguing, of the productivity-improving potential of more education for more people. They lack appreciation of the probable impact and the undoubted pressure of these proposals to increase the more regressive kinds of taxation which are available to the provinces and to the local governments, particularly property taxes. They put a pressure not only on distorting education, but they put a pressure also on distorting or influencing away from the most progressive form of taxation to be used in the three levels of government. These proposals fail to see the value of expenditures on education as a preventative for long-run inflation. These proposals lack appreciation of some of the important factors which promote real national unity. I suggest that one of the goals which Canadians do unanimously hope to achieve is this matter of national unity. I think the Federal Government missed an opportunity in not doing better than it did. This unity has to do with comparable regional opportunities for education. Unity in Canada has to do with the removal of differences between regions. Unity has to do with comparable standards in regions and these proposals do not add to those kinds of developments.

Moreover, I think these proposals lack consistency. For some programs, for example at the university level, they provide a share of operating costs and no mention of capital. For some programs at the technical and the post-secondary level they provide a share of capital and nothing for operating. For some programs, some of the adult programs they provide total federal responsibility. The proposal has the earmarks of being shapeless to begin with and aimless when it's finished. The rationale for it is impossible to discover. This is particularly so in view of that vital relationship between education and national productivity, between education and growth in that productivity, between education and other essential worthy non-commercial national goals.

So Mr. Speaker, those of us in this group share with our Provincial Government the hope that the definitions which have been spoken of by both the Premier and the Minister of Education (Mr. Trapp) as to the area of federal participation will be as comprehensive as possible. Will we share the hope too that the Federal Government will entertain the idea of reviewing this role which it set for itself in education, that it will entertain

the idea of developing a more comprehensive role which will better assure that some of our essential, nationwide goals are achievable? It has become more and more true, Mr. Speaker, that the output of education is less and less confined to the province in which the input to education occurs. This is particularly true of higher education and it is on this point, by recognizing that the present proposals do provide something more for university than we are now getting that I hope the other government will be able to make a compelling argument in the future.

Members will be aware that starting a number of years ago the universities of Canada established their own royal commission in a sense, the Bladen Commission. When the deans of graduate studies were making a submission to the Bladen Commission they had this to say:

That graduate studies and research fall more directly into the realm of a federal responsibility than do the less costly lower levels of education.

Since that is true, I submit this ought to be impressed on the Federal Government that a consideration might well be given to the Federal Government's assuming not 50 but 100 per cent of the cost of this kind of educational effort. The effects of post-graduate work after all do flow more than for any other kind of education to all parts of Canada. They are not confined nor should they be confined in the province in which the student takes his post-graduate work. The work of our people who have taken graduate training generates added income for individuals and added profits for corporations in every part of Canada. Such a move as this might also even make it possible for the universities and the regions of Canada to plan and cooperate more fully in the very highly specialized, very expensive, extremely necessary post-graduate opportunities. The case for other professional specialities may be less solid but it is there in part as well. I hope that the Federal Government will admit some future discussion of such aspects of the distribution of Canadian effort and of the returns from the Canadian effort.

Here are some other aspects which I hope governments will be able to turn their attention to. For example, not directly related to the income tax law as it is under discussion in this Bill but certainly related in other ways, are the aspects of income tax law as they apply to persons who have dependents attending university. As I understand it at the moment a parent who has a dependent in university may deduct \$550 for each dependent provided a student doesn't have an income in excess of \$900 plus the amount of fees. This is of course some assistance but in fact it means this among other things, that the higher the income of the parent, the greater the tax relief that is provided. This I think all of us would agree is wrong. Using 1965 figures as I understand their application, a parent with a taxable income of \$2,000 has relief to the extent of \$110. But a parent with an income of \$25,000 has relief to the extent of \$275. In other words, two and a half times as much relief as the parent who had only one-tenth as much income. I wouldn't suggest that we can change income laws to make up for the loss of scholarships which has resulted from the Federal Government's decision to indefinitely postpone the granting of 10,000 national scholarships but I do suggest that some attention to this kind of law might be a partial answer but certainly not in any

sense a whole answer.

I want to comment also on some of the specific effects with regard to technical education. I think, Mr. Speaker, that it is tragic that there should have been decreed and that there should be a discontinuance of the operating share paid by the Federal Government for technical education.

The capital grant, I know, continues but we must regret and we must protest as it is possible to protest the removal of the operating grant. I don't know what the exact figures are but it seems to me that in a large institution we will pay out in about two or three years for operation as much as the whole building probably cost to begin with. We need this kind of guarantee of continuing support.

I note that this proposal for technical education is tacked on, as I understand it, to the agreement regarding technical vocation education which was signed in 1962 and would have expired ordinarily in 1967. As I understand the situation, while the program is to be phased out so far as the capital grants are concerned, so additional money has been added which Saskatchewan can qualify for over a period up to, I think the Minister said, 1973. It may be useful to attempt to clear up what appeared as if it might have been an argument as to expenditures for technical education over recent years. This program, this agreement, began in 1962 and from 1962 until 1964 Saskatchewan collected \$4,500,000 of capital grants. That's at the rate of \$2,500,000 a year. In the 1964-65 program Saskatchewan collected \$330,000 and in the next year, \$770,000. That's as far as the known figures go. In other words, the average collections under this agreement for capital since the present Government has been in office has been \$500,000 a year. The average for the two years before that was \$2,500,000 per year. While I'm inclined to agree with the member from Arm River (Mr. Pederson) that neither government paid enough attention to this, surely those figures answer very completely the extent of the effort. Two and a half million dollars a year was the rate during the last two years in which we were in government; one half million dollars a year was the rate at which we qualified for federal grants during the next two years when my friends across the way were in the government. As a matter of fact, Mr. Speaker, based on that rate of expenditure then it will take the Government 106 years before their program has earned the rest of the capital grants that are available. Now, I appreciate the fact that there has been some apparent speed up in this current year. I say, 'apparent'. It is apparent as yet only in words that have been spoken over there. It is not apparent as yet in terms of buildings either begun or completed across the province. They estimated, and I recall the budget that we could earn something like \$6,000,000 on the 1966-67 program but much of this has not as yet even been started and much of it has only just been started. After months of delay, longer than the Minister of Public Works (Mr. Gardiner) indicated would be the case, a bit of work began to happen at the provincial Technical Institute in Saskatoon. There has been some continued work at Yorkton and the Miller High School in Regina though I doubt if either one of them has technical facilities in operation as yet. But North Battleford is postponed and the extension to Balfour Technical Institute was postponed when the Local Government board decreed that there wasn't adequate money. So while the paper plans and the words of the Government indicate an earning this year of

\$6,000,000, I don't think the Minister himself would deny the statement that they are not going to earn \$6,000,000 on the construction this year. I doubt myself if they will earn half that amount on the amount of construction done in the fiscal year 1966-67.

Now they have announced some other programs as well on which there has been no start but I gather which have been approved as between the two Governments. These will bring us in grants something like I believe \$5,000,000 as I get the list. Anyway it seems that after we finish all that has been announced, even though it isn't started in the current year, after we finish all the has been announced for sometime beyond that and which is further away from being started there will still be some \$28,000,000 left to spend. The minister stands in his place this afternoon and suggests that this program will be completed by 1968 and I submit there isn't any evidence whatsoever that this is possible at all, that it's less possible when we consider the rate that has been achieved in technical education. It might be possible if, as my colleague from Regina West (Mr. Blakeney) suggested, we happened to get rid of that particular government and get on with the job but not except for that.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Lloyd:** — Mr. Speaker, in spite of those kinds of remarks, I regret that that's the note on which I close and go back to the point at which I began, that we do share the concern of the Government with respect to the inadequacies of these agreements, whether we are talking of a tax-sharing agreement of the education agreement. We hope that the Government might say clearly and firmly that his change in revenue so far as sharing of taxation is concerned results from a change in the rules, because that has been demonstrated to be the case. He might even have better luck in his argument at Ottawa if he would stick to that as the facts of the case, rather than trying to camouflage the issue with some of the other kinds of statements which came out. Our great regret I think is this that the Canadian Government has again lost the opportunity of doing something which is going to further those national goals to which all Canadians really subscribe. As Canadians we seek to achieve the desirable triple goals of necessary national economic growth, the removal of disparity between regions of Canada and strengthened Canadian unity. If we are to be successful in the second century of Canadian history then the approach of the Federal Government, in particularly to investment in human resources for education, must be much more comprehensive than it is. I want to assure the Government that insofar as it tries to achieve those kinds, further those kinds of goals in negotiating with the Federal Government, then this party will be solidly behind it in that step.

**Some Hon. Members:** — HEAR, HEAR!!

**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 else wishes to speak he must do so now.

**Hon. W. Ross Thatcher:** — Well, Mr. Speaker, as I said earlier I propose to answer

most of the questions, which have been asked, in Committee. There are a few comments I would like to make.

The hon. member for Regina West (Mr. Blakeney) said early in his remarks that we were suffering from "Sharp practice", I think, to paraphrase it. Well, Mr. Sharp certainly had a lot to do with these agreements but I would say that there was no one in Ottawa who had more to do with drawing up the new formula than the former Deputy Minister of this Government when my honorable friends were up. We had to negotiate with Al Johnson and he was the man who drew the formula up, make no mistake. And I may say, Mr. Chairman that we didn't like this formula any more than my hon. friends opposite but we didn't have much choice in taking it.

Now, Mr. Speaker, Saskatchewan has seen great development in the last two and one-half years. Huge new potash mines pouring into the province, dozens of oil wells beginning to produce, new timber resources, new mills . . .

**Mr. Lloyd:** — Don't forget the new fertilizer.

**Mr. Thatcher:** — . . . we even have the new peanut mine at Anglo Rouyn where there are 300 men working, new mines. We have today a major labor shortage instead of unemployment as we used to have under the Socialists. Why, Mr. Speaker, let's never forget that when my hon. friends opposite were the Government we just had two exports, wheat and people. Now we have got prosperity in this province; now we have got people wanting to come in and live here; now we have widened taxes, and this is pretty nice for most people because everyone today has got a good jot at good wages, something altogether different then when the Socialists were in office. Now one of the penalties unfortunately that we are paying for this prosperity is that we are beginning to lose some of our equalization payments. Mr. Speaker, we would be in real trouble again I guess if the Socialists ever got back in office because we would immediately be a 'have-not' province again. They kept us a 'have-not' province for 20 years and they would do it again in a short period of time.

Now, Mr. Speaker, I was a little, not surprised but interested in some of the things the Leader of the Opposition (Mr. Lloyd) said about education. How different from what our hon. friends say when they are not the government compared to what they did when they were the government. I want to tell you, Sir, that this Government considers education to be the absolute top priority that we have, but we back it up with hard cash, not just talk, like my Socialist friends opposite. We just opened a new technical school down in Weyburn. My hon. friends say, "Oh, it was an old building". Well when they opened one in Moose Jaw they opened one in a new building, they have made some additions since just as we will make some additions in Weyburn. We saved the taxpayers I suppose \$4,000,000 because we were able to utilize that building in Weyburn. My friend, the hon. Member, was at the opening of the school and I think he was pretty pleased with it. I would like to know if he agrees with what some of this leaders have said here today about the Weyburn Technical Institute. There will be 400 students in that Institute within a month to two months. At least 400 can be handled if there are that many who want to go into the technical school.

The Liberals talk about education but they also put the dollars up. That's the difference between my hon. friends opposite. He talks about the money we spend on our universities, big crocodile tears about the need to give greater help to our universities. Mr. Speaker, let's never forget in the 20 years they were in office their average expenditure on the university was \$3,100,000, capital and operating. This year alone we are spending more than \$22,500,000 on our universities, and the coming year it will probably approach \$30,000,000. We act as far as education is concerned, we don't just talk about it.

Now, Mr. Speaker, I am not going to deny today that the loss of equalization payments is not going to deal a cruel blow to the future plans of this Government as far as tax reduction is concerned, because we took over the highest per capita taxes probably in this nation after 20 years of Socialism and we have been trying to get them down. We are going to continue to do that in the future but we will have problems because of these equalization payments, make no mistake, But what this Government is going to do is to go out and use private enterprise methods to get new mines in, new industry. We are going to widen the tax base so the middle man won't have to pay so heavy taxes.

**Mr. Whelan (Regina North):** — Heavy water.

**Mr. Thatcher:** — My hon. friends are always talking about us giving away resources. Well I would like to know what good all these potash mines would be as long as the potash is underground for a mile or so. Or what good is the oil if you're not going to use it? Are we supposed to let the timber rot in our north the way the Socialists did for 20 years? I don't think so. Were going to develop those resources and use the tax revenues.

**Mr. Blakeney:** — . . . stagnation.

**Mr. Thatcher:** — My hon. friends, you know the stagnation that we had in this province for 20 years under my hon. friends is still a disgrace to this continent. They talk about prices going up today. We're watching the mess their labor friends in England are handling at the present time, we're watching what labor is doing in England and boy it's a mess.

Now, Mr. Speaker, I'll answer some questions when we get into Committee, but we have made a lot of progress, in two and one-half years, amazing progress and we are having to pay a little bit of a price for it today.

**Some Hon. Members:** — HEAR, HEAR!!

**Mr. Speaker:** — It has been moved by the hon. the Premier (Mr. Thatcher) that Bill No. 2, An Act to amend The Income Tax Act will be now read the second time.

Motion agreed to and Bill read the second time.

**Thursday, December 8, 1966**

Hon. W. Ross Thatcher: (Premier) moved second reading of Bill No. 4, An Act respecting allowances to Members of the Legislative Assembly, and to Certain other Persons, for the Second Session, 1966.

He said:

Mr. Speaker, I beg leave of this Assembly to move second reading of Bill No. 4. This has to do with remuneration paid to Members for the two days of the earlier session and today. It provides in essence for a Legislative allowance at a salary of \$150 plus \$75 as an allowance for expenses, plus mileage for two trips into the city. I think it also provides an allowance for the Speaker and the Sergeant-at-Arms.

**Mr. Speaker:** — It has been moved by the hon. the Premier (Mr. Thatcher) that Bill No. 4, An Act respecting Allowances to Members of the Legislative Assembly, and to Certain other Persons, for the Second Session, 1966, be now read a second time.

Motion agreed to and Bill read the second time.

### **THIRD READINGS**

Hon. W. Ross Thatcher: (Premier) moved third reading of Bill No. 3, An Act to amend The Income Tax Act.

He said:

Mr. Speaker, just before it is passed on third reading I would like to make one comment. The Leader of the Opposition (Mr. Lloyd), asked me a question on first reading and I didn't see him in his place while Committee was on so perhaps I could just take a minute to answer his question. If I remember correctly, he asked me what is the net effect of all these agreements when you add them up. Now this is difficult to answer but we think our officials believe that they will lose \$10,600,000 on equalization payments the first year. On the other hand we think that in the educational agreements when you add what we get for the university and take off what we lose for technical schools we will likely be somewhere between \$4,000,000 and \$5,000,000, likely closer to the \$4,000,000 than to the \$5,000,000. So it would seem that when this is all through we will lose a little better than \$6,000,000 the first year.

**Mr. Lloyd:** — I appreciate the information but my question was something different, it was, "How much of this is due to the change in the rules?", and that was answered by the member from Regina West (Mr. Blakeney).

**Mr. Speaker:** — It has been moved by the hon. the Premier (Mr. Thatcher) that Bill No. 3, An Act to amend The Income Tax Act, be now read the third time.

Motion agreed to and Bill read the third time.

### **ROYAL ASSENT AND PROROGATION**

At 15:15 p.m. His Honour the Lieutenant Governor having entered the chamber, took his seat on the throne and gave royal assent to the Bills presented to him.



His Honour the Lieutenant Governor then said:

Mr. Speaker, Members of the Legislative Assembly:

It is my duty to relieve you of further attendance at the Legislative Assembly. In doing so, I wish to thank you for, and congratulate you upon, the work you have done. I wish also to express my confidence that the legislation approved by you will continue to provide sound development to our province.

The legislation you have passed in this Third Session of the Fifteenth Legislature was designed to accomplish two objectives:

the continuation of certain essential services in the course of labour disputes; and

the ratification of a new tax agreement between this province and the Government of Canada.

In taking leave of you, I desire to thank you for the manner in which you have devoted your energies to the activities of the session and wish you the full blessing of Providence as you return again to your respective homes.

The Hon. Mr. Heald, Provincial Secretary, then said:

Mr. Speaker and Members of the Legislative Assembly:

It is the will and pleasure of His Honour the Lieutenant Governor that this Legislative Assembly be prorogued until it pleases his Honour to summon the same for the dispatch of business, and the Legislative Assembly is accordingly prorogued.