

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Seventeenth Legislature
28th Day

Monday, March 31, 1975.

The Assembly met at 2:30 o'clock p.m.

On the Orders of the Day.

ANNOUNCEMENTS

ROSETOWN REDWINGS - PROVINCIAL INTERMEDIATE A HOCKEY

MR. G.F. LOKEN: (Rosetown) Mr. Speaker, before the Orders of the Day, I should like to announce that the Rosetown Redwings won the SAHA Provincial Intermediate A championship Friday, defeating the Regina Bisons by a score of 16 to 2. The Redwings took the two game, total point series by a score of 22 to 5. I know all the Members of the Assembly will join with me in congratulating the Rosetown team and extend best wishes along the play-off trail.

HON. MEMBERS Hear, hear!

QUESTIONS

J.A.C. STRUTHERS ADVERTISING AGENCY

MR. J.G. LANE: (Lumsden) Mr. Speaker, before the Orders of the Day, I should like to direct a question to the Minister of Social Services. Is the Minister of Social Services aware that the J.A.C. Struthers Advertising Agency, the exclusive advertising agency of the Department of Social Services, was in deep financial trouble for approximately two years, unable to pay its bills and in effect being subsidized by the broadcast industry of Saskatchewan and was in fact threatened as late as December of 1974 by the Saskatchewan Association of Broadcasters that the broadcast industry of Saskatchewan would no longer carry any Government advertising placed by J.A.C. Struthers? And in this connection is he further aware that the Premier of the Province of Saskatchewan did by letter dated September 19th, 1974 guarantee the resolution of the problems of J.A.C. Struthers and further that the Deputy Premier of the Province of Saskatchewan did by letter to the Saskatchewan Association of Broadcasters dated October 9th, 1974, further guarantee to resolve the problems of J.A.C. Struthers? Did both gentlemen place public servants in a position of having to follow up in this matter? Is the Minister of Social Services aware of that situation?

HON. A. TAYLOR: (Minster of Social Services) No, Mr. Speaker.

MR. LANE: By way of supplementary, would the Minister of Social Services not agree that in face of these guarantees to a private company by the Premier of Saskatchewan and by the Deputy Premier that this constitutes political patronage at its worst? And would he not further agree that the ease with which the Minister of Social Services gave business to J.A.C. Struthers and the opportunity for J.A.C. Struthers to double bill, would he not admit that this is political patronage at its worst?

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HON. A. E. BLAKENEY: (Premier) I will reply on behalf of the Government. I first must say that some of the comments of the Hon. Member are in the highest degree hypothetical, when he prefaces a question with "in the light of these guarantees", and has given the House no evidence of a guarantee whatever. If he tables the correspondence I certainly will want him to table all the correspondence and not some selections from the correspondence.

SOME HON. MEMBERS: Hear, hear!

MR. STEUART: (Inaudible)

MR. SPEAKER: Order! Order!

MR. BLAKENEY: Mr. Speaker, I have as much right to express my views on the rules of this House as the Member for Prince Albert West (Mr. Steuart).

SOME HON. MEMBERS: Hear, hear!

MR. BLAKENEY: I know that very much regrets that he is not on this side of the House dominating the House as he used to. I know he very much regrets the fact that . . .

MR. MALONE: You are making a speech.

MR. BLAKENEY: Mr. Speaker, the Member for Lakeview has made a good point, I shouldn't be making this speech, I will make it on another occasion.

In replying to the Member for Lumsden, I simply want to say that I am aware of no guarantees of the type he suggests. I am certainly aware of my pointing out some aspects of the relationship between the broadcasters and the Struthers Agency. I must remind Hon. Members that these advertisements are placed through the Information Services and individual Ministers are not aware - they are aware certainly of the agency with which they are dealing - but they are not necessarily aware of all the aspects of governmental dealings with an agency because we have, as have previous governments, centralized our dealings with advertising agencies.

ANNOUNCEMENTS

BOY SCOUTS

MR. D.L. FARIS: (Arm River) Mr. Speaker, I would like to draw to the attention of the Assembly the fact that Neil Gregory, the Scout Master, and five Scouts from the Craik Scout group are in the Speaker's Gallery. I hope they will enjoy the proceedings this afternoon and have a safe journey home.

HON. MEMBERS: Hear, hear!

QUESTIONS

FRAUDULENT CLAIMS FOR SOCIAL WELFARE

MR. E.C. MALONE: (Regina Lakeview) Mr. Speaker, before the Orders of the Day I would also like to direct a question to the Minister of Social Services.

It came to my attention over the weekend that the Department of Social Services through one of its employees or ex-employees has been defrauded of several thousands of dollars through the misuse or through fraudulent claims for social welfare benefits. My question of the Minister, is he aware of this and has he made any investigation and what steps are being taken to prevent this type of thing from happening in the future?

MR. TAYLOR: Mr. Speaker, the Member raised a question with which I am quite conversant. He phrases it in an unfortunate way. He phrases it in the sense that the person is guilty. There is a suspicion of guilt and we have taken action. It has been placed in the hands of the police and a charge has been laid.

MR. MALONE: Did you say a charge has been laid?

MR. TAYLOR: Right.

MR. MALONE: Would the Minister give me some indication as to how much money is involved. I realize he cannot give me precisely the exact amount, but the approximate amount of money that is involved and furthermore whether any steps are being taken to investigate other members of the Department to make sure that this has not happened on other occasions with other members of the Department.

MR. TAYLOR: Mr. Speaker, the amount involved is still under scrutiny. The police department are working on this. I am not able to give the Member a figure. The question also related to other members of the Department. The Department is reviewing the whole system of assistance. It has been for the last year and changes are in the process of being made.

EMPLOYEE IN THE DEPARTMENT OF SOCIAL SERVICES

MR. D.F. MacDONALD: (Moose Jaw North) Mr. Speaker, I also have a question to the Minister of Social Services. I should like to ask whether or not there is an employee in the Department of Social Services, Mr. Wayne Hanna, who is an employee employed as a photographer?

MR. TAYLOR: Mr. Speaker, there is a Mr. Wayne Hanna. I am not sure of his title, I think it is Information Officer.

MR. MacDONALD: Mr. Speaker, a supplementary question. Is the Minister aware that this Mr. Hanna is the son of Mrs. Hanna who is shown in the Family Income Plan ad and whom the Minister has suggested in this House that he had no knowledge of the name or anything

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of that particular Mrs. Hanna. Are you aware that he is the son of Mrs. Hanna?

MR. TAYLOR: No, Mr. Speaker, I am not aware. I am aware that Mr. Hanna is the son of some Mrs. Hanna. I have not yet had time, following what was said on Thursday, which was after office hours, to check and see if it is the same person. It could be or it couldn't be.

SENIOR OFFICIAL OF SASKATCHEWAN PULPWOOD

MR. J.G. RICHARDS:(Saskatoon University) Mr. Speaker, I have a question I should like to direct to the Minister of Finance.

The question concerns a statement made by Mr. Ballantyne who is a senior official of Saskatchewan Pulpwood, which is a wholly owned subsidiary of Prince Albert Pulp Company, of which the Saskatchewan Government, through the Department of Finance owns 30 per cent. Mr. Ballantyne speaking in Montreal, stated that he considered unemployment insurance and social welfare as, "Social cancer that will ultimately kill the Canadian economy." Has the Minister - this is a senior official in a corporation in which the Government owns a large minority holding - taken any action within the corporation to suggest that perhaps this is not the most progressive policies for a major corporate official to be arguing?

HON. W.A. ROBBINS: (Minister of Finance) Mr. Speaker, I haven't seen the report or heard the comment and I will investigate it and give you an answer later.

MR. RICHARDS: A supplementary. The Minister does give an undertaking to the House that he will investigate the statement by the said Mr. Ballantyne and if he discovers that this quote which I take from a Canadian Press story coming out of Montreal, is accurate, can the House have some assurance that the Minister will act thereon?

MR. ROBBINS: I don't think that I could make a commitment on that basis until I have actually seen the report. I am not sure that all newspaper reports are completely accurate.

LETTER TO SASKATCHEWAN ASSOCIATION OF BROADCASTERS

MR. D.G. STEUART: (Leader of the Opposition) Mr. Speaker, I wonder if I could direct a question to the Premier since he included himself in a question asked of the Minister of Social Services. Is he denying that on September 19th he wrote a letter to the Saskatchewan Association of Broadcasters in connection with the Struthers' affair and their financial difficulties and the quote is:

Mr. Kinzel of my staff has been working on your problem at some length and advises the Struthers group will be able to solve their problem within a short period of time.

Well we know how they are able to solve it, but is he denying that he wrote that letter?

MR. BLAKENEY: No, I wrote a number of letters and I wish the Hon. Member would quote all of them, and not carefully select. I certainly do not have the letter before me as nothing was put on the Order Paper. I am unable to confirm or deny the date and the correspondence referred to. I certainly remember writing letters to approximately that effect and approximately at that time.

MR. STEUART: Do you agree to table all the correspondence in view of the question I raised about the impropriety of this whole deal? Will the Premier and the Attorney General table all correspondence because he put, according to this letter, Mr. Ned Shillington another Government employee to work for Struthers, the NDP advertisers. Do you deny that, Mr. Attorney General?

MR. ROMANOW: I deny the Leader of the Opposition's accusation that I put Ned Shillington to work for Struthers.

MR. STEUART: You did put Mr. Shillington . . .

MR. SPEAKER: Order, order!

MR. STEUART: Table the correspondence . . .

MR. SPEAKER: Order! I don't think we can have this type of a debate on questions this way. If we are to have a debate it should be a substantive motion or should be discussed under the Department's Estimates.

SECOND READINGS

HON. R. ROMANOW: (Attorney General) moved second reading of Bill No. 48 - An Act to amend The District Court Act.

He said: Mr. Speaker, I rise to move second reading of this Bill and this, I think, is a relatively non-controversial amendment with respect to the Bill. The effect of the amendment is to make all local clerks and deputy local clerks in effect local clerks of the district court for the purpose of administering part 10 of The Bankruptcy Act.

The Bankruptcy Act provides that it shall be administered by the Clerk of the Court and in dealing with just this situation the Supreme Court of Alberta held that no one but the Clerk of the Court had any power to administer the legislation. Under our District Court Act there is only one Clerk of the Court for Saskatchewan which is the local clerk in each judicial centre and deputy local clerks working under the clerks and

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local clerks where the workload demands.

We have contacted the Alberta Government and have been advised that they do not intend to appeal the decision. We have contacted the Federal Government on one or more occasions suggesting that they cure the problem by amending The Bankruptcy Act. So far they have declined to do this. The amendments, therefore, are necessary and they are deemed to come into force May 1, 1969 which is the date that part 10 of The Bankruptcy Act came into force in Saskatchewan. I think these are basically housekeeping amendments and I therefore move Bill No. 48, an amendment to The District Court Act.

Motion agreed to and Bill read a second time.

HON. W.A. ROBBINS: (Minister of Finance) moved second reading of Bill No. 49 - **An Act to amend The Succession Duty Act, 1972.**

He said: Mr. Speaker, I rise with respect to second reading of Bill 49.

Mr. Speaker, estate taxation has been a fact of life in Saskatchewan since this province became a province in 1905. When the Federal Government abandoned its estate tax in 1971 it removed the only specific tax on wealth in Canada and therefore made the overall tax system more regressive. The Succession Duty Act introduced by this Government in 1972 restored this progressive tax in Saskatchewan but at the same time provided that no taxes would be paid for the transfer to family members of average sized family farms or small businesses. We kept pace with rising prices by increasing exemption levels in 1974 and in the Budget Speech which I recently had the honor to deliver we announced further increases in exemption levels.

Mr. Speaker, this Bill provides for an increase in the preferred successor's exemption to \$250,000 from \$200,000 which will be of benefit to an individual, parent, spouse, children and grandchildren. Other relatives such as brothers, sisters, aunts, uncles, nephews, nieces and cousins will now qualify for \$50,000 collateral successors' exemption, an increase from \$35,000.

However, Mr. Speaker, I feel that the most significant amendment proposed in this Bill is the fivefold increase in the special exemption for a spouse. This Bill proposes an increase from \$50,000 to \$250,000 in the size of an estate that can pass to a spouse duty free. Since the spouse is also a preferred successor this amendment means that a total of \$500,000 can be bequeathed to a spouse without attracting any succession duty. This new exemption level means that all but a few of Saskatchewan estates, perhaps 20 or so per year, can pass to a spouse without attracting any duty.

Mr. Speaker, we feel that this amendment provides adequate protection for a family as well as an acceptable recognition of the contribution of spouses to the accumulation of an estate. This Bill brings the level of exemptions under The Succession Duty Act to the highest in Canada with only Ontario having a higher interspousal exemption. Succession duties will affect about four per cent of the estates occurring in Saskatchewan in any given year. This means that we have fulfilled our objective of providing the framework whereby average-sized family farms

and businesses will not be burdened with death duties while at the same time the estates of extremely wealthy individuals will be required to contribute to society a share of the wealth that they have acquired from that society in which they worked and lived.

Mr. Speaker, I urge all Members to give support in principle to this particular measure and I take pleasure in moving second reading of Bill 49.

SOME HON MEMBERS: Hear, hear!

MR. G.B. GRANT: (Regina Whitmore Park) Mr. Speaker, I've spoken against the principle of succession duty tax on other occasions in this House. I was amazed a year ago when the Minister of Finance stood up in this House and said that he was not aware of any individuals in Saskatoon who had left the Province of Saskatchewan to reside in Alberta with the prime reason being the impact of the succession duties in the province. I daresay that he has learned the names of a few since then. I imagine if he keeps his ears open a bit he will hear of some, if not I'll get a few names for him. There have been quite a number in the southern part of the province I know that transferred their interests to Alberta.

This is a form of double taxation and I think the Government in its action this year particularly, is admitting that, they probably won't admit they made a mistake, but I think they are admitting that they were too stringent in the first instance when they raised the spouse's exemption by 400 per cent. Granted this does enable an estate to the amount of \$.5 million to be passed on tax free, but it still doesn't overcome the stigma that's on Saskatchewan as compared to Alberta. If Alberta was one of the Atlantic provinces I think it would be less noticeable and have less effect. But the fact that Alberta is bordering Saskatchewan and the Minister said that Ontario was the only one with higher exemptions, I should like to correct him that Alberta has higher exemptions, but the fact that Alberta is bordering on Saskatchewan certainly makes it a haven for capital from the province. I dare say that if there was any way of figuring up the impact of this succession duty tax, that it would be found that the impact either equals or exceeds the revenue collected which I believe is in the neighborhood of about \$4 million.

I think the largest owners of wealth in the Province of Saskatchewan would be in the agricultural field. We don't have that many big industrialists, so that if this is hitting anybody, it's hitting the larger farm owners and after 12 years in this House, I've got the impression that most politicians seem to want to favor the agricultural segment of our society, so this to that extent is directly opposed to the general objective of politicians to try to favor the farming community.

I think it has been stated by the Leader of the Opposition that our policy would be to eliminate this tax and we stand firm on that and after June 18th we'll be very happy to introduce the necessary legislation to bring about the change.

I know there are others on this side of the House who have comments to make in this regard and, Mr. Speaker, accordingly I ask leave to adjourn debate.

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Debate adjourned.

The Assembly adjourned at 9:31 o'clock p.m.