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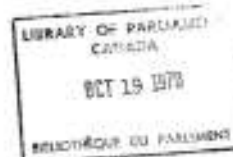
CONSTITUTIONAL CONFERENCE
SECOND WORKING SESSION

NOTES FOR REMARKS

by

The Honourable W. Ross Thatcher
Premier of Saskatchewan

1. The Constitutional Review Process
2. Taxing Powers - Sales Tax
3. Taxing Powers - Death Duties
4. Regional Disparities - Public Works
5. Incentive Grants - Regional Economic Expansion
6. Western Freight Rates



CCMS/SASK/PP/2

1. The Constitutional Review Process

- Remarks -
Premier W. Ross Thatcher.

FEDERAL PROVINCIAL CONFERENCE
OTTAWA, ONTARIO.
September 14 - 16, 1970.

- The Constitutional Review Process -

Up to the present time the Constitutional Conferences have not resulted in any agreement being reached in so far as a new or amended constitution is concerned.

Saskatchewan is not in any way opposed to modernizing the Canadian Constitution.

However, with so many basic economic problems facing the nation, our government must again express concern at the priority given the subject at Federal-Provincial Meetings.

We feel that one Conference annually on this subject, at the first minister level should be adequate.

If Ottawa and Quebec wish to get together more frequently to hammer out a mutually satisfactory document, we would have no objection.

We would expect of course that before final changes were made, the other provinces would be fully consulted.

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- Immediate Priorities -

The Secretariat raises the question as to whether there should be any further priorities designated.

SASKATCHEWAN BELIEVES THAT HIGH PRIORITY SHOULD BE GIVEN TO CERTAIN AMENDMENTS OF THE PRESENT CONSTITUTION, because we may not be in a position to agree on an entirely new constitution for many years.

Consideration should be given to amendments permitting the provinces to impose indirect taxes on sales at the retail level.

Additionally, there should be express provision for the delegation of powers.

Such amendments make it essential that consideration be given at this time to an amending formula.

Saskatchewan has always favoured the early patriation of the constitution so that constitutional amendments can be made in Canada without reference to the British Parliament.

We recommend that the amending formula be considered along with certain interim amendments.

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The result of the conferences to date appears to confirm Saskatchewan's view expressed at the earlier conferences that we should build on the present constitution rather than attempting to draft an entirely new constitution.

It is for this reason that Saskatchewan makes these suggestions.

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- Target Date -

The Secretariat raises the question as to whether a target date or dates should be set. In view of the experience thus far, Saskatchewan does not feel that it is realistic to set any target date.

2. Taxing Powers - Sales Tax

- Remarks -
Premier W. Ross Thatcher

FEDERAL PROVINCIAL CONFERENCE
OTTAWA, ONTARIO
September 14, 1970

5a - Taxing Powers - Sales Tax -

Our Government's position has not changed since the last Conference.

We stated at that time, that we are in favor of the provinces being given the right to levy indirect taxes.

On the other hand, I must make it abundantly clear that we would be opposed to any proposal which opened the possibility of one province taxing the purchases of a resident or corporation in another province.

As a result, after reviewing the work of the Sub-Committee on this matter, we would favor the power of indirect sales tax being restricted to the retail level.

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If we could be convinced that with unlimited access a provincial manufacturer's tax could be confined to purchases made within the province, we would reconsider our position.

However, as we see it now, the feasibility of confining an indirect tax (below the retail level) to purchases within the province levying the tax is extremely limited.

We do not have Customs houses at the Provincial Borders and we do not want them.

Anything short of such a system would be an administrative nightmare. Even then there is not likely to be complete assurance that the manufacturing is concentrated where the provincial tax is levied on to residents of other

3. Taxing Powers - Death Duties

- Remarks -
Premier W. Ross Thatcher

FEDERAL PROVINCIAL CONFERENCE
OTTAWA, ONTARIO
September 14 - 16, 1970.

5b - Taxing Powers - Death Duties -

At the outset let me make it abundantly clear that our government is unalterably opposed to the present savage level of federal death duties.

At the current stage in our Province's development, and given the particular economic and social practices in the agricultural community, we find the tax at the prevailing rates intolerable.

It endangers the family farm - it endangers small businesses.

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As a result of the impact which we feared the estate tax legislation adopted by the Federal Government in 1968 would have on institutions such as the family farm and business, our government introduced the Estate Tax Rebate Act at the 1969 session of the Legislature.

Under this program our government rebates to the Saskatchewan estate 75% of the total estates tax paid by our residents.

I should like to add that if the White Paper Legislation places a tax on capital gains, then the estates tax is clearly double taxation.

All incomes of the individual will be taxed when it is earned and then what the individual has managed to accumulate will be taxed upon his death.

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While this particular view is held by our neighbouring Province of Alberta, it is not the attitude in the other provinces.

Therefore, the question of access to this tax field must be of interest to us.

I say this, since if the provinces should be granted unlimited access to this tax field, then the possibility of estates or death duties being levied on the same property by two provincial governments as well as the federal government, becomes very real.

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To avoid a tax jungle and the possibility of virtual confiscation, I would suggest that the current provisions be maintained or that provinces' access be limited to insure that the same property not be taxed by two different provincial governments.

In the meantime, we would reiterate to the Minister of Finance, the desirability of reducing the current rates of taxation on Estates.

4. Regional Disparities - Public Works

- Remarks -
Premier W. Ross Thatcher.

FEDERAL PROVINCIAL CONFERENCE
OTTAWA, ONTARIO.
September 14 - 16, 1970.

- Regional Disparity - Public Works -

Mr. Prime Minister:

While we are talking about Regional Disparity, I would like to officially protest the amount of Federal Public Works which were allocated to the Province of Saskatchewan in the current year.

As the Federal Ministers know, my province has been experiencing a wheat crisis, as serious as any in our history.

As a result, our economy slowed very perceptibly.

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At the last Conference, I pleaded with the Government to give my province a fair share of Public Works expenditures.

I asked them to take some building projects off the shelf, so that jobs could be created now -- during the critical period.

The plea, for the most part, fell on deaf ears.

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I have before me figures taken from the budget estimates of the Federal Department of Public Works for the fiscal year 1970-71.

This Conference might be interested in the official figures.

ESTIMATED EXPENDITURES OF THE DEPARTMENT OF PUBLIC WORKS
OF THE FEDERAL GOVERNMENT ON CAPITAL PROJECTS, 1970-71

	Capital Projects (Estimated 1970-71)	Per Capita
British Columbia	\$ 2,610,000	\$1.23
Alberta	1,537,000	.96
Saskatchewan	455,000	.48
Manitoba	2,730,000	2.78
Ontario	52,159,000	6.85
Quebec	14,902,000	2.48
New Brunswick	1,080,000	1.73
Nova Scotia	960,000	1.25
Prince Edward Island	-	-
Newfoundland	250,000	.48
TOTAL	<u>\$76,683,000</u>	<u>\$3.59</u>

The proposed expenditure in Saskatchewan amounts to less than 1% of the total capital works budget of the Federal Government.

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Or to put it another way, these projects will amount to --

\$.48 per capita in Saskatchewan

as compared to

\$6.85 per capita in Ontario,

\$2.48 in Quebec.

\$2.78 in Manitoba.

In the last two years the agriculturally based economy of Saskatchewan has been experiencing a slow-down, while inflation has been the major problem facing the country as a whole.

The paltry amount which has been allocated to capital projects in Saskatchewan raises serious questions about the fiscal policies and priorities of the Federal Government.

At worst, are we not at least entitled to our share of such Federal expenditures?

5. Incentive Grants - Regional Economic Expansion

(5)

- Remarks -
Premier W. Ross Thatcher

FEDERAL PROVINCIAL CONFERENCE
OTTAWA, ONTARIO
September 14 - 16, 1970

- Incentive Grants - Regional Economic Expansion -

Mr. Prime Minister:

The Government of Saskatchewan believes the Federal Regional Economic Expansion legislation to be most useful and helpful in developing Canada.

We support the principle without equivocation.

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We are, however, concerned that Saskatchewan is receiving such a small share of the Federal dollars involved.

I cannot believe, Sir, that you are aware of the actual figures.

Thus, I would like to table them at this conference.

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I have before me the actual expenditures of the Department of Regional Economic Expansion in each of the provinces for the period from October 1969 to the end of May 1970.

These figures are taken from the report on the operation of the Regional Development Incentive Act, which is published by the Canadian Department of Regional Economic Development.

ACTUAL EXPENDITURES OF
THE DEPARTMENT OF REGIONAL ECONOMIC EXPANSION
OCTOBER, 1969 TO MAY 31, 1970

British Columbia	\$ 247,000
Alberta	2,277,000
Saskatchewan	580,000
Manitoba	3,564,000
Ontario	1,611,000
Quebec	12,381,000
New Brunswick	4,846,000
Nova Scotia	2,531,000
Prince Edward Island	299,000
Newfoundland	919,000
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	\$29,255,000

Of the total expenditure of -----\$29,255,000
only -----\$ 580,000
or less than 2% of the total was allocated to Saskatchewan.

This "less than 2% figure" was received at a time when Quebec obtained 42.3% of the total funds.

Westerners in my province wonder what is going on.

I do not suggest that Quebec should receive less, but we certainly submit that Saskatchewan should receive more.

There are regional disparities in Western Canada also.

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When I left Regina two days ago, my department told me that the Federal department has perhaps 12 applications on hand from Saskatchewan which have not been processed.

Repeatedly, when an industry in my province applies for funds, the possible allocations are reduced.

Moreover, at a time when our pro economic difficulties, many of months to service.

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With respect, Sir, I suggest the Department of Regional Economic an example of the failure of the recognize the recent economic di Province of Saskatchewan.

It is an example of the Federal to provide assistance to Saskatc would be equitable, in comparisc in other provinces.

6. Western Freight Rates

- Remarks -
Premier W. Ross Thatcher

FEDERAL PROVINCIAL CONFERENCE
OTTAWA, ONTARIO
September 14, 1970

- Western Freight Rates -

Mr. Prime Minister:

At the Federal-Provincial conference on November 27th, I invited your Government to examine the freight rate structure in Western Canada with the same attention you have given Quebec's difficulties.

I stated then and I reiterate today, that the uncompromising refusal of the Railroads to give the Prairies competitive rates with other parts of Canada, is contributing to national disunity.

I will not take the time of the Conference to reiterate my arguments of a year ago.

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However, we contend that because the West lacks adequate trucking or water competition, the railroads flatly refuse to give us the same rates which they give similar companies in other provinces of Canada.

The treatment of our Natural Resource industries by the railways seems to us to be grossly unfair.

For example, the railroads freight rate policy in the Pulp industry, is so discriminatory as to be almost unbelievable.

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For years our appeals and criticisms have been met with silence by the railroads -- and virtually no redress.

It is a well known fact that the CPR and CNR hold mineral rights on several millions of acres of Saskatchewan land.

At the last Session of the Legislature we passed legislation which will permit us to tax these mineral rights very heavily.

So far the Act has not been proclaimed.

However, unless we receive some tangible concessions from the railroads on Resource freight rates soon -- proclamation will be forthcoming.

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I say, Mr. Prime Minister, that Westerners want no better freight rates than other parts of Canada -- but we do demand fair and equal treatment.

We are tired of being treated as second class citizens in this regard by the railroads.

Surely in the interest of Confederation, the time has come for the Federal Government to examine what Westerners believe is an injustice.

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AS PREMIER OF SASKATCHEWAN, I INVITE THE FEDERAL
GOVERNMENT TO IMMEDIATELY SET UP A ROYAL COMMISSION
TO EXAMINE THE FREIGHT RATE PICTURE IN WESTERN CANADA.

The Commission would decide once and for all if there
is discrimination.

If found, it would then make recommendations as to
what action, if any, should be taken to end the
situation.