CHAPTER IV

SASKATCHEWAN’S CLAIM FOR REVISION OF THE NATURAL RESOURCES AWARD

The Government of the Province of Saskatchewan in its printed brief discussed at length the claim of the Province arising from the fact that for many years it had been deprived of the administration and control of its natural resources. On the creation of Alberta and Saskatchewan in 1905, the natural resources in these Provinces were retained by the Dominion “for the purposes of Canada” and special subsidies were provided because of this retention by the Dominion of the public land which would otherwise have been a source of revenue for the Provinces.2

From 1905 until 1930 there was considerable agitation for the return to the Provinces of Saskatchewan and Alberta of their natural resources. By an agreement dated March 20, 1930 between the Governments of Canada and Saskatchewan and approved by appropriate legislation, provision was made for the return to Saskatchewan of its unalienated resources and for the appointment of a commission to report as to what sums should be paid to the Province “in order that the Province may be placed in a position of equality with the other provinces of Confederation with respect to the administration and control of its natural resources”. A commission was appointed in September, 1933, and reported in March, 1935. The majority (Mr. Justice A. K. Dysart and Mr. George C. McDonald) recommended payment of $5,000,000 to the Province by the Dominion as compensation for the retention by the Dominion of the Province’s natural resources. Mr. Justice Bigelow, in a minority report, recommended payment by the Dominion to the Province of over $58,000,000.3

The agreement of March 20, 1930 between the Dominion and Saskatchewan provided for the submission of the report of the Commission to the Parliament of Canada and the Legislature of Saskatchewan, and for an agreement between the two Governments following the submission of such report. No agreement has yet been reached and the payment of compensation in respect of the natural resources of Saskatchewan remains unsettled.

In his argument to us on behalf of the Province of Saskatchewan, the Attorney-General suggested that the minority report of Mr. Justice Bigelow rested upon firmer principles than did the majority report. He also suggested that, when the whole relationship between the Dominion and Saskatchewan was under review, the claim respecting natural resources should likewise be reviewed and a recommendation made which would aid in settling this dispute.4 In the hearings at Regina, the first Chairman of our Commission pointed out that it was impossible for us to sit in review of a commission which had examined and reported on this matter in an exhaustive way. He expressed the opinion that while we might feel that on any financial adjustment the whole matter should be settled, and while we might emphasize the desirability that a settlement should be reached, it seemed impossible for us to make detailed recommendations on such a complicated question which had already been the subject of a special inquiry.5

On further consideration we have been strengthened in the view expressed by the Chairman that it is impossible for us to sit in review of the findings of the Dysart Commission.

We strongly recommend, however, that this claim should be settled before, or as part of, any general readjustment of the financial relations between the Province and the Dominion. If our financial proposals for assumption of provincial debts by the Dominion and for the replacement of existing subsidies by adjustment grants based on fiscal need are adopted, we think it would not be unreasonable that the Province should relinquish all outstanding claims arising under the settlement of the question of natural resources especially since payments under the Natural Resources Award would automatically reduce the payments on the ground of fiscal need which we have recommended.

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Although we have not had the benefit of direct submissions from the Province of Alberta, much of what we have said concerning the natural resources of Saskatchewan applies to the natural resources of Alberta. We think it is equally desirable that the outstanding claim of Alberta for compensation should be settled at the time when a general readjustment of Dominion-provincial relations is made.

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1 Pp. 253-72.
2 The Saskatchewan Act, Statutes of Canada (1905), 4-5 Ed. VII, c. 42.
3 Report of the Royal Commission on the Natural Resources of Saskatchewan, 1935.
4 Brief, p. 272.
5 Ev. p. 1856.