

Hon. Mr. Aseltine: That is in each township?

Hon. Mr. Pearson: Yes, in each township.

Hon. Mr. Hayden: Will the honourable senator permit a question? Did I understand him to say that this was in 1872?

Hon. Mr. Pearson: Yes, in 1872.

Hon. Mr. Hayden: That these school lands were set aside in each of the provinces?

Hon. Mr. Pearson: It was agreed that they were to be set aside. They were not actually set aside, because there was no survey at that time.

Hon. Mr. Hayden: Were these townships in existence at that time?

Hon. Mr. Pearson: I do not know. I know they were not in existence in Saskatchewan and Alberta.

These lands were to be administered by what was known at that time as the Department of the Interior, now known as the Department of Northern Affairs and National Resources. In disposing of these lands there had to be auctions set up and an upset price given for each parcel of land being equivalent to fair value of the farm lands in that particular area.

In 1879 the department initiated a form of contract between the Government and the purchaser whereby the latter had to pay one-fifth of the purchase price as a down payment and the balance in nine equal annual payments. The money received from the payment of these lands was to be invested in dominion securities. From 1883, the time of the first sale of school lands, until 1930, the Government of Canada administered the lands and funds.

In 1930 agreement was reached between the three provincial Governments concerned and the Government of Canada that the natural resources would be turned over to them, which meant also that the school lands were turned over to these three provinces for administration purposes, plus the funds that were held in trust for them. However, the Government of Canada insisted that the funds would have to be invested in dominion securities, and that the provincial Governments would continue to receive only the interest on these invested funds for school purposes, less, of course, the costs of handling the funds.

The standing of the money invested in Government securities, as of 1959-60, was, Manitoba, \$7,412,000, Saskatchewan, \$35,743,000, and Alberta, \$16,937,000. The large sum in the Saskatchewan fund is explained by the fact that that province had a larger acreage of good agricultural land that the farmers

wanted to purchase, and more land was put up at auction in Saskatchewan than in Manitoba and Alberta.

The unsold land in each of these provinces as of 1959-60 was as follows: in Manitoba, 7,400,000 acres. Total land sales in Manitoba were 600,000 acres at that time, which makes a total of land sold and unsold of 8,000,000 acres. In Saskatchewan the balance of land unsold amounted to 5,900,000 acres; and there were sold in that province 2,100,000 acres, which made a total of more than 8 million acres. In Alberta 6,200,000 acres were unsold and 1,200,000 sold, which made a total of 7,400,000 acres.

As I understand the situation, as the survey moves north in these provinces sections 11 and 19 are set aside each year. There is still a great deal of land to be surveyed in the northern part of these provinces, and as a result of this bill it will be up to the provinces to decide as to whether they will still continue to designate them as school lands or not. The funds from oil that they have been getting in Alberta have been invested largely for current purposes. In Saskatchewan this money is being placed in capital account and possibly that indicates why there is \$35 million in that account as compared with \$16 million in Alberta.

After considerable representation by the provinces, on June 11, 1951 an amendment was agreed to between the provinces and the Government of Canada. By this agreement the provinces were given more latitude in investing money received from school lands. They could then invest in Government of Canada securities, provincial Government securities, municipal securities guaranteed by the province, and school district securities.

This bill before us merely confirms agreements reached between the Government of Canada and the province of Alberta on July 13, 1961, between the Government of Canada and the province of Manitoba on July 13, 1961, and between the Government of Canada and the province of Saskatchewan on July 14, 1961. These agreements are set forth in Schedules A, B and C respectively of the bill.

I shall refer to Schedule A only, which sets out the agreement made with the province of Manitoba. Schedules B and C are exactly the same except that they designate the provinces of Alberta and Saskatchewan respectively.

Page 2 of the bill is a recitation of paragraph 7 of the existing agreement between the province of Manitoba and the Government of Canada; there is no need of my explaining this to honourable senators, as it has already been explained many times before.