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Official Report of
DEBATES OF THE LEGISLATIVE ASSEMBLY
(Hansard)

FRIDAY, APRIL 6, 1973

Afternoon Sitting

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FRIDAY, APRIL 6, 1973

The House met at 2 p.m.

Presenting petitions.

MR. SPEAKER: The Hon. First Member for Vancouver-Point Grey.

MR. P.L. McGEER (Vancouver Point-Grey): Mr. Speaker, I beg leave to present a petition.

Leave granted.

MR. McGEER: It's a petition of Douglas Swanson, Frederick Mullin and Jess Succamore of the Canadian Workers Union, the Pulp and Paper Workers Union of Canada and the Canadian Association of Industrial, Mechanical and Allied Workers, who say:

"There is dissatisfaction with recent actions of the Labour Relations Board.

"Wherefore your petitioners humbly pray that your Honourable House may be pleased to pass a resolution urging that the Labour Relations Board reconsider its decision regarding the application of the Canadian Workers Union to represent the employees of Cominco at Trail, Kimberley and Salmo, and to urge the board to resolve the issue by a government representation vote.

"In duty bound, your petitioners will ever pray."

Dated April 6, 1973. Signed by Douglas Swanson, Frederick Mullin and Jess Succamore.

MR. SPEAKER: The usual procedure with respect to a petition is that it is examined by the Clerks of the House and the following day it is reported upon to the House. In the meantime, it's merely presented to the table with the statement made by the Hon. Member. The matter can be raised again the next business day of the House. There's no debate on the issue, Hon. Member.

The Hon. Member for Kamloops.

MR. G.H. ANDERSON (Kamloops): Mr. Speaker, I'd like the House to join me in welcoming a group of students from an open-area school in Kamloops who are visiting the Legislature this afternoon as part of their study of the political process. I hope we can assist them.

Introduction of bills.

MR. SPEAKER: The Hon. Minister of Highways.

HON. R.M. STRACHAN (Minister of Highways): Mr. Speaker, I have the honour to present a message from His Honour the Lieutenant-Governor.

AUTOMOBILE INSURANCE ACT

MR. SPEAKER: His Honour the Lieutenant-Governor transmits herewith amendments to Bill No. 35 intituled *Automobile Insurance Act* enclosed herewith and recommends the same to the Legislative Assembly, Government House, April 4, 1973.

HON. MR. STRACHAN: Mr. Speaker, I ask leave to move that the said message and the amendments accompanying the same be referred to the committee of the whole House having in charge the said bill.

Leave granted.

HON. MR. STRACHAN: Mr. Speaker, I move that the said message and the amendments accompanying the same be referred to the committee of the whole House having in charge the said bill.

Motion approved.

Orders of the day.

HON. D. BARRETT (Premier): I move we proceed to public bills and orders.

Motion approved.

HON. MR. BARRETT: Adjourned debate on Bill No. 63, Mr. Speaker.

CORPORATION CAPITAL TAX ACT

(continued)

MR. SPEAKER: The Hon. Minister of Highways adjourned the debate.

HON. R.M. STRACHAN (Minister of Highways): Thank you very much, Mr. Speaker. This is a pretty important piece of legislation. I think it's self explanatory. I think it's worthy of the support of every Member of this House. I want to tell you, Mr. Speaker, and the other Members of the House that I support Bill No. 63.

MR. SPEAKER: The Hon. Member for Langley.

MR. R.H. McCLELLAND (Langley): I'll be very brief, Mr. Speaker. In comment on the Hon. Highways Minister's statement, I can't support this bill.

I'd just like to relate to the Minister of Finance's (Hon. Mr. Barrett's) statements over and over and over again in this House about the state of the economy of British Columbia. He's told us time and again in very glowing terms about the state of our

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economy and how it was left by the previous government. Yet he's telling us that he needs a tax that, in his own estimation, will raise not more than \$7 million in one year. Mr. Speaker, he also relates this tax to Ontario and Quebec, which means absolutely nothing. It has nothing to do with the British Columbia situation.

I suppose that the question to be asked, Mr. Speaker, is: why is the Minister of Finance so eager to introduce this kind of tax if it will only raise \$7 million a year? Many people in the business community think that this tax is nothing less than the thin edge of the wedge. I think it was the Member for Vancouver Centre who said it's a "gentle tax." Well, perhaps it is a gentle tax at this time, being one-tenth of 1 per cent.

Mr. Speaker, the Minister of Finance has related to the Quebec situation. He's indicated that to some degree this is a copy of the Quebec legislation. Perhaps next year he's going to copy the Quebec legislation a little further and raise the amount of that tax to one-fifth of 1 per cent. Maybe the next year we'll see it raised to 1 per cent, which then will then bring in \$70 million annually instead of \$7 million.

Many of the people in the business community, Mr. Speaker, think that that's exactly the intention of this Government. This one-tenth of 1 per cent is just the beginning. It's another way of keeping on the rise the ever-increasing taxation needed for the ineptness of the socialist government, such as it has in Saskatchewan and Manitoba.

I was surprised, Mr. Speaker, when I learned that this tax applies not only to the actual capital that a company builds up but also to the loans that a company has. If that's the case — and I'm sure that it is because the Minister of Finance has assured us that that's true — then I would say that the exemption of \$25,000 means absolutely nothing. There are very few businesses in today's society, Mr. Speaker — especially any business that needs any equipment, given the cost of equipment in today's market — that will be exempt under this \$25,000 limit. In effect what we're doing is hitting every business in British Columbia, and the small business is getting it in the neck again.

I read in the paper, Mr. Speaker, news from Ottawa that the federal government has increased the taxes to small business by another 7 per cent. While they cut the corporation taxes by 7 per cent, they re-introduced on

December 31 legislation which taxes small businesses more again by another 7 per cent. So here we're just adding another tax and following the habit of socking it to the small business. We complain over and over again about the "corporate burns" but the policies of this Government, Mr. Speaker, are lashing out hardest at the small businessmen — not the corporate giants that are complained about so much, but the small businessman who is the real stronghold in our society.

Mr. Speaker, we know as well that some of your backbenchers have gone out and risked their security and capital to start small businesses of their own. The people in the cabinet don't have that same experience, most of them at least. For the most part, they can't relate to that kind of experience, where a person goes out and risks everything he has in order to start a business and provide for his family. He doesn't have any kind of security. He doesn't have any pension plan. He doesn't have the kind of security of working under the umbrella of a government corporation. The only security he has is the sweat of his own brow, his own initiative and his own guts.

For that reason, because most of the Members of this cabinet who are charged with bringing in this kind of legislation can't relate to that experience, another tax on the small businessman doesn't amount to a hill of beans as far as they're concerned. Mr. Speaker, surely those Members of the backbench — although most of them have gone home for the weekend — who do know the hardship of trying to establish and maintain that kind of small business I've talked about; surely those people who haven't any guaranteed security and who know that they have to work 18 to 20 hours a day and that their families have to work along with them if they're going to make it at all; surely those people could drill some kind of sense into the cabinet so that the cabinet would take a new look at what it's doing and rethink its whole legislative process with regard to taxation. Surely, Mr. Speaker, those Members of the backbench could convince this cabinet to throw out that kind of oppressive legislation.

MR. SPEAKER: The Hon. Member for Columbia River.

MR. J.R. CHABOT (Columbia River): Thank you, Mr. Speaker. I have a little hand calculator on which I do a little figuring with from time to time. When I looked at this *Corporation Capital Tax Act*, I took my little calculator out. I wanted to get some answers. All my calculator would tell me was, "See the regulations because they can change a little bit."

Also, when I look at this Bill No. 63, I have to take into consideration the type of jobs it will create. I find that this legislation is a deterrent to job creation in British Columbia. This is a time when we need investment capital. Time and time again I've said in this House that investment capital flowing to British Columbia does create jobs. I don't know how many times I must say that.

What you're doing by this legislation is chasing away investment capital from British Columbia at a time when unemployment is extremely high in this province. You can say all you want about the job

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creation and so forth. It doesn't take away the fact of the number of people in British Columbia who are looking for work, the number of people who are unemployed. The Premier can make his statistics and comparisons with February of last year. But in February last we had in British Columbia 70,000 people unemployed, which is 7.6 per cent of the labour force.

When you compare that with February of this year, which are the latest statistics available, we find there are 81,000 people unemployed in British Columbia; 11,000 more, 8.3 per cent, actually unemployed in British Columbia; 11,000 more people seeking work while the Government brings in legislation like this which will chase away investment capital from British Columbia.

You can sit there and say that I am twisting figures all you want, Mr. Premier, but these are the actual figures by the Department of Labour of British Columbia — the British Columbia labour force employment and regional unemployment rates.

HON. MR. BARRETT: One is seasonally adjusted and one isn't.

MR. CHABOT: I told you that I am talking about the actual numbers — I mentioned that very clearly. When you talk about numbers you certainly can't change numbers into percentages. There were 70,000 out of the labour force in February of 1972 who were unemployed in British Columbia, and when you look at the labour force in February of this year we find there are 81,000 unemployed. That can't be twisted from actual bodies, actual people looking for work in British Columbia and unable to find jobs.

We look at the legislation and it is quite obvious that the legislation was modelled on similar legislation in eastern Canada, but it has a little different approach. It takes a little bigger bite, it takes in a little bit more of the smaller companies in British Columbia.

There was a very interesting article in a journal of commerce called *Barron's* the other day dealing with the attitude of the Government, the attitude of this legislation. The article, of course, was "Chile of the North." I'm sure you have read it, Mr. Minister of Finance. In that article it said, "Barrett's bite is worse than his bark." And Bill No. 63 is evidence of the bite he is putting on the manufacturers and the people that generate jobs in British Columbia. This is the type of bite. Little bites here and little bites there, bigger bites here and bigger bites there, Mr. Speaker. That is the direction of that Government.

We hear this morning from a very well-respected columnist — one who sat in this gallery — who assessed the direction in which that Government is going. I'm not going to read the entire article because time will not permit, even though the Premier wants to push us, compress us. But I do want to say that there was one very interesting paragraph in that article relative to the *Corporation Capital Tax Act* and other Acts you are passing. He used to sit in this gallery. I have always had the greatest respect for that gentleman who wrote this article and I am sure you have too, Mr. Premier. An outstanding journalist who works for an outstanding newspaper.

HON. MR. BARRETT: I consider him to be a friend of mine but that doesn't mean he can't be wrong.

MR. CHABOT: That paragraph goes:

"His government is turning out to be naive, arrogant, inept, prone to gallop headlong into danger."

That's what this legislation is doing, Mr. Speaker. It is going up a very dangerous path.

I'm not a lawyer, but there is no clear definition and, of course, it is all in the regulations. There is no clear definition as to its application, whether it will apply to capital employed for capital purposes, or whether it will apply for operating capital, or whether it will apply to both. When the Premier closes the debate I hope he will tell us what the application will be, what the regulations will spell out, that it is not his intention to scare away capital-intensive industry from British Columbia.

I want to assure you that I have the feeling capital-intensive industry will not come to British Columbia because of this and other pieces of legislation which you are introducing in this particular session of the Legislature.

Again, of course, everything is determined by the regulations and until you see the regulations you don't really know what the Act is going to do. It is all spelled out in the regulations.

There is the friend of the Press; we just heard from the friend of the Press. The Minister tries to butter up the Press all the time to see his point of view and the Government's point of view. They won't be bought off, Mr. Provincial Secretary (Hon. Mr. Hall), they won't be bought off.

I guess just by a stroke of the pen you will decide the retroactive portion.

HON. E. HALL (Provincial Secretary): What business are you in?

MR. CHABOT: My business is representing people and fighting on behalf of people to ensure that jobs come to British Columbia.

HON. MR. BARRETT: I'll make that retroactive.

MR. CHABOT: This legislation is going to chase away investment capital. I'm not going to say retroactive legislation under certain circumstances is not necessary. I think it is from time to time, but I don't think it is necessary as far as this legislation is concerned. You could have set the legislation up to apply to the fiscal year of a company operation in British Columbia. I imagine if a company's fiscal year ends March 31, you will just take an average and say, "Well, we'll take one-quarter of it for that particular part of the year." If it ends at the end of January, you'll just say, "You'll pay one-twelfth or something like that on this tax."

No, there is very little consideration for the impact this legislation will have on the attraction of investment capital into our province as well as job creation. I know the Premier has made certain statements relative to the amount of capital that this will generate. It can't generate more or less capital than you have indicated just by slight variations of the regulations.

I would hope that when you adjourn the debate and put the question, move the second reading of the bill, you will tell us what you intend putting in the regulations. There are people who are interested in investing in British Columbia who want to know, and people who are interested in acquiring work who want to know too.

I don't think that this is an incentive to job creation. Certainly it is going to create jobs. As the Member for South Peace River (Mr. Phillips) so ably said this morning, it is going to create jobs for another little bureaucracy of government going around inspecting the books of every little company as well as every big company in British Columbia.

No, Mr. Speaker, this legislation does nothing to enhance and to attract investment capital which creates jobs in British Columbia. I think it is poor legislation, it is unnecessary legislation and I hope the Premier, when he stands in his place, will tell us that the legislation will be withdrawn because it will not meet the aims and objectives of the people of British Columbia.

MR. SPEAKER: The Hon. Member for Boundary-Similkameen.

MR. F.X. RICHTER (Boundary-Similkameen): Mr. Speaker, I am very distressed at this piece of legislation particularly as it applies to farm corporations. We find a great number of farming operations today are involved by way of incorporation.

Along with that, the \$25,000 figure is not a very large figure when you start to talk in terms of capital as far as these enterprises are concerned. Certainly we can find in this particular case an industry which is suffering and suffering badly from the over-taxation due to the lack of a viable return from their production. What if this happens to be in the northern part of the province, in the Peace River country, in the Okanagan or in the lower mainland of the Fraser Valley? This is going to hit more people than I think was realized by the Minister of Finance (Hon. Mr. Barrett) when this legislation was promulgated.

I feel confident this is the instrument or the vehicle which could load the extra straw that will break the camel's back. We could drive out a great deal of secondary industry, service industries and so on which service our general basic industries due to the fact that today's dollar doesn't carry the same value as it did heretofore. Today, \$25,000 is not a very large investment in any type of corporate organization., I feel very disturbed about this tax and this legislation in light of the fact that the Province of British Columbia is not in a position where it must have additional revenues. If the Minister is really sincere about his concern in this relation, there are other ways of enhancing the revenue of the province by stimulating more secondary industry, more primary industry. Our basic resources are here in which we could stimulate a greater degree of trade, a greater degree of commerce, which all shed off by way of our present tax formulas and tax legislation. We can certainly do without this type of legislation, and I must say that I will be opposing this bill.

MR. SPEAKER: The Hon. Minister of Finance closes the debate.

HON. MR. BARRETT: Mr. Speaker, thank you very much. I appreciate the wide-ranging debate we've had

on this bill. I've seen that some Members found it necessary to touch on philosophy in discussing this bill. I will try to confine myself as much as possible to the principle, but I do think I must respond to some of the criticisms that were attached to the bill but related generally to philosophy.

First of all I'd like to point out to everybody just exactly what we are talking about. We're talking about a tax of one-tenth of 1 per cent of capital to be employed in projects here in British Columbia.

That is, if an investor wishes to put \$100,000 in an investment in the Province of British Columbia, we're going to tax him \$100. One hundred dollars on a \$100,000 investment, I maintain, wouldn't even cover the cost of the coffee charged by the lawyers drawing up the legal accoutrements necessary to establish that bill.

Interjection by an Hon. Member.

HON. MR. BARRETT: I want to deal with the \$1 million...I want to deal with the next figure up — how tough this is on the millionaires. And I'm sorry

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that all those working people out in front of this Legislature weren't in the House to hear how these great defenders of the working man and the union are in here spending a whole day defending the large corporations out of a little tax money, Mr. Speaker.

A million dollar investment under this bill means \$1,000 in tax.

HON. MR. HALL: Wall Street Freedom Fighters.

HON. MR. BARRETT: Yes, "the Wall Street Freedom Fighters," as my friend, the Provincial Secretary, calls them.

You know, in 1965, the working people of this province paid \$45 million in income tax and the corporations paid \$40 million. In 1972, the working people paid \$266 million and the corporations paid \$80 million. The working people's contribution went up six times; the corporations' contribution went up twice, 6 to 2, the score against the little people of British Columbia, and we are trying to equal the score.

One thousand dollars on a million dollar investment. I've seen more high-priced lawyers, would-be lawyers, and Philadelphia lawyers get up today and try to attack the Government for doing something Ontario did 43 years ago, and attack this Government for being socialist by catching up with Tory Ontario. Who are they trying to kid? Who are they trying to kid?

Interjection by an Hon. Member.

HON. MR. BARRETT: He says we don't need the money. Let me tell you that this is a good economic year, and I hope that the future brings good economic years. But there are also great demands on this government — demands of services that went neglected year after year after year by that Opposition over there. Demands that require such things as chronic care, as fought for by the Member for Oak Bay (Mr. Wallace). Better education, better facilities for the aged, better services for children — and why shouldn't the great wealth of this province pay a little bit towards services for people?

I hear the homilies that are so often thrown across by the wisdom alleged of the backbenchers in terms of "no business experience." Well, if you want to go into that homily area, my father was a pioneer businessman in this province. My brother and I spent 16 and 18 hours a day working with my father and you know...

MR. G.B. GARDOM (Vancouver–Point Grey): How did you go wrong?

HON. MR. BARRETT: "How did I go wrong?" says the Member. It was in that experience with my father who started out as a simple food peddler to begin with, and he built his business up into an extremely successful

company before he retired in the late 50's.

The experience I had with my father was most interesting. Since this is a homily debate, let me share some of my homilies — the myth of pulling yourself up by your bootstraps. My father was in the fruit and vegetable business and he liked the idea at first that he was in free enterprise. Then he found that it wasn't very free and it wasn't very enterprising. And what an education it was for my brother and me.

He wanted, at one time, to bring in bananas from the Fiji Islands. Because he was a small businessman and he wanted to risk his money and he wanted to follow the North American Dream, he was going to bring in bananas from the Fiji Islands. When he brought in his first shipload of bananas from the Fiji Islands — bananas at that time were selling for 21 cents a pound — and we marketed them wholesale at 9 cents a pound and retailed them at 13 cents a pound out of our store and out of our wholesale operation.

Lo and behold — because you are interested in homilies — along came a representative of the United Fruit Company. Now you know the United Fruit Company — that's that little, struggling, free enterprising corporation that has a monopoly on all the bananas in North America. That's that corporation that upset a democratically elected government in Guatemala. They sent along a representative to my sweet lil' old daddy, and you know what they said: "Hey, daddy Sam, you don't bring bananas in any more from Fiji." And my dad said, "Would you put that in writing, fellows?" And they said, "Oh, no, we don't put it in writing, but you just won't get any other fruit and vegetables in your store if we find Fiji Island bananas in the store." They made him an offer he couldn't refuse — that's what they did. And poor old dad, he stayed in business all right as a free enterpriser, but he got the message in a hurry — don't mess with a multi-national corporation.

Fiji Island bananas could have been here years ago; the same time they dumped bananas in the harbour in Vancouver during the war years — if you remember those bananas floating around. Food went to waste under your system that you support — and you're crying here today with the homilies about us not being in business.

I had a little bit of experience in business. I saw how that competitive world works out there, So don't give me the homily stuff about the little businessman struggling his way through; that major multi-national corporations dominate the market of North America, dominate the money market, dominate the industrial market and dominate every scene of the economic activity of this whole province and this whole country.

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The other homilies you give about the struggling little enterpriser out there — sometimes you referred to the insurance agents, and these poor fellows are going to have to pay one-tenth of 1 per cent for their corporations. Where are the insurance companies when it comes to defending the agents now that we are going into government-owned automobile insurance? Are they giving the agents any compensation for the fact that they have given good service for 20 or 30 years? Why aren't you fighting for that?

You know this kind of twisted homily business we've had is a little bit of nonsense. It's the chronic kind of thing that somehow "business knows best" and, if you've had a little bit of business experience, you wouldn't support a bill like this.

I've been talking to my dad lately, and he says, "Right on, Dave, maybe it should be a little bit more."
(Laughter).

You know, my dad was a successful businessman too. Every year he was in business he lost money. That's what he always told my brother and I. And by golly, for a guy who was losing money we were doing O.K. My brother and I decided the time that we'd better worry about my dad and his business was when he said he'd made a few bucks this year.

It's just like every other businessman — they're crying all the way to the bank, Mr. Speaker. All the way to the bank. And all we're asking through this legislation is a simple little one-tenth of 1 per cent that Tory Ontario has had.

I'm trying to go through all the questions asked. Now the Member for Boundary-Similkameen (Mr. Richter) in his few moments, raised what I consider to be a valid point. Mr. Member, I want to assure you, because of your speech, that this bill will exempt the family farm. You've made a valid point, and we will see that this takes place.

Also, condominiums, as raised by the Member over there, co-ops and credit unions — they will all be exempt.

I cannot ever recall a time when the previous administration brought in regulations or discussed them before the principle of the bill was even in committee stage, but I'm telling you, quite frankly, that I've listened to the whole debate and those things that made valid impressions will be carried out in the regulations themselves.

Interjection by an Hon. Member.

HON. MR. BARRETT: "What about the several questions?" he said. I'm going to talk for at least 10 minutes anyway, after having that whole barrage of mostly nonsense, except for a number of pearls out of all those oysters over there. You have to shuck an awful lot of oysters to get a few pearls, Mr. Speaker, and I'm entitled to about 10 minutes of going through what's left.

You know, the other attack was made that we are going to have the snoopers going around. Well, I find that it's another consistent remark attached to the Social Credit Party.

If you look to section 28 of the *Social Services Tax Act*, brought in by Social Credit, they've been sending snoopers out for years, and I've never heard him once get up in the House and say, "You shouldn't have that power." He runs down the hallway yelling "Communism!" That guy, Mr. Speaker, has been endorsing legislation far tougher than anything we propose in this particular bill. You know, it's such a degree of irresponsibility...

Interjection by an Hon. Member.

HON. MR. BARRETT: What you lack in common sense, Mr. Member, you make up in volume. (Laughter). You know, Mr. Speaker, we had an attack on...

Interjection by an Hon. Member.

HON. MR. BARRETT: Yes, they can hear you all the way up in North Peace River right now. Just a little bit louder, Mr. Speaker, and we can get that Member a job replacing modern technologies of microphones.

Now the other thing was the Waffle thing — that this is a Waffle-inspired idea. I want to ask the Liberal Party: does Mr. Bourassa have a Waffle wing, or is it the Crepe Suzette group in his party that pushed him into this particular role? (Laughter). Does Davis, in Ontario, have a Waffle wing? Or is it just a straight Flapjack in Ontario? Now there we are. So we've got a new breakfast menu in British Columbia that's a continuation of the one we explored in the last provincial election. We got the Waffles, the Crepe Suzettes, the Flapjacks and the stale old Pancakes. (Laughter). I'd rather have a Waffle any day.

MR. CHABOT: I never eat 'em.

HON. MR. BARRETT: You never eat 'em? You sure didn't eat them last August, I'll tell you. (Laughter). But anyway, Mr. Speaker, on to some of the other statements.

The Member for West Vancouver–Howe Sound (Mr. Williams) said that it may be a more appropriate tax in Ontario or Quebec. But why isn't it an appropriate tax here? You claim it's regressive. I claim you're wrong. Regressive taxations are those that hurt a great number of people.

One of the most regressive taxes we've got is the 5 per cent sales tax. That's a fact. Some day, somehow — I don't know when, I don't know how — we're going to have to, whether it's us or another administration, look at that 5 per cent sales tax. It has to be

adjusted some way so that the rich pay a fair share. The 5 per cent sales tax means that somebody who is on welfare pays 5 per cent on a suit and a millionaire pays 5 per cent on a suit. If you want to make a pitch on regressive taxes, I'd like to hear some constructive ideas of how we find other forms of revenue to meet service needs and education needs other than the 5 per cent tax.

The Member for Columbia River (Mr. Chabot) said with regard to jobs that this would be counterproductive. I don't agree with him. I believe that infant industries have more difficulty with the IDB (Industrial Development Bank) and with DREE (Department of Regional and Economic Expansion) than they have with this bill.

Any tax they pay under this will be deductible from federal tax.

You talk about planning — there's a five-year write-off period on this. If they haven't made money, they write it off for the first five years. If a company hasn't made money in five years, it surely to goodness isn't because of the one-tenth of 1 per cent tax. So the idea of planning and ...

AN HON. MEMBER: What about Colcel?

HON. MR. BARRETT: Colcel! Colcel was a straight disaster — straight financial disaster. That's free enterprise, we're told — they can walk into it. But the consequence of the end of that disaster, Mr. Member, is that free enterprise says, "O.K., you lost money. Goodbye gang," and walk out. And what do we leave? We leave wrack and ruin through one-third of this province.

Even the *Vancouver Province* — and I'll refer to Mr. Sherman's article in a minute — admitted in an editorial two days ago that sometimes government has to be bigger than business when there are social consequences involved, and the future of an idea involved.

Now, I'm back to the principle of one-tenth of 1 per cent and that Member referred to the article by my good friend Paddy Sherman. Paddy Sherman has been known to be wrong before. So have I. So have I. We've both had the opportunity...

MR. CHABOT: What year were you wrong?

HON. MR. BARRETT: What year was I wrong? I thought you were going to be beaten in 1969. I was wrong.

Interjection by an Hon. Member.

HON. MR. BARRETT: No, I didn't figure you'd be beaten in 1966, but after I saw what got elected in 1966, I figured you were through in 1969. (Laughter).

But anyway, Mr. Speaker, to avoid this kind of delightful exchange that we've having on a highly intellectual level — back to the principle of the bill. I said it would be fully deductible for over a five-year period. I listed the things that we are trying to do.

We recognize that we are going into a surplus this year. I want to point out again, to dispel some myths, that it wouldn't matter if the NDP, the Liberals, the Conservatives or the Socreds were around this year. The Member for West Vancouver is absolutely right — the projections that are showing up this year are on planning decisions that were made two, three, four and five years ago. And the kind of course that we're following in bringing in this legislation now is to let people know what kind of decisions to make for the next three, four, five and six years. That's why there are major taxation bills on the order paper that should be put through this particular session, because if we don't put them through, business won't have that definite guideline that everybody in the House wants them to have to make their decisions.

So I want to make it very clear that the Member for Columbia River (Mr. Chabot) can't have it both ways. We

are setting out the guidelines and he claims there's insecurity. The insecurity can only come from attempts to filibuster legislation and not through any attempt by this Government not to withhold it. It's quite right, and in terms of the article by Paddy Sherman this morning, I want to remind my friend Paddy — does he want it like the old days when the Opposition was cut off? Certainly we're taking longer this year, but we've made sure that every legitimate freedom that should exist in a British parliamentary style House does exist. If the Opposition wishes to abuse it, that's on their head, not on ours.

We want the corporations of this province to see through this legislation and accompanying legislation exactly what they can plan on for the next few years that we are here and charged with the responsibility of governing this province. It would be wrong, in my opinion, not to bring this legislation in now. They have been asking for the blueprint, and certainly they are entitled to receive the answer as it exists on the order paper.

I want to remind the Member for West Vancouver–Howe Sound (Mr. Williams) that while I accept completely his argument about decisions being made two or three years ago for the investment projections to be made now and in the future, it cannot be the material of debate of two months ago. We cannot justify the material of debate of two months ago by saying that this Government is responsible for high unemployment. I know that you didn't say that, but that was the allegation of the official Opposition.

We'll take our responsibility in terms of our policies — at the earliest, next spring. The consequences of our policies will begin to show up next spring. In a large part, certainly we will bask in the

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luxury of the obvious growth of the economy in North America, but in all true sense, we will not be able to be measured in terms of our impact until next spring, for better or for worse.

Of course, that impact was in the context of the North American economic structure. Because the United States economy, like it or not, largely dominates this economy here in British Columbia and Canada. There are offsetting things that a provincial government can do and offsetting things that a federal government can do, but our greatest area of success can really be measured in terms of services to people within our jurisdiction. Regardless of what label the party in power has, there's a certain amount of finger crossing, hoping for the best in North America. That's a valid statement.

As to that article in *Barron's* referred to in this debate, I can only dismiss it with the further reference I made about it being a recovery of the "Joe McCarthy cutout kit," because it was a stupid article, and I will say publicly, so the message does get back to Wall Street, that they've impaired their credit rating here in British Columbia. When they come up here and ask us to loan them money out of our surplus funds, we're going to think twice about it. We're going to think about it. Now if they assure us they have nothing to do with *Barron's*, we'll talk to them. I would think that Dow Jones would be pretty upset that their publication, *Barron's*, borrowed some of Merrill Lynch's bulls to help prepare that article. But anyway, that's the case.

No legitimate investor in the Province of British Columbia is going to look upon this tax as a detriment to his coming to this province and making money. This is one-tenth of 1 per cent, it is valid, it is justified.

As to the real argument that was put up as to the timing, that is a valid criticism by the Opposition but it means a difference of opinion. You don't feel this is the time to do it. We do. We feel this is the time to do it because I happen to be a subscriber to one of the cautious tenets of both my father and the former Premier. They both came through the Depression and both operated businesses with similar syndromes. "Always put a little bit of cash aside while you have the chance."

That is really what this bill represents — a little bit of "tuck" money. When the time comes and the economic situation is such that we are not in a position to control it, we have a little bit of money to fall back on so that those people who are relying on us for Mincome, those people who are relying on us for good education services, social services...

Interjection by an Hon. Member.

HON. MR. BARRETT: We'll label it. I've said all along that surpluses will be shown. But I will never designate funds: that's a mistake. I don't want to go through that American experience.

But I will say that caution is a good thing; a little bit of money on the side is not bad. We have a \$98 million cash surplus in the bank right now. This is a little bit more, but you never know what comes up. I have learned well from my father who suffered the Depression along with my predecessor. Both of them have certain limits out of that Depression experience which I don't have and we'll see the consequences of that over a period of time. Therefore, Mr. Speaker, I move second reading of this bill.

Motion approved on the following division:

YEAS — 29

Hall	Barrett	Dailly
Strachan	Nimsick	Stupich
Nicolson	Sanford	Cummings
Dent	Lorimer	Williams, R.A.
Cocke	Calder	Hartley
Skelly	Lauk	Lea
Young	Lockstead	Gorst
Rolston	Anderson, G.H.	Barnes
Steves	Kelly	Webster
Lewis	Liden	

NAYS — 10

Richter	Chabot	Fraser
Phillips	McClelland	Morrison
McGeer	Williams, L.A.	Gardom
Wallace		

PAIRS

Anderson, D.A.	Macdonald
King	Curtis
D'Arcy	Brousson
Gabelmann	Schroeder
Radford	Smith
Brown	Bennett
Nunweiler	Jordan

Bill No. 63 read a second time and referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill No. 65, Mr. Speaker.

AN ACT TO AMEND

THE COLOURED GASOLINE TAX ACT

HON. MR. BARRETT: Mr. Speaker, it gives me a great deal of pleasure to introduce this bill intituled *An Act to Amend the Coloured Gasoline Tax Act*. The amendment to this Act is proposed mainly to give

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exemption from tax to family farmers and commercial fishermen, when coloured gasoline is purchased in operation of their family farm, farm truck or fishing vessel.

The effective rate of 1 cent a gallon will still apply to corporations engaged in farming or commercial fishing. The 15 cents a gallon will apply to corporation trucks.

The amendment to broaden the definition of gasoline from a "liquid" to a "product derived from petroleum" will mean that natural gas used in internal combustion engines in the pumping stations of pipelines will be subject to the 3 cent a gallon coloured gasoline tax. At the same time, it becomes automatically exempt under the social service tax where it was subject to tax before. The net increase in tax is estimated to be \$6 million.

MR. SPEAKER: The Hon. First Member for Victoria.

MR. N.R. MORRISON (Victoria): ...I would like to know how you know, as a vendor, who is and who is not a bona fide individual. Therefore, if you don't know, how do you prosecute a vendor for selling to someone who is not a bona fide user of a product?

MR. SPEAKER: One minute. Is there any further debate on this bill? The Hon. Member for Oak Bay.

MR. G.S. WALLACE (Oak Bay): Mr. Speaker, very briefly, we also support the bill. It is one of the positive measures that the Government has brought forward to help the farmer. The bitter debate which was waged in this House was related in some part to the fact that this side of the House was concerned about the economic well-being of the farmer. We're eager to support this bill because it is a step in the direction of making farming easier and more economically suitable and viable for the farmer.

MR. SPEAKER: Before the Minister closes the debate, I have to tell the House that he does close the debate. Is there any further debate? The Hon Minister closes the debate.

HON. MR. BARRETT: Mr. Speaker, because of the question raised by the Member, I wish to assure the House to eliminate the confusion of bona fides as a farmer, we will eliminate the section that still requires the 1 cent a gallon on the farm corporation There will be no problem and we'll change that in the regulations.

Mr. Speaker, this Act is covering a request made for many, many years by fishermen and farmers. It's a valid request and I move second reading.

Motion approved; second reading of the bill.

Bill No. 65 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill No. 66.

AN ACT TO AMEND THE GASOLINE TAX ACT, 1948

HON. MR. BARRETT: Mr. Speaker, this Government is greatly concerned about pollution in all its aspects. It therefore wishes to encourage the use of propane, butane and natural gas to propel motor vehicles, as these products have proven to be cleaner in the release of waste atmosphere pollutants than regular gasoline.

The proposed amendments bring liquefied petroleum products, namely propane, butane and natural gas, under the *Gasoline Tax Act*. The proposed tax is to be 10 cents a gallon, rather than the 17 cents now applicable to them under the *Motor Fuel Use Tax Act*.

Mr. Speaker, I'd also like to add that we encourage all companies and all individuals to seriously consider the feasibility of converting their company trucks or individual vehicles to the use of these non-polluting fuels. A number of firms in Vancouver have been doing this. This bill will be of direct benefit to those and an encouragement to others to follow their direction. I move second reading.

MR. SPEAKER: The Hon. First Member for Victoria.

MR. MORRISON: Mr. Speaker, we're in favour of this also; there's one question I'd like to ask. That is, how is it possible to tell whether liquefied petroleum gas or natural gas is purchased to propel a motor vehicle or whether it is purchased for some other use?

MR. SPEAKER: Is there any further debate on Bill 66? The Hon. Minister closes the debate.

HON. MR. BARRETT: We'll be able to tell if they put it in the tank of a vehicle.

AN HON. MEMBER: They might want to take it away with them.

HON. MR. BARRETT: Well, if they take it away with them and then drain it out and use it for something else, so be it. We as a Government don't believe that anybody is going to drive up, fill up the tank and go home and use it for something else just to beat the tax.

So, Mr. Member, with full trust in the people of British Columbia, I now call the question.

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Motion approved; second reading of the bill.

Bill No. 66 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill No. 67, Mr. Speaker.

AN ACT TO AMEND THE GASOLINE TAX ACT, 1958

HON. MR. BARRETT: Mr. Speaker, this is an amendment to the *Gasoline Tax Act, 1958*. Since 1928, the province has had two gasoline taxation statutes, only one of which is operative, the *Gasoline Tax Act, 1948*. The 1958 Act has been kept in reserve because of possible legal complications with the operative Act.

While the 1958 Act will not be proclaimed unless adverse circumstances require, it is deemed advisable to keep the statute up to date. Accordingly, the amendments are hereby submitted, which correspond exactly to the amendments presented in this session to the operative *Gasoline Tax Act*. I move second reading.

MR. SPEAKER: The Hon. First Member for Victoria.

MR. MORRISON: Mr. Speaker, my question is exactly the same as the last one. I think there is a problem in deciding how this is to be used. I believe that a taxation law that can't be administered is sure to bring the whole tax system into dispute.

MR. SPEAKER: Is there any further debate on Bill No. 67? The Hon. Minister closes the debate.

HON. MR. BARRETT: Mr. Speaker, I appreciate the question raised by the Member. I now ask that the

question be put.

Motion approved; second reading of the bill.

Bill No. 67 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill No. 68, Mr. Speaker.

AN ACT TO AMEND THE MOTIVE-FUEL USE TAX ACT

HON. MR. BARRETT: Mr. Speaker, this is the *Motive-fuel Use Tax Act*. To encourage the use of less pollutant fuels, propane and butane are removed from the 17 cents a gallon rate of tax imposed under the *Motive-fuel Use Tax Act*. As previously reported, they will be taxed at the 10 cent a gallon rate under the *Gasoline Tax Act*. It's a companion bill.

MR. SPEAKER: Any further debate? The Hon. Minister closes the debate.

HON. MR. BARRETT: I call the question.

Motion approved; second reading of the bill.

Bill No. 68 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill No. 69, Mr. Speaker.

AN ACT TO AMEND THE SOCIAL SERVICES TAX ACT

MR. SPEAKER: The Hon. Minister.

HON. MR. BARRETT: This is an *Act to Amend the Social Services Tax Act*. In a review of the taxation statutes, the *Social Services Tax Act* was noted to be inconsistent in its treatment of interprovincial carriers. Both road and air carriers are subject to tax on their equipment used in the province, whereas a complete exemption was allowed for railway rolling stock.

It is therefore proposed in this bill that the exemption for railway stock be deleted. The *Social Services Tax Act* presently contains an exemption for vessels over 500 tons because of their inter-continental connections. In our view, it was not intended to include the large barges which are now being built since the introduction of the social services tax. This section is being changed by this bill so that only self-propelled vessels will be entitled to exemption from the tax. I move second reading.

MR. SPEAKER: The Hon. Member for South Peace River.

MR. D.M. PHILLIPS (South Peace River): Mr. Speaker, I would like to move adjournment of this debate until the next sitting of the House.

Motion negatived.

MR. SPEAKER: Any further debate on Bill No. 69?

MR. PHILLIPS: Well, Mr. Speaker...

MR. SPEAKER: Order, please. The Hon. Member, not having won his adjournment, is thereby disquali-

fied from speaking.

MR. PHILLIPS: Well, the whole House is disqualified as far as I'm concerned...

MR. SPEAKER: Order. I follow, in this matter, the rules of our House. They clearly state...

MR. PHILLIPS: Well, the rules of the House clearly state that we're supposed to adjourn on Friday afternoon at 1 o'clock.

MR. SPEAKER: Unless otherwise ordered.

MR. PHILLIPS: We didn't do it.

MR. SPEAKER: Unless otherwise ordered.

MR. PHILLIPS: The rules were changed so that the Members could go home on Friday afternoon. We haven't done that.

MR. SPEAKER: There's a point of order been raised. It is not part of the debate to discuss the adjournment of the House under Bill 69. The Hon. Member has moved the adjournment of debate. Having lost that motion, he is required by our rules to be seated. I would ask the Hon. Member to be seated.

MR. PHILLIPS: And you can use your button which was installed because...

MR. SPEAKER: Order, please. Would the Hon. Member be seated?

Interjection by an Hon. Member.

MR. SPEAKER: Order, please. Would the Hon. Member be seated? I don't know of any parliament in the Commonwealth where a Member stands while the Speaker is standing. I think that in the circumstances the Hon. Member feels upset, but the House has made the ruling that we proceed this afternoon. It was voted upon and I am bound by the wishes of the House.

Is there any further debate on Bill No. 69? The Hon. First Member for Victoria.

MR. MORRISON: Mr. Speaker, I wonder if before closing the debate the Premier would answer a couple of questions concerning Bill 69 for me. I'd like to know what the true intent of the Act is, and does he really intend to try and collect 5 per cent sales tax on every piece of rolling stock as it enters the province for the first time, which would appear to be the ability of this Act to do. If so, how does he propose to do it?

MR. SPEAKER: The Minister closes the debate.

HON. MR. BARRETT: Mr. Speaker, the tax will be calculated on the same basis that air carriers and road carriers are now calculated — miles in and miles out. It will be difficult on the railroad cars as we know. But we expect that the system, once worked out, will operate effectively as it does now on road and air carriers. This is only to allow the road carriers and the air carriers to be in a more competitive position.

I now move the question be put.

Motion approved; second reading of the bill.

Bill No. 69 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill No. 70, Mr. Speaker.

AN ACT TO AMEND THE GIFT TAX ACT

HON. MR. BARRETT: Mr. Speaker, this is an amendment to the *Gift Tax Act*. Although the exemptions allowed at present under the *Gift Tax Act* are considerable, I wish first of all to review them here for the information of the Hon. Members:

1. Up to \$ 10,000 a year is exempt to the spouse of the donor. Exemptions continue up to \$10,000 a year to other persons with a maximum of \$2,000 per person free of tax; up to \$10,000 interest in farm property once in a lifetime to a child of the donor to be used in farming operations carried on by the child.

(d) Gifts to Canada, the Province of British Columbia or a municipality in British Columbia.

(e) Gifts to a charitable organization

(f) Gifts to an educational institution or a hospital.

(g) Gifts to non-profit organizations where the gift is used for benefit of the community as a whole.

(h) Gifts made at the time of death.

It is proposed in this bill to also exempt the transfer between spouses of one-half interest in the family home. This is a matter raised, I might say, Mr. Speaker, by many Members of the House, both Opposition and Government Members.

In addition, it is proposed to correct the section requiring a tax return to be filed so that it is the same as the other provincial statutes administered by the federal government. This means that a return will be filed if a person gives more than \$2,000 in gifts in a year to persons other than a spouse. In the latter case, he or she is allowed to give up to \$10,000 without reporting the gifts.

The Act contains a section which gives the government an automatic lien on any real property owned by a person if any amount of tax is owing. As

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this means the lien is not readily discernible in the land registry records and could mean extra costs to check out for any person purchasing a home, the section is amended to provide a lien only if it is registered against the property by the government. The amendments are made retroactive to January 1, 1972 in order to give benefit of the changes of the full period that the Act has been in force.

I might say, Mr. Speaker, in moving second reading, that I want to thank all the Members — legal Members and rural farm Members who have advised us on these amendments — and for those who think in a community that we've taken a long time in legislation this year, this and many other Acts are well worth the time.

I move second reading.

MR. SPEAKER: The Hon. First Member for Victoria.

MR. MORRISON: Mr. Speaker, I might say that we support this. Rather than take the time of the House, I wonder if I could ask the Premier if he has received from the Canadian Bar Association a letter with some suggestions concerning the wording in this Act and some suggested changes. If not, I would be happy to read the letter. They have some rather constructive suggestions in their letter which I think should be taken into consideration. Have you got the letter? I'll be happy to read it if you haven't.

HON. MR. BARRETT: Yes, I've got it.

MR. MORRISON: Thank you.

MR. SPEAKER: The Hon. First Member for Vancouver-Little Mountain.

MS. P.F. YOUNG (Vancouver-Little Mountain): Thank you, Mr. Speaker. I appreciate the principle of the bill. I think it is an excellent amendment.

However, I do take umbrage at the fact that a joint tenancy, where a spouse puts a domicile into joint tenancy with the other spouse, is considered a gift. This usually means that the husband, when he declares joint tenancy with his wife, is in effect "giving" her half of the home. I maintain, Mr. Speaker, that she has earned that half of the home.

She is the manager. She is managing a small enterprise. She is the budget manager. She does all of the work in that home, and by right of her labour alone is entitled to half of that home and not as a gift. Thank you.

MR. SPEAKER: The Minister closes the debate.

HON. MR. BARRETT: Mr. Speaker, in answer to the questions: yes, we did receive the letter referred to by the Member. The suggestions were considered but it was the advice of the department that we should stick with the uniform Act that exists and that was the decision we made. Otherwise there would be too many complications — although they were good suggestions. It would be too difficult.

In reply to the Member for Vancouver-Little Mountain (Ms. Young), her analysis is correct. While I have complete sympathy for her, it appears that the problem was caused in some instances by the *Veterans Land Act*, in that the veteran himself was given the title to the home. To allow the VLA people to apply and others, the wording of the Act has to be on the basis of spouse.

I agree with the Member. If anybody has earned ownership in the home, in my opinion, it is more the wife than the husband. I have complete sympathy for you, and I say that knowing that my wife is not in the gallery. I move second reading.

Motion approved; second reading of the bill.

Bill No. 70 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill 71, Mr. Speaker.

AN ACT TO AMEND THE ASSESSMENT EQUALIZATION ACT

HON. MR. BARRETT: This is *An Act to Amend the Assessment Equalization Act*. The Assessment Equalization Act is in force to equalize real property assessment values for school taxation purposes throughout the province. This is mainly because of assessment limitations that were applied by the previous administration in an apparent attempt to keep assessment on homes in line through a highly inflationary period.

This Government will be giving the Act further study. In the meantime, one glaring inconsistency in our opinion needs correcting. Due to daily up-to-date sales figures from homes being readily available, the assessed values of land and improvements skyrocketed each year as a result of inflationary forces.

On the other hand, assessed values for industrial-commercial properties progressed in a more orderly manner because of the lack of up-to-date or numerous sales figures and because of depreciation and other accounting procedures applied by industry. However, the assessment limitations of not more than 10 per cent for individual properties per year and not more than 5 per cent for individual school districts per year presently contained in the Act applied equally to industry as well as homes.

In our view, the industrial and commercial properties do not require the assessment increase section

that homes do because, as I have mentioned, homes are assessed on an up-to-the-minute sales information and industry is not. It is therefore proposed in this bill to removed the benefits of the restrictions on the limits of assessments accreted from industrial and commercial properties.

In future, the restrictions will only apply to improvements used for residential purposes or classified as farmland, and this would include apartments of both condominium or rental type.

I move second reading of this bill.

MR. SPEAKER: The Hon. Member for South Peace River.

MR. PHILLIPS: Mr. Speaker, I would like to move adjournment of this debate until the next sitting of the House.

Motion negatived.

MR. SPEAKER: The Hon. First Member for Victoria.

MR. MORRISON: Mr. Speaker, in our opinion this should not be made retroactive. We'd also like clarification as to whether this does include apartment blocks and rental accommodation in that manner which in turn will also probably raise the rents.

MR. SPEAKER: The Hon. Member for West Vancouver-Howe Sound.

MR. L.A. WILLIAMS (West Vancouver-Howe Sound): Mr. Speaker, I take it from what the Hon. Premier says that this is an interim step and we hope to have some further and perhaps complete revision of the *Assessment Equalization Act*. With that assurance we will reluctantly support this amendment.

I am concerned, Mr. Speaker, that this is just another interference with the true function of equalization. While it may create some apparent advantages for homeowners and for farmers, it interferes in another way with equalization and therefore with the true functioning of the tax system which is based upon a value assessment.

It is, I am sure, not going to change the assessment procedures of those municipalities which maintain a double roll; those municipalities at least are making an attempt to keep themselves in line with the proper relationship of assessments to what is a proper approach to value.

This is going to further create inequities with regard to the tax burdens for school and hospital purposes. I truly hope it will be an advantage to the homeowner, but the best thing we could do for the homeowner would, of course, be to take the taxes off their homes altogether. Until that happens we should go back to equalization in the true sense and require assessors to make special efforts to keep the industrial and commercial properties in line with values as they increase or decrease in each community.

What the Premier says about the availability of information is true. The number of changes there are in residential ownership give the assessors an easy way in which to determine the value base, but just because it is difficult or more difficult to do it for industrial or commercial properties does not mean that it cannot be done.

I would think that the assessment commissioner should be concerning himself and all the municipal assessors throughout the province with the devising of techniques whereby industrial and commercial assessments can be more orderly.

MR. SPEAKER: The Hon. Member for Oak Bay.

MR. WALLACE: Mr. Speaker, I also feel that the important qualification in supporting this bill is that the Premier has stated that a review of the *Assessment Equalization Act* shows many inefficiencies and inadequacies and

that this is the one particular area that stands out like a sore thumb, I'd say, and that this is the one aspect which he feels entitled to try to correct at this time.

As anyone who has served at the municipal level knows, there is perhaps no Act, or no aspect of municipal government which is more contentious or more distressing to the individual than the assessment of property. I am sure that the Hon. Minister of Finance knows this very well.

I'm picking a fight with no one when I say that certainly the municipality that I served in at one time did not seem to me to be able to keep abreast of equalization of assessment even at the residential level. In times of rapid inflation, to which the Minister has referred, it is very difficult to keep residential accommodation equally assessed in different areas of the municipality when you are perhaps assessing only part of the municipality each year, and perhaps only completing a total assessment over a period of five years. But that's a little off the point.

I do feel that there is a tremendous concern in the City of Victoria by businesses and industry. I think the mayor of Victoria is on record as saying that this will result in a dramatic increase in the assessment of business and industrial concerns in this City of Victoria. Here again we come back to the inevitable effect, which will be increased costs to the consumer, because whatever these industries or businesses are producing for the consumer, whether it's consumer goods or services, we can assume that the end result will be increased costs and a further addition to the inflationary spiral that we are all trying to contend with.

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On the other hand, I certainly agree with the Minister that if the facts show, and I think to a degree they do show, that we are not able to evaluate assessment on properties that don't change hands very often, namely the industrial businesses concerned, whereas we can come closer to knowing what the situation is with regard to homes... On that sort of qualified basis, this party will support the bill.

MR. SPEAKER: The Hon. Minister closes the debate.

HON. MR. BARRETT: Mr. Speaker, in closing the debate, the Act will be retroactive to December 31, 1972, so that we can start from that date — due to a court case, as I understand it.

The question asked by the Member for West Vancouver-Howe Sound (Mr. Williams) I plead ignorance in interpreting. My advice is that there are indeed great discrepancies in taxation between school districts. In conjunction with the questions raised by the Member for Oak Bay (Mr. Wallace), I've been advised that the Minister of Municipal Affairs has already started a review.

The target date for amended legislation is next spring. But I've been given a caution on that target date by the Minister. The two departments, Finance and Municipal Affairs, are now co-operating and hopefully it will be next spring, along with our own party policy — you know that I've already stated publicly that there is a difference of opinion in our own group as to the method of removing school tax from land. We've agreed as a group that we're going to remove it, but we haven't agreed as to the method. So hopefully by next spring when we get the report and our cabinet comes to some agreement with our caucus, we'll have a package to present to the House.

In the meantime, this is, as the Member for West Vancouver has said, purely a method of patching up the catch-up for the time being.

I move second reading.

MR. McCLELLAND: What about apartments?

HON. MR. BARRETT: Mr. Member, this will include apartments or condominiums of rental types. The restriction is only applied to improvements used for residential purposes, and that would include apartments or condominiums of rental type.

MR. SPEAKER: The question is that Bill No. 71 be read a second time now.

Motion approved; second reading of the bill.

Bill No. 71 referred to a committee of the whole House at the next sitting of the House after today.

HON. MR. BARRETT: Mr. Speaker, second reading of Bill No. 72.

AN ACT TO AMEND THE PROVINCIAL HOME-OWNER GRANT ACT

HON. MR. BARRETT: The provincial homeowner grant is firmly entrenched as a part of the provincial government's financial aid to home-owners to help them pay a part of the provincial government's financial aid to homeowners to help them pay their local property taxes. Throughout many an election campaign the New Democratic Party was accused of being a group who, if they got into power, would take away the home-owner grant. I'm happy to say I've lived to see the day where we're proving that we are not only going to take away the home-owner grant...

AN HON. MEMBER: You wouldn't dare.

HON. MR. BARRETT: Well, I've no comment on that other than to say that I'm happy to report, as reported in my budget speech, that the Government is committed to study of the ways and means of eliminating the school tax from property. This requires major considerations and possible realignment of provincial revenue structure and will take time to complete.

In the meantime, it is not the Government's desire to penalize home property owners. It is therefore proposed to increase the home-owner grant to a maximum of \$200 from \$185 and to a maximum of \$250 from \$235 for those home-owners 65 years of age or over.

I move second reading.

MR. SPEAKER: The Hon. Minister closes the debate.

HON. MR. BARRETT: Mr. Speaker, I request the question be put.

Motion approved; second reading of the bill.

Bill No. 72 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Second reading of Bill No. 73, Mr. Speaker.

AN ACT TO AMEND THE MUNICIPALITIES AID ACT

HON. MR. BARRETT: This Government is conscious of the position of the municipal governments who, like everyone else, are faced with increased

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costs. Therefore, to assist these governments and to ease local taxes on municipal property owners, it is recommended in this bill that the municipal per capita grant be increased an additional \$2 per person.

This means a total grant of \$32 for each man, woman and child in each municipality. (Pause. Arm waving.) 1952, 1953...Oh, sorry. Wrong script, Mr. Speaker. Right place, right script but wrong guy! (Laughter). It is estimated this will cost the province an additional \$4 million, a total of \$58,500,000 per capital in the next fiscal

year.

To further assist municipalities in running their own affairs this bill will also remove the requirement of how the grant is to be used by the municipalities. In other words, the \$32 per capita grant will now be given unconditionally by the province, my friend! (Laughter). Same script, same script writer but far better words and I move second reading, Mr. Speaker.

MR. SPEAKER: The Hon. First Member for Victoria.

MR. MORRISON: This is one of the times when I wish I had been here for years. (Laughter). I feel a little bit left out when I've missed all this humour.

HON. MR. BARRETT: It was serious before! (Laughter).

Interjections by some Hon. Members.

MR. MORRISON: I might say at this point that we're obviously in favour of it, but we wish it were a great deal higher. We realize that the municipalities are probably going to get considerably more tax revenue in the amendment on the equalization Act. But we also think that this should have been raised to at least \$36, if only to have taken care of inflation.

MR. SPEAKER: The Hon. Member for West Vancouver-Howe Sound.

MR. WILLIAMS: Well, it is the same script, Mr. Speaker. I would really have thought that the new Minister of Finance might have seen fit to bring in some real variations insofar as aid to municipal revenues is concerned.

Again, I hope that when he's closing the debate, he will say that this too is under review and that the Minister of Municipal Affairs (Hon. Mr. Lorimer) will be able to convince the Minister of Finance that we must have a completely new deal for the municipalities and their revenue sources.

Yes, the Minister said that this is going to increase by about \$4 million the cost to the province in their aid to municipalities. Well, the Hon. Minister of Rehabilitation and Social Improvement (Hon. Mr. Levi) just announced another new scheme the other night that's going to cost the municipalities \$4 million. So already we're back to where we were a year ago. That's why this same old script is not good enough.

Mr. Speaker, there's another reason why I think the Government should and must make a complete revision in its assistance to municipalities. That is that the per capita basis for determining need and the province's answer to that need is no longer satisfactory. It's an easy one to use. But, as the Premier well knows, in urban areas increasing populations create more and more problems. The problems are created at a rate greater than the population increase.

In a small community there are many problems and many expenses which the municipality faces in providing the services for its citizens. But when increasing numbers of people are brought in closer and closer relationship one with the other, additional problems are created which are not found in many of the small communities. The City of Vancouver is certainly an example. In fact, so is the area in which the Hon. Premier has had so much experience in private life, as has the Minister of Rehabilitation and Social Improvement. They know the consequences of large numbers of people living in extremely close proximity.

They increase the costs to the local community. I would certainly hope that one day we would get away from the easy per capita basis of making funds available. This would be a step forward in itself. But I also hope that we will see the day when municipalities can have some other tax revenue base than just the ownership of land.

MR. SPEAKER: The Hon. Member for Oak Bay.

MR. WALLACE: Mr. Speaker, I'm sure my colleague from Saanich could express this far better than I. As he quoted from the Plunkett report the other day in the House, the whole scope by which municipalities can raise money for an ever-increasing demand on them, dealing again with the question of inflation in relation to wages and

materials, this amount of increase per capita seems to us to be quite inadequate.

Again, in the same line of thinking as we discussed on an earlier bill today, one has to see sums of money in context. The Premier has stated how much this will cost the Government. But set against some of the other consequences of taxation and, as the former speaker just mentioned, while we very much support the concept that people requiring social assistance should be given a fair slice of the provincial pie, nevertheless 15 per cent of that cost has to be borne by the municipality and they don't have the room to manoeuvre in raising their share of the cost to the degree that the provincial government can choose various forms of taxation.

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In other words, this Government has brought in the tax we've just passed, the utilized capital tax, but the municipalities don't have any such way of raising the money, other than by raising it against the homeowner. We feel that the time has long since passed when some basic review should have come up with a better formula.

It would seem to us that surely one kind of formula would be to relate the money made available to the municipalities as some kind of percentage of the tax revenues available to the province. That may not be the solution but it's certainly better than the per capita basis on which it has been calculated.

The one factor in the bill which we do approve, Mr. Speaker, is removing the conditional basis on which \$3 per capita was to be spent, when it was increased by \$3 a year or two ago by the former administration. That was, as I recall, for ambulance service, development of trade and development of tourism. I think those were the three areas where dollars were given conditionally. I think the grant fell into disrespect because I'm quite sure there were municipalities who just put the money in their pots and I don't think there was any accounting as to whether the money was spent for these conditional purposes or not.

I think the first meeting that had been held ever — in Toronto a few months ago between the three levels of government — municipal, provincial and federal — should surely be some kind of starting point out of which this government can gain benefit in having a better understanding of the municipal problem and the raising of finances at the municipal level.

This seems to me a little similar to the *Assessment Equalization Act*. We're accepting this as an interim appraisal by this Minister of Finance (Hon. Mr. Barrett) in the early months of his term of office and we look forward, no later than a year from now, to a much more comprehensive and a much more fair and just bill for the municipalities.

MR. SPEAKER: The Hon. Second Member for Vancouver Centre.

MR. G.V. LAUK (Vancouver Centre): Thank you, Mr. Speaker. Firstly, I want to thank the Government on behalf of Vancouver Centre for the increase and also for the many other advantages that the City of Vancouver is getting.

However, I am concerned about the rising costs of having one's home in the City of Vancouver. The taxes are increasing. The municipal government's expenditures are increasing. Perhaps there's a little bit of fat in their budgets, Mr. Speaker, but not that much.

I think that before long, the review of a revenue sharing formula has to be made by this Government. I might echo what has been said by the Members for Vancouver-Howe Sound (Mr. Williams) and Oak Bay (Mr. Wallace). The people...

Interjection by an Hon. Member.

MR. LAUK: West Vancouver-Howe Sound. Believe me, Mr. Member, I know the distinction between West Vancouver and Vancouver Centre in all of its characteristics.

I believe that this revenue-sharing plan is in the mind of the Minister of Finance. I rise only as a gentle reminder that there are some of us Members from Vancouver who have constituents who we must speak out for and who wish to maintain their own homes in the area. Their property taxes are very high. There's the likelihood that they still might be increased. The sooner that we come to some arrangement — not only with the City of Vancouver, Mr. Speaker, but with all the municipalities in the province, with a new programme of revenue sharing — it will be a brighter day for the municipalities and especially for the City of Vancouver.

MR. SPEAKER: The Hon. Minister closes the debate.

HON. MR. BARRETT: Thank you, Mr. Speaker. We agree that the grant has paternalistic attitudes related to it. However, although we have been criticized for going too fast, we just haven't had enough time to come to a conclusion about how to vary this particular method of assisting the municipalities.

We did have a meeting in my office shortly after the election of the new mayor in Vancouver, Mayor Phillips. He proposed a number of interesting methods. I told him at that time that I could not give him a commitment in terms of one office meeting. I asked him to put the proposals in writing and get the endorsement of the UBCM so that when we began discussing the proposals, he and the committee from the UBCM would be speaking in one voice. The Minister of Municipal Affairs (Hon. Mr. Lorimer) and myself could sit down with them on that basis. That's the direction we're going in.

The grant system has a number of built-in advantages as well as disadvantages. What do you replace it with if you take away the grant system? It may be easy, Mr. Member, but also there are politics involved. On a quiet afternoon with a drowsy Press, it's easy to be very frank about some of the politics.

AN HON. MEMBER: I said nothing's easy.

HON. MR. BARRETT: Nothing's easy? O.K. Now I don't have to go into a political discussion.

Nothing is easy. It means politicians in a room behind a closed door — I know this sounds terrible to

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people. But they've got to sit down, close the door and have a header.

MR. WILLIAMS: Smoke-filled rooms.

HON. MR. BARRETT: On occasion they're necessary.

MR. WALLACE: They don't need to be smoke filled, though.

HON. MR. BARRETT: "They don't need to be smoke-filled, " says the doctor.

Now that's the kind of atmosphere in which the political lines disappear and some hard-nose bargaining takes place. That's what I'd like to see happen.

Mayor Phillips took the request back to the UBCM and that's the direction we're going in.

The problems raised by the Member for West Vancouver-Howe Sound (Mr. Williams) about the growing cities — I'm going to resist the temptation to give a long speech. I will just tell you that I do share with the Prime Minister of this country one common fear about city life. I really worry about an American-style city life developing in our major cities. Touch wood! It hasn't happened so far. People still are not frightened to walk down our city streets.

It's a beautiful thing to be able to walk in Vancouver or Victoria. I don't find Victoria nearly as exciting. They roll up the sidewalks — I shouldn't say that. Victoria's a very exciting city. But Vancouver is exciting too.

MR. WILLIAMS: Esquimalt?

HON. MR. BARRETT: Esquimalt is exciting, Saanich is exciting. (Laughter).

Having said that, I just want to illustrate a little story and then I'll sit down and shut up.

Four years ago as a social worker I had occasion to do some traveller's aid. I had a couple up from New York who were looking for a lost daughter. They expressed the fear for their daughter — I think it was at the time of the tragic murder of the nurse in the West End of Vancouver — and how upset the newspapers were: the *Vancouver Sun*, the *Vancouver Province*, full headline stories demanding action by the then Attorney General, kicking the heck out of the city, kicking the heck out of the province, the government.

These parents came in to me in fear about their daughter. They showed me the headlines.

I said, "Look. It is a problem. But can you name an American city of this size where an occurrence like this would be on the front page? Can you name a state where the attorney general would be in hot water?" It happens so infrequently in our great City of Vancouver or Victoria that it's front page news. Down in the United States, that's an everyday occurrence and you get a small box saying "Three murders."

When we were in Washington we walked from Washington's Chinatown — I confess of my habits — four of us, back to our hotel. We enjoyed going through that part of the city and we came back. The driver at the Canadian Embassy picked us up the next morning and we told him we'd walked through there. And without thinking at all he said, "You idiots. Four people were shot in Washington last night alone."

Now you can have all the material progress in the world and all the great wealth in the world. But if it leads to that kind of city life, it isn't worth it. We're interested in helping the cities somehow avoid that. The grant is obviously not the best system. We'll try to find a better one.

I move second reading.

Motion approved; second reading of the bill.

Bill No. 73 referred to a committee of the whole House at the next sitting after today.

HON. MR. BARRETT: Mr. Speaker, second reading of Bill No. 74.

AN ACT TO AMEND THE REVENUE ACT

HON. MR. BARRETT: This is a very short bill, Mr. Speaker. The Hon. Members will note the Minister of Finance has taken the power under this bill to invest surplus funds of the province in the capital stock of corporations.

At the present time the Minister has the power only to invest in capital stock of chartered banks.

I want to assure the Hon. Members that it is not the intention of the Government by this amendment to start playing the market with the people's money, but rather it is the investment policy of this Government only to commit the people's funds to the capital stock of those corporations where it is considered the investment is a most prudent one or it is considered highly in the public interest to do so.

The bill also includes two routine amendments. In the case of revenue refunds, the limit is being raised from \$200 to \$500 before an order-in-council is required. I expect an amendment to raise it to \$1,000 before an order-in-council is required. The \$200 figure has remained unchanged in the *Revenue Act* for many years and is now considered unrealistic. It certainly is when you have to sign stacks of orders-in-council dealing with refunds of \$600 and \$700. So I expect an amendment up to \$1,000.

Similarly too, the maximum interest payable of 5 per cent allowed the province is unrealistic in terms

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of today's financial markets. This limit is therefore being removed.

I move second reading.

MR. SPEAKER: The Hon. Member for Columbia River.

MR. CHABOT: Bill No. 74, Mr. Speaker, *An Act to Amend the Revenue Act*. It could quite conceivably be called the "Waffle Act, 1973."

I find it an incredible piece of legislation which has been introduced by the Premier. He says it's not to be used in investment in the stock market or something of that nature. But if he really wants it to be used for investment in some of the companies that might create jobs and help develop and further refine our natural resources, it should be spelt out in the Act. He should leave no doubt in the minds of the people of British Columbia as to the reason for this legislation.

You can spell it out if you want to participate in the development of a smelter in British Columbia. There is no reason why that objective could not be spelt out in the Act. I think that it's wrong, really, for a government to turn over the power of investment to one man — the Minister of Finance.

Even in most large corporations, they wouldn't do this. But here, where we're dealing with the taxpayers' dollars that come from everyone — small taxpayers and large taxpayers — we give the right to the Minister of Finance to invest in any endeavour that he sees fit, in the capital stock of any corporation. I think that's a lot of power to give to one man, a man who has indicated to us very clearly this afternoon that he has some business experience. It dates back some considerable time ago.

He told us his business experience was restricted to the selling of bananas from Fiji; that's the only business experience which he possesses. Now he's asking us, by the amendment to the *Revenue Act*, to give him the right to invest in any corporation in British Columbia a man whose only business experience is selling bananas. That's asking too much, Mr. Minister of Finance.

[Mr. Dent in the chair]

HON. MR. BARRETT: Don't you think United Fruit is a good investment?

MR. CHABOT: I don't know anything about United Fruit. But really, I think you should clearly indicate to us for what reason you need this absolute power which you are asking for under this Act. It's "Big Club" legislation; that's what it is. "Big Club" legislation by a left-wing Government.

What do you intend investing in? You've indicated but you can change your mind. You can bring in regulations or something of that nature to invest in the stock market if you want.

Do you intend in investing in corporations such as Kaiser Resources, which is a coal-mining operation in the East Kootenays that has come into British Columbia under the free enterprise system to try to make a dollar or lose a dollar? They lost a lot of money. Their capital investment was something in the neighbourhood of \$130 million. They've been operating that mine for approximately three years and have lost in operating losses something in the order of \$35 million. They've lost roughly \$165 million...

HON. MR. BARRETT: We've lost a lot of coal.

MR. CHABOT: Yes, we've lost a lot of coal, Mr. Premier, and it's your intention to export a lot more from the Sukunka coalfields as well.

HON. MR. BARRETT: We won't give it away for 10 cents a ton.

MR. CHABOT: You intend exporting the raw material, the natural resource from this province. And there will be others too.

Is it your intention to invest in Kaiser Resources? A money-losing proposition — you've already bought into a couple of money losing propositions. A couple of white elephants — one at Ocean Falls, and Columbia Cellulose. Is it your intention to pursue your present direction which is to uplift the money losing operations in British Columbia?

I know that the Premier's predecessor, Mr. Speaker, in 1969 said that if they were elected to government they would stop the Kaiser deal. He felt that it could best be developed as a Crown corporation, that is the coalfields. And I am wondering whether the Premier intends investing the taxpayers' dollars in such types of operations as Kaiser resources, because I don't think that government should take that kind of risk that they have taken, and other coal miners have taken not only in British Columbia, but in other parts of Canada as well.

When we are talking about investment dollars, we are not talking about investing our own dollars, or dollars that we've borrowed from a finance company or borrowed from a bank. We are talking about dollars that we have extracted from the people of British Columbia.

I don't think, really, that you would invest it as you have indicated to us, in penny stocks — unlisted penny mining and oil stocks — but you could, quite conceivably, invest in a lot of money-losing propositions in British Columbia. And I think the Act can be amended and the Act should be amended to clearly define what the Government's objectives are, relative to participation in corporations of this province.

You can clearly spell it out in the Act what your

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objectives are for financial participation. And unless you do so, the people will only assume that you intend investing it in a very willy-nilly way, by propping up many unprofitable enterprises in the province.

No, I don't think we should give the power to the Minister of Finance to invest as he thinks best. He could get up some morning after a bad dream and come to the conclusion that he should invest in this particular corporation — after having had a bad dream, Mr. Premier.

HON. MR. BARRETT: I only had those when you were in power.

MR. CHABOT: All of British Columbia is having them now. All of British Columbia. No, there is too much power in the hands of one man who has only business experience to the extent of selling bananas from Fiji. (Laughter).

Interjections by some Hon. Members.

MR. CHABOT: There will always be a dark cloud over this business community in British Columbia with this type of legislation, because there will always be that fear in view of the many statements that you have made over the years and have made since you have been Government, that you're going to take this over, going to invest into this corporation or that corporation. "We'll push West Coast Transmission out of business, we'll take them over." — Inland Natural Gas, B.C. Telephone — and now you bring in Bill No. 74 to invest in the capital stock of any corporation in British Columbia.

Tell us, do you intend taking a minority share position in B.C. Telephone, West Coast Transmission, Inland Natural Gas, Columbia Cellulose? We know the story there — you don't intend taking any minority position there. Do you intend taking a majority position in any of these corporations in British Columbia?

This is dangerous legislation — legislation that puts a cloud over this community of British Columbia.

Because you can with this type of legislation, threaten any corporate body in the province of British Columbia. You can threaten them through the cancellation or alteration of any lease they might hold in the province, or any licence they might hold in the province. You can threaten them under several pieces of legislation that exist such as the *Pollution Control Act*, or the *Health Act*.

It's a most dangerous stranglehold, in my opinion, over the entire business community of our province. No one will know when the big hand of big brother is going to reach out, put the pressure on the business community and tell some corporate enterprise in British Columbia that "you'd better shape up or we might cancel your lease or cancel your licence. We want a piece of the action. We want 20 per cent of your company. We want 30 per cent. We want 40 per cent. We want 51 per cent too."

[Mr. Speaker in the chair]

MR. CHABOT: And there is that possibility of threat against the business community of British Columbia through adjustments, alterations, or the threat of cancellation. A very subtle word here or there and you better believe that the government will be in business in British Columbia, either in a minority way or a majority way, because they have the power to make or break any business enterprise in British Columbia by this legislation.

It's legislation that has very wide ramifications. It's legislation that should be fully debated in this House. It's legislation such that every Member of this Assembly should be here when it's being debated as well. I think that some of the backbenchers who aren't here should have an opportunity to listen to both sides of this piece of legislation that we're debating right now, because it has such wide ramifications in the affairs of the business community of this province. In order that they will have an opportunity to participate and assess and listen to the position being taken by every Member of this Assembly, I think that it's only reasonable and fair, Mr. Speaker, that I move adjournment of this debate until the next sitting of the House.

Motion negatived on the following division:

YEAS — 8

Richter Chabot Fraser
McClelland Morrison McGeer
Williams, L.A. Wallace

NAYS — 28

Hall Barrett Dailly
Strachan Nimsick Stupich
Nicolson Sanford Cummings
Dent Lorimer Williams, R.A.
Calder Hartley Skelly
Lauk Lea Young
Lockstead Gorst Anderson, G.H
Barnes Steves Kelly
Webster Lewis Liden
Cocke

PAIRS

Anderson,
D.A. Macdonald

King Curtis
D'Arcy Brousson

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Gabelmann Schroeder
Radford Smith
Brown Bennett
Nunweiler Jordan
Gardom Levi
Rolston Phillips

MR. SPEAKER: The Hon. Member for Vancouver-Point Grey.

MR. P.L. McGEER (Vancouver-Point Grey): Mr. Speaker, I am sorry to have such negative emotions on my mind this afternoon that I just about get up and vote no automatically. Mr. Speaker, we have nine little words here which remove virtually every safeguard that has been built up through a century of the responsible political process in British Columbia. There are really eight words and something which says "(d)", permitting the Minister of Finance to invest in the stock of any corporation.

Mr. Speaker, I would just like to know a few things about the Premier's plans. Will he have a stockticker installed in his office? What kind of stocks does the Premier prefer? It's not limited to any particular class, bank stocks or even stocks from corporations in British Columbia. Does he prefer mining stocks like Western Mines or Sunshine Lardeau? Will we be wanting these in our portfolio? Horseracing stocks; take a flyer on Whitney Stables. How about Brameda? That is a mining company. It did very well for a while; brought in Brenda Mines, went from \$9 down to about 16 cents, didn't it?

[Mr. Dent in the chair.]

MR. McGEER: Are we going to invest through the normal investment houses in British Columbia? Will we buy these stocks through Pemberton Securities or will we want to have our own stockbroking house? Will we maybe be buying shares with the ability to manage stocks themselves?

Are we going to buy trust companies like Commonwealth Trust? Would we have invested in Columbia Cellulose a year or two ago when that corporation was writing off \$130 million in capital investment?

Will we be investing extensively in corporations outside of British Columbia? Would we be investing in the Benquet Corporation for example? One that has done very well in the Bahamas.

These things, of course, are all possibilities for the Minister of Finance (Hon. Mr. Barrett). I'm not sure, Mr. Speaker, whether I would have picked, given a free choice of investment managers, the present Minister of Finance to invest my portfolio. I might have preferred the former Minister of Finance (Hon. Mr. Bennett) if I had to pick a politician to manage my investment portfolio. I think that the people who are experienced in the field would perhaps be the kind of people that most Members of the House would want to see managing their surplus funds — people who have had extensive experience in managing portfolios, who will be guided dispassionately to invest in sound stocks, perhaps a little bit in government bonds, some domestically and some on the foreign market.

This is the kind of thing that investment houses do full-time. They give full attention to the management of the portfolios of their clients. I don't know if the Minister of Finance intends to devote that kind of undivided attention to the investing of these surplus funds from consolidated general revenue, but if this is to be an important new direction for government, then I think we should have the Minister of Finance giving that kind of attention to the people's portfolio.

It's really, Mr. Speaker, a blank cheque bill. I can recall, many years ago, a blank cheque bill coming before the legislative assembly and it being the subject of very lengthy and bitter debate, but that bill provided only for the investment by the Minister of Finance in the stock of a bank. The reason why it became a subject for heated debate, and was finally vetoed by the national parliament, was because we didn't know how much stock the Minister of Finance wished to buy in that particular bank.

Interjection by an Hon. Member.

MR. McGEER: No, Mr. Speaker, it wasn't the Senate. As a matter of fact, as I recall, Mr. Speaker, the Senate tore the former Minister of Finance (Hon. Mr. Bennett) apart when he went down to appear before the Senate banking committee, because a number of the Hon. Senators were very experienced in such matters and pointed out to the former Minister of Finance how shallow his own outlook was in suggesting that the bank could be capitalized at \$100 million. Indeed, there was a public subscription with a target of \$75 million, which wound up with \$10 million or \$12 million.

Later, Mr. Speaker, we opposed in this House another bill, which gave the Minister of Finance power to invest trust funds in the stock of a bank. This was after the Bank of British Columbia had become a fully operating chartered bank with stock issued at \$25 per share, and where it was slipping on the open market to \$18, \$17, \$16. The value of that stock was propped up for a considerable period of time by purchases made by the former Minister of Finance. In other words, the people's money was being used to provide a floor support for the value of stock in the Bank of British Columbia.

I only mention these examples, Mr. Speaker, not to rake over the ashes of past legislative debates, but to illustrate the restraint that was urged upon the former Minister of Finance in this Legislative Assembly, in the Senate and in the House of Commons with regard to investment in the capital

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stock of one corporation — a bank that was totally under the control, as far as operation was concerned, of the statutes of Canada and of British Columbia.

When in the past there has been restraint over an investment in that limited field you can imagine, by comparison, the lack of restraint which is suggested by these eight words and the letter "c," which gives the Minister of Finance power to take any amount of money, invest it in any corporation, however sound or unsound. He can do so without reference to Treasury board, to the cabinet, to the Legislative Assembly or to the people.

Mr. Speaker, we probably won't know what stocks or bonds have been invested in. I would presume that one of the investments that the Minister of Finance will make, if this bill passes, is in the B.C. Telephone Company. Of course, what will be done is to make statements regarding the takeover of the B.C. Telephone Company to depress the stock and then it will be possible for the Minister of Finance to purchase the stock. In other words, you play the market at one end against the other.

But whether it's the telephone company, whether it's a forest company, whether it's mining stock, whether it's a gambling casino outside of British Columbia, this particular legislation in its wording doesn't distinguish one from another. It could be any of these things, or all of them. The purchase of any amount of stock on the New York Stock Exchange, the Vancouver Stock Exchange, Toronto or Montreal, over the counter — none of this is limited in any way by the wording of the legislation.

I would like to inquire, Mr. Speaker: what has happened to us in British Columbia that a century of restraint in the management of the people's funds should be dismissed in this rather short bill with the amendment consisting of just a few simple words? That restraint has certainly disappeared. Mr. Speaker, it is not as though we were turning the consolidated revenue surplus over to Howard Hughes as our investor, though I wish we were, because there is a man who has done very well with his investment portfolio. Mr. Speaker, we can't find anywhere on the Treasury benches of the New Democratic Party the kind of experience that Howard Hughes has had, the record of success with investment moneys.

Instead, Mr. Speaker, we've found the government using the people's money to invest in corporations that have demonstrated an inability to carry on. The purpose of the investment has been to save jobs, not to make sound investments that will allow for growth and future opportunity. One presumes that this is an indication of the trend.

The particular funds that are provided for under Bill 74 aren't limited to the kinds of investments that are provided for in the bill of the Hon. Minister of Industrial Development (Hon. Mr. Macdonald) because there are shares in a development corporation that are invested only after due consideration by a board.

It is not, Mr. Speaker, as though the provincial government has a team of investment analysts, as the civil servants. They don't have the kind of alert organization that usually stands behind any fairly large investment portfolio. So one wonders whether the intent is to have one of these mutual fund investment programmes, or whether it's to use consolidated general revenue for other purposes.

These purposes, Mr. Speaker, could be to invest in money-losing corporations, with some stated social objective. They could be used as sly means for engineering takeovers, for example. As the Member for Columbia River (Mr. Chabot) has pointed out, it could be the Waffle bill. I submit that the B.C. Telephone Company, of course, will be the first target for purchases of shares by the Minister of Finance (Hon. Mr. Barrett) because he and the Minister of Industrial Development (Hon. Mr. Macdonald), have this enthusiasm extending back over many years, to have control of that telephone corporation.

AN HON. MEMBER: Wrong number.

MR. McGEER: This has been the stated policy, of course, of the CCF and then the NDP and one can presume that the Minister of Finance will receive all kinds of urgings and proposals from other Members of the Waffle group and other Members of the NDP as to things that he might buy here or there.

All these years he's been a social worker, helping out people who have lost daughters when they arrived here from New York. All these years, Mr. Speaker, he may have had these secret ambitions to own a steel mill or perhaps a race track. We don't know what the Minister of Finance's industrial ambitions have been.

All that we know is that now he's got the people's money and if this legislative authority is given to him, he will be able to indulge all those fantasies, whatever they may have been in the past.

HON. MR. BARRETT: I'm not Walter Mitty.

MR. McGEER: It could well be at the expense of Mr. and Mrs. Taxpayer in British Columbia.

HON. MR. BARRETT: Read section 57 of the Act. You're just saying that because you're a Liberal.

MR. McGEER: When the Premier closes the debate, perhaps he could detail for us what his investment preferences are. If he were to say that he preferred mines or if he preferred railroads or if he preferred automobile factories — you know, a joint partnership with Toyota or something like that — then we could get some indication of where the tax

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revenues of British Columbia were going.

But, Mr. Speaker, we just have to guess at this point. All we know is that whether we want to be in the Minister of Finance's mutual fund or not, we're there. We're making forced contributions to this portfolio with our tax money.

Mr. Speaker, it doesn't look as though the initial investments of the new Government have had that shrewdness about them. Indeed, the *Victoria Times* was moved to write an editorial on the subject. I thought it was a very good one, Mr. Speaker. It says, "Is this a rummage sale?" They thought that the industrialists of the NDP were merely picking up businesses that otherwise were failing. I would hope that that doesn't become a fixed tradition of

the Government. It would mean that the portfolio would fare rather badly.

Indeed, there are some ventures that initially have looked very, very good to the investing public. As you will recall, Brameda started out and went up to \$ 10 or \$11. Then it sunk down to just a few cents. Mr. Speaker, as we know, the Government's proposal to invest in the Sukunka coal operation really involved financial rescuing of Brameda Resources.

We don't need to go into Colcel at length, or Crown Zellerbach's miseries at Ocean Falls. But as a matter of record, we're into all of those operations and each of them has been involved in extensive capital losses by the principals. Each of them has been a tempting investment vehicle for hardheaded private investors with experience in investing. It only shows how easy it is to go broke when you move into the private sphere.

When he was in Opposition, the Minister of Highways (Hon. Mr. Strachan) used to say that it was a God-given right to go broke. Now we have a Government that has taken over from where the Opposition was. Instead of permitting that God-given right and leaving bad businesses alone, it has felt an obligation to get in and play in those operations in order to protect the jobs and make them survive.

If that's the sort of philosophy that's guiding the people who make the decisions today, I don't feel very secure, Mr. Speaker, in seeing investment moneys being made available in unlimited amount to these people to mix it in with the highrollers of Howe Street.

Mr. Speaker, this is without question the riskiest bill that has ever been introduced in the Legislature. It does open the door all the way for the Minister of Finance to take all our surplus revenue and invest it in any venture, however speculative, leaving the public with no recourse and no way to get the money back. So how could any responsible Opposition, Mr. Speaker, support this bill or give any encouragement in any way to the Minister of Finance to use its provisions?

First of all, Mr. Speaker, we say to the Minister of Finance and to the Government: please reconsider this bill. Amend it and bring it back, spelling out the investment limitations that should be spelt out if it's absolutely essential to move into the private sphere. Then, Mr. Speaker, we would want the Minister to limit the amount of money that he would use for this purpose so that we haven't wound up passing a blank-cheque bill.

Make it whatever is appropriate — \$5 million, \$10 million. Then we know the limits of the amount of money that we're going to lose if things go badly. As it stands now, all of consolidated revenue could be used for this purpose.

HON. MR. BARRETT: No. Wrong.

MR. McGEER: Well, all of surplus in consolidated revenue. I correct myself, Mr. Speaker, and I apologize for that.

But the surpluses have been very substantial. This coming year they'll be about \$180 million. That's a fair amount to gamble with on the market. Even Howard Hughes doesn't shake up that kind of money every year to play the market.

So there should be some restraints. I must say that the *Industrial Development Corporation Act* — I don't want to get into a discussion of that Act — does spell out the limitations that are to be placed on investments and sets an upper amount, beyond which consolidated revenue cannot be tapped.

But what's the point of putting all those safeguards in one particular area to support private industry and then leaving it wide open in the other? It's like putting \$25 in the safe and locking it tightly and only allowing small amounts of that to be taken after appropriate notes have been signed, and then to take all the rest of the money and just leave it on the dining room table for the Minister to come in and help himself to.

It's a most inconsistent and unfortunate way to do business and we oppose this bill.

DEPUTY SPEAKER: I recognize the Hon. Member for Oak Bay.

MR. WALLACE: Thank you, Mr. Speaker. When the Minister of Finance introduced this bill, I was rather amused by him saying this was just a little bill. It's certainly a small bill in terms of the words that are used. But that probably only emphasizes the fact that sometimes tremendous punch goes into a very small packet.

Interjection by an Hon, Member.

MR. WALLACE: Oh, I'm not talking about myself.

Mr. Speaker, the Minister of Finance made a

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comment in public not long after the bill was introduced, I remember, which I think let it be understood very clearly he himself understands the tremendous ramifications of this bill. I can't recall where — on radio or television — I heard him say in an interview that he was most surprised that there hadn't been tremendous public reaction to Bill No. 74.

AN HON. MEMBER: "Opposition."

MR. WALLACE: Sorry, "opposition." Or maybe "reaction." I can't remember his exact word, Mr. Speaker. But he was certainly meaning that while there was tremendous furore about Bill 42, he had slipped Bill No. 74 in and was surprised that there was not more opposition.

AN HON. MEMBER: He didn't slip it in.

MR. WALLACE: No, I'm sorry. That's an unfair word to use. He introduced Bill No. 74 soon after and apparently it went unnoticed or almost unnoticed. The Minister was surprised that there had not been more comment. I don't even know if he used the word "opposition." But it was quite clear, Mr. Speaker, from the Minister's statement at that time that he realized very well that this bill is like no other bill that I've ever seen in this House in terms of the lack of, to use the second Member for Point Grey's expression, checks and balances.

The reason that we oppose this bill is the tremendous discretion without any restraint which the bill gives to the Minister of Finance to invest surplus funds from consolidated revenue, and I use the words "in the capital stock of any corporation." The tremendous scope and tremendous leeway which this gives to the Minister of Finance leaves us with a great deal of concern.

As the Minister stated, it is a small bill, but the potential that it affords the Minister of Finance to deal with taxpayers' money without any restraint other than his own discretion, we feel we cannot accept.

When one looks at other areas in the financial world where individuals invest money or seek various services, there is always some measure of restraint, whether it is insurance companies of banks, or any similar type of financial enterprise.

There are laws which at least suggest or state that a certain fraction of money must be kept in reserve and a certain fraction must be made available on demand, and so on. And if this kind of safeguard to the individual citizen in the handling of his private finances is considered necessary in banks, trust companies and insurance companies, I think it is only reasonable, Mr. Speaker, that some kind of guarantee should be available when the Minister of Finance is dealing with taxpayers' money and its investment, however it is invested.

The two words "any corporation" seems to us to be such a completely limitless possibility, and I won't reiterate some of the points made by the First Member for Vancouver–Point Grey, (Mr. McGeer) but I wish to say that we have the same reservations in this regard.

We also wonder, and would like the Minister, in winding up the debate, to perhaps give more details as to the

methods that are to be adopted, the degree to which there would be separate accounting of any moneys that were invested out of surplus funds.

With respect, we have to say what we have said already, in regard to proposed investment in Brameda Resources, in Colcel and in Ocean Falls. While the technique, we are told, is a little different — that you said that the Government would set up a Crown corporation, I again don't see that there is any difference. It's taxpayers' money. The actual mechanics and the method to be used still means that it is taxpayers' money being used to shore up, or to invest in industries which at this point in time are certainly money losers.

I accept, Mr. Speaker, the fact that the Minister of Finance has been very frank and honest with the people of British Columbia in saying that he just doesn't value a company or a business on the sole and simple basis as to whether it makes money. There are social considerations regarding, in the case of Colcel, a whole sector of the north-west part of this province, and that it is part of the more general strategy to use our forest resources in a wise manner, and also create jobs. I accept that, in that particular instance, but nevertheless, when this Government has only been in power six months, and when it has decided to use taxpayers' money in certain business sectors of the community, it happens to have picked three losers right off the bat. In Opposition to Government one has to listen to the voices of the people you represent. Everywhere I go people ask me, "What is this government doing that it is only showing a financial interest, or financial support of businesses which seem not to be viable, and which are all losing money."

Then when we come to this bill and find such a limitless amount of power and discretion which it gives to the Minister of Finance, we cannot fail to be influenced by the actions of this government to date in the three examples I have quoted.

Interjection by an Hon. Member.

MR. WALLACE: I am not necessarily saying that they should take over any businesses. I am saying that our attitude and our opinions are these, that the function of government... Mr. Speaker, again I have said this many times in this House, that we have

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different philosophies and that is why we are on different sides of the House, and this is what democracy is all about. I am putting forward our philosophy and I'm leaving the people of this province to judge.

I respect very much the socialist Government for its point of view. I disagree with it, but I respect the conviction and the sincerity with which the Minister of Finance holds his views. But I have to disagree, and the party I stand for disagrees.

What I am saying in answer to the Member up the road here, is that we don't think that the government should invest in business at all. We feel that the function of government is to create a healthy climate whereby industry and business shall find it encouraging, profitable and socially beneficial to carry out its own expansion, its own development, and its own competition in the market place. One of the reasons that we think this way — and as far as I am concerned, think this way very much — is that examples in other parts of this country, and other parts of the world, do not lead us to believe that when government gets into the business field that it ever does a very good job.

We look certainly, as I quoted in an earlier debate, to Manitoba and Saskatchewan where the government, by one mechanism, Crown corporation or otherwise, has gone into business and gone into nothing but further financial deficit. I have got a newspaper here, the *Financial Post*... that the Manitoba government is going to lose \$8.65 million in an aircraft business. We quoted some examples in Saskatchewan, in an earlier debate, about them in box factories and shoe factories and so on.

I am talking about general principles, and I don't want to pick out the worst specific examples just to make a case. I'm saying that there are areas in this country, in other provinces and in other parts of the world, where the history, or the track record of various governments shows that they are not very good when they get into private

business. This is what we feel.

I would also say that one of our reservations is the point already raised. But I think it must be mentioned again. That is, where do we go if the government — the Minister of Finance — with some of the very substantial surpluses that have existed in past years, does acquire 51 per cent of a company? Is it healthy for our communities to find that there could well be purely political pressures within the business segment of our society because the government holds 51 per cent of the control of business? What about the management of these businesses? Would the board of directors, the people in important positions possibly be placed in these jobs because of political benefit or service to the party and so on?

I'm not saying this will happen, but the Minister of Finance I think seems a little puzzled as to why we are so hotly opposed to this bill. I'm trying to point out that while many of these avenues of action might not be taken, we foresee some of the very serious possibilities if they were taken.

This again brings us back to philosophy. We feel that this is another means of takeover, rather than perhaps coming right out and making an open bid to take over a company — whether it be telephone or West Coast Transmission or whatever one you care to mention. Once again we are talking about "any corporation."

I feel that it should be made very plain that our main concern is that taxpayers don't feel — and this is our view at least — that government should in any way gamble with the taxpayers' dollars. If some of these companies, even at the time of government investment, might be making a profit, there are many ways, as was pointed out earlier, by a former speaker in the debate, that the picture could change very suddenly.

The taxpayer in this province — certainly in view of the recession I have had in my area — is frankly apprehensive when the Minister may feel there is no reason to feel apprehensive. We have big surpluses, we have a buoyant economy and so on, but he admitted earlier this afternoon, Mr. Speaker, that very often we are in a grip of world circumstances and the best or the worst government in the business wouldn't change some of the hard facts of economic life.

I agree with what the Minister of Finance (Hon. Mr. Barrett) said — you have to put a little aside for a rainy day. But if some of that money that you have put aside for a rainy day is invested in a company that goes belly-up when times get tough, I don't, frankly, think this is the kind of area in which the taxpayers of this province think their money should go.

The whole question was raised earlier on about social goals and it was suggested that financial losses are justified when the social goal is more important. I accept that, particularly in the instances we have touched upon, because of the fact that they are fairly small communities in an area where they are entirely dependent for the survival of the industry for jobs. This kind of bill seems to leave the door wide open to applying this same principle right across the board. If this opens the door also to a very subtle form of takeover by gradually acquiring 51 per cent of a corporation, then I think this is a veiled form of nationalization. I think if the socialist Government, as it has done in many other countries such as Britain in its time, wants to nationalize this corporation or that corporation, it should come out and do so clearly and unmistakably and in the open.

There are too few details in this bill. There is no check whatever on the discretion of the Minister of Finance. We feel that there is no way that taxpayers can or will support this degree of power in the hands

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of one man.

I listened with amusement to the Member for Columbia River (Mr. Chabot) getting all upset about this being too much power in the hands of one man. I don't seem to recall him getting so upset when there were many similar trends when he was in the Government side of the House. Just because it has been done in the past or because this kind of principle has been followed — maybe to a lesser degree in the past — that doesn't make it any better just because it is a different government.

I cannot possibly support the bill and I would like it to be very clearly on the record that the Conservative Party is very strongly opposed to this bill.

DEPUTY SPEAKER: I recognize the Hon. First Member for Victoria.

MR. MORRISON: Mr. Speaker, Bill No. 74 gives the Minister of Finance the right to invest money from consolidated revenue funds in any corporation approved by him, Frankly, I am a little bit surprised...

Interjection by an Hon. Member.

MR. MORRISON: Well, I did read the whole Act. Frankly, I am surprised that he would want this responsibility on his shoulders. Up until this time, I had never suspected that he was really a frustrated Monopoly player. But I also never suspected that he wanted to play Monopoly with the people's money.

HON. MR. BARRETT: What game was that?

MR. MORRISON: Well, it is kind of a strange game. It has some rather interesting rules in it. It looks to me like the rules we are getting out of this bill give him the right to make his own rules as he goes along.

One of the things that I wonder about this Act is the definition of corporation.

HON. MR. BARRETT: Isn't that the one that has the sections on utilities?

MR. MORRISON: That's right — it has those sections on utilities.

AN HON. MEMBER: The one where you go to jail free.

MR. MORRISON: As a matter of fact, Mr. Speaker, while the Hon. Member says go to jail, I would like to read him an article that is in the *Financial Post* of April 7. I assume he has probably already read it. It says:

"A group of angry Regina lawyers is looking for a way to sue the Saskatchewan cabinet for gross negligence in directing a Crown corporation to pay an excessively high price for a part of a Saskatoon meat packing firm. At the moment each of the lawyers is studying one aspect of the procedural problems presented by such a tricky suit. The group believes it may be able to bring action soon.

"The group is backed by a growing number of concerned Saskatchewan taxpayers. The controversy arose February 28 when the government announced that the Saskatchewan Economic Development Corporation was buying 45 per cent of Intercontinental Packers Limited, owned by international businessman Fredrick S. Mendel and his family.

"The price the cabinet directed Sedco to pay Mendel was \$10.2 million, and according to industry circles this seemed to be about four times the proper price. Using a multiple of 10 times estimated earnings of \$650,000 a year, *Financial Post* calculated that the proper price for the entire company should only be about \$6.5 million. As it turns out, even this earnings estimated was generous. Figures released this week show Intercontinental's net profit had been less than \$500,000 for six out of the past eight years."

I won't go on to read the rest of it as it is rather long, but it is also very interesting. It presents for us a prime example of the things that can happen when we become involved in investing in corporations for any reason.

In this Act I find no definition of what a corporation is.

Interjection by an Hon. Member.

MR. MORRISON: He kicked the bucket. I hope the rest of us aren't going to do likewise.

I would like to know if, in this definition, he has the right to buy only listed companies on stock exchanges. Or can he buy from any public company or private company? I know he said earlier he had no intention of buying penny stocks but I would certainly believe that he would have the right to do so. The Act does not, as far as I can see,

in any way say that these investments must be made in companies in British Columbia or, for that matter, in Canada or, for that matter, whether they have to be American or European. Maybe, perhaps, they just have to be invested in NDP provinces.

I would like to know how the Minister of Finance intends to decide what the value of the stock is. Will he use a times earning ratio? Or will he take the listed stock price? Will he go at the break-up value of the company? How will he value the goodwill, which may very well disappear once he becomes a shareholder? One of the other Members suggested a rather

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interesting idea which I had considered, which was: would he have a stock market ticker-tape in his office? And if so, will he get up at 5 o'clock in the morning when the New York exchange opens so he can be Johnny-on-the-spot and see what is happening in the funds that day? I find that a rather interesting thought — to consider him nipping out of bed bright and early in the morning and rushing down here to have a quick look at the stock to see what is happening with our companies.

I am also interested to know: will we become a little bit like a large mutual fund, probably creating our own stock market fluctuations? When we talk about this size of an investment or at least this size of an investment potential we do have the ability to control the stock up or down. I am also wondering if we will list on a daily basis those stocks which the British Columbia government owns, because as a shareholder in this company I think I would like to have the right to have a look at the stocks that the company owns, if only to make me decide which ones not to buy.

I think the public would like to see what is happening to their stocks on a daily up-and-down basis. Earlier in this session I got the distinct impression from the Minister of Highways (Hon. Mr. Strachan) that he disliked the stock market intensely. As a matter of fact, I think he said something like he would sooner put \$2 on the nose of a horse than invest in the stock market. He really wasn't very complimentary to the stock market.

So many of our new Acts now permit investing government funds in corporations. As far as I can see this is a rather new departure for this Government and I would like to know where it will end. Is this just the beginning or are we getting into a whole new trend?

We — and when I say "we" I mean the Government — have to comply with the Acts of this Government, such as the one we've discussed earlier and that is Bill No. 63.

Will we, as corporate citizens and shareholders, have to meet the same regulations and the same government interference that we would meet if we were not a government shareholder? When we become the shareholders in these as-yet unannounced corporations, will we demand a seat on the board? As a shareholder of sizeable amounts, it's customary to expect to try and get a seat on the board so that you can have some influence in the direction of the company. Will we try to acquire control of these companies? In many companies, of course, effective control can be considerably less than 51 per cent of the company.

Then, if we do get control of the company, will we try to appoint people to the operating board: that is, to the president or chief executive offices? When we do, will we try to change the direction of these free enterprise companies — these ones, as-yet unnamed that the Minister of Finance has his eye upon? Once he acquires control of these companies, will their past philosophies be changed? Will he decide that a new direction should be met?

When he does get control of some of these companies, I'm curious to know how we'll react. I again say "we," being shareholders of this company. How will we react to the negotiations with the employees? I think we're going to have some rather interesting experiences on that score.

As good corporate citizens, will we try to maximize the profits of the companies in order to return dividends to the shareholders? Or will that policy go our the window and will we have other directions? Then, how will the other shareholders feel — those shareholders who do not have control or are in minority positions: small

shareholders with small amounts of money who have invested previously in these companies, understanding what their direction was. Suddenly, they find a new shareholder of a large amount who has some say and control in the direction of the company. Then these shareholders will be locked in. If they don't like the direction of the company and the stock begins to take a downward trend, they're the ones who are going to suffer.

The next question I'd like to ask is that as corporate shareholders, how are we going to react to competition from other companies which we, as shareholders, also control? It sounds to me like a rather fascinating and interesting and challenging experience. I see that the Minister of Finance, with a smile on his face, can hardly wait to play the game. I'd never realized before that he was, as I said, a frustrated Monopoly player.

I'd also like to know what their policy in dealing with the government will be. When I say their policy, I mean the policies of these corporations which we're going to acquire shares in and perhaps acquire control of. On the one hand we're corporate citizens in a competitive business. How are we going to react when we're dealing with the government as far as contracts are concerned, as far as sales to the government are concerned, or as far as purchases or doing work for the government are concerned? Or will we be automatically excluded from being able to do business with the government? Will we, on a basis of disclosure, have to say, "We're sorry, but as a government shareholder in this corporation, we can no longer do business with the government."

Frankly, this is such a widesweeping change that it boggles the mind as to its ultimate ramifications. If the intention is to permit the Minister of Finance to acquire shares of utility companies such as B.C. Tel or have equity interests in smelting companies, these sections should be limited in an appropriate way in this Act. I believe that there should be limitations on our government into the types of things in which

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they can invest.

Most companies today — that is, trust companies or anyone who is handling funds for individuals — are restricted in the types of investments in which they may employ those funds. I believe that the Minister of Finance should also be limited in his way in the investments in which this government may be permitted to invest our money.

I think it is clearly improper for the Minister of Finance to be permitted to speculate — frankly, I can't think of any other word but "speculate" — with the people's money in any stock — which meets his fancy. I think that there should be very serious thought into this bill.

I too disagree with the philosophy of the government. I believe that they are sincere in their attempts to change the entire direction of this province. I must go on record as disapproving. Thank you.

DEPUTY SPEAKER: I recognize the Hon. Member for West Vancouver-Howe Sound.

MR. WILLIAMS: Thank you, Mr. Speaker. Much of the debate that has gone on this afternoon has really been beside the principle of this particular bill. We got into the question of discussing how the Minister of Finance might invest moneys in the future and those ways in which his government this year has already indicated their plans for investment. It was beyond the scope of this bill. You might have called the Members to order.

I suggest, Mr. Speaker, that it is important that we be allowed to have some breadth of debate. If the Members will please look at what is happening under this amendment, it may be the last time that we will ever in this House have the opportunity of debating with the government the wisdom of some of their economic policies insofar as investment in private corporations is concerned.

The Member for Vancouver–Point Grey (Mr. McGeer) said that he would rather place his trust in the hands of Mr. Howard Hughes insofar as the investment of funds or his portfolio, than he would in the Minister of Finance. Some Members quite properly said, "You can't find him." Mr. Speaker, once we pass this amendment, we in this House will have no more control over what the Minister of Finance does with the revenue surplus than any of us have control over what Mr. Howard Hughes may do with his money. I hope that the Members understand what they

are doing.

I disagree with the economic philosophy of the Premier and of his Government but that's not the debate here. We are debating an amendment to the Revenue Act which doesn't allow for any distinction based upon economic philosophy. The amendment we debate is what distinction we make as to the true meaning of democracy and the function of this assembly henceforth in the Province of British Columbia.

Why is the Minister of Finance asking for this amendment? For the simple reason that as the law stands today, he may do none of these things unless he first asks this assembly. What's wrong with that? We have bills on the order paper of the government exercising its own economic philosophical direction. It's made decisions as to how they wish to invest moneys of the Province of British Columbia. We have two bills on the order paper today which carry out that decision. But we'll have the opportunity to debate the wisdom of those decisions.

What's wrong with it being that way in the future? Why must we, with this simple amendment, say to the Minister of Finance, "Don't bother to ask us ever again whether we agree or disagree with your investment policies so far as they may apply to the acquisition of an interest, minority or majority, in any corporation. Don't bother to ask us any more. Go ahead." That's what the amendment means.

After hundreds of years of tradition in the British parliamentary process, we are coming down to the second-last step when we lose all of that tradition. We are today passing an amendment which says to the Minister of Finance, "Don't bother to ask us. Go ahead and invest the money."

I'm not questioning the wisdom with which this Minister of Finance may employ this power. I wouldn't have given it to the previous Minister of Finance either. If my party, if the Conservative Party, any party you want to name were in power in this province, I wouldn't want to give it to their Minister of Finance. The power belongs here.

I remember when we had troubles on opening day, a year or so ago, when a young man stood up in the gallery and shouted, "Power to the people." We were all aghast, and there was a fair amount of fear on the floor of this assembly.

Well, we're giving away the power of the people when we place it in the hands of the person who occupies the role of the Minister of Finance. I said this was the second-last step in the erosion of the power of this assembly.

The last step will come when we have legislation introduced on the floor of this House simply to provide that the Lieutenant-Governor-in-Council, by order, may amend any of the legislation passed by this Legislature. That's the last step. Then we can come to the Assembly each year, debate a throne speech, debate a budget speech, go through the department estimates and go home. That's the only authority, the only obligation that we will have 'in this assembly. Mr. Speaker, I'm not prepared to take that last step. I'm not prepared to take the second to last step.

I trust that each Member, when he comes to vote on this bill, will consider very seriously what he is

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doing to this entire system, placing all of the revenue power in the hands of the Minister of Finance, who may seek the advice of his Cabinet, but is even not obliged to do that. Yes, the Minister of Finance is going to use the surplus, that's all. That's a fair amount of money and it's being generated at increasing rates every year. But if I may, without infringing on the rules of this House, Mr. Speaker, just say that we have other bills which we will debate, perhaps today, which place additional amounts of money also in the hands of the Minister of Finance with the same unrestricted, unfettered power.

When I spoke in the budget debate I referred the Members to the fact that while we were debating a budget of \$1.7 billion, there was another amount in excess of \$2 billion under the control of the Minister of Finance, but there were restrictions on the way he could use those moneys. We will debate shortly bills which will remove more of those restrictions and leave those free for his use as well.

He won't touch the teachers' pension fund because it's trustee'd. He still has that limitation. Mr. Speaker, I'm not prepared, as I say, to take even this second-last step in the erosion of the power of this assembly. That's not why I was sent here.

DEPUTY SPEAKER: I recognize the Hon. Member for Boundary-Similkameen.

MR. RICHTER: Mr. Speaker, speaking to the principle of Bill 74, the blank cheque bill, as a simple farm boy this bill amazes me. I would have thought that the Minister of Finance would have had some fear of accepting the responsibility so completely, absolutely and exclusively his — entire control and discretion over the provincial surplus revenue funds in investing them in those areas which he personally and individually chooses to place the taxpayers' dollars.

I would have thought the Minister would have wanted to protect himself, which evidently is not the case within the bill, not within the principle of the bill. In fact it is the opposite.

I would have thought that the Minister would have wanted the protection of an order-in-council authorization. I would have thought that, probably, maybe even a minute of a Treasury Board's approval. But when the Minister of Finance, with but a flick of the hand, today suggested that the bill would be amended on the spur of the moment so that an order-in-council would not be needed as set out in the bill, for an amount of \$500, but raise it immediately 100 per cent to \$1,000 — and I look forward to that amendment being placed on the order paper and to be implemented at the time of committee. I feel this shows a lack of forethought by the Minister of Finance in the promulgation of the legislation.

The legislation is disturbing to me. I can see the far-reaching effects of this legislation, particularly in April 6, 1973, light of the philosophy in which the Minister of Finance has placed his faith. I cannot, under any circumstances, support this bill and will be obliged to vote against it.

DEPUTY SPEAKER: I recognize the Hon. Member for Langley.

MR. McCLELLAND: Mr. Speaker, very briefly, the Minister has said that he does not intend to play around with the stock market. He's also said that he intends to be prudent under the directions of this bill, the amendments to this bill. Mr. Speaker, up to this point in this parliament at least, this Government has shown that it doesn't know how to be prudent. I would suggest, Mr. Speaker, that the judgment of this Government is suspect, particularly with reference to the investment of moneys.

Mr. Speaker, there was also reference made by the Hon. Member for Oak Bay (Mr. Wallace) a while ago that the Minister of Finance had said earlier that he was surprised that there was no opposition from this side of the House to this bill. I'd just like to say, Mr. Speaker, that the official Opposition in this House recognized the dangers of this bill from the day it was introduced and publicly expressed that opposition and will continue to do so just as long as we're able.

Mr. Speaker it's my impression that in this legislation we will throw good fiscal management right out the window. I also believe that we will throw the security of British Columbia citizens out the window as well. I think it's a valid question that we ask: where is this money going to be invested? If we're not going to play around with the stock market, why don't we make provisions in the bill so that we won't be able to play around in the stock market? Will we be investing this money in other money-losing propositions like Ocean Falls or Columbia Cellulose? I think those are perfectly valid questions to be asking.

We need only, Mr. Speaker, to look to the Manitoba Development Corporation which is losing millions and millions of dollars each year and pouring dollar after dollar down the drain — bad dollar after good dollar. The attitude of this Government appears to be "So what if we pour that money down the drain. It's only taxpayers' money and there's plenty more where that came from." That appears, Mr. Speaker, to be the attitude of this Government. It's a frightening attitude if that's the case.

The First Member for Vancouver–Point Grey (Mr. McGeer) suggested that perhaps the Government is going

to take a flyer on Brameda Industries. Well I wonder if perhaps worse than that even, we might be taking a flyer on Western Flyer in Manitoba. Flying down, landing all the time, never taking off.

Interjection by an Hon. Member.

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MR. McCLELLAND: Or shoe factories in Saskatchewan.

Mr. Speaker, this bill doesn't limit even the investment to British Columbia corporations. But certainly, we will be able to invest in those kinds of money-losing operations in Manitoba or Saskatchewan.

I've expressed the fear in the past that this Government may be trying to shore up losing financial operations or Government operations in the other socialist provinces and providing jobs for Manitobans and Saskatchewanans when we should be concerned with providing jobs for British Columbians.

Are we going to insist on setting up those same kind of government corporations in British Columbia — tanneries and box factories and shoe factories and bus manufacturing companies — to start our own bold new experiment in socialism at the expense of all of our taxpayers? Mr. Speaker, those are the questions I think that we should have answered.

I think that it's easy to recognize, and the reason the Opposition was so quick to recognize, the dangers of this bill is that it is probably the first real indication, Mr. Speaker, of the directions that this Government wants to take British Columbia.

I agree that the Government has the right to its philosophies as well. But certainly, we have the right to disagree with those philosophies and disagree with them most emphatically.

Mr. Speaker, this has been called "blank cheque" legislation. I would like to say that I think it could wind up to be "bail out" legislation, the kind of legislation that will bail out those money-losing operations, not only in British Columbia but in other parts of the country as well.

Earlier, Mr. Speaker, the Minister of Finance was quick to assure British Columbians that, in his words, "We don't intend to get into money-losing propositions." And then, Mr. Speaker, right on the heels of that phrase he goes out and buys a couple of failures. Mr. Speaker, I think it is perfectly valid for us to ask if that is the kind of investment in which this Government is going to invest in order to risk British Columbia Treasury funds.

Mr. Speaker, once again I say that the Premier has been bragging — and rightly so — about the state of the economy of British Columbia, admitting along the way that the province was left in excellent shape. Now I would just like to suggest, Mr. Speaker, that since this province was probably left in better financial shape than any other jurisdiction in North America, it might be prudent of the Minister of Finance to pay attention to the reasons for the financial conditions of British Columbia. That state was not achieved, Mr. Speaker, by wasting money on failing corporations of any kind, whether they be government enterprise or private enterprise, and it wasn't achieved, Mr. Speaker, by bailing out corporate bankrupts.

DEPUTY SPEAKER: The Hon. Minister of Finance closes the debate.

HON. MR. BARRETT: Well, Mr. Speaker, it has been a very good debate. I think it is proof again that the length of a debate doesn't necessarily mean there is an improvement in the quality. As a matter of fact, I think the debate was of excellent tone and the points were well-made by the Members in terms of their own approach. I'll try to deal with as many as I can in terms of notes I made.

First of all, for the Member for West Vancouver Howe Sound (Mr. Williams), who made a very dramatic speech saying that this was the second to last step. The Member made the point that in another two instances we have bills before the House. Now that is a fact, Mr. Speaker, but in both instances those bills are after the fact. They

are after-the-fact bills. Two deals have already been made. If that Member is trying to give the impression that after-the-fact legislation is more preferable and that this amendment is the second to last step, then all I can say to him is that he is just trying to buffalo somebody.

Interjection by an Hon. Member.

HON. MR. BARRETT: No, I'm not admitting that we acted illegally at all. He recognizes that the Government has the power now to enter those negotiations, complete the negotiations, and come to the House and ask the House for its ratification. But they are both after the fact. So don't let that Member leave the impression that somehow the Government doesn't already have this power. If they don't like the deals, they vote against them. If the Government doesn't have the full support of a majority it is voted against in this House and that is tantamount to non-confidence on a motion.

But if that Member is worried about power in this House, let me tell him, as he knows very well, it's far more significant in terms of confidence in a Government if a Minister comes in and has his salary reduced by motion. If that is voted to pass, then the Government must collapse.

So if that Member wants to take the approach on what is a safeguard in parliament, let me tell him, as he knows, that this approach is far more direct in terms of responsible legislation and responsible censure or approval by this Legislature.

Interjection by an Hon. Member.

HON. MR. BARRETT: No, I am not. I am saying that there are degrees of responsibility, Mr. Member,

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and I would be the last to offer a lecture to anyone, new Member or old Member. But if you take the time to examine the traditions of the British parliamentary system, when you introduce a bill and you lose the bill, you have lost a degree of confidence. But that is after-the-fact legislation. The degree of confidence lost when a Minister comes in and has his salary reduced and that is accepted by the House means the whole place, the whole Government has got to give up, and the Member for West Vancouver–Howe Sound knows that very well.

So there should be no impression left that this is the second to last step. That's nonsense. There are steps here, and if you give the argument about the bills, Mr. Member, as I pointed out when you were absent, they are after-the-fact bills. The deals have been made and they have come in here to be ratified. The same thing under this amendment: when the Minister of Finance comes in and handles his estimates in the House either he gets the ratification on the handling of his estimates or he doesn't. If the House turns him down, the whole Government has to resign. It is just as clear as that.

Responsible to the House? My golly, we've given far more responsibility; and I'm not asking you to trust us. But you look at the system. We've given far more responsibility to this House in terms of accounts that we've seen in a long time. Any deal that goes through here has to be scrutinized in public accounts. There is the chairman of the public accounts there.

The Member may want to give an interpretation that it is better to have after-the-fact legislation than have the Minister report in the House on his estimates. I say that is nonsense. That is no argument at all.

Interjection by an Hon. Member.

HON. MR. BARRETT: Before the fact? Even if you were Government you couldn't come into this House and say, "Now we are negotiating with George, and we are thinking of buying X or Y with George. Gang, what do you think of it?" Don't be silly! You know very well that if a Government is elected to govern, they are delegated responsibility by the Queen to negotiate on behalf of the people. Those negotiations will be ratified or dismissed in this House and the people in this province will have the ultimate say in whether or not they agreed with what the

Government did.

As a matter of fact, we will ensure that far more people ever have the chance to have that ultimate say than in any other time in the history of this province. We intend to bring in an amended *Elections Act* to make sure a lot more people have the opportunity to either support or condemn the Government.

So the second to last step, Mr. Speaker, is a non-argument. It was meant perhaps only as a method of speaking against the bill, but it certainly had no substance in terms of relative responsibilities in this House because every Minister of the Crown must have his estimates approved in this House.

Now I want to point out that the Member for Vancouver-Point Grey (Mr. McGeer) did confine his remarks to the principle and the restrictions in this bill. He has been a Member longer in this House than others and he knows very well and was quick to point out that because of section 57 in the Revenue Act, the only power that is delegated in this particular amendment deals with surplus funds.

That's right. O.K. Now that we agree to that, let's go on to the business of the use of the power. I'm not asking you to accept my word; I don't expect you to do that. But obviously, sensible administration would mean that if there was to be any transaction, the first place it would be discussed in concept would be at Treasury Board and then at cabinet. If the concept was agreed to, cabinet secrecy would be maintained and the investigation and the research necessary for the transaction would initiate.

If the research and the information indicated that it was the decision the Government wished to make, the Treasury Board would have to be consulted and again there would have to be cabinet approval. No Government in the British Commonwealth system could last very long with one person running the whole show. There have been some notable exceptions to that general rule.

Interjection by an Hon. Member.

HON. MR. BARRETT: Because the exception that a compliant, malleable backbench would be elected again just isn't that likely. And let me tell you, it hasn't happened this time.

Interjection by an Hon. Member.

HON. MR. BARRETT: Oh, oh. These Members support this bill more than any other bill we've brought forward in this House.

Interjections by some Hon. Members.

HON. MR. BARRETT: Well, you may say that it's no different. I'll tell you it's a lot different. We don't have to wait for the hot weather for the IQ to rise. (Laughter). Mr. Speaker, the obvious participation is there. And if I may be permitted a comparison, when did the former Premier show up at caucus? Certainly not every single day like the present leader of the Government does.

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Interjection by an Hon. Member.

HON. MR. BARRETT: I recall reading an excited report from the former government's two day "think" caucus. And... I wish I could remember his name — McDiarmid! Howie McDiarmid, the good doctor, came out excited and thrilled after two days of caucus meetings. In answer to the question of the Press, "What was the highlight?" he said, "The highlight was that on the second day the Premier spent an hour with us." It was in the paper!

Well, absence makes the heart grow fonder.

Nonetheless, we are taking a very, very great power in a direct manner because, Mr. Member, this is a more

responsible way of responding to the Legislature and to the people of this province. After-the-fact legislation gives gaps and delays. This means that if we are to move into a proposal, and the House is in session, that proposal or deal, if made, will be reported immediately to the House. If the House is not in session that report or deal will be made immediately to the public of British Columbia, who are, after all, the final judges.

Now I agree with some of the criticism in terms of the doubts in the people's minds in this province. Nothing but performance can dispel those doubts. So it means that what we are saying is that the passage of time will prove whether or not we know what we are doing.

Interjection by an Hon. Member.

HON. MR. BARRETT: No, not trust — it's a reality.

MR. WILLIAMS: There's no safeguard.

HON. MR. BARRETT: The safeguard is right here in this House, just like the safeguard for any other government — Liberal, Conservative or anything else. Put, Mr. Member, there is a different ingredient, that I don't think that a large section of the population of this province that did not vote for us have really grasped yet, and the different ingredient is that when we run in an election campaign, or when we state a policy of this party, we mean it. Now that is brand new for British Columbia in a government because British Columbians have always had that wry smile of acceptance on their face when they discussed politics under Social Credit.

The most constant reaction had around financial matters throughout this province, when it related to the former Premier and the Social Credit government, was a twitch of the eye, a nudge of the elbow, and a sort of smile saying, "He's a pretty sly old politician, ain't he!" That was a common statement around government throughout this whole province. Now maybe that's the way people want it. I don't believe they do.

In 1960, for example, in terms of telling people honestly where we are going — and this bill directly relates to that — the former Premier went through this province saying, "Vote for me. Stop the socialists, and we will not take over the B.C. Electric." He was given the confidence of the people. Nine months later he came in and rammed legislation through this House to confiscate the B.C. Electric — not expropriate, confiscate. And they did it in such a clumsy manner that it cost the people of this province tens of millions of dollars in litigation to straighten out that mess.

So as far as the official Opposition goes, the new Members have the valid request in asking us, what are we going to do? But for the remnants of the old guard to even raise a question, I say they have forgone the rights of that question by their own performance in double-talking to the people of this province in election campaigns.

Now, what is the philosophy? The philosophy is this. We do not believe in grants, handouts, subsidies, tax concessions or gifts to industry. That is a statement of philosophy and principle of this party. We look upon the construction of roads and the construction of railroads as losing capital-cost projects. Why should we, as a people in British Columbia, constantly invest in losing capital-cost projects to serve resources that are owned by us, which we allow others to develop with huge profit margins and those profits escaping the Province of British Columbia.

I can find no argument on that basis from the ordinary people of this province. Why should the working man or the pensioner or the person on a fixed salary have to pay a substantial amount of his income to build roads, to build railroads, to build ships to serve these areas, only to have these areas developed on the basis of some outsider's needs? The Japanese don't operate that way, and they are not socialists. Many American states don't operate that way in the United States, and they are not socialists. Mexico doesn't operate that way, and they used to be socialists.

The point is, Mr. Speaker, that we are emerging in very rapidly changing times. The very election of this government is a reflection of changing times. It took 40 years for the people of British Columbia to decide that they wanted a government with this philosophy. The reflection of why they made that decision also means that they have carefully considered what the previous administrations have done with their money. And they have not been satisfied, because had they been, a free enterprise government would have been elected. There is really no difference

on a point like this between the existing parties, except the degree of cleanliness in terms of recent or remote history.

Now, what I am suggesting is that this is a dramatic turn for the people of British Columbia, with all the responsibility that is vested in this

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Legislature as a British parliamentary model. The responsibility has been given by the Queen to the governing party. The group with the largest number is to govern, and that is what we intend to do. This legislation is a method to continue that governing.

We will not be investing in corporations that need handouts such as the private enterprise parties have been doing. If you want to capsulize the philosophy in terms of what I have described, the previous administration, when it came to business, were socialists masquerading as free enterprisers and we, Mr. Speaker, are free enterprisers masquerading as socialists. Because I tell you clearly, that no corporation is going to get welfare handouts, tax grants, write-offs, roads or railways or any other form of subsidy into the people's resources unless the people get a decent return for that service to the resource.

I don't mind the response of the Members to talk about my banana sales background versus the hardware sales background in Kelowna. That's a lovable comparison. At least you can eat bananas, but you can't chew nails. (Laughter).

You know, Mr. Speaker, I want to point out to you that the comparison is really a comparison of different ages and different memories and different concepts. We are not going to invest in areas that will be risky or dangerous or anything else. When we make a decision to invest it will be consciously made, with two things in mind. One, which I have already stated, we are not interested in losers. And two, the definition we have of losers. And this is the last point that I wish to make.

We don't believe that the simple analysis of a balance sheet can give you the conclusion of whether an industry or an effort is a winner or loser. Because if one were to look at the simple balance sheet of Ocean Falls it was a loser. But if you were to look at the social balance sheet, the human balance sheet, the government has a responsibility to maintain a community that vast sums of money have been invested in, that hopes and dreams and aspirations have been invested in.

AN HON. MEMBER: They had already left.

HON. MR. BARRETT: The community had left. I don't want to go into this, but if they are trying to tell us that a boarded-up school, a closed-down hospital, a deserted hotel, is the best economic answer that capitalism can give to an economic problem, then that's a frank admission of defeat and a complete admission of a lack of understanding of what life is all about.

This amendment is the first shift away from the balance-sheet mentality of governments that have not understood the wonderful potential of the British parliamentary system. The Queen has given to the people the right to decide for themselves with scrutiny here in this chamber, and it is on that great delegation of authority by the Queen, that I move second reading of this bill.

Motion approved on the following division:

YEAS — 28

Hall	Barrett	Dailly
Strachan	Nimsick	Stupich
Nicolson	Sanford	Cummings
Dent	Lorimer	Williams,R.A.

Cocke Calder Hartley
Skelly Lauk Lea
Young Lockstead Gorst
Anderson,G.H, Barnes Steves
Kelly Webster Lewis
Liden

NAYS — 8

Richter Fraser McClelland
Morrison McGeer Williams,L.A.
Wallace Curtis

PAIRS

Anderson,D.A. Macdonald
King Gardom
D'Arcy Brousson
Gabelmann Schroeder
Radford Smith
Brown Bennett
Nunweiler Jordan
Ralston Phillips

Bill No. 74 read a second time and referred to a committee of the whole House at the next sitting after today.

MR. SPEAKER: Hon. Premier I would like before we adjourn, to introduce to the House Mr. Bernard Weatherill, M.P., senior whip of the government at Westminster, London, and Comptroller of Her Majesty's household. He is on the floor of the House.

HON. MR. BARRETT: Mr. Speaker, in welcoming the government Whip, I would like him to note that because of his presence we have almost a full attendance on the government side (Laughter).

MR. WILLIAMS: We too would like to welcome our distinguished visitor, and point out to him that because of his presence we have paired all of our absent Members. (Laughter).

MR. SPEAKER: The Hon. Member for Oak Bay.

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MR. WALLACE: Mr. Speaker, on behalf of the Conservative Party, I take great pleasure in welcoming him to British Columbia.

MR. SPEAKER: The Hon. Member for Boundary-Similkameen.

MR. RICHTER: Mr. Speaker, on behalf of the official Opposition, and I just wanted the other two Opposition parties to go first to give them a little more ego over the weekend, I do want to welcome our visitor. I had the opportunity of visiting the House of Commons in London a few years ago, and we were treated very royally. We appreciate the attention they gave us on our visit to the original seat of the mother of government in our democratic system, I welcome you most heartily to this province.

MR. SPEAKER: The Hon. Second Member for Vancouver Centre.

MR. BARNES: Yes, Mr. Speaker. I would also like to say a word or two about our visitor. I believe his name is Mr. Weatherill

MR. SPEAKER: That is correct.

MR. BARNES: He is quite an example for us to follow, Mr. Speaker, and I would have the Premier take note that this Member is a full cabinet Minister... (Laughter).

AN HON. MEMBER: We'll argue about that later.

MR. BARNES: I understand that he also has a number of assistants. (Laughter).

And as they have regular days for meeting with the Opposition. But their main problem is not the Opposition; it's their own Government Members. He says that these people are quite the animalistic type and he spends a great deal of time in subterfuge. (Laughter).

I'm hoping that we can meet after the adjournment and have a few more exchanges about tactics because I think we could improve the atmosphere of the House if we follow his example.

HON. MR. BARRETT: I don't know if I want to say this.

Hon. Mr. Barrett moves adjournment of the House.

Motion approved.

The House adjourned at 6 p.m.

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