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# Official Report of DEBATES OF THE LEGISLATIVE ASSEMBLY

(Hansard)

#### **MONDAY, JUNE 16, 1975**

Afternoon Sitting

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MONDAY, JUNE 16, 1975

The House met at 2 p.m.

Prayers.

**HON. R.M. STRACHAN (Minister of Transport and Communications)**: Mr. Speaker, I ask leave of the House to make a statement.

Leave granted.

**HON. MR. STRACHAN:** Mr. Speaker, on May 28, the Hon. Member for Langley (Mr. McClelland) asked me some questions relating to a Mr. D.A. Scrivener and certain companies. On May 29, I gave to this House the information that was supplied to me, and I clearly stated that I was carrying to the House the information with which I had been supplied.

Last Thursday the Member for Langley agreed that Mr. Scrivener had disposed of his interests in Scrivener, Countryman, Ltd., but raised the question of Mr. Scrivener's share ownership in D.A. Scrivener Ltd. I ascertained that D.A. Scrivener Ltd. is not operating in the adjusting business. However, on the basis of the most searching questions which I directed to Mr. Scrivener last Friday afternoon, and further investigations I have done, I have determined that Mr. Scrivener does have a proprietary interest in another company not mentioned by the Member for Langley. Although Mr. Scrivener claims no conflict of interest, I cannot accept that.

In my opinion, a continuing interest in an adjusting company does not meet the standards required by ICBC as set out in a memorandum sent to all the management staff on March 5, 1975. Quoting from that memorandum:

"Outside business interests. No employee shall directly or indirectly maintain any other outside business or financial interest which conflicts with the interest of the corporation. Some examples are: (1) owning personally, or through others, a business related to insurance, motor vehicle repairs, towing or salvage."

#### A further paragraph says:

"Ultimate responsibility falls on each employee to comply with these guidelines in order to avoid a conflict of interest.... In the event there is doubt, any employee may discuss the circumstances with the director of personnel services to ensure that the intent of this policy is not contravened."

For that reason I have today given instructions that Mr. Scrivener be terminated.

I want to thank the Member for Langley (Mr. McClelland) for drawing this matter to my attention, and I apologize to him for any personal remarks I made about him.

MR. R.H. McCLELLAND (Langley): Mr. Speaker, I just wish to thank the Minister for his actions and his apology.

There is other information I have available which I would be happy to make available to the Minister or to the House, if requested, and it follows up on other things that have been mentioned.

I thank the Minister for his apology particularly.

**HON. MR. STRACHAN:** If you will send it over....

**HON. E.E. DAILLY (Minister of Education):** Mr. Speaker, in the gallery today there is a group of students from the Centennial College in Scarborough, Ontario, with their teacher, Mr. Steven Freed, and there are three other teachers, I believe, with him also. I would like the House to join me in welcoming them.

MR. McCLELLAND: I'd like to introduce two people who are friends of mine and friends, I think, of a number of Members of this House. The Attorney-General (Hon. Mr. Macdonald) I know, the Economic Development Minister (Hon. Mr. Lauk) and the Member for Mackenzie (Mr. Lockstead) all have enjoyed their hospitality from time to time. I refer to Mr. and Mrs. Heinz Barsnick of the Johann Strauss Restaurant in Vancouver. I would like the House to bid them welcome.

#### Introduction of bills.

### MEDICAL COMPLAINTS PROCEDURES ACT, 1975

On a motion by Mr. D.A. Anderson, Bill 141, Medical Complaints Procedures Act, 1975, introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

Hon. Mr. Nicolson presents a message from His Honour the Lieutenant-Governor: a bill intituled Strata Titles Amendment Act, 1975.

Bill 140 introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

Oral questions.

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REGULATIONS GOVERNING CROWN CORPORATIONS OFFICERS' DEALINGS

- **MR. W.R. BENNETT (Leader of the Opposition):** Mr. Speaker, to the Hon. Attorney-General. Regarding Crown corporations, are there any regulations governing either the officers or directors of the Crown corporations that would prevent them from doing business either corporately or individually with the corporations that they serve?
- **HON. A.B. MACDONALD (Attorney-General):** Mr. Speaker, a Crown corporation officer doing business with that corporation....
  - MR. BENNETT: Officers or directors.
- **HON. MR. MACDONALD:** In terms of rules of conduct, I would think the provisions as laid out in the Companies Act should be applied in that kind of a situation, but whether there is a legal obligation I would have to know the particular circumstances.
- **MR. BENNETT:** Well, just as a supplemental, if you could provide the information, is there any regulation or rule that would prevent them from dealing with the government as well as dealing with their own or other Crown corporations?
- **HON. MR. MACDONALD:** Mr. Speaker, I will have to look at that. You know, it is hard to give an abstract opinion, but if you have something that you could draw to my attention later this afternoon, I'll try to give you a more specific answer.

# NEW EQUIPMENT FOR PETROLEUM CORPORATION FOR OFFSHORE OIL

- MR. D.A. ANDERSON (Victoria): Again to the Attorney-General, Mr. Speaker. In light of the government and Premier's previous position that in the interests of protecting British Columbia's coast we should not be importing offshore oil for refining in British Columbia, may I ask the Attorney-General why the chairman of the petroleum corporation, Mr. Rhodes, has revealed that the proposed government refinery at some expense will equip itself with "special cracking units to allow it to use offshore oil"?
- **HON. MR. MACDONALD:** Mr. Speaker, that is not government policy. Government policy will be formulated if the refinery proceeds.
- **MR. D.A. ANDERSON:** Well, Mr. Speaker, may I ask the Attorney-General, if this is not government policy, why you were planning government expenditure in contravention of government policy?
- **HON. MR. MACDONALD:** Mr. Speaker, this was a proposal as to the design of a refinery that may or may not be built. The final design would be recommended to the government and we would then approve this cracking operation or disapprove of it at that time.
- MR. D.A. ANDERSON: Mr. Speaker, apart from the fact that Mr. Rhodes indicated it will be equipped with such equipment, could I ask the Attorney-General whether he could confirm that the Premier and Minister of Finance will be meeting with the principals of British Petroleum with the possibility of securing offshore supplies of oil? BP, as you know, holds 28 per cent of the Alaskan reserves and a substantial portion of the Alaska Pipeline Corporation?
- **HON. MR. MACDONALD:** Mr. Speaker, to my personal knowledge, I know of no such plan for such a meeting.

# USE OF TRIAL TIME IN PROVINCIAL COURTS

MR. G.S. WALLACE (Oak Bay): Mr. Speaker, the Attorney-General is very popular today, and I'd like to ask him a question.

**HON. MR. MACDONALD:** Too popular. What's the matter with me? (Laughter.)

- MR. WALLACE: With regard to statements made in Vancouver at the weekend that delays in the courtrooms are caused by judges being late in starting their trials and indulging in long coffee breaks, I ask the Minister: is it correct that in the Vancouver courts only 30 to 50 per cent of potential trial time is actually being used?
- **HON. MR. MACDONALD:** Mr. Speaker, there is, as the Hon. Member may know, a new district judge in Vancouver, His Honour, Judge Darrell Jones. He has only been in place for a short period of time. In view of this newspaper story, I would expect that he will be communicating with me, but probably through the chief judge.
- **MR. WALLACE:** A supplementary, Mr. Speaker. Is there some monitoring system carried on in the courtrooms so that this kind of rather impressive charge, that these expensive facilities and expensive personnel are only being used about 50 per cent of their capacity.... Is this news to the Attorney-General, or has he been aware of this for some time?

HON. MR. MACDONALD: Mr. Speaker,

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heretofore there's been no kind of a monitoring system, and I don't know whether that's the right word to use, but we have not known to what extent this courtroom has been utilized or left vacant. We have not known how long this kind of a trial takes, how many adjournments, and the reason for those adjournments. We have not known to what extent this judge has been tied up, or to what extent he has had adjournments forced upon him. This kind of information will be available, but it's fairly recently that we have begun to look at the factual situation of what's prevailing in the provincial court. We will then have some knowledge as to how we can best help the judges and other people involved in the justice system to expedite the business and clear up the backlog.

**MR. WALLACE:** A final supplementary, Mr. Speaker. Does the Attorney-General feel that the court administrator will have sufficient authority to implement some of these changes to improve efficient use of time and personnel?

**HON. MR. MACDONALD:** Yes, Mr. Speaker, I think so. And I think it will be done in cooperation with the judges.

## COMPLAINTS ABOUT HORIZON CORP., EL PASO, TEXAS

**HON. P.F. YOUNG (Minister of Consumer Services):** Mr. Speaker, some time ago the Hon. Member for Langley (Mr. McClelland) asked me a question regarding whether our department had received any complaints relative to the Horizon Corp. of El Paso, Texas. Our department has not received any complaints.

However, the superintendent of insurance had received two complaints. He investigated them and found that the complainants' right to rescission had expired in July, 1974, but they had not submitted notices to the company until September 16th of the same year. However, the company is in the process of making refunds to the two parties involved and they should have received their money by this time.

#### BURRARD INLET FERRIES

MR. H.A. CURTIS (Saanich and the Islands): Mr. Speaker, a question to the Minister of Municipal Affairs with regard to ferries to cross Burrard Inlet between Vancouver and the City of North Vancouver. Has the Minister any information as to a meeting which is going to be held, or which is planned, with the council of the City of North Vancouver to ensure that city council, and therefore the residents of the City of North Vancouver, are fully aware of all details related to this new service?

- HON. J.G. LORIMER (Minister of Municipal Affairs): I have met with the mayor of North Vancouver at different times with reference to the total project. By agreement with the mayor, it was suggested that we have joint planning of the backup land because it is partly owned by the province and partly by the city. There have been ongoing meetings between our planning staff and the planning staff for the City of North Vancouver. I can't give you anything more than that. I don't know of any specific meeting coming up in the near future. So that's where it is.
- **MR. CURTIS:** On Saturday last, the mayor of North Vancouver stated publicly that he was very concerned about the state of planning for this service and the absence of information reaching his council. Would the Minister indicate if he is prepared to ensure that a meeting between the Bureau of Transit and/or the Minister's department and the city council take place at an early date?
- **HON. MR. LORIMER:** I would only recommend that the mayor, if he has concerns, share them with me rather than the newspaper, and maybe we can get together on it. But I had no knowledge at all, apart from your statement today, that the mayor has those concerns. He certainly hasn't expressed them to me.

# UNORGANIZED AREAS NOT IN RECEIPT OF PROVINCIAL TAX NOTICES

- MRS. P.J. JORDAN (North Okanagan): Mr. Speaker, my question is to the Minister of Municipal Affairs. Is the Minister aware that in the unorganized areas, a number of them have not yet received their provincial tax notices?
  - **HON. MR. LORIMER:** I'll speak to the Department of Finance about this problem and advise you further.

#### RELAXATION OF HOUSING STANDARDS

- **MR. D.M. PHILLIPS (South Peace River):** I would like to direct my question to the Hon. Minister of Housing (Mr. Nicolson). With regard to statements the Minister made in Maple Ridge recently, with regard to easing standards on housing developments, would the Minister advise me what standards he was referring to, what standards he is suggesting municipalities drop?
- **HON. L. NICOLSON (Minister of Housing):** Yes, Mr. Speaker, I am glad to have the opportunity to explain some of those remarks as they were reported. I think if one reads the report, he would see that some of the dollar figures quoted could not possibly

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be correct and weren't correct.

What I was referring to, Mr. Member, was the requirement, for instance in certain municipalities, that now townhouses cannot be less than 1,200 square feet — not in cutting down in terms of safety or structural standards or that type of thing, but some of the things which are called "goldplating." In response to the type of thing that is being said in the B.C. *Housing Industry Journal* and various other concerns.

I wasn't really referring in terms of structural or other types of standards. I might just say the allowance to build perhaps a one-bedroom home which could be built to be expanded to a three- and four-bedroom home as things might expand might be encompassed in somewhat more tolerant standards.

**MR. PHILLIPS:** A supplementary question, Mr. Speaker. I am glad to hear the Minister state that he is not going to drop the safety standards for housing so we don't get into another mess like we did in Meadowbrook...

**AN HON. MEMBER:** It is a mess.

MR. PHILLIPS: ...but I would also like to ask the Minister: would you also be referring to services such as

underground wiring and paving before the houses can be built?

I know you have to have the water and sewer, but does the Minister feel it is necessary to have the pavement all completed before houses are built and also the underground wiring? It has been referred to during this House in debate before that maybe we shouldn't compel municipalities, or municipalities shouldn't compel, that these "goldplated" services to which the Minister refers be put into subdivisions right off the bat.

**HON. MR. NICOLSON:** Mayor Betty Dube was present at that meeting and we did get into that subject about whether we could not get along to some extent within a certain neighbourhood with gravel streets.

Certainly the street upon which I live has overhead wiring and it is quite inoffensive and quite useful. It was felt that there might be some areas set aside in a community where this type of thing could happen and where people could be given an opportunity to go ahead and build good starter homes.

- **MR. PHILLIPS:** Just a final supplementary, Mr. Speaker. I would like to ask the Minister: other than government housing projects, did the Minister discuss with the municipalities the possibility of the government assisting providing these services through financial aid?
- **HON. MR. NICOLSON:** We didn't get into that, but I certainly was speaking as much on behalf of the private sector in encouraging this type of realistic approach as I was to government housing projects. We have taken some measures to put in some key services in, for instance, Surrey, with the hope of opening up private sector lands. Hopefully those will be able to be opened up at a somewhat lower cost.

#### NEW NAME FOR DUNHILL CORP.

- **MR. N.R. MORRISON (Victoria):** My question is addressed to the Minister of Housing. We understand that you plan to change the name of the Dunhill Corp. Could you advise us what the new name will be and when that will be done?
- **HON. MR. NICOLSON:** Mr. Speaker, that is a matter which is certainly be considered. A name hasn't been settled upon. There have been a few good suggestions.

#### REDUCTION IN HOUSING STARTS

- **MR. D.A. ANDERSON:** Supplementary, Mr. Speaker, to the Minister. I welcome his statement that he is glad to have the opportunity to explain, which he prefaced his earlier remarks with. I would like him to explain why, while housing starts for Canada as a whole are down 16 per cent for May, 1974, the figure for British Columbia is down below 50 per cent. Perhaps he would like to explain that.
- **HON. MR. NICOLSON:** I suppose it can be explained at maybe 475 units at a time. For instance, in Langley city the other night, Daon Development assisted home ownership programme, which was planned in conjunction with Central Mortgage and Housing and in no way related to my department, went down by a vote of 4-to-3.

I think that in looking at one month, that is a little bit circumspect. I think we do have to look at trends. Certainly, looking at quarters, I am alarmed at the figures for that month, but I think it is just as bad in Ontario. for the same month.

**MR. D.A. ANDERSON:** No, Ontario is above that.

**HON. MR. NICOLSON:** Well, they are certainly down over the quarter.

Interjection.

HON. MR. NICOLSON: Well, okay, at least the accumulated starts in Ontario are down more so than they

are in our province, I believe.

MR. D.A. ANDERSON: It's up 6,000.

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**HON. MR. NICOLSON:** Okay. I saw the actual raw statistics when I was in Ottawa. This is the type of thing and this is why I've been going out and speaking to community groups and neighbourhood groups. We are convening this housing conference to bring out not just the reasons I've mentioned here, but to make the people aware of the reasons which are involved in these housing starts being down.

MR. D.A. ANDERSON: A final supplementary then, Mr. Speaker.

MR. SPEAKER: I'm afraid you missed the bell.

Orders of the day.

**HON. E.E. DAILLY (Minister of Education):** Mr. Speaker, I ask leave of the House to proceed with public bills and orders.

Leave granted.

HON. MRS. DAILLY: Mr. Speaker, committee on Bill 77.

# ATTORNEY-GENERAL STATUTES AMENDMENT ACT, 1975

The House in committee on Bill 77; Mr. Dent in the chair.

Sections 1 to 5 inclusive approved.

On section 6.

**HON. A.B. MACDONALD (Attorney-General):** Mr. Chairman, I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

Section 6 as amended approved.

Sections 7 and 8 approved.

On section 9

**HON. MR. MACDONALD:** I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

Section 9 as amended approved.

On section 10.

**HON. MR. MACDONALD:** I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

Section 10 as amended approved.

Sections 11 to 16 inclusive approved.

On section 17.

**MR. N.R. MORRISON (Victoria):** I notice this section simply adds one additional judge. I wondered why the need to have that in when section 9(a) allows the rentalsman to literally appoint as many people and pass his authority and power on down the line to as many people as he wants. Why the need for section 17? It seems kind of strange.

**HON. MR. MACDONALD:** Mr. Chairman, this is the request of the supreme court. There is a need for county court judges too, but in the case of the supreme court we need provincial legislation and Ottawa then acts. Until Ottawa acts there is no other supreme court judge. I'm sure that answers your question.

Sections 17 to 19 inclusive approved.

Title approved.

**HON. MR. MACDONALD:** Mr. Chairman, I move the committee rise and report the bill complete as amended.

Motion approved.

The House resumed; Mr. Speaker in the chair.

Bill 77, Attorney-General Statutes Amendment Act, 11975, reported complete with amendments to. be considered at the next sitting of the House after today.

HON. MRS. DAILLY: Mr. Speaker, committee on Bill 87.

#### CORONERS ACT

The House in committee on Bill 87; Mr. Dent in the chair.

Sections 1 to 8 inclusive approved.

On section 9.

MR. G.S. WALLACE (Oak Bay): I suppose it's the way it's worded — subsection (c), deaths to be

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reported. It says: "during pregnancy or following pregnancy in circumstances that might reasonably be attributable to pregnancy." It seems to me that that is a very wide-ranging possibility and almost would apply to anybody who died during pregnancy, or at least a very large number. There aren't that many deaths during pregnancy, thank goodness, but I suppose it is referring to automobile accidents and instances of this kind. I am just wondering of the Minister could elaborate. We hear so much these days about pregnancy being such a normal situation and not interfering with functions and so on. I just wonder if the Minister could explain why that particular subsection is included.

**HON. MR. MACDONALD:** Mr. Chairman, this is comparable to other legislation where the common law has been codified. It's merely notification. It is primarily directed against that case of where a woman is involved in a motor-vehicle accident, say, and is pregnant, and in effect there may very well be said to be a double loss of life. I suppose it too could apply to the abortion situation. In circumstances that entailed any suspicion that should be

reported.

**MR. MORRISON:** Mr. Chairman, I wanted to ask the Attorney-General if he would comment, and I think this is probably the right section: what steps are to be taken, after they've had inquests and the reports are done, to see that these things won't happen again — to prevent reoccurrences like it?

**HON. MR. MACDONALD:** Mr. Chairman, that's why we want a chief coroner appointed in the earlier section. You know, coroners' recommendations have come into my department, they've been filed, the transcripts arrived two months later and then they've been filed away. If somebody inquires about that particular thing, we dredge it out, but there's been no collation. Nobody's been in charge of it. So with a chief coroner to ensure that proper procedure is followed, that interested parties are heard and that the recommendations are all in one place — and they could even be in the chief coroner's report reported to the Legislature — we hope to bring the thing together.

MR. L.A. WILLIAMS (West Vancouver–Howe Sound): Mr. Chairman, I wonder if the Attorney-General might indicate in what way it will be determined whether or not the circumstances of the death may require investigation. If you look at subsections (e) and (f), subsection (e) says that if a person died of a disease when he was not treated by a medical practitioner, or from any cause other than disease under circumstances that may require investigation.... Now who's to judge whether the circumstances require investigation? What about the circumstance when a person does die as a result of disease in which there was medical attendance?

It's all very well to have these permissive sections requiring people to give certain notice to coroners or police officers, but while codifying the common law in this respect, the opportunity of the individual to seek some relief is no longer in existence. I think that just to say the words isn't good enough. You say you may require investigation; then obviously it should be reported. Obviously it's so, but who carries out the investigation and who determines whether or not the investigation should be undertaken?

**HON. MR. MACDONALD:** Well, Mr. Chairman, this is merely the reporting section 1n section 9(1). If somebody dies today from disease or cause unknown without a doctor being present, that's a most unusual thing in our society today. Usually there's a doctor with a doctor's certificate as to the cause of death. We think that's sufficiently unusual that there could be at least a report to the coroner or a police officer of the circumstances.

In the next subclause: "from any cause other than disease under the circumstances that may require investigation." It's very broad and general, but it's just saying in effect that if any citizen has reason to believe that somebody has died from a cause with which they're not satisfied — that citizen is not satisfied that all proper precautions were taken, that there was nothing sinister whatsoever about the death — then he should report it. I know it's very broad, but then it's up to the coroner to decide whether it goes further either to inquiry or inquest.

Section 9 approved.

Sections 10 to 16 inclusive approved.

On section 17.

MR. WALLACE: I'd like to ask a question that really follows, I think, on the comment of the Member for West Vancouver—Howe Sound (Mr. L.A. Williams). They're along the same line at least. That is this question of the coroner's jurisdiction and/or guidelines in deciding when to proceed further with the investigation of a case which has been brought to his attention. I'm particularly concerned about an example recently in this city where a young man on parole from one of the jails died under suspicious circumstances in a cafe downtown. I have been approached by the parents, who were very unhappy about the way in which that particular case has not been followed up in detail.

Now this young man was a drug addict, a heroin addict — if not at the time of his death, it was certainly the cause of his being in jail to start with.

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investigation, such as was carried out, provided public information and details to the press, for example, which have not been totally accurately reported, to the great distress of the parents. The parents have tried very hard to find out what the autopsy report on their son was, and have been given the slimmest summation of the evidence. The incredible feature seems to be that the death certificate records an overdose as the cause of death, yet the actual autopsy report shows only the merest trace of heroin in the body.

Now if my information is incorrect, I'll certainly stand to be corrected, but the parents are having considerable trouble finding out about the precise manner in which this young man died. He was in good health and sitting in a cafe 10 minutes before he died. For obvious reasons, they want to be assured that there is nothing unexplained or no other criminal activity, perhaps, more than appeared on the surface. My own observations suggest that in a case such as this, somebody rather quickly jumped to a conclusion. Yet there are other factors surrounding it and, as I say, I won't go into all the details.

HON. MR. MACDONALD: Was there an inquiry in that case?

**MR. WALLACE:** There has only been an autopsy. As far as the parents can find out, there is to be no further inquest — maybe an inquiry, but not an inquest. I would think that with a young man dying so dramatically and abruptly in a public place, the very least that should be held is the most detailed kind of inquest, particularly because of some of the peripheral matters and the other aspects which the parents have drawn to my attention.

There is this specific example, and I just wonder how often one finds somebody with a history of being in prison or being a drug addict, if suddenly found dead, well, one assumes in point of fact if there is a third party who contributed to their death, the lack of a detailed inquest might fail to reveal that other involvement.

Now I'm not saying there was a third party. The point I want to make is that the parents, first of all, have had some considerable difficulty pinning down the details surrounding the death of their son. Secondly, they have no assurance that a detailed inquest is to be held when they are not at all satisfied with many of the circumstances that have been at least partially revealed.

**HON. MR. MACDONALD:** Mr. Chairman, under the new legislation, bringing a case like that to my attention, under section 24, I could order that there be an inquest. Under the old legislation I would have to use persuasion or else, in a case where the circumstances warranted, go to the Supreme Court of British Columbia to ask to have a second inquest.

In this bill we are getting a greater handle on the thing because, first, there is the chief coroner in cases where there is neglect to hold a proper inquiry or a proper inquest. Then we back it up with section 24 where I can step in and ask that an inquest be held and name the coroner, even though he is not from that district.

But in the case that you have described, if you would bring it to my attention, while I don't think my powers to assist are as great as they will be under this legislation, I will be glad to look into the case that you mentioned.

Section 17 approved.

Sections 18 to 22 inclusive approved.

On section 23.

**MR. MORRISON:** I think I am probably on the right section. I would like to ask the Attorney-General if there is any area where if for some reason or other you choose not to hold an inquest, an individual could request one, or ensure that one would be held if they felt it ought to be held.

HON. MR. MACDONALD: Mr. Chairman, I don't think anybody can compel an inquest. If it is decided by

the coroner locally, or decided by the chief coroner, it will be done. If it is decided by the Attorney-General's office, through special appeal under that section 24, it will be done if the circumstances warrant it. But in answer to your question, I don't think somebody could compel an inquest.

**MR. MORRISON:** But if there was someone who felt there should have been, and if the case had been well recorded — the one I am referring to, you know the one I mean — then there is no way whereby they could require one, although they felt...?

**HON. MR. MACDONALD:** Oh, is that the...?

MR. MORRISON: Yes, Sanucci.

**HON. MR. MACDONALD:** Oh, yes. The case you are referring to is one where there had been an inquest, then there was additional doctor's evidence, and the question is whether there should be a second inquest ordered by a supreme court judge.

No, the party can't compel that. The old Act says that at the instance of the Attorney-General they can apply to court.

MR. L.A. WILLIAMS: Mr. Chairman, this is the

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section which gives the Attorney-General the authority to determine that there shall not be an inquest in particular cases.

Do you have the power to determine there shall not be an inquest, or indeed that there shall be, or if it started it would be continued? We had a recent situation where some question arose with regard to the conduct of an inquest surrounding which there were criminal charges. I won't go into that. I only would ask the Attorney-General if he considers that the Act could not have been improved if in such a case the provisions of section 21 might apply, whereby as an alternative to an inquest there be an inquiry. But it seems to me that just to say there shall not be an inquest still leaves an area which should be covered by an inquiry by the coroner without the facilities of the jury.

**HON. MR. MACDONALD:** Mr. Chairman, I would be very loath except in a case where by reason of a criminal charge that was about to proceed evidence would be given that might affect that trial, Unless I was sure that the evidence would fully come out in that trial, I would be very reluctant to hold up an inquest, and certainly not to hold up an inquiry.

Sections 23 to 29 inclusive approved.

On section 30.

**HON. MR. MACDONALD:** Mr. Chairman, I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

On section 30 as amended.

**MR. MORRISON:** We certainly support that jurors should be used, but my issue at this point is: what steps are you taking to make sure that citizens are not penalized when they are serving on boards and to reimburse them for their services, particularly where they drag on for long periods?

**HON. MR. MACDONALD:** Mr. Chairman, this is a Treasury matter. It depends on our budget and how generous the Legislature is when my estimates come up. Coroners' jurymen should at least receive the same as a witness who goes to the supreme court as a public duty. We're looking at that.

**MR. MORRISON:** Will you bring that in then as a regulation to this?

**HON. MR. MACDONALD:** It depends again on the Legislature because there is a fair amount of expense involved here, and sometimes the Legislature is niggardly with my estimates — not always, but some of the votes.

AN HON. MEMBER: Not this year.

HON. MR. MACDONALD: Not this year.

**MR. MORRISON:** I just want to reiterate to make sure that whatever coroners' juries do recommend, the recommendations are, again, recorded and carried through. Again, I think there are problems there.

**HON. MR. MACDONALD:** Good point. Thank you.

Section 30 as amended approved.

Sections 31 to 36 inclusive approved.

On section 37.

**HON. MR. MACDONALD:** Mr. Chairman, I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

Section 37 as amended approved.

Sections 38 to 64 inclusive approved.

Title approved.

**HON. MR. MACDONALD:** Mr. Chairman, I move the committee rise and report the bill complete as amended.

Motion approved.

The House resumed; Mr. Speaker in the chair.

Bill 87, Coroners Act, reported complete with amendments to be considered at the next sitting of the House after today.

**HON. MRS. DAILLY:** Mr. Speaker, committee on Bill 93.

### LIQUOR DISTRIBUTION ACT

The House in committee on Bill 93; Mr. Dent in the chair.

Sections 1 to 5 inclusive approved.

On section 6

MR. R.H. McCLELLAND (Langley): Mr.

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Chairman, I wonder if the Minister could just advise whether or not there will be any guidelines set down to ensure that British Columbia products be given some kind of preference. I'm not talking about wine now, but also distillery

products.

**HON. MR. MACDONALD:** The answer is yes. We're concerned that liquor products of all kinds, including the wine industry — including our grapes — should receive some additional consideration in any listing policy. That has been outlined in our listing policy.

**MR. McCLELLAND:** Briefly, to follow that up....

MR. P.L. McGEER (Vancouver-Point Grey): Mr....

HON. MR. MACDONALD: Here comes the winist. Down, boy!

MR. McCLELLAND: Sit down, Pat.

HON. MR. MACDONALD: Give him a glass of wine.

**MR. McCLELLAND:** I was really concerned more with distillery products. We have one completely British Columbia—owned distillery in this province, and it happens to be in my constituency.

Mr. Chairman, there is another problem with regard to listing, and that is listing of bottles which are outside the normal straight-up-and-down bottle design. The distillery with which I am concerned has manufactured some rather attractive collectors' items for containers for some of their products. They have no trouble listing those products in Manitoba, Saskatchewan and Alberta, but in British Columbia they are not allowed to list them. I am just wondering whether there would be a change in policy with regard to that. It seems a fairly innocuous thing, and it might even bring some colour to the shelves of the liquor store.

**HON. MR. MACDONALD:** Mr. Chairman, we have asked that this matter of container sizes and shapes and forms be liberalized. It is going to be out of my hands totally, because it is advice to the general manager, not even advice to me. This is the kind of thing about which we have really been hidebound in the past.

MR. McGEER: Mr. Chairman, as far as I could tell from our interviews with the liquor administration branch when they have appeared before public accounts committee, the decision to list liquors didn't rest with the general manager at all, but rested with the government. I don't know whether this is to be changed or whether guidelines are going to be developed for the purpose of the listing committee, but I can tell you that I was absolutely shocked to make some inquiries a year ago about wines. I know the Attorney-General doesn't realize that I had an interest in this, but I discovered that there were five B.C. wineries and 345 listings for them. To me, it is almost impossible to believe that they could think up that many different shapes of bottles or names. It is clear from some of the names that they have had to stretch their imagination. One of the wineries that had 65 listings, I think it was, had 14 employees; it had over four times as many listings on our shelves as it had employees. Then that winery was taken over by another. In selling out, they dismissed the 14 employees for cash and goodwill, I expect, but also, 60-some-odd listings on the shelves of the liquor administration branch. It was a very good buy on the part of the one winery: they could eliminate the few jobs that were there, but with friendly government policy they got another 60 listings on the shelves. You go into these liquor stores in British Columbia looking for a decent bottle of wine and you've just got to go up and down miles and miles of these shelves with all these peculiar-shaped bottles.

So I am wondering if this listing committee is going to have encouragement from the provincial government to clean up this situation and bring some common sense and order to policies that have lingered over the years. But as far as we could tell from questioning the liquor administration branch, those policies started right in the Attorney-General's office. I am not suggesting this Attorney-General, but it has been a traditional thing over some 50 years.

**HON. MR. MACDONALD:** Mr. Chairman, I can just say the points are well taken. Where there is stock that doesn't move and is merely listing space and listing numbers of a particular company, there will be delistings in such a case. The delisting is subject to appeal to the liquor board. The other matters, as I say, are spelled out in section 6. The advice that is put forward from time to time by the listing committee goes to the general manager.

**MR. McGEER:** Mr. Chairman, before we pass this section, I suppose that the listing committee will have nothing to say with regard to the prices at which the things they list will be sold.

HON. MR. MACDONALD: That's right.

**MR.** McGEER: That is another outfit that establishes the price.

HON. MR. MACDONALD: That's right.

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**MR. McGEER:** Could the Attorney-General explain how it is that prices of some of these imported products are higher in British Columbia by sometimes almost double the prices of the same products in other provincial liquor stores across Canada? Have we a policy to establish the highest prices in this country?

**HON. MR. MACDONALD:** Mr. Chairman, we work on the laid-down imported cost and then the order-incouncil from the previous government is still in effect, but I am quite prepared to tell the House that we are looking at pricing generally at the present time. I think the Hon. Member knows the percentage figures and how they apply. That is where we are at the present time. That is where we have been for the last year-and-a-half. But now, under a new administration, a new manager at the distribution end, we have asked for a report on prices. In that report, as I said perhaps already for the House, I am little concerned that we should look at it from an alcoholism problem standpoint too, as well as the question of what is reasonable equity to our own industry and what is the reasonable price for imported products.

**MR. McGEER:** Mr. Chairman, I don't think even a millionaire could develop an alcoholic problem on the price of some of the imported wines. So I think that's hardly an argument to persist in policies which establish usurious — is that the word the Premier brought into the House? — prices for decent wine which are really the highest in Canada. Doesn't the Attorney-General think that in the interests of moderation it might be wise to take products with less alcohol content than hard liquor and make the prices of that product at least competitive with the other products in Canada — talking about the same product in other liquor stores instead of the highest in Canada, which we now are?

**HON. MR. MACDONALD:** Mr. Chairman, as I say this is an open subject, so we're listening at the present time. We're also getting the same message from our candidate — the NDP candidate for Point Grey is telling us the same thing. (Laughter.)

Sections 6 and 7 approved.

On section 8.

**HON. MR. MACDONALD:** I move the amendment standing in my name on the order paper.

Amendment approved.

On section 8 as amended.

**MR. McCLELLAND:** Well, I wonder if the Minister could tell us whether or not this is the section under which we will be able to have retail beer sales in corner grocery stores? Is this subsection 5? Is that the enabling legislation?

**HON. MR. MACDONALD:** Subsection 5.

**MR. McCLELLAND:** Yes. Well, Mr. Chairman, I wonder if the Minister could at least reassure us that there will be a pretty hard look given to this whole idea of retail sales in other places like corner grocery stores, because it's going to be very difficult for anyone, whether it's a listing committee or an outlet committee or the general manager or the Minister — I don't know who it is; it's the Minister in the Act who decides where these outlets shall

be — and I can see some serious problems developing in deciding which corner store should have it. Or should all corner stores? If the corner stores should have it, how big do you have to be before you lose your status as a corner store? How small is small? What are the regulations going to be? Why shouldn't the supermarkets have the same opportunity to get retail sales, because that's where the people are after all? Most of the people prefer — and that's been proven over the years — to shop in that kind of a convenient manner rather than going from one store to another to do their shopping.

I would just ask the Minister to really reassure this House that there will be a lot of thought given in the regulations before we ever get into this business of licensing other outlets. I sympathize perfectly with the idea that we should, in some remote areas where people don't have access to liquor stores, have some kind of an outlet licensed, whether it be a corner store or a meat market or the local post office — it doesn't matter — just providing the service is there and it's properly handled.

At the same time, Mr. Chairman — and I think this has happened in other jurisdictions — this kind of legislation could be open to serious abuse with people currying favour in order to get that kind of an outlet in their store over somebody else's store: I just point out to the Minister that Canada Safeway Ltd. has been very successful in getting liquor store outlets on their property because they offer cheap rents and lots of parking spaces to the liquor administration branch. What kind of offers would come to the board or the commission of the Minister, or whatever committee is set up, to make sure that the local corner grocery store on Main and Fourth in Vancouver, or whatever, gets that outlet and some other doesn't? I think it's a serious consideration, Mr. Chairman, and I wish that the Minister would just outline his plans for the future development of this new aspect of liquor distribution.

#### HON. MR. MACDONALD: Mr. Chairman, I'm

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fully alive to the difficulties in working out something that is non-discriminatory, where all people who fit within the regulation can fairly apply, where there won't be political interference, and so at the moment I'm listening. Then I take a policy on this matter and I'm sure.... I don't expect it would be implemented before the Legislature is meeting again. I'm sure I'll be making a statement on it fully and answering questions about it before the matter is implemented.

**MR. McCLELLAND:** Would the policy, Mr. Chairman, be debated in this House before it was made policy, as part of legislation?

**HON. MR. MACDONALD:** Well, Mr. Chairman, I can't make a commitment on that. I'd prefer to have it debated, but I suppose it partly depends upon the timing. Certainly, I would think it won't be before the fall. And, you know, if the Legislature's sitting, I would like to publish the regulations and have a debate upon them — or even the proposed regulations.

**MR. McGEER:** First question: is that a commitment on the part of the Attorney-General if the House is sitting at the time he wishes to introduce the new regulations? My second is a question with regard to section 8. As I read it, this would make possible the establishment of wine merchants. Mr. Chairman, for your benefit, a wine merchant is someone who is entitled to sell wines only in his store but may sell any wine he wishes.

What he does is that he brings it in by the case load, as an individual now is entitled to do, but then is able to retail that wine by the bottle, so that he would be able to select excellent wines. Then, by bringing in by the case, he would be able to stock really good wines for people who wanted to escape the rather mundane fare that is currently offered in our liquor stores. I wonder if the Attorney-General would be prepared to make a policy statement with regard to wine merchants.

**HON. MR. MACDONALD:** Mr. Chairman, if we do anything it would be something like Ontario, which has wine stores sponsored by Ontario wineries — Brights and so forth. We certainly have no thought that individuals could import from France and retail themselves.

**MR. McGEER:** Why not?

**HON. MR. MACDONALD:** Well, we don't want a lot of people in the private liquor business as individuals in the Province of B.C. What we have opened up is that we have said that somebody can import through the board now in a block order for their own restaurant, so restaurants will have their own specialty brands. In future they'll be able to get them — but not to go to the extent to say that an individual.... He'd be a bootlegger. I suppose we could give him a licence, but he'd still be a bootlegger.

**MR. McGEER:** Mr. Chairman, I just don't think the Attorney-General quite understands what the role of a wine merchant is. It may be that the Attorney-General would want to go for an evening at the Union Club or the University Club, or something like that, and they might have nice wines on their list because they bring them in by the case and then they retail them to an individual customer like himself. I don't think the University Club or the Union Club would qualify as a bootlegger, but they do sell individual bottles of wine to a customer for dinner. And that may be the only place they can get a good bottle of wine.

On the other hand, if the Attorney-General had a bottle of wine there that he liked, then if he wanted to be able to have the same thing at a meal at his home, where he might be entertaining the French Ambassador, or somebody like that, in order to be able to serve that wine, he would have to order a full case at an exorbitant cost. But the way around that and what many people consider is a civilized approach to this whole question is to have what are called wine merchants, licensed by whatever licensing authority exists in the jurisdiction. Then they do the same thing that the Union Club or the University Club would do. They bring in the case lots of the specialty wines and then they retail them by the bottle the same way they would do to the Attorney-General where he could go in for dinner. I can't see that that's bootlegging any more than it would be bootlegging for the Union Club to do it. I think that it's every bit as civilized, because it means that you can enjoy a good bottle of wine in your own home, which is something virtually impossible at the present time in British Columbia.

**HON. MR. MACDONALD:** Mr. Chairman, for your own home you can again make a purchase through the board in quantity. We'll consider what the Member has said. But at the moment we don't contemplate a class of people who would be licensed just as wine merchants.

**MR. L.A. WILLIAMS:** Well, I'm sorry that the Attorney-General doesn't contemplate that at the moment, because it seems to me that this is rank discrimination against individuals who by reason of their means perhaps can only afford to buy one bottle of wine. They may only want one bottle of wine. They may be practising moderation.

As a matter of fact, Mr. Chairman, what is going

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on today in the Province of British Columbia is that people who like to have a wine different than what is available in the government liquor stores can club together — you know, even the 55 Members of this Legislature could club together — meet with people who sell wines from all the countries of the world and make a selection of those we wanted to buy. Go to the Liquor Control Board and place an order and they'll buy it for you. They'll bring it into British Columbia and when it's here they'll phone us up and say: "Fine, your wine's ready." Then we can have the wine we want and not buy anything that's sold in the liquor store, But that involves people with the ability to buy in bulk quantities and it costs a lot of money.

I don't see why we should discriminate against the individual who wants to go in and buy one bottle of a wine which may be different from that which is on display in the liquor store. To suggest that such a person would be a bootlegger I'm sure the Attorney-General didn't mean it. When one looks at what a bootlegger is and compares him to what the liquor industry is today, the liquor industry throughout its length and breadth and the wine industry are bootleggers with a licence; that's all they are. The government is part of this activity. The government is a bootlegger, only it's got a licence.

I just think that the government should look seriously at this possibility. You could have a trial run and just see, and it would also give an opportunity for the government stores and your listing committee and the wineries in

British Columbia for something against which they could measure their performance. I think this is worthy of consideration as well.

**HON. MR. MACDONALD:** Mr. Chairman, we will consider it. Mind you, there are difficulties in control when you have people who can import for themselves, even through the board, and then resell. We protect people in restaurants, as Mr. Barsnick would appreciate — the markup in the restaurant can only be 100 per cent, I think. (Laughter.) You couldn't protect people in the other situations, so there would be some danger. But we will think about what you have been saying.

**MR. L.A. WILLIAMS:** Is that a commitment that you are going to think about it?

**HON. MR. MACDONALD:** Yes. (Laughter.)

MR. L.A. WILLIAMS: I just want to say one more thing about this section. I think you have just raised a very important point — about the markup. I think that if you had wine stores of this kind and if the operator of this store were to be incautious in his purchases, he might find that he would have to drop his price a little bit in order to move his stock out. Even the government liquor store does this from time to time. I don't think that the price is a problem. I think that the people would only pay what the proper rate is, and you can regulate what the maximum amount of markup could be — just the same way you did for your present licensees.

It only extends to the ordinary citizens walking the streets of our towns and cities the same right that is available to those today who happen to have a lot of money and belong to private clubs, as the Member for Vancouver–Point Grey (Mr. McGeer) says, or can club together with other people with money and make bulk purchases through Liquor Control Board. Think of the people.

**MR. McCLELLAND:** Since I was elected to this House, I've been conversing with the Attorney-General about the possibility of more women employees in retail liquor outlets in British Columbia. We managed to get the government to change the outdated Factories Act, which then freed the way for women employees in liquor stores. But since that time we don't see very many. I know in Langley, I don't think there are any women employed in liquor stores in our constituency, none that I've seen. I know there is one in Victoria here. There sure don't seem to very many more. What is happening? Why is the government discriminating against women in liquor stores?

**HON. MR. MACDONALD:** Mr. Chairman, the only thing is the waiting list. There is a union contract, there are people on recall. I can't give the number of women who are employed at the moment, outside of administration, but my guess is about 30 across the province. It's a gradual process because they have to wait until there is a vacancy, and then they apply — no discrimination. In fact, at one point I ordered preference. I said: "Don't be fair about this thing. Give preferred employment." The union didn't think too much of that. They had people whose livelihood was working in the stores, and so they said: "No, you can't give preference, just be fair about it." But increasingly, that number will grow.

**MR. McGEER:** Mr. Chairman, under this Act, will it be possible to sell apples in the liquor store? The Premier made several speeches about how wonderful it would be to have apples in the liquor store, and I thought when the government took over maybe we would see a change. Would the Attorney-General give us some advice?

**HON. MR. MACDONALD:** The answer is yes — other products are in this section.

We're also hoping to do a real thing in the stores for the handicapped. I don't want to filibuster my bills, but one of the things I am kind of keen about is that we have taken the handicapped people who have

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been working in the sighted stores and given them the union wage, which is about double what they were making before. When I say we have done it, it is in the process of being done at the present time. If they want to come into the union strength, be on a union wage and have the union security, they will be able to do that. Then as we develop new stores and we renovate the old ones, we're going to increase that concessionaire space, improve it and make it

adaptable for handicapped persons' employment. Not just those with a sight problem, but perhaps others as time goes on.

MR. L.A. WILLIAMS: Just one brief question to the Attorney-General. I would like to draw his attention to subsection 3(b). I want to know if there was any attempt on the part of the government or the Minister to limit what scientific purpose might be. There are some people who are engaged in scientific research, and I wanted to know if their right to acquire grain alcohol at special prices was to be controlled in any way. I've subjected myself to a number of tests at the hands of some research scientists recently, and I just wanted to know whether this was going to continue.

**HON. MR. MACDONALD:** Mr. Chairman, this section would only apply to very high-priced specialty French wines, and largely at UBC. (Laughter.)

Section 8 as amended approved.

Sections 9 to 28 inclusive approved.

Title approved.

**HON. MR. MACDONALD:** Mr. Chairman, I move that the committee rise and report the bill complete with amendments.

Motion approved.

The House resumed; Mr. Speaker in the chair.

Bill 93, Liquor Distribution Act, reported complete with amendments to be considered at the next sitting of the House after today.

HON. D.G. COCKE (Minister of Health): Mr. Chairman, committee on Bill 99.

### LIQUOR CONTROL AND LICENSING ACT

The House in committee on Bill 99; Mr. Dent in the chair.

On section 1.

MR. L.A. WILLIAMS: Mr. Chairman, I wonder if the Attorney-General would direct his attention to the definition of residence, in particular under residence, subsection 1(C). It seems to me that the Minister of Recreation and Conservation (Hon. Mr. Radford) should be most interested in the remarks I am about to make. I think it is startling in this day and age to find that a residence includes "a private summer dwelling or as a private dwelling or living place used during vacation periods or as a private hunting or shooting lodge." I don't know who the draftsman was that produced this piece of legislation, but I consider this to be an attack on fishermen and other people who engage in healthy outdoor activity. To restrict residence for leisure purposes to those which might only be used for private hunting or shooting lodges seems to be an unfortunate oversight. I wonder if the Hon. Attorney-General could advise.

The previous words talk about private summer dwellings or private dwellings or living places used during vacation periods. Why restrict it to private hunting or shooting lodges?

HON. MR. MACDONALD: It's not restricted. They become public places. They become places where....

**MR. L.A. WILLIAMS:** That's right. What's wrong with private fishing lodges? Are they to be excluded from the definition?

**HON. MR. MACDONALD:** They're included by reason of this definition.

**MR. L.A. WILLIAMS:** They're included — private fishing lodges?

**HON. MR. MACDONALD:** They're just the same as your own home.

MR. L.A. WILLIAMS: Why do you single out private hunting or shooting lodges then?

**HON. MR. MACDONALD:** For the purpose of what is a public place where people can break out a bottle of beer. We say that you're in the same situation as if you were in your residence at home if you fit into any of these definitions. Am I not right? If you're in a hunting lodge, you can behave as if you were in your own home. You have to relate it to section 47. A public place under section 47 doesn't include any of these things.

**MR. L.A. WILLIAMS:** What's wrong with private fishing lodges? Don't they qualify?

HON. MR. MACDONALD: They do qualify.

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MR. L.A. WILLIAMS: Where?

HON. MR. MACDONALD: Oh, fishing lodges.

Interjections.

**HON. MR. MACDONALD:** Well, if there are any fishing lodges, we'll have to take a look at that.

Interjection.

**HON. MR. MACDONALD:** We know these other things exist: private hunting lodges, private shooting lodges. I don't know of any private fish clubs. If there are such and they're being discriminated against under this Act, no doubt they will approach the Minister.

MR. McCLELLAND: I think it should be followed up a little rather than wait until somebody comes along and complains after they've been pinched by the gendarmes for opening a beer in a lodge which is used for horseback riding or fishing or for people who don't like either hunting or shooting and go out into the woods with their camera on trips, which is becoming much more prevalent. Why not put in an amendment there that would outline recreational lodges of all kinds?

**HON. MR. MACDONALD:** Wouldn't the words "in a club" in (B) above.....?

MR. McCLELLAND: Why did you spell out hunting and shooting?

MR. CHAIRMAN: Shall section 1 pass?

**SOME HON. MEMBERS:** No.

**HON. MR. MACDONALD:** Just because these exist as separate, known....

MR. McCLELLAND: So do dude ranches.

Interjections.

**HON. MR. MACDONALD:** If you mention a particular case, I'd be.... You mentioned a dude ranch. Surely that comes under (B) of the definitions.

MR. McCLELLAND: Okay, why doesn't a hunting lodge come under the (B) then?

Interjection.

MR. McCLELLAND: Lazy B. Ranch.

**HON. MR. MACDONALD:** In our definition of what places You can now treat as home, I think we've been pretty broad in this Act. To those places, the municipality can add by designating any area as one where drinking may take place, even though it would be otherwise a public place. So I don't think there will be actual grief suffered by any of these people.

**MR. H.A. CURTIS (Saanich, and the Islands):** Mr. Chairman, on this point, the Attorney-General is always very reassuring when something is pointed out with respect to legislation, but others may not be as generous in their interpretation.

I would move an amendment, but I wonder if the Minister would not simply at this point introduce an amendment which would delete the words "hunting or shooting." "A private lodge" would, I think, be subject to a much broader interpretation. It would cover a dude ranch, a skidoo ranch, a fishing lodge — any kind of recreational facility that is not covered. I'm not a lawyer, but I don't think that (b) covers all the situations which might be encountered quite legitimately.

**HON. MR. MACDONALD:** So the Member is suggesting if the words "hunting or shooting" came out and if it read then "private lodge," it would be broader. That is satisfactory. We will just draft that up and perhaps we could return to this section, Mr. Chairman.

Sections 2 to 5 inclusive approved.

On section 6.

**MR. McCLELLAND:** Mr. Chairman, section 6, as I understand this section, will give community organizations more access to special permits. Will there be regulations limiting a specific charitable organization to a specific number of events which it may hold in a year, or will that be broadened as well, so that a charitable organization, on application, may be able to hold more than one event of this type per year at which liquor is sold?

**HON. MR. MACDONALD:** Those regulations are still being formulated.

**MR. McCLELLAND:** Do you expect, though, that that will be broadened?

**HON. MR. MACDONALD:** It will certainly be more than one. I think it would be possible for more than one.

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Section 6 approved.

Sections 7 and 8 approved.

On section 9.

**MR. McCLELLAND:** Mr. Chairman, do I read this correctly, that a bar could be set up in a hospital and liquor could be sold within a hospital?

**HON. MR. MACDONALD:** The answer is yes. It is all subject to medical supervision. Yes, there could be a bar in a hospital. There could be a room where they serve beer and the hospital could charge for it. It would have to be licensed, be subject to appeal, but I would think that some medical advice would be that that was for the best recuperation of the patients.

MR. McCLELLAND: Yes, but when the Minister first talked about neighbourhood pubs, I wasn't sure that

they were going to be set up in our local hospitals. I wonder if the Health Minister (Hon. Mr. Cocke) has been consulted on this. If a doctor prescribes some alcoholic beverage, whether it is a beer or a shot of brandy or something for a patient, that is available right now — the patient may have the bottle in his room or somewhere else in the hospital and that can be freely available to him. But this is going a little further, it seems to me, in that under these regulations there could be an actual tavern set up within a hospital. There is nothing here that says that it has to be for a patient's use. It could be freely frequented by all of the patients in the hospital. Would they have to have special passes in order to get in? Would the people from outside the hospital, from the community at large, be allowed in these taverns? Or would it just be on a specific basis for a specific patient? If that is so, that already exists, Mr. Chairman.

**HON. MR. MACDONALD:** Yes, the terms would be spelled out in the licence granted. I would assume it would be restricted to patients and their families. I understand Lions Gate Hospital in the North Shore has a "happy hour" room at the present time. So a licence can be granted for that.

MRS. P.J. JORDAN (North Okanagan): Has this section been brought in with consultation with the medical profession? I am sure the Attorney-General realizes that while it is very pleasant for those patients who are able to indulge in this, one of the problems one faces in hospitals is people who are on specific diets — diabetes, for example, who find it extremely difficult to turn down any extra food. To have a bar close by where they are going to be tempted is going to make it very difficult for some of these patients and for people who have infectious hepatitis or gall bladder problems. The other point is that diet is a major problem. Often when patients are in the hospital, there is a great effort to reduce their weight because it helps to keep them away from the temptations that tempt them ordinarily and destroy their diet. What there any consultation with the nursing profession and the medical association on such a section?

**HON. MR. MACDONALD:** Mr. Chairman, I can't assure the Member there was specifically, but I can assure the Member that if a licence is applied for under section 9, the wishes of the hospital, and, I presume, also the wishes of the medical profession would be consulted. Then there would be restrictions on the licence to make it very clear, if the licence were granted at all, that it was for a limited, special purpose.

**MR. L.A. WILLIAMS:** I trust that the Minister will also discuss this with the Minister of Transport and Communications (Hon. Mr. Strachan), because obviously the Insurance Corp. of British Columbia will have to be concerned with things like impaired drivers of wheelchairs. The ramifications of such a move are limitless, and I hope we'll give it very careful considerations.

MR. McCLELLAND: Mr. Chairman, I don't treat this as a humorous section. I think it's very serious, particularly when you refer perhaps.... I come back again to the fact that there is a possibility within every hospital in British Columbia right now for a doctor to prescribe a shot or a today or whatever is necessary for the welfare of his patient or patients. They may get together. They're pretty lenient in hospitals these days in connection with this. Given the worldwide problem of alcoholism and given the fact that our hospitals are full right now of people from alcohol-related incidents, it just seems the wrong place to expand the availability of liquor and alcohol into a hospital. That should be the one place where we're saying: "Look, alcohol is killing thousands of people every day in one way or another." You know, through crime, through automobile accidents we're killing off our teenagers through automobile accidents because of abuses of alcohol. Our own Alcohol and Drug Commission says that alcohol is the most abused drug in the world. Yet here we are expanding its use into the hospitals. Now it just doesn't make sense to me.

Then, if you relate this section to another section 1n the Act later on, section 54 — and I won't refer to that section right now except that it does specifically detail liabilities for damage — are we opening up our hospitals now to the possibility of damage suits? It's bad enough already, where doctors are being harassed by malpractice suits, where hospital employees are

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afraid in many instances to take action for fear of being sued by some patient's family. Are we opening this up once more?

Suppose that a patient, unbeknownst to the hospital staff, had had a few nips on his own or her own at an earlier time and had the right through regulation to go in and purchase a couple of drinks in the hospital tavern and those two drinks pushed that patient over the brink of drunkenness, and that patient then went back to his or her room and died. Then are we opening up through section 54 in this bill the possibility of that hospital being sued by that patient's family — and maybe going into bankruptcy? With health care costs out of sight now, that would be a terrible development. And it could happen quite easily, Mr. Chairman, through you to the Attorney-General.

I think we should look very carefully at this because I'd hate to see us go into.... You know, it has ramifications which are far beyond anything we've talked about today, I think.

**HON. MR. MACDONALD:** Mr. Chairman, under section 9 — you know, I talked for a minute about licensing. The possibility of licensing is under the Act, but it is not under section 9. This is administering to a patient. It wouldn't allow, under this section, for a bar or even, as I said, a happy hour or something of that kind.

**MR. McCLELLAND:** Well, Mr. Chairman, it allows it without licensing, You don't need to get licensing from the liquor board because it says that any facility within the meaning of the Community Care Facilities Licensing Act may administer liquor to any patient or resident within the institution either as a beverage or otherwise — either as a beverage or otherwise — and may charge for the liquor so administered.

**HON. MR. MACDONALD:** But that's the person in charge of the hospital. It's not a licence situation.

MRS. JORDAN: Mr. Chairman, my colleague from Langley has expressed very eloquently some very serious concerns about this section and the consequences of it. Other Members have spoken and I myself have asked some questions. Quite obviously in the debate the Attorney-General — and I say this will all due respect — does not really seem to understand the apparent implications in this section. They are extremely serious if what has been suggested in debate today is applicable.

I would urge the Attorney-General to withdraw this section, study its true meaning and implications and then discuss it with the medical profession, with the hospital administrators and with the nursing profession. Then, if it's desired by them, and the legal problems and some of the very serious social consequences have been ironed out, reintroduce it at another time. But what happens if you incorporate it, Mr. Minister, is that the impression is created that bars or that liquor can be used more freely in hospitals. You're putting a tremendous pressure on local boards, which they may not be capable of handling at this time. I'd urge the Minister to err on the side of being cautious in these circumstances. Withdraw it and then bring it back at another session when you're sure and your staff is sure of what it means.

**HON. MR. MACDONALD:** But this is the existing practice surely. Somebody is a heart patient and the doctor, say, wants a tot of brandy for that person before they go to sleep, say...?

MRS. JORDAN: That comes under the Health Act.

**HON. MR. MACDONALD:** Yes, but so it isn't illegal, the person in charge of the hospital can authorize that and the patient can pay for the brandy. That's all it's saying.

MR. McCLELLAND: Well, your first comments....

**HON. MR. MACDONALD:** They were in error.

Section 9 approved.

Section 10 approved.

On section 11.

**HON. MR. MACDONALD:** I move the amendment in my name on the order paper. (See appendix.)

Amendment approved.

Section 11 as amended approved.

Sections 12 to 38 inclusive approved.

On section 39.

**MRS. JORDAN:** With some leniency from the Chair and some consideration from the Attorney-General, I think I'm going to transgress on sections 40, 41 and 42.

I'm concerned, and there's a good deal of concern in the province, as these sections will relate to the sale of liquor or beer in grocery stores. So many grocery stores, small stores particularly, and family operations, rely on people of under legal age to carry on their business, often on their own for many hours.

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They are deeply concerned how this will affect the stores in terms of their employment opportunities, and what will happen when minors are in fact selling beer, for example, over the counter.

The second matter is that they're concerned that, should the regulations come into force as indicated, the person selling the beverage bears a large degree of responsibility in terms of selling to underage individuals. A 16-year old or a 17-year old youth is not probably really in a position to assess the validity of a statement of age by an individual. Also, you may have 14-year olds in the same circumstances, Also, there could be a fair amount of bullying on the part of someone who was intent in receiving liquor, even though they were not of age, and this could result in a court case which would be extremely costly to either the young person employ ed in the grocery store, or to the grocery store proprietor. They just simply do not have funds to get involved in this type of situation.

The other point I wish to stress is that there is considerable concern on the part of those working in beverage outlets, including the liquor stores, as to the amount of pressure that's being put on them by legislation and pending regulations in selling to minors. Again, the legislation is putting individuals in a position of adjudicating the validity of statements made by those under age. They feel that as an individual, even though they may be most sincerely carrying out their jobs, they are being pressed to the wall by the Liquor Control Board, and may find themselves involved in lawsuits which they can't possibly afford to fight, really. They might find themselves involved in public scuffles that are reported in the media, that are damaging to their reputation, and they have no way of counteracting that.

I would also like to bring another point in this area to the attention of the Attorney-General. Perhaps he could supply me with some answers. There's a growing feeling among employees in government liquor stores throughout B.C. that the government, to all intents and purposes, the commission, is not backing up employees in these stores when they get into difficult situations. For example, I'm advised that if they see someone shoplifting, basically they have no authority to apprehend that person in the store. They feel that if they get involved in this, the commission is not going to back them.

They really don't want to identify the store because they seem somewhat concerned as to what the reaction would be, but there have been incidents where the employee could have saved the government money by apprehending shoplifters in liquor stores, but there was not the backing from the government in this instance. Again, they are concerned that the commission is not prosecuting when incidents do take place. If there has been an infraction of the law by a member of the public, they are not being prosecuted, therefore this is encouraging the public — a small sector, granted, but there is that sector — to take advantage of the leniency of attitude in the liquor stores. When the Minister answers, perhaps he could advise me just how many prosecutions or charges have been pressed over the last few years in relation to offences in liquor stores.

**HON. MR. MACDONALD:** Mr. Chairman, the question of minors perhaps selling in a small grocery store is something that's giving us concern. My present thinking is that there should really be a senior person in charge,

even though the children might be working in the store.

In regard to employees, we provide, in section 39(4), that if they take reasonable precautions in terms of identification, they will be in the clear; they cannot be convicted. We really haven't basically changed the law here, although probably we've improved it from the point of view of the employee who is a doubtful case. Here, if he looks at the identification in good faith, and then even if he's fooled by that identification, he's done his duty. But we want them to do their public duty to that extent. Under the old Act it said that you had to go into court and say that all the appearances indicated such and such, and that was rather difficult. It wasn't a very suitable kind of defence for employees.

In the case of shoplifting, we'd like to be like, say, any department store or any other commercial business, and I'll take your remarks very seriously. If it's happening on a wide scale, at least we should have the same protections there as they do in private industry, in private commercial outlets.

MRS. JORDAN: I just want to thank the Attorney-General for his comments. I understand the problems. I would point out again that one of the reasons the Attorney-General — and I was critical of this reason before, and I still am — gave for introducing the sale of beer in small grocery stores was to help them meet their economic cash flow and balance their books. If it is required that they have a person of legal age on staff at all times this is going to put them in a very difficult...well, they are simply not going to be able to afford it, because presumably the amount of liquor sold is not going to justify the wage bill that they will receive.

Also it is going to hit the family operation very badly because it is the off hours where they tend to have young people in charge of the store, and it is also a very good experience for these young people. So I would urge the Attorney-General to be very cautious in this area, recognizing if you set up a permit system then also people are going to want to have the same rights in neighbourhood pubs, if they are under age.

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I am pleased to hear your response about backing up the staff if there is shoplifting and abuses in the store. I think the taxpayers would be glad to hear this.

There is just one other point I might mention, and I am sure it doesn't really relate to this section, and that is the matter of dress in the liquor stores. I don't want to offer a serious complaint, but I do feel that for a long time we have been very proud of our employees and their dress, and it seems to be not a comfortable disintegration of appearance but a haphazard disintegration. If the employees are going to be required to wear specified shirts or trousers or jackets, I would urge the Attorney-General to allow the employees to select the colour and style. Let's have a little life in our liquor stores. Right now you go in and that green has a name in the nursing profession, which I won't repeat, but it is hardly uplifting. I am sure it is somewhat demoralizing to the staff. Give them a nice bright yellow for summer, and navy blazers for winter, or something, but let them choose them, and let's put a little life into the stores as well.

Section 39 approved.

Sections 40 to 53 inclusive approved.

On section 54.

**MR. L.A. WILLIAMS:** Section 54, Mr. Chairman, seems to raise some horrendous possibilities for everyone in British Columbia. I am surprised that the Attorney-General would have brought in this section without some words which would modify the implications that this has for licensees, for people who have parties in their own homes with effect to the consequences when they occur.

If I may just refer the Attorney-General to section 50, section 50 provides that no person shall sell or give liquor to an intoxicated person or person apparently under the influence of liquor. That's the section which would proscribe an offence under the legislation. But when we get to section 54, the one that would establish civil liability,

there are no such modifying words. It places upon licensees, waiters in restaurants and, as I say, individuals who have guests in their homes and serve liquor the obligation of determining when a person is or is not in a state of intoxication. You can give a person as much liquor as you wish up to the time when a person is in a state of intoxication, but from that moment on you give him more liquor at your risk. This seems to me to place a terrible onus upon people who serve liquor. The consequences which flow from that themselves are enormous.

Does this mean that the Insurance Corp. of British Columbia, in such a case when a claim for injury or loss of life...?

**HON. MR. MACDONALD:** Mr. Chairman, I discussed this also with the Second Member for Vancouver—Point Grey (Mr. Gardom). The old section of the Act was a bad one, and we have eliminated that because that limited damages to \$1,500 and it only applied in the case of death resulting from serving somebody who was already intoxicated. However, the common law I find is satisfactory in this field without trying to codify it in a short section. I would like to move that this section 54 be deleted and renumbered in view of what the Hon. Member has just said. I so move.

Amendment approved.

**MR. MORRISON:** I just want to further comment on section 54.

MR. CHAIRMAN: We just deleted it.

**MR. MORRISON:** I realize that, but did the Minister define the word "intoxification"?

**HON. MR. MACDONALD:** It was not defined heretofore in the old Act, and it is something the courts decide for themselves.

**MR. MORRISON:** That is all I wanted to know.

Section 54 as amended approved.

Sections 55 to 93 inclusive approved.

On section 94.

MR. J.R. CHABOT (Columbia River): When does the government intend to proclaim this legislation?

**HON. MR. MACDONALD:** As soon as we complete drafting the regulations so that the proclamation and the regulations can be enunciated at the same time. We're working on the regulations now.

**MR. CHABOT:** Well, how soon is that?

**HON. MR. MACDONALD:** Oh, I would think the end of July.

Section 94 approved.

**HON. MR. MACDONALD:** Mr. Chairman, there's section 1 that we agreed to return to. I move the amendment to section I to delete the words "hunting and shooting."

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Amendment approved.

Section 1 as amended approved.

Title approved.

**HON. MR. MACDONALD:** Mr. Chairman, I move the committee rise and report the bill complete with amendment.

Motion approved.

The House resumed; Mr. Speaker, in the chair.

Bill 99, Liquor Control and Licensing Act, reported complete with amendment to be considered at the next sitting of the House after today.

HON. J.G. LORIMER (Minister of Municipal Affairs): Committee on Bill 96, Mr. Speaker.

#### LEGAL SERVICES COMMISSION ACT

The House in committee on Bill 96; Mr. Dent in the chair.

Sections 1 to 16 inclusive approved.

Title approved.

**HON. MR. MACDONALD:** Mr. Chairman, I move the committee rise and report the bill complete without amendment.

Motion approved.

The House resumed; Mr. Speaker in the chair.

Bill 96, Legal Services Commission Act, reported complete without amendment, read a third time and passed.

HON. MR. LORIMER: Committee on Bill 100, Mr. Speaker.

#### PROVINCIAL COURT ACT

The House in committee on Bill 100; Mr. Dent in the chair.

Sections 1 to 9 inclusive approved.

On section 10.

**Hon. MR. MACDONALD:** Mr. Chairman, I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

Section 10 as amended approved.

Sections 11 to 44 inclusive approved.

On section 45.

**HON. MR. MACDONALD:** Mr. Chairman, I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

Section 45 as amended approved.

Sections 46 to 49 inclusive approved.

On section 50.

**HON. MR. MACDONALD:** I move the amendment standing under my name on the order paper. (See appendix.)

Amendment approved.

Section 50 as amended approved.

Section 51 approved.

Title approved.

**HON. MR. MACDONALD:** Mr. Chairman, I move the committee rise and report the bill complete with amendments.

Motion approved.

The House resumed; Mr. Speaker in the chair.

Bill 100, Provincial Court Act, reported complete with amendments to be considered at the next sitting of the House after today.

HON. MR. LORIMER: Mr. Speaker, committee on Bill 111.

## SMALL CLAIMS AMENDMENT ACT, 1975

The House in committee on Bill 111; Mr. Dent in the chair.

Sections 1 to 26 inclusive approved.

Title approved.

HON. MR. MACDONALD: Mr. Chairman, I move the committee rise and report the bill complete

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without amendment.

Motion approved.

The House resumed; Mr. Speaker in the chair.

Bill 111, Small Claims Amendment Act, 1975, reported complete without amendment, read a third time and passed.

**HON. MR. LORIMER:** Adjourned debate on second reading of Bill 103.

#### MUNICIPAL AMENDMENT ACT, 1975

(continued)

**MR. SPEAKER:** The Hon. Second Member for Victoria (Mr. D.A. Anderson) adjourned the debate, according to my notes. Is there any further debate?

MR. CHABOT: We were led to believe that after went through the Attorney-General's bills....

**MR. SPEAKER:** Excuse me, the Hon. Member is speaking on a point of order?

**MR. CHABOT:** Yes, on a point of order.

**MR. SPEAKER:** I should hope so or you would have lost your place.

**MR. CHABOT:** On a point of order, Mr. Speaker, I was led to believe by the House leader.... You know, there is a lot of jiggery-pokery with that government over there...

MR. SPEAKER: Oh, oh, oh.

**MR.CHABOT:** ...they move from pillar to post and we never seem to know where they are going. I don't think they know themselves. We were led to believe we would be moving on to Bill 27 after we had gone through the Attorney-General's legislation. So what has caused the deviation? What has caused the turn? What has caused the confusion that is taking place over there?

**MR. SPEAKER:** Really, I think that is hardly a point of order. It sounded like a resounding speech for the hustings.

**HON. MR. LORIMER:** Someone threw some sand in the gears, Mr. Speaker, in reply to the point of order. Bill 27 will be here in one minute, But I thought, seeing as it was one of my bills coming up here, there would be no debate on it, so we would put Bill 103 through in the meantime.

**MR. CHABOT:** On a point of order, who will be carrying Bill 27?

**MR. SPEAKER:** That, I think, will be determined when it arises. Is there any further debate on this one now?

**MR. CHABOT:** Just one very brief point of order. The confusion of this is that the Second Member for Victoria, who was probably led to believe as well that Bill 27 would follow, adjourned the debate. Unfortunately, he is not here and it might deny him the opportunity of speaking on this bill. He is probably getting prepared for Bill 27. Who knows?

**MR. MORRISON:** Mr. Speaker, I am acting as our whip in his absence, and I have a note here from the House Leader, which specifically give the order of bills, and Bill 27 is listed as the bill following Bill 111. We had no discussion that we would be on any other bill.

**MR. SPEAKER:** Is there any note on 103?

MR. MORRISON: No, Sir. Bill 103 is not listed.

**HON. MR. LORIMER:** Mr. Speaker, we will proceed with committee on Bill 27. I thought that we would get the other one through until the Minister of Labour (Hon. Mr. King) was here to proceed with that. He is here now, so we can proceed with Bill 27.

MR. MORRISON: You ought to get organized.

MRS. JORDAN: Oh, you were just stalling for time.

**MR. SPEAKER:** Order, please. Bill 27, Mr. Chairman.

## BRITISH COLUMBIA RAILWAY COMPANY CONSTRUCTION LOAN AMENDMENT ACT, 1975

The House in committee on Bill 27; Mr. Dent in the chair.

On section 1.

**MR. D.M. PHILLIPS (South Peace River):** Mr. Chairman, I would just like to ask the Minister, since he is carrying this through the House.... I don't know how much information he has, but....

**AN HON. MEMBER:** fie is an active director

**MR. PHILLIPS:** No, he's not a director on the BCR at all. Who is carrying the bill?

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Interjection.

**MR. PHILLIPS:** Minister of Labour, ex-director of the BCR.

I would just like to ask the Minister: who actually asked for the Price Waterhouse report that was tabled in August, 1973? Maybe the ex-director of the BCR can tell me: who commissioned this report and what were the terms of reference? This report is a review of financial reporting and control practices of the British Columbia Railway, August, 1973. Was this report commissioned after Mr. Minty made his statements or before Mr. Minty made his statements?

**HON. W.S. KING (Minister of Labour):** Mr. Chairman, I think all the facts and the sequence of events pertaining to investigations of the railway were put on the table in the debate on second reading by the Premier and Minister of Finance, president of the railway. But I can tell the House that no reports were commissioned, or no investigations were commissioned on the railway, without the approval of the board of directors.

MR. PHILLIPS: Mr. Chairman, the Minister of Labour says that all of the facts were tabled during second reading. I wish to disagree with him because there were some controversial facts tabled during second reading, and they were made by the Premier. As a matter of fact, on Friday morning there was a lot more political rhetoric by the Premier with regard to financial reports. I would like to know the sequence of events. I think it is very important, due to the fact that the Premier has made many statements about the previous auditors who were given certain instructions about hiding facts on the BCR.

I think it's very important that we know the sequence of events — very important indeed. So I'd like to have that information. If this Minister is going to carry this bill through the House he should have that information because I'm getting sick and tired of statements that were made by the Premier that the previous auditors were told to hide certain facts. Now he made those accusations in this Legislature.

I'd like to know when this report was asked for by the railway. I'm positive that if you have a group of auditors who are doing the books and then all of a sudden on August 31, 1973, after the Premier signs the first financial statement, the 1972 report...and he said he signed it in the early spring of '73, and he said at that time he had no reason, Mr. Chairman, to question the validity of that particular statement.

And then approximately six months later we have a report from Price Waterhouse & Co., addressed to Mr. G.S. Bryson, Deputy Minister of Finance, Province of British Columbia. This report was a review of financial reporting and control practices of the British Columbia Railway. Now, Mr. Chairman, you just don't have one set of auditors doing the books on the railway, and then have a report on the very same practices by another group of auditors. I'd like to know what provoked this report and what the terms of reference were that were given to Price Waterhouse. I would suggest, Mr. Chairman, that if the Minister of Labour cannot answer this question he should get the Deputy Minister of Finance in the House — maybe he can answer. I'd like to know why Price Waterhouse were

commissioned to do this report, what the terms of reference were, and when they were asked to do the report.

**HON. MR. KING:** Mr. Chairman, as I said earlier, most of these matters were canvassed in second reading of the debate on Bill 27. The Premier did indicate at that time that he had asked for the internal audit by Mr. Minty in response to a question from the first Member for Vancouver–Point Grey (Mr. McGeer), and then he subsequently outlined the sequence of events that led to various other reports and investigations. Mr. Chairman, I suggest that if the Member wishes to check any of those answers and revelations put forward by the Premier, they are in evidence in *Hansard*. I do not propose to recanvass that whole area again.

We're dealing here with a pretty simply and pretty restricted bill pertaining to the need to extend additional financing to the railway to the extent of \$650 million. I would just point out that the opposition has indicated its support for the railway and for this financing of the railway; and we can recall that the Premier indicated there was a very real need for immediate financing so that construction can continue and so that payrolls can be met. I think it would be regrettable now to attempt to canvass once again the entire debate that took place in second reading, when the full principle and the state of the health of the railway was discussed, where reports were tabled, where the Premier did in fact answer questions and make reports available upon which he had based the statements that he made in the House. Perusal of those reports that were filed will reveal that the alleged accusations of the Premier were nothing more than quotations from the reports that had been received.

So I think the official opposition, Mr. Chairman, is just as interested as the government is in ensuring that the railway proceeds with what is a project, in effect, that was inherited by this government, commissioned by the former administration, and I know that they would not want to be responsible for delaying unnecessarily or holding up that essential financing on the railway.

MR. PHILLIPS: Mr. Chairman, I'm really all choked up about this great appeal by the Minister of

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Labour to get this passed in such a hurry, when the government could have brought this bill in months ago. It's all very well and good for the Premier to run off on a joy ride to London at the taxpayers' expense and leave the Minister who can't answer the questions in this Legislature, but this subject was not covered during second debate. As a matter of fact, this Price Waterhouse report has never been spoken about by the Premier; nor has he answered any of the allegations that I made with regard to this report when he closed second reading. He specifically skated around the Price Waterhouse report when he closed second reading.

So I'm not really all choked up by the Minister. It seems to be in this House that this Minister can get up and make any kind of allegation he wants to about certain things, but when we want to find the details, want to explore it, he's not here, or leaves somebody who can't answer the questions.

Now the Premier said on Friday morning....

**MR.** CHAIRMAN: Order, please! It is customary when we're following through on a question and answer thing between a Minister and an HON. Member, that it isn't necessary to recognize him every single time. I've recognized de facto the Member for South Peace River, so would the Hon. First Member's remarks on the section...?

Interiection.

**MR. CHAIRMAN:** Would the Hon. Member for South Peace River continue, please?

**MR. PHILLIPS:** The Premier said on Friday morning: "You will recall, Mr. Member, that I filed two reports by Mr. Minty: one on B.C. Hydro and one on B.C. Rail. Mr. Minty's report led us to development concerns about the auditing and accounting procedures of B.C. Rail."

Now evidently Mr. Minty's report was tabled in the spring of 1973. I want to know if it was that report of Mr. Minty that led to the Price Waterhouse report. It's a very simple question and when I get the answer to it, then I'll

continues.

**HON. MR. KING:** Well, Mr. Chairman, the answer is quite simple. Again, I wouldn't want to argue about it, but I was under the impression that this information was elicited in the debate on second reading. The Members can recall that in response to questioning by the First Member for Vancouver–Point Grey (Mr. McGeer), an internal audit, an investigation by Mr. Minty was conducted. That report was tabled in the House, and it revealed certain practices which.... He submitted a report which was critical in a variety of ways of the accounting procedures of the railway and the financial controls on the railway.

Subsequent to that, the railway board commissioned a further report, presumably to come to grips with some of the criticisms and some of the recommendations which Mr. Minty had made in his report. That was commissioned by the board of directors of the railway and was an internal investigation based on the Minty report, with a view to correcting some of the problems which Mr. Minty had identified. I'm sure the Members would applaud that when any procedures are revealed which are not up to snuff in terms of accounting practices. In terms of proper financial control, I think it would be very reassuring to the House to know that the board had acted to improve those procedures and those controls that had been identified by Mr. Minty as being deficient.

**MR. PHILLIPS:** Well, there's a very important principle involved here, Mr. Chairman. If you wish to call another Member, I'll come back to it, because I intend to get the answer.

Now in this report from Price Waterhouse it says: "Our study was carried out in accordance with your instructions to review certain of the matters raised in a special report of the comptroller-general dated March 29, 1973." So if the Minister of Labour doesn't know, he hasn't read the report, and I would suggest the government really doesn't want to read the report, because the report basically gives the practices of auditing in the British Columbia Railway a clean bill of health. That's why I find it very difficult to understand when the Premier said on Friday morning:

Now, Mr. Member, that is really the whole crux of this long debate. Take away all the rhetoric from any Member, be it the government or opposition, the matter of this case simply rests with the fact that the audited statements submitted by Buttar & Chiene were false in that they said the Canadian Transport Commission auditing procedures had been followed, and they were not followed.

Now I'd like to ask the Minister of Labour how he can justify the statement in the Price Waterhouse report that the auditing practices of the British Columbia Railway were in accordance with the Board of Transport Commissioners. There seems to be a conflict of statements here, and I'd like to know how we justify that.

How can the Premier justify his statement that the firm of Buttar & Chiene did not comply with the Board of Transport Commissioners when, after Mr. Minty said that there should be a report on the accounting practices of the railway, Price Waterhouse in their statements say that they were not held back by anybody in doing their report.

"Our terms of reference," they say, "excluded requirement for us to examine the financing of the railway or its physical

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operation, as it was understood that other consultants had been retained to examine overall corporate planning and organization and construction estimating, bidding and costing procedures. In all other respects there were no restrictions placed on our review and we were requested to exercise our own judgment in determining its scope."

#### The report is headed up by saying:

"We are pleased to submit our report entitled A Review of Financial Reporting and Control Practices of the British Columbia Railway. Our study was carried out in accordance with your instructions to review certain of the matters raised in the special report of the comptroller-general."

It was the report of the comptroller-general which said that the auditors at that time had not been conforming to the board of transport commissioners. Yet Price Waterhouse, who carried out the report, was asked to do the

report, say that the auditing practices of the British Columbia Railway were in accordance with the board of transport commissioners. I'd just like to ask the Minister of Labour who was right and who is lying.

HON. MR. KING: It would appear, Mr. Chairman, that the professional chartered accountants of this province certainly gave credence to the Peat, Marwick report because they did, as the Premier outlined, take certain action against the former auditor involved with the B.C. Railway. I suppose the House would be quite safe in construing that to be a censure of the auditor. I don't think it's unusual to ensure that in serious matters such as accounting auditing procedures more than one investigation be undertaken to absolutely ascertain that financial control, auditing practices and accounting practices are up to date and in conformity with the system which had been established on that railway, and which had been certified in filing annual reports to this House. I would point out further, Mr. Chairman, that I understood the Member to say that the Price, Waterhouse report had not been filed with the House. Am I correct in that understanding?

MR. PHILLIPS: I picked it up out of the Clerks' office, so I guess it must have been filed in the House.

**HON. MR. KING:** That's right. But that wasn't the information I understood from the Member when he first rose, Mr. Chairman. It's my understanding that the report was indeed filed with the House, and has been available for any Member of the House to study.

MR. PHILLIPS: Mr. Chairman, the whole case on this railway seems to rest on the fact that the previous auditor did not follow the recommendations laid out by the Canadian Transport Commission. The Premier went so far as to say that the audited statements submitted by Buttar & Chiene were false. He said that on Friday morning, and he said that in second reading. Yet this report.... Here's another group of auditors. Are you condemning Price Waterhouse by saying that they didn't do a good job or that their report is falsified? Are you saying that, Mr. Minister? It states very clearly on page 4 of the Price Waterhouse report: "The accounting systems of the British Columbia Railway in the past have been directed primarily. toward the traditional role or reporting financial transactions in a manner consistent with the requirements of the uniform classification of accounts of the Board of Transport Commissioners of Canada."

The statement of the Premier saying that Buttar & Chiene's financial statements were false, which I think is a very, very broad and hard statement, saying that the financial statements of the BCR were false.... He says it right here in Hansard on Friday. He goes on to say: "...in that they said the Canadian Transport Commission auditing procedures had been followed, and they were not."

Yet after Mr. Minty brought in his report and said that we should check into the auditing practices of the British Columbia Railway, somebody — I'm not quite sure who; it must have been Mr. Bryson — asked Price Waterhouse to take this report. I'm not sure what Price Waterhouse were paid for this report. The report was tabled with the Clerk on September 18, 1973. The report was sent to Mr. Bryson, the Deputy Minister of Finance, on August 31, 1973, and it clearly states that the British Columbia Railway had been conforming to the board of transport commissioners' uniform classification of accounts.

Mr. Chairman, I'm very interested in finding who I should believe in this situation. There have been some very serious charges made in this Legislature by the Premier about the previous administration, about the previous auditors and about the accounts of the British Columbia Railway. I'd like to know who to believe; the public wants to know who to believe.

In this report that Price Waterhouse returned to the Deputy Minister of Finance and which was tabled in this House on September 18, 1973, with the Clerk, was not an honest and true report of the accounting practices of the British Columbia Railway, what procedure, what charges have been laid against Price Waterhouse? Somebody is truly misleading the public in this case, Mr. Chairman. I'd like to know who.

**HON. MR. KING:** Mr. Chairman, in the first instance, I wish the Member would be accurate in terms of accusing the Premier of making charges. The Premier quoted from reports which were tabled in the House — certainly it's a matter of record. We do now have the benefit of a *Hansard*, and we are very

fortunate in that regard because...

**MR. PHILLIPS:** Yes we are. That's what I'm reading from.

**HON. MR. KING:** ...of comments that have been made are on the record for all to see. It should be remembered that the Minty report was the basis upon which the Premier quoted that undue restrictions had been placed upon certain individuals involved in the audit. From that, of course, that's a very serious allegation to make, and that was made in the Minty report. From that flowed a number of other investigations.

The Member suggested that the Premier said the statements from Buttar & Chiene were false to the extent that they did not conform to the CTC regulations. The Chartered Accountants Association of British Columbia came to that conclusion — the association responsible for the professional conduct of their peers. That was my understanding from the debate which took place....

MR. PHILLIPS: You're all wet!

**HON. MR. KING:** Well, I have company, Mr. Chairman, if that's the case.

The Minty report found that Mr. Gunderson, who was formerly a board member, had placed unwarranted restrictions on the auditors, and that has been revealed time and time again in the House in debate on second reading in the reports that were submitted, I find it rather futile to go into a complete recapitulation of all of these facts that are already before the House. They have been tabled, they have been well canvassed, they have been well debated.

**MR. PHILLIPS:** This report hasn't been mentioned by the Premier or anyone else in the House. Don't mislead the House yourself!

**HON. MR. KING:** The information I have is that....

**MR.** CHAIRMAN: Order, please. Before the Hon. Minister proceeds, I would ask the Hon. Member for South Peace River to withdraw the suggestion that the Minister of Labour is misleading the House.

**MR. PHILLIPS:** I'll withdraw "mislead" but he is certainly misinforming the House when he says that, because as I said before, Mr. Chairman, that has never been mentioned.

**HON. MR. KING:** Well, I think perhaps, Mr. Chairman, what the Hon. Member is looking for is the relationship of the Price Waterhouse report with both the Minty report and the subsequent Peat, Marwick report. Again I can only stress the Premier laid this out very clearly in the debate on second reading, but the Minty report....

Interjection.

**HON. MR. KING:** Mr. Chairman, if that Member would listen very carefully I will try to give him the facts so he will understand them.

The Minty report was commissioned after questions from the First Member for Vancouver–Point Grey (Mr. McGeer). That was a relatively superficial report on the accounting procedures and the financial controls, cost controls on the railway. Subsequent to that, Price Waterhouse was retained to engage in a more substantial report, but it wasn't an audit. It was a general investigation in more detail than the Minty report, but it certainly wasn't an audit.

Peat, Marwick was then retained to conduct a complete audit, and that Peat, Marwick report was, in large part, what the Premier quoted from. So there is quite a distinction in terms of the precise kind of professional investigation that took place, and I think that is what the Member is looking for.

MR. PHILLIPS: Mr. Chairman, on that same point....

**MR. CHAIRMAN:** Order, please. We can't continue on like this all afternoon, having one Member do all the talking. We have to give other Members a chance to speak, but I will give the Member one follow-up question.

MR. PHILLIPS: Mr. Chairman, I just want to make it straight that the Price Waterhouse report was into all the accounting practices and deals at some length with depreciation. Now after the management of the railway decided to change the depreciation methods, then that would change the financial statements. So far as the change in the financial statements, it was strictly that the new financial statement is based strictly, Mr. Chairman, on a different method of depreciating the assets of the railway and really has nothing to do with any other accounting procedures. Price Waterhouse mentions very clearly in the report that accounting procedures and depreciation are strictly a decision of management.

Mr. Chairman, what I want to point out is that the only difference in the financial statements from Peat, Marwick versus Buttar & Chiene is the fact that they use a different method of depreciating the assets of the railway. But I want to say, and again I make my point, that Price Waterhouse did a complete study of the accounting practices, and nowhere in that report does it condemn the accounting practices, but it does mention depreciation.

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I don't want, Mr. Chairman, to have the Minister of Labour mislead himself on this very important fact, and I do not like the Premier making accusations when he says that the statements submitted by Buttar & Chiene were false. That is a falsehood in itself, because if you take the whole accounting practice and depreciation into consideration, the statement the Premier made would mislead the public of this province. This is the point I am trying to make.

So I would like to know again, and I'll go back to my first question: how much study was done on the Price Waterhouse report and what provoked the change of auditors?

**MR. McGEER:** MR. Chairman, perhaps the Minister will have an opportunity to consult with the chief executive officer of the railroad. I am very pleased that he is over here today to consult with the Minister on this important bill. I am one who isn't committed to supporting the bill. I must say that I don't feel this sense of urgency to rush through legislation to support the railroad in what appears to be its hour of desperation.

It has been difficult, as you know, Mr. Chairman, for some of us to get recognized to ask a question or two during the committee stage of this bill.

**MR. WALLACE:** It's much the same way for everybody.

**MR. McGEER:** Okay. I don't intend to wear the House down.

With respect to the Minty report which has been mentioned frequently during this debate, I think the report makes it pretty clear that Mr. Gunderson restricted the extent to which external auditors could go in their auditing. That was carefully couched in the opinion of the comptroller of the firm rather than Mr. Minty offering his own personal opinion. Nevertheless, one doesn't need to be a genius to realize that the auditing that was done had to be pretty limited if the bill were only \$4,000 for the job. It seems to me that that is something that the management of the railway or any of the directors of the railway or the secretary of the railway, who served through two administrations, or the president of the railway could easily determine simply upon inspection. If you are only being presented with a bill of that size for a major auditing of a large Crown corporation, it's got to be once over lightly. But I didn't see that as the most ominous aspect of the Minty report.

The most ominous aspect, it seemed to me, dealt with the internal auditing system. During all of this debate we have not heard any comment at all coming from the government as to what corrections have been made in the internal auditing systems of the railroad. It is all very well to bring in new external auditors and have a more thorough evaluation of the overall status of the railroad. But remember this: we have no auditor-general in British Columbia. The job that Mr. Minty did upon the request of opposition Members in this House who were appalled at the overruns on some of the BCR contracts was a job that would normally be done by an auditor-general. It

illustrates a tremendous weakness that we have in government financial systems. It is particularly critical at a time of proliferation of Crown corporations that we haven't got this auditor-general protection.

Now we send a man in who is the comptroller-general of the province to do the auditor-general's job and he quickly points out the obvious with respect to the external audit of that corporation. At the same time, Mr. Chairman, he points out major deficiencies with the internal auditing system. He says, for example, in section 7 of his report: "Internal audits in the past few years have been restricted to general revenue accounting areas in Vancouver."

While the internal auditor considers the external audit coverage to be minimal, it is very clear in the Minty report that he considers the internal auditing systems to be grossly deficient.

So as I see it, Mr. Chairman, there was a general management problem here starting from the president of the railroad, extending down through Ministers of the Crown, extending to auditors appointed by those Ministers of the Crown, right down to the general management of the railroad, including internal audit and engineering practices.

We are asked to begin subsidizing the railroad in a very substantial way with this loan. We are looking at a balance sheet where the railroad has been thrust into a position of major losses.

Whether one wants to argue about fast or slow depreciation, which has taken up much of the time of this debate, is hardly an important question when you're now into operating expenditures which exceed by millions of dollars the operating revenues of the railroad. As long as that situation continues to exist, we have no choice but to continue putting massive infusions of public money in the railroad just to keep the engines operating every day. That's got nothing to do with the extension of the railroad into pioneer country. It's got nothing to do with repayment of capital loans. Meeting the payroll — that's the major problem we have today. Clearly, we've got to develop much more acute internal auditing systems; we've got to develop better engineering systems. And if I may say so to the Minister of Labour, we've got to develop more sensible wage policies.

I can't see any justification for the B.C. Railway, in a year when it's experiencing record losses, paying shopcraft unions the highest wages in the world. We want to see our men paid well, there's no question

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about that. But we cannot be world wage leaders when our railroad simply is not earning.

I think it's a different question if we've got some railroad running into resource country that's producing enormous revenues, and can pay off the cost of capital construction, pay off the operating expenses, retire the debts and still make a profit. That kind of a railroad can afford to pay the top wages in the world, but not when we've gone into a position where we not only cannot pay for the debt of the railroad or the capital expenditures of extending it into the north, but we can't even pay for the day-to-day operations. That's what's so condemning about the financial position of this railroad.

Wage leaders in the world — in certain categories, not in every category — we're in no position to pay those kinds of wages. The people have to understand it; government has to understand it; the railroad has to understand it; and the employees of that railroad have to understand it. The alternative is to take money out of the common pool that's needed for other works of government.

Now, Mr. Chairman, we've got a major problem with this railroad. The bill isn't solving the problem. Most of the questions that have been asked haven't been relevant to the problem that we face today. But I hope the government is going to come up and make some statements as to how they're going to bring things under control, first of all, in the day-to-day management of that railroad so that revenue is going to exceed day-to-day expenses. That's the first thing we ought to know before we vote a dollar in this House.

Before we lay another mile of track the next thing we ought to know is: is there a plan to bring in revenue that will justify extending this railroad one more mile? If there isn't, then in order to protect the public treasury, we'd better start thinking about closing down the unprofitable lines.

Somewhere along the line there has to be some commonsense management coming from somebody. But what we've got is complete and utter irresponsibility, and a request before this House that we produce a massive loan to the railroad because they can't meet their payroll under emergency conditions. Mr. Chairman, I have no hesitation in voting against this bill under these circumstances. But I would like to have some questions answered by the Minister. He's got the officials of the railroad to consult with — for heaven's sake let's find out whether we're going to have some common sense operation in the future.

**MR. W.R. BENNETT (Leader of the Opposition):** Mr. Chairman, last Friday, when in committee, I tried to get some answers from the Premier and he chose to deal instead with his continuing political statement.

One thing we were concerned about is that under the Public Bodies Financial Information Act, the financial statements and the amounts over \$500 were not printed, as required, within six months of the financial statement by the B.C. Railway. These financial statements are supposed to be filed with the Minister of Finance and, of course, he should be one who should know. And they should be available to the opposition and the public to find out how our money is being spent.

On Friday, after much questioning and no answers, the Premier filed a book containing the new financial statements for the fiscal year ended December, 1973, and includes it in the same printing, the same booklet. Yet on the bottom, obviously, it had to be printed since that amended or newly restructured or directed financial statement was done in June of this year. Yet it says on the bottom of the page: Published in accordance with the Public Bodies Financial Information Act, chapter 51, Statutes of British Columbia, 1971.

Obviously, these figures weren't available because we were trying to get the report for the year ending 1973. Just to give you an idea of what we went through, we still don't know if the railway was in contravention of this Act, or whether the government ever sought to get the type of information they should have and whether the penalties as to withholding money were ever brought about by the Premier and Finance Minister of this province.

But I'll give the Minister responsible today, because the Premier's on holidays in London, or wherever he's gone this year, some of the problems we have. We did try to get the booklet from the B.C. Railway and I had people calling and got statements like: "Haven't seen one around here in years. There was one in 1972, but I haven't seen one for 1973." We tried the Finance office. We tried the Queen's Printer. We were eventually told to try the British Columbia Railway printing division.

Now because some of our phone calls.... And so nobody will have to run out and check, I've had both Mr. Strongitharm and a Mr. Dinning phone jointly. They're both lawyers and this is a statement that they got in trying to phone the railway in an attempt to get these answers. They say:

"We called the BCR printing division at approximately 2:15 p.m. and spoke to a Mr. Lawrence, who advised that he'd just returned from Mr. Perry's office with a photocopy of the original of the 1973 financial statement, and was instructed then" — this was Thursday last — "by Mr. Perry to produce 10 copies by tomorrow."

Ten copies. Now this wasn't six months in close to the end of the year of 1973; this was in 1975.

"A second call was made to Mr. Lawrence at 3:15 p.m. at which time he confirmed that he received instructions from Mr. Perry to get 25

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copies of the 1973 financial statement of the BCR printed by noon tomorrow, June 13, 1975. Mr. Lawrence said that the reprint will only be collated and stapled and no binding. The report will be reduced from 11 x 17 to 8 1/2 x 11, which process has slowed down production. As of the time of calling, they had printed only 10 pages. He stated they would not be working this evening because of a union meeting."

Now these are the sort of things by which we tried to get the report. These are providing information that because we were denied the opportunity because the report wasn't filed as it required by statute in British Columbia and printed...we couldn't discuss it during the Premier's estimates; we have to discuss it during this debate. It goes

"Mr. Lawrence remembers sending the necessary papers to the B.C. Railway office in Vancouver to have the 1973 financial statement typed out. He stated that to the best of his recollection it was approximately a year ago. It was his personal opinion that the difficulties with the former auditors contributed to the delay, as they had pulled it."

My assistants asked who they were, and Mr. Lawrence said "the 'they' you refer to applies to the head office."

Well, eventually, as we know, we contacted Mr. Perry's office and he wasn't in, phoned again and of course we couldn't get a statement as to whether the statements had been printed or not. Finally at 8:40 on June 13, we spoke to Mr. Lawrence, who informed us that they were placing a cover on a single copy and that five copies were being brought to Victoria today by noon, and of course they were. We still never got an answer, and the Premier said he would provide an answer as to whether they were in contravention and whether they were going to be able to provide the report by the July I deadline for the year ended 1974.

Now the reason we wanted this report, Mr. Chairman, is because there has been a lot of talk lately about whether directors of the railway or management of companies, whether it be ICBC or any of the Crown corporations, can deal both corporately or individually with that firm. We're concerned to see that over and above the \$3,000 director's fee that Mr. R.E. Swanson has been paid, under the Schedule of Payments to Corporations and Individuals for Supplies or Services Rendered there is \$766.80.

We've been trying to find out whether there's a policy, and whether there's a possible conflict of interest for directors to be dealing with the Crown corporations they serve and are paid to serve, and whether they can also bill other Crown corporations and the government. We know that Mr. Swanson, after he was a director on February 26, filed a report and a study as requested by the Premier, and we know that at that time he was a director because he says in this restructuring report:

"In accordance with instructions at the last board meeting of the B.C. Railway, I am submitting herewith an organizational chart setting forth the shuffling of personnel in the area of management in the B.C. Railway so as to bring about a more satisfactory relationship between management and the working forces throughout the entire railways."

Now this is the report that made very complete changes in the senior management of the railway and it's obvious that Mr. Swanson, as a director, is the chief adviser to the Premier and the president of the railway. It's obvious. We want to find out what the bill was for this report and who paid for it, because it's very serious.

We've had the continuing case in the House of the Minister of the Department of Transport and Communications (Hon. Mr. Strachan), when he was questioned about one of the officials of ICBC, choosing to attack the Member for Langley (Mr. McClelland).

He chose to attack our party for no research, chose to make a political statement....

**MR. CHAIRMAN:** Order, please. We're dealing with section 1 of Bill 27. I would ask the Hon. Member to confine his remarks to this bill.

**MR. BENNETT:** I'm relating to the information I have not been able to get relating to Crown corporations and I'm drawing an analogy. I wish to continue because it applies to the very serious case of directors of the B.C. Railway and their influence — the No. 1 adviser to the Premier and president — and what opportunities they have and what standards they have in dealing with their crown corporation and with the government.

We had in that case the Minister, rather than dealing with the question — the Minister of Transport and Communications (Hon. Mr. Strachan) — making a political attack on the Member for Langley. In fact, outside the House, he called him a despicable rattlesnake.

MR. CHAIRMAN: Order, please.

MR. BENNETT: Yet today he crawls in on his hands and knees and said: "Oh, I was wrong. I was wrong."

**MR. CHAIRMAN:** Order, please. I think the Hon. Leader of the Opposition is taking liberties which are not allowed by the standing orders. I would ask the Hon. Member to keep his remarks strictly relevant to the section.

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**MR. BENNETT:** Thank you. So what we would like is we don't want a repeat of that situation; what we want are some answers.

The Premier and president wouldn't provide them the other day — he wouldn't provide them the other day. We want to know why a firm called Airchime Manufacturing Co. Ltd. had a bill for \$4,000 to the British Columbia government as in public accounts, or why Railway Appliance Research Ltd. charged the government \$26,520 — that was in the year ending '73. We want to know why Railway Appliance Research Ltd. had an \$18,000 bill in 1974 and Airchime Manufacturing had a \$2,000 bill. Is there a conflict of interest? Are directors of the railway allowed to deal with both the Crown corporation and the government in regard to expenditures and purchases for the railway? Is this not a clear-cut case of a conflict of interest?

Mr. Chairman, these are the questions we asked last week and we're still asking this week, questions which the Premier never dealt with, questions which affect the directorship and directors of the railway, people of influence who have a lot to say in how this railway will be run in the future, and, in fact, have directed a lot of the changes that have been made. We would like to know if, indeed, there are rules and regulations that are standard that prohibit directors of the railway or of any Crown corporation from dealing with that Crown corporation, or whether management is so restricted and whether those restrictions involve other Crown corporations of the government itself, particularly where it is involved with railway-related items.

I would hope that the Minister will be more responsive than the Premier was on Friday and Thursday and that the very serious questions about continuing direction and management, the filing of reports as required under the statutes of the Province of British Columbia, the details of expenditures will be explained to this House because the continuing operation and direction of this railway is of importance. The sums that will be spent on expanding this railway and operating it are tremendous. We must have confidence that management is dealing fairly, that the directors have no conflict of interest and that their sole interest is in developing a railway that will serve the people of B.C.

Mr. Chairman, I have further to say, but I would hope that I'll have some answers for those questions which have been asked Friday and were asked previously in the House.

[Mr. G.H. Anderson in the chair.]

**HON. MR. KING:** Mr. Chairman, I indicated earlier that I thought the Price Waterhouse report had been tabled — that was incorrect. I wouldn't want to leave the wrong impression with the House. It apparently wasn't tabled but I believe it was available.

The Member for South Peace, Mr. Chairman, made a number of comments. He said it was not true that the Premier had based his allegation against the former auditor of the railway on a report. I quote directly from the Peat, Marwick, Mitchell and Co. auditor's report dated June 3, 1975, when the second paragraph says:

"As described in note 2 of the notes to the financial statements, a review of the past accounting policies has been carried out. It was concluded that the financial statements as of December 31, 1973, on an overall basis did not present fairly the cumulative operating results of the railway to that date, and that certain of the past policies did not conform with the accounting regulations of the Canadian Transport Commission."

That is the Peat, Marwick report. The opposition has indicated great respect for and reliance upon the reports of chartered accountants. I hope that they recognize that indictment of the accounting practices in the previous audits which obtained under their administration.

Additionally, Mr. Chairman, on November 27, the professional inquiry board of the chartered accountants

convened their panel. Their findings were as follows:

"The panel, having found unanimously that the said member, Douglas McKenzie Walker, violated rule 21 of the code of ethics and rules of professional conduct, as alleged in paragraphs 1 and 2 of the statement of complaint, by reporting on and associating himself for, on behalf of the firm of Buttar & Chiene, with the financial statements and auditor's report thereon for the British Columbia Railway Co. for the year ended December 31, 1972, when he had failed to obtain sufficient information to warrant the expression of the unqualified opinion expressed thereon and therein, and that the said member has been incompetent in professional matters within the meaning of bylaw 67(a)(3), in force at all material times, and also of bylaw 68(a)(3), in force at the present time, as alleged in paragraph 3 of the statement of complaint."

Now the Members across the way cannot get around that condemnation of the previous methods of auditing the railway books. To attribute to the Premier political statements in quoting the hard data based on the findings of reputable firms in this province is nothing short of incredible.

The Leader of the Opposition is a very new Leader of the Opposition. He undoubtedly has a lot to learn. He thinks that there is something wrong about a Member of this House, the Minister of Transport and Communications, getting up and apologizing to the

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House when he has been wrong.

**MR. BENNETT:** I didn't say that. I never condemned him for apologizing.

**HON. MR. KING:** He thinks there is something wrong about that, Mr. Chairman. That is precisely the kind of thing that that Leader of the Opposition should learn to do — use some dignity and some manners in this House!

AN HON. MEMBER: Hear, hear!

**HON. MR. KING:** It was he who made the statement in this House some time ago, when the firm of Buttar & Chiene resigned as auditors for the B.C. Railway, that they were resigning in the face of political pressure from this government. Mr. Chairman, completely the converse has been proven, and that Leader of the Opposition does not have the decency to stand in this House and apologize for the irresponsible statement he made.

**MR. BENNETT:** Answer the question.

**HON. MR. KING:** Rather, he stands and criticizes the Minister of Transport and Communications for having the courage and being man enough to stand up in this House and apologize when he made an error.

**MR. BENNETT:** Answer the question.

**HON. MR. KING:** I think, Mr. Chairman, that the boy Leader of the Opposition would do well to emulate the Minister of Transport and Communications. Perhaps he would gain wider respect in this province. Certainly he would in this House.

**MR. BENNETT:** I'm not going to emulate him.

HON. MR. KING: The questions that he raises regarding the filing of the report on the railway — it is true, there was a delay. But I am sure, Mr. Chairman, that if that opposition is so concerned, as they appear to be, with getting to the facts and learning all the evidence regarding the railway, they will recognize that there were important reports pending that were all subsequently tabled with this House which laid out the entire history of the financial control practices and the audit practices on that railway with the House for the first time. Those people in the opposition up the aisle from the Social Credit people will certainly admit that this is the most information that has ever been tabled in this House regarding the annual operation of the B.C. Railway.

When he questions the payment of moneys to one R. Swanson, again, it is curious that he used that very

individual in an attempt to substantiate allegations he had made in the House in debate on second reading. Now apparently he is trying to repudiate that individual by suggesting some conflict of interest.

I would point out that we have a public accounts committee in this House. For the first time in history, we have an opposition Member as chairman of the public accounts committee. We never enjoyed that under his father's regime.

That is the precise tribunal which should hear the kind of questions that the Leader of the Opposition brought forward today. They are not relevant to the bill that is before the House at the moment. They should be listed in the public accounts hearing where one of that Member's own Members is chairman of the committee. If he hasn't got enough confidence in his own chairman to elicit that kind of information, I see no percentage in dealing with it at this time in committee stage of this bill, Mr. Chairman.

MR. BENNETT: Well, Mr. Chairman, once again no answers. The same sort of political statement we got, and it is like a broken record. All we want to know is: was the B.C. Railway in contravention of the Public Bodies Financial Information Act? We don't want you to stand up and say, "We might have been a little late." A year late is more than a little late. This information should have been published. It should have been printed. We're trying to find out if it was, if the railway was in contravention, and if they were for a year, why did not the Minister of Finance — who is responsible for receiving this information and presenting it — why did he not question the railway on their failure to present this information and print it and make it available?

Secondly, why is it so difficult to get an answer that it just wasn't done — that they were in contravention? Why is it so hard to get a statement of policy from the railway and from the Crown corporations and from the government as to the conduct and the standards that they set down — the rules and regulations for directors of the various Crown corporations and management?

All we ask is: are they allowed to do business with the railway? Are they allowed to do business North ICBC? Are — they allowed to do business with the B.C. Ferries and others? Can they also, at the same time, do business with the government? Is there a conflict of interest if a director of the railway does business with both the railway and the government to related items?

Now if the Premier and Minister of Finance and president of the railway had provided this information last week, we wouldn't have to keep asking. But the fact is that the public accounts committee did call the BCR and the meeting was cancelled, and it wasn't cancelled by the public

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accounts committee. That meeting was cancelled.

Now the Minister may know, but the opposition is not aware of when this session may come to an end and when legislation will stop coming into the House — seven bills last Thursday and another bill today — and certainly we don't know for how much longer the public accounts committee can sit. Perhaps we can never find a time convenient to the railway, because the meeting that was scheduled has been cancelled.

But what we are talking about, Mr. Chairman, is certainly a matter of the highest policy. If the ethics of the conduct of the directors, if the ethics of conduct of management can't be questioned on the principle of a bill of this size, if he thinks it's frivolous, the Minister perhaps is not cognizant of the great responsibility that every director has, and everyone that serves in a professional capacity, in a top management capacity to the Crown corporations and the government has.

We want to know, once and for all: is there a conflict of interest if a director does business with his own corporation? Is there a conflict of interest if the director does business with the government to railway related items or any Crown corporation or any aspect of public business?

It's important — not using any specific director's name — not to try to build him up one day and knock him

down the next. Here is a situation. What is the railway management — the president and the vice-president, both of whom are absent — the Minister designate going to do about it? Is there a conflict of interest, because directors, particularly the limited directorship we have on the B.C. Rail now, have great power. These are the directors that have made decisions to (1) change the management in the railway, and (2) they've instructed the auditors to change the financial accounting system on the railway. All of these decisions are management decisions. The accountants, in their professional capacity, carry out the management and directors' directives.

The Minister has the obligation to tell the House and to tell the public how public business will be conducted and to what standards and what ethics, because I myself think it would be highly improper if a director of any Crown corporation was doing business with not only that Crown corporation, but with the government and with other Crown corporations.

I think we have to have confidence, and I think that's important. The question is a serious question. The question deals with confidence in the whole new direction of the B.C. Railway as it is directed by new directors and new management. We're debating a bill, and accompanying this bill the Premier brought in a revised accounting procedure that the new directors had authorized, that the new directors had directed take place. It is important, then, that we have full confidence in the management and the directors of the railway.

You know, the Minister just a moment ago said that it would be irresponsible if we didn't pass the bill or held up the railway. I think the Minister said that the opposition would hold up the financing if we didn't immediately rush through this bill. This bill has been on the order paper for months.

This bill could have been called by the Premier at any time during those months. The fact that he chose to hold it up so that he could play politics with it is his decision. The decision that he has run out of money is his responsibility.

The fact that once again in the midst of a controversy and crisis he has run off on another holiday is his responsibility. He does it every year and he leaves the House. Every time there is a conflict or a confrontation, the Premier flies away. He won't provide the answers before he leaves, answers that deal with conflict of interest, answers that deal with the railway, the railway meeting the Public Bodies Financial Information Act for the first time.

**AN HON. MEMBER:** Are you serious?

Interjection.

**MR. BENNETT:** For the first time, the railway's statement has to be published within six months under the Public Bodies Financial Information Act. The statement I have from the printing office is: "We used to do those, but we haven't seen any since 1972." That is the sort of statement that came out of there.

**HON. MR. KING:** Mr. Chairman, I think perhaps the Leader of the Opposition is right about the Premier flying away from here. I think perhaps the Premier grieves because he has no competition in this House from the Leader of the Official Opposition. I don't really see the point in his sticking around to take care of the inane and asinine questioning and performance that the Leader of the Opposition puts on.

**MR. BENNETT:** Just answer the question.

**HON. MR. KING:** The official opposition is obsessed with a late report. But they have consistently and studiously — as studiously as that group can — ignored the whole indictment of methods that were used in financial accounting and auditing on that railway. Evidence that has been submitted to this House by reputable firms of chartered accountants, world-famous firms...

MR. PHILLIPS: Price Waterhouse? They gave it a

clean bill of health.

**HON. MR. KING:** ...that show not only were the systems not up to professional quality, but that they also presented to this House an inaccurate picture, an inaccurate certification that their reports were in conformity with the CTC rules.... That group continually ignores that. Rather, they are obsessed with a report that has been filed with the Minister of Finance and must be made public.

The Leader of the Opposition says that the meeting on public accounts was cancelled, and that's true. The meeting was called for 8:30 a.m. on Tuesday, June 17, 1975, in the Hemlock Room. It was signed by A.V. Fraser. Another public accounts notice was placed on the bulletin board for 8:30 a.m. on Tuesday, June 17, 1975, cancelling the previous meeting. It was signed by Mr. M. Eaton for A.V. Fraser. Now I don't know who Mr. Eaton is...

**MR. BENNETT:** Mrs. — Mrs. Eaton.

**HON. MR. KING:** ...but I presume it is someone employed in Mr. Fraser's office. The opposition can hardly criticize the government when the opposition chairman of the public accounts committee cancels the meeting. The points the leader raised should properly be dealt with through the public accounts committee. This bill before the House is a very brief one and it pertains to financing on the railway. It is just one paragraph.

**MR. BENNETT:** Answer the question.

**HON. MR. KING:** It reads: "Section 21 of the British Columbia Railway Company Construction Loan Act is amended by striking out "\$440 million" and substituting "\$650 million."

That is the essence of it. In second reading of this bill, there was a wide-ranging debate...

MR. PHILLIPS: You've sure changed your story, haven't you?

**HON. MR. KING:** ... where the Members had the opportunity to avail themselves of the rather damning evidence that had been placed on the floor of this House by the Premier. They exhausted the debate at that time. I think it was quite clear that they chose to ignore, as I have already indicated, the damning evidence that clearly demonstrated that the previous government had not run the railway in an efficient way, nor had they....

MR. PHILLIPS: Just answer the questions.

**MR. BENNETT:** The Premier can't answer them and he can't answer them.

HON. MR. KING: Mr. Chairman....

MR. CHAIRMAN: Order, please.

**HON. MR. KING:** The Member for South Peace River (Mr. Phillips) certainly has a much larger mouth than mine and he uses it in the most strident fashion and addresses no one by it.

**MR. PHILLIPS:** You're not addressing anyone....

**HON. MR. KING:** I would suggest he toddle over here and chin himself a couple of times on my finger. Perhaps some exercise would do him good.

Interjections.

MR. CHAIRMAN: Order, please. Order!

**HON. MR. KING:** If he would exercise the rest of his body as much as he exercises his jaws, perhaps he would be doing something.

Interjections.

MR. CHAIRMAN: Excuse me, Mr. Minister. Can we have quiet, please?

**MR. BENNETT:** Look at him smirking over there. Never answers a question. Best job he ever had....

**HON. MR. KING:** It's the only one you ever had. Best job I ever had? Well, that may be true.

I certainly laboured a good deal; I didn't have a millionaire daddy to buy my ice creams and popsicles for me. I worked, Mr. Chairman. But I don't think a man's background should be a measurement of his ability to function in this House, and do some work on behalf of the people. I accept that the Leader of the Opposition came here for purposes that would benefit the people of the province, and not for some other motivation. I accept that.

**MR. PHILLIPS:** That's not answering the question.

**HON. MR. KING:** Mr. Chairman, I just want to make this point before I sit down. If the opposition will be silent enough to allow me to proceed, I would just make this point. The bill I have read is a very brief one. It pertains to a very narrow area — the need for financing the railway, for providing additional moneys to the railway, largely because of the proper engineering studies that have been undertaken to truly determine the cost of expansion of the railway.

I suggest that, since the opposition has already indicated in second reading that they support this

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measure to provide adequate operating funds to the railway, it becomes pretty clear, if they continue to attempt to go back into the debate on second reading, they are just engaged in an exercise to delay the proper functioning of this House and to obstruct the proper functioning of the railway. Many employees out there are dependent upon this bill for their wages, and certainly the proper operation of the railway could well grind to a halt unless we get on with the business, so I suggest that the official opposition be more responsible and debate this bill opposition within the proper terms and take....

MR. BENNETT: It should have come in months ago. You're the one who delayed it.

MR. CHAIRMAN: Order, please! Your turn will come.

**HON. MR. KING:** Mr. Chairman, I think we have a group of anarchists over there who are not interested in the dignity of this House. They are not interested in the proper, businesslike functioning of the railway. They just want to shout everything down. They want to tear everything down because they are obsessed with trying to regain power in this province, and they'll do anything to obtain that goal.

Mr. Chairman, I think it becomes pretty clear that they are just playing a childish game to delay this bill at any expense. Quite frankly, it's at the expense of the interest of the taxpayers of this province, and it's at the expense of the workers on that railway property.

**MR. BENNETT:** Mr. Chairman, once again no answers; another political speech. You know, it would only take a couple of minutes to give answers and we could get on. But when we get the same old broken record and the same old political clichés from the Minister as we got from the Premier....

But we did get one thing from the Premier on Friday, and that was a promise that he would bring in the information as to why the report was late. He promised that he would deal with the questions we were going to bring up. He did indicate to us that in this bill we could deal with all of the activities of the B.C. Railway. That was his promise in the session earlier. He said: "Don't deal with it under my estimates, because I haven't got the report ready, deal with it when we get to the bill. At that time, you can have wide-ranging debate." That was his commitment. Along with this wide-ranging debate, he promised wide-ranging scrutiny.

This information, the detailed accounts of the railway, was not available until noon on Friday. We said then that we'd have to go through this public document, these financial statements, the detailed financial accounting, to be able to pose the questions on accountability that we couldn't pose until we had this information. The Premier indicated we'd get answers.

Apparently, he was unable to give them Friday. The president of the railway didn't know why they hadn't, under the Public Bodies Information Act, printed the annual report as demanded and as required. He didn't know and wasn't prepared to deal with the question of ethical conduct of directors and management of the railway. He wasn't prepared, but he did indicate that we would have opportunity this week, during committee, to get answers to those questions.

Now the directors and management of the railway are the people who are making decisions involving hundreds of millions of dollars. They also deal with the expenditure of public money in trust because when they borrow on the credit of the Province of British Columbia, they're using the credit of all the people, and it's the people's railway. They must be accountable for their actions, their expenditures and whether there is a conflict of interests.

Now the Minister, both times, has failed to deal with what should be a matter of high policy, the highest policy of all — the conduct of the people who direct the railway, the people who are committing us to the extension and to what standards, the people who ordered the new accounting system, and the people who said: "We'll rewrite the financial statements by restating depreciation."

The Minister makes much of past reports, but one thing he didn't state was that it was not illegal, nor was the B.C. Railway required to conform to the accounting regulations of the Canadian Transport Commission. It was not required.

It was a provincial resource railway, and as such, with a history under many different governments, had arrived at accounting procedures dealing with a railway that was built to minimal standards relating to expected traffic and upgraded as traffic increased so it could deal with the cash flow of the railway relating to construction and continuing construction. Then the accountants had stated on the report that they said it was done to that standard but let's get it clear: it wasn't required but the accountant in the year 1972 said it was. And he was wrong. And he was wrong.

The directors and president of the railway in 1972...and that Member and Minister over there was a director in 1972, when the audit took place. Now, that's fine and he was reprimanded. And in the reprimand of his professional association they said that he hadn't done a complete audit. If you read the statement, they didn't say he did a dishonest audit, they didn't say he did an illegal one; they said he hadn't done a complete audit. I guess, as the First Member from Point Grey (Mr. McGeer) said, for \$4,000 you don't do much of an audit.

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What I say, and what has been implied, is that there was something illegal both to the standard and to the audit. What it was was a statement of an auditor that he had done work that he hadn't, and that's what the whole charge stated in the professional conduct committee that censured him. But let's not imply that this province was illegally filing a fraudulent financial statement, because depreciation is at the direction of management. As long as you show a consistent financial formula for stating depreciation, whether it's in a railroad, whether it's in any sort of business, depreciation rates change with the opinion of management, and management has some latitude in directing how they wish to state depreciation. That is the advice they give their auditors and their accountants. We wish to consistently state our depreciation and our financial statement as such.

By the historical tradition of building the railway they came upon a way of arriving at depreciation that this board of directors has said was not sufficient. That is their opinion. And they directed their accountants to change it. But the idea and the impression of fraud — and I hope the Minister will get up and deny that he is alleging fraud — is not true.

What we have is a difference of opinion between directors of a railway. We have one accounting system that was used consistently for 16 years. We have a procedure of the way they stated capitalization and depreciation that became the forerunner on that, that was used for all of the years previously. We now are beyond a pioneer railway and the management wishes to change. But the allegations of fraud, if there were any, are wrong and incorrect. The fact is that we didn't get a complete audit, and I agree with that, but I wish the Minister would clearly state that at no time did he mean to imply that there was fraud in the past statements of the B.C. Railway. It was a difference of opinion. The directors have directed that there be changes, and they've so done. In doing so they've restated revenue. Why didn't they go back to 1918? You know, they chose to go to a particular year; that again was their choice. I think it was 1957.

But the questions which I've asked today and still haven't been answered are those of the...how directors are required to conduct themselves in regard to having outside businesses, businesses that may do business with the railway or with the government of B.C. on railway-related items. Really it was a question that I posed before to the Attorney-General as to Crown corporations and any management in any Crown corporation and in the government.

We need a clear statement because we've already had the situation in ICBC. I would like a clear statement on behalf of the government in regard to this Crown corporation and hopefully all Crown corporations, and how directors must conduct themselves. These people have great authority and great control over large sums of money. Not only do those sums of money have to be repaid under the guarantee of the Province of British Columbia, but also they affect the development of a railway that's tied in with the prosperity of this province dealing with the resources of our northland and of our interior — resources that we hope will be there as a loading factor, but which we have questioned because of the resource policies of this government.

We haven't been provided with information in this debate as to the revised projections of the railroad, as to what tonnage and from what mining companies, under whose direction the loading will come from to be carried on the extensions. Certainly the earlier projections identified particular ore bodies, identified particular timber stands, but we've had no statement from the railway since Bill 31 and the direction of this government and the withdrawal of some companies from the development of mineral claims, what ore and what companies will be shipping what volumes on this railway.

We've got to know because we're at a point where the continuation of the development and construction of this railway depends on whether that loading factor is still there. We have had no answers. We have had no specific answer on which company, how much, what commitment those companies have made to bring those loadings on line with the opening of the railway. The volume — the daily volume, the weekly volume — we've got to know. Those are the questions that have been asked time and time again that we haven't had answers to.

**HON. MR. KING:** Mr. Chairman, the question of the different methods of writing off depreciation is irrelevant here because it's my understanding that the procedures referred to would not change the current financial picture of the railway insofar as operating capital is concerned. It would be with respect to the losses on cost where the problem would occur. That is, in effect, what the report says: certain losses were, in fact, hidden from the House in the previous reports. That's the information I received from the reports.

In terms of me making any judgments as to whether anything is fraudulent, I think that would be inappropriate. Certainly I wouldn't presume to....

**SOME HON. MEMBERS:** Oh, oh!

Interjections.

**HON. MR. KING:** No, not at all. I think it's quite significant, though, that the professional group responsible for the licensing of chartered accountants has seen fit to suspend one of their members and to censure him and to require that he receive upgrading. I think it's certainly regrettable and certainly

unpalatable that a previous director of the railway board has been found to have exercised undue influence over the kind of information that was provided to the auditors. They are statements that are provided on the basis of proper reports to the railway; they're not conclusions that I would reach in a political way.

I would suggest that the Leader of the Opposition might like to clarify his position with respect to the very serious allegations he made without the basis of any supporting reports when he suggested that perhaps the auditors had resigned because they had been interfered with in a political way — because they'd been asked to cover losses on the railway. He made that statement in this House without the basis of any support whatsoever. He made that statement without subsequently providing to the House any support for that charge. I wouldn't say that's a fraudulent type of statement, but I would certainly say that it's one that is questionable in terms of its morality.

MR. BENNETT: When?

Interjections.

**HON. MR. KING:** The Leader of the Opposition has had a chipmunk over there — I'm not sure which....

MR. G.B. GARDOM (Vancouver-Point Grey): Ask him if he made it or he didn't.

Interjections.

MR. CHAIRMAN: Order, please.

HON. MR. KING: November 18, 1974.

MR. CHAIRMAN: Order, please.

**HON. MR. KING:** It's a matter of record in *Hansard* in this House, Mr. Chairman, through you to the Leader of the Opposition. I think it would do much to improve the atmosphere in this House if any Members when they make an error....

Interjection.

**MR. CHAIRMAN:** Order, please! Before the Hon. Minister proceeds, I think we should try and achieve some kind of decorum.

Interjection.

MR. CHAIRMAN: Order, please.

Interjection.

MR. CHAIRMAN: Decorum.

**HON. MR. KING:** May I proceed, Mr. Chairman?

**MR.** CHAIRMAN: Order, please. I would ask the Hon. Leader of the Opposition to wait until he has his turn to speak. Under standing order 17(2), you're not to interrupt an Hon. Member. Do you respect the rules or not? The Hon. Minister of Labour.

**HON. MR. KING:** Thank you, Mr. Chairman. That was my very point I was making. When Members do make exaggerated statements, which many Members on occasion do, I think it would help the decorum of the House and certainly the atmosphere if they would be prepared to stand up and admit that they were wrong and apologize for so doing. It is a fact that on November 18, 1974, as reported in *Hansard* the Leader of the Opposition said: "They resigned because they weren't prepared to change the auditing procedures because of the mounting losses that the railway wished to hide this year." That's what the Leader of the Opposition said, Mr. Chairman, and that certainly

leaves the impression that some kind of political pressure had been exercised on the firm doing the audit. I think that's regrettable. It's been proved, as I indicated earlier, that while that kind of thing may have happened in the past, Mr. Minty concluded that the former director, Mr. Gunderson, had interfered and restricted the extent to which external auditors could go in and their auditing with a consequent limitation on fees charges. Maybe the Leader of the Opposition was aware of that and concluded because that has gone on in the past that the same was true under the current administration. I suppose one could understand him coming to that conclusion, but that was wrong.

I think that if he would be prepared to stand in his place and admit the error of his ways and apologize for leaving that kind of rather unfortunate inference with the House, it would certainly do well to bring this debate and the whole relationship in the House to the kind of spirit that it should have.

Once again I would point out that if he is concerned about certain directors on the railway incurring expenses on behalf of the railway, the proper place to debate that and elicit that information in precise terms would be in the public accounts committee.

With respect to the delay in the annual report, I believe that it is true that there was a delay. I'm not aware of any criminal consequences that would flow from a delay. There is no requirement, as I understand it, that that report be filed with the Minister of Finance, as the Leader of the Opposition (Mr. Bennett) suggested, It is further my understanding that this is certainly not the first year

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it has been behind time in terms of....

Interjection.

**HON. MR. KING:** I couldn't tell you that. I said it is my understanding that this is not the first time it has been late.

In any event, I do have difficulty understanding the tremendous concern expressed over a late report and a complete disregard for a demonstration that the previous reports, even when they were received, albeit on time, were certainly not in conformity with the CTC requirements, as they purported to be.

Interjections.

HON. MR. KING: No, I'm using, Mr. Chairman, two illustrations. There were two documents....

Interjections.

**HON. MR. KING:** Mr. Chairman, when they are prepared to be silent over there, I will continue.

Interjections.

MR. CHAIRMAN: Order, please.

Interjections.

**HON. MR. KING:** I would point this out. They are concerned with the annual report being late. They are not concerned apparently with an annual financial report of the railway which is currently filed with this House in each year of the railway's operation being certified as in compliance with the CTC procedures for auditing, when in fact that was not the case.

You know, the analogy, I think, is quite appropriate, Mr. Chairman.

**MR. L.A. WILLIAMS:** Mr. Chairman, while the Minister is in such a responsive mood, I wonder if he could answer some questions directed to the \$210 million the government is asking for.

When the Premier spoke a week ago Friday, he introduced among other documents the British Columbia Railway Co. 1974 annual report, which started off with a rather brief and meaningless statement by the president of the railway and includes an extensive statement by the vice-president, Mr. Norris. On page 5 of that report Mr. Norris says: "The economic slowdown and shutdown of operations experienced during 1975 resulted in 11 per cent reduction of car loadings and a fall in freight revenues of 6 per cent.

Now my first question to the Minister is: should that be 1974 rather than 1975, or is Mr. Norris forecasting what the consequence will be of management's operations this year? Or maybe it is a misprint. On page 5 of the annual report. That's question No. 1.

More importantly, Mr. Chairman — and I don't want to get into this accounting debate, because I don't think it is pertinent to the issue which is before the House with this bill — I'd like to know the extent of the railway's overdraft at the moment. As I read the financial statements which were tabled by the Minister a week ago, and the comments made by the Hon. Premier on Friday last, I take it that the railway is broke and that we have to have this bill passed in order to enable the railway to go out and borrow \$210 million or it is not going to be able to meet its expenses. I think this should be cleared up and cleared up pretty fast.

The Premier said on Friday: "I wish to advise the House, as I had the Whip advise the official opposition yesterday, that the borrowing power of the B.C. Railway has been exhausted and that they are in need of further funds for the existing construction commitments and to pay existing bills." The Premier was reported in the press as saying that if this legislation didn't pass and pass quickly the government would have to find some kind of interim supply to enable the B.C. Rail to continue.

I can only assume from that that the railway is broke and that its current revenues are not sufficient to meet its continuing obligations. It seems to me, when we are talking about advancing this money at this time, that we are entitled to have a much clearer statement from government and from the Minister whose responsibility it is to pilot this bill the remainder of the way through the House than we have had heretofore.

Mr. Chairman, we are dealing with a bill which is called British Columbia Railway Construction Loan Amendment Act, 1975. I am afraid that some Members, and some members of the public, may be confused by the misleading title which is given to this bill. Everyone should clearly recognize that the moneys which are borrowed under this legislation are not borrowed solely for the purposes of construction projects of B.C. Rail. That certainly was the case in the early days, back in the early 1920s, when the legislation first appeared in the books of this Legislature. But that was rapidly changed. Now the authority for the application of the moneys we are voting has been changed so that these funds can be used for constructing, reconstructing, bettering, maintaining, extending, equipping, and operating the line, and providing the necessary ancillary work. So this is operating money we are talking about.

If you look at the financial statements for the year December 31, 1974, it will be obvious to all Members of this House that the railway is not capable, under the adverse conditions of 1974, of sustaining itself. One can only assume, in the absence of any clear

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statements from Ministers of this government, that that situation is continuing today.

I want to know what the railway's overdraft is with its bankers — point 1. Point 2: I want to know exactly what plans this government has to use this \$210 million, and how quickly the railway will exhaust these funds under its current methods of operation. If one looks at the notes to this famous financial statement, it appears that outstanding commitments for construction and equipment totalled \$35 million, and estimated costs to complete the Dease Lake extension totalled \$75 million. That is \$110 million and we are being asked to give this company the right to borrow, not \$110 million, but \$210 million. I would like to know to what extent that money will be used to repay to the government of British Columbia the \$35 million loan grant.

Interjection.

MR. L.A. WILLIAMS: I am being prompted by the First Member for Victoria (Mr. Morrison). Let me say, Mr. Member, there was some dispute earlier in this session as to what the nature of that advance was. The distinguished auditors, Peat, Marwick, Mitchell, were under no illusions. They said in note 12 to their financial statement that during January and April of 1975, the railway received grants totalling \$35 million. I want to know from the Minister whether or not the \$35 million, which was granted to the railway by the government in January and April, is going to be repaid so that the government, at least in part, will be able to make good the illegal misapplication of provincial revenues to this rail line.

I think that the Minister, assisted as he is by representatives from the Department of Finance and from the railway, must give to this committee some clear indication of the way in which the \$2 10 million is going to be used. This is not construction loan money; this is supply money for B.C. Rail. I think we have got to stop all the smokescreen that is going on with regard to whether one auditor is good and the other auditor is bad, or anything else, and get some clear answers from the government as to the way in which they are going to run this railway and how much of a burden they expect this railway to continue to be on the people of the province for operating revenues, operating funds, during the balance of the year 1975.

I recall a week ago Friday, when the Premier made his sermon from his place in this House, he talked about the terrible practices of the old government in having the government acquire more capital in the railway by the purchase of shares, and what a ridiculous performance that was because it was only a straight subsidy of B.C. Rail out of the provincial treasury. This bill to raise \$210 million is nothing more than a direct subsidy out of revenue, together with the \$35 million in grants which is a direct subsidy.

The fact of the matter is that in order to allow this railroad to function under the depressed economic conditions and the unfortunate policies of this government, the people of British Columbia can look forward to continuing subsidies to the railway in order to keep those trains moving, I think we are entitled to know how much subsidy.

It is one thing to criticize the direct injection of money by way of share capital, as was done by the former government. I criticized that method of financing because I thought that it tended to cloud the issue of the operation of this railway.

But if you look at the annual report filed by the Minister, it points out what part of the problem is: operating expenses rose dramatically in line with Highways settlements and spiralling inflation. The total operating expenses were \$62.8 million, up 31 per cent from the previous year.

Now one of the factors which increased those operating expenses was higher wage rates of 7.9, up 30 per cent over the previous year. Unit cost of fuel increased 60 per cent over the preceding year. Depreciation was up 17 per cent. Freight car lease payments — up \$3 million.

But then there is another interesting remark by the vice-president of the railway, and it is this. Interest costs: interest and debt expense charged to operations increased \$5.3 million to \$19.5 million in 1974 compared with \$14.2 million in 1973. He goes on to say: "The compounding effect of carrying this heavy debt will impose an increasing cost burden on the railway."

Now this was said with respect to the operation ending December 31, 1974, and here we are in June of 1975 increasing this debt burden, and hence the interest costs, by another \$210 million, without any explanation from this government, from the former director of the railway, from the person who has to carry the ball for the missing president of the railway, without any explanation from him as to the extent to which the government policy and the railway operating policies will be adjusted to begin to attack the revenue problems which will begin to meet this increasing debt burden and ever-rising operating costs.

That's the whole issue here. The whole issue is not one of the past scandals. You can involve yourself, Mr. Chairman, in that as much as you want. The issue is not whether the current accounting practices are better than they were before, The issue for the people of British Columbia is the fact that under this government's administration, with rising costs, falling revenues, the losses in 1974 were up to \$32 million.

Interjection.

# MR. L.A. WILLIAMS: Now the Member for

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Shuswap (Mr. Lewis), who never fails to chip in at the wrong time, says that the past policies had something to do with that. If the Member for Shuswap would take the time to read the material which is made available by his own government, he would know that that's a lot of nonsense.

MR. D.M. LEWIS (Shuswap): I've read it, but I'm not looking for a seagull.

MR. L.A. WILLIAMS: The losses incurred in 1974 were not the direct result of former policies at all. At least if they were, I can certainly tell you that the vice-president of the railway didn't single out former actions on the part of the railway as being the cause. No, it was economic slowdown and shutdown of operations. That's what caused the reduction in car loadings and freight revenues. That's on the revenue side. He looked at operating expenses. He doesn't say anything about what happened in previous years. No, he talks about increased wages, fuel costs, et cetera, and interest costs, which is not a creature of the former railway operation at all.

No, Mr. Chairman, we've got to have some more answers from that Minister. I want to know precisely the way in which they are going to use this \$210 million. I want to know how much of it is going to be used directly in construction and how much of it is going to defray the continuing expense of this railway which is not met by revenues.

I think we are entitled, before we give this government the right to go into the market or use funds under the control of the Minister of Finance to the tune of \$210 million, to know what this government is going to do in a positive way which will change this revenue picture, which will begin to cause some money to flow into that railway instead of the steady drain out of that railway.

**HON. MR. KING:** I'll just respond as quickly as I can to the Member for West Vancouver–Howe Sound (Mr. L.A. Williams) and point out that the \$35 million was a repayable grant and presumably will be paid back out of this money. It's true partially, anyway, that the operating expenses are high. The Member referred to wages, fuel costs, depreciation and so on, and particularly to the increase in the interest costs. That's quite true, and it's quite understandable because interest rates and inflation have reached record proportions this past year.

I would point out that this is a resource railway, as the opposition has acknowledged. It's a railway that's required to give services to the northern area of the province. I know the opposition was certainly concerned when it was tied up due to strike action last year, and properly so. I don't think anyone would want to see it curtailed in its ability to continue to give the service that's needed in many of the northern central interior portions of this province.

In terms of what the real needs are at the moment, I understand that there's no overdraft at the moment in the bank, but there is a need for \$15 million immediately. There's a need for a further \$10 million on July 2, and for a further \$10 million on July 15, and for \$15 million on August 15. Of course, the current operating revenue covers payrolls, and certainly if this money is not voted expeditiously, it could result in certain great injury and inconvenience to the small people and the working people on that railway. I think it would be most unfortunate.

It is a resource railway, and very few railways enjoy adequate operating revenue to maintain a balanced picture. I'm sure the Member is aware of the vast sums of money that were voted to CN and most railways throughout the U.S. But even more than those railways, which are transcontinental, we are dealing here with a provincial resource railway which is in business to help develop the north and to help give services to rather isolated portions of the province. So that's the best picture I can draw for the Member.

**MR. L.A. WILLIAMS:** In regard to the \$15 million required now and the \$10 million on July 2, July 15 and August 15, are those moneys required in the payment of accounts which are due in respect of construction?

**HON. MR. KING:** As I understand it, Mr. Chairman, that covers not only construction costs but operating costs, too. But in view of the hour, and it appears that there's no way we're going to conclude with this bill today, I'll move, Mr. Chairman, that the committee rise, report progress and ask leave to sit again.

Motion approved.

The House resumed; Mr. Speaker in the chair.

**MR.** CHAIRMAN: Mr. Speaker, the committee reports progress and asks leave to sit again.

Leave granted.

Hon. Mr. Macdonald files answers to questions 50, 157 and 171. (See appendix.)

**HON. R.M. STRACHAN (Minister of Transport and Communications)**: Mr. Speaker, I would like to say something now. Last week I had intended to say it at the beginning of today's sitting, but I had other things on my mind. The life expectancy of an MLA in this House is about eight years, but some of us last a little longer. There are three of us in the House who

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have been here for more than 20 years. There are a couple more who are getting close, including you, Mr. Speaker, and the Member for Atlin (Mr. Calder), who is not with us. But on June 15, 1949, there was an election in this province. One Member of this House who has been here to welcome all of us as we arrived since 1949 yesterday celebrated the 26th anniversary of his election to this House. I refer to the Hon. Minister of Mines (Hon. Mr. Nimsick). It gives me a great deal of pleasure to congratulate him. Certainly he was here to greet me and all of the rest of us. I've spent the last 23 years with him. I've seen him — he's tough as nails, he's like a terrier in debate and he has made a great contribution to this province and has represented his constituency well. I ask the House to join me in congratulating the dean of the House on the 26th anniversary of his election.

**HON. L.T. NIMSICK (Minister of Mines and Petroleum Resources):** Hon. Member, I appreciate your remarks. When I first came to this House, I had great ideas of how the House would operate over the years, and I have watched it operate. I sat on that side of the House and I wondered what it would be like to be sitting on this side of the House.

**MR. WALLACE:** What is it like?

**HON. MR. NIMSICK:** Just more of the same, Mr. Member. (Laughter.) The decorum of the House I don't think has improved very much; I think it's gotten worse. But I have enjoyed myself very much over these years. The Hon. Member for Atlin (Mr. Calder) came in at the same time that I did, although he did take a rest for one term, but otherwise he and I are the two who came in in 1949. I wish to say that the casualties are high when you look at the list that has come and gone since I came in, and you're not going to be here forever — not even myself.

**MR. SPEAKER:** Division? (Laughter.)

Hon. Mrs. Dailly moves adjournment of the House.

Motion approved.

The House adjourned at 6 p.m.

# **APPENDIX**

77 The Hon. A. B. Macdonald to move, in Committee of the Whole on Bill (No. 77) intituled Attorney-General Statutes Amendment Act, 1975, to amend as follows:

By adding the following after section 6:

# "R.S.B.C. 1960, c. 135, s. 34.

"6A. Section 34 of the *Execution Act* is amended in the definition of 'judgment', by inserting 'Federal Court of Canada,' after 'or order of the'."

By deleting section 9 and substituting the following:

S.B.C. 1974, c. 45, ss. 1, 27, 46, 49, 49A, 50, 54, 55A, and 64.

- 9. (1) The Landlord and Tenant Act is amended
- (a) in section 1, by adding after the definition of "rentalsman" the following:
- "'rentalsman officer' means a rentalsman officer appointed under section 49A;",
- (b) in section 27, by adding the following after subsection (4):
- "(5) This section does not apply to residential premises operated by the British Columbia Housing Management Commission where the rent is related to the tenant's income.",
  - (c) in section 46 (6), by striking out "(4)" and substituting "(5)",
  - (d) in section 49 (5), by adding at the end "or rentalsman officer.",
  - (e) by adding the following after section 49:

#### "Rentalsman officer.

- "49A. (1) Subject to the *Public Service Act*, the rentalsman may appoint one or more rentalsman officers who shall
- (a) carry out such duties,
- (b) exercise such powers, and
- (c) perform such functions,
- of the rentalsman under this Act as the rentalsman specifies in writing.

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#### **APPENDIX**

- "(2) Subject to subsections (3), (4), and (5), an order, decision, direction, or determination of a rentalsman officer shall be deemed to be an order, decision, direction, or determination of the rentalsman.
  - "(3) A landlord or tenant affected by an order, decision, direction, or determination of a rentalsman officer may,
  - (a) not more than 14 days after the date of the order, decision, direction, or determination, or
- (b) within such longer period as the rentalsman may allow, appeal to the rentalsman in accordance with the regulations, and the rentalsman may make an order confirming, reversing, or varying the order, decision, direction, or determination of the rentalsman officer.
  - "(4) No appeal shall proceed under subsection (3) unless the landlord or tenant alleges that
  - (a) the rentalsman officer erred upon a point or question of law or jurisdiction, or
  - (b) the rentalsman officer erred upon a finding of fact, necessary to establish jurisdiction, that is manifestly incorrect, or

- (c) there is new evidence, not previously available or presented to the rentalsman officer.
- "(5) Section 54 does not apply to an order, decision, direction, or determination of a rentalsman officer and no order, decision, direction, determination, or proceeding of a rentalsman officer shall be questioned, reviewed, or restrained by injunction, prohibition, mandamus, or other declaratory order, or other process or proceedings in a court, or be removed by certiorari or otherwise into a court.
- "(6) Subject to subsection (7), on an appeal under subsection (3), the order, decision, direction, or determination of the rentalsman officer is stayed until the rentalsman makes an order under subsection (3).
  - "(7) An order of the rentalsman officer under section 31 (1) or 34 (1) is not stayed on an appeal.",
- (f) in section 50 (2), by striking out "and" at the end of paragraph (p), by adding ", and" at the end of paragraph (q), and by adding the following after paragraph (q):
- "(r) to hear an appeal from an order, decision, direction, or determination of a rentalsman officer and to make an order confirming, reversing, or varying the order, decision, direction, or determination.",
  - (g) in section 54,
  - (i) by repealing subsections (3) and (4) and substituting the following:
  - "(3) Upon a review under this section, the judge may either
  - (a) dismiss the application, or
- (b) affirm, subject to such variations as the judge considers appropriate, the order, direction, decision, or determination of the rentalsman or commission, or
- (c) set aside the order, direction, decision, or determination of the rentalsman or commission and remit the matter to the rentalsman or commission for further consideration.
- "(4) Subject to subsection (4a), on an application under subsection (1), the order, direction, decision, or determination of the rentalsman or commission is stayed until the judge makes an order under subsection (3).
  - "(4a) An order of the rentalsman under section 31 (1) or 34 (1) is not stayed on an application under subsection (1).", and
  - (ii) by adding the following after subsection (5):

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### **APPENDIX**

- "(6) No costs shall be awarded by the court to any party on a review under this section.",
- (h) by adding the following after section 55:
- "Employees not compellable witnesses.
- "55A. A person who is or has been employed under this Act is not
- (a) in his official capacity, bound to attend, in pursuance of any subpoena, order, or summons issued from any court, whether the subpoena, order, or summons was directed to him personally or in his official capacity, as a witness for examination, or to produce any document kept, filed, or registered by him in his official capacity under this Act, and
- (b) bound to disclose, and shall not be compelled to disclose, any information obtained by him in his official capacity under this Act.", and
  - (i) in section 64, by striking out "1975" and substituting "1976".

(2) Subsection (1) (i) shall be deemed to have come into force on April 1, 1975, and is retroactive to the extent necessary to give it full force and effect on and after that date.

By adding the following after section 10:

R.S.B.C. 1960, c. 213, s. 36A.

10A. The *Laws Declaratory Act* is amended by adding the following after section 36:

"First refusal is equitable interest in land.

"36A. For removing doubts it is declared that, with respect to land, a right of first refusal (otherwise known as a right of refusal or right of pre-emption), created by a contract entered into either before or after the coming into force of this section, is an equitable interest in land."

**87** The Hon. A. B. Macdonald to move, in Committee of the Whole on Bill (No. 87) intituled Coroners Act, to amend as follows:

Section 30, to add the following:

"(6) Where the inquest is into the death, arising out of his work, of a worker to whom Part I of the *Workers' Compensation Act* applies, reasonable effort shall be made to ensure that the jury summoned shall be composed, wholly or in part, of persons familiar with the type of work the deceased was doing."

Section 37, renumber as 37 (1) and add the following:

- "(2) Where the inquest is into the death, arising out of his work, of a worker to whom Part 1 of the *Workers' Compensation Act* applies,
  - (a) a representative of his employer, and
  - (b) a representative of the trade-union certified. as the bargaining agent for the worker

shall be deemed to be persons to whom subsection (1) applies."

**93** The Hon. *A. B. Macdonald* to move, in Committee of the Whole on Bill (No. 93) intituled *Liquor Distribution Act*, to amend as follows:

Section 8, subsection (1), line 5: By inserting "or a range of prices" after price".

**99** The Hon. *A. B. Macdonald* to move, in Committee of the Whole on Bill (No. 99) intituled *Liquor Control* and *Licensing Act*, to amend as follows:

Section 11, subsection (1), line 5: By deleting "specific schedule of the regulations that applies" and substituting "regulations that apply".

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## **APPENDIX**

**100** The Hon. *A. B. Macdonald* to move, in Committee of the Whole on Bill (No. 100) intituled *Provincial Court Act*, to amend as follows:

Section 10, subsection (6), line 3: By deleting "until age 70 or," and substituting "until age 70 and, ".

By adding the following after section 45:

"S.B.C. 1974, c. 70.

- "45A. (1) section 5 of the Provincial Court Amendment Act, 1974, is repealed.
- "(2) This section shall be deemed to have come into force on May 3, 1974, and is retroactive to the extent necessary to give it full force and effect on and after that date."

Section 50, line 1: By adding at the end "on a date to be fixed by order of the Lieutenant-Governor in Council and he may fix different dates for the repeal of each of its provisions."

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