

The following electronic version is for informational purposes only.
The printed version remains the official version.

Official Report of
DEBATES OF THE LEGISLATIVE ASSEMBLY
(Hansard)

FRIDAY, FEBRUARY 28, 1975

Afternoon Sitting

[[Page 259](#)]

CONTENTS

Afternoon sitting Routine proceedings Budget address. Hon. Mr. Barrett —	259
Special Funds Appropriation Act, 1975 (Bill 23). Hon. Mr. Barrett.	
Introduction and first reading —	279
Succession Duty Amendment Act, 1975 (Bill 24). Hon. Mr. Barrett.	
Introduction and first reading —	279
British Columbia Hydro and Power Authority (1964) Amendment Act, 1975 (Bill 25). Introduction and first reading —	279
School Tax Removal Act (Bill 26). Hon. Mr. Barrett.	
Introduction and first reading —	279
British Columbia Railway Company Construction Loan Amendment Act, 1975 (Bill 27). Hon. Mr. Barrett.	
Introduction and first reading —	279
Assessment Authority of British Columbia Amendment Act, 1975 (Bill 28). Hon. Mr. Barrett. Introduction and first reading —	279
Corporation Capital Tax Amendment Act, 1975 (Bill 29).	
Hon. Mr. Barrett. Introduction and first reading —	279
Gasoline Tax (1958) Amendment Act, 1975 (Bill 30). Hon. Mr. Barrett.	
Introduction and First reading —	279
Gasoline Tax (1948) Amendment Act, 1975 (Bill 31). Hon. Mr. Barrett. Introduction and first reading —	280
Motive-Fuel Use Tax Amendment Act, 1975 (Bill 32). Hon. Mr. Barrett. Introduction and first reading —	280
Coloured Gasoline Tax Amendment Act, 1975 (Bill 33). Hon. Mr. Barrett. Introduction and first reading —	280

The House met at 1 p.m.

Orders of the day.

HON. D. BARRETT (Premier): Mr. Speaker, I move that the public accounts for the fiscal year 1973-74 be

referred to the Select Standing Committee on Public Accounts and Economic Affairs.

Motion approved.

HON. MR. BARRETT: Mr. Speaker, I move that the report of the comptroller-general, pursuant to provisions of the Audit Act, chapter 22, RSBC (1960), be filed.

Motion approved.

ESTIMATES OF SUMS REQUIRED FOR THE SERVICE OF THE PROVINCE

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: Estimates of Sums Required for the Service of the Province for the fiscal year ending March 31, 1976, including Schedule A.

Hon. Mr. Barrett moves that the said message and the estimates accompanying the same be referred to Committee of Supply.

Motion approved.

HON. MR. BARRETT: Mr. Speaker, I move that the Speaker do now leave the chair for the House to go into Committee of Supply.

BUDGET ADDRESS

HON. D. BARRETT (Minister of Finance): Mr. Speaker, this is the third year now that I have had the privilege and pleasure of presenting our government's budget to this Legislature.

In August of 1972 the citizens of this province entrusted the New Democratic Party with the responsibility of bringing a new government to British Columbia — a government committed to work for a real political, social and economic equality for the average wage-earner, the old-age pensioner, the widow with small children, local small businessmen, the farmer and residents in the regions neglected in the past.

The people of British Columbia wanted a government which would not be afraid to challenge the status quo and to implement basic reforms, even though such reforms would be unpopular with and opposed by those with a vested interest in preventing change.

I am proud to say there has been widespread support for these new and responsible policies of economic and social reform. Our budget for the 1975-76 fiscal year has been designed to achieve greater economic equality and social justice in British Columbia.

Before discussing the general state of our economy and the budgetary intentions for 1975-76, I want to review briefly some general philosophical considerations which underlie the development of programmes and policies by this social democratic government.

It is the goal of this government to direct British Columbia's economy toward the needs of all the people, rather than those who possess power because of their wealth or influence. Our government is committed to win the long-term fight to rout out inequality and to achieve a humane society which responds, through the democratic process, to the actual needs of all our citizens.

The essence of this social democratic government is to promote the equality of the human condition. This objective to seek greater equality for all British Columbians is the common theme in all of this government's policies. It is evident in our health and social development programmes, in our development goals for the provincial economy, in our new agricultural income assurance programmes, in our emphasis on providing housing

accommodation, and in basing our taxation policy, to the extent possible, on the "ability to pay" principle in order to protect those with lower incomes and those on fixed incomes.

I want to talk about the British Columbia economy, Mr. Speaker, just for a few moments. The British Columbia economy made a number of important advances in 1974. The gross provincial product is expected to reach \$16.2 billion at current prices. This is 17.1 per cent higher than the 1973 level. Although the real growth and real output was somewhat lower than in 1973, preliminary estimates indicate the real growth will be around 3 per cent in 1974. Certainly, this performance compares favourably with rates of growth being experienced elsewhere in Canada and substantially exceeds the growth in many other industrialized countries.

Although most sectors of the economy performed well in 1974, there was a marked slow-down in the lumber component of the forest industry. Mining production is not as buoyant as last year, primarily because of slackening demand in Japan and the United States.

The total personal income in 1974 is expected to amount to \$12 billion. This is 16.7 per cent above the 1973 level. The average weekly earnings as measured by the Industrial Composite wage index is estimated

[[Page 260](#)]

at \$195 in 1974, compared with \$178 in 1973. I would point out to Members that the most recently available data indicates that, for the first time, family income in British Columbia has replaced Ontario as the highest in Canada.

The rate at which prices are rising continues to be a matter of great concern to the government. I don't have to tell the Hon. Members that rapidly rising prices are an international phenomenon at the present time. Indeed, the present year-over-year rate of close to 12 per cent in Canada is somewhat lower than is being experienced in many other countries. This does not mean that we can be complacent about the problem.

In 1974 the underlying strength in the provincial economy is reflected in data which have now become available. The value of retail trade in British Columbia grew 17 per cent in 1974 to a record level of \$5.5 billion.

The value of factory shipments in all British Columbia plants rose, in 1974, to over \$7 billion, an increase of 16 per cent over 1973, attesting to the strength and resilience of our provincial economy.

The forest industry has maintained a favourable overall position due to the strength of the pulp and paper sector. Of particular interest is a year-to-year increase of over 32 per cent in the investment expenditures of the forest industry — 32 per cent in one year.

Mr. Speaker, there will be a supplement to the budget to share with some of the Members, a supplementary page, which will indicate the capital and the repair expenditures in the Province of British Columbia.

Some Members of this assembly seem to be under the impression, I think unintentionally, that things have not been going well in British Columbia in terms of private and public investment. So for their information primarily, as well as for the people of British Columbia, I'd like to share with you the information that the overall increase in investment is over 16 per cent in one year, but in the area of manufacturing, where both private and public sectors are involved, private and public investment in British Columbia in manufacturing has gone up in one year, under this democratic socialist government, by 29 per cent. Mr. Speaker, that's bad news for the doom-and-gloom boys.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BARRETT: Despite the fall in world copper prices during 1974, the value of British Columbia mineral production rose 12 per cent.

Farm cash receipts in 1974 increased an estimated 25 per cent, Mr. Speaker. After our land bill, farmers increased their incomes by 25 per cent in one year.

In a year when the tourist industry in North America experienced substantial difficulties, our province's

popularity as a tourist destination remained high, with the result that British Columbia's tourist industry is estimated to have experienced a growth in receipts of 15 per cent, bringing these receipts to a new high of some \$760 million

AN HON. MEMBER: Hear, hear!

HON. MR. BARRETT: Mr. Speaker, as I've mentioned, the capital investment is up by 18 per cent, which is equal to \$2,161 on a per capita basis, which exceeds the federal norm — the national norm — of \$1,765. We are over \$300 above the national per capita investment level in industry and development in this province.

These investments had an important effect on creating jobs for our province's labour force — a labour force which, incidentally, is a faster growing labour force than that of any other region in Canada.

To an important degree, the economic performance in British Columbia in 1975 depends upon the economic prospects of our trading partners. It is expected that the pulp and paper sector of the provincial economy will continue to expand. Indications are that the private and public investment in the province will continue at an encouraging level. Indeed, the budget I am submitting to this House today ensures that the British Columbia government will play an appropriate role in this regard.

I anticipate 1975 will see continued growth in the British Columbia economy. Most importantly, we can expect inflation to moderate from the present level, while real growth will at least match the level of around 3 per cent forecast for Canada as a whole.

Before reviewing our revenue and expenditure position, both with respect to the present fiscal year and the 1975-76 fiscal year, I would like to deal with a number of important federal-provincial subjects.

Since our government came to office in 1972, steps have been taken to break down the many barriers erected by the former administration to reflect fully the fact that British Columbia is a part of Canada.

Two meetings with federal Members of Parliament from British Columbia were held in the last year, which allowed an opportunity for our government to express its point of view on a number of important matters affecting British Columbia and which would allow the federal Members of Parliament to raise certain matters relating to their constituents in a federal context. I am appending to this budget four position papers that I presented at such a meeting on September 24 on the subjects of the federal budget, resource taxation, health policy, federal ferry policy and west coast tankers.

Two of these subject matters are deserving of more detail. The threat of oil pollution resulting from

[[Page 261](#)]

increased tanker traffic off British Columbia's west coast has been of great concern to our government. We have made strong representations and have requested the federal government to seek alternatives with the United States government to the proposed Alaska oil tanker route which is scheduled to go through the straits of Georgia and Juan de Fuca.

The British Columbia government proposed the transporting of oil by rail as a real alternative to ocean tankers. Notwithstanding the fact the federal government, after considerable delay, agreed through its own preliminary studies that the proposal put forward was feasible, it has still refused to study it in a serious way with the aim of presenting an alternative to the United States government. We will continue to make strong representations to the federal government, arguing that other alternatives to the increased use of tankers along our shores must be found. In addition, we will stress a comprehensive accident-prevention and oil clean-up strategy as an essential ingredient to protect British Columbia's coastal waters.

The second matter arises as a result of the federal budget brought down in November of last year by the federal Finance Minister (Hon. Mr. Turner). You will recall that natural gas producers in British Columbia curtailed their operations in northern British Columbia, which subsequently created an increased shortfall in natural gas

delivered in the United States. The effects of the federal government's action caused dislocations in the northern part of our province.

The federal government insisted that, in order for the multinational oil companies to start up their operations again, the British Columbia Petroleum Corp. should substantially increase the price paid to the companies. This we refused to do since prices had already been negotiated in good faith at arm's length and without any coercion between the British Columbia Petroleum Corp. and the natural gas producers. Furthermore, Mr. Speaker, British Columbia had been following the policy already established by the federal Minister of Energy, Mines and Resources (Hon. Mr. Macdonald). Notwithstanding the fact that the federal budget contradicted the federal Minister's policy as announced by the federal Energy Minister, another Macdonald, we attempted to seek a compromise.

We agreed that the federal government should receive a share of the revenues derived from the sale of our natural gas, but we did not want the federal government's share to be hidden in the pockets of the multinational oil companies.

Mr. Speaker, I have said on a number of occasions, and I repeat again: we believe the benefits of the God-given resources in this country should be shared with all Canadians.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BARRETT: We believe that the non-renewable energy sources of oil and gas in this country should be totally under public control and public ownership so that all Canadians can benefit as we develop a national energy strategy.

Mr. Speaker, I repeat: I will support any federal government energy policy that says first, above everything else, that the control and ownership of gas and oil should be in the hands of the Canadian people. If that is accomplished by the federal government, we in British Columbia will cooperate fully with that programme.

But we have not had that leadership from Ottawa. Thus we said, through our petroleum corporation, that we must maintain control of the destiny of the use of our own resources.

We put forward a compromise which would have had the effect of raising the selling price of British Columbia's natural gas to our American customers to its BTU equivalent, prices presently being paid on unregulated natural gas in Louisiana, Texas and other places in the United States. We are being forced by our federal government to sell our natural gas cheaper to the United States than what Americans pay for their own American gas, Mr. Speaker.

Instead of squabbling over the sharing of revenues derived from the export sale of our natural gas, we suggested the federal government, through its National Energy Board, raise the price of export gas to the real market value, which would have allowed the British Columbia Petroleum Corp. to divide those new revenues equally among the federal government, the provincial government and, for the first time, the municipalities of British Columbia.

As I explained at that time, this procedure would have produced three or four times the amount of new revenues for the federal government, compared with what they would have received had the British Columbia government followed the federal desire to raise the wellhead price of gas to the oil companies. The oil companies don't need our help; the people of Canada do.

The proposal I put forward would have also provided the citizens of British Columbia, through their petroleum corporation, a fair share of the new revenues, but, more significantly, it would have provided an historic revenue-sharing plan in which the municipalities would have been provided with additional revenues to provide local services to the people. My proposal thus would have benefited three levels of government, and would not have added to the already overflowing coffers of the oil companies.

Subsequently, an agreement was reached between our government and the federal government, which I

believe represented a major victory for British Columbia. The results of this agreement, as I have already announced before are:

1. A tax rebate system which would be

[[Page 262](#)]

established allowing payments to be made directly to the federal government by the provincial government. In other words, no additional moneys would go to the oil companies to be buried in their books and left untaxed forever.

2. The Government of Canada accepted our position that there is a need to increase progressively the price of natural gas exported to the United States, with the final decision on export price to take place at the First Ministers' Conference on energy in April, 1975.

3. The Government of Canada agreed, barring unforeseen circumstances, not to apply an export tax on natural gas as they have done on oil exported from Canada.

As a result of this agreement, the producers commenced exploration, drilling and development in accordance with their previously announced expansion plans.

Although the federal government rejected our proposal that the municipalities should share in the revenues received from a higher export price of natural gas, I will have more to say about this matter later in this same speech.

There is one other subject that I would like to discuss in the context of federal/provincial relations. You will recall in last year's budget, Mr. Speaker, I expressed deep concern regarding the introduction by the federal Minister of Finance (Hon. Mr. Turner), without any consultation with the provinces, of a concept of annual indexation of the personal income tax. As a result of the federal government's action, it is estimated that British Columbia will have to forgo about \$65 million in income tax revenues in 1975, \$100 million in 1976 and \$185 million in 1977 at the current rates. The cumulative reduction in revenue in the five years 1974 to 1978, inclusive, is expected to be in the neighbourhood of \$700 million.

It was anticipated by all provinces that this income tax change, which reduces provincial revenue substantially, would be subject to an income tax revenue guarantee by the federal government similar to the "guarantees" provided for other income tax changes. However, this has now been rejected by the new government in Ottawa.

While British Columbia agrees with the principle underlying indexation, we disagree with the manner in which the federal policy works. As nearly every province has expressed, including the provinces of Ontario and Quebec, the indexation scheme by the federal government produces grossly unfair results since it favours the rich and almost completely disregards the effects of inflation on those with low or fixed incomes.

Thus the federal policy has undesirable distributional results. In addition, part of the cost of the federal policy has been borne by the provincial government, as our revenues are lower in the income tax field than they would have been — revenues that could have been put to work reducing the taxes of those with low and moderate incomes.

Mr. Speaker, the estimates of revenue and expenditure for the fiscal year 1974-75 presented to this House one year ago forecast revenues at \$2,178 million and total government expenditures of \$2,173 million.

Hon. Members will note from the report of the comptroller-general tabled in the House today that to December 31, 1974, a number of revenue sources have exceeded earlier expectations. Most notable is a substantially higher level of personal and corporate income tax revenues. This reflects the significant growth in the number of persons employed at greatly improved wages as well as generally strong profit gains for businesses in this province. Revenues from corporate income taxes, including logging and mining taxes, were particularly buoyant. In the nine months to December 31, 1974, total revenue from corporate income taxes was \$210 million, a little over \$94 million more than the same period in 1973. It's only right, Mr. Speaker, those corporations pay their fair share on the very

substantial profits they are making in this province. Personal income tax, which is the largest single source of revenue, was \$57 million higher, and amounts to \$338.3 million.

An increase of nearly \$83 million in recoveries from the federal government under cost-shared agreements reflects the expansion of services to our people. Buoyant demand associated with a sharp increase in total personal incomes and the relatively high levels of capital construction activity in the province have been important factors explaining retail sales tax collections up \$45 million above the same period last year. In addition, it is recognized that basic transfer payments such as Mincome provide a significant economic stimulant to the local economy, Mr. Speaker. Every dollar we spend in Mincome programmes in this province adds to our own general well-being through increased purchases, more spending and more jobs — a social programme proving our theory that if you provide the poor and provide those who are least protected by the economy with a guaranteed minimum income, you provide the total community economic security, Mr. Speaker.

Mineral royalties amounting to \$13 million, higher petroleum royalties of \$28 million, together with an additional \$6 million from petroleum and natural gas drilling rights, Mr. Minister of Mines (Hon. Mr. Nimsick), have contributed significantly to the \$51 million increase in mineral revenues, exclusive of the mining income tax. All the doom-and-gloom people said there'd be no money, Mr. Minister, but very quietly you've done very well in bringing the money in.

The \$26 million increase in interest earnings on provincial government investments reflects the higher

[[Page 263](#)]

interest yields prevailing throughout most of the current fiscal year. These and other revenue gains have offset the decline in forest-related revenues such as timber stumpage fees, resulting from the current decline in lumber markets.

Total revenue for the nine months to December 31, 1974, was \$1,867 million.

Members of the House will recall that in my budget address a year ago I indicated that the policy of the government would be to use increased revenues for government programmes for people, rather than accumulate larger and larger surpluses. The revised expenditure plans for the current 1974-75 fiscal year reflect this objective. The major thrust of the increase in expenditures to December 31, 1974, is in the areas of education, health, social services, public works and transportation.

Total expenditures to December 31, 1974, amounted to \$1,850 million.

Turning for a moment to our financial position as it stood last March, I am pleased to report that the government completed the fiscal year ended March 31, 1974, with a modest surplus of \$12.9 million to augment the cash surplus to a total of \$157 million. This cash surplus is still intact today, Mr. Speaker.

During the last 12 months we have further reduced the amount of parity demand debt — cash money that was printed by parity bonds — by an additional \$38 million from a total of \$179 million to a total of \$141 million, Mr. Speaker. When we came to office, there were \$98 million in the bank and \$255 million out in instant cash, instant debt, known as parity bonds. We ran a risk situation: if there had been a rush on those bonds so that we would have had to come up with the cash, we had \$98 million in the bank, \$255 million outstanding. In 2 1/2 years we have reduced that instant debt to \$141 million and we have \$157 million in the bank to cover it, and more, Mr. Speaker — and more.

Sometimes you hear Members of this assembly speak about the fiscal position of this government without adequate information. I know that. Today, after they've had this budget, no longer will any Member of this House go out and say that this province is not in good financial shape. We're better than we were 2 1/2 years ago, Mr. Speaker.

In respect to our public bond issues, we enjoy an excellent rating by two United States bond-rating agencies. These achievements all point to the fiscal responsibility of the government.

For the fiscal year ending March 31, 1975, it is now estimated that the revenue will amount to \$2,585 million, and expenditures will be \$2,515 million, leaving a surplus this year, above all the increased programmes in human services and education, of \$70 million. Mr. Speaker, I will have more to say on the disposition of this surplus in a moment.

On a more detailed basis, some of the additional expenditures to the people are in the following programmes: \$23 million more to Mincome, which is....

AN HON. MEMBER: Over-taxing.

HON. MR. BARRETT: No, Mr. Member, it's not over-taxing. For the first time, fair taxing on industry in this province — fair taxing on industry. Without that revenue, our people would not enjoy Pharmacare, Mincome, day-care services and all the other measures brought in by this government, Mr. Speaker. There's \$23 million more for Mincome....

Interjection.

HON. MR. BARRETT: Mr. Speaker, you know the reason why there's more revenue from personal income tax is because we've had more people working than ever in this province. That's basic economics, Mr. Speaker, but the doom-and-gloom boys haven't heard the best news yet (laughter): \$40 million more for social allowances to meet unanticipated revenues and cost in shelter; \$12 million in additional payments for hospitals and \$8 million for medical care expenditures; \$57 million to education, of which \$24 million is increased grants to schools and homeowners; \$9 million more for university operating grants; \$7 million for student scholarships and bursaries; \$6 million for college and technical-vocational school construction; \$24 million to transportation, principally for upgrading the British Columbia Ferries system; \$19 million in public works; almost \$4 million to assist native Indians to establish themselves in cooperative business endeavours. I know, Mr. Speaker, that not one of these items would be one that any Member of the opposition would vote against — that's why I won't dwell on them. (Laughter.)

Mr. Speaker, our government's budgetary proposals for 1975-76 address themselves to our primary concern — the necessity to ensure that job opportunities exist for the citizens of British Columbia. Despite the international and national economic situation, employment opportunities must be maintained in our province. This job-security budget is designed to increase employment opportunities. The budget also addresses itself to two other major concerns: the effects of the continuing high rate of inflation and the legacy of neglect left us by our predecessors. The problems of unemployment and inflation are not unique to British Columbia or Canada. They are international problems affecting rich and poor nations alike, including the countries which are our major trading partners.

Mr. Speaker, I should point out that the means for dealing most effectively with unemployment and

[[Page 264](#)]

inflation in Canada are in the hands of the federal government. It alone has the necessary fiscal and monetary leverage to have a significant impact on the economy. It should be a matter of disappointment and concern to all of us that the federal government has not exercised the leadership and decisiveness in this regard that we would have expected from our national government. And, Mr. Speaker, my own concern has increased in recent weeks as I noted that a trend toward moderating price increases has been accompanied by an increase in the ranks of the unemployed. Trading jobs for inflation cures is not a solution to our problem, and it is a manifestation of the lack of policy at the national level.

We, as social democrats, do not believe in hide-bound economic theories that say cut the taxes for the rich to protect the poor from the ravages of inflation — just exactly the opposite, Mr. Speaker, is the need for the people of this country.

In large measure, our capacity to deal with our present social and economic problems has been constrained by the legacy of neglect and inadequate planning which we inherited from the previous administration. In the 2 1/2 years in which the present New Democratic Party government has been in office we have worked to correct the

following deficiencies which, as a matter of record, we inherited.

Steps have been taken to broaden the activities of our research sector. We are aggressively seeking to ensure that most of our resources are processed in British Columbia to provide jobs and the complementary growth and diversification that will make us economically more self-sufficient. At the present time feasibility studies are being conducted with respect to a steel mill and a copper smelter. Other potential developments are initial stages of development.

Steps have been taken to ensure that any developments which are approved will be compatible with protecting our environment and, as far as possible, be in harmony with the existing communities in which these developments will be located.

Steps have been taken to reduce the impact of rising costs and unemployment through programmes of direct assistance to people and improvement of job security through government action where we perceive corporate responsibility to be failing.

Steps have been taken to provide a variety of important services to citizens in an integrated fashion through community resource units and through legislation and assistance which will inform and protect them better in their dealings in the marketplace.

Steps have been taken to improve the quality of life of British Columbians through expanding educational opportunities, better health facilities, accelerated park development, and through funding of cultural and recreational facilities.

Steps have been taken to reinforce our determination to have a more balanced economy by increasing our assistance to the agriculture sector by protecting farmland, assuring an income to farmers, which will keep them productive and protect them against bad weather, and assisting them with promotion and marketing of our agricultural products.

Steps have been taken to increase the supply of housing and lots at affordable prices, and funds have been provided to assist those requiring mortgages. Even Mr. Danson approves of our latest steps. (Laughter.)

I want to say, Mr. Speaker, when I saw Mr. Danson on television last night, I said, "Yes, there's Mr. Danson, and I know where there'll be some fancy dancing next week." (Laughter.)

Steps have been taken to expand the training of young people for careers in industry so that we will have a productive labour force to take advantage of the employment opportunities as the economic base of the province is broadened.

Steps have been taken to modernize and streamline all aspects of the justice system and bring it under the direction of the province so that equal access and more even justice can be dispensed right across the province.

These, Mr. Speaker, are the directions in which our government is leading British Columbia, and the proposals contained in the budget today are designed to maintain this momentum and to provide some new directions within a budgetary framework that is prudent and realistic.

This budget is a job-security budget. It contains new programmes and initiatives, and new and improved services for our citizens. This job-security budget provides many expenditure programmes to maintain and increase employment throughout the economy of British Columbia: there are further increases in our construction programme of new schools, hospitals, houses, highways, homes for our senior citizens, and other general government construction which will increase job opportunities for the citizens of this province.

There are special employment programmes for the forestry sector and a continuation of the summer employment programme which was successfully initiated last year.

Interjection.

HON. MR. BARRETT: Mr. Member, because you are conditioned by old-style politics and old-party politics you think that good news is only announced before an election. Well, you are wrong. With this government we announce good news every year, Mr. Speaker. We are not here to play political games in

[[Page 265](#)]

the old style; we are here to serve the people, and we are doing that very well.

Furthermore, this budget will provide more services to the people of British Columbia, and will increase transfer payments made to those on low and fixed incomes, providing new purchasing power to stimulate various sectors of the provincial economy.

In addition, Mr. Speaker, this job-security budget provides for further relief from school taxes for residential and family-farm property owners, a continuation of our government's programme started last year. It provides for additional assistance to the municipalities and to those renters in the province who are in low- and middle-income brackets.

This job-security budget is possible, Mr. Speaker, because of the generally healthy state and wealth of the British Columbia economy. We expect this fiscal year to end in a surplus budgetary position.

Notwithstanding the current down turns and recessions being experienced by most western economies, the Province of British Columbia continues to make real economic gains. Our wealth is found in the skills of our people and in the resources they own and control, control for the first time, with the resources paying a fair share for the first time. It is this underlying strength and wealth that lies behind the ability of our government to continue its programme of economic and social reform while continuing to balance the provincial budget.

I am certain the people of British Columbia are proud of the substantial progress achieved in the last two and a half years, but they recognize that greater efforts are necessary in the future to rectify many of the inequities which still characterize our society. The new policy directions which our government has already introduced will ensure a firm foundation upon which to base these efforts. The budgetary proposals I will place before the House will build on this foundation and strengthen it. I believe these proposals represent important advances in our government's efforts for a more equitable distribution of the benefits of British Columbia's economic development.

In today's budget I am proposing expenditures in 1975-76 of \$3,222 million. We will have jobs in this province, Mr. Speaker, under our own thrust. This is \$708 million higher than the revised estimates for the 1974-75 fiscal year. This level of increase is consistent with our commitment to stimulate employment in the province and to protect those least able to defend themselves against the effects of inflation.

Mr. Speaker, expenditures of the Department of Education are estimated at \$754 million in 1975-76. This is \$144 million more in one year — an increase of 23 per cent in the education budget. This is a measure, Mr. Speaker, of the importance our government places upon the equipping of our young people and adults to be better able to achieve personal fulfilment in their work and leisure time in an increasingly complex and challenging age.

The largest outlay goes to the public school system, which receives \$461 million. This is \$96 million more than in the current year. Homeowner grants in respect of school taxes, which will amount to \$96.5 million in 1975-76, are \$8.6 million higher.

Members are also aware that our government has provided money to reduce the size of classes in schools. The sums we have provided have enabled school boards throughout the province to reduce the pupil ratio down to 19.8, on average — down from 1972 when we inherited the responsibility when the rate was 22.7. Mr. Speaker, this is down three in two and a half years — one of the best records anywhere in Canada. This has been achieved during a period when British Columbia has the fastest growing population in Canada. Although we are not able to proceed at the same pace as before, our government is still committed to a long-term goal of further reducing the pupil-

teacher ratio throughout the province.

The province's share of contributions to teachers' pensions will be \$7 million higher. This is now one of the best in Canada with an increase in provincial contributions of 150 per cent since 1972.

Assistance to post-secondary education, operating and capital expenditures, will amount to \$272 million. This is \$56 million, or 25.9 per cent, more than the revised level of spending in 1974-75 — 25 per cent increase in one year. Only a special few have had access to operating grants to universities according to one Member of this House. We hope that more people will have access to universities along with those who have benefited, and the operating grants to universities for this year will go up to \$150 million, up \$31 million in one year. Since 1972-73, operating grants to universities have gone from \$93 million to \$150 million, an increase of 60 per cent in two and a half years through the energy and devotion and the commitment of the best Minister of Education this province has ever had. This more than out matches the growth and enrolments and the inroads of inflation during the period.

Payments for technical and vocational colleges and other post-secondary institutions for operating and capital will amount to \$95 million. Operating grants will be \$86 million, including \$4 million to be recovered for apprenticeship and industrial training. In addition, night school grants, which were increased from \$325,000 to \$1.3 million in the current year, are now increased further to \$2 million in 1975-76.

I would like to draw the Hon. Members' attention to the significant increase in assistance being provided by our government for student-aid and teacher-training scholarships and bursaries. In 1972-73 the level of this assistance was \$2.5 million; in 1975-76 it will amount to \$12 million. It is the best

[[Page 266](#)]

in Canada, Mr. Speaker, in terms of student-aid and teacher-training scholarships and bursaries.

Mr. Speaker, this assistance being provided for the education of our young people by way of new colleges and other training facilities, and by way of student financial assistance, is a measure of our government's determination to broaden educational opportunities to ensure that no person shall be deprived of attendance at a post-secondary institution due to financial hardship.

Another important change in our education system is a dramatic increase in the number of part-time students — more jobs, more money, more opportunity to take part-time education. The trend has been encouraged by government funding. It is my view that our education system should continue to develop in a direction where students of all ages and backgrounds can move in and out of our educational institutions in response to their needs and to society's needs.

The following figures show the rapid year-over-year increase in the number of part-time students in our universities. The University of British Columbia in 1973-74 had 1,218; in 74-75 — 1,882, a 54 per cent increase. Simon Fraser had a 38 per cent increase from 1,500 to 2,100. The University of Victoria had an increase from 1,297 to 1,511 — 16.5 per cent.

Mr. Speaker, I've had a lot of warming experiences since becoming the leader of this government, but one of the most exciting and touching moments in relationship to education was the letters I received last fall from the senior citizens of this province who had the opportunity for the first time of attending classes at the University of British Columbia. People in their senior years wanted the opportunity to attend university, and we funded these special programmes — one of them being a programme for these senior citizens — and literally dozens of older people took advantage of this first opportunity ever of going to university. I say that many of them are better students than some of the younger people. Those letters of heartfelt gratitude were from the senior citizens of this province who, by the provision of Mincome and by the provision of the opportunity of special grants from the Department of Education, had their first taste of university education. I do hope that some of them with that will move on into politics. We could all use their help.

It is our belief that it is the government's responsibility to provide basic services to all children, regardless of

where these children are being educated. Therefore I have asked the Minister of Education (Hon. Mrs. Dailly), Human Resources (Hon. Mr. Levi), Health (Hon. Mr. Cocke), Recreation and Conservation (Hon. Mr. Radford), Municipal Affairs (Hon. Mr. Lorimer), the Attorney-General (Hon. Mr. Macdonald) and the Provincial Secretary (Hon. Mr. Hall) to establish a committee to decide what these basic services should be and how they could be provided.

This committee will include representatives from these groups which are directly affected by or involved in the provision of such services. The committee will be instructed to report to the government by August 1, 1975. One of the committee's responsibilities will be to consider the expansion, where possible, of bus service to all school children, including those outside the public school system.

The Department of Health expenditure proposals are set at \$712 million — \$139 million above the revised estimates of expenditures in the current year. That is an increase of 24 per cent. General hospital and medical care for provincial residents are the major elements of cost in this department. Hospital insurance services are provided with \$92 million more, for a total of \$464 million. Included in this amount are funds for the improvement of cancer services, including programmes for the earlier detection, improvement and treatment capabilities of the British Columbia Cancer Institute, increased consulting services to areas outside the metropolitan areas and improved followup procedures.

Provincial government medical care costs under the medical service plan are estimated to increase \$113 million in the current year.

A long overdue and vital public service introduced by our government this past year was the emergency health services programme, which provides emergency ground ambulance transportation for residents throughout the province for a nominal charge. Initiated at the cost of \$6 million in the current year, the \$11 million provided next year should show expansion of the service to include emergency air transportation capability.

Expenditures of the Department of Human Resources have been budgeted at \$516 million for next year — \$132 million or 34 per cent above this year's revised estimates.

The government's Mincome programme, with a total expenditure of \$122 million in 1975-76, today guarantees the handicapped and persons 60 years of age and over a monthly income of \$234. There are 128,000 people now receiving income support payments. We are the only province in Canada which guarantees a basic income programme for those 60 years of age and over. With our policy of passing on cost-of-living adjustments, we will still have the highest income guarantee programme among all the provinces in Canada at the end of this year.

The adult care and homemaker service programmes will increase \$23 million to a total of \$43 million. Homemaker services are assisting those people afflicted with illnesses that are better treated at home — or, at least, allowing people to stay in their

[[Page 267](#)]

homes.

The department's health-care services, which administers the health-care programme for persons on assistance and the Pharmacare programme, receives \$6 million, or a total of \$28 million. Total expenditures on Pharmacare will be \$20 million, up \$3 million over the revised estimates for the current year.

Mr. Speaker, Pharmacare is one of the kinds of programmes that under past administrations would have never been initiated unless it was an election year. We're into our second year of Pharmacare and all I ask, humbly, is that every other province of this country follow the programme. It could have been done years ago in British Columbia, Mr. Speaker, and so could Mincome have been done years ago.

Deathbed repentance by politicians on what they should have done is no succour to the people who are now benefiting from those programmes, and should have been benefiting years ago.

Our government is encouraging the establishment of community resource boards as a means for individual participation in the betterment of their neighbourhoods. These boards offer a measure of local responsibility in determining the particular area's needs. To further the development of this community participation programme, the level of expenditure is increased almost \$10 million to a total of \$28 million. The department's income-assistance programme will cost \$167 million in total. The cost of next year's child maintenance care and provision of special services takes a large portion of the budget, and a further \$13 million is appropriated for these services.

Housing continues to be a high priority of our government. During the past year assistance was given in the creation of over 2,000 rental and cooperative housing units, with a further 15,000 units in the construction or planning stage. The Department of Housing was also active in the acquisition and development of home-building sites.

To assist the department in their several programmes, a total of \$90 million is to be allocated to housing next year. Legislation will be introduced to revise the application of the renters' resource grant.

House building will be stepped up throughout British Columbia in the coming year. The resurgence of the home-building industry will be spearheaded by the departments' expanding land development and construction programmes.

The department will continue to increase rapidly the supply of good and reasonably priced housing for senior citizens by building its own projects as well as supporting the activities of non-profit societies. Altogether, 3,000 housing units should be completed in the coming year.

MR. D.M. PHILLIPS (North Peace River): Casa Loma.

HON. MR. BARRETT: Casa Loma? Casa Loma, Mr. Member, has been given the endorsation of the federal Minister of Housing, Mr. Danson. Far be it from me to criticize a federal cabinet Minister — they're having enough trouble of their own. (Laughter.) But when the federal Minister of Housing gets on television and says that it's a good deal and they wish they could have got it at that price, I feel embarrassed for the local Liberal Party. But I won't say anything about it publicly; I'll just keep it here in the chamber, Mr. Speaker. (Laughter.)

An ample supply of residential lots is one of the most crucial keys to stemming the soaring costs of housing. In this area the department will be mounting aggressive land-servicing schemes throughout British Columbia, as well as starting development on a number of substantial projects for entire new communities in the Victoria and Vancouver areas. This is in addition to the servicing of Crown lands undertaken by the British Columbia Lands Service.

Agriculture: that was to be brought to ruin if we had listened to those wild, bordering-on-hysterical attacks against the Land Commission. Expenditures of the Department of Agriculture are increased \$34 million, to a total of \$60 million — over 50 per cent in one year.

Provision for the Farm Income Assurance Programme in the Department's operational budget accounts for \$27 million for the increase.

Throughout that whole Land Commission debate we heard some of the Members in this House on hotline shows, and wild statements outside this House, a demonstration in front of these buildings, saying that the farmers would be ruined and that this government would never provide income assurance, Mr. Speaker. I'm proud to say that the Minister of Agriculture has been asked to be a speaker right across this continent, to explain to other jurisdictions how the first and only income assurance programme works in British Columbia, and is not available anywhere else.

I have a forgiving nature. But I will not forget the personal abuse that Minister took in this House on the Land Commission Act and his efforts and desires to save the farmland of this province. Over 80 per cent of the people of this province support the land preservation policies of this government. That Minister took it all, and he's still here, and he's delivered to the farmers. I say this to you, Mr. Speaker: not one Member of the opposition today would dare repeat some of the statements they made during those debates.

Mr. Speaker, while remaining humble (laughter), I want to say that the Minister has kept his word to the farmers of this province. He has fought tooth and nail

[[Page 268](#)]

in Treasury Board meetings and in cabinet to get this money for the farmers of this province and he has delivered. To their dying days, the farmers of this province will say never, never, never have they had a better Minister of Agriculture than the present Minister of Agriculture.

Mr. Speaker, one of the critical problems confronting many of the less-developed countries of the world is a shortage of food to provide their people with an adequate level of nourishment. To foster a spirit of understanding and willingness to aid those who are less fortunate, and to share our bounteous production, our government is dedicating \$5 million towards world food relief which augments the \$5 million capital and unexpended interest earnings of the Agricultural Aid to Developing Countries and Major Disaster Areas Fund. This province will match all private sector contributions to world food relief, and it is our hope and expectation that citizens, business and religious organizations of this province will respond warmly to this international need.

Mr. Speaker, we have a moral obligation to assist other human beings, regardless of race, creed or colour, who are not as fortunate as those of us who live in this wonderful province and this wonderful country. I ask the Minister of Agriculture to announce the programme details as soon as possible, and I ask the people of this province to open up their hearts to other people in the world so that we may say that we have at least attempted to help our fellow human beings.

The budget of the Department of Highways, whose Minister (Hon. Mr. Lea) never gets a bad time at estimates, will be increased by \$80 million in one year to a total of \$275 million. This 41 per cent increase in expenditures reflects this government's resolve to stimulate employment this year in a way which will also service our aims to improve the infrastructure and need to broaden economic development opportunities. The main components of the budget are: \$105 million for highway maintenance operation and repairs; \$140 million for highway capital construction; \$11 million for the purchase of new equipment.

Mr. Minister of Highways, highways go where they are needed, not on the basis of political boundaries under this government. Whatever you do, Mr. Minister, don't play politics with highways — there's a bad precedent in this province for it. (Laughter.) I don't want you to develop any bad habits.

Interjection.

HON. MR. BARRETT: I won't pick on you too much more.

There are existing plans to extend the Island Highway north to Port Hardy and upgrade Highway 16 between Rupert and Terrace, and the construction of the highway link between Kitwanga and Meziadin Lake will go forward. In addition, numerous improvements will be undertaken in all parts of the province.

Never again do we want a Minister of Highways to come into a riding like the old constituency of Dewdney had at one time. I don't know who the Member was who represented that area, but the former Minister of Highways came in and told the local chamber of commerce: "As long as you have that MLA, you're not going to get any money for highways." Look what happened to that Minister of Highways, and look what happened to the new MLA. (Laughter.) Faith, Mr. Speaker.

Transportation and Communications: the increase in expenditure of the Department of Transportation and Communications for the coming year is \$47 million. Of this amount, \$20 million is set aside for the three new ferries now under construction in the British Columbia shipyards and \$10 million for the increased operating costs of the British Columbia ferries next year. The shipyards were moribund before we were elected to office. They're building three ferries now, Mr. Minister (Hon. Mr. Strachan), and they'll be building more. We'll keep our workers building our own ships for our own needs.

Mr. Speaker, we're not like the CPR — we build our ships at home. Except for one we had to buy immediately to make up for the backlog left by the former administration, we buy our ships and build them right here at home. I challenge the federal government and the CPR to adopt our programme: build Canadian ships here in Canada.

Municipal Affairs: an amount of \$100 million has been budgeted for the Department of Municipal Affairs in 1975-76. This is \$15 million more than the revised estimate for the current year. The provincial municipal matters have been allocated a high priority by our government. This has been amply demonstrated in the past two years.

A review of the steps that have been taken to assist municipalities would take up a great deal of time, but I'll mention a few. The province has increased its share of municipal welfare costs to 90 per cent from 85 per cent. The province has assumed full cost of administration of courts and the correction service. Over \$21 million has been paid from the community recreational facilities fund. The Sewerage Facilities Assistance Act is helping to increase the supply of serviced building sites in local communities. Amalgamations have been encouraged to improve the economy of providing local services, and the province is making grants to offset the costs of this restructuring.

There is a lot more to say. (Laughter.) I don't mind the Members chuckling at this point because I am reminded of the old adage: "He who laughs last,

[[Page 269](#)]

laughs loudest" — and there is a long way to go yet.

In the coming fiscal year per capita grants to municipalities will amount to \$70 million, an increase of \$8.4 million over the current. In addition, special restructuring grants totalling \$3.6 million will be provided to assist these municipalities with the costs of amalgamation. I will come back to this money in a few moments.

Lands, Forests and Water Resources: the budget of the Department of Lands, Forests and Water Resources is estimated at \$140 million in 1975-76. This is a \$40 million allowance higher than the revised expenditure for 1974-75.

The budget of the Lands Service has been increased \$15 million. The government's attention to guiding the use of the province's lands on a course which protects the public interest is reflected in a \$3 million allocation to the Environment and Land Use Committee secretariat, and \$2 million to be spent on the servicing of Crown land for sale or lease.

In the Forest Service budget of \$94 million, nearly \$20 million more will be devoted to reforestation and forest nurseries. Engineering services and forest development roads will cost \$6.2 million, an increase of \$2 million over this year's allocation.

The budget of the Water Resources Service is \$29 million from the revised expenditure of last year.

Recreation and Conservation: to those who were Members of this House many years ago when we fought tooth and nail to have parks budgets expanded, and we went through the pathetic performance during those estimates, this Minister has got to be classified as the most determined to hold this portfolio.

The allocation in over one year of \$21 million more to the Department of Recreation and Conservation, to a total of \$47 million, is an increase in that department's expenditures in one year of 82 per cent. Please don't bother me any more. (Laughter.) Eighty-two per cent reflects this government's commitment to the protection and enhancement of our fish and wildlife services and the provision of year-round recreational opportunities.

The fish and wildlife budget has been increased almost fourfold since this government came to office, and \$3 million of additional funds, for a total of \$ 10 million next year, allows further development of environmental protection and fish and wildlife management programmes.

The construction and operation of the ever expanding park system, which includes several year-round recreational services, requires an increasing amount of the department's budget. The addition of \$15 million to this activity next year represents an increase of 150 per cent in one year, to a total of \$25 million. Expenditures for park development projects are increased \$6 million for a total of \$11 million.

Spend it well, Mr. Minister, because parks and recreation were for too long neglected in this province. It is about time that this kind of expenditure was made available.

The budget of the Department of Consumer Services is \$2.6 million, an increase of 28 per cent over the 1974-5 estimate. Overcommitted consumer debtors will receive help and advice from the debtors' assistance division. This Minister is proving to be most aggressive in developing this new service in the province, Northern affairs: we are saddened by the loss of the Minister of northern affairs' (Hon. Mr. Nunweiler's) father. The Minister Without Portfolio has particular responsibility for the province's northern affairs. Our government is developing policies for the northern regions of the province through consultation with the regions affected.

Economic Development: expenditures of the Department of Economic Development have expanded in the current year from the original budget appropriation of \$4 million to \$10 million. Of the \$6 million increase, \$3 million was to meet the government's commitment to the Pacific North Coast Co-operative Cannery and fishing development in Port Simpson. A feasibility study for an integrated steel mill in the province was initiated this year.

Provision has also been made in the forthcoming year for the expansion of trade missions, technical and small business assistance and economic studies programmes.

The Attorney-General: expenditures next year in the Attorney-General's department are budgeted at \$115 million, compared to revised spending of \$78 million a year ago. This significant one-year increase in the department's expenditures should be assessed in the context of the consolidation of the justice system at the provincial level. All aspects of the system are under review, including crime prevention, enforcement, prosecution, legal aid, operations of the courts and the Correction Service.

The progress which is being made in rationalizing and streamlining the justice system is reflected in many of the components of the department's requirements in 1975-76.

Our government's innovative programme for the establishment of regional justice councils will encourage community involvement in the planning and operation of justice department services throughout the province.

Provincial Secretary: the 1975-76 estimates of expenditure for the Provincial Secretary's department have been increased from a revised \$56 million in 1974-75 to \$77 million.

I can report to the House that the British Columbia Cultural Fund of \$20 million, which is an endowment fund, is generating about \$1.5 million annually for cultural activities. In addition, revenue

[[Page 270](#)]

derived from the Western Canada Lottery will be used for cultural, recreation and sport activities.

Travel Industry will also have a dramatically increased budget.

Labour: the budget of the Department of Labour is \$18 million for the coming year. This increase reflects the aim of the department to provide better arbitration, mediation, information and research services to groups in the labour market. In particular, I would like to draw attention to the efforts the department is making to expand its manpower development activities.

Mr. Speaker, when I was first called upon to name a cabinet it gave a great opportunity for the citizens of this province to speculate on who would be in it, and what their role would be. The most difficult portfolio in any government in the Province of British Columbia, since its inception as a province, has been the Ministry of Labour.

No one carries a more emotionally charged portfolio than the Minister of Labour.

I said, Mr. Speaker, at the time I named that Hon. Minister (Hon. Mr. King) to the post that he would become the best Minister of Labour in the history of this province. No one knew of him. He was relatively new, having only served one year in this House prior to his being named to the cabinet. I'm not proven right more than 50 per cent of the time, but in this instance I've been 100 per cent correct. This Minister is the best Minister of Labour in the history of the province.

I want to publicly thank his wife and his family, because no other Minister carries home a greater emotional burden from the pushes and pulls and the pressures that exist in labour-management relations in this province.

MR. G.S. WALLACE (Oak Bay): What about the other 50 per cent?

HON. BARRETT: The other 50 per cent? That's what I thought the opposition would do; I thought you would do better. I was wrong.

Interjection.

HON. MR. BARRETT: You lost 50 per cent, too. (Laughter.)

Interjection.

HON. MR. BARRETT: Oh, you lost 50 per cent of the worst part. (Laughter.)

Well, Mr. Speaker, in all seriousness, I don't envy him in his job. He's done it well. He's kept his cool, and he has provided very, very good leadership in this regard.

Mines and Petroleum Resources, Public Works, they will both be expanding this year.

The Crown corporations of the province — the British Columbia Hydro and Power Authority, British Columbia Railway Company, the British Columbia School Districts Capital Financing Authority, British Columbia Harbours Board, British Columbia Cellulose Company.... The cellulose company that last year made \$50 million — Mr. Speaker, I apologize for this mistake. We were told that government-owned enterprises are to lose money, but unfortunately we didn't live up to the expectations of the opposition, and that Minister brought in a \$50 million profit. It's absolutely shocking to the myth that only private enterprise knows how to run a business. I say the workers of this province and the government of this province have just as much on the ball as any outfit in New York or Toronto or Montreal, and the \$50 million goes to prove it.

To those who like to have an historical perspective on these matters, please read *Hansard* and see what the doom-and-gloom boys were saying at that time. Mr. Speaker, I don't want to belabour the success of that Crown corporation, because I would like to talk about the next one, the British Columbia Petroleum Corp.

Last year, Mr. Speaker, it brought in tens of millions of new dollars to the people of this province. Next year it will bring in more. Remember what the doom-and-gloom boys said about that? This is not a doom-and-gloom day.

In keeping with the government's policy of disclosure, the audited financial statements of the several provincial Crown corporations will be tabled in this House as they become available.

Expanded construction programmes of the British Columbia Hydro and Power Authority, the British Columbia Railway and schools and hospitals greatly increase the demand for investment. The province has made a total of \$532 million available to the Crown corporations, of which \$182 million was from the Canada Pension Fund, \$150 million from the provincial trustee funds, and \$200 million from market borrowings.

In addition, the province has made a \$5.4 million repayable advance at prime bank rates to the British Columbia Cellulose Co. in the current fiscal year. Total advances to the company outstanding in 1974 were \$14 million. Another 50 shares of Plateau Mills were acquired last year, giving the province 97.5 per cent ownership.

The British Columbia Hydro and Power Authority:

Information on British Columbia's Hydro and Power Authority's major electrical construction projects is given in the nine months' report to be tabled. Almost \$100 million more is being spent on capital projects in the current fiscal 1974-75 year — \$430 million compared to \$332 million. This is \$200

[[Page 271](#)]

million more than the capital expenditure in the 1972-73 fiscal year.

In the calendar year of '74, the authority received \$82 million in Canada Pension proceeds, \$107 million of provincial trustee funds and \$200 million from market borrowing. A United States issue of \$100 million, 25-year sinking fund bonds at 10.25 per cent was marketed in October, 1974. There was also a private placement of \$100 million of Canadian fund bonds at 9.75 annually on an eight-year maturity.

The increased demand for investment funds by the authority resulted primarily from the excessive costs of the work required as part of the undertaking of the obligation of the Social Credit government in 1964 as part of the agreement of the Columbia River treaty for the development of generating capability at Mica Dam. I wish to bring you up to date in a public statement as to the exact costs we are faced with as a result of the Columbia River treaty.

At the time the treaty was signed, the government of the day proudly boasted of its most beneficial agreement. The prepaid proceeds from the sale of downstream benefits for a period of 30 years were claimed to be sufficient not only to pay for the construction of the required treaty storage projects, but also one-half of the cost of generating capability of Mica Dam. Because the Social Credit government failed to allow adequately for the increased material and labour costs over the projected construction period and sold the substantial 30-year downstream benefits for a cash lump sum rather than charging market value — a foolish business practice, fiscally irresponsible and said so at the time by General McNaughton, the official opposition, the Liberal Party in this House and others — this and future generations of British Columbians will be burdened with additional heavy costs.

Rather than providing British Columbia citizens with cheap power, it is the Americans who are receiving this beneficial gain. To December 31, 1974, Mr. Speaker, the authority has spent \$577 million on the construction of storage projects required under the treaty — as of that date, \$98 million more than we had realized from the United States advance payment.

In addition, to December 31, 1974, \$255 million has been expended on generation, transmission and transformation facilities in connection with the Mica project, with at least \$450 million more required to complete the project. This means, Mr. Speaker, the deficiency that has to be financed by the people of British Columbia — the deficiency that the people of this province must pick up — is now in excess of \$800 million, or over 60 per cent of the overall treaty costs, which is hardly a matter of "cheap power."

MR. P.L. McGEER (Vancouver–Point Grey): Are you going to have an inquiry?

HON. MR. BARRETT: Mr. Member, we have a long way to go in the session yet, and a little bit more in this speech.

Because of the commitment associated with the Columbia River project, Mr. Speaker, the authority will have to seek increased borrowing power for the British Columbia Hydro and Power Authority, from \$2,250 million to \$3 billion.

The British Columbia Railway Co.:

The British Columbia Railway Co. received \$55 million in capital investment funds during 1974. Track had been laid on over one-half of the rail line under construction between Fort St. James and Dease Lake. The fabrication of freight cars will start early next month at the new facility in Squamish.

Legislation will be presented to the House to increase the railway's borrowing authority from \$400 million to \$650 million.

British Columbia Schools and Regional Hospital Districts' Financial Authorities:

In 1974 the British Columbia school districts' capital financing authority made available a total of \$61 million to the school districts throughout this province. The British Columbia regional hospital districts' financing authority provided regional hospital districts with \$25 million for hospital construction.

The British Columbia Cellulose Co.:

The British Columbia Cellulose Co. was the vehicle through which the Province of British Columbia acquired a 79 per cent equity interest in Canadian Cellulose Co. Ltd. by assuming the guarantee of \$68 million of outstanding long-term debt. Since acquiring our interest on June 29, 1973, Canadian Cellulose has repaid \$12 million of the long-term debt, leaving a balance of \$56 million under our guarantee at this date. Canadian Cellulose, in a recent interim report to shareholders, reported an operating profit for 1974. After giving effect to an extraordinary credit of losses in prior years, the company's net earnings were \$50.9 million in one year — not exactly a box factory in Saskatchewan. Let's not hear any more of that old story.

This performance in 1974 is a startling reversal for this company and is a high level of profit among the major British Columbia forest producers. We're No. 2, and we're going to try harder. Through this government's actions, job security for many workers was guaranteed, domestic ownership of an important resource company was achieved and more effective control was obtained for developing an industrial complex in keeping with the balance between the social and economic goals we consider appropriate for this province.

Ocean Falls Corp.:

Ocean Falls Corp. owns and operates a pulp-and-paper mill at Ocean Falls. The province acquired the mill and townsite from the Crown

[[Page 272](#)]

Zellerbach for \$790,000 on March 31, 1973. Provincial government loans at bank prime rate to the corporation totalled \$4 million as of December 31, 1974.

The problems of preserving this mill and townsite as a viable industrial community are unique, particularly because of its isolated coastal location. Operations last year were particularly affected by a water-supply problem which interrupted full utilization of the plant's capacity. We are hopeful, however, for its future success.

I am informed that we will be able to announce for the Ocean Falls Co. a profit for this year. It's not going to be very much, but it's better than a loss. We said that we would buy Ocean Falls and operate it at a loss. We said that for social conditions alone it would be far cheaper to keep this community alive than face huge welfare costs. When Crown Zellerbach pulled out, that was a decision they made based on hard economics. We made a decision on hard economics and a matter of social consequence.

It's not the government that made a profit or loss; it's not the Crown Zellerbach that made a profit or loss; it's the working men and women of that community who have made that mill come alive because they had a chance to remain alive as a community. I'm proud of those people.

Insurance Corp. of British Columbia:

One year ago tomorrow, the people of British Columbia became the owners almost overnight of the largest general insurance company in Canada, the Insurance Corp. of British Columbia. The corporation's aims and actions are devoted completely to the interest and advancement of the economic and social well-being of British Columbia.

Today the Insurance Corp, of British Columbia completes its first full year of operation of the universal

Autoplan with a record of commendable achievement. Close to 1.5 million motorists of British Columbia have enjoyed the benefits of complete auto insurance coverage at rates among the lowest in North America, efficient and prompt adjustment of 450,000 claims through 42 facilities throughout this province, and courteous and careful attention to their insurance needs.

A year ago, I can remember the speeches in this House saying that Autoplan would be a disaster, that there would be lineups for renewal. It would never work; only the private companies knew how to do such things. I won't pass any positive or negative judgment on Autoplan. I would just say that all those, when an election comes, who wish Autoplan to be destroyed, please let the people know during the campaign.

Mr. Speaker, Autoplan is a success and it's here to stay. Yes, Mr. Member, how you had to stand in this House and answer all those interesting questions. Yes, Mr. Member, how all the D & G boys were saying at that time that it's no good; it won't work; we've got to keep the private companies. Let's hear from the D & G boys now.

The British Columbia Petroleum Corp.:

The British Columbia Petroleum Corp., like the Insurance Corp., achieved success almost overnight. Founded in the fall of 1973, the corporation undertook to obtain a more appropriate return on the province's natural gas resource for the, producer, the transporter and, most importantly, for the resource owners, the people of British Columbia.

Through an agreement with Westcoast Transmission Co. Ltd., the corporation assumed contracts for the supply of natural gas from producers, and became the principal gas marketing agency in British Columbia. Westcoast is now the transportation agent for British Columbia natural gas.

Through acquisition of the producer contracts, the corporation was able to renegotiate the artificially low wellhead prices for those private producers. We're paying a higher price to those private producers than they have ever received before, Mr. Speaker. We want to see those little private oil companies have a fair break under this government. Higher prices than they ever had before, and we even hear Members of this House asking for more price. We can't do that. They're doing very well.

By effecting a more realistic market price for natural gas, the people of British Columbia are now receiving increased benefits from this non-renewable resource.

In the short time the corporation has been in operation it has been tremendously successful in effecting a higher rate of return. At the same time it has formed an excellent working relationship with the industry. Mr. Speaker, I recollect some 18 months ago that the Hon. Members on the other side of the House were berating our government on its resolve to establish the British Columbia Petroleum Corp. I trust the Hon. Members in the opposition have changed their views in the light of the demonstrated ability of the corporation to serve the people of this province.

I should also like to draw the attention of the Hon. Members to the recent statements by the former governor of Oregon — who is not an NDP member. (Laughter.) The former governor of Oregon, Mr. Speaker, congratulated and backed the British Columbia government for its policies on natural gas, and I note that the State of Oregon will be setting up a state marketing agency for natural gas, copying British Columbia.

We will help our American friends as much as we can, and I hope they don't receive mindless opposition in the State of Oregon, the way we received it in this House. Our American friends should benefit from our experience, and we won't stop that experience from going across the border and helping them.

The British Columbia Development Corp. has an

[[Page 273](#)]

enviable record.

A provincial financial institution:

I should like to add at this time some comments on our proposal for a new financial institution in British Columbia, designed to serve the needs of the people, rather than the large multinational companies. As I have indicated on many occasions, our government is completely dissatisfied with the banking structure in our country — a structure in which five large banks control banking in all of Canada. These institutions operate in substantial harmony among themselves. Competition is largely absent, with the result that interest rates ordinary people pay are higher than they need be. Bank profits last year are up 23 per cent in one year. I think there's even an admonition against that from the Bible: it's known as usury. Twenty-three per cent in one year!

It is our intention to establish a new financial institution which will attempt to achieve the following objectives:

1. To increase the degree of competition in financial markets, and thereby narrow the spread between borrowing and lending rates.
2. To allow British Columbians to use their deposit funds to support the further economic and social development of this province.
3. To ensure the maximum possible retention of funds within the province.
4. To attain a better balance between loans and deposits among all regions of the province.
5. To increase the amount of credit extended to low- and middle-income earners, to farmers, small businessmen, widows, single women, and others who have been neglected by the traditional banking system.
6. To provide full credit facilities services such as mortgages, processing of government bills and accounts, and to provide a personal service in terms of small loans counselling, and advising young, newly married couples how to avoid debt that becomes crippling and unnecessary and hampers the development of a good positive relationship as a family.

Mr. Speaker, earlier in my address I indicated there would be an estimated surplus of \$70 million in this fiscal year. We propose to allocate these excess funds to set up some employment-producing programmes as follows: \$15 million for a special employment programme for the lumber sector of the forest industry right now; \$20 million for a renewal of last year's employment programme for students; \$15 million for the Community Recreational Facilities Fund; \$20 million for the Ferry Capital Expenditures Fund.

A total of an additional \$70 million for employment programmes is a significant outlay in any year. It is designated to supplement the already active government construction programme in the general budget. Together they will have a substantial effect in stimulating employment throughout the province. These expenditures will substantially increase the effect of public sector activities, and will also move us towards our goal of job security in British Columbia.

Details concerning the forest industry and student employment programmes will be given by the Ministers concerned. With regard to the Community Recreational Facilities Fund, I would like to say how pleased we are with the response to this programme.

Hon. Members will recall that approval was given last session for the appropriation of \$35 million from the cash surplus for the construction of three major ferries and the necessary terminal facilities to accommodate these additions to the fleet. Work is proceeding on these ferries and dock and terminal facilities.

Revenue estimates for 1975-76:

Mr. Speaker, I have outlined a government expenditure programme totalling \$3,222 million for the fiscal year 1975-76. I will now describe how these expenditures will be financed.

Revenue for the fiscal year 1975-76 is forecast at \$3,222 million, an increase of \$637 million over the revised estimate for the current fiscal year. This estimate includes \$150 million from the British Columbia Petroleum Corp. — \$150 million that, had we not set up the Petroleum Corp. of British Columbia, we would have not had. It is appropriate to use this income, which is largely the result of the natural gas commodity price increase, to ease the

burden of cost-of-living increases for the unprotected and to create jobs. To improve the equity of the tax system and to balance our job security expenditure programme, we propose certain tax adjustments to increase revenue by approximately \$60 million. That's all — minor tax adjustments to increase by \$60 million.

Mr. Speaker, I would like to turn to the detailed examination of proposed fiscal measures for the coming year.

Tax measures for corporations:

There are two general taxation taxes that all corporations in British Columbia pay: the first is the corporation income tax and the second is the corporation capital tax. We have been examining the question of the provincial tax treatment of corporations and we have now decided to institute a change in our present policy. We propose to change the structure of provincial taxes on corporations so that tax rates on large businesses will increase marginally — very marginally — and the tax rate on small businesses will decrease in British Columbia. This is to allow British Columbia's small business sectors a better opportunity to grow and compete.

The provincial corporation income tax rate is

[[Page 274](#)]

presently 12 per cent of the taxable income of corporations. Effective January 1, 1975, this rate will be increased to 13 per cent. The administration of the provincial corporation income tax will be changed so that small businessmen will have their rate reduced so as to make their effective rate 10 per cent. That's good for small business in this province. We are the first province, as I understand it, to make this move, and we are going out of our way to ensure that small businessmen do flourish, and survive, in competition with the jungle of the large multinationals.

Under the Corporation Capital Tax Act, the province now levies a tax of one-tenth of 1 per cent on utilized capital of corporations. This rate will be increased to one-fifth of 1 per cent to bring the British Columbia rate into harmony with the rate both in Ontario and Quebec. Our policy of providing tax decreases to small businessman will take effect under this Act through our proposal to exempt from capital tax all corporations with less than \$100,000 of taxable, paid-up capital, compared to the current exemption of \$25,000. This measure, Mr. Speaker, is also effective January 1, 1975. It is designed to help the small motel owner, the small grocery store, the small entrepreneur who is struggling to make it through — this tax concession will ease the burden for him.

Mr. Speaker, as I mentioned, we are the first province to have negotiated successfully a change in our tax-collection agreement with the federal government, which allows us a lower effective provincial tax rate for small businesses.

Mining rebate:

When legislation on Bill 31 was introduced last year, spokesmen for the industry claimed mining royalties would total over \$150 million, compared to the department's estimate of \$30 million for the fiscal year. However, Mr. Speaker, latest indications are that we can only expect to receive about \$15 million — will the mining companies please forward a cheque for the other \$135 million? The estimate for the next fiscal year is only \$9 million. How anyone in the industry can claim that these figures represent a punitive level of royalties is beyond my understanding.

Members will be aware that the federal budgetary measures of May 6 and November 18 of last year regarding the non-deductibility of provincial mining royalties had two principal effects on British Columbia. First, the effect of federal policy on natural gas exploration and production in the province was extremely serious. Our negotiations on this matter with the federal government are now completed. The issue was settled, and exploration and production are now going ahead. Second, the federal actions also affected the mining industry, since that industry pays royalties to the provincial government.

Mr. Speaker, we strongly disagree with these federal measures, and I might add our views on this matter are shared by every other Canadian province. We will, along with other provinces, continue to press our position on the

federal government.

While discussions are continuing, there is one important matter that requires provincial action. British Columbia imposes its corporation income tax in conjunction with the federal taxes. As long as the provincial and federal tax systems remain comparable, the federal government has agreed to administer and collect the provincial corporation income tax.

Provincial royalties are now deductible within this system as a result of the federal policy. Consequently, corporations who pay provincial royalties pay more corporation income tax than they would have in the case of the deductibility remaining unchanged. The federal government had not really thought this out.

Since our corporation income tax system is administered by the federal government through agreement, the province receives higher corporate tax receipts as a result of the federal non-deductibility policy. It is our firm view that the federal policy which gave rise to these receipts is ill-founded.

Therefore, Mr. Speaker, we wish to announce today that it is our intention to rebate to the corporations concerned the additional British Columbia corporation tax revenues that the province will receive as a result of the federal policy with which we disagree. I am sure that it is welcome news for the mining companies in this province.

The Minister of Mines and Petroleum Resources (Hon. Mr. Nimsick) will be making a statement in the near future, detailing the mechanism we have chosen to achieve this end.

Motor fuel tax:

Events of the last two years relating to the price of energy, particularly oil, has served to emphasize to people around the world the extent of our energy dependence. The dramatic increase in the price of oil has had important effects. The major oil-producing countries are now extremely wealthy, while increases in the price of this one commodity have severely affected the economies of some countries, particularly those in the Third World. In Canada, we have been largely shielded from the oil price increases as we ourselves produce substantial amounts of oil.

One of the important ways in which the province can act to encourage energy conservation is through the operation of efficient, pleasant and low-cost public transit systems.

Over the years the British Columbia Hydro and Power Authority, with substantial aid from the general government revenue, has implemented such public transit systems in our major urban centres. This government intends to continue the orderly development of such systems, both because of their favourable effect on the development of our cities

[[Page 275](#)]

and for reasons of fuel conservation.

To this end, I am announcing today an increase in motor fuel taxes of only two cents per gallon.

SOME HON. MEMBERS: Oh, oh!

HON. MR. BARRETT: Some of the proceeds of this will go to assist in public transit fares at levels to encourage British Columbians in urban centres to make even greater use of their existing public transit systems.

This new level of motor fuel taxes in British Columbia will be substantially below the average motor fuel tax levels in other provinces.

For those in the opposition who are upset by this extra two cents, you can save it simply by doing one thing — sell your Cadillacs and buy a smaller car, or use the transit system that will be assisted by the two pennies. It won't hurt you MLAs to get on a bus once in a while. Just think, if you get on a bus, it could be your revenge on the

Minister of Finance because we are subsidizing it.

In fact, only two provinces, Saskatchewan and Alberta impose a motor fuel tax below the new British Columbia level.

MR. WALLACE: Subsidizing ICBC.

HON. MR. BARRETT: Subsidizing? That is the people's own money; it's the people's own money.

The Succession Duty Act will be amended to exempt from duty bequests by individual residents to the provincial Crown and to local governments within the province. It's a good move. It's a good move that was asked for by Members on all sides of the House.

Logging tax:

An amendment to the Income Tax Act changing the tax credit rate against the provincial corporation income tax for taxes paid on logging under the Logging Tax Act will be introduced to give effect to a change in the provincial income tax rate.

Tax measures for homeowners, farmers and renters:

For many years now, British Columbia homeowners and family farmers have been in a very favourable property tax position as a result of the homeowner grant and the measures which were introduced last year — that is to say, the resource grant and the school tax removal programme.

I am pleased to announce today the introduction of additional measures that will, for most homeowners, farmers and others, produce substantial additional amounts of property tax relief.

Members are aware that the whole area of property taxation is under intensive review by this government. The property tax is an important tax for both the province's municipalities, its schools, and for the province itself. It is important that the tax be levied equitably throughout the province. It is also important that the burden of the tax be shared equitably on ability to pay. These are the principles which will guide the government in its review of the entire property tax structure.

In order to ensure that changes occur in an orderly and fair manner, we have chosen to freeze the 1975 residential assessments to provide for time for adequate preparation for the changes which are to come in this important area of taxation.

Our programme of property tax relief will go ahead in any event. The homeowner grant, the principal vehicle of school tax relief for residential property, stood at \$200 in 1974, with an additional grant of \$50 for those aged 65 and over. This grant will remain the same in 1975. The resource grant and the school tax removal programme will produce additional tax relief to the homeowners and family farmers of between \$30 and \$40 in 1974.

These programmes were designed to reduce school taxes that were in excess of the homeowner grant by one-fifth to a maximum of \$40.

In 1975, this school tax removal programme will be doubled so that two-fifths of the school taxes in excess of the homeowner grant will now be offset by provincial grants. The maximum school tax removal grant in 1975 will be \$80 — double the 1974 maximum.

In an inflationary period such as we are now experiencing, a commitment of this kind is a costly one. We believe it is necessary, however. Property taxes can weigh heavily on those with low and moderate incomes. Our policy will shelter those groups.

I would like to spend a moment detailing the manner in which the policy will work in 1975.

For a homeowner or farmer with gross school taxes of \$200 in 1975, the whole amount will be offset by the \$200 homeowner grant. If gross school taxes are at the \$300 level, the provincial offset will be \$200, plus 40 per cent of the amount by which school taxes exceed \$200, in this case \$40, for a total offset of \$240, leaving the net annual school taxes of \$60. For those residential and farm properties paying \$400 in gross school taxes, the provincial offset will be \$280. For those age 65 and over, the provincial offset in this case will be \$330.

The resource grant introduced last year will be discontinued. The operation of that grant included a feature which caused the grant to decrease as school taxes increased. With generally higher school taxes in 1975, the cost of the resource grant to the province would have fallen. Consequently, our decision is to remove the resource grant and to concentrate on the funds saved in the school tax removal programme which I have just outlined.

This announcement today constitutes the second step in the government's programme to eliminate

[[Page 276](#)]

school taxes from homeowners and from family farms. The cost to the provincial government in 1975-76 of its school tax removal commitments is estimated at \$25 million. This, I emphasize, is over and above the cost of the homeowner grant programme which is anticipated to cost \$107 million.

In addition to these substantial sums devoted to property tax relief, our restructured renter grant programme, on which I will comment shortly, will carry a cost for 1975-76 of around \$20 million. These three programmes will provide over \$152 million of tax relief to homeowners, renters and family farmers.

It is crucial, in our view, to ensure that the government's programme of property tax relief has its effects concentrated where the benefits are most needed. As we are reviewing the provincial assessment picture over the next year, we will also be reviewing the provincial programmes to produce property tax relief. Our aim is a fair assessment system coupled with a system of property tax relief for homeowners, renters and family farmers that seeks to protect the income position of those who need it most.

I would now like to turn to our policies affecting renters in the province in 1975-6. Our housing policies have already included a number of important initiatives for the benefit of renters. In addition, our government has two other principal policy tools designed to protect the position of those British Columbians who live in rental accommodation. The first is our policy of rent control, which at one time was supported by and opposed by, and supported by and opposed by, the opposition. We are not sure what this week's position is, but I want to assure people that the government's policy is continuing rent control.

The second relates to benefits under the renter grant programme. Members will be aware of the recent establishment of the Rent Review Commission, which has the responsibility for carrying out an ongoing review of the administration of our rent control legislation.

Our second policy tool has been our renter resource grant; it is in this area that we contemplate changes for 1975-6. Two changes are planned. First, renters' benefits will be scaled to income to give greater benefits to those on low and moderate incomes, and, second, there will be changes in the administration of the programme.

In order to bring about the change in the distribution of benefits to low- and moderate-income earners, a formula will be adopted to pay benefits on the following basis: for 1975, a renter tax credit will be calculated on the basis of \$100 minus 1 per cent of taxable income, with no credit exceeding 10 per cent of the 1975 rent paid. We will give a detailed scale within the printed budget itself on how this programme works. Some quick examples are as follows.

In 1975, a renter tax credit benefit for a family of four would provide the following benefits. For a family of four with a gross income of less than \$4,000, they will receive \$100 as a rental grant; \$5,000 — \$96; it scales right up to \$12,000 — they will receive \$27. The benefits extend up to the \$14,000-per-year income. So a family with four children, for example, with a gross income of \$8,000 will receive a \$67 rental grant. The scale will continue on that basis. The programme will be announced in more detail.

Since the credit is related to income, those with gross incomes of around \$15,000 and above will receive no credit. For those age 65 and over....

MR. WALLACE: Is that a means test?

HON. MR. BARRETT: No, income test — the same way that the federal Tories ran the federal income tax, the federal Liberals ran the income tax; and the provincial NDP is giving some of the money back.

MR. WALLACE: It sounds like a means test.

HON. MR. BARRETT: Well, it's not a means test at all. It is the fairest way that I know, and I've not yet heard that the Conservative Party wishes to abolish the income tax procedure. It's dollars for people — that's what it is. It's dollars for people who really need them.

For those aged 65 and over, the minimum renter tax credit will be \$80, with benefits rising to a maximum level of \$100, depending on income. In those cases where each spouse earns income, the credit will be claimed by the spouse with the higher taxable income.

There is one important additional feature to our 1975 policy for renters. Many of the province's senior citizens expect to receive their normal \$80 payment within the next few months. Since it is among this group, many of whom are on low or fixed incomes, that inflation often has its severest effects, our decision is to continue the renter resource grant programme in 1975 for those British Columbia renters aged 65 and over. These citizens, then, will receive two payments of \$80 or more in respect of 1975 — one under the existing programme and one under the renter tax credit programme. Our view is that this additional tax measure will ease the transition to a new income-related programme, while at the same time providing what might be called "double benefits" in 1975 for those 65 and over.

Assistance to local governments, Mr. Speaker:

I would like to spend a few moments to discuss the important issue of financing of the province's municipalities. I previously noted that our property tax relief measure would proceed in 1975 even though the assessment question is still under review.

[[Page 277](#)]

In addition to the residents who pay property taxes, the municipalities also have an obvious interest in the government's policy relating to assessment. As on the taxpayers' side, we intend, on the municipal side, to proceed with a number of important announcements now. The policies announced today will be integrated with the new 'assessment system when it is implemented.

The first announcement relating to municipalities concerns itself with a municipal per capita grant. Mr. Speaker, in 1973 the per capita grant payments made by the province amounted to almost \$59 million, which was equivalent to one-quarter of all the taxes imposed by the British Columbia municipalities. While the per capita grant programme has been accepted generally by municipalities, there is one procedure associated with the grant that has attracted criticism. Grants are paid to the municipalities on the basis of the federal census count taken every five years. In the intercensal period, the grants continue to be based on the previous census period. For example, grants paid in 1974 were based on the 1971 census figures. For most municipalities, and particularly for those which are growing rapidly, grants paid in this manner pose something of a hardship.

It is our intention, therefore, to restructure the per capita grant programme so that growing municipalities are not penalized by the use of outdated population data. To achieve this result, the government intends to make additional per capita grant payments to the municipalities next year — this year and the next — so that by 1976 the loss that the municipalities incurred over the period 1966 to 1971 by virtue of being paid on the 1966 population count will be totally offset. Not only are we going to make the system more adequate and more honest, but we're going to try to correct the mistakes of the previous administration.

In 1975, four-fifths of that loss will be disbursed to the municipalities, with the remaining one-fifth of the shortfall to be made up in 1976. In 1977, the new population figures will be available from the 1976 census. Municipalities will receive per capita grants on the basis of the 1976 population count and, in addition, one-fifth of the amount of per capita grant "lost" in the 1972-76 period.

MR. G.B. GARDOM (Vancouver–Point Grey): It's a little catch-up.

HON. MR. BARRETT: It's a catch-up, and it's a good thing. It's a catch-up, and no other government would have done it — they would have just started from where they are now and gone on, but we believe in a little catch-up on the past mistakes of the former government. One by one we're wiping out the inequities that we inherited. We haven't been able to do it overnight but one by one we're getting there.

This new policy ensures that the per capita grant programme will be kept up to date. The extra payments to municipalities as a result of this measure will total \$6.8 million in 1975; this is in addition to the ordinary per capita grants, which in 1975 will amount to \$64 million.

Now, Mr. Speaker, I wish to announce an important and historic third direction in which this government intends to channel future increased revenues arising from the natural resource sector.

Over the past few weeks I have taken the opportunity regularly to inform the citizens of the province of the negotiations and ultimate resolution of the British Columbia natural gas question. Members are aware that the provincial government achieved a number of important advances in these negotiations, advances which I outlined a while ago.

Members will recall that one of our proposals, one that was not accepted by Ottawa, was that the increased revenue from natural gas export prices exceeding \$1 per 1,000 cubic feet be split three ways — one-third to the federal government, one-third to British Columbia and one-third to the municipalities of this province.

Notwithstanding the fact that the federal government rejected this proposal, our government has now decided to adopt this principle with respect to the sharing of revenues with British Columbia municipalities. Accordingly, one-third of the net revenue produced from an export price of gas over \$1, after taking into account our federal tax-rebate system and other expenses, will flow directly to the municipalities of this province.

Mr. Speaker, a new export price will be determined following a forthcoming First Ministers' Conference. If the export price of gas is set at \$1.50 per 1,000 feet, the amount which would flow to the municipalities on an annual basis is estimated at roughly \$20 million. An export price of \$1.75 would produce approximately \$30 million for the municipalities, and an export price of \$2, which is the competitive value of the fuel, would yield approximately \$40 million for the municipalities in a full year, which at current population levels, is equivalent to an additional \$20 per capita payment.

Mr. Speaker, the opposition fought against a petroleum corporation; now it's a success and they would never dare speak against it. Now we are moving to increase the price of natural gas, and we make this commitment: the municipalities will share directly in that increased price. It is a new policy. It is the first of its kind in Canada, and I'm a proud person to announce it today, Mr. Speaker, \$20 million in addition to municipalities if the price goes up to \$1.50; \$30 million at \$1.75; \$40 million at \$2.

[[Page 278](#)]

MR. D.A. ANDERSON (Victoria): Their expenses are fixed.

HON. MR. BARRETT: Their expenses are fixed, but they have never looked at funds like this before, certainly not in one year.

I say this: there is no other government in Canada, that has the resources, that has embarked on a revenue-sharing resource programme like this. All I ask is that Ottawa keep its commitment to raise that gas price.

I want to publicly thank the municipal officials who have supported me regardless of politics, regardless of political parties, who have sent me wires supporting my programmes including, ladies and gentlemen of this assembly, a telegram from the Member for Vancouver–Point Grey.

Interjection.

HON. MR. BARRETT: No, the forward-thinking Member for Vancouver–Point Grey (Mr. McGeer), the one in the front row. I know that when the debate comes on this issue we will not have to say a word to sell this programme; that fight will be led by the Member for Vancouver–Point Grey.

I will distribute to every Member of this House, to ease their pain in understanding his position, a copy of his telegram. (Laughter.)

I urge all the municipalities of this province to write the Government of Canada supporting the British Columbia government's position — that the natural gas export price be increased within a year to its BTU equivalent value of \$2 per 1,000 cubic feet.

The Minister of Municipal Affairs (Hon. Mr. Lorimer) will begin discussions concerning the most appropriate way in which these gas revenues should flow to the municipalities.

Mr. Speaker, the budget I have presented today is a job-security budget for the citizens of British Columbia.

The progressive fiscal policy measures we have brought forward will provide jobs for British Columbians, together with a movement toward a fairer tax structure. These policies are introduced within a budgetary framework of a small revenue surplus in the coming year.

Our budgetary plans include:

Job creation and expansion through special employment programmes and through public works, ferry, hospital, housing, schools, and community and recreation construction programmes.

An historic revenue-sharing arrangement between the province and its municipalities based on natural gas revenues which should provide millions of dollars to assist the municipalities in providing services to their residents.

A continuation of the government's programme of February 28, 1975 alleviating the burden of rising school taxes.

A renter tax credit programme which provides relief for those in the middle- and lower-income brackets, as well as those on fixed incomes such as our senior citizens.

Continuation and extension of our programmes which are oriented toward people — programmes such as Mincome, Pharmacare, ambulance services, day care, nursing homes, and community health centres.

A new programme of food aid to disaster-stricken countries, with a matching-grant provision to help British Columbia express their concern.

These measures will assist in creating new job opportunities to help ensure a fairer distribution of our province's economic benefits.

This budget, we believe, justifies the confidence the people of our province have shown in our government. It has not been an easy road. Faced with sometimes mindless and wild criticism, we have still fought our way, tooth and nail, to these progressive measures, and we have not lost heart nor hope for better understanding. Certainly the acceptance of our programmes has been great. And we will not falter in continuing to fight for the ordinary people of this province in a brand-new way.

The tax and expenditure policies that I presented today will move British Columbia closer to the goals this

government had before it assumed office two and a half years ago, and since the first democratic socialist was elected in this House in 1899, two years after this very assembly was opened. Parker Williams was the first. From his time — Hawthornthwaites to Reverend Cornell, a Methodist minister who led a small group of social reconstructionists in this very House, based on Christian socialist principles — from that time through the Winches, through Webster, through Strachan, Berger and myself, there has been a continuity over these 78 years of our movement in this province — a people's movement committed to giving the ordinary people a fair break out of their own resources. We got our first chance two and a half years ago, and I think we've done those pioneers proud.

Mr. Speaker, there is a motto that expresses these goals well:

"The test of our progress as a society is not in whether we add to the abundance of those who already have much, but in whether we provide more for those who have little."

Mr. Speaker, that thought lies at the heart of our efforts as a government, and it is that motto which is behind the job-security budget I present to you for the coming year.

Mr. Speaker, I am very, very proud to move, with pleasure, to bring a motion of our parliamentary system of government: That Mr. Speaker do now

[[Page 279](#)]

leave the chair for the House to go into Committee of Supply.

Mr. Bennett moves adjournment of the debate.

Motion approved.

SPECIAL FUNDS APPROPRIATION ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Special Funds Appropriation Act, 1975.

Bill 23 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.

SUCCESSION DUTY AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Succession Duty Amendment Act, 1975.

Bill 24 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.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY (1964) AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled British Columbia Hydro and Power Authority (1964) Amendment Act, 1975.

Bill 25 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.

SCHOOL TAX REMOVAL ACT

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled School Tax Removal Act.

Bill 26 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.

BRITISH COLUMBIA RAILWAY COMPANY CONSTRUCTION LOAN AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled British Columbia Railway Company Construction Loan Amendment Act, 1975.

Bill 27 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.

MR. GARDOM: A point of order.

MR. SPEAKER: What is your point of order?

MR. GARDOM: My point of order, Mr. Speaker, is that the Hon. Premier is introducing a number of bills today which would suffice to stifle debate on the points that are raised in the budget debate, and I wonder if we could have the undertaking of the government that it's prepared to waive the anticipation rule.

HON. MR. BARRETT: Mr. Speaker, it has been traditional in this House that these bills related to the budget matters have generally been waived during the budget debate. I do not anticipate any change in that position. The budget itself has been debated in the wide frame, and I do not recall, with your advice, Mr. Speaker, at any time that the debate has been....

MR. SPEAKER: I don't recall it as having been a problem in previous years.

MR. GARDOM: It could easily become a problem.

MR. SPEAKER: If any Member brings objection to any debate at that time, of course, I would have to deal with it and not hypothetically now.

HON. MR. BARRETT: Mr. Speaker, I would hope that every Member would continue the undertaking that we have had by tradition, at least in my understanding, and I hope that that will be the case.

ASSESSMENT AUTHORITY OF BRITISH COLUMBIA AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Assessment Authority of British Columbia Amendment Act, 1975.

Bill 28 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.

CORPORATION CAPITAL TAX AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Corporation Capital Tax Amendment Act, 1975.

Bill 129 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.

GASOLINE TAX (1958) AMENDMENT ACT, 1975

[[Page 280](#)]

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Gasoline Tax (1958) Amendment Act, 1975.

Bill 30 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.

GASOLINE TAX (1948) AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Gasoline Tax (1948) Amendment Act, 1975

Bill 31 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.

MOTIVE-FUEL USE TAX AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Motive-Fuel Use Tax Amendment Act, 1975.

Bill 32 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.

COLOURED GASOLINE TAX AMENDMENT ACT, 1975

Hon. Mr. Barrett presents a message from His Honour the Lieutenant-Governor: a bill intituled Coloured Gasoline Tax Amendment Act, 1975

Bill 33 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.

Presenting reports.

Hon. Mr. Barrett presented the prospectus of the British Columbia Hydro and Power Authority bonds at 10.25 per cent series DN due in 1999, and the British Columbia Hydro and Power Authority financial statement for nine months ending March 31, 1974.

HON. MR. BARRETT: Mr. Speaker, do you wish a five-minute recess to distribute the copies of the budget?

MR. SPEAKER: Yes, I would like a short recess while the books are distributed to the Members.

The House took recess at 3:28 p.m.

The House resumed at 3:36 p.m.

Hon. Mrs. Dailly moves adjournment of the House.

Motion approved.

The House adjourned at 3:37 p.m.

[Return to [Legislative Assembly Home Page](#)]

Copyright © 1975, 2001, 2013: Queen's Printer, Victoria, B.C., Canada