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THE HONOURABLE BILL BARISOFF, SPEAKER

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LIEUTENANT-GOVERNOR  
Her Honour the Honourable Iona V. Campagnolo, CM, OBC

**SECOND SESSION, 38TH PARLIAMENT**

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Afternoon Sitting

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THURSDAY, MARCH 9, 2006

The House met at 2:03 p.m.

### Introductions by Members

**Hon. L. Reid:** We wish to welcome Mr. Dusig Kim to the Ministry of Children and Family Development. Mr. Kim was selected by the Republic of Korea to receive a fellowship for overseas studies. Mr. Kim chose to come to British Columbia, to the Ministry of Children and Family Development, as he wishes to learn more about our services to children and their families. We are very pleased to have the opportunity to provide a learning opportunity for Mr. Kim and anticipate that we will learn much from him as well. Please join me in welcoming Mr. Dusig Kim to British Columbia.

**D. Cubberley:** In the precincts today, if not here in the legislative gallery with us, is Shelly Johnson, who is an instructor in the school of social work at the University of Victoria. Shelly is here today with 21 third-year social work students from the anti-oppressive social work class, learning about the operation of the Legislature. Next year these young people will be practising social workers in many of our B.C. communities. Their practice mission will be to act on social justice issues through community change initiatives and anti-oppressive social work. Would the members please join me in making them welcome.

[1405]

**R. Lee:** In the gallery today we have a group of 30 grade six and grade seven students from Westridge Elementary School in Burnaby North. Accompanying them are some of their parents and two teachers, Jeanette Pitchard and Vic Austin. Would the House please join me to give them the warmest welcome.

**L. Krog:** In the gallery today, visiting us from Nanoose, are friends of mine, Ian and Lynne Bryce and their two children, Kingsley and Alistair. I must tell the House that Kingsley was named for his late great-grandfather, a veteran of the first war and one of Parksville's most distinguished citizens.

**Hon. C. Taylor:** As I have said many times before, British Columbians are fortunate to be served by the very talented men and women in the Ministry of Finance. I want to take this opportunity to introduce a very special member of our Finance team, Michelle Allen.

Michelle is an analyst whose time is shared between estimates and the economic analyst sections of the Treasury Board staff. Now, that's a significant set of responsibilities, but there is much more to Michelle than that. She also happens to enjoy curling, and it turns out that she is extremely good at curling. Michelle is a member of the Kelly Scott curling rink.

Last weekend at the Scott Tournament of Hearts, Michelle and her teammates thrilled B.C.'s curling fans

by dominating the round robin and capturing the Canadian women's curling championship. That win also means they will now represent Canada at the world curling championships to be held a little over a week from now in Grande Prairie.

How do you do three budgets in a year and still find time to prepare for a world-class sporting competition? I'm told it takes good time management, lots of personal discipline, practice, physical workouts and a very supportive spouse. It also takes the support of her colleagues, so it's no surprise that everyone in our ministry is very proud and supportive of Michelle. Please join me in expressing our congratulations to Michelle, Kelly Scott and the other members of the team.

**K. Conroy:** It gives me great pleasure today to introduce to the House Mr. Bill Gorkoff, who is the president of the Kootenay Columbia Teachers' Union back in the Kootenays. In his other life, he's a math and science teacher at Stanley Humphries, which is where I graduated from. He's in his 36th year of teaching, and he says it's his final year. I think it's really sad for the kids in that area because he's a fantastic teacher, and I know he will be missed. Would you please help me in welcoming Bill to the House.

**Hon. R. Thorpe:** Today in the House is Mike Reed. Mike is my constituency assistant and has been with me for ten years. Would the House please make him very welcome.

**M. Farnworth:** In the gallery today is a good friend of mine and a teacher from Port Coquitlam. He's a great British Columbian and a great Canadian, so would the House please make welcome Charley King.

**G. Hogg:** We have many of the constituency assistants from this side of the House joining us today. As both sides of the House know, our constituency assistants consistently provide us with the assistance and support that we need. We value them greatly. They work so hard to make us look good. For some of us, that becomes quite a challenge, but they seem to always be up to that challenge. Would both sides of the House please make our constituency assistants most welcome here today.

**C. Trevena:** With us in the House today is Francis Carlic of the Tahltan First Nation. Francis is an elementary school teacher at Britannia Elementary in Vancouver, just off Commercial Drive. She works as a first nations resource teacher with students from kindergarten to grade seven and has taught for 14 years. She also serves on the aboriginal committee for Vancouver elementary school teachers and sits on the first nations advisory committee for the Vancouver school board. Would the House please make her welcome.

[1410]

**Hon. G. Abbott:** As you know, this week is Pharmacist Awareness Week, and today we have represen-

tatives from the B.C. Pharmacy Association joining us in the gallery. They are Marnie Mitchell, who is the executive director; Derek Desrosiers; Susan Ogilvie. Also joining them are three pharmacists from Victoria: Alan Hicke, Larry Thorne and Naz Rayani.

Pharmacists are key players in a patient's primary care. Recently we were recently able to partner with them to distribute the new, expanded version of the *B.C. HealthGuide*. I'm gratified and proud to tell the House today that they have now recently distributed one-half million copies of that new, expanded health guide to British Columbians — quite an achievement.

Pharmacists are now also available after hours to answer questions on medications through our B.C. NurseLine. This is a new service and has already helped hundreds of British Columbians.

I would ask that all members of the House join me in recognizing the great work that is done for all British Columbians by the B.C. Pharmacy Association.

**H. Lali:** Visiting us in the galleries today is a friend and a teacher. He is also the husband of a former constituency assistant of mine, and he is also an avid member of the musical band in Merritt called the Dung Beetles. Would the House please make my good friend Rickson Ferguson welcome.

**R. Fleming:** In the gallery with us today is a leader in our community of Greater Victoria in the field of education — a good friend of mine, Charley Beresford, who is a trustee with school district 61. Would the House please make her feel welcome.

**Hon. I. Chong:** I would like to further add to the welcome and introduction of Saanich pharmacist Naz Rayani, who is visiting today. Mr. Rayani operates the Peoples Pharmacy in Cadboro Bay Village and is one of 56 people who recently have been named recipients of the prestigious award, the Order of Canada. He will be receiving that award later this fall.

His appointment to the order recognizes a body of volunteer work and community involvement that began almost as soon as he came to Victoria in 1978. He has tireless efforts in local fundraising efforts and has been building bridges across faiths. Among his most prominent volunteer efforts over the years have been the annual Partnership Walk, which raises money for the Aga Khan Foundation; the Muslim book fund at the University of Victoria; and various multifaith causes aimed at building bridges between those with different belief systems.

I hope the House would offer him another very warm welcome.

**D. Thorne:** It is my pleasure today to introduce one of my constituents in the House. Her name is Lorna Steuer. Lorna and I have worked together in the tri-city Coquitlam area at the women's centre and on women's issues for almost 30 years. We've become very good friends, and it's an absolute pleasure to have her here. I don't want to make any mistakes today at all.

Please join me in welcoming her to the House.

**C. Evans:** There are three wonderful people from Nelson here today. Of course, being from Nelson, they had the good sense to sit on that side so they could look this way. That would be Francine and Michael Chapman, and just down the row there, Helen Sebelius. In order that I make no mistakes while they're watching, I may say nothing at all.

Will the House please make them welcome.

**Mr. Speaker:** Hon. members, today we have two Legislative Assembly employees with us in the members' gallery. Tony Dambrauskas, the director of Hansard Services for the past six years, will be retiring this year after 35 years in the public service. Under Tony's leadership, Hansard Services has continued to take advantage of emerging technologies in broadcasting and publishing, including digital audio and webcasting of debates; the broadcasting of Committee A from the Douglas Fir Room; and most recently, the podcasting of question period. Please join me in wishing Tony many, many happy years ahead and thanking him for the loyalty and dedication in serving members and staff of this Legislative Assembly.

[1415]

Also, with Tony, Jo-Anne Kern recently joined us as the new director of Hansard Services. Jo-Anne is a former employee of the Legislative Assembly of B.C. who, during her many years with Hansard Services, held a number of positions including editor, manager of administration and deputy chief. Jo-Anne is well known to many of us in the precincts, and I trust that you will take the opportunity to make her welcome in the days ahead. Welcome.

For those who weren't introduced, welcome. I'm sure most everyone was. So welcome.

#### Statements (Standing Order 25B)

#### SCHOOL BULLYING

**D. Thorne:** I rise in the House today to mark the anniversary of a very sad event, but one that I think it's important for all of us here to remember. On March 11, 2000, a 14-year-old boy named Hamed Nastoh committed suicide by jumping off the Pattullo Bridge. All suicides are tragic, but this one was no exception.

Hamed's decision to take his own life was tragic because it was so unnecessary. Hamed, you see, was a victim of school bullying, and it was this harassment which eventually prompted him to end his life. We know this because Hamed left a long letter describing the effect that the abuse had on him.

"Every day," he wrote, "I was teased and teased." For example, his schoolmates harassed Hamed for being smart and called him names like "geek." He wrote: "I always acted like it didn't bother me, and I'd smile when I came home, but I was crying inside." Despite his own pain, Hamed wanted to reach out to others. In



his last letter he wrote that he hoped that people would realize how devastating such name-calling can be and that they would stop doing it.

Hamed's mother Nasima Nastoh, who lives in Coquitlam, has honoured his last wish by becoming an anti-bullying advocate. I wish to commend her years of work on this cause today. In fact, this Saturday Nasima will be speaking at an event called Stand Up for Solutions. It's a chance for any concerned member of the public to learn how they can help stop school bullying. This event is being held in Surrey and includes our MLA Harry Bains.

It is the responsibility of each one of us to speak out against bullying when we see it. I hope all in the House will join me now in honouring Hamed Nastoh's memory and in paying tribute to the work his mother has done to end this kind of harassment.

#### SKILLED LABOUR RECRUITMENT AND TRAINING

**D. Hayer:** Success has its challenges, and in this province we have a challenge that is very welcome: too many jobs and not enough people to fill them. That is the benefit of our successful, strong economy.

B.C. now leads the country. Construction is booming. Companies are opening. Business and industry are moving here, and that means more and more jobs. Over the next 12 years it is estimated that there will be one million new jobs opening — a job for every student graduating from high school plus 350,000 more jobs.

No matter what we do, we can't fill all those jobs. We have to look elsewhere for skilled labour. We have to ensure that there are tools in place so people can utilize their skills and talents.

We are investing \$400 million to increase training and help people connect with opportunities. Through B.C. Skills Connect we are helping 30,000 new immigrants every year to get established here. And to assist the many professionally trained new Canadians who are drastically underemployed — for example, doctors, teachers, nurses, engineers — we are working with the federal government and the professional regulating bodies to reduce the time it takes for accreditation.

Plus, we have the provincial nominee program to fast-track the immigration process, to help B.C. employers recruit foreign-trained workers to meet our skills shortage and for those who have the ability to start a new business venture here. For those who need help with English, there is \$5 million to enhance our ESL training efforts.

We are not only encouraging immigrants. We are providing resources to address our skills shortage so everyone can benefit from the contributions to our long-term economic success.

[1420]

#### HAMMOND CEDAR MILL

**M. Sather:** The Interfor mill located in the Hammond district of Maple Ridge has been an integral

part of our community since 1910. Since its beginning Hammond mill has been a pioneer in its field. It was the first mill in Canada to employ women, who were primarily hired to grade and load lumber. The young women performed their tasks so well that the practice of hiring women spread quickly to other mills in Canada. During the early 1920s, Hammond Cedar became the largest producer of cedar lumber and shakes in the British Empire. Drawing on a timber supply as close as Pitt Lake or as distant as Knight Inlet, the mill continued to grow as the years went by.

Today it is the largest red-cedar mill in the world. Each year the Hammond mill produces 125 million board feet of cedar products used for exterior siding, panelling, decking and a variety of uses in overseas markets. The mill adheres to environmental regulations determined by the federal Department of Fisheries and Oceans. Seventy percent of their logs come from Interfor harvesting.

Hammond mill currently employs 270 workers, the majority of whom live in Maple Ridge–Pitt Meadows. I recently had the pleasure of meeting with Jack Draper, vice president, and Doug Clitheroe, general manager at the Interfor mill. The mill, along with the rest of B.C.'s coastal industry, is facing some of its toughest challenges to date: debilitating duties imposed by the U.S. government, a high Canadian dollar, increased freight rates and high fuel surcharges. This has resulted in the mill having to employ cost-cutting strategies.

I am proud to speak to you today about the impact that the Hammond mill has on my community and around the world. I hope that the mill can continue to be a pioneer in its field and get a chance to celebrate its 100th anniversary in 2010.

#### ETHEL TIBBITS AWARDS

**J. Yap:** This being International Women's Week, I rise to talk about the 13th annual Ethel Tibbits Awards held on Tuesday in Richmond. Named after the social crusader and former owner of the *Richmond Review*, these awards recognize local women for outstanding contributions and achievements in the arts, business, sports, youth and community.

The ceremony is held as a luncheon, and this year's event was once again well attended. The keynote speaker was Ms. Andrea Shaw, vice president of sponsorship sales and marketing for VANOC, and \$10,000 of the proceeds from this event is donated to Nova House, a safe refuge for women and children.

Ethel Tibbits was a pioneering newspaperwoman who started her career as a Vancouver *Province* reporter in the 1920s before moving to Richmond, where she married husband Orland Delos Tibbits in 1926. In 1932 she began working at a fledgling newspaper, the *Richmond Review*. Within a year she purchased it. Together, Orland and Ethel ran the paper out of their store called Blundell Grocery. Orland was circulation manager, and Ethel was editor of the *Richmond Review*.

Ethel was known to be a force to be reckoned with. Week after week she explored the daunting issues of

the Depression era, writing intelligent and hard-hitting editorials. She was tough, insightful and strong in her opinions. For example, in 1933 she predicted England would join the rising conflict in Europe. In 1942, in a series of editorials, she openly criticized the government's plans to intern Japanese Canadians. She was ahead of her times and became a legend in Richmond.

Today we honour her memory with these awards, which this week were given to the following five distinguished women: Janice Froese for the arts, Barbara Bell for business, Penny Talbot for sports, Kathleen Hodges for youth and Barbara Tuck for community. I ask everyone to join me in congratulating them on their well-deserved awards. I'm sure Ethel Tibbits would be proud of them and of how her legacy of achievement lives on.

#### WORLD KIDNEY DAY

**D. Cubberley:** Today is World Kidney Day, the first-ever global event designed to draw attention to the rising incidence of kidney disease and the importance of early detection and prevention. In Canada alone, two million Canadians either have chronic kidney disease or are at serious risk of developing it. While interventions like dialysis and transplantation offer hope to suffering individuals, they come at a tremendous cost to the health care system and they involve high risks for patients. World Kidney Day focuses attention on the need for screening of populations at risk and on the value of prevention efforts in slowing the progression towards end-stage renal disease.

[1425]

People with diabetes or hypertension comprise two significant at-risk populations, and as we know, type 2 diabetes is rising rapidly in British Columbia and across Canada in lockstep with the rise in obesity. It's important not only to map the scope of chronic disease problems but to redouble our efforts to intervene.

Today is the perfect time to applaud one such effort, a collaboration between the Vancouver Island Health Authority and LEO Pharma — an independent, not-for-profit foundation — to create a toolkit comprising two educational DVDs and a patient care handbook. These materials embody the concept that early diagnosis and treatment offer patients a chance to live well by slowing or even reversing the progress of the disease. Released during National Kidney Month, these new tools have already migrated to Australia, the United States and the U.K.

We have reason to be alarmed by kidney disease. In the past year, newly diagnosed cases in British Columbia rose by 21 percent. World Kidney Day is a time to reflect on the challenge this poses and to renew our engagement with population health interventions that can reverse the trend.

#### SAFETY IN AGRICULTURE INDUSTRY

**V. Roddick:** The fertile lands of British Columbia, as you all well know by now, produce the best food in

the world. We are proud of this indispensable industry, but we must always be conscious that our farms and ranches are workplaces that demand attention to safety. On average, 115 people are killed and another 1,500 are seriously injured across Canada in farm-related incidents each year. Farms and ranches will never be totally hazard-free, but steps can be taken to reduce risks.

That's why Farm Safety is My Business is the theme of the Canadian Agricultural Safety Week, March 8 to 14. This campaign has also been proclaimed by our province. Reducing hazards not only makes the work site safer, it shows employees that farm owners and managers are willing and ready to improve their safety by making it an everyday priority. It also allows employees to improve their knowledge and skills in performing assigned tasks efficiently and safely, accompanied by a large dose of common sense.

To our valued agricultural workers, farmers and ranchers, I say SAFER: see, assess, fix, evaluate risk.

I would like all members to join me in wishing workers well during Agricultural Safety Week. Hey, let's make every week Agricultural Safety Week in British Columbia. We all have to eat to live.

#### Oral Questions

##### AVAILABILITY OF BEDS IN INTERIOR HEALTH AUTHORITY FACILITIES

**N. Macdonald:** Yesterday it was revealed that Kelowna General Hospital was operating under code purple. For the information of those in the gallery, code purple means that there are no beds available anywhere in the hospital. There are no beds in the emergency room. There are no beds in intensive care. There are no beds in acute care.

Again, the opposition is asking about government cuts to beds. We've asked about it because of cancelled surgeries. We've asked about it because of premature movement of seniors from hospitals, and now today we're asking about it because of the code purple in Kelowna.

Will the Minister of Health admit today that government cuts to acute and residential care beds have left regional hospitals with a severe bed shortage?

**Hon. G. Abbott:** I thank the member for his important question. There are periodic spikes in demand at emergency rooms in hospitals, particularly hospitals like Kelowna which serve a very large retired population.

[1430]

In response to that, Interior Health has done a number of things which I think are entirely appropriate. They have expanded the ER, with support from the province. They have recently added 115 new assisted living units in the community of Kelowna. They've added — or will be adding April 1 — 22 new residential care beds on the fifth floor of Kelowna General Hospital, and certainly that will be helpful. There are

280 more residential care beds that will be built in the central Okanagan over the next two years. All of these steps are entirely appropriate.

We are going to be making the capital investment in Kelowna that's long overdue. I think what we're seeing in Kelowna is, again, part of that broad demographic wave that is going to be very challenging for the health care system in the future, in this province and around the world.

**Mr. Speaker:** The member has a supplemental.

**N. Macdonald:** This is not strictly demographics. It is predictable from the beds that were closed. There were beds closed in Vernon, Penticton, Oliver, Osoyoos, Summerland, Princeton and Kelowna. Dr. Ertel, who is an emergency room doctor in Kelowna General Hospital, said: "I have been here now for ten years, and I've never seen it as bad as it's been the last six to eight months."

The last six to eight months is this minister's watch. The problem is this government's creation. When will the government face up to its mistakes and get to work on finding a solution?

**Hon. G. Abbott:** I'll take the member and members of the opposition for a little walk down memory lane here in respect of the challenges.

Interjections.

**Mr. Speaker:** Members. Members on both sides, the Minister of Health has the floor.

**Hon. G. Abbott:** This is an article from the *Vancouver Province*, February 16, 1999, entitled "Kelowna Staggers as Priddy Antes Up." Penny Priddy, of course, was the NDP Minister of Health in 1999. According to this article in the *Province*: "It has B.C.'s longest list of patients waiting for operations, yet surgeons at Kelowna General Hospital did 1,300 fewer procedures than the budget allowed. Almost 4,000 people are waiting for surgery at Kelowna General. According to the chief executive officer for the region: 'We're under tremendous pressure to get the overflow through, but we are already 42 patients over capacity at Kelowna General.'"

**K. Conroy:** We are talking about now. We are talking about what's happening this week in Kelowna, and we are not talking about high-level rhetoric from the minister. This is a real...

Interjections.

**Mr. Speaker:** Members.

**K. Conroy:** ...person we are talking about. In fact, it's a person from my constituency that this has happened to. As she is being wheeled into an operating room for brain tumour surgery, her surgery is can-

celled. Why? Because, her family is told, there are no beds available for her after the surgery. When is this minister going to admit that they have cut too many beds and take responsibility for the lack of beds in the Interior Health Authority?

**Hon. G. Abbott:** I appreciate the member bringing forward this issue. It would be useful if the member could provide me with the name of the patient and the facility to which she's referring. It's difficult, I think, to comment without that information. Anytime I hear about cancellation of surgeries, I am concerned. Again, I'd like to see more information from the member, and I'm glad to follow up on it.

We don't like to see cancellations of surgeries. Sometimes they occur, particularly in flu season when there's a spike in demand, but typically the hospitals try to reschedule those surgeries just as quickly as they can so that the patients get the optimal outcomes that they deserve.

**Mr. Speaker:** Member for West Kootenay-Boundary has a supplemental.

**K. Conroy:** It's a real concern to me and members on this side of the House that every time there's a crisis in health care, we have to bring the individual situations to the minister to get it solved. That incident was reported in the news.

[1435]

Let's talk about the other people who were cancelled so that we can assure the minister that this is, once again, not an isolated incident. There was an 80-year-old woman that day who was prepped for surgery and was told her surgery had to be cancelled because there was no bed to place her in after the procedure. It was a gallbladder removal. She'd been waiting for two years for the surgery. Another patient had been waiting for two years for knee replacements. He has been cancelled twice and was again cancelled. Another patient went all the way to Kelowna for his surgery — these all are in Kelowna General Hospital — and he had to take the bus back home to Merritt when they were cancelled.

All this time the surgeons were ready, the operating rooms were ready and the OR nurses were ready. Everyone was ready, but there were no beds to put these people into after their procedures were completed. Will the minister finally admit that this government has in the past five years cut too many beds and has put our health care system into crisis?

**Hon. G. Abbott:** Again, if patients are experiencing challenges, I'm very concerned about it. But again, I would find it extraordinarily helpful if the member would advise me of what hospital facility she's referring to. She hasn't done that. I presume she is talking about the Kootenay regional hospital in Trail, but I won't assume that. If she is, that regional hospital is doing surgeries today that would not have been done five years ago.

The Kootenay regional hospital in Trail has been upgraded tremendously. There's been a huge investment made in the Trail regional hospital. I presume the member still supports the location of the hospital in Trail, and I presume that she supports the extensive investment in upgrading the facilities at Trail that has been undertaken by this government.

**D. Cubberley:** I want to try and help the members opposite a little bit with their collective amnesia. You cut beds in Vernon, Penticton, Oliver, Osoyoos, Summerland and Princeton. You pushed the demand to Kelowna, and you cut residential care beds there as well. Now the ER is gridlocked, and they're cancelling surgeries again.

Dr. Ertel said: "We're very concerned we're going to have somebody die in the waiting room. We just don't physically have enough beds to see people." My question is: when will the minister acknowledge the bed crisis caused by his government's cuts, and when will he commit to fixing it?

**Hon. G. Abbott:** Again, I would remind the opposition Health critic that between the years 1993 and 2000 when the former NDP government was in office, the number of acute care beds in British Columbia fell by 3,334 — a 16-percent decline. The member says beds were closed. Well, in some cases antiquated and dilapidated facilities were closed. They were closed and replaced by new and modern facilities, often replacing four-bed wards with private rooms.

We have made a tremendous investment of about \$1 billion in not only improving the lives of the frail elderly qualitatively but also quantitatively. If the member wishes, I can read him a long list of the investments that we have made in all corners of the Interior Health Authority. We're tremendously proud of that, and as we are adding even more facilities in the future, things will get even better.

**Mr. Speaker:** Member for Saanich South has a supplemental.

**D. Cubberley:** You know, I said it was collective amnesia, but in fact, it's motivated forgetting. Duncan Laidlow, IHA medical advisory chair: "There's ample evidence we're overcrowded. Our hospitals are too full, and we need to do something about it." Dr. Ertel: "Code purple days are becoming commonplace at Kelowna General, and cutbacks to acute care and long-term care beds have put the ER into permanent crisis mode."

Hospitals operating at overcapacity, hallway medicine, gridlocked emergency rooms, code purple, cancelled surgeries, patients hastily discharged or turned away — when will the minister finally acknowledge the crisis caused by cuts to acute care and seniors care beds across the IHA?

[1440]

**Hon. G. Abbott:** One of the things that provides a benefit for us now, as opposed to the 1990s, is that we have a tremendously strong economy. That provides us with some opportunities to do some long-overdue

capital improvements and expansions to hospitals, to residential care facilities, to assisted living facilities all around this province. That didn't happen in the 1990s.

We are today making huge investments towards capital upgrade, remediation, expansion of hospitals like Kelowna, Kamloops, Prince George, Nanaimo — all around the province. We are making huge investments that have been long overdue in this province. I have said on many occasions that we are at the front end of what will be a breathtaking demographic wave moving forward. At last, a government in British Columbia is making the capital investment we need to meet that challenge.

PERFORMANCE BONUSES TO  
PARTNERSHIPS B.C. PRESIDENT  
LARRY BLAIN

**J. Kwan:** Yesterday we learned that the government paid top Liberal insider Larry Blain \$499,000 last year to run Partnerships B.C. — the same person who helped write the B.C. Liberal platform in 2001. Of that half-million-dollar compensation, \$170,000 is for performance bonuses. Can the Minister of Finance inform this House what specific performance targets Mr. Blain met that would warrant such a rich payout?

**Hon. C. Taylor:** We have been doing a lot of discussing of Partnerships B.C. during estimates, and I'm very happy to be able to repeat some of those comments here in the House.

Partnerships B.C. was set up as an initiative to really make it possible for the taxpayers of British Columbia to benefit from the infrastructure investments that we are going to make. To do that, we have looked at the P3 model, which brings in private investment as well as public expertise and knowledge so that you have a partnership.

In order to run Partnerships B.C. — in fact, in order to start Partnerships B.C., because it was quite a new idea in Canada at the time — we had to in fact have someone who had tremendous experience. We are very pleased that Larry Blain is someone with a PhD in economics, experience in the public sector with the Bank of Canada, much experience in the private sector as well. We're very fortunate that he not only started Partnerships B.C. but has brought it to the level that it is now receiving awards across Canada.

**Mr. Speaker:** Member for Vancouver–Mount Pleasant has a supplemental.

**J. Kwan:** Well, by Partnerships B.C.'s own admission, taxpayers won't be able to judge their performance until years down the road.

Let me quote Mr. Blain's senior staff: "The true final measure of value for money can't be made until that concession agreement is actually completed." That's a 33-year agreement. So to the Minister of Finance again: if taxpayers have to wait 33 years to find out if they got value for money, why doesn't Mr. Blain have to wait 33

years, as well, before he gets his rich performance bonuses?

**Hon. C. Taylor:** In fact, no one has to wait any time at all, because the value-for-money reports are in the public domain. One of the advantages that Partnerships B.C. has shown to the people of British Columbia is that they do work in a very transparent and accountable way. These reports are available on the Internet, and the value-for-money reports have looked at a number of projects — for instance, the ambulatory care project at Vancouver General, which will result in savings to the taxpayers of B.C. of \$13 million.

The value-for-money report, for instance, on Abbotsford hospital, which is going along so well — and the people of Abbotsford are so pleased that it now includes the cancer centre — is going to in fact result in savings of \$39 million. The Sea to Sky project — and anyone who has driven that highway knows how successful that is — will result in benefits to the people of British Columbia of \$131 million. This is true value for money.

[1445]

**G. Gentner:** I hear the minister talk about transparency within Partnerships B.C., and I have to say this. This sweetheart deal would make David Dingwall blush. Imagine if in business they handed out performance bonuses before the start of every fiscal year. Can the Minister of Finance explain why she is letting Mr. Blain win the ultimate Liberal inside lotto without even checking his numbers?

**Hon. C. Taylor:** I do understand that the opposition doesn't like the P3 model and Partnerships B.C. — I've had four days now of hearing about this — but in fact, it is an innovative way to help taxpayers be sure that the projects we build will be on budget and will not be the disaster that the fast ferries were when the opposition was in government.

The contract that Mr. Blain signed at the beginning specifically had an area for performance bonuses, because it is critical that we do treat this as a proper business and respond in the way that the private sector would to encourage that targets be met and merit be awarded, and that's what his contract does.

Interjections.

**Mr. Speaker:** Members.  
The member for Delta North has a supplemental.

**G. Gentner:** It's interesting that the minister wants to move from fast ferries to fast cats. Or is it fast...

**An Hon. Member:** Fat cats.

**G. Gentner:** ...fat cats? Big, fat cats.

Interjections.

**Mr. Speaker:** Members. Members on the government side.

**G. Gentner:** The fact is that there's no way of telling...

**Mr. Speaker:** Member.

**G. Gentner:** ...if Mr. Blain is getting value for money.

**Mr. Speaker:** Member, just wait until we get some quiet.  
Continue.

**G. Gentner:** The fact is that there's no way of telling if Mr. Blain is getting value for money. The Finance Minister just wants us to take her word for it. Will the Minister of Finance just do the right thing and commit to withhold Mr. Blain's fat bonus until taxpayers know what they are getting in return?

**Hon. C. Taylor:** The taxpayers of British Columbia know for the first time what they're getting with these infrastructure projects. They're getting value for money, and part of it comes from the....

[Applause.]

#### SNOWMOBILING ACTIVITIES OF AGRICULTURE MINISTER AND ROLE WITH SPECIES AT RISK

**S. Simpson:** We know that a key aspect of the threat to a number of species including grizzlies, mountain caribou, wolverines and others comes from the expansion of motorized recreation, including snowmobiling. Responsibility for species at risk rests with the Minister of Agriculture and Lands, and we know the current minister has been a member of the Prince George Snowmobile Club — an active supporter of that sector, including lobbying for greater access to Kakwa Provincial Park and supporting the Prince George Snowmobile Club to secure \$80,000 of government money for facilities.

Can the minister confirm his involvement in recreational snowmobiling...?

Interjections.

**Mr. Speaker:** Members. Members on the government side, please.  
Continue.

**S. Simpson:** Can the minister confirm his involvement in recreational snowmobiling, including representations to government, and can he tell us whether he is concerned about the clear contradiction between these activities and his responsibilities for species at risk?

Interjections.

**Mr. Speaker:** Members.

**Hon. P. Bell:** You know, I guess the member opposite isn't on my Christmas card list, because my Christmas cards this year showed me on a snowmobile. So I'm sorry this is news to you. Contrary to popular belief, actually, there are thousands of people in this province that enjoy snowmobiling and other motorized activities. But let's think about species at risk and, specifically, how you encourage the ongoing development of scientific plans around that.

[1450]

It's about land use planning. It's entirely appropriate that the Ministry of Agriculture and Lands would have responsibility for developing species-at-risk strategies. We rely on science.

You know what? Let's just take a look at the north coast and central coast land use plans that we just released. There's a whole bunch of very interesting international dynamics that have come out of this. We have a whole list of international publications that have identified the north coast and central coast land use plan, which came out of this ministry, as a key piece of work.

There's one particular publication that I would like to point to, and I'll do that in a moment, because I have a sense that I'll have another chance.

**S. Simpson:** It's true that thousands of British Columbians are members of snowmobile clubs, but only one of them is the minister responsible for species at risk. This is a very serious situation. British Columbians are concerned about the real....

**Mr. Speaker:** Members. Members. Could we listen to the question so that we can get the answer.

**S. Simpson:** This is a serious situation. British Columbians are concerned about the real or perceived conflict of the minister, particularly when he's responsible for new species-at-risk legislation that this government says it's going to pursue in its strategic plan. How can British Columbians have confidence in that process when the minister responsible for spearheading the legislation has a bias and has demonstrated interest in promoting snowmobiling?

I'll ask the minister: will the minister recuse himself today from all matters related to species at risk, including any participation in the drafting of new legislation? If he won't do that, will he tell British Columbians how they can have any confidence in the upcoming legislation when the minister responsible has such a clear conflict?

**Hon. P. Bell:** It sounds to me like the member is actually suggesting that snowmobilers don't care about the environment. I'd encourage him to just come out and say that, because there are tens of thousands of snowmobilers who are in fact very, very concerned about the environment and the way they impact it.

I want to go back to what I was referring to here, which is the north coast-central coast land use plan, which is probably the most significant thing that this

government or almost any government has ever done to protect the environment, the spirit bear. It's truly a historic event, I think, in the lives of British Columbians.

Let's take a look at some of the international interest that came about as a result of the north coast-central coast land use plan. In fact, it made the front page of the *Washington Post*, perhaps not a publication that the members opposite read. It made the front page of the *New York Times*. It made the front page of the *Seattle Times*, the *Boston Globe*, *Forbes*, *ABC*, *CBS*. I suppose members opposite don't read those publications, but perhaps here's one that they would recognize. It also made the front page of *The Moscow Times*.

#### FORESTS MINISTER CONSULTATION ON FOREST ISSUES

**S. Fraser:** On Tuesday in the House, the Minister of Forests and Range stated: "I've met with any organization that wanted to sit down and discuss the coast with me over the last nine months. That process is going to continue." Then the minister would not commit to meet with the residents of Sandspit. Yesterday I asked the minister to agree to meet with the workers, concerned citizens and residents of Port Alberni. Again the minister evaded the request and would not make that commitment.

My question is to the Minister of Forests and Range. Why would the minister tell this House that he would meet with any organization that wanted to meet with him and then refuse to meet with these coastal communities?

**Hon. R. Coleman:** Before I respond to the question, I should declare a conflict. I live in a wood-frame house. It has wood floors, wood baseboards, wood crown moulding and wood bookcases.

Interjections.

**Mr. Speaker:** Members, listen.

**Hon. R. Coleman:** I told the *Alberni News* this morning that I am going to attempt to get up to the Alberni Valley in the two-week break during the month of April, because that is the first opening in my schedule. I advise the member of that right now.

[1455]

**Mr. Speaker:** Member for Alberni-Qualicum has a supplemental.

**S. Fraser:** Thank you, hon. Speaker. Pinch me. Well, I would like to thank....

[Laughter.]

**Mr. Speaker:** Members. Members.

**S. Fraser:** I would like to thank the minister for that. It is good to see when community activism and the

work we do here in question period can produce a potentially positive result.

There are issues of the environment, of sustainability, of jobs and job loss and compensation that must be addressed. So will the minister commit to making sure that this is a meaningful consultation and that the minister will be prepared to look at things like the 150 Franklin Division workers who have not been compensated through the Forestry Revitalization Act?

**Hon. R. Coleman:** To the member opposite: I guess he can define in his mind what would be meaningful, and I will define it in mine. I intend to try and make the best use of my time while I'm in the area — to review everything from forest practices to environmental issues to watershed — to deal with some of the issues that are facing us with regards to some of the operations out there. I also intend to meet with workers — actually, in other areas of the province as well — which I've been doing.

But let's be clear about something. I said it yesterday, and I'll say it again. When you're talking about forestry, remember that there are jobs where people actually work in the bush. Some people maintain the equipment, some people operate the equipment, and some people actually cut the trees. Some people actually move the trucks and move the lots. All of those are jobs. All of those are jobs that actually support families in your communities, and I think it's important to understand that forestry has to coexist with that and the manufacturing sector and the economies that affect the wood markets in the world.

Hon. member, that's what we're going to work for — a coordinated approach to forestry in British Columbia.

#### GOVERNMENT COMPUTER SYSTEM SECURITY

**H. Lali:** Yesterday we asked eight serious questions of the Minister of Citizens' Services on the breach of security of personal information. When people give their most sensitive and personal information, they trust that the government will keep it safe and secure. At no time did this minister show any seriousness for British Columbians' concerns. Instead, the minister has been disrespectful of this House and of British Columbians. At no time did the minister tell this House, as he did outside the House, that hackers had stored pornography on the government server.

My question: will the minister finally give this issue the seriousness and respect it deserves? Why did the minister deliberately choose not to inform this House that foreign hackers had broken into the government computer servers and stored pornography on them?

**Hon. M. de Jong:** I must confess that I am baffled by the nature of the question the member brings to the floor, because we did have an extensive discussion. We talked about the security measures that are in place. We talked about the fact that attempts had been made, that material had been deposited, that the RCMP had been contacted and were investigating the people responsible for that.

Now, perhaps the member would like me to come before the House and lay out in detail, for the whole world to see, the precise nature of the safeguards we put in place to protect British Columbians. I got news for him. That may be his approach to safeguarding British Columbians' privacy; it's not this government's.

[End of question period.]

[1500]

#### Orders of the Day

**Hon. M. de Jong:** In Committee A, Committee of Supply, and for the information of members the continued estimates of the Ministry of Finance. In this chamber, Committee B, second reading of Bill 3.

#### Second Reading of Bills

##### PUBLIC AGENCY ACCOMMODATION ACT

**Hon. M. de Jong:** I do move that Bill 3 be read a second time now.

This is what I'd like to say about the bill that's before the House. Its purpose is straightforward — although significant, I must say — in terms of the structural alignment of government and particularly that part of government that is responsible for the management, purchase and sale of realty assets that are a key part of housing various services that government delivers.

Bill 3 repeals the British Columbia Buildings Corporation Act. It dissolves that Crown corporation, and it transfers its assets and its obligations to government. It gives back to the government rights and powers similar to those that were exercised by the corporation.

For the information of members, most of whom I think understand this, the corporation came into being in the mid-1970s and at that time assumed responsibility for the functions that I have just related. The bill accomplishes the transfer of BCBC's operations to the Ministry of Labour and Citizens' Services. This is in furtherance of an announcement that was made by government in July of last year.

Integrating BCBC's accommodation and real estate services into the ministry is, for us, a key building block in enhancing the government's approach to shared services. It will, in the government's view and in my view, enhance efficiency gains. It will lead to service delivery improvements and to reduced administrative and executive costs — all for the benefit of the customers, of government and most importantly, of course, of the taxpayers who are responsible for financing the functions that BCBC, and now the ministry, are responsible for.

[S. Hawkins in the chair.]

In terms of the structure that will replace the corporate structure of the B.C. Buildings Corp., this bill will confer upon the Minister of Labour and Citizens' Ser-

vices those powers necessary to enable the ministry to carry out all aspects of what was the corporation's business, including administration of the corporation's real property assets. Specifically, the bill transfers to government all of the corporation's rights, all of its properties, all of its assets and, importantly, its obligations and liabilities.

[1505]

The bill also ensures that government is able to deal with the corporation's rights, properties and assets in its own name where a record or register shows the corporation is owner. That is significant insofar as the land title registry in many instances will continue to show BCBC on the title by virtue of this statutory instrument. The government and the Crown will be able to deal with those assets, as they are its own.

Secondly, the bill enables the Minister of Labour and Citizens' Services to acquire land for the purposes of accommodating public agencies. It provides the minister and the ministry with the power to dispose of land. It provides services for the lands such as development, maintenance and management and to set and levy fees in connection with the ministry's services.

Thirdly, the bill permits the Minister of Labour and Citizens' Services to transfer the administration of any land that he or she administers to another ministry and other minister with that minister's consent.

Lastly, in terms of the structure that is put in place by virtue of Bill 3, this bill allows each of the registrars of land titles to amend their registers to reflect the transfer of land ownership from BCBC, the Crown corporation, to the government in the guise of the Ministry of Labour and Citizens' Services.

Finally, let me say that the work that has been undertaken for almost 30 years by the individuals within BCBC, the Crown corporation, is to be applauded. They have brought great dedication and diligence to the assignments they have been provided with in terms of the management of the real estate portfolio. This changed model is a reflection of an ability we believe as government that we can bring to effect greater efficiencies, to effect significant cost savings.

I have been heartened by the response this has elicited both from people within the corporation itself who remain dedicated to the task that they have been assigned and from others who see the value, and the ultimate value, to taxpayers in effecting this change.

I know that the opposition critic has some comments that he would like to offer with respect to Bill 3.

**H. Lali:** I rise in support of Bill 3. The opposition agrees with the government in terms of bringing BCBC back into the fold of government. It had been bounced around a little bit since the Liberal government had taken office, and as a result, there was a fair bit of uncertainty that took place since 2001. There was a bit of chaos, also, created by guarded core reviews that for years had undermined the workplace.

After BCBC's privatized operations — the failed attempt to privatize this — it cost about \$6½ million over that time. I'm glad that the government has the

good sense to bring this back into the government fold. I know there was a time when the NDP were in government. Some of the assets of BCBC were being sold, and at that time the opposition — when the government was in opposition — were actually quite critical. Some of the Liberal members at that time had equated that to "heating your home by burning the furniture." That was then, and I guess this is now.

[Mr. Speaker in the chair.]

I'm certainly glad, and so is our caucus, that BCBC is going to be brought back within the fold of government again. Also, this provides the certainty and the stability that not only the workers who work at BCBC are looking for but also the clientele and the customers that are out there who deal with BCBC on a regular basis, as it is if not the largest then one of the largest managers of real estate assets in British Columbia.

Having said that, I would conclude my remarks by saying that we are in support of this. I believe it is a good thing to keep it within the fold, and certainly government, the workers and the people who use BCBC will be happy. I'll sit down with these remarks.

[1510]

**Mr. Speaker:** Seeing no further speakers, the Minister of Labour and Citizens' Services closes debate.

**Hon. M. de Jong:** Well, I've been around this place long enough to take the support and run, and that's what I will do. I will therefore move second reading.

Motion approved.

**Hon. M. de Jong:** I move that the bill be referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

Bill 3, Public Agency Accommodation Act, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

**Hon. M. de Jong:** Mr. Speaker, I call Bill 4.

#### AGRICULTURE AND LANDS STATUTES AMENDMENT ACT, 2006

**Hon. P. Bell:** Mr. Speaker, I move that Bill 4 be read a second time now.

Bill 4 amends the Land Act and the Ministry of Lands, Parks and Housing Act by expanding the minister's authority to delegate his or her powers under these acts to other ministers.

This bill allows the minister to attach terms and conditions to this delegation, ensuring consistency with those powers being delegated. In addition, the bill provides authority for ministers to subdelegate within their ministries.



Finally, the bill does not change the minister's current ability to delegate authority to a government corporation, a public officer in the ministry or the surveyor general to act on the minister's behalf under these specific sections of the act.

**B. Ralston:** I rise very briefly to speak to this bill. The opposition supports this bill. It would appear to be a routine amendment that simply adds members of the executive council, that is cabinet ministers, to the list of potential delegees.

The only issue that will be pursued in committee, I suppose, will be the issue of transparency, after the delegation has been made, of the ensuing sales that take place within the different ministries. I understand it's contemplated that this may be of particular assistance to the ministry responsible for — the term is escaping me now — resorts; that's it. Those involve fairly complicated land deals and very huge agreements, and so there is an issue of being able to follow the ultimate disposition and the proceeds of sale should some citizen wish to do that, and that's something that will be more properly pursued at the committee stage.

The only other issue that I would raise is this does give the potential to delegate to the Ministry of Aboriginal Relations and Reconciliation the sale and disposition of Crown land. Again, that's an issue that we will pursue at the committee stage.

Finally, this would appear to be consistent with the government's direction in that Land and Water B.C., originally set up as a separate agency to dispose of Crown land, has been resolved and brought back into the Ministry of Agriculture and Lands. So this policy direction would appear to be consistent with that move and the opposition supports that.

**Mr. Speaker:** Seeing no further speakers, the Minister of Agriculture and Lands closes debate.

**Hon. P. Bell:** Knowing when we have support, we will take that and run and appreciate that it's a Thursday afternoon.

Motion approved.

**Hon. P. Bell:** I do appreciate the opposition member identifying the key areas. We'll make sure that we have the appropriate answers for him in committee stage.

With that, I move Bill 4 be referred to a Committee of the Whole House to be considered at the next sitting of the House after today.

Bill 4, Agriculture and Lands Statutes Amendment Act, 2006, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

[1515]

**Hon. M. de Jong:** I call Committee of Supply for the consideration of the estimates of the Ministry of Small Business and Revenue.

## Committee of Supply

### ESTIMATES: MINISTRY OF SMALL BUSINESS AND REVENUE AND MINISTER RESPONSIBLE FOR REGULATORY REFORM (continued)

The House in Committee of Supply (Section B); S. Hawkins in the chair.

The committee met at 3:16 p.m.

On Vote 39: ministry operations, \$45,200,000 (continued).

**M. Karagianis:** Thank you very much, Madam Chair. That was the quickest bill debate I've ever seen in my life.

We were questioning this morning.... I was actually questioning the minister about revenue streams, and I know we had only just got started on that. So if I could, please, perhaps go back to my original question of this morning, which was.... The minister had alluded in the fall to 40 revenue streams of government, and perhaps he could elaborate a little bit more on what those 40 streams are, please.

**Hon. R. Thorpe:** What I believe I referred to in the fall, and what I often refer to, is the 40 streams of accounts receivable in government. That is why, under the leadership of our Premier, the Ministry of Provincial Revenue, as it was first known, was created. It was created to actually consolidate these 40 accounts receivable revenue streams and then move forward in a very sophisticated centre-of-excellence approach for collection of those accounts receivable, for the management of those accounts receivable, and to have a much more efficient process for the collection of monies due to British Columbians. So it was really not new revenue streams; it is the consolidation of accounts receivable streams within government today.

[1520]

**M. Karagianis:** I will have further questions about the consolidation later on in my questioning. At this point I'm trying to really kind of determine these 40 revenue streams. I have a list here of the legislation that is administered by the ministry, and it includes: corporate capital tax, homeowner's grants, hotel room tax — all of these. Would these be among the 40 revenue streams that the minister is referring to?

**Hon. R. Thorpe:** Yes.

**M. Karagianis:** Among these, I do have a select number of questions that refer to very specific legislative acts that the minister is responsible for.

The first I'd like to ask about is the E&N belt tax. The minister may be aware of the fact that this is of particular and keen interest to my constituents. I'm wondering if the minister can talk a little bit about this

act. There's been much said over the past number of months about this tax, about its implications on the newly formed Island corridor and, certainly, some curiosity around whether or not this belt tax act is going to be invoked. It has not up to this point been used, to the best of my knowledge. Certainly, the newly formed Island Corridor Foundation is hopeful that this tax will not be enacted on their behalf.

I would ask the minister, first of all, how active this tax act is, and whether or not it's the intention of government to, in fact, apply that tax to the Island Corridor Foundation.

**Hon. R. Thorpe:** Government will certainly consider very carefully the public interest of this matter. The tax considerations are very, very substantial, and quite frankly, they're quite complex. We are currently reviewing the entire situation.

**M. Karagianis:** Perhaps the minister could be a bit more forthcoming about the nature of the tax: what triggers its application; why, in fact, the tax has not been applied up to this point on that E&N corridor; and give us a little bit of an indication of what the history of this has been.

**Hon. R. Thorpe:** It's my understanding that the belt tax act was first introduced in the 1950s and that there have been taxes triggered by this, the last time being sometime in the 1970s.

Generally, what has happened.... Of course, I'm sure the member would appreciate that I cannot talk or speculate about individual tax matters, but generally, what triggers this tax and what this act does.... It's triggered and a tax is payable at the value of 25 percent of the land that is withdrawn from the parcels.

[1525]

**M. Karagianis:** If the last time this was triggered was in the 1970s, can the minister confirm that in fact this tax has not been collected since that time?

**Hon. R. Thorpe:** My understanding of the legislation is that the onus for triggering the tax in this statute is placed upon the railway company when a title is transferred. To our knowledge, the railway company has not advised us that they have done anything with any of the lands.

**M. Karagianis:** Well, minister, the actual railway has changed hands several times since the 1970s. It was originally owned by CP and then the Esquimalt and Nanaimo. That was taken over by RailAmerica some years ago. Now all of the corridor has been consolidated, and there was a press event here not too long ago that actually devolved all the land to the Island Corridor Foundation, which is made up of municipal communities and aboriginal communities up and down the length and breadth of Vancouver Island. It is a grave concern of theirs — what the triggering mechanism may or may not be for this tax.

Historically, it has not been triggered when rail interests have exchanged hands. From E&N to RailAmerica did not trigger this tax to the best of my understanding and knowledge. So at this point, the organization, Island communities and all of the interests in the Island corridor have been asking of government and of their representatives whether or not this tax, in fact, has been collected, will be collected or under what circumstances it will be left dormant.

**Hon. R. Thorpe:** As I said to the member earlier, and I'll say it again.... Quite frankly, because of my obligations of confidentiality and protection of personal information, I'm not going to get into a discussion on the personal aspects of tax legislation on particular tax filers or whether files have been filed or haven't been filed with respect to individual organizations or companies. I have a fiduciary responsibility, a statutory responsibility, to safeguard the protection of this information.

What I have said is that government will certainly consider carefully the public interest of this matter. The tax considerations, again, are extremely complex, and they are very substantial. We are currently reviewing the situation.

**M. Karagianis:** So the minister will not respond to me for the reasons he has outlined here. Can I just clarify to whom the minister will respond in this case?

Certainly, the Island Corridor Foundation has been seeking the assistance of their duly elected members of the Legislative Assembly for some support in this. It would help very much if I can give them some direction in who they might expect to send as their emissary to obtain this information, certainly understanding that the members on the Island here that are supporting the initiative are here to encourage and support government in the kinds of considerations that the minister has outlined. But it would help greatly if we knew exactly what the process would be that would satisfy the minister.

[1530]

**Hon. R. Thorpe:** As I said earlier, the triggering of the tax liability is a responsibility of the owner of the lands. To my knowledge, we have not been officially advised on that triggering of that activity. I would suspect that if we do receive official notification, then it would be most appropriate for my officials to meet with the appropriate officials involved in any potential tax liabilities that may exist.

**M. Karagianis:** Thanks through to the minister. I will certainly look into the issue of whether or not the organization has notified or intends to notify the minister in writing and will then save our energies, from the MLAs' point of view, until we can urge you to respond quickly or something of that nature.

Going back to the revenue streams, there are a number of them here. I could certainly ask questions on several of them, but I'm wondering whether or not

it's possible for me to obtain a report of what the revenue streams are, rather than having to go through and ask in each one of these areas specific questions that the minister may or may not feel inclined to answer.

**Hon. R. Thorpe:** Yes, I will ask my staff. We've just discussed it. We will prepare for you the list of the 40 revenue systems, and we will get that to you in the next couple days.

**M. Karagianis:** Thank you to the minister and staff on that. That would be very helpful. I look forward to reading that and may in fact approach the minister, after the estimates, to further discuss any questions I have there.

I know we discussed, back in the fall, the possibility of fine collection, other than traffic fines, that might be transferred to the minister. Is that in fact part of the larger revenue management system planning at this point, or has that taken place?

**Hon. R. Thorpe:** One of the aspects of moving forward on our consolidated revenue management system and our centre of excellence here in British Columbia for the management of the receivables is a process called onboarding. We are currently, as I said earlier this morning, in the final stages of building the RMS system, and we are now in a variety of discussions with potential onboardings.

Of course, when you're looking at those, you're looking at the business case for doing it, if there is a cost involved in bringing somebody onto a system. So we are now in the process. That is potentially one of the items that could be brought into a central accounts receivable management. At this point in time it's not a high priority, but eventually it's something that we would envisage.

**M. Karagianis:** Thank you for the answer to that. I look forward to exploring a little bit more about the revenue management system again at a later time.

I do have some questions here with regard to the new homeowner's grants. I know that homeowners across British Columbia are very appreciative of the lift in the homeowner's grant, but there is a document on record that is a petition from float homes around British Columbia, which have typically been left out of the homeowner's grant process. I would ask the minister whether or not there is going to be reconsideration of that, given the fact that there's been a lift to homeowners. It has not been extended to those who live on the water. Would the minister like to respond in any way to consideration of float homes?

[1535]

**Hon. R. Thorpe:** As I said earlier in our debates, we in the Ministry of Small Business and Revenue actually get to administer the tax policy once it's been established. It is, actually, the Minister of Finance who does make the decisions with respect to tax policy items that are, obviously, announced for the most part in the

budget every year. I believe it's the third Tuesday of every February.

I would be very interested in receiving whatever documentation the member has, and I'm assuming this might be from one of her constituency groups — float homes, knowing a little bit about her riding. That's good. If the member wanted to get that information to me, I'd be very, very pleased to make sure that it gets to the Minister of Finance for her consideration, as she always does when she is preparing budgets.

**M. Karagianis:** In fact, it's constituencies outside of my own, as well, although I do have a considerable float home community in my constituency. I'd be happy to pass along the information that I have to the minister, but it does make me a little bit curious, then, about the fact that this is listed as one of the things, the legislation, that's administered by the ministry.

This is, I guess, where I have some confusion, certainly, about who I ask questions around some responsibilities. I ran into this in the fall, as well, where a number of questions I had were in fact for the Minister of Finance rather than for this ministry. Can the minister perhaps outline just a little bit where, I guess, the barriers are in the legislation that you administer versus where other ministries or the Finance Minister actually has the authority?

**Hon. R. Thorpe:** First of all, it's actually only the Minister of Finance and the Minister of Small Business and Revenue. Policy decisions are made by the Minister of Finance. For the most part, those decisions are usually communicated to British Columbians in the provincial budget on the third Tuesday of February.

Once those decisions have been announced, our ministry then works extremely closely with the Ministry of Finance officials on the implementation and ramifications of those legislative changes. Once that has been completed — and I must say through the whole budget process — ministry officials, from Small Business and Revenue and Finance policy, work extremely closely together and do an excellent job.

Once that handoff takes place to the Ministry of Small Business and Revenue, then we administer the tax statute, whatever it may be. An example would be the changes now that have taken place with respect to the machinery and equipment exemption for provincial sales tax. That would be an example. One of those examples is the minister adding to the exemption list spare parts used to build equipment here in British Columbia. Previously that was not part of the exemption process.

Now, it's a two-way street that we work on a lot of the time, because we're in consultation. We're involved day to day in the field working with small businesses and other enterprises throughout British Columbia, and we're getting feedback all the time on what's working, what's not working, and we generally feed that up to the Minister of Finance. Then their policy group, working together with our policy group, reaches some decisions.

For the most part, the Finance Minister is guided by the pressures that we've talked about earlier today: what do we need to invest in health care and education, what do we need to invest in competitive personal tax rates, and what do we do for small business tax rates? That's generally how it works. I guess if it were a real short answer: the Finance Minister announces policy; we then administer that policy on a day-to-day basis and provide feedback to the Minister of Finance on things that we're hearing in the marketplaces.

[1540]

**M. Karagianis:** Let me understand clearly now. How wide of an interpretation do you have about applying some of these policies? In the case where we go back to homeowner's grants, has the Finance Minister's policy been so prescriptive that it says that homeowner's grants will apply to homes located on land but not on water? Or, in fact, is there some...?

Policy generally is fairly broad, and it is in the administration of legislation that the details come in about what is prohibited and what is not. I would certainly think, even from my experience at the municipal level, that policy and administration.... In fact, the details come in the administrative side of this. Perhaps the minister could just enlighten me a little bit more on that.

**Hon. R. Thorpe:** Thank you for the questions, because it is a complex issue. Tax administration and tax policy are complex, and that is why they are put in legislation. Tax policy is prescribed in legislation. Most tax policy is captured in detailed legislation to avoid misinterpretations. But what does happen from time to time.... We're all human beings. I don't know if you've ever noticed that it's not very often that many of us are perfect every day, so sometimes there are things that need to be corrected. Things may have sounded good when they were being designed, but when they are actually put into application, somebody scratches the back of their head and says: "That doesn't make a whole bunch of sense."

Let me give you an example. Tax policy with respect to the homeowner's grants for those with disabilities is outlined very clearly in legislation. In our administering of the homeowner grant, a situation came to my attention from an individual who had a disability. In the homeowner grant, to qualify for it, you actually had to demonstrate that you had spent a certain number of dollars to provide the renovations — whatever was required — to your residence which was entitled to a homeowner's grant.

Well, that is admirable. We're helping those with disabilities. But what happens when that person with disabilities has made this investment in their home in community "A" and then moves to community "B" and buys a home that already has the ramps and the wide doors and all that? They actually, according to the law, were not eligible for the disability grant. We brought this real-life situation to the attention of the Minister of Finance, and of course, on budget day, like all other British Columbians, I heard what the Minister of Fi-

nance delivered to this House. They were making a change so that when somebody does buy a house that has already had the improvements, if they are paying "X" dollars, we could assume that part of the purchase price covered those ramps. Therefore, they are eligible.

We actually hear about the things on the ground. We then have a process that we work very closely on with Finance officials, and we move them up. That is how the system works. They make policy; we administer it. We hear things, we see things, we provide feedback, and where appropriate, the minister makes the appropriate decisions to modify — generally to cover the overall intent of the original policy.

**M. Karagianis:** In the case of float homes, if we can just continue to discuss that a little bit further. In fact, it is the legislative language of this ministry that categorizes float homes along with manufactured homes and, therefore, makes them ineligible. Is that part of the legislation that came from the Minister of Finance? Is that where this kind of language needs to be interpreted or amended, or is that from this ministry?

[1545]

**Hon. R. Thorpe:** It might be easier just to outline what the eligibility criteria are. You must be an owner under the act, typically a registered owner, but it also includes registered life tenants and registered holders of agreements of sale. You must be a resident of British Columbia. The property must be shown as a separate taxable parcel on the tax roll and have an improvement occupied as residential accommodation. You must occupy the property as your principal residence. There are special eligibility criteria for apartment buildings, housing co-op buildings and housing society buildings.

**M. Karagianis:** If I understand correctly, nowhere in that legislative language does it talk about manufactured homes or float homes, and it makes no judgment whatsoever on them. So one would ask why they are not covered and eligible for homeowner grants.

**Hon. R. Thorpe:** The member asked a question with regard to mobile homes. We're currently seeking clarification. If you want to move on to another question, as soon as I get that, I'll provide it to you while we're here, shortly.

**M. Karagianis:** Thank you very much. I'll move on now to another area.

Although I know I'm going to be getting detailed information and reports from you on the revenue streams, I was fascinated by the topic around tobacco use. I know the ministry has launched ActNow, whose mandate or intent is to reduce tobacco use by 10 percent. I was fascinated by the connection with that to the contraband tobacco. In fact, I guess my questions would be: first of all, how much income do tobacco sales produce? And then from there: where's the differentiation between reducing all tobacco use and just contraband?

**Hon. R. Thorpe:** Tobacco-tax revenue is estimated at just under \$700 million — about \$690 million a year.

**M. Karagianis:** In the efforts to reduce tobacco use, why specifically is the ministry targeting just contraband tobacco rather than reducing all tobacco sales?  
[1550]

**Hon. R. Thorpe:** First of all, let me make sure that the member is fully informed that we are concerned about all forms of tobacco — legal tobacco and contraband tobacco.

There is an extreme interest in contraband tobacco and illegal tobacco sales, because generally, they are obviously coming into the country and into the province illegally. They are also generally sold in the black market or in what is deemed to be the black market. They are generally sold at lower prices, which would then make it much more attractive to people to purchase that type of product — including our youth, which all of us are very, very concerned about.

We do have a special tobacco unit that focuses on enforcement, special investigations. We work together with the RCMP, federal officials, international officials. We do a number of inspections. Working together with Health Ministry officials, we play a very important role, and will play a very important role, in our government in making sure that we achieve that goal of reducing tobacco consumption by 10 percent.

Contraband tobacco is a very serious issue, and one that I have had the opportunity to visit with our officials. A large percentage of these individuals are retired or former senior law enforcement officers. They understand the street — if I could use that term — very well, and it's quite amazing.

It's very hard to estimate, but one of the areas of activity where we have concern is tobacco coming in from overseas, made in countries overseas. If a container comes through and is not apprehended, potential revenue losses to the province are upwards of \$3 million. It's very financially attractive for those that want to deal in this. There are estimates that the potential revenue lost to the province could be upwards of \$200 million. Of course, those are estimates. It's very hard to figure out those kinds of estimates.

One of the ways we attempt to monitor whether there's an ever-increasing flow of contraband tobacco is to monitor our tax revenue that we get versus other things that happen — markups, prices changing. We don't believe that today there's any more contraband than was coming in a year ago or two years ago, but it's an issue that we have people working on — again, with federal and international law enforcement officers — to make every effort to control it.

**M. Karagianis:** I would certainly perceive that the vast amounts of money we're talking about could be seen as part of the underground economy.

Does the minister have any concern about cross-border sales in tobacco? Certainly, the issue of cross-border sales has been of extremely keen interest to the

minister. There have been times here in this country where cheap tobacco coming from other provinces has been a huge issue federally. I believe that to this day, if you enter the province of Manitoba, you are not allowed to bring cigarettes in without declaring them, much the same as if you were entering a foreign port and had to declare anything you were bringing out of the country with you. Are the cross-border sales an issue, as well, on this? And what kind of dollars are attributed to that?

[1555]

**Hon. R. Thorpe:** Cross-border is always an issue with respect to tobacco products. That is why we have working arrangements with Canada Border Services for things coming in from the United States. That's why we have arrangements with Border Services and Canada Post for things coming in from overseas by post. That was a new program we put in place a year or year and a half ago. We had seen through the observations that law enforcement officials make that this was an area of concern.

The member is quite right that there have been parts of Canada, in eastern Canada, with relationships with certain organizations in the northeast United States — things coming into Canada and finding their way across Canada. Those are all reasons we have the 24-person special investigations unit.

We also have a very close working relationship with respect to receiving information on shipments from the authorized tobacco retailers, sellers rather, into British Columbia. We do also monitor very closely the tax-exempt sales that are arranged through a number of our first nations.

**M. Karagianis:** I'm puzzled by the term "watching the authorized retail sellers." Is the minister inferring that there are some underground activities even through the legitimate retail networks?

**Hon. R. Thorpe:** No, I'm not suggesting that at all. What I was referring to — and perhaps wasn't quite as clear as I should have been — was the cigarette manufacturers who ship to British Columbia. They, too, have an extremely vested interest in making sure that not only the province of British Columbia but other jurisdictions in Canada know legal product versus counterfeit, contraband product that is being shipped into Canada from overseas markets masquerading as some of their brands. They, too, have a vested interest in counterfeit goods, and they provide us with information to assist our very good special investigations unit with the work that they have to do. Again, this is information from manufacturers.

Retailers. As the member may know, there has been a project called the ID project — the identification project. The government has in place that you have to produce two pieces of ID if you don't look 25 years of age. These are ongoing things. I would suspect that as we move forward, we're all going — on the government and the opposition sides — to have to work very, very

closely to make sure that we're doing everything we can to safeguard our youth, quite frankly, from things that we know can cause severe, life-ending danger to people in British Columbia.

**M. Karagianis:** I'm sure the minister meant 19 years of age, not 25.

**Hon. R. Thorpe:** That's correct; 19 is the correct age. [1600]

**M. Karagianis:** I thought perhaps the legislation had changed, and I was unaware of the fact that you had to be 25 to sign for cigarettes in this province.

The minister mentioned some concerns with first nations cigarette sales as well. Can you explain the jurisdictional difference there with first nations and what, if any, changes you would like to see or might anticipate?

**Hon. R. Thorpe:** There is an exempt sales retail dealers program, but to be a part of this, they must be registered with the provincial government to sell a product. Generally, this is based on the population of the area that they serve, and it is all covered under the Indian Act of Canada. Our registration, review and monitoring programs are very similar to other provinces across Canada.

I would be remiss if I didn't say that in working with first nations on the exempt sales retail dealers information, we have a very, very good working relationship. All the partners seem to be extremely pleased with the way it's going.

**M. Karagianis:** I'll move on, then, just with some specific questions here about oil and gas revenue. I'm presuming we still are fine with the same staff if we're discussing this revenue as well.

Has the minister had any meetings with the oil and gas industry in the last year?

**Hon. R. Thorpe:** Yes.

**M. Karagianis:** Would the minister care to elaborate? Is this a process — that he meets with the oil and gas industry regularly? What staff members may be involved? And is this an ongoing process, much like some of his meetings with other aspects of the business community?

**Hon. R. Thorpe:** Yes. With other members of our government — led by the Minister of Energy, Mines and Petroleum Resources, who is our lead minister — I meet from time to time with members of the Canadian Petroleum Association and with oil and gas contractors and other related organizations, as we do with lots of organizations.

Yes, my staff do meet on an ongoing basis with officials. Revenue through the province of British Columbia from the oil and gas industry is substantial. We are continually working with the industry to make sure

that where we can simplify and streamline processes, we're doing that with industry. We're also continually working with industry to ensure that British Columbians are receiving their fair and equitable share, whether it be sales tax or royalties, etc.

[1605]

[S. Hammell in the chair.]

We do have a branch in the Ministry of Revenue that does look after oil and gas revenue. Of course, in our sales tax branch we also have specialists related to that. In fact, we have had a special northeast oil and gas strategy to make sure that Alberta contractors operating in British Columbia for the most part are paying the sales tax due.

It's part of a process that we meet with groups and associations and individuals as appropriate, as staff deem to be necessary, to make sure that we're getting our work done and, from a ministerial perspective, to make sure that we understand the issues, understand the opportunities and understand how we can further enhance the oil and gas industry in the province for the benefit of British Columbians.

**M. Karagianis:** Can the minister give us a list of who the companies are that he has met with in the past year?

**Hon. R. Thorpe:** Generally, I meet with members of the association. It's called CAPP. They generally come to Victoria and/or Vancouver a couple of times a year, and we sit down and chat about things. It's generally the industry association rather than individual companies.

**M. Karagianis:** I do understand that the members of the association.... I would expect that the names of the companies that belong to that association would be readily available?

**Hon. R. Thorpe:** I would assume that if the member chose to go on the Canadian Association of Petroleum Producers' website, I'm sure they probably have some indication of who their members are.

**M. Karagianis:** I will certainly avail myself of that. Has the minister met with Suncor recently or in the last year?

**Hon. R. Thorpe:** I'm sorry; I didn't catch the name.

**M. Karagianis:** Has the minister met with Suncor Energy Inc. — S-u-n-c-o-r?

**Hon. R. Thorpe:** Not to my recollection.

**M. Karagianis:** One of the things we discussed in the fall was the audits. Certainly, we did have some in-depth discussion about the oil and gas sector and the reliance on.... I think the minister talked about sophis-

ticated techniques for auditing and for, I guess, investigating where and when all revenues may not have been forthcoming.

Is there a list of companies that have been audited in the last year?

**Hon. R. Thorpe:** The tax statutes and the legislation pertaining to tax statutes guarantee protection of personal and private information. Yes, I and senior staff know who have been audited, but that information is protected because of the statutes and the legislation to protect personal and private information.

**M. Karagianis:** In regard to the audits, I know that Bill 9 was tabled in the House yesterday. Certainly, there are some implications in the language there. Can the minister perhaps answer whether or not he's had any direct input on Bill 9?

[1610]

**Hon. R. Thorpe:** I would think that discussion on Bill 9 would be most appropriate in the committee stage of that bill, when it comes to that stage.

**M. Karagianis:** So we'll leave that for the time being.

I know that in our discussions in the fall there was also some reference to new amendments for ensuring that all revenue was collected. Can the minister perhaps elaborate a little bit on that? Have there, in fact, been new amendments that were addressed? Does this refer to just the Costco investigation of that nature, or is there something else that is coming out of those amendments?

**Hon. R. Thorpe:** Generally speaking, the amendments pertaining to tax policy and statutes are introduced along with the budget when the Minister of Finance introduces that budget. There were some changes that do require some legislative changes, and I believe they are in the budget-related legislation that will be discussed in the House at the appropriate time.

With respect to any other amendments, I can't forecast what legislation may come. Generally, amendments to tax statutes do have to come in the form of legislative change, which then would be discussed at committee stage if and when such legislation came forward.

**M. Karagianis:** Well, I know that in our discussions in the fall there was reference specifically to proposed amendments to production regulation, reporting and collecting of tax royalties. If the minister is saying that there is no such legislation planned or coming forward or in discussion or that he's unable to discuss that, perhaps he could clarify what he meant in the fall.

**Hon. R. Thorpe:** I'm sorry. I do not recollect the discussions that the member is referring to. If she wanted to provide the detail, it may refresh my mind in that regard.

**M. Karagianis:** It was an extensive discussion we were actually having. It spreads over three pages of the *Hansard* from last fall, so I'd be happy to highlight these pieces for the minister. Perhaps we can discuss it once that's been done.

[1615]

I will move along to a reference here to debt transfer portfolio. Again, this leads us to this revenue management system that you referred to before, and perhaps that's what this referred to. Back in the fall, when we were discussing collections, one of the things that the minister said related to this transfer of debt portfolios from other ministries. Again, I'm making the connection that we're talking about this consolidated revenue management system, and I see the minister nodding his head.

Then I guess I'll move on, although certainly that question and that discussion may come up again. I'd like to move, then, into Regulatory Reform, if I can, providing this doesn't cause a large change in staff, does it?

**Hon. R. Thorpe:** No, we have all of the appropriate staff here. We just need a little time to work them in and out, but if we're going to move on to Regulatory Reform, we'll make sure that the regulatory reform person is here. So go ahead and ask your question, and we'll be ready for you. Our person from Regulatory Reform will be here momentarily.

**M. Karagianis:** Certainly, I beg forgiveness if further questions that I have are going to require staff members to come back and forth. It was not my intention to do that, but as the minister has indicated several times, very complex issues.... There are many complex threads that run back and forth through the Revenue portion of the minister's responsibilities, as well as the Small Business and certainly Regulatory Reform. In some cases I was using the ministry's own reporting system and the way they have outlined things to judge my organizing the questions here.

We had some extensive discussion last fall about regulatory reform. I know that this is a topic that the minister is usually quite keen to discuss, so can the minister perhaps just give me a general update at this point from our discussions in the fall?

Oh, and I see him flexing, so he's excited.

**Hon. R. Thorpe:** Yes, it's not only one that I like to talk about; it's actually one that our government likes to talk about very much.

You know, from when we first formed government in 2001, to the current Minister of Transportation taking an extremely active involvement, and then the now Minister of Public Safety and Solicitor General being involved, and myself being involved, and of course all of our government being involved, we set a goal of one-third for regulatory reform in the province.

To start that, we actually had to start with a baseline. There were some in the beginning that ridiculed our government for actually counting regulations so that we could have a baseline. We knew that if we

didn't have a baseline, it would be somewhere down the road that someone would be saying: "Well, how do you know you've achieved what you said you were going to achieve?" So we do have it by ministry, and we have, as of January 31, reduced the regulatory count in British Columbia by 40.32 percent, or 154,000 regulations.

That's what we call track one. As we move forward on track one, which is a pure accounting of regulations to monitor our progress, we have committed that the regulatory count throughout our government, the baseline for growth, will be zero-zero-and-zero. In fact, ministers, ministries and public servants throughout British Columbia are continually looking for improvements in our regulatory count.

At the same time, we are now going to be moving on to what we call a citizen-centred regulatory reform track, and we're going to refer to that as track two. It's going to be focused on time. It's going to be focused on how we can save British Columbians time, how we can save small business operators time. By saving them time, we believe that we actually will save time inside government. As we all know, there seem to be an awful lot of things to do for everybody these days, whether you're in government, in small business or an individual. So that is going to be our track.

[1620]

We are going to have modest beginnings. We are going to look at two or three cross-government initiatives. They have not been decided at this point in time. We are going to go through a very detailed business mapping process of identifying what is involved in those regulatory environments.

One area that's of particular interest to me is dealing with individuals with disabilities. It all started for me with the homeowner grant that I talked about earlier. That sort of caught my interest, and as we pursued that and I pursued it with my senior staff, we actually found that we could streamline and simplify some things for individuals with disabilities. As I look through government and as my officials have checked, I think there are some nine or ten ministries that are dealing with individuals with disabilities in one way or another.

What's one of the areas? We will also be looking at some economic activities, but again, those decisions have not been made at this time because the process really starts to kick off in early April.

That's where we are, again, on the regulatory count: about 154,000, with in excess of 40-percent reduction. Everyone in government has worked very hard at that. Public service has been very committed. We're going to continue to focus on that, but we're now going to move to track two, which is about saving individuals, small business and government time.

**M. Karagianis:** One of the things we discussed in the fall was quarterly reports on cross-government regulatory requirements. I do know that when we discussed a number of these structures around reporting out, the minister had said that many things would not be ready until March of this year. Hopefully, we're

coming in at a good time to be able to report out on some of these.

Can the minister report on the quarterly reports on cross-government requirements and whether or not there's been one or two since we last met?

**Hon. R. Thorpe:** Yes, there is one posted every quarter, and they are posted to the website.

**M. Karagianis:** The reduction in regulations by 40 percent. Can the minister perhaps tell me whether or not any regulations that have been cut have needed to be reinstated for any reason?

**Hon. R. Thorpe:** I cannot, actually, with accuracy say that I know of this one or that one, but I think one of the things I can say is that from time to time, when regulatory reform has taken place.... I used to say this when I was in the private sector too: you can design wonderful things in a boardroom or a meeting room, but when you actually get out into the real world and try to do something, it's a different world out there.

I think it's fair to say that some of them have required modification. Some of them required a second look. But nothing jumps to mind that has been a serious concern that government has had to address, other than the ongoing operations and modification of programs that take place every day in government.

**M. Karagianis:** Does that actually refer to all ministries? Would the minister have that kind of knowledge of whether or not it applies to all ministries where regulations are being reduced?

**Hon. R. Thorpe:** Actually, our office is responsible for the collection and working with all ministries in government. As I said, I can't specifically say regulation X or Y in any particular ministry, but I can say that over all, the program is working very well.

British Columbians seem to be very, very pleased with the reduction in red tape, knowing fair well that we've done it by protecting health, safety and the environment. So if there are changes or if there are exceptions that individual ministries have had to modify, that may, of course, happen, but I'm not aware of that. I can say that I do not believe there have been any major regulations that have had to see serious changes after they have been modified.

[1625]

**M. Karagianis:** Has the reduction in regulations resulted in any gaps in government services anywhere?

**Hon. R. Thorpe:** Not to my knowledge. In fact, what we have heard for the most part, and what I've heard, is that the regulatory reform initiative undertaken in British Columbia has been acknowledged by the Canadian Federation of Independent Business as the model for Canada. As I think I've reported to this House or to other members, we've had Newfoundland and Labrador extremely interested. We've had Yukon



interested. We've had the city of Winnipeg interested. And we've even had those great free-enterprisers from Alberta come to British Columbia to see how you would approach regulatory reform.

**M. Karagianis:** Well, I have documentation here from the Canadian Federation of Independent Business that, in fact, indicates they are not 100 percent satisfied with the whole regulatory reform system. This was sent to the previous Minister of Small Business and Economic Development. Actually, it's dated January 2005. The Canadian Federation of Independent Business was asking for publishing of the counts of the regulations for public scrutiny. It's my understanding that they still have some dissatisfaction with that. Is the minister aware of that and, in fact, able to address those concerns?

**Hon. R. Thorpe:** I would suspect that the member, for whatever effects as one is trying to achieve, is over-characterizing that for dramatic effect.

However, let me say this. We work very closely with the Canadian Federation of Independent Business. They have told us time and time again that they believe British Columbia is a model. They're encouraged now that British Columbia is moving to track two. We actually think that the Canadian Federation of Independent Business is an extremely good organization, bringing real on-the-ground input into the process.

Certainly, we're always striving for continuous improvement. But I can tell you one thing: if we were being scored by the CFIB, I would be very, very surprised if we weren't getting a first-class-honours report card from CFIB for British Columbia's accomplishments in regulatory reform.

We will continue. We will continue to strive to make sure that British Columbia has the best regulatory reform approach of any jurisdiction in Canada. That is our goal, that is our commitment, and we're pleased to work with partners like the Canadian Federation of Independent Business.

**M. Karagianis:** So the minister is saying that he has had absolutely no communication from the Canadian Federation of Independent Business making requests about more public availability of the regulatory counts. Nothing at all?

**Hon. R. Thorpe:** I said no such thing, Madam Chair. I have never said that I have not heard from the CFIB. As a matter of fact, I am actually pleased that I talk to the CFIB and Laura Jones, the executive director, on an ongoing basis. They are a great organization. They are one that our government works closely with. We value their inputs, we value their ideas, and I talk to them on a regular basis. Often I just pick up the phone and call them. I don't have to wait to get letters from people to have ongoing dialogue with them.

I'm also very pleased that the CFIB and Laura Jones are actually members of the permanent Small Business Round Table in British Columbia.

**M. Karagianis:** In fact, I did not say that the minister had not heard from them at all. I asked whether the minister had not received any negative feedback about publishing the counts of the regulatory reform numbers. Apparently, the minister is shaking his head, so I stand corrected, and that's fine.

[1630]

I'd like to ask about the zero net increase. Has that in any way resulted in any reduction in services or reduced protection of government or increased any liability or risks, with that edict?

**Hon. R. Thorpe:** From the very beginning our government has followed a very disciplined approach to reforming regulations in the province. We have said, and we have held true to our word, that we would not compromise regulatory reduction and put safety at jeopardy, put people's health at jeopardy, or put the environment at jeopardy. Those are principles that we have clearly lived by.

Actually, all of the principles for regulatory reform in British Columbia are available on our website, and to my knowledge, the small business community and individuals are applauding the government for moving forward in a thoughtful partnership way to reduce the strangle of red tape that the NDP government had put in place.

**M. Karagianis:** I'm not sure that I got a complete answer there to my actual question, which was whether or not, in the course of regulatory reform and zero net increase, there had been any liabilities or risks to government in this straight-out reduction of regulations by quantity more than by quality and whether or not there were some risks inherent anywhere in this.

**Hon. R. Thorpe:** The member, perhaps, is not aware that we started with a baseline. We actually started with a reduction program, but as we've gone through, we've also added some in certain areas — for instance, in Advanced Education. Advanced Education had to add some regulations with the creation of the Thompson Rivers University and the University of British Columbia in the Okanagan. Those are netted out against reductions in Advanced Education. Obviously, as we move forward, the key is zero net. Net means gross plus or minus — net.

To my knowledge, there has not been a reduction in service as a result of regulatory reform in British Columbia, but in fact, there has been an improvement in the investment climate in British Columbia, creating more jobs, more opportunity and the strongest small-sector business that British Columbia has ever seen.

**M. Karagianis:** Well, you know, I'm actually not necessarily looking for a political debate here. I'm trying to determine whether or not regulatory reform has resulted in any loss of service or protection or government assets and whether there have been any gaps.

Now the minister has said to me, certainly, that this has not resulted in any gaps in government service.

The minister has now said that this has not resulted in any reduced services anywhere in government and — somewhere in there, I believe, probably unspoken — that there have been no liabilities or risks to government.

But at this point, given the vast number of regulations that have been cut, can the minister give an accurate list of what has been cut and which of those some-40.2 percent of regulations, I believe the minister was saying, were redundant to government in the first place?

We all know that within every governing organization there are numbers of archaic and redundant bills and legislation that can be removed quite easily without reducing service. Certainly, when you start approaching the halfway mark where you've reduced almost half of the regulations in government, one would expect that there may be some effect on government services.

[1635]

If not, then one would wonder: were all of these simply redundant and archaic regulations that weren't actually affecting the running of government?

I know that the minister has talked about the goal of reducing red tape, and that's an admirable goal — absolutely no question about that. But in this vast number of regulations that have been cut, is it not possible that there could be some risks or liabilities that government has now found or that may be a result of that? Or have there in fact been some gaps here that are now needing to be fulfilled by some other organization, by outsourcing, by some contracted work?

I think that these are not inappropriate questions for the critic to ask and are about the regulatory reform reduction in numbers and not about a debate on representation of small business. So perhaps the minister could address whether or not there are in fact any gaps left in this vast number of regulations that have been reduced.

**Hon. R. Thorpe:** I think somehow that the member is trying to characterize this as a process that was easy to do, that did not take into account a professional approach to things. Nothing could be further from the truth. The regulatory reform was based on a very disciplined approach with regulatory criteria.

Let me name the ten regulatory criteria with which this approach took place: (1) there was reverse onus: the need for regulation is justified; (2) there was regulatory design: is it results-based?; (3) transparent development of regulatory requirements; (4) cost-benefit analysis; (5) competitive analysis completed; (6) avoid or eliminate duplication with other jurisdictions; (7) timeliness of regulatory response; (8) plain language; (9) sunset reviews and expiry provisions; and (10) replacement principle applied.

This was an initiative that was governmentwide, done with an extremely disciplined approach, obviously, with the principles and objectives established by government. But the day-to-day implementation was done by a very professional and dedicated public ser-

vice, from deputy ministers down through the organizations. This was taken as a very, very serious task.

Employees throughout government who worked on this initiative and who continue to work on this initiative can take a moment and celebrate the achievements they have made. This is now the leadership position in Canada with respect to regulatory reform. It is done very professionally, very thoughtfully. In fact, officials from my ministry are now playing a key role in working with the federal government on an approach to regulatory reform.

Again, 154,000 regulations have been reduced, modified, changed, eliminated, etc. This is a process that will live on each and every day. The world does not stay the same. The world changes every day, and through the dedication of our public service, they will continue to modify, watch, alter and make the changes that are required to ensure that British Columbia has a world-leading regulatory-reform-code approach to making sure that red tape does not continue to creep back into British Columbia and strangle entrepreneurial spirit, small business and our competitiveness. This is a very important part of making sure that British Columbia has a very competitive jurisdiction.

[1640]

Perhaps I'm misinterpreting some of the member's comments, but this has been done by very professional employees in the public service using very professional regulatory criteria that have now become a standard for regulatory reform in North America.

**M. Karagianis:** Well, you know, I think the minister, in first of all saying that I was characterizing the process as easy.... I don't believe I ever even inferred that it was easy. In fact, I would say that just the sheer volume of regulations that have been reduced says it is a huge and onerous process. Certainly for the professional public service.... I would never criticize them in any way, having in fact come from that sector at one point where I worked in the public service of this government of British Columbia. I have nothing but the greatest respect for the efforts there.

Certainly one would expect, given the vast number of regulations that have been reduced, that it was natural for me to ask questions about whether or not in any way it's left any gaps, whether there has had to be any revisiting of regulations or the impact on government liabilities and risks or government assets. Just the sheer volume alone — mind-boggling. One would expect there may have been some impact and, somewhere in there, perhaps a few regulations that might have had to be revisited.

Nonetheless, I would like to move on to track two, as the minister has called it, which is the new citizen-centred regulatory reform. This, from my reading of the service plan, would appear to be a process that's being implemented right across government, so it would seem to be of the scope and size and impact of the regulatory reform process that's already taken place. Perhaps the minister could elaborate a little bit more on what this process will be.

**Hon. R. Thorpe:** Just before I answer the question on track two, citizen-centred, let me just note some comments from the Canadian Federation of Independent Business report of December 12, '05. It refers to British Columbia:

While still a young initiative, the regulatory reform program that started in B.C. in 2001 is arguably one of the most promising in Canadian history. It has all the essential ingredients for success: political leadership, public accountability and constraints on regulators. To date, regulatory requirements in the province have been cut by close to 40 percent without harming public health, safety or environmental objectives. A new target of no net increase in regulatory requirements through 2007 has been set and is being monitored.

Demonstrating that the impact of these changes is being felt, independent businesses in B.C. overwhelmingly support — 95 percent — the initiative and B.C. businesses show the lowest dissatisfaction with increases in regulations across Canada.

How did this reform start? By the late 1990s, the province had a reputation for regulatory excess.

It goes on to say that they.... I won't quote some of what would be deemed by the member to be political statements. So an arm's-length, independent Canadian Federation of Independent Business is acknowledging leadership in British Columbia with respect to regulatory reform. Now we're going to move to track two.

Track two is about business process mapping in government. The goal is to save time for individuals when they're accessing services and time or steps for business and industry to comply with government regulations. It is designed to go across government. The member is absolutely correct that that is the intention.

We are going to start with individual ministries identifying what they believe are some mapping opportunities. We will then pull those together and see how we can work with cross-ministry initiatives to eventually save taxpayers and citizens of British Columbia time, save government time, but at the same time protecting the integrity of a regulatory environment. All of this will be done with the same intention to not compromise safety, health or environment.

[1645]

**M. Karagianis:** What is the time line for this process?

**Hon. R. Thorpe:** The projects will start this year. We will start with modest goals, as I think I mentioned — two or three cross-government initiatives. We will then build some momentum from there, working hand in hand with the ministries.

My ministry, led by my deputy minister and her senior staff, is responsible for coordinating this across government, for reporting back to cabinet on it on a very timely basis. I am assuming that we will be reporting back on a quarterly basis to British Columbians, as we do with our other regulatory reform. So it will be measured.

We will have the reductions, the time saved and the steps taken. For instance, if a particular process or a

variety of processes in ministry X is taking 28 days today, and it's taking — I don't know — 54 hours or something, the goal would be to see how you map that process. Obviously, we would want to reduce the number of steps, reduce the amount of time, while retaining the integrity of the regulatory reform.

We believe very, very strongly that there is not the amount of coordination that there could be across government, so again, we are going to do this across government. It's all about saving time and saving steps, and those will be documented and posted on our website with our results as we move forward.

**M. Karagianis:** Is there a cost associated with this process, and what is that?

**Hon. R. Thorpe:** This will be done within the ministry's budget. This falls within the category, as we talked earlier today.... It's all captured within Small Business and Regulatory Reform at \$3.593 million. As you can see, those numbers roll across for the three years in the service plan.

**M. Karagianis:** Certainly, we've seen that the cost here to government has jumped considerably from last year at \$1.8 million up to \$3.5 million. Are you anticipating an adjustment of similar nature next year in the budget? Would you anticipate that there will be new costs that are not planned for in this budget?

**Hon. R. Thorpe:** No, there will not be. As the first government in Canada, we do prepare three-year rolling budgets. We have put the numbers there, as the member may recall. This ministry in the past was Provincial Revenue. We have brought on new employees. We have assumed new responsibilities, but we know that we can achieve these goals within the \$3.6 million that has been identified for Small Business and Regulatory Reform. If by chance one area within that group has higher costs than anticipated, we will be re-establishing our priorities. I can assure the member that our ministry will be coming in on budget in each one of its branches.

**M. Karagianis:** I'm sure the minister means exactly what he says, but when I look back to last fall's estimates, the cost of the round table was going to be part of the budget, and I've seen the budget almost double — as the minister clearly indicated in our earlier discussions, 12 new FTEs for the round table and significant costs to government for that. Is it anticipated that this process is going to entail more personnel either within this ministry or within other ministries that are obviously part of the process?

[1650]

**Hon. R. Thorpe:** We seem to be going back over ground that we covered in the first half-hour this morning. As I said, the Small Business and Regulatory Reform budget has increased \$1.7 million. It is an addition of 12 new employees. This supports small business

growth, advancing regulatory reform across government and leading and reviewing revisions of policy and legislation for B.C. Assessment. So this is not just about regulatory reform. This is not just about the Small Business Round Table. This is about a comprehensive approach in government and the addition of the resources to achieve it.

I can assure you, and my deputy has assured me, that we will achieve our goals within the budgets we've laid out here. Our staff have worked diligently at building these budgets. They know the work that's required. They know the time that's required, and as they have done in the past, they have always achieved their goals. I have every confidence that they will achieve their goals as we go forward.

**M. Karagianis:** Are all of the ministries going to be involved in this process, or is this going to be done slowly over the coming months and years? Are all ministries coming on track with this citizen-centred regulatory reform at the same time?

**Hon. R. Thorpe:** This is a governmentwide initiative, and it'll include all ministries within the government of British Columbia.

**M. Karagianis:** Before I move on to another area of discussion, I would like to go back to a question I asked this morning with regard to back tax collection for dental supply companies. I have now been assured that it is not inappropriate for me to bring this discussion up in estimates, so I will again ask the minister about this.

This dental supply company has now gone after its own customers for years' worth of back PST. Can the minister please make comment here on what this process is that government has undertaken with a dental supply firm?

**Hon. R. Thorpe:** I have no idea who's advising the member over there on her fiduciary responsibilities, but I'm well aware of my fiduciary responsibilities. I can tell you that I will not talk about private or individual small business or large business tax cases in this House or any other house. I treat that with the highest degree of confidentiality that I can put in discussions. This is not the place to have discussions on individual small businesses or other tax files with respect to this. I have no idea who the member is getting her advice from, but I would suggest that she get a second opinion.

**M. Karagianis:** The question to the minister is.... At this point I'm not actually even discussing an individual or personal tax case. What I am asking is whether or not this ministry has in fact gone and collected back taxes from supply companies. This is a dental supply company, and this company in correspondence to its customers mentions having, at this point, lost some kind of decision with the government on the back taxes. Has this government endeavoured to collect back PST from dental supply companies?

[1655]

**Hon. R. Thorpe:** I will attempt to be as detailed as I can be. I will attempt to be as measured as I can be. I will attempt to outline a process that takes place in British Columbia.

All of the tax statutes are available to all British Columbians. Our ministry introduced, a year ago January, a taxpayer fairness and service code. We worked very, very closely.... Let me say that this was developed in partnership with the Canadian Federation of Independent Business, the British Columbia Chamber of Commerce, the Retail Merchants Association of British Columbia, the Retail Council of Canada, the Institute of Chartered Accountants of British Columbia and the Sales Tax Practitioners Liaison Committee. This was worked on and developed.

The purpose of this code is to ensure that taxpayers are aware of their rights in dealing with the ministry and the staff. It outlines standards and behaviours you can expect in dealing with our staff. Our goal is to strengthen our relationship with individual taxpayers, whether they be individuals or companies. It talks about the right to courtesy and respect. It talks about the right to privacy and confidentiality. It talks about the right to fair treatment. It talks about the right to obtain help. It talks about the right to complete, accurate, clear and timely information. It talks about getting that information and written explanations for our decisions. It has the right to understand the business we conduct with you — the audits.

We have a sales tax act in British Columbia that lays out the requirements of individuals to pay, collect and remit sales tax. We also, through our information bulletins — in excess of a hundred different sales tax bulletins — make every effort to explain people's obligations to taxpayers and to purchasers. In fact, right now we are going through a whole process to update those, to work with different partners. It doesn't matter what business they're in. We're working with partners so that.... If it happens to do with auto dealers, the auto dealers would be our partners. If it has to do with dog kennels, dog kennel owners would be our partners. We are working with a number of groups.

Clearly, when people have tax obligations, they must be fulfilled. We regularly conduct audits in businesses. We don't just walk down the street and knock on somebody's door and say we're going to come in and see how they are and do an audit today. We actually have a very sophisticated system for identifying risk profiles, and that is how we generally initiate audits.

We then go in, and auditors will meet with people, talk to them, understand the business, and from there it's either deemed that an audit may be required, or it's deemed that an audit will not be required. Then when an audit is required, if by chance there are some misunderstandings, the individual being audited has the right to talk to the auditor's supervisor to ask for clarification.

As we work through the process, if it's deemed that there is going to be an assessment, if that individual

does not believe that the assessment they are getting is correct, they can elevate that within the ministry to the point where an assessment.... They can ask for a deputy minister's review.

When we do a deputy minister's review, the deputy minister — working with whoever the individual is, whatever the situation is.... They identify an independent person they would like, we identify an independent person we would like, and they work and supply information to the deputy minister. The deputy minister then will make a decision. We have found that to be a useful exercise.

I want to assure the member that the work of the audit and arriving at the assessment is done by very, very professional folks, but you know, sometimes people don't agree. They absolutely don't agree. So when an assessment is made, if the individual is not pleased with that assessment, they have options available to them. They can actually appeal. They can appeal to the minister. We have an independent appeals branch that's moved away from our consumer tax branch that answers directly to the deputy minister.

[1700]

When we formed government, appeals for decision-making were in excess of a year old. People were not getting timely service. We have instituted a process to ensure that appeals are heard quickly. As I said a year or so ago, appeals were about 11.8 months outstanding. Our goal this year was to achieve six months outstanding. Whether we're going to achieve six months outstanding or 6.2 months outstanding, I'm not sure, because the year end is not over until March 31. But I can tell you, as I said earlier today, that our appeals branch has done an exceptional job.

Over the next two years we'll move the appeal process down to 4.5 months. The appeals process is taken very, very seriously by the appeals branch and by the minister, as I actually review each individual tax appeal. Then after I make my decision, if the taxpayer in question is not pleased with my review of the file, they can apply to the courts to have the courts look at it, as long as they've done that within 90 days. That is the overall system.

Are people happy every day? No, they're not happy every day. But we actually have tax statutes in British Columbia, we have a responsibility to conduct those audits in a professional manner, and we are continually looking and seeing how we can continuously improve customer service, improve our processes. I think we're making very good progress.

Will everybody be happy every day? Probably not. But we have introduced an approach of customer service which, again, is receiving very positive responses across Canada. We understand that the federal government is extremely interested in British Columbia's approach to taxpayer fairness and service.

**M. Karagianis:** Then I guess my next question coming out of the minister's comments is: is there any statute of limitations on how far back these audits will reach in order to do the back collection?

**Hon. R. Thorpe:** Six years, unless there is fraud or criminal activity, and then there is no limitation.

**M. Karagianis:** Thank you very much, minister. I will probably be investigating further the conditions around which this company is now going after small business around British Columbia. I do see that part of the dispute has been around interpretation of what is covered under health care services and whether dental supplies are, in fact, covered under that. So I will probably be following up with the minister to get more details on this.

[S. Hawkins in the chair.]

**Hon. R. Thorpe:** As I said this morning with respect to individual cases, if the member has some information that the member wants to forward to my office with a consent form, then I would be pleased to review that.

Secondly, the member had asked some questions about manufactured and float homes. I said I would attempt to get the information, and now I have the information, so I'd like to share it with the member. Manufactured homes and float homes are eligible for homeowner's grants if the registered owner of the home is the same as the registered owner of the land. Okay?

**M. Karagianis:** Well, thank you very much. That's actually a fairly intriguing statement in the case of float homes, where the land would in fact be water. Much of that would be the jurisdiction of the federal government. Therefore, I'm interpreting the terms of the legislative policy within this ministry as being under no conditions, unless the federal government applies for the homeowner's grant, would float homes ever be eligible. Am I correct in assuming that?

[1705]

**Hon. R. Thorpe:** I undertook to get the 40 revenue streams for the member, and if I could have one of the Pages take this to the member, I'd be....

**M. Karagianis:** Thank you very much. I know that in the confusion there with getting that information, the minister probably didn't hear my last question. In fact, his response to who would be eligible for homeowner's grants in the case of both manufactured homes and float homes.... Is the minister saying that in the case of manufactured homes, the owner of the property has to be the owner of the manufactured home and also that the owner of the float home has to own the property — being the water lot that it sits on?

**Hon. R. Thorpe:** That is my understanding under the legislation, but perhaps since the member has extreme interest in this, I'll ask my staff before we meet again to dig in and get some more clarification on that, just for the member. So we undertake to do that.

**M. Karagianis:** Thank you very much for the list of revenue streams. I do see that this, in fact, does not have any actual figures attached to it. Do I need to ask for individual revenue for each and every one of these lists as to how much revenue they provide to government, much as we did with tobacco? Is that the minister's intention?

**Hon. R. Thorpe:** I thought the member wanted the names of the revenue accounts receivable areas. I will have staff look into see if, in fact, we can provide that detail of information and report out later.

**M. Karagianis:** Certainly, I had felt that it was a way to move around from a long list of my questions, sort of each individual revenue stream, asking in fact what the amount was that was contributed to government.

I am concerned about imminent business within the House before moving into a new section. I would like to move on to another set of questions. If I may get some clarification on whether....

Interjection.

**M. Karagianis:** So we are prepared at this point for me to do that?

**The Chair:** Move a motion to rise.

**M. Karagianis:** I would move a motion that we rise, report progress and ask leave to sit again.

Motion approved.

The committee rose at 5:09 p.m.

The House resumed; Mr. Speaker in the chair.

Committee of Supply (Section B), having reported progress, was granted leave to sit again.

Committee of Supply (Section A), having reported resolutions, was granted leave to sit again.

**Hon. C. Richmond:** I call second reading of Bill 7.

### Second Reading of Bills

#### SUPPLY ACT (No. 1), 2006

**Hon. C. Taylor:** I move that the bill now be read a second time.

This supply bill is in the general form of previous supply bills. The first section of the bill requests one-sixth of the voted expenses as presented in the estimates to provide for the general programs of the government.

[1710]

Two-thirds of the financing transaction requirements set out in schedules C, D and E of the estimates

have been provided for in the interim supply bill. This will allow time later for more complete debate on these items.

The third section requests the disbursements related to revenue collected for and transferred to other entities, which appear in schedule F of the estimates. As there is no impact on the deficit, borrowing or debt from these particular financing transactions, 100 per cent of the year's requirements is being sought in this supply bill.

I move second reading of Bill 7.

**J. Kwan:** Today in this House we will grant an interim supply bill that sees this government continue on with its agenda — an agenda that will see seniors in need of long-term care beds and palliative care continue to be separated when they most need the support of our health care system, their families and their partners.

We saw — in the just-ended debate in the small House, in committee — that through Partnerships B.C., Mr. Larry Blain, CEO of Partnerships B.C., continues to earn a half-million dollar compensation package. Why? It's all on the notion that Mr. Blain and his team, through Partnerships B.C., say that taxpayers 20, 30 or 33 years down the road could yield benefits that they project through value-for-money reports.

That's all that they are — projections of dollars and benefits that could come back to British Columbians. But we do not know that at all until after the agreements have been completed. Mr. Blain's senior staff himself has stated on the record at the Public Accounts Committee that the value for money that the report suggests may not materialize, and we don't know that until 33 years have been completed. The Auditor General himself has stated that we don't know whether or not the benefits would be achieved, and he expressed no opinion on that matter whatsoever. All the Auditor General does is say: "Yup, we've reviewed it. We've looked at it, but it is plausible."

What taxpayers have been asked to do, and have already done in the '04-05 budget, is pay Mr. Blain's \$170,000 in performance bonuses. That's already out the door. We don't know what the amount is for this fiscal year, and that information will come at a later date. That's a lot of money. I might add that Mr. Blain.... It is in the interests of Partnerships B.C. to ensure that the value-for-money reports show great projections in terms of benefits to British Columbians. It is in their interest to sign up as many private partnerships as possible. Why? Because it's tied to his performance in bonus payments.

I asked the minister in debate in the other House to see whether or not the minister would actually ask a conflict-of-interest expert to look into the matter and make a determination on behalf of British Columbians, and she refused. I asked the minister to actually write into the clause with Mr. Blain that should the benefits in the value-for-money reports not materialize in 33 years' time for British Columbians, we claw back the performance bonuses, with interest, to British Columbians. The minister refused. There's accountability.

Here we are with an interim supply bill that the minister wants to pay out all these moneys. I'm troubled by that on the issue of accountability. I'm troubled by that on the issue of management. I'm mostly troubled by that on behalf of British Columbians, who do want to see value for money.

[1715]

I don't know about you, Mr. Speaker, but I don't know very many corporations that would actually pay their senior staff, their CEO or their president huge bonus payments — \$170,000 — before the outcomes that they say have materialized. I haven't seen that, but somehow the minister is fine with that.

Of course, that's not accounting for Mr. Blain's other benefits — and we didn't actually get into that in the debate — whether they be travel allowances, expenses, pensions, and so on, which he is entitled to and which he does get. I didn't get into that — only on the issue around bonus payments. It is a significant amount. Let me just say that.

Now we have a situation, and we're continuing to see the government continue on with this agenda — an agenda where we see that criminals in Denmark gained access to government computer systems. The Minister of Labour refused to provide information in this House that criminals in Denmark are actually storing pornographic information on the government's network. Who knows what else they might be doing?

The Minister of Labour was so certain that nobody's private records were compromised when questions were put to him in this Legislature through question period. He was so certain of it. Yet the Privacy Commissioner, Mr. Loukidelis, stated very clearly in correspondence that he has yet to look into the matter and to make that determination. He doesn't yet know. Yet the minister already knows. I find that a little bit shocking.

The child death reviews continue to be ignored and delayed and, quite frankly, ultimately abandoned as was identified by our critic for Children and Family Development. Some 700 files were sitting in a warehouse. That's what this government has done. Patients in need of emergency medical care have been placed in closets and hallways because of the astounding insensitivity of this government to their needs. That's what's happening across this province. Low-wage earners, renters and the single elderly continue to pay while homeowners, weighted down by huge mortgages, are thrown token savings on the tax bill.

Teachers in the K-to-12 system continue to work in overcrowded classrooms, where children simply will not learn as well. Post-secondary students struggle to fund their future. Working parents continue to struggle to find quality, licensed child care for their children. First nations everywhere continue to threaten court action to protect their inalienable rights — rights this government seeks to purchase rather than acknowledge. Commuters continue to clog our major roadways because transit is not as important as pavement to this government.

The Premier continued with his jaunts to whatever locale catches his ideological fancy instead of tending

to, as one of his cabinet appointees so eloquently put it earlier this week, their screwups. All British Columbians only wish the damage inflicted on their quality of life was simply a matter of screwups. It is sad, at best, that it is caused by benign neglect, and we can only continue to hope it is not the result of concerted effort.

It is with interest that I noticed a headline in the paper today that said: "Quality of Jobs Hits 20-Year Low." The government makes much of what it likes to call its job creation record when, of course, the credit it can take is mostly limited to the increased number of consultants and communications advisers it hires.

Before we look at what this most recent CIBC report says, let's consider the state of our province. Eighty percent of all jobs in B.C. are in the service sector, making B.C. the most service-oriented economy in the country, and many jobs in the service sector are low-paying. Housing prices across B.C. from 2001 to 2005 are up 50 percent. In 2001, B.C. had the largest wealth gap in Canada. The richest 10 percent of families had 54.6 percent of net worth — total assets minus total liabilities — while the bottom 10 percent had negative wealth of minus 0.3 percent. The top half of families had 95.7 percent of total wealth, compared to a mere 4.3 percent for the bottom half.

[1720]

According to the figures from StatsCan, the income distribution in B.C. has remained relatively unchanged from 2001 to 2003. However, the disparity has remained. Every month over 24,000 children in B.C. use the food bank. British Columbia had the highest child poverty rate of any province in 2003, and according to the latest figures from Stats Canada, the 2003 B.C. rate was 23.9 percent, or nearly one out of every four children. That was well above the national child poverty rate of 17.6 percent.

The estimated number of poor children in B.C. in 2003 was 201,000. The number of social assistance recipients plummeted by 37 percent between 2000 and 2004, while the child poverty rate jumped 4.1 percent. The child poverty rate in B.C. soared from the fourth best in Canada in 2000 to the highest rate in both 2002 and 2003.

The number of homeless counted in the Greater Vancouver regional district doubled between 2002 and 2005 — up 2,174 from 1,121. This count included 40 families with children. People with aboriginal identity were overrepresented amongst the region's homeless compared to the share of total population — 30 percent compared to 2 percent. The number of homeless seniors, 55 and older, grew significantly from 51 in 2002 to 171 in 2005. Vancouver Coastal Health Authority reports that there are 750 people with mental illnesses on a waiting list for supportive housing.

The most recent report from CIBC World Markets states: "It appears that economists, market observers and government officials" — and this of course refers to public servants and not backbench cheerleaders — "are starting to pay more attention to the type of jobs the economy is generating, rather than just the headlines job creation numbers. This is actually a welcome development."

What the CIBC is pointing out is that what matters at least as much — and they would argue, even more than — as the number of jobs are the types of jobs being created and how much they're paying. In short, quality matters more than quantity. In addition, the CIBC says: "We're all aware of reports, mainly from western Canada, about a shortage of skilled labour. To the extent that Canadian companies cannot find the right people and have to compromise on less qualified workers, the overall quality of employment suffers." In other words, government needs to remain vigilant and cognizant of not only present demands on the economy but future ones as well.

When the Minister of Finance goes to Surrey and says that the cuts of her predecessors to apprenticeships were just because of lack of demand, she only amplifies the point that CIBC is making. The failure to look to the future and invest in that future means a diminished future for B.C.

This point is reinforced when the CIBC concludes: "The failure of the employment quality index to rebound in this high-growth, low-employment environment suggests that overall income growth could have been even stronger if it were not for the change in the distribution of employment over the past two decades."

Even though increasing job numbers are a good thing, how they act on individual and collective well-being is not as easy to discern. More lower-paying jobs replacing well-paying jobs and secure employment may look good to government scorekeepers, but they don't build secure communities. What affects not only the quality of our work life but also our communal life is the commitment of the government to workplace stability.

The last five years have demonstrated....

Interjections.

**Mr. Speaker:** Member. Could we just keep the noise down a little bit. There are private conversations going on.

Continue.

**J. Kwan:** The last five years have demonstrated that the Liberal government's care or caring for the people of British Columbia is, I would say, shortsighted. The collective agreements seem not to matter to this government; the working conditions seem not to matter. The child labour scene is not that important, really. The \$6 seems to be an appropriate wage for the government — the lowering of the minimum wage.

The government will get its ability to continue its agenda this afternoon with this interim supply bill, but it will not and indeed cannot escape the reality that its agenda is actually failing British Columbians.

[1725]

**Mr. Speaker:** Seeing no further speakers, the Minister of Finance.

**Hon. C. Taylor:** I move second reading.

Motion approved.

**Hon. C. Taylor:** Mr. Speaker, I move that the bill be referred to a Committee of the Whole House for consideration at the next sitting after today.

Bill 7, Supply Act (No. 1), 2006, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

**Hon. M. de Jong:** Wishing all members a pleasant Friday, an even more pleasant weekend and an exceptionally pleasant week next, I move the House do now adjourn.

Hon. M. de Jong moved adjournment of the House.

Motion approved.

**Mr. Speaker:** I hope all the members have a good time in their constituencies, as next week is constituency week. A week Monday, we'll be back at ten o'clock.

The House adjourned at 5:26 p.m.

## PROCEEDINGS IN THE DOUGLAS FIR ROOM

### Committee of Supply

#### ESTIMATES: MINISTRY OF FINANCE (continued)

The House in Committee of Supply (Section A); H. Bloy in the chair.

The committee met at 3:06 p.m.

On Vote 30: ministry operations, \$48,888,000 (continued).

**J. Horgan:** Before the break we were discussing the activities of a public servant, Parm Bains, and his work on behalf of the B.C. Liberal caucus, and we were at a point where I was asking questions about what protocols may have been put in place to ensure that there isn't this cross-pollination between government employees and Liberal caucus activity. Could the minister explain to me what action, what steps were taken following Mr. Bains's alleged indiscretion?

**Hon. C. Taylor:** When it was brought to the attention of the deputy minister, the deputy minister had the occasion to speak to this individual and also spoke to all of the CDs and talked about the issue and said that, going forward, that wouldn't be done.

**J. Horgan:** There was no written directive?



**Hon. C. Taylor:** As we said this morning, no, there wasn't.

**J. Horgan:** My recollection of my time on that side was that there was.... Certainly, every effort is made to separate caucus activity from government activity. I provided a news release — prepared by public affairs bureau, I assume — to the minister, as I said I would. It makes reference to a committee of the Legislature which clearly does not exist. I'm wondering: how do we defend, or...? How does the minister propose to defend against this sort of leakage from one area to another?

**Hon. C. Taylor:** This is a government committee, and PAB does support, in its proper operations, the actions of government.

**J. Horgan:** Earlier this morning we talked about the numerous individuals that would review and fact-check releases, so then I assume that the information I have is accurate. It says that this is a committee of the Legislature. Why would the public affairs bureau be supporting a committee of the Legislature?

**Hon. C. Taylor:** The one I have says "a government caucus committee," but it is footnoted. There is a footnote at the bottom saying that earlier terms of reference incorrectly identified the committee as a committee of the Legislature. It is a government caucus committee. February 17.

[1510]

**J. Horgan:** Well, it's certainly not the one that I provided you during the break, because the one that I provided you is the one I have in my hand, and it says — and perhaps I can give it to the Clerk for clarification — "committee of the Legislature." If there was an error and that error was corrected.... Again, the challenge would be if five or six or seven people are reviewing these, what confidence do we have, not having any access to the qualifications of these individuals, that they do have efficiencies and experience in communications?

**Hon. C. Taylor:** I will not allow you to continue to imply that the people who work in public affairs do not have qualifications or the skills to deal with communications. If the member opposite believes that in government there are never mistakes made, then that's just not possible.

You can see this was not put out this morning. The correction was put out February 17, 2006. They have acknowledged that they incorrectly, in the first backgrounder, identified the committee as a committee of the Legislature and corrected that on the record, saying that it is a government caucus committee. It's quite appropriate that public affairs would be involved in supporting this particular committee.

**J. Horgan:** I'm a big fan of Monty Python, and I know that the "Don't do it again" is very funny, but it's not particularly effective. We've got an example of an error that I've given to the minister, which happens all the time, but it blurs the line between what is the Liberal Party, the Liberal caucus and the government of British Columbia.

I brought up an example, which was the activities of Mr. Bains, that blurs, again, the line between what is the Liberal Party, what is Liberal caucus and what is the government of British Columbia. So I ask the minister: why wouldn't these sorts of things lead to a protocol, some written directive from the senior representative of PAB to staff to stay away from Liberal activity?

**Hon. C. Taylor:** This committee is within the Agriculture Ministry. It has nothing to do with Liberal activities, and it's quite proper that public affairs be supporting it. But since the member opposite acknowledges that sometimes mistakes are made, I will also point out that this morning when the member opposite suggested that the government website had inappropriate videos on it, that is incorrect as well.

I also have received, just over the lunch hour, from David Loukidelis, who is our Privacy Commissioner, of course.... It was discussed in terms of what was going to happen with the meeting with the member opposite. He has sent me a copy, which I believe is a letter to Mr. Horgan, and Mr. Horgan does have it. The member opposite does have a copy of this letter. I apologize for that. It says:

I infer that the meeting you have referred to in this passage is the meeting you had arranged with me. I should make it clear at this point that I have no knowledge of the decision to which you referred in this passage.

As an officer of the Legislature, I am always happy to discuss with Members of the Legislative Assembly general matters relating to access to information or protection of privacy. By contrast, as my assistant made clear to your office at the outset, I do not discuss particular cases or access-to-information decisions of any public body, provincial government or otherwise, either before or after the fact.

This firm and consistent rule, which of course applies to my office as a whole, is necessary in order to ensure that I remain free of any apparent or real bias in relation to matters that may come before me for a decision in an inquiry under the Freedom of Information and Protection of Privacy Act or the Personal Information Protection Act.

It is unfortunate that there has been the misunderstanding on the part of your office in this matter, and I trust this e-mail clarifies the matter.

**J. Horgan:** If you go back to the *Blues*, I think you'll find that I had scheduled a meeting with the commissioner, and it was in an effort to get a better understanding of his role and function, and I was hopeful that that would better advise me on my line of questioning. It wasn't about a particular case. If the member or the commissioner picked that up, I certainly apologize. That wasn't my intent. I was hoping to be better informed before I asked my questions.

[1515]

Let's move on. Can the minister tell us who is on the RFQ for supplying stage and other events promotions? Do you have a list, and who's on it?

**Hon. C. Taylor:** There are four companies that are on the list for providing this sort of service: Mediaco, Western Pro Show, Sharpe and SW Audio Visual.

**J. Horgan:** Is the minister aware of any plans to hold an open cabinet meeting in the near future?

**Hon. C. Taylor:** From my knowledge, there certainly is talk of having open cabinet meetings, but I have not asked the Premier or any of his staff the question, and there are none booked that I am aware of.

**J. Horgan:** My reason for asking the minister is that Western Pro Show Rentals was retained to provide that service to executive council through the public affairs bureau. I'm wondering — since we haven't had any open cabinet meetings: was there any compensation for being available should the cabinet have chosen to have one?

**Hon. C. Taylor:** They have certainly been paid for the events that they have conducted, but there is no retainer sitting there waiting to see if there is another open cabinet meeting.

**J. Horgan:** Thank you for that.

Could I then go back to the directors of communication? What role do they have within the ministry executives?

**Hon. C. Taylor:** There certainly is a relationship and an exchange of information between the communications directors and the executives of the management of the ministries.

**J. Horgan:** Well, historically, before the centralization of communications functions, ministries had communications shops and the communications director was an integral part of the ministry executive. My question to the minister is: does that function still exist? Is it a reporting relationship to the deputies of the various ministries that they are responsible for, or are they just the eyes and ears of the public affairs bureau and the Premier's office?

**Hon. C. Taylor:** The reporting lines with the communications directors are to the deputy minister of public affairs. While the communications directors have a strong relationship with, for instance, the Deputy Minister of Finance, the reporting line — which the member asked for — is to the deputy minister of public affairs, and there is no involvement of the Premier's office in this.

**J. Horgan:** What's the polling budget for this year through public affairs?

**Hon. C. Taylor:** We don't break out a polling budget.

**J. Horgan:** Where would one find resources for polling, if one was looking through the estimates book?

**Hon. C. Taylor:** If we decided to do polling, it would be done out of STOB 60, which is "Professional services."

[1520]

**J. Horgan:** With respect to advertising, we had an advertising campaign last fall when the teachers' dispute was ongoing. At that time, or shortly after that, I asked the minister if she had a final cost on that. She suggested I wait until public accounts. I'm wondering if the minister has access to that information at this point, since the campaign clearly is over. Do we have a final dollar figure on how much the government of British Columbia paid for its ad campaigns against teachers in British Columbia?

**Hon. C. Taylor:** As I have been saying quite consistently since the time that I was named a minister, we will release the numbers, as we did last year, at public accounts. We will do the same thing this year at public accounts, and it will be the fuller list that media and others had been asking for. We will follow the same format.

**J. Horgan:** Wouldn't a commitment to transparency lend itself to a simple response to a simple question?

**Hon. C. Taylor:** We will release all of the information so that all of the taxpayers and everyone else who is interested know exactly what the books look like with public accounts released at the end of June.

**J. Horgan:** Again, the campaign is over, the bills are in — presumably, the bills have been paid — and we have a final figure. What's the harm in advising British Columbians of the cost of a particular campaign at a particular time before the end of the calendar year, before the books are closed?

**Hon. C. Taylor:** I believe, and probably generally across government.... I believe that good business practices say that you make sure that your books are in order. You have the Auditor General check them and then you release them to the public so that everybody knows the exact numbers and they have been signed off.

**J. Horgan:** Could the minister again, on this same line of questioning...? Could she give me a sense of what it costs to book a full page in the *Vancouver Sun*?

**Hon. C. Taylor:** Depending on the day, the rates are between \$17,000 and \$25,000.

**J. Horgan:** And similarly for the *Vancouver Province*?

**Hon. C. Taylor:** I don't have that information, but I certainly.... It's public information. We can phone the *Province* and find out that information for you.

**J. Horgan:** And while we're making phone calls, perhaps we can phone CanWest Global and ask what a minute on BCTV would be between the hours of six and seven o'clock.

**The Chair:** I would like to state that the advertising rates of various newspapers or media would not be a direct part of the minister's responsibility as a minister — and to carry on with other questions directed towards the estimates.

**J. Horgan:** Well, my reason for asking the question is that with the volume of purchasing that the government of British Columbia does, there would be discounts. If the member for Malahat-Juan de Fuca approached CanWest Global and said, "I'd like to buy a minute," on a given day, I'm not going to get the same rate as the government of British Columbia. That's the point of the question. My intent is to find out what value for money there is in bulk buying in CanWest Global. Can the minister present that information to us?

**The Chair:** I would accept that question.

**Hon. C. Taylor:** All of that information and the full costing of the program will be released with the public accounts and signed off by the Auditor General at the end of June.

**J. Horgan:** I'm chasing a different rabbit now. I'm asking what savings there are for bulk buying in these various institutions, which would not be — I don't believe — available in *Public Accounts* but certainly would be at the fingertips of the deputy minister — or should be.

**Hon. C. Taylor:** That is commercially sensitive information that is included with our contract with our media-buying company.

**J. Horgan:** Transparency wins the day once again.

Could the minister advise me if there are any performance bonuses in place for senior officials in the public affairs bureau.

[1525]

**Hon. C. Taylor:** Yes, there is a possibility of performance pay for all of the deputy ministers within government.

**J. Horgan:** Could the minister articulate for this committee what those requirements would be for her deputy minister of public affairs?

**Hon. C. Taylor:** I know that for my ministry, deputy ministers work hard to lay out a performance plan and goals that they work through with the Deputy Minister to the Premier, who is in charge of the depu-

ties. That evaluation will check whether the deputy minister has met those goals and done exceptional performance.

**J. Horgan:** Did the deputy minister meet those outstanding goals in the last fiscal year?

**Hon. C. Taylor:** The deputy minister for public affairs has not been here a year yet.

**J. Horgan:** Is there any document that's publicly available that the minister could point me to so that I could determine what those goals would be and what the size of the bonus would be?

**Hon. C. Taylor:** The bonus is up to 10 percent of the salary. Of course, the information that is private and personal would not be available to the public, but you could certainly look at the overall service plan for public affairs and have a pretty clear idea of what the goals and strategic directions are.

**J. Kwan:** I'd like to move on to another subject area, if I may. Just noting the time here, I think I'm going to go through a couple of areas very quickly, and then we'll move on to Partnerships B.C.

I'm hoping that if the minister doesn't have the information for us at this time, she would actually commit to providing that information to us at a later time. First of all, on the question around capital projects, I'm particularly interested in.... There's a list that's been produced that's on the government's website, I believe, that lists all the capital projects. It's a very big list, so I don't particularly want to go through all of them, but it's on the record.

I'm interested in getting from the minister, though, sort of just quick information about each of them, about whether or not they're on time and on budget and whether or not the scope of the project has changed and, if they're not on time or on budget, what the change related to those projects is.

**Hon. C. Taylor:** The list that is referred to by the member opposite, in fact, is a list that's maintained by the Minister of Economic Development, and he keeps track of the projects on that list. He would be the one to talk to at estimates.

[1530]

**J. Kwan:** The reason why I brought the question to the minister, though, is that the minister has, I think, a keen interest with capital projects in terms of how they're going, particularly as it impacts our treasury. So I would have thought that the minister would have that information within her ministry. Is the minister saying that she doesn't have the information? The only person to actually access that information would be through the Minister of Economic Development?

**Hon. C. Taylor:** The report that the member opposite has been asking about is from the Minister of Eco-

conomic Development within the Ministry of Finance, and you see it in the budget. The projects that are over \$50 million — in other words, the big projects — are written up in the budget, which was just released a couple of weeks ago, and an update on each project.

**J. Kwan:** So the minister is saying, then, that beyond the information that's been provided in the budget, she doesn't have any other information with respect to capital projects and that the only way to get that is through the Minister of Economic Development. I will ask the Minister of Economic Development for that update, because I think it is important for us to lay out where things are at with respect to capital projects and how they are progressing over time. Hopefully, they are progressing well.

I'd like to just quickly canvass another area on federal transfers. Last spring the federal government's Bill C-48 authorized the payment of an additional \$4 billion to provinces for public transit, for energy-efficiency retrofitting of low-income housing, for job training and advanced education and affordable housing generally. I'd also like to note that the amount authorized by C-48 was \$4.5 billion, but \$500 million of that was allocated to foreign aid. Therefore, there is a slight amount difference, if you will. How much of this money has been allocated to the province?

**Hon. C. Taylor:** The bill that the member opposite referred to, in fact, was sort of in the last days. What happened was that the only money that actually flowed was the transit money. The other areas of money required further legislation or action for that to happen, and it didn't. So only the transit money flowed.

**J. Kwan:** How much was that for the transit money?

**Hon. C. Taylor:** We're just looking that number up.

**J. Kwan:** I note in the budget, though, that the minister chose to not make any changes with the federal transfer moneys to the province. If those dollars have not been confirmed in terms of flowing through to the province, why did you not make a change, then, reflecting that in our budget document?

**Hon. C. Taylor:** We never assumed them in the first place.

[1535]

**J. Kwan:** The dollars on the federal government side in the budget.... I don't have the document with me at the moment, so I can't refer to the page, but I'm sure I read that there were no adjustments to the federal government transfers. Why did the government choose to do that, when we have no certainty whether or not those dollars would actually flow?

**Hon. C. Taylor:** It was an interesting situation with the new federal government, and lots of uncertainty.

Finance can only deal with facts, so we just left everything at status quo.

We have identified in the budget that there are some areas of uncertainty. For instance, we know that the new Prime Minister did promise \$1 billion for pine beetle. We are very confident that he will follow through on that promise, but we did not put it in the budget, because we didn't have it as fact.

In the area of child care, for instance, there was uncertainty as to exactly when it might wind down. At first it was possibly after one year, then it was two years, and now they're talking about some transition or possible other program. Lacking facts and certainty, we left that as is as well.

There are other indications that the federal government, in fact, is willing to talk about fiscal imbalance, but we don't know what that will mean. So after this year's equalization payments, which had already been committed, we put in zero. There are also some upsides that are possible that will come out of negotiations of fiscal imbalance but are too uncertain for us to put in as a fact.

**J. Kwan:** Has the minister or anybody within government taken the trouble to go and talk to the federal government about the child care dollars? The government actually had planned on a five-year plan around child care, but now it seems with this new government like they're going to cancel that plan, so of course, British Columbia stands to lose millions of dollars for child care services.

Has anybody within government...? Has the Minister of Finance gone to Ottawa to talk to folks in Ottawa — the Prime Minister or whoever — about our concerns around that to try and fight for that money on behalf of British Columbians?

**Hon. C. Taylor:** The Minister of State for Childcare and also the minister involved have both been just this past week to Ottawa. I will leave them to talk about the discussions that they had with the minister.

**J. Kwan:** Has the Minister of Finance approached anyone around that?

**Hon. C. Taylor:** My responsibilities are in the other areas — fiscal imbalance, for instance. We are hoping to set up a meeting to start talking about that process.

**J. Kwan:** That's with whom in Ottawa?

**Hon. C. Taylor:** That will be with the Minister of Finance, Minister Flaherty, and that will involve finance ministers from across the country.

**J. Kwan:** I guess it's one of those meetings where the respective ministers in each of the sectors across the province gather together and then talk about the issues relating to their portfolio. That's sort of what the minister is talking about. But it's not a specific request for a direct meeting with the Minister of Finance — with the federal government.

**Hon. C. Taylor:** As well, we have put in a request for an individual meeting that I might have with the Minister of Finance, so we are trying from a number of directions. The member opposite is correct that the Minister of State for Childcare is following through in her area of responsibility. I cannot speak for the Minister Responsible for the Olympics, but I expect he, too, is making his contacts.

This is a new government. They are putting together a budget at the moment, and it will take a bit of time to have all of these discussions, especially on fiscal imbalance. I think it should be quite an energetic opportunity for British Columbia to actually be heard, because we believe there's both a horizontal and a vertical imbalance. We're quite eager to get to the table and start to discuss that.

**J. Kwan:** How about the \$1.6 billion set aside for affordable housing? There's no commitment at this point. I fear that we may actually lose that money. Should I appropriately anticipate that the Minister Responsible for Housing would make the request to have that discussion with Ottawa? Or is the Minister of Finance undertaking to really advocate for all these dollars because all these dollars tie into part of the fiscal imbalance that the minister has talked about?

[1540]

**Hon. C. Taylor:** There were some very important issues and dollars discussed in that pre-election budget. It just is true that the only money that flowed was the transit money.

**J. Kwan:** But on the question around the housing piece, which is \$1.6 billion — a lot of money, a lot of potential housing projects for us in this province where homelessness has more than doubled since this government took office in 2001.... It's significant for us — huge ramifications. I know that the minister was an advocate for housing when she was a councillor in the city of Vancouver, so I would hope that the minister may want to take the lead to go to Ottawa to fight for that money, in the context of fiscal imbalance, on behalf of British Columbians.

Is the minister inclined to do that? Are there any plans to engage in a discussion with her federal counterpart to ensure it, as best we can — to yield those moneys for British Columbians?

**Hon. C. Taylor:** As the member opposite has indicated, I am a huge supporter of social housing, as is our Minister of Housing. I know that he is also actively trying to pursue the areas that he is responsible for with the new government.

**J. Kwan:** Has the Minister of Finance asked for a specific meeting with Ottawa on this?

**Hon. C. Taylor:** I'm Minister of Finance, and I am working very aggressively on the finance issues. The Minister of Housing is working on the housing issues.

The Minister of Health is working on the health issues. The Minister of State for Childcare is working on the child care issues. You've got a really intense provincial-federal government effort going on from all of the ministers to their relevant counterparts.

**J. Kwan:** Yes, I appreciate that, but at the end of the day, those are dollars flowing to the provincial coffers, which fall under the bailiwick of the minister overall in terms of all the dollars that we could try and gain from our federal government. Will the minister actually raise the child care issues, raise the housing issues and the advanced education issues with her federal counterpart in the context of fiscal imbalance for British Columbia?

#### Point of Order

**D. MacKay:** Mr. Chair, I rise on a point of order. I believe it was yesterday I brought up the point of the member who has the floor using electronic equipment while they have the floor. I would like to bring to the Chair's attention that the member for Vancouver-Mount Pleasant again has her laptop open and appears to be using the communications from that device during question period. I would ask that the laptop be closed while she has the floor.

**The Chair:** To the member, I'll provide you with the text of the statement that I read out on this matter.

**D. MacKay:** While I appreciate the text, whatever is in the text that you're going to provide to me, I would ask that the rules that have been laid down in this House by the Speaker of the House be honoured by the members as they go through the estimates process. I would ask that the member for Vancouver-Mount Pleasant close her laptop during estimates.

**The Chair:** To the member, I'll provide you with a copy of the statement that I read out. The use of electronic equipment is fine when you're not standing. You can use it for reference; all members in the House can when they're at their desk.

**D. MacKay:** Is that a ruling from the Speaker?

**The Chair:** There's a ruling from the Chair, and the Speaker has seen the ruling.

**D. MacKay:** Thank you.

[1545]

#### Debate Continued

**The Chair:** Minister of Revenue.

**Hon. C. Taylor:** Or Finance. Actually, hon. Chair, I was thinking, you know, in listening to the member opposite, that there are days that I would like to be the minister responsible for all those areas, as I'm sure that she would, because there are things that we would all

like to get done and improve and help our province go forward with.

I am responsible for the Finance area, so that's clearly where I must concentrate my efforts. But in the broader sense of transfers that come to the province, of course, the social and health transfers that were part of the equalization in the past will be part of the fiscal imbalance in the future.

One of the arguments that I would like to make and that I believe we as a government would like to make is that when we do get those transfers from the federal government to the province, it must be possible for the province to dedicate them to our priorities. Frankly, provinces across the country are all different. We know what our priorities are here. I'm hopeful that the discussions will result in a system that when the transfers come, we will be able to focus them on our areas of need.

**J. Kwan:** I appreciate that. That's for the general equalization funds, but what I was talking about very specifically were the dollars that were assigned from the previous budget. I understand there is a process to see whether or not the new federal government would recommit those dollars. It remains to be seen.

In the interest, though, of the global finances of the province and therefore the responsibility of the Minister of Finance, I was hoping that the minister would simply commit to taking on the task of going forward to Ottawa to fight for these dollars, which will contribute to our overall budget, which is the minister's responsibility.

I'm not hearing that. I'm hearing that the minister is saying all the other ministers will do that, so therefore, that's something she would not undertake. I simply have to say this, then: I hope the minister will reconsider that.

I hope that the Minister of Finance will try to arrange specific meetings with our federal counterparts in Ottawa to fight for the moneys for affordable housing; \$1.6 billion for affordable housing will make a significant difference for us in B.C., and \$1.5 billion for training programs for advanced education is a significant amount for British Columbia. The child care dollars, over five years, of \$600 million are tremendous in terms of the impacts for families and children for the future. Of course, I'm hoping the minister will feel she can undertake to do that in Ottawa.

I don't want to spend any more time on that. I will just leave it at that and engage in that discussion another time. What I would like to now turn to is Partnerships B.C., with the blue binder that I received from the minister yesterday.

**Hon. C. Taylor:** Just before we move on, I have the number the member asked for before on transit. It's \$53 million in '05-06 and \$53 million in '06-07. That was basically a flow through to UBCM to be distributed to municipalities for local transit.

**J. Kwan:** Starting on Partnerships B.C., I would like to start with a question on the job descriptions. There is

a job description for the senior communications consultant, which highlights part of the responsibility. It's around government relations. In it, it states that briefings; issues notes; regular liaison with multiple levels of government — municipal, regional and provincial — and different areas within public affairs, ministers' offices, MLA offices, Partnerships B.C., local and regional administrators, politicians, the OAG, including event planning and management....

Could the minister please advise: when issues notes are produced, who are they provided to? Do MLAs have access to them as well?

**Hon. C. Taylor:** The issues notes are provided to the relevant ministers.

[1550]

**J. Kwan:** So no MLAs receive them — just ministers. I recognize that ministers are MLAs, but I think the minister knows what I mean.

**Hon. C. Taylor:** This is information primarily for ministers. For instance, with the Sea to Sky, which we've talked about so much, it would be Minister Falcon. For Abbotsford hospital it would be the relevant minister at the time. The board also would receive these issues notes and be aware of all of the developments within Partnerships B.C.

**J. Kwan:** Just a confirmation, then. MLAs do not get them. Only ministers get the briefing notes, the issues notes.

**Hon. C. Taylor:** The recollection of the CEO is that there haven't been any sent to MLAs that he can remember.

**J. Kwan:** Could MLAs request them?

**Hon. C. Taylor:** Yes, they could.

**J. Kwan:** And if they do, do they get them?

**Hon. C. Taylor:** Yes.

**J. Kwan:** Thank you for that, minister. I'll certainly note that for future reference.

With respect to another job description for communications, and this is for the director of communications, it actually reads that.... I guess I'll read the whole first paragraph on the record.

"The director of communications directs communications programs that effectively describe and promote Partnerships B.C., the value of public-private partnerships and Partnerships B.C.'s projects with the purpose of supporting Partnerships B.C.'s ability to develop projects that are not only successful but also perceived to be successful and in the public interest." What does the notion "perceived to be successful" mean?

[L. Mayencourt in the chair.]

**Hon. C. Taylor:** It means, for instance, doing value-for-money reports where the assumptions are signed off by the Auditor General so that the community at large can perceive and understand why the projects are successful. It's very important that the community understands how these difficult, complicated projects are put together and that taxpayers are receiving value for money.

**J. Kwan:** When the reports around value for money are out, then communications plans are, I guess, underway, because they're perceived to be successful and in the public's interest.

**Hon. C. Taylor:** Communications is really important in terms of making sure that the community and the government are all working in the same direction and are understanding the point of Partnerships B.C. The value-for-money document, when it is completed, for sure is an important communications tool, because it helps people understand the project. That's why we put it out on the Internet: so it is broadly available and transparent for everyone to see.

[1555]

**J. Kwan:** Is the director of communications's job to ensure that projects that are perceived to be successful and in the public interest...? It's to work on communications plans, then? I want it clarified, to understand fully what the job involves for these various positions. I think I understood the minister correctly. If I'm incorrect in restating that, I would assume that the minister will correct me. Assuming not, I'm going to move on with another question.

Monday, the minister said: "Partnerships B.C. was not involved with RAV and building the design and the project but was asked by government to come in and give advice and make sure that it was being properly set up so that the taxpayers of B.C. would be adequately protected." Then the minister went on to say: "I will say again that the RAV project is not a Partnerships B.C. project." Yet in the information that the minister provided to us yesterday, there is an entire project team assigned to RAV. Why would that be?

**Hon. C. Taylor:** That's the project team that was put together to help advise the government on how to structure their investment in RAV.

**J. Kwan:** Sorry. When the minister said "advise the government" — which level of government?

**Hon. C. Taylor:** The province.

**J. Kwan:** If it's not a Partnerships B.C. project, why would the government have a team even put together to advise the province around it? Shouldn't that be the responsibility of the Ministry of Transportation, for example, or somebody else?

**Hon. C. Taylor:** The provincial government was about to make a \$435 million investment in RAV, so it

was very important for the taxpayers of British Columbia that we were certain we were doing it in a way that was appropriate. The Minister of Transportation asked for Partnerships B.C.'s advice to look at the project and help as we went forward. It was determined that, first of all, \$435 million would be the amount, and the Partnerships B.C. people gave advice to the Minister of Transportation.

**J. Kwan:** Did Partnerships B.C. review RAV's business plan at all?

**Hon. C. Taylor:** Partnerships B.C. was involved in assessing the proposals that came in, but not RAV.

**J. Kwan:** I'm sorry. What proposals that came in?

**Hon. C. Taylor:** The two responses to the RFP.

**J. Kwan:** Did Partnerships B.C. form an opinion about those proposals?

**Hon. C. Taylor:** As we said yesterday, yes, they were part of the evaluation team for those two proposals.

**J. Kwan:** The evaluation of those proposals — is that a public document?

**Hon. C. Taylor:** Those documents would be held by RAV, and we are not aware whether or not they are public at this point. Certainly, RAV could be asked for them.

**J. Kwan:** The ministry has the evaluations, though, within Partnerships B.C. — no?

**Hon. C. Taylor:** No, Partnerships B.C. does not have them. They are RAV documents.

[1600]

**J. Kwan:** As I understand it, the Ministry of Transportation asked for a review of these proposals. That's a provincial entity — the Ministry of Transportation. Partnerships B.C. did the review, so the outcome of that review — of those reviews, I should say.... Maybe it's just one review; I don't know. There are two proposals, so it could be one report or two reports or whatever the case may be. Surely that's in the ownership of the provincial government. Surely one could get access to that. In fact, I would like to request that information from the minister, please.

**Hon. C. Taylor:** Partnerships B.C. was only one member of an evaluation team. The results of that evaluation would be held by RAV.

**J. Kwan:** Well, what about the component in terms of the information and the opinions from Partnerships B.C. on these proposals — not the other folks who might have something else to say but just from Part-

nerships B.C.? Is that information available, and may I have a copy of that, please?

**Hon. C. Taylor:** Partnerships B.C. did not do a separate evaluation.

**J. Kwan:** Did RAV pay for this evaluation from Partnerships B.C.?

**Hon. C. Taylor:** Hon. Chair, as you can imagine, there were a number of experts around the table, including engineers and financial people as well as others. They would have been paid by RAV, but Partnerships B.C. was paid by the Ministry of Transportation. I would urge the member opposite: if you want specifics of the relationship with the Minister of Transportation, he would be the person to speak to.

**J. Kwan:** Does the Minister of Transportation have a copy of the evaluation of these proposals?

**Hon. C. Taylor:** You would have to ask the Minister of Transportation.

**J. Kwan:** I will, because I'll tell you this. Getting the chronology straight — and correct me if I'm wrong, madam minister — the Ministry of Transportation asked Partnerships B.C. to do an evaluation of two proposals that came in around RAV. RAV is not a Partnerships B.C. project. The Ministry of Transportation paid for Partnerships B.C. to do those evaluations, which then were given to RAV. I would then expect, in the line of responsibility and accountability, that the Ministry of Transportation, if not Partnerships B.C., would have a copy of this review and that it would be made public.

If I got the chronology or the sequence of things wrong, I would appreciate it if the minister would please correct me and make sure that I understand how this took place. But if I did get it right, then I will definitely undertake to ask the Minister of Transportation these questions, and I'll move into another area in the blue binder that we received.

**Hon. C. Taylor:** No, it's not correct on the record at this point. When the Ministry of Transportation asked Partnerships B.C. to look at it, a big part of the job was to evaluate how the province would structure and time, for instance, our investment. That's quite apart from the evaluation team. Partnerships B.C. was just one member of the team that looked at two proposals.

The initial job for Partnerships B.C. was to give advice to the Minister of Transportation. I'm sure the minister — when asked in estimates, when it comes up — will be able to be more specific. It was to give advice on how the province might invest in this particular project.

**J. Kwan:** In the document that was given to us yesterday, the Ministry of Transportation paid the government a fairly significant sum for the work by Part-

nerships B.C. Is that what that was for — that payment for the evaluation of these proposals?

**Hon. C. Taylor:** Could you please advise us what document you are looking at?

[1605]

**J. Kwan:** It is the document that the minister provided to me yesterday in the House, under "Partnerships B.C. Contracts." It is the last tab, tab eight, in the blue binder. I believe the Ministry of Transportation paid Partnerships B.C. for some work that was done, and I'm wondering whether or not that contract is this work.

**Hon. C. Taylor:** We can't find the document you are referring to under the tab you're referring to, but I think the bigger question is: did the Ministry of Transportation pay Partnerships B.C.? Yes, they did, and it covered a number of projects.

**J. Kwan:** How much did they pay Partnerships B.C.? And for what projects?

**Hon. C. Taylor:** The payment for '04-05 was approximately \$1.8 million. It was for a number of projects like Kicking Horse Pass, Sea to Sky, Okanagan Lake Bridge, RAV. So there were a number. As you can imagine, I guess, Transportation is probably the largest client that you have. So that's what the payments were for.

**J. Kwan:** Where is that information listed in terms of, I guess, clients of Partnerships B.C. that are asking Partnerships B.C. to undertake various kinds of work such as that of the Ministry of Transportation? Where can I get access to that information?

**Hon. C. Taylor:** The revenues of major clients are disclosed in the annual report.

**J. Kwan:** I'm sorry; I don't have the document in front of me. Does it list it in terms of the organization, how much they paid and what the work was for, specifically?

**Hon. C. Taylor:** The annual report breaks it out by the client — in other words, Ministry of Transportation — but not by specific projects.

**J. Kwan:** Is it possible for the minister to provide us with the information related to the clients in terms of specific projects?

**Hon. C. Taylor:** Yes, we could do it. It will take a bit of time, but we'll do it.

**J. Kwan:** I would appreciate that very much from the minister. Otherwise, I would be asking all the questions about the specific projects, and I don't want to spend time doing that in the estimates process here. It is much more efficient to do it the other way.



I would like to just turn to the documentation from the blue binder — tab three, in terms of the salary issue. The minister provided us with two pages around salary ranges. There was a hole that was punched out, but I think it means, on the first page, total 2004-2005 for remuneration, and then the subsequent page is, I think, the salary range for 2005-2006.

[1610]

I wonder if the minister could provide the information to me to break down the remuneration from the salary on the '04-05 document? It's kind of all clustered together, and we can only calculate it out.

I suppose we could do that, if we assumed that the salary for '05-06 has actually not changed from '04-05. It might have changed, because I know there have been several reviews that have actually changed the salary grid for various employees. So I would like to make sure I get the accurate number.

**Hon. C. Taylor:** We have been advised that it is against the privacy rules to break out performance and base for individuals.

**J. Kwan:** Okay. Well then, we will just ask the questions one by one — right? We have the documentation that shows the remuneration, which is the total compensation for the various staff for '04-05. But then in '05-06 it's the salary.

I mean, theoretically what one could do is just match up the names and do subtraction, and then you'd be able to figure out what the compensation in terms of performance bonuses would be. But in the interest of being accurate, I didn't want to do that. I would just assume that, because I think the salary grid has changed for some employees.

Maybe what the minister could tell me, then, based on the '05-06 document on the salary grid.... That list of salary that's been provided — has that remained constant? Has there been no change — in other words, from '04-05? If there have been changes, what are the changes?

**Hon. C. Taylor:** The salary ranges have not changed, but within that, there has been some movement.

**J. Kwan:** Could the minister elaborate on the notion that there has been some movement?

**Hon. C. Taylor:** Just like in any business, at the end of the year, certainly, performance is evaluated. If an employee has done exceptionally well, they are often given a raise, just as we're talking about raises for all of our public sector employees. This isn't a rigid organization. It depends on performance. It does depend on somebody actually doing a great job before they would get an increase.

**J. Kwan:** That's a raise in addition to performance bonuses and in some cases.... In which instance are raises provided that are retroactive, and how much are they?

**Hon. C. Taylor:** I'm not sure if I can remember what the first question was, but the point is that when you are assessed at the end of the year for your performance bonus, that depends on how you've done that year. The basic wage depends on your competence, which does increase with time within an organization, and your value, of course, to an organization. So the performance bonus is a one-year look at how accomplished you were and how you met your goals in that particular year.

**J. Kwan:** And pay raises that are given to staff after all that evaluation — none of it is retroactive? It's forward-thinking?

**Hon. C. Taylor:** Because of the timing of some of the reviews and by the time the board approves them, you are occasionally a little bit into the year. So in that case, it would be retroactive.

[1615]

**J. Kwan:** I thought so. There is retroactivity, because I note that the salary for the CEO, Mr. Blain, was retroactive in terms of an increase from \$320,000 to \$329,600. Is that correct?

**Hon. C. Taylor:** Yes, that is correct. By the time the review had been completed and the board had passed it, they were about one month into the next year, and so it was retroactive.

**J. Kwan:** When are the reviews done?

**Hon. C. Taylor:** The review is generally done over March, April. By the time it is okayed by the board, it's usually May, but the year-end is the end of March — March 31.

**J. Kwan:** For all of the salary increases that are retroactive, is it only because of the delay in implementation? I take that as a confirmation from the minister.

**Hon. C. Taylor:** That's correct.

**J. Kwan:** Could the minister commit to providing the House — or providing me, I guess — the information, because I know that the fiscal year is not yet over, although we're close to it. Therefore, the compensation bonus package that goes to staff is yet to be finalized, I would assume — unless it is finalized for this fiscal year, but I assume it isn't. When that information is available, could the minister provide it to me, if that's possible?

**Hon. C. Taylor:** The total compensation package will be public information after it's been audited and after the board meeting, which will be May.

**J. Kwan:** So in May I can expect the documentation, then?

**Hon. C. Taylor:** Hon. Chair, I'll tell you: this is more exercise than the last few months.

Yes, Partnerships B.C. will provide the comparable data that you have here, the total compensation, once it's been audited and approved by the board in May.

**J. Kwan:** Actually, walking up and down the corridors from my office back here is probably the most exercise I get in here around the Legislature. Some would say that's probably a good thing. I probably need more of it. Anyway, I will set that aside for a moment.

I'd like to ask the minister, though, on the issues around the staff within Partnerships B.C..... The minister advised that most of them had gone through a hiring process. However, there were some that were asked by individuals to join the team, if you will. I wonder if the minister could identify for me which individuals were just sort of asked to join the team.

**Hon. C. Taylor:** While we're going through the names, if the member has another question, we'll continue.

**J. Kwan:** I appreciate that. Yes, I do have other questions.

The list also provides for consolidated totals of other employees with remuneration of \$75,000 or less. Am I assuming correctly...? Those are mostly administrative, really, in nature with the project, with a few exceptions — the project consultant, for example. But am I assuming correctly that these individuals' salaries are comparable to those of the government employees' pay grid?

[1620]

**Hon. C. Taylor:** Throughout the organization, including the administrative list, which is under 75,000, as well as some analysts in there.... The whole organization has special requirements and special needs, so they would be equivalent to the relevant labour market in the private sector.

**J. Kwan:** Is there a reason why the information was blanked out for this group of people? It wasn't for the other salary or compensation packages, and those individuals — I note in another document in the binder — are also subject to bonus pay in the range of, I think, up to 30 percent. For some it is up to about 15 percent. Is there a particular reason why that's not listed out?

**Hon. C. Taylor:** The information is provided under the Financial Information Act, and we have been advised that this is the form that we should use.

**J. Kwan:** Okay. Is it because the staff that are not listed out...? Is it because they're not management? What's the difference in terms of the way in which the information has been presented? I'm not quite sure if I understand what the difference is.

**Hon. C. Taylor:** The cutoff is \$75,000.

**J. Kwan:** Okay then. I note in the document, though, that employees that are seconded to AHCC with salaries exceeding \$75,000 total \$340,410 in '05-06. Then in '04-05 the total is \$329,382. Why is Partnerships B.C. seconding staff to public-private partnerships to support, I guess, the private partners? Shouldn't they be paying for that service?

**Hon. C. Taylor:** The individuals who are mentioned on that page are from Fraser Health and have been seconded to Partnerships B.C. because of their expertise and the value that they would give to the Abbotsford project. As well, I have the list of names of individuals who were specifically recruited to join Partnerships B.C.: Rudy van den Broek, Brian Ast, Sarah Clark, Amanda Farrell, Eva Hage, Mike Marasco, Tom Simpson and Rick Steele.

[1625]

**J. Kwan:** The rest of them were hired through a competition hiring process. I see the minister nodding, so that's a confirmation from the minister.

Okay, back to the secondment item. The staff that are listed in these documents are folks from the health authority that were seconded to Partnerships B.C. with the respective projects, not to the private partner. I just want to make sure that I've got that correct, because from the way it's listed here — where it says "employees seconded to AHCC with remuneration exceeding \$75,000" — it sounded to me like they were actually seconded to the private partner.

**Hon. C. Taylor:** They were in fact seconded to Health Co., which is Partnerships B.C.'s subsidiary that we talked about previously.

**J. Kwan:** Okay. Then I'd like to just canvass Mr. Blain's compensation package, which we touched on today a little bit in the House during question period. That's about \$170,000 worth of bonus payments.

In fact, in the Public Accounts Committee meeting a senior staff person of the Partnerships B.C. actually stated — I want to find the exact quote, Mr. Chair, if you will bear with me: "The true final measure of value for money can't be made until that concession agreement is actually completed."

That's a 33-year agreement. Given that that's the case, we have to wait 33 years to see whether or not we're going to realize those benefits. Again the question is: if British Columbians have to wait 33 years to see if we have that value for money or the savings, if you will, why won't we, then, wait for 33 years to pay the performance bonus to Mr. Blain?

**Hon. C. Taylor:** I would assume that's not a serious question, because you would never get any senior executives to sign on for that agreement.

**J. Kwan:** Then I'd like to have the minister list out exactly what Mr. Blain has done to yield the \$170,000 worth of performance bonuses, given the fact that his

senior staff had actually said at a Public Accounts Committee that the true final measure of the value for money on all of these initiatives can't actually be made until the concession agreements have been finalized. In that context, we're talking about 33 years.

**Hon. C. Taylor:** It is quite clear that as CEO of Partnerships B.C., Mr. Larry Blain has been just an enormous success. He has built this company — and at a time that P3s were actually not all that well known in Canada — to the point that we are now regarded as the experts. We are receiving awards for the work we are doing.

Mr. Blain has been at the helm while we have done a number of public projects that have received value-for-money reports that show we are saving taxpayer dollars. The savings going forward on Abbotsford are \$39 million, and for Vancouver ambulatory care it will be \$13 million. The benefits from the Sea to Sky Highway: \$131 million of extra improvements that we would not have had if we hadn't done this partnership.

The results are so dramatic — the millions and millions of dollars that will be of benefit to the people of B.C. — that there is just no question that Mr. Blain not only met all of his performance targets but certainly has exceeded them. We're very lucky, actually, to have him running Partnerships B.C.

**J. Kwan:** The trouble is this. The minister says that these are savings we've already had. We did canvass this yesterday or in the last couple of days. The reality is that the minister cites these savings. They're not moneys in the bank. We have not had these savings.

The benefits the minister talks about for the Sea to Sky Highway in the amount of \$131 million — the truth is that those user benefits are being projected to be materialized because of an additional investment of \$45 million for road improvements, highway expansions, barriers and so on and so forth. That's where those user-benefit dollars have been identified. They're not savings in the bank at all.

[1630]

The minister continues to insist, though, that these are savings in the bank. Well, they're not. Those dollars have not materialized, and we in fact don't know whether or not those savings will actually materialize. We don't know whether or not those benefits, I should actually say — I just misspoke myself by using the word "savings" — would actually materialize. And we certainly do not know whether or not, by spending \$45 million outside of a non-P3-financed project, we could actually get the same kinds of user benefits. The organization Partnerships B.C. actually didn't do that work to make that evaluation. Certainly, it did not show up in the value-for-money review.

I also want to say clearly as well, and I've made this point before: that the Auditor General's office.... All that they have done, really, with their review of the reports is to say that yes, it is plausible; what has been suggested could materialize. But we don't know that yet. But yet today — well, in fact, last year — we al-

ready paid a \$170,000 performance bonus to Mr. Blain. That's what we've done. And that's money out of the bank, if you will — taxpayers' money expended already.

There's a huge difference here in terms of protecting taxpayers' money. As his staff has said, the true, final measure for value for money can't be made until that concession agreement is actually completed, and it's a 33-year agreement. Is the staff wrong, then, in suggesting that? If the moneys or the benefits have already been received from the Partnerships B.C. initiatives, then is the staff person who said these words wrong?

**Hon. C. Taylor:** As we've been saying all week, the project won't be completely finished until 33 years, when the operating agreement ends. At that time is when you could do what is traditionally called a full audit. But in the meantime you can do reviews of where the project is at this point. Is it on schedule? Yes. Is it on budget? Yes. Is everything working well? Yes.

The Abbotsford hospital, for instance, is 50-percent constructed, and at this point there are zero net change orders, and so for anyone who knows anything about construction, that's really extraordinary. So these projects are moving along well. They are going to be important infrastructure investments for British Columbians, and it will be a benefit for all taxpayers because we have been able to access private dollars and not just depend completely on taxpayer dollars.

**J. Kwan:** The problem is that we don't know whether or not these benefits will actually materialize for many years to come. I would expect that.... Who knows in 33 years time where any one of us could be? At this juncture, though, what we do know is that we've already paid performance bonuses to Mr. Blain and his team on the basis that they said, "Trust us," on the basis that they have undertaken to suggest that these benefits will result in 33 years time.

There's no evidence at the moment to actually show that return. All that the review shows is that it is plausible for that to happen. So what if that does not materialize? Then I guess taxpayers will just be out of pocket, really, for bonuses paid for outcomes we did not receive.

**Hon. C. Taylor:** The performance bonuses for the CEO do not depend on the completion of a lease or a project. They do depend on performance during the year. What projects were initiated? What agreements were agreed to? What projects are on target? What projects are on budget? Are things within the Partnerships B.C. company doing well and moving forward? That's what a performance assessment is about. It's about the work during that year.

[1635]

**J. Kwan:** In the minister's document, though, it says: "It is noted that performance pay cannot be paid unless the financial-capacity test is met." You know, I

have to say: part of the issue is that the success, if you will, of Partnerships B.C. is dependent on how many agreements are signed and how far along they've gone, and then the projections of what kind of savings could be had or what kind of benefits could yield to British Columbians.

Wouldn't the minister agree, then, that in this instance, it is in the vested interests of the entire Partnerships B.C., led by Mr. Blain, that the more contracts they sign and the better the projections look, the better it is in terms of him meeting his performance measures? Isn't that a conflict? Isn't it?

**Hon. C. Taylor:** The very important issue that seems to get overlooked with Partnerships B.C. is that the projects they do must be in the public interest, and therefore, that is an important part of the evaluation process. It is about whether projects are continuing to be on time, meeting targets, on budget, doing the things that the value-for-money report says they will do. Performance bonuses are always about the year in which you were working.

**J. Kwan:** The noted exception, though, too, is that we do not know until the agreements have completed — the concession agreement has actually reached its term of so many years with the respective projects — whether or not the performance of those respective projects produced the outcomes that it says that they would. We don't know that, and that's the truth of it.

That's why, in the communications documents.... With respect to the director's communications document, part of his job is to develop communication plans that deal with projects that are perceived to be successful and in the public interest. I don't think those words happened there by accident. They happen to be there because the fact is that none of these projects under Partnerships B.C. can be demonstrated to actually produce the outcomes, which they project will materialize, until many years later.

In the meantime, in the interest of everyone — including the political masters, including the government, including Mr. Blain and his entire staff team — who I'm sure are very hard workers.... I don't doubt that for one moment. But they have a vested interest to actually produce the performance outcomes that we all know could not really be measured in terms of their producing this kind of value for money for British Columbians until many years out, because we have no way of verifying that. If the government's and the minister's argument is, "Well, so far it looks pretty good," then the only thing that we've got to go by is the minister's word. The only thing that we've got to go by is Mr. Blain's word, because his word counts for \$170,000 of bonus pay.

That's really what it means, at the end of the day, and I do find that troubling. I sit there, and I think: how many private companies or corporations would pay out such bonus payments to their CEOs, presidents or what have you, based on their word, without what they say having actually materialized in terms of bene-

fits to the corporation? I have to say that I find that troubling. I find it even more troubling that the minister is not troubled by this at all. The fact is that taxpayers would not see these returns — if these returns actually materialize at all — until 33 years out.

[1640]

If we're so confident that these returns will actually be produced, then why not say to Partnerships B.C. and to all those who qualify for a performance bonus that...? Put in a provision within it that says: "If it does not materialize for British Columbians in the way in which the projections have been put out by these value-for-money reports that Partnerships B.C. has done, then the province is entitled to receive the money back on behalf of British Columbians." Would the minister make that commitment today?

**Hon. C. Taylor:** As I have said many times — and I will continue to say — performance bonuses are about the year's work, the year in which you were working. To talk as if the benefits are not going to appear till 33 years out is mixing the operating contract — for instance, of the Sea to Sky Highway, operating the contract for 33 years — with the benefits that, of course, will come with the construction.

You will see all of the benefits that are listed in the value-for-money report as soon as the highway is completed. Fortunately, everything is going along well. It's on budget, and it's on schedule. It will be one of those wonderful things for the people of British Columbia to have it done in this way before the Olympics.

**J. Kwan:** Well, as we've seen with the U.K. experience, many of the problems with P3s — they have a different term for it — actually won't materialize until many years later. Maybe that's something we should learn from the Great Britain experience. That's the truth of it.

At the outset, basically, this is what we have: we have projects and initiatives that Partnerships B.C. has undertaken. The truth is that the more projects they sign on to — and if they can come up with projections that say that they are going to yield all sorts of benefits to British Columbians — the bigger their performance bonus is going to be.

Let us be very clear. For example, with Mr. Blain, his bonus could actually.... This is not even the maximum bonus that he's entitled to, the \$170,000, because according to the guidelines from the government, the maximum bonus for Mr. Blain is up to 80 percent of his salary. That's pretty significant, and I think it's pretty important. I mean, I suppose if I were entitled to a \$170,000 performance bonus, I'd be very interested in making projections 30, 40 years out to say all sorts of things may happen. I'd be very interested and vested in doing that and be very motivated to doing that as well.

But you know what? What we've got to focus on here — as legislators, on behalf of British Columbians — is to make sure that their money brings us value. How can we measure, then — in the situation with Partnerships B.C. — if taxpayers' moneys are actually

bringing us value? In this instance, all that we've got are reports, which Partnerships B.C. themselves have conducted, to say that there is value for money. That information has been, yes, signed off by the Auditor General's office insofar as this: the Auditor General says it is plausible — it is plausible — that the suggestions of the benefits that could be yielded from these projects could materialize, but we have no way of knowing that until the completion of these agreements at the end of his term. Some of them are 33 years, and others are longer.

Mr. Chair, that's all that we've got to go by: somebody's word, and somebody's word who says.... It's Partnerships B.C. who has produced these reports, and of course, Partnerships B.C. would want to produce these reports in such a way that they'll verify what it is that they say could be achieved, because their performance bonuses are dependent on it. I think that there's something wrong with that picture. I really do.

I would like to ask the minister this question: is she committed to actually ensuring that an independent conflict-of-interest specialist be asked to look into this matter? And I mean independent. I don't mean somebody to be hired by Partnerships B.C., but an officer like an officer of the Legislature, an independent conflict commissioner, to be asked to review this matter from that point of view.

[1645]

**Hon. C. Taylor:** I'm very pleased to say that the board of Partnerships B.C. is one of the strongest boards I've personally ever seen, and I do know a lot about board governance in this country and, actually, internationally. It's an exceptional board, and they are the ones who review the performance of the CEO each year and make the judgment.

**J. Kwan:** My good House Leader has just come in to remind me that I need to be in the big House at five o'clock to debate the supply bill, and we will be in the House to debate the supply bill.

The minister goes back, though, to the notion of awards. We touched on that yesterday, and we all know what those mean. But set that aside for a moment, because that's really irrelevant to the issue here at hand. It really is, isn't it? What we're talking about is spending taxpayers' dollars today. We spent it yesterday on bonus payments to Partnerships B.C. — to Mr. Blain, particularly. I highlight him because he is the head of the organization.

One example that I can use for purposes of illustration is that \$170,000 in bonus pay is not small change. For the folks in my riding — in some areas, particularly in the downtown east side community — it's almost 17 people's annual salary, but that, too, is not really relevant.

What is really relevant, though, is this. I would suggest that the minister should consider that we would want to only pay out these performance bonuses if, in fact, the assumptions on these reviews — value-for-money reports — actually materialize at the

completion of his term. Then you can truly say that those benefits were yielded to the taxpayers. Then you can truly say that there were savings for taxpayers. Then you can truly say: "Good job. Well done, and here's your bonus cheque. Thank you very much for a job well done."

[H. Bloy in the chair.]

But that is not the case, and we won't know for many years to come. What's even more troubling.... If the minister says, "Well, you know, but they did the work, so they should really be paid out," then put in a clause that says that if the benefits that were projected in these value-for-money reports don't materialize, then the bonus payment that is subject to these reports' outcomes should be paid back, with interest, to British Columbians.

Then the last issue is this: the concept of conflict. I really believe that there are some issues here. The fact is that Mr. Blain, as the head of the organization, sets out the work that he undertakes. He establishes and works with his team on the development of these value-for-money reports. All of that is predicated, basically, on the word of the folks within that team. We also know that what is put out from Partnerships B.C., by way of projections, is tied to the performance bonuses, and I would suggest that that is a conflict.

I'll ask the minister again: will she commit to bringing forward an independent conflict commissioner, a conflict expert, in reviewing this very issue?

**Hon. C. Taylor:** I will say again that we're so fortunate to have such a strong board at Partnerships B.C. that makes these evaluations — very strong people with business and academic experience. They've been the guiding light, actually, for management. They determine whether the performance bonuses will be paid, and they are a superb board. We take their advice wholeheartedly, but I will say that taxpayers don't have to wait 33 years to see the benefits of these projects. They just have to remember the fast ferries fiasco, which was half a billion dollars of taxpayers' money, and the result from that.

[1650]

This new way of looking at infrastructure investment is important for the province. The fact is that with every single project we do a value-for-money report that actually assesses how it was put together, what the values are, what risks were transferred away from taxpayers and onto the private sector and what extra savings or benefits will accrue.

These value-for-money reports are really at the core of what we're doing, and the Auditor General has signed off on the assumptions included therein and has said that they are fair. He has also said — as I've read into the record twice and would be perfectly happy to read a third time — that it is good way for Partnerships B.C. to be doing business. All around, it is important for the taxpayers of British Columbia to realize that for \$4.3 billion worth of investment, we've already saved

taxpayers dollars, in the sense that \$2.8 billion of that money has come from the private sector. We didn't have to use taxpayer dollars for all that \$4.3 billion of buildings.

Partnerships B.C. has done an excellent job. We're always learning. We're getting better, and we are now being asked for advice across the country and elsewhere because we're doing this so well. I'm exceptionally proud of the work Partnerships B.C. does.

**J. Kwan:** Yes, and the minister has cited the Auditor General's office. Let us be very clear. I've cited again and again in this estimate debate, as well, that the Auditor General also makes it very clear that he has no way of knowing whether or not the outcomes that have been identified from these value-for-money reports will actually materialize. We have to wait for the completion of these agreements until we know, and the Auditor General was very clear in stating that.

I also want to say this. I mean, if the minister says.... I know the minister is the head of the cheer-leading squad for Partnerships B.C. I understand that, because she's the minister responsible. But you know what? If it wasn't true that we can't really measure true value for money until the completion of the concession agreements, why would Partnerships B.C. senior staff state that at a Public Accounts Committee meeting?

I quote for the record again: "The true, final measure of value for money can't be made until that concession agreement is actually completed." That's a 33-year agreement. I am troubled by that.

The minister, though, in all of this, didn't even answer the question on the notion of conflict. Does the minister believe that there is a conflict involved with the way in which the bonus payouts are paid to the team of Partnerships B.C., given that it is Partnerships B.C. which also produce the reports, and suggest and say that it's how the province could get the value for money with P3s?

**Hon. C. Taylor:** Absolutely not, because this is best practices in business. This is how it is done. You have a strong board that makes the evaluation of the performance of the CEO.

Since the last word may or may not go to me but the last word on the Auditor General can't be left at what the member opposite just said, I will read again his exact statements from the speech he gave about the importance of P3s and Partnerships B.C.:

We did this work —  
in other words, the review of the value-for-money reports — because we think better accountability to the public and their elected representatives takes place when those who manage a significant initiative report directly on their performance and do so in a robust manner. We think better accountability leads to better performance.

At the end of the day, we were able to state publicly that in its value-for-money disclosure report Partnerships B.C. has fairly described the context, decisions, procurement process and the expected results of the project to the date of the report.

Partnership B.C.'s report, including our opinion, was released in February. As a result, I think that there's greater public confidence that this significant project will be well managed, because there is sound information, publicly available, on what is planned and why, including relevant information relating to resources, strategies and results. I think you will find the explanations of risks transferred and not transferred and the public sector comparator particularly valuable.

[1655]

**J. Kwan:** I think it is important, though, to read all of the documents into the record with respect to what the Auditor General's office has said. It cannot be understated, with this final statement from him: "Accordingly, I express no opinion as to whether the expected results will be achieved." That's what he said about the value-for-money report with Sea to Sky, and that is the truth with all of the public-private partnerships.

We simply do not know. The Auditor General said he doesn't know. Yes, he says, "Yeah, Partnerships B.C. is engaging in various practices and so on," and yeah, it is absolutely plausible that what they say will actually materialize. But we don't know that until the completion of these agreements, and that is the truth of it.

That's why I think the staff that showed up at Public Accounts Committee also made the statement: "The true final measure of value for money can't be made until that concession agreement is actually completed." And that's a 33-year agreement. Folks within Partnerships B.C. understand that too. I think it is important that we recognize all of that.

I would, finally, simply say this — because I am noting the time. I need to be, as the minister does too, in the other House to discuss another bill that's coming before us. But I'll finally say this. What we have is the government paying out extraordinary amounts of bonus payments to Partnerships B.C.'s team. I mean, I don't know. I'm not a business person, I must admit, but I have to say this.

I don't know what corporation will actually pay out performance bonuses to their staff until the performances the staff have actually demonstrated yield the outcomes that you expect from them. In this instance, we're talking about taxpayers' money. In this instance we're talking about performance measures, really, on these plausible public-private partnerships, whether or not they would materialize, and we actually don't know that. But it all seems to be fine with the minister to simply say that everything is good, that we are going to get this money. In fact, she uses the past tense to say that we already got the money, which troubles me greatly.

She's not looking at provisions of clawbacks to say: "Okay, just as an insurance measure, if it doesn't materialize, we would actually want that performance measure payment back." That's not to say that somehow Partnerships B.C. is not compensated in a fair way, because they already have salaries that are attached to their performances. For Mr. Blain it is \$329,000 per year — nothing to sneeze at for the hard work he does do on behalf of the corporation.

The minister refuses to even have a look at the conflict issue that's been identified, and I think it's very unfortunate. I think British Columbians stand to lose, and we as legislators have a responsibility to protect their best interests first and foremost.

[1700]

Vote 30: ministry operations, \$48,888,000 — approved.

Vote 31: public affairs bureau, \$34,724,000 — approved.

Vote 42: management of public funds and debt, \$617,800,000 — approved.

Vote 43: contingencies (all ministries) and new programs, \$740,000,000 — approved.

Vote 44: B.C. family bonus, \$23,000,000 — approved.

Vote 46: commissions on collection of public funds, \$1,000 — approved.

Vote 47: allowances for doubtful revenue accounts, \$1,000 — approved.

**Hon. C. Taylor:** I move that the committee rise, report resolutions of the Ministry of Finance and ask leave to sit again.

Motion approved.

The committee rose at 5:01 p.m.





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