

# PROVINCE OF BRITISH COLUMBIA (Entered Confederation July 20, 1871)

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

### SECOND SESSION, 38TH PARLIAMENT

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The House met at 10:03 a.m.

Prayers.

#### Introductions by Members

Hon. T. Christensen: It's my pleasure this morning to welcome three guests to the Legislature. Joining us this morning are Grand Chief Edward John and Dave Porter from the First Nations Summit, as well as Chief Stewart Phillip from the Union of B.C. Indian Chiefs. I would ask that the House please make them all very welcome.

#### Introduction and First Reading of Bills

#### NEW RELATIONSHIP TRUST ACT

Hon. T. Christensen presented a message from His Honour the Administrator: a bill intituled New Relationship Trust Act.

**Hon. T. Christensen:** Mr. Speaker, I move that this bill be introduced and read a first time now.

Motion approved.

**Hon. T. Christensen:** Last spring this government announced a new relationship with the first nations of this province, a relationship of lasting reconciliation that will be measured by practical progress for all British Columbians. It is a relationship that ensures first nations share in the economic and social development of this province in line with the government's five great goals for a golden decade.

This is a relationship that can only succeed if first nations are supported in their efforts to become true partners in British Columbia's progress and prosperity. This government committed that support through a New Relationship fund of \$100 million.

#### [1005]

Today, by introducing the New Relationship Trust Act, we begin the process to put this fund in place. I am proud to be joined on the floor of the House today by Grand Chief Edward John and Dave Porter from the First Nations Summit, as well as by Chief Stewart Phillip with the Union of B.C. Indian Chiefs. They are here in recognition of the new relationship and in support of the legislation I will introduce today. Their organizations form the First Nations Leadership Council, representing about 200 first nations throughout the province.

Today I'm honoured to introduce Bill 11. The act means \$100 million can be invested to make it possible for first nations to develop expertise and experience in their own communities and to support skills development that in time will reduce reliance on external consultants. This means that first nations can develop the capacity they need to work side by side with government and industry on important social and economic matters.

The legislation will enable an independent board of directors to oversee the \$100 million fund and to ensure that the fund remains dedicated to the capacitybuilding priorities of first nations. It establishes clear public reporting measures, annual reports, strategic plans, audited financial statements and a review every five years.

Again, I acknowledge the First Nations Leadership Council for walking this path together with government. We are stronger because we are doing this together.

Mr. Speaker, I move that the bill be placed on the orders of the day for second reading at the next sitting of the House after today.

Bill 11, New Relationship Trust Act, introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

#### **Tabling Documents**

**Mr. Speaker:** Hon. members, I have the honour to present a report of the Auditor General, report 8, 2005-2006, *Managing Pharmacare: Slow Progress Toward Cost-Effective Drug Use and a Sustainable Program.* 

#### Orders of the Day

**Hon. M. de Jong:** I call, in Committee A, Committee of Supply — for the information of the members, continued discussion on the estimates of the Ministry of Children and Family Development. In Section B, this chamber, is second reading of Bill 6.

Whenever that is complete, we anticipate committee stage debate on Bill 2.

[1010]

#### Second Reading of Bills

#### MINISTERIAL ACCOUNTABILITY BASES ACT, 2005-2006

#### Hon. M. de Jong: I move second reading of Bill 6.

I don't expect I will add a great deal beyond what I mentioned in first reading. The Supply Act, 2005-2006 (Supplementary Estimates No. 1) was debated and passed by this Legislature a few weeks ago, in February, and that vote provided an additional \$1 billion spending authority to the Minister of Finance and ministries to make, specifically, incentive payments as part of the collective bargaining process. That process is well underway, and members will have read of the progress that has been made with respect to the utilization of those additional resources.

In speaking in support of the bill we have before us now, which accommodates that additional expenditure for the purpose of the obligations that the minister has to ensure that they come in on budget, I would hasten to point out that this is a decision that the government has made to take additional revenues that were unanticipated at the time of the original budget — the budget last fall, specifically — and allocate those moneys for a specific purpose. It is, I note, a decision that the House, as I recall, endorsed uniformly and unanimously a few weeks ago. It follows, therefore, that the Balanced Budget and Ministerial Accountability Act, as was intended at the time that act was proclaimed in 2001, now needs to purposely be amended by this House to take into account that adjustment to the budget as contained in the supplementary estimates.

I should just make this point, because I actually had one or two people contact me and say: "Well, why do you need to do this?" And ironically, in the spirit of accountability, they said: "Isn't this a bit of overkill?" I would say that it's not. I would say that the purpose behind the Ministerial Accountability Act was very clear, and that was to ensure that when a budget is set, ministries and ministers live within those budgets, and that if government makes a decision partway through the fiscal year to adjust those budgets, however defensible and appropriate that decision might be, there would be an obligation for government to come before the House, explain that adjustment and explain why it should not result in a penalty in the guise of a wage reduction befalling a particular minister.

I would submit to the House that in this case the decision, given what the fiscal circumstances were and how they change and how the money has been put to use and the support of the House for that use, is an entirely appropriate step to be taken and that the procedure which we are following in the House today is also the appropriate manner — albeit, as someone has pointed out to me, somewhat cumbersome from the point of view, perhaps, of a government or individual minister. But I think that is appropriate also, and I will listen with interest to the comments of other members.

#### J. Kwan: I rise to speak to Bill 6.

It is interesting, actually, listening to the Minister of Labour as he discusses this bill. I was recalling back to 2001, when the government first introduced the Balanced Budget and Ministerial Accountability Act. It was, in fact, introduced by the former Finance Minister, Gary Collins — with much fanfare, I might add.

#### [1015]

I certainly recall that there was much to-do about accountability, much to-do about how great the government was going to be and how they were going to hold themselves to account on the government bringing budgets in, with their respective ministries, on target.

Of course, within all of that context we know that in the act itself, the Balanced Budget and Ministerial Accountability Act, there was a provision — an out clause, if you will — that would allow ministers not to have to pay the penalty. This is not the first time that a minister is being exempted from the penalty. In this instance it's the Minister of Finance. In the past, in fact, the Minister of Labour himself.... When he was the former Minister of Forests, to my recollection, an act such as this one was brought forward so that he could be exempt from penalty.

Really, at the end of the day, what are we talking about in terms of accountability? With much fanfare it was that each minister was going to hold themselves to account. They weren't going to overspend their budget. When they do, though, what happens is that we have a new bill in the House that will exempt them from the very penalty that the ministers and the government had said they were going to be held accountable by for any overspending.

#### [S. Hammell in the chair.]

But at every turn — so far, to date — the government has found an out to exempt themselves. This is using the act, and it is the proper way of doing it. As the Minister of Labour says, it is the proper way of doing it — by bringing it before the House. That is the process, and that is the procedure. Make no mistake about it, though. The fact is that the government ensured that there was an out in this process of the Balanced Budget and Ministerial Accountability Act.

That's one thing. The other thing I want to highlight is this. Of course, there are other incidences in which the government has run into situations where their budget would be over budget per the blue books, the budget books that were provided during budget time. You know what? The one situation that comes to mind where that was the situation happens to be the Premier's office.

I raise this because I think it's very interesting. The minister and the government found a way to get around that, too, so that the Premier was not faced with the embarrassing moment of having a 20-percent reduction of his salary for running over his own budget. All he did was move an element within his bailiwick in the Premier's office into another minister's area so that he could say: "Well, I'm not overspending. For sure, I'm not overspending, because we're moving some of the stuff away so that I don't have to take the budget associated with it."

The item that comes to mind around that, to my recollection, happens to be a thing called the portal. You'll remember the portal situation, Madam Speaker. That was the time when the Premier had this big portal experiment with computer systems that he wanted to oversee, and it was, therefore, in his ministry, if you will, or in his budget for the Premier's office.

It turns out that the portal experiment was a bit of a failure. It couldn't quite deliver on what the government had hoped it would. It cost a lot more money than they thought that it would. It was a complete disaster. So I guess the Premier thought better of it and said: "Better move that out of my office so that (a) the failure doesn't reside in my office and (b) I wouldn't be over budget."

That's how the government deals with that on the accountability measure — not that the government actually went out and gave detailed information on the failed portal experiment to the public to be held accountable on how that money — I believe it was \$6

million — didn't quite yield the return to the government. It's not that kind of accountability but the accountability of making sure that the Premier's salary was not dinged by 20 percent. They found a way to deal with that.

#### [1020]

Interestingly, I actually spoke with some folks in the tech sector about the portal experiment. Some folks in the tech sector actually said to me, in fact, that they were so interested in working with the government, in trying to make the project work — they wanted to really build some credibility, to use their expertise to assist the province in this work — that they offered to do this project for free for the government. It was turned down by the government at that time. Why? I'll never know. If that made some sort of financial sense, I'll never know.

That would not only have delivered a project that was valuable to British Columbians, but it would also have allowed the Premier — without having to move that embarrassing failed project, which the government had tried to undertake, into someone else's bailiwick, into another minister's bailiwick — to not have to face the embarrassing moment of a 20-percent reduction in his salary for overruns in the Premier's office. But that was rejected by the Premier's office, I believe — by this government.

There's a question that needs to be asked, perhaps, around the accountability on that. Why wouldn't the government explain to British Columbians why they rejected that offer? And what financial sense did that make for British Columbians?

That's the second thing that I want to highlight related to this bill in terms of government's ability to get away from accountability. That's the truth of it. There are a number of ways in which the government can embark on getting away from explaining to the public and being held to account to the public around these issues.

The issue, of course, before us with this bill centres around the bonus payment. Yes, in fact, before the matter was even brought before the House for discussion around the \$1 billion bonus paid for the public sector, the minister had already announced that that was what she was doing — before the debate came before this House. It's true, as the Minister of Labour says, that when it did finally come before this House for debate, it was debated — albeit late, but it was debated in this House — and was passed by every member in this House.

I remember, in engaging in that debate, my wish was that the Minister of Finance would be successful. Because to achieve labour peace for British Columbians is significant for every one of us, and I do believe every one of us wants that in this province. I was a bit worried — given the history of the past, given the last four years of performance by the Liberal government and their treatment of labour and given how, for example, they reduced and rolled back wages for some of the health care workers in the province and how they really just generally treated labour with such disrespect — whether or not this would be successful.

Nonetheless, my wish was, as is the entire NDP caucus's wish, for the government to achieve success in

that process. We're seeing some successes arising from it. There's still some work to be done with some other sectors, but to date there's been some good news around the issue of labour peace.

I want to say this very clearly to the people who contributed in that process, the negotiators who've worked hard in achieving that: thank you to the negotiators on both sides — on both sides — for achieving and reaching agreement on the negotiations with the public sector.

[1025]

The dollars that we're talking about — 20 percent of the Minister of Finance's salary, which is the base MLA salary of \$75,400, with the additional \$39,000 for ministerial duties, comes to \$114,400. So 20 percent of that is \$22,880. So I would venture to say that this bill gives the Minister of Finance a bonus of \$22,880 — effectively, that's what it is — because this bill exempts the minister from violating the government's own law on accountability of not overspending. However you justify it, the reality is that we have a bill before us that exempts the penalty that came with the Balanced Budget and Ministerial Accountability Act for any minister for overspending their own budget.

In this sense, I would venture to say that what we're doing here is passing a bill to give the Minister of Finance a \$22,880 bonus. Effectively, that's what this bill does, that's what the government is asking the Legislature to do, and effectively, it is the way in which the minister and this government can come around and say that they have been accountable.

Of course, as I mentioned, the whole structure of the Balanced Budget and Ministerial Accountability Act was set up in such a way that the government always has an out, so that the penalty would never actually apply. That's what we've seen in the past with other ministers where they've had such a bill brought forward so they would not be penalized. Today, with the Minister of Finance, it is the same pattern that follows. With that, what Bill 6 does is to write a bonus cheque for the Minister of Finance in the amount of \$22,880.

**Hon. M. de Jong:** Thanks, Madam Speaker, and to the member for her contribution to the debate.

I won't take long in summation except to make, I hope, two points — or try to make two points. I heard during the course of the member's remarks a phrase that troubled me a little bit. I may have heard more than one phrase that troubled me a little bit, but there was one that stuck in my mind particularly. The suggestion was made that the debate around the granting of the spending authority for the incentive pay occurred too late. I think I know the point the member was trying to make, and I'm simply going to say that I disagree profoundly.

#### [Mr. Speaker in the chair.]

Yes, the Finance Minister — at a time when she was obliged to, in my view, practically if not legally — disclosed what the mandate was moving forward through negotiations late last fall and indicated what the government hoped to bring to the table, based on the information available to her. Then, at the first opportunity upon the resumption of the sitting of the House the very first opportunity — she tabled the necessary legislation for consideration by this House.

I think it bears for members, some of whom were here and some of whom weren't — the opposition Finance critic, of course, was — to compare what has taken place here, and what does take place here now, with former practices. We now have a parliamentary calendar which affords all members the certainty of knowing when we're going to be sitting here and when we're not. I can assure those that weren't here that that provides great peace of mind and certainty.

Moreover, we have a fixed budget date, and ironically, that fixed budget date takes place prior to the end of the fiscal year, which I can tell you was not always the norm under previous years — and not just previous NDP administrations, but earlier than that as well. So we now have a situation where we can give proper consideration to the budget, proper consideration to the estimates and, as we are in the process of doing right now, proper consideration, absent of any sense of crisis, of interim supply while we move through that.

[1030]

Here's the key point that I do want to make: the Finance Minister and the government came before this House prior to committing to the expenditure of any of that \$1 billion to seek the authority of this House to enter into those agreements.

Now, let's contrast that specifically with how an NDP government functioned. I was here. The opposition Finance critic was here as well. What happened then? Without any legislative authority, the NDP spent the money. They did it on the basis of something called special warrants, and then they came back here and said to this House: "Oops, we were over budget. Not only were we over budget, grotesquely over budget, but we spent the money. Now we're asking your forgiveness and your endorsement." And armed with a majority, as governments generally are, they would get it.

But that is a far different, far less transparent and, by any measure, far less accountable process than the one we have now. I hope the member will forgive me. I didn't hear her final comment, and I didn't actually hear whether she is supporting the opposition or supporting the bill or not. But if they're not, then I would like to know that. Because if there is opposition to the notion that the government would come before this House and say, in as procedurally clean a manner as I can conceive of in a parliamentary democracy, that we have realized additional revenues that no one could have anticipated because of what was happening with natural gas prices....

We have made a corporate decision as government to allocate a significant amount of those revenues to the negotiating process. We seek the approval of this Legislature to do that, and in the pro-cess, we don't think any one member of this assembly or cabinet minister should be penalized for doing that. If the opposition thinks that seeking that approval from this assembly.... In fairness to the member, she conceded that seeking the approval was appropriate. But if they don't want to give it, if they think the Finance Minister today should be penalized for following a process that in my view is as transparent and as accountable as any Legislature could conceive of, then they should make that clear. They should stand up and tell people that they think the Finance Minister should be penalized.

I suppose they would bring the same argument in the event of a Forest Minister having to dip into additional revenues to fight forest fires. That would technically require a similar provision that hasn't passed, and they would take the view that the minister responsible should be penalized.

The purpose behind this act is to bring a sense of personal accountability to the management of taxpayers' resources. That's what this act is about. If you look at the record, if you look at the fact that we have a fixed budget day, if you look at the fact that we file service plans, if you look at the fact that each and every budget cycle, each and every fiscal year the government has over-performed, then I think by any comparative assessment that this government has performed well and satisfies any test of accountability.

[1035]

Let's just keep in perspective what's taking place here. The government has come before the chamber armed with the knowledge that it had additional revenues and, at the very earliest instance following the throne speech and introduction of the budget, said: "Before we can spend that money, we require the authorization of this chamber, in our view. We require that authorization to enter into those agreements. And yes, there is urgency. We need to do so this fiscal year, because — you know what, Mr. Speaker? — the government did something else. It not only accepted generally accepted accounting principles; it embraced them and said: "Our operations will be guided by those principles."

That, if one looks at what has happened in the past under the NDP, is very much a foreign concept for members of the New Democratic Party, because under those principles you can't actually roll money over into other years.

#### An Hon. Member: Are you asking for our support?

**Hon. M. de Jong:** It actually gets spent in that fiscal year, or it goes to the repayment of the debt.

The member asks if we are asking for support. Of course I am, and I hope we get it. If we don't, I think it will speak volumes. It will speak volumes in addition to what we've seen in the past when the NDP were in power. It will speak volumes about what the notion of accountability truly is for members on that side of the House.

The bill is a logical application of the principle of accountability as set out in the Balanced Budget and Ministerial Accountability Act. I commend it to all members of the House, and I move second reading. [1040]

Second reading of Bill 6 approved unanimously on a division. [See *Votes and Proceedings*.]

**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 6, Ministerial Accountability Bases Act, 2005-2006, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

[1045]

**Hon. M. de Jong:** I call, in this chamber, committee stage of Bill 2.

#### Committee of the Whole House

#### BUDGET MEASURES IMPLEMENTATION ACT, 2006

The House in Committee of the Whole (Section B) on Bill 2; S. Hammell in the chair.

The committee met at 10:47 a.m.

On section 1.

**J. Kwan:** I have some questions for the minister. I guess it would be, really, the cluster of questions for sections 1 to 5, centred around the Home Owner Grant Act. First of all, I would like to ask the question: the non-profit sector and the co-op sector — are they qualified for this grant?

**Hon. C. Taylor:** There has been no change in the eligibility, so yes, they still qualify.

**J. Kwan:** Just so that I'm completely clear.... I'm not quite sure, actually, how that system works with non-profits and with co-ops. Is the application for each unit, or is it for the entire site — per building?

Hon. C. Taylor: It is for the co-op as a whole.

**J. Kwan:** So it's for co-ops. Is it just co-ops? I think the earlier answer from the minister was that it applies to both the non-profit sector and the co-operative sectors. I just want to have some clarification on that.

**Hon. C. Taylor:** If it is residential — obviously; this is a homeowner's grant — and if they pay property taxes, then it applies to the owner.

J. Kwan: In most instances it would be owned by a non-profit for the non-profit housing side. For a co-

operative it would be the cooperative, so they would put in an application and they would get \$100 off their property tax. Essentially, that's what we're talking about, whether it's a 60-unit housing project or a threeunit housing project.

[1050]

**Hon. C. Taylor:** We do believe it's per unit. We were looking to see if there were any subtleties or odd circumstances. But my response to you at this point.... We'll check to see if there are any variations on that, but it's per unit. This is assuming that paying property tax is assessed per unit — right?

**J. Kwan:** So the earlier answer on whether it's per building or per unit, when the minister said it was per building, is not the case. It's per unit. This is the latest answer from the minister.

Understanding that, then, it's on a per-unit basis with the non-profit sector. Presumably, for some of them that's true. I know that in the city of Vancouver some of the non-profit housing projects are exempt from property taxes by the city of Vancouver, under a special act that the city had actually brought forward from years and years ago. Some of them now have to pay, though. I'm sure that's the case all throughout B.C., in other communities as well.

It's on a per-unit basis in terms of the calculations. So each unit.... If it's a 60-unit building, let's just say, then they would be eligible for 60 \$100 homeowner grants, and it is not on a per-building basis. If the minister can confirm that, then I'll ask my next question around this area.

**Hon. C. Taylor:** As I said, when you ask to whom the cheque went, it would be to the co-op. The amount would be determined. If the property tax is per unit, then the grant is per unit in terms of the dollars, but it would be paid to the co-op.

**J. Kwan:** The minister said that if the property taxes were per unit, then the calculation would be on a perunit basis, but the cheque would be sent to the co-op or to the non-profit society. Property taxes, as far as I know, generally don't break it down on a unit-by-unit basis. Generally, it's a tax bill that comes for the site.

The only scenario that I can think of where property taxes are calculated on a unit-by-unit basis would be condominiums, for example, that are stratified. I'm not quite sure what the minister means by that in terms of that calculation pertaining to non-profits and to cooperatives.

**Hon. C. Taylor:** As I said, we're looking to see if there are any exceptions to this, and we'll certainly get the answers to you while we continue the discussion.

**J. Kwan:** If the minister could provide clarity on this issue as she gets the information, I would appreciate that. It would be good to know how this would apply.

[1055]

**Hon. C. Taylor:** In clarification of the previous question, the corporation itself applies for the homeowner grant, but it's based on a per-unit. In your example where the co-op had 60 units, it would be 60 homeowner grants, but it's the corporation that applies for that grant.

On your question on assisted living, there are various definitions of assisted living. One of the things I should emphasize here is that we haven't changed any of this. These have been the homeowner grant regulations and criteria all along. We have not done any adjustments here.

In assisted-living units, they go from minimal assisted living to some that are pretty closely aligned with extended care. So it would depend on the specific unit you would be talking about, whether they are designated as residential and whether they're in fact paying property tax. As we said before, there are some facilities that are exempt from property tax, so it would depend on the specific location — the specific definition that you are asking.

**J. Kwan:** If a unit, whether it is a cooperative housing unit or a non-profit housing unit or assisted-living unit or extended care unit.... As long as the designation is residential, then it qualifies. Would that be a good way of summarizing the minister's answer and understanding how this homeowner grant would apply?

The Chair: Excuse me for a minute. What we're doing is talking about the previous act rather than the existing bill. The rules and regulations are existing with the existing act. What this act is doing is moving from the act to regulation, setting the amount. Is that correct?

**Hon. C. Taylor:** That is part of this. The other part is to add a definition to the threshold amount but also, as you have suggested, to say that we can do the changes in dollar amount by regulation going forward.

**The Chair:** Okay. The debate should be relevant to the section under consideration.

**J. Kwan:** Sorry. I was waiting for the minister's answer.

**Hon. C. Taylor:** Hon. Chair, I take your advice, and we will just answer questions on....

**J. Kwan:** The question put to the minister, I think, is relevant to the bill in this context. There is an extension of a \$100 homeowner grant. Its application of who can qualify for it and how one goes about qualifying for it, I would think, are within the context of this debate.

So to get some clarity on it.... I'll tell you that I'm not clear in terms of that. If I was a non-profit sector, I

[1100]

would be sitting there wondering if I would be qualified for this \$100 addition in terms of the homeowner grant. I don't know that, Madam Chair, which is why I think the clarity is important for them to know. There are many housing projects out there, assisted-living or otherwise, and it would be good for them to know whether or not they have \$100 for the whole site in terms of a grant coming back to them or if it's \$6,100 per building, and so on, which can make a significant difference for the budgeting of the non-profits in that context. So that's why I ask the questions.

Then, of course, in another realm my colleague the critic for Small Business was asking the minister in the estimates debate around the application of the homeowner grant related to float homes versus manufactured homes, for example. In fact, the Minister of Small Business referred those questions to the Minister of Finance when we debate this matter, so we need some clarity in terms of who qualifies and who doesn't. So to the minister on that question, and then also around float homes and manufactured homes.

**Hon. C. Taylor:** I will just say again that this bill does not touch the present criteria, so anyone who is currently receiving the homeowner grant will receive the additional grant. It's that simple. We are not changing any of the criteria for to whom this applies.

J. Kwan: Float homes — are they qualified?

The Chair: Member, it's not relevant to this bill.

**J. Kwan:** Well, thank you for that advice, Madam Chair. If it's not relevant to the bill in terms of who is qualified and who is not qualified, then I will just ask this of the minister. In terms of trying to get this information for the public, will the minister then simply provide this information to me by writing so that I could let the community know? I've had questions from the community around this bill — whether or not they qualify for the additional \$100 — and I can't answer that question. I simply don't know, and I thought the purpose was to get clarity here in these debates. But apparently that's not the case. So can the minister actually provide that information to me in writing at a separate time?

**Hon. C. Taylor:** Obviously, who is eligible for the homeowner grant is public information, and we'd be happy to supply that information.

**J. Kwan:** I would think that is actually information that the minister will want to send out to the public. There is confusion around who is qualified because, as far as I know, manufactured homes are qualified, for example, but float homes are not, and that confuses me. Why wouldn't float homes, for example, be qualified for this additional \$100? And is there an appeal mechanism, for example, for one to want to raise these matters if they don't qualify for the additional \$100?

These are all relevant questions, public information that I would think the public would want to know and

would want to get clarity from the minister on. So I would appreciate that information from the minister.

How many individuals or corporations, cooperatives, non-profits, and so on, would be qualified for this additional \$100? What is it now?

Hon. C. Taylor: Hon. Chair, 95 percent of the homes in British Columbia are covered by this homeowner grant.

J. Kwan: What's the number on that?

Hon. C. Taylor: It's over 900,000 homes.

**J. Kwan:** So it's 900,000 homes, and that includes the co-op, the non-profits, the assisted-living and so on. Okay. So I'll just await that list in terms of who is qualified and who's not.

Is there anybody that's not qualified that comes to mind for the minister?

[1105]

Hon. C. Taylor: People who are not homeowners.

**J. Kwan:** Wow, that's a good revelation. Would a float home be considered as a home?

Sections 1 to 5 inclusive approved.

On section 6.

**J. Kwan:** Yes, on section 6, which deals with the Income Tax Act. This piece deals with the taxpayer being able to claim medical expenses on behalf of a dependent — from \$5,000 to \$10,000. Is it the case that anybody who was formerly qualified for the deduction would be eligible to access this higher level of deduction?

Hon. C. Taylor: Yes.

**J. Kwan:** What does the record show now in terms of the number of people that are qualified?

**Hon. C. Taylor:** In B.C. there are about 800 who claim this expense.

**J. Kwan:** What's the impact of this on the provincial revenue?

**Hon. C. Taylor:** With this increase of claims that you can have for a dependent relative, it will increase our costs to about \$500,000 — so from \$250,000 to about \$500,000.

Section 6 approved.

On section 7.

**J. Kwan:** On section 7, which deals with the B.C. flow-through mining expenditure. Again, the question

on this is: what's the impact of this tax credit on the provincial revenue?

**Hon. C. Taylor:** It's expected to cost an additional \$3 million a year.

J. Kwan: What was it before?

**Hon. C. Taylor:** Since this is just an extension, a continuation of the program.... It's not an addition, so the same number applies. This is just extending the period of time that this tax credit exists.

**J. Kwan:** When was this brought in?

[1110]

Hon. C. Taylor: It was brought in, in July 2001.

Sections 7 to 9 inclusive approved.

On section 10.

**J. Kwan:** Sections 10 and 11 deal with the film industry tax credit. Yes. So again, on this question, it's for film and video productions to 2008.

On this tax credit, could the minister please advise on the question of how much the impact is on the provincial treasury on this tax credit? And what was it, I guess, running up till now?

**Hon. C. Taylor:** The additional tax credit is about \$30 million per year.

**J. Kwan:** Does that break down in accordance with what's outlined in the bill under the explanatory notes — that being "10 percent of the qualified B.C. labour expenditure in respect of eligible productions for which the principal photography begins" for this period, and then the tax credit of 7 percent for the accredited qualified B.C. labour expenditure for the December 31 period to 2008? In other words, the \$30 million, in terms of the tax credit that's yielded to the companies for the film and video productions — does it break down in terms of what percentage for what area?

**Hon. C. Taylor:** The breakdown for the B.C. film and the foreign film: the B.C. film, the cost is approximately \$48 million a year; and the foreign, \$77 million.

**J. Kwan:** So that \$30 million additional — how does that break down?

**Hon. C. Taylor:** It's obviously in the same proportion, so we're just doing our math. It works out to about \$12 million and \$18 million — so 12 B.C., 18 foreign.

**J. Kwan:** In total, then, for B.C. film. With this additional tax credit, we're looking at about \$60 million per year on the provincial treasury, and then for the foreign films, \$95 million. Did I do my math right?

Hon. C. Taylor: The 12 and 18 were included in the 48 and 77.

J. Kwan: So I guess, then, subtracting as opposed to adding it in terms of what it was. Then we're looking at \$36 million for the B.C. film and \$59 million for foreign.

Are we expecting that figure to stay constant until 2008? Is that our expectation?

[1115]

Hon. C. Taylor: Because this, of course, is dependent on the success of the industry, it does bounce around a little bit. But at moment the industry seems to be very strong, so we certainly think it will be at least this.

J. Kwan: If the budgeted amount, which I guess is the extra \$30 million budgeted for this fiscal, and presumably that's been budgeted for every budget cycle after that until 2008.... If the dollars or the credit come in at a higher amount than what the government has budgeted for, would that money then come out of contingency within the ministry?

Hon. C. Taylor: The government books don't work exactly like that, because with revenue, of course, if the business is doing very well, then we will be getting more in corporate income tax from it. At the same time the tax credit numbers would go up as well.

J. Kwan: Yes, we would be getting more revenues, but the revenue would actually then be calculated in the ministry of revenues - right? When that money comes in but is not money that's allocated for spending other than what's been budgeted .... If it goes above the budget, how does one go about calculating and accounting for that portion that's over the budget?

Hon. C. Taylor: Of course, tax is just a revenue item. It's not a spending item. So we see these numbers change constantly throughout the year in terms of the tax dollars that come in or in terms of credits. If the credits go up, it means that's fewer dollars in.

It's not a matter of talking about contingencies or where else do you get it. It just shows you the dollars on your bottom line that have come in from revenue. If the business is doing extremely well, then we will get extra revenues on the line that says corporate income tax, and we will get fewer dollars because we will spend more on tax credits than we might have assumed.

Sections 10 and 11 approved.

On section 12.

J. Kwan: The section here deals with a formula to calculate the international financial activity income, and under the explanatory notes, it states that it removes the adjusted interest from the formula to calculate adjusted international financial activity income. Could the minister please explain how this would work? And when it talks about the adjusted interest, what is it referring to?

Hon. C. Taylor: The exchange is being made because we don't believe that the original formula worked properly. It was intended initially to make sure that companies weren't overstating interest income, but we now have very low interest rates, and for a lot of reasons, the formula wasn't working. This is just clarifying it for companies so that they know what the rules are.

[1120]

J. Kwan: When the minister says the formula before wasn't working, was it based on a fixed interest as opposed to an adjusted interest? Is that the problem, and that's why the amendment is being brought here?

Hon. C. Taylor: The previous formula actually reduced the interest expense to 65 percent of interest income whether, in fact, that was the number. So, especially if you're dealing with very small numbers, that just didn't make any sense at all. There have been some problems trying to figure it out, and our Finance staff had a look at it and believed that it wasn't working as a formula. That's why we were taking it out.

[S. Hawkins in the chair.]

Section 12 approved.

On section 13.

J. Kwan: Section 13 deals with the Mineral Tax Act, which is supposed to clarify the gross revenues from the operation of a mine for cases where mineral products from the mine are sold to a related person operating the same mine and the sale is for the purposes of fulfilling a pre-existing contract.

When it says that it's clarifying the gross revenues, could the minister please explain what that means?

Hon. C. Taylor: This is an attempt to close a loophole where we're trying to prevent companies being able to sell to a related firm or company at a low cost. Therefore, it would show on their books as being low revenue, and they wouldn't have to pay much tax on it. This is to prevent that.

J. Kwan: So in other words, we've had situations where, I guess, companies try to take advantage of this tax act by purposely lowballing, if you will, the value of their company or their shares, thereby coming up with a lower gross revenue figure. I presume it's the formula on the next page, on page 3 of the bill, where it says that proportionate share equals transaction value times purchased mineral product over total mineral product. Using that formula would fix the problem?

Hon. C. Taylor: We had one example where it was a difference of opinion and not someone who was specifically trying to avoid the tax, but because of their circumstances they did sell to a related party at a lower price. We disagreed with them and, from Finance Ministry's point of view, assessed them at a higher tax. They appealed it, and actually the situation was such that we thought we had better clarify this, because they were technically following the previous act properly. We want to do this now so that that can't happen in the future.

[1125]

**J. Kwan:** Okay. We know, then, what's happened in the past and what this is trying to correct. With the formula that's on page 3 of the bill, is it the case that the application of this formula will then fix the problem? Am I understanding this correctly?

The incident that the minister alluded to, did it only occur once? Is that why this is brought to light at this moment?

Hon. C. Taylor: Yes.

Section 13 approved.

On section 14.

**J. Kwan:** Section 14 adds biodiesel fuel to the definition of marine diesel fuel and motive fuel. My understanding is.... Oh no, I'm sorry. That's actually the next section. Okay.

By doing this, what kinds of impacts are there with respect to the provincial treasury?

**Hon. C. Taylor:** Virtually no impact. It's such a small, small part of the market that it will have no impact.

**J. Kwan:** How did this get brought forward to be in the bill?

**Hon. C. Taylor:** In doing our own due diligence, we noticed that biodiesel fuel at 100 percent was not taxed, whereas diesel fuel, of course, is. That's not proper, so we're just trying to make sure that it gets captured.

Sections 14 and 15 approved.

On section 16.

**J. Kwan:** Section 16 deals with the Motor Fuel Tax Act, which authorizes the use of coloured fuel in all unlicensed motor vehicles. I guess the question for the minister on this relates to 16 to 18, actually. Sections 16 to 18 all deal with this. Could the minister please explain again why this amendment is tabled at this time?

Hon. C. Taylor: This is one that has come up to us from our various round tables that we've done around the province looking at small business and some of the taxation issues. It was pointed out that our current legislation is set up so that we would list the piece of equipment that would be exempt and would be able to use the coloured fuel, which has a lower gas tax. **J. Kwan:** In that consultation process, did the government bring this item up for consideration with, let's say, environmental groups or other groups?

unlicensed vehicles - in other words, that are not us-

ing our roads — may use the coloured fuel.

[1130]

**Hon. C. Taylor:** No, my impression is that it came up through all of our prebudget consultation around the province. That took various forms, of course, and I know that the member opposite actually sat on the Finance Committee that listened to a lot of the requests from the community. Since I wasn't at all of those meetings, I can't say with certainty, but to my knowledge I didn't receive any specific consultation with the environmental communities.

**J. Kwan:** Maybe the minister could provide information to the House, then, on the list of groups with which the government consulted related to this. I sat on the Finance Committee, and to my recollection — and I'm looking to the Chair of the Finance Committee — I don't recall a presentation on this. That doesn't mean that it might not have been made, but to my recollection I don't remember any presenters coming to talk about coloured gasoline and diesel for unlicensed vehicles.

In any event, though, the minister says the consultation was done, and I'd be interested in getting a list of folks that the government consulted with. If I could get that at some other time, that would be great.

**Hon. C. Taylor:** The consultation comes to us in various ways. Sometimes we receive letters. I'm not sure if we received any letters on this particular one.

A major job for our Minister of Small Business and Revenue is to do these business round tables around the province, where he invites people to come forward and talk about issues that they believe are unfair and bring them to our attention. This was certainly a major one that the minister brought to our attention.

**J. Kwan:** Should my request be directed to the Minister of Small Business and Revenue?

**Hon. C. Taylor:** I'm sure that the Minister of Small Business and Revenue could give a much more detailed presentation of how many people spoke to the committee about this issue.

**J. Kwan:** I take that answer as meaning that I should ask the Minister of Small Business and Revenue for that information, which we'll follow up on. I'm just curious about it in terms of how it came about —

maybe it makes ample sense — and also in terms of who the government consulted with and whether or not there are different issues related to this. That's all that I'm trying to figure out.

I'm ready, then, to move on to section 21.

Sections 16 to 20 inclusive approved.

On section 21.

**J. Kwan:** Section 21 eliminates the PST on all the labour services related to software. It also impacts section 22 in terms of personal property. Could the minister please tell us, for the PST component: what is the estimation within the ministry of where the application of this PST elimination would apply to corporations versus individuals?

[1135]

**Hon. C. Taylor:** The overwhelming part of this will apply to businesses, benefit businesses primarily. We did an estimation, but we won't know until we've been through a year. But we broke it down: \$30 million and \$5 million, but I emphasize that that is an estimation.

**J. Kwan:** I'm sorry. Did the minister say \$30 million and \$5 million? So \$30 million goes into corporations, and then \$5 million is estimated to be going to individuals for a total of \$35 million.

In terms of the corporations, and I guess that's for any corporation.... For example, in the health care sector with doctors, part of the settlement that relates, I read in the paper, deals with a promotion to upgrade their database and so on, so this would actually make a significant difference for them. Am I correct to assume that?

**Hon. C. Taylor:** First of all, it's not just big businesses; it's small businesses in particular. We felt this will make an important difference for them. But I must remind everyone that this is just on the servicing of software. This is not on the purchasing of software. This is the servicing of software, the installation, the modifications, the upgrades.

**J. Kwan:** I do know that it is about upgrades of software and so on. Of the \$30 million, what's the breakdown with the subgroups within that in terms of the sizes of the corporations?

**Hon. C. Taylor:** This is a new program, and we would not be able to guess what that breakdown will be until we've had a little bit of experience with this.

**J. Kwan:** I'm sorry. I was interrupted for a moment. I didn't catch the last bit of the minister's answer.

**Hon. C. Taylor:** This is a new program, so we would not know at this point how exactly that will break down.

J. Kwan: Does the ministry have an estimation? The minister does have an estimation of \$30 million for

corporations, but within that, is there some sort of an estimation in terms of how that would break down with the sizes of the corporations?

**Hon. C. Taylor:** Our information, of course, will come from the person providing the services. They are the people collecting the tax, so we would not have any idea who their customers are.

**J. Kwan:** One more question, and then I'm going to yield the floor to my colleague. When the minister gets the information, then — when the numbers are coming in — could the minister provide that information by way of that breakdown for the opposition?

**Hon. C. Taylor:** We will never have that information. The companies who provide the services and install and upgrade and improve software do not tell us and would have no intention of telling government who their customers are.

**J. Kwan:** You know, I do find the minister's answer troubling. The issue here is not about telling anybody who their customers are. The government is providing a tax break for corporations. They are providing a tax break for individuals.

The minister said, in her answer to me earlier, that the tax break is not necessarily for big corporations or small businesses, that it's just generally for people who want to access the service. But the government has an estimation of the amount which the minister expects that this tax break would apply to corporations: \$30 million. Surely there's some interest in trying to find out how that breaks down.

[1140]

Nobody is telling anybody that they should be saying who their customer base should be. But if we're going to give a tax break to British Columbians, shouldn't we actually have more information and work towards getting the information on who this should be benefiting and how tax dollars are being used in that context? That's the basis of my questions.

**Hon. C. Taylor:** Surely the member opposite understands that when you give a tax exemption to a service provider, they are the business that receives the benefit. It is to go two steps further and say: "Oh, and by the way, Mr. Server, whose computer did you fix today?" He's not about to tell the government that, and I don't think any of us want to be in a country where a person cannot properly do their own business.

This is very simply a PST exemption for those people who provide servicing on computer software. Whether they're installing it or upgrading it or modifying it, or whether they're doing it for the grocery store down the street or for a big corporation or for anyone in this House, it's PST-exempt on the services that are provided for upgrading computer software.

J. Kwan: The issue, of course, is that in terms of taxation policies, it's all centred around priorities —

priorities of who we're targeting and for what communities, and which individuals, corporations and businesses are trying to get a benefit that the government is trying to promote. One would assume that much, but without this basic information, it's hard for anyone to be able to say: "Hey, you know what? The government is supporting small businesses to this degree."

All that the government would be able to say is, "Oh, we're supporting businesses," and make this sort of broad statement. Maybe that's the intent here around this section of the bill, so that government can claim they are supporting everyone without telling British Columbians who exactly they are supporting and to what degree and by how much, using taxpayers' money.

**B. Ralston:** Just a couple questions of clarification about the application of this particular alteration of the Social Service Tax Act. If a company does those modifications internally, using their own pre-existing labour, then this would not apply to them?

**Hon. C. Taylor:** There is no benefit to a company doing the work themselves internally.

**B. Ralston:** Then is the perceived purpose of this policy to provide incentives to those companies who provide that service to other companies as an external service?

**Hon. C. Taylor:** This initiative came to us very directly and forcefully in our Small Business Roundtables as we went around the province. A lot of companies were complaining about the complexity of what they were trying to handle but also the necessity to do this. One of the issues that became apparent was that it would probably benefit smaller companies more, because a lot of big companies internally, as the member opposite has suggested, take care of their own software issues.

For a couple of reasons, this looked like an important initiative to do. It would encourage productivity within the businesses, but it would also — probably disproportionately — help smaller businesses.

**B. Ralston:** The breakdown that the minister has spoken of, the individuals who provide those services — presumably, then, those are self-employed individuals who would self-report the work that they've done.

**Hon. C. Taylor:** I believe the member opposite is misunderstanding the \$35 million breakdown. That was in breaking down who would be served by this PST exemption. We think \$5 million will be directly in individuals' hands, but we estimate \$30 million will be in businesses. The whole package is a PST exemption for the people who provide the services, who install software, who modify software.

Sections 21 and 22 approved.

#### On section 23.

**J. Kwan:** Section 23 deals with the tax threshold for higher-cost vehicles. Could the minister please advise: the dollar figures that have been selected for the purposes of this bill — where did the figures come from? How did the government arrive at these figures?

[1145]

Hon. C. Taylor: This initiative came to us from, again, not just the Small Business Roundtable but also from the Finance Committee. The suggestion was that for people, especially in rural areas and in the north, who drive pickups to all of a sudden, because they are more costly than our previous threshold, be paying luxury car tax on a work vehicle.... This was a very strong lobby saying that we must change this. So we based it on the price of a three-quarter-ton, diesel, well-equipped pickup. The attempt was there to make sure that those people who are using these kinds of vehicles for their work would not be subject to the luxury tax.

J. Kwan: Yes, I remember that debate, actually, in the Finance Committee. We were trying to figure out, in the context, how to apply it, particularly for those rural communities where weather and road conditions have a major impact for people. Therefore, bigger vehicles are often necessary for them to get around. There were issues, then, related to that in terms of how you distinguish those individuals who used the vehicle for the purposes of work versus not, for example, and therefore, what the appropriate size is.

The Finance Committee never actually arrived at what the appropriate size was and how to distinguish all of these issues. In the end, the Finance Committee just simply decided: "Well, let the Ministry of Finance worry about that." However, we noted that there are issues related to rural communities.

Then coming to that, on the question around distinguishing workers — people who use their vehicles for work versus people who don't, for example — was that a consideration in how the government came up with this proposal?

**Hon. C. Taylor:** We struggled in Finance — just as the Finance Committee struggled — with this issue, because it's a hard one to get at. I initially felt that it's pretty easy to define a pickup truck. Let's just say it's for pickup trucks, because the one-ton trucks, of course, are exempt. But this three-quarter-ton area was getting hit with the tax. We found that, in fact, it was very hard to define, for legislative purposes, a pickup truck. If you start to say "a truck base," then all of a sudden you've got lots of very expensive SUVs that use truck bases, and so that didn't work.

We've gone at this from several directions, trying to most fairly pinpoint the area we were going at. We believed that by picking off the three-quarter-ton diesel truck, that was the best way of getting at it. It's impossible, of course, ever to say to someone who's buying a truck: "How much are you going to use it for work, and how much are you going to use it in your private life?" So we did not look it at it from that point of view.

**D.** Chudnovsky: Thank you, Madam Chair, and good morning to you and to the minister and her staff.

I wonder if I could, just for a minute or two, pursue the issue that my colleague from Vancouver-Mount Pleasant was discussing and perhaps come at it from a slightly different perspective. Is the ministry able to predict how many vehicles we're talking about providing the exemption to with the change in the threshold? [1150]

**Hon. C. Taylor:** Again, of course, these are estimates because we don't know what the market will be. We don't know who is buying cars these days, but we estimate that there will be 8,000 vehicles sold that will benefit from this which wouldn't have under the previous threshold.

**D. Chudnovsky:** Is it possible to predict where those vehicles will be sold and where they will be used?

Hon. C. Taylor: No.

**D.** Chudnovsky: I'd like to pursue that no for a minute, if I might. It seems to me that at the centre of this discussion, which is a real discussion and a real dilemma.... Certainly, on this side of the House we have some substantial sympathy for folks in rural areas who need, for various reasons, larger vehicles. We know and understand that the price of those vehicles has gone up. But if we were to find, for instance, that the vast majority of vehicles — of the 8,000 that the minister has referred to — are bought and sold and used in the lower mainland, it seems to me, at least, that this is public policy reform that isn't hitting the issue that it purports to hit.

I wonder whether that concern is a concern, as well, for the minister and her staff and, if it is, whether they could figure out a way to determine who is buying and selling the cars and where they're being used. If it isn't a concern for the ministry, how come?

The Chair: Minister, noting the hour....

**Hon. C. Taylor:** Noting the hour, shall I answer the...? In terms of the question that was asked, I will say to the member just before I do note the hour that we had looked at this from various directions. One of the very important issues that was brought up was that a lot of the construction workers in the lower mainland also want these vehicles. They use them for their work, even though it's the lower mainland. There were construction workers and rural workers who all came forward asking for this. The other thing I would say is, of course, people don't always buy their car exactly in their own locality.

For all of these reasons, it would be absolutely impossible to track the kind of question that the member opposite is asking. We do know that even in the lower mainland, these three-quarter-ton pickups are often bought for work purposes as well. Noting the hour, I would ask that we rise, report progress and ask leave to sit again.

Motion approved.

The committee rose at 11:53 a.m.

The House resumed; Mr. Speaker in the chair.

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

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

Hon. G. Abbott moved adjournment of the House.

Motion approved.

**Mr. Speaker:** This House stands adjourned until two o'clock this afternoon.

The House adjourned at 11:54 a.m.

# PROCEEDINGS IN THE DOUGLAS FIR ROOM

**Committee of Supply** 

#### ESTIMATES: MINISTRY OF CHILDREN AND FAMILY DEVELOPMENT (continued)

The House in Committee of Supply (Section A); D. Hayer in the chair.

The committee met at 10:13 a.m.

On Vote 19: ministry operations, \$1,234,026,000 (continued).

**Hon. S. Hagen:** I'd just like to start by saying good morning and wishing my colleague a good day.

One of the questions that we left unanswered last night had to do with the duration of open investigations, and there are some interesting numbers here. I also have percentages of the total investigations open. On the half- to one-year number, and I have them back to 1998.... I might as well read them all into the record: in 1998, there were 917 open; 1999, 744; 2000, 504; 2001, 758; 2002, 617; 2003, 458; 2004, 481; 2005, 662; and so far in 2006, 698. You can see there's quite a variance. For some reason '98 was fairly high, and it looks to me like — and I didn't do a mathematical calculation here we're just about average.

[1015]

Now, in the duration period of one year: in 1998, 449; in 1999, 433; in 2000, 362; in 2001, 440; in 2002, 380;

in 2003, 204; in 2004, 172; in 2005, 179; and in 2006, 324. Again, there's quite a variance. It starts high, goes down and then climbs back to what appears to be a bit of an average.

In terms of percentages of total investigations open in the half to one year, in 1998 it was 17.5 percent. In 2005 it has dropped to 13.9 percent, which is not the lowest it's been. But it has dropped. Then the percentage of total investigations open for one year — in 1998 it was 8.6 percent, dropping to 6.5 percent in 2005.

**A. Dix:** I'm going to defer briefly to my colleague from Vancouver-Hastings, who has a brief question. I was wondering if the minister would share the document with the opposition.

**S. Simpson:** To the minister: I have some very specific questions related to the Vancouver Aboriginal Friendship Centre and the contractual role that it plays. I believe it's called the aboriginal representative for the lower mainland area, so I'm looking to proceed. I don't know whether the minister has folks here who can help him with that right now. If so, I'll proceed. If not, I'd be happy to come back around 11:30, maybe, and do it then.

**Hon. S. Hagen:** Here's a suggestion, because it might help speed things up. If you give me the question now, then I'll get the answer back to you.

**S. Simpson:** I have half a dozen questions or so, and they need to play out. Maybe I'll ask some of these questions. Maybe you'll be able to provide some information, but I appreciate that you may not have all the resources here you need.

The first question I really have is.... It's my understanding that the Vancouver Aboriginal Friendship Centre has contracted with the ministry to act as the aboriginal representative for the lower mainland area. Could the minister tell me: what is the role of the aboriginal representative in that relation, as it relates to children who are either being apprehended or under supervision orders or being placed for adoption?

Certainly, there are some of these questions that will flow from the answers that I get. I would like to generally know what the role is there and to have some understanding about what the expectations are. I'm happy to let the minister know where I'm going with this.

This contract, as I understand it, is valued at a little more than \$30,000, which allows the aboriginal friendship centre to hire a half-time person, essentially. I understand that they have a caseload.... Based on ministry projections, they should expect anywhere up to 50 referrals a month over the year. So they may expect as many as 600 referrals in a year to the friendship centre, for which they have one 20-hour person to deal with relations and liaison with families. My understanding is that their role and responsibility is to play that liaison role with families and to make sure that families understand what's going on and that they're participating and comfortable with the circumstances around their children.

Really, the sense here is that I want to know what the ministry's thinking is around providing that service and whether the ministry believes that a half-time staff person is adequate support from the ministry for a situation like Vancouver or the lower mainland. I understand they go right out to, basically, the whole lower mainland, excluding Langley, with a \$30,000 contract.

I'm concerned that those don't seem like sufficient resources for the kind of expectations that the ministry should have for their aboriginal representative. I know from talking to people at the Aboriginal Friendship Centre that they have some concerns about whether they are in fact going to be able to do the job with those resources. Or are they going to fail? And nobody wants them to fail. You don't want them to fail, and they don't want to fail.

[1020]

I'd like to know what the thinking of the ministry is around that size of contract for that sort of responsibility, and how you expect them to deal with that.

Interjection.

**S. Simpson:** I think that's what I can tell you now, until I get....

The Chair: Through the Chair, please.

S. Simpson: My apologies, Chair.

That sort of gives you the picture. I may, after I get some response from that, have some follow-up to it, but I think that gives you a pretty good idea of where I'm going with this.

**A. Dix:** It's very nice to be in the Douglas Fir Room. It has a very nice ambiance, back and forth, I think, so it should be enjoyable to pursue some of the issues that we have to pursue.

I want to follow up.... When I left the minister last night, we were discussing the changes in the ministry. I just wanted to get a sense from him, in a corporate sense, on how it's going.

Last night I quoted from an e-mail sent out by the acting deputy minister. I just want to remind the minister what it says. It said that because this is obviously one of the key priorities for the minister and for the ministry, and it has been for about four or five years — oft-delayed and mishandled, but it's still a priority — to work on the establishment of new governance authorities for aboriginal and non-aboriginal child and family development services. The memorandum from the acting deputy minister says:

The ministry continues to work on establishment of new governance authorities for aboriginal and non-aboriginal child and family development services. The community development discussions will be taking place shortly. In the meantime we should not make new appointments or funding allocations so as not to prejudge the outcome of these discussions. No new appointments or new program components beyond what we have already approved to date should go ahead at this time.

Regions should be aware that our current approach is under review and that we might expect in April to hear the recommendations of Lesley du Toit. We will make further decisions after that.

First of all, I'd be interested to know who the e-mail was sent to. Was it sent to all ministry staff? The freeze on action, the freeze on new appointments — to whom does that apply, and to what areas of the ministry does that apply? Can the minister lay out to me what was meant when the deputy minister — the acting deputy minister — suggested that actions of the ministry should be essentially frozen at this time pending a report from the Premier's office? What is the extent of that freeze?

**Hon. S. Hagen:** As you know, we have \$31 million in the budget in the next three years for aboriginal governance. The memo, apparently, pertains solely to the aboriginal governance issue, because Ms. du Toit has been asked to prepare some advice on that. As you know, I get advice from a broad variety of people, including the first nations leadership, who I meet with regularly, and they are aware of this as well. The e-mail was sent to regional directors and the executive, and as I said, the e-mail applies only to governance planning.

[1025]

**A. Dix:** I guess I'm curious just as to the role. As the minister is aware, Ms. du Toit's announcement was announced the same day as the departure of the previous deputy minister.

I just wanted to know the extent of the Premier's office involvement in what was and is a major priority of the ministry — the ministry had set clear time lines and so on — and whether in fact the Premier consulted the minister when he intervened in this process and essentially stopped the process within the ministry in order to put Ms. du Toit in charge. Was there a process? Was there a discussion? Did the Premier's office discuss it with the minister before he essentially froze a major initiative of the ministry, or did the minister find out about it as the rest of us did in the press release announcing the departure of Alison MacPhail?

**Hon. S. Hagen:** There are many discussions that go on between ministers and the Premier, as you know, on a variety of subjects. The Premier happens to be very focused on regional governance, just like he's focused on a number of issues in a number of ministries.

I'm also focused on regional governance, but it doesn't always move along the way that we would like to move it along because we are actually doing this in partnership with the aboriginal community and with aboriginal leadership. I know that they are satisfied with the progress that we've made to date. They're satisfied with how we're moving ahead. As I say, I get advice from a number of people and a number of groups. I put all that advice together and then make my decisions.

**A.** Dix: I guess what's perplexing about this appointment and was perplexing about this appointment at the time was.... I think it was kind of unusual, in fact, that the government would announce the appointment of a consultant to balance off a decision to move a very distinguished and longtime public servant from a position of Deputy Minister of Children and Families. At the same time the government, in a counterpart to that, would announce the appointment of a consultant.

I guess the question I want to ask the minister is in terms of the stability of the ministry. I think he would agree with me that this is a critical period, a critical time in the history of the ministry. These are major reviews taking place — the Ted Hughes review, other reviews and, I guess, this Premier's office review of the ministry's functions.

I want to ask the minister, first of all.... Mr. van Iersel and Mr. Steven are outstanding public servants as well. They're acting in their capacities. How does the minister see that process evolving within his ministry? Does he see the establishment of a sort of permanent team to implement this agenda, or is the ministry going to function in kind of an acting way over a significant period of time?

**Hon. S. Hagen:** My staff are awaiting with great anticipation my answer to that question. Did any one of them ask you to ask that question?

I'll start off my answer by saying that in the history of this ministry — certainly under the government that you played a role in and, unfortunately, since we became government — there has been a turnover of staff. Nobody likes to see that. It's a difficult ministry. Of the nine ministries that I've had the privilege of leading, it's the most difficult or the most challenging one.

Having said that, I think that we are in a period of time now, we're in a period of history, where we'll be able to make great progress with the ministry — with the reports and the advice that is coming in from Hughes, the child and youth officer, the coroner's review, Ms. du Toit and the first nations leadership. I think we're in a very good period of time.

[1030]

I certainly want to see the leadership at the top of the ministry stabilized. Having said that, I get to make recommendations. I don't get to make that decision, as you know. You probably made that decision more than I got a chance to in the role you had in the past.

My desire is to see stability at the top and throughout the ministry, and as I mentioned yesterday, the turnover of staff in the ministry has actually decreased substantially, by about a third, maybe 35 percent over the last number of years. We want to strive for stability. We've got great people in the ministry. When you lose a person that's highly qualified or two people that are highly qualified, as we did, and you can backfill those positions with highly qualified people.... I look at my management team. I've said this publicly many, many times: the management team in this ministry is probably the strongest management team I've had in any ministry that I've had the privilege of serving.

BRITISH COLUMBIA DEBATES

**A.** Dix: I guess I'd agree with the minister that it would be good to have stability. I'd just say, in this case, that it was not the minister or the system that caused the instability. It was the Premier's office that caused the instability. They decided at this critical time in the ministry's history; they decided for reasons that are their own.... Apparently, according to the Deputy Minister to the Premier, it was based on a desire to have a deputy minister in place for the next three years, and there was a concern that the previous deputy minister wouldn't be prepared to be in place through the whole process of devolution. I'm not sure what the explanation was for them making that change at the beginning of February. The fact of the matter is that they did.

There was a second very important change made at that time. Jeremy Berland — who's a distinguished public servant and who worked on these issues and served many governments over a long period of time — also left. I just wanted the.... I think the minister knows this better than I that under the legislation, there is a unique and important legal relationship between the director of child protection and the minister. The minister essentially provides the status with the director of child protection.

I'd like to ask the minister if he would explain how it was that the change in the director of child protection didn't involve him in any way, which appears to be the case, according to what he said. He said: "I wasn't asked to make that decision. It wasn't my decision." The minister said that he learned about it from Mr. Berland after the decision was made and signed off on.

I ask the minister, I guess, to explain that process, because the minister also has asserted that the Premier's office played no role in that. I wanted to ask the minister to take this opportunity, perhaps, to explain how the departure of Mr. Berland and the negotiations with the University of Victoria occurred, who was involved and who initiated it.

**Hon. S. Hagen:** I'm pleased to do that again, but I would like to correct the member. Mr. Berland has not left the ministry. He is still an assistant deputy minister. He is still under order-in-council appointment. So he has not left. He has gone to the University of Victoria to provide what I consider to be very valuable research that will be valuable not only to the ministry but to the government and the people of the province of British Columbia.

As I'm sure the member also knows, there's an agency in government called the B.C. Public Service Agency. The role of the Public Service Agency is to make it possible for public servants to negotiate without threat of losing their jobs when they want to make a change in their career. That is what happened here. Those negotiations took place between the Public Service Agency, Mr. Berland and the University of Victoria.

This is a policy, as you know, that's been in place since 1996. This was a personal decision by Mr. Berland. He did not have to tell me when he did tell me. He could have waited until the announcement, but because of the relationship that we have, and we still have, he came to tell me that he was going to make this move.

[1035] Having said that, we were very, very fortunate to have a career public servant who is now the acting assistant deputy minister, Mark Sieben, who I think has at least 15 years experience in this field and who could move into that position without any disruption.

**A.** Dix: So just to be clear, it's the minister's contention that the change in Mr. Berland's move was entirely initiated by Mr. Berland and that there was no involvement by the Premier's office in any way. They were not involved — Jessica McDonald or others in the Premier's office — in any way in the negotiations, and the negotiations took place between the Public Service Agency, the deputy minister and Mr. Berland. That's the contention, that in fact — contrary to what many people in the ministry believe — it was strictly a decision by Mr. Berland to choose to leave at that time.

**Hon. S. Hagen:** I'm advised, and I was advised by Mr. Berland, that this was a decision reached between the Public Service Agency, himself and the University of Victoria. No interference or input from the Premier's office, certainly, that I'm aware of. The relationship between Mr. Berland, the ministry and myself is still solid. I met with him just the other day. I think there's a grassy knoll conspiracy theory here that is certainly not evident to me.

[The bells were rung.]

A. Dix: Let's all sit and wait for further instructions.

**The Chair:** I declare a recess until the division is concluded in the big House.

The committee recessed from 10:37 a.m. to 10:47 a.m.

[D. Hayer in the chair.]

On Vote 19 (continued).

**A.** Dix: To continue, I think it's fair to say, given the statutory responsibilities of the position, that the director of child protection is one of the most important positions in government — in terms of its involvement in the lives of individuals, the involvement and the responsibility of the director, the delegation of authority of the director. And given that the authority comes

directly — not through any other means, but directly — from the minister to the director, I just wanted to be clear that that's a very significant change in government.

I might add — one of my researchers pointed this out to me — that Mr. Berland, beyond all that, was in the year prior to it, they believe, the highest-profile public servant in the government. Mr. Sieben will be happy to know he was in second place in terms of the amount of public statements and involvements that were made, particularly since the current minister has become Minister of Children and Family Development.

I wanted to ask the minister, just to be clear.... I'm perfectly happy if the response is that Mr. Berland decided to go, that nobody in the Premier's office was informed, nor was the minister, and that the arrangement was negotiated that way. It's not a grassy knoll; it's just a reasonable question, because the position is so important.

To say that you've got the highest-profile public servant in the government, one of the most important statutory positions in the government, and the position of the government is that the deputy minister of the Premier wasn't involved, and the Minister of Children and Families, who gives the delegation authority under the acts, wasn't involved.... It seems like an unusual process to negotiate.

**Hon. S. Hagen:** I happen to believe that it's important for people who work in the public service to have an opportunity to further their careers without the threat of losing their position. I assume that's why the Public Service Agency was set up. As I say, it was set up in 1996.

Also, as I reiterated, Mr. Berland didn't have to tell me at any point that he was involved in these negotiations, but because of the relationship we have, he wanted me to be aware of it. I encouraged him. I've never held anybody back from a career change or an advancement opportunity or from doing something they want to do. Was the Premier's office aware? Certainly they were aware, but they did not make the decision.

[1050]

**A.** Dix: Surely, though, given — as the minister reminds us all — that Mr. Berland is still an assistant deputy minister in the ministry, I think it's fair to say that these are, at the senior management level, fairly chaotic times. The minister talks about overall turnover in the ministry, from which he excludes, presumably, the layoffs and retirements that were forced by the budget cuts. He talks about that, but in fact, these are very dramatic times. The minister himself has commented on that.

I guess what I see as curious is that at this time, the minister and the ministry chose to negotiate a deal. It's actually a fairly unusual deal with the University of Victoria — not that such a deal would be negotiated but that it would be fully paid and fully funded by the government, indicating that it was certainly an initia-

tive that the government very passionately wanted to engage, more so than the University of Victoria. You can tell that, because the University of Victoria isn't contributing to the agreement.

What I find very unusual is that the minister says Mr. Berland didn't have to inform the minister. I'm sure that's true, but Mr. Berland also derives his authority as director of child protection directly from the minister. In terms of managing the ministry, in terms of the crisis facing the ministry, does the minister not think that it's an unusual thing for the government to negotiate an unusual academic deal to move Mr. Berland to the University of Victoria at that time?

It strikes me that it's an unusual thing, not least of which, for reasons knowing Mr. Berland's passion and commitment to his position.... It seems more unusual than that. Setting aside that fact, isn't it unusual that at a critical time for child protection in British Columbia, the government made this change, and seemingly no one with authority over child protection — neither the minister, nor the senior people in the Premier's office, nor the senior people in the ministry — was involved?

**Hon. S. Hagen:** I would never quarrel with the fact that the member has a right to be curious and ask questions. I want to reiterate that this was a voluntary move. This is a move that's good for the government. The reason the government is paying for the position is that we are the recipients of the research that's being carried out. There's nothing unusual about that. If we were going to go and buy the research somewhere, we would be buying the research. Here we have a career civil servant who has a long history of service in this field, who can take that experience to the university, work with others at the university, work with students at the university and have them learn from his experience as well.

Is it unusual? I don't think so. Is it beneficial? Absolutely. It's extremely beneficial to the ministry and will be beneficial to children and families in the province of British Columbia.

**A.** Dix: Just with respect, though, to the timing of it, surely the minister doesn't see it as desirable that the Premier's office and these other circumstances would have intervened to leave at this critical time, when the Premier's office has cut short the ministry's multi-year efforts with respect to devolution of services and imposed its own person to direct the ministry. The ministry itself has frozen activities in the area, which is one of the top priorities every year in the service plan of the ministry.

At that very time when these important events are taking place — the inquest in Port Alberni, the multiple reports — that the government has chosen this time to move staff; to move a deputy minister such as Alison MacPhail, with long experience in the area; to move out an assistant deputy minister who has been extremely involved in all those initiatives, Mr. Berland.... Given all these circumstances, given the Premier's office's apparent desire to run the Ministry of Children and Family Development, given everything else, doesn't the minister think that the timing and the instability caused by these actions make it difficult for him to carry out his service plan?

#### [1055]

Look, we had estimates last fall with respect to these questions of devolution. The minister laid out his timing for those things. His timing of those things has been blown up by the Premier's office.

I wanted to ask the minister if he views it as desirable that these changes were made at this time; whether he can give us a timetable as to when the minister and the ministry will be put back in charge of these issues; and when either the outstanding people who he has in those acting positions are made full-time, which would be one option — they're very distinguished people — or alternatively, some stability is brought to bear on the ministry.

**Hon. S. Hagen:** That last statement by the member for Vancouver-Kingsway was filled with so many inaccuracies that I don't actually know where to start.

There's no control over the ministry by the Premier's office. We have a person who brings outside eyes to the challenges that we face. We will consider her recommendations and input just like we'll consider Mr. Hughes's, just like we'll consider all of the recommendations that we get from the aboriginal leadership.

The activities of the ministry, as I said last night and this morning, are not frozen. We were making excellent progress last fall and early this spring on the aboriginal governance issue. We were actually asked by aboriginal leaders to slow down. I would have liked to have proceeded this spring, but we were asked by the leadership to slow the process down, to take another year to fully consult with the communities, which we're certainly doing and will continue to do.

With regard to the position of the child protection officer, as I've said many, many times, we were fortunate to have a longtime civil servant with 15 years' experience in this field who moved right into that position. There was no disruption at all, and I'm of course very thankful for that.

We'll continue to work with the aboriginal leadership. They are walking down the same path that we are. We want to continue to walk down that path, but it's not something that I would try to impose on them. I'm sure that the member opposite would agree with that, as much as he would like to impose a whole bunch of things. We don't work that way with the aboriginal community.

As you witnessed in the House this morning, the relationship between the aboriginal community and this government is better than it's ever been with any previous government, whether it's a government that the member worked for or a government that I was a member of. We will continue to move down this path, and I'm hopeful that over the period of the next year we could do the consultation that's necessary so that we can move ahead with regional aboriginal governance.

**A.** Dix: The minister talks about that process and his commitment to it. I mean, we know it's been a process of fits and starts. The ministry first promised money for the process and then took it off the table in 2002 and 2003, then put it on, then took it off and put it on and took it off. Deadlines — not because of the desire of the aboriginal community — have been consistently missed because the ministry keeps changing direction on these questions, not because aboriginal communities do. Now the ministry has a new direction, and there's been this intervention by the Premier's office.

Just on that question, though, perhaps the minister can let us know what his vision is, going forward, of the future in terms of the timetable, both on the aboriginal side and on the non-aboriginal side, for that process. How he sees that timetable going and what.... The original deadlines set by the government were, in fact, reneged on by the government, because the government didn't go forward in 2002 and 2003 and 2004. I wanted to know what the process is, what the expectation is now of the minister and where he plans to go on both the aboriginal and non-aboriginal side over the next couple of years.

[1100]

**Hon. S. Hagen:** Unfortunately, the member opposite is wrong again. I'm sorry to have to tell him that, but I'll probably have to do that for the rest of these estimates, and maybe future question periods as well.

Funding was not taken off the table, Mr. Chair. We have not changed direction. I am not setting the time lines. We will do that in conjunction with the aboriginal leadership. I will not arbitrarily do that. We will arrive at those time lines by consulting and working together with them. As the member well knows, we have \$31 million for investing in governance planning over the next three years — \$31 million. If that isn't a commitment, I don't know what is.

**A. Dix:** Well, I think it's a reasonable question. The minister — it wasn't me — in our last set of estimates set a goal for '06-07 for the devolution. Can he tell me what his goal is now?

#### [H. Bloy in the chair.]

I understand, when he said that, that he was going to work in consultation with aboriginal communities at the time. I'm just asking him a very simple question. He was the one who said it. I didn't say it — what his goal is now.

**Hon. S. Hagen:** My goal is to work together with the aboriginal community to determine with them the timing for moving forward. As I said, we were on a very distinct path last fall and early this spring, until the aboriginal leadership told me at the last JAMC

meeting that they felt we were moving too fast. They wanted to slow down the process and give it another year of consultation.

**A. Dix:** Just a small question on another subject for the minister. This will be good news. It's something that the minister will be able to report on his activities, which will be good news. One of the issues that I know the minister has received significant amount of correspondence on recently.... His excellent assistant deputy minister Mr. Markwart has been involved in this issue around the sweat lodge at Willingdon and the shackling of prisoners.

I think this is good news, as I'm prepared to ask on behalf of Justice for Girls and some concerns raised by aboriginal groups about this practice. I understand that Mr. Markwart recently had a series of meetings with groups who were concerned and that the ministry has come to a solution. I just wanted to move, certainly in the last days of Willingdon anyway, for a temporary solution. I just wanted the minister to have an opportunity — for those groups who may not have heard that, who weren't involved in the meeting but who are obviously interested in that question — to present what the discussion has been, what the issue is and what his response is to concerns around the shackling of residents at Willingdon during sweat lodge ceremonies.

**Hon. S. Hagen:** First of all, I visited the Willingdon Youth Custody Centre about a month and a half ago something like that. So I was aware of the location of the sweat lodge. But if I can categorize this type of decision this way, these are the types of difficult decisions that are faced every day in this ministry — not just with youth in care or in custody, but with youth in care and choices that are made by front-line workers, who make these decisions.

As you know, this is a policy that was put in place in 1999, which was under the government that the member worked for at that time. It was put in place because young people were escaping when they went to the sweat lodge. So in consultation with the elders at that time, they came up with a procedure where they would put ankle restraints on these youths.

Don't forget that these youth are in secure custody. That means that they have committed very serious offences. Having said that, certainly I compliment my assistant deputy minister and the staff at the facility for examining the policy and wanting to come up with a change — an interim change, because as you know, that facility is moving to the former women's correction facility where the sweat lodge will be located inside the perimeter fencing, so that won't be necessary.

This policy change was also discussed and developed in concert with the centre's aboriginal liaison worker, who is an elder and chief of the Semiahmoo band and who, in turn, consulted with other elders. So I want to compliment the staff and, certainly, my senior executive for coming up with a different solution. I'm sure that the solution that was arrived at in 1999 was a solution that was found with the existing circumstances that happened. You know, I can understand, going back to that time, that if a youth in custody escapes, you tend to look for a solution that may be based on that.

I think that they've done an exceptional job. But I do want to reiterate that this was a policy not just for aboriginal youth. This was a policy for aboriginal and non-aboriginal youth, because non-aboriginal youth in secure care also sometimes go out of the perimeter to go to church or to attend other community activities.

**A.** Dix: Can the minister just detail, just so I'm clear, what has come out of that process, who the ministry has met with and whether there's sort of an agreement, broadly, around the changes and the adjustments that have been made.

I think one of the things that I did when this issue was raised to my attention was really encourage the groups involved to engage with the ministry, and with Mr. Markwart in particular, because I think I felt, given the efforts that had been made there at Willingdon, at Prince George, which the minister and I both recently visited and so on, that extraordinary efforts are made in the youth justice system to accommodate aboriginal people and to make these ceremonies possible.

I just wanted to.... If the minister could just detail the nature of the consultations, who's consulted, whether groups are satisfied and just the timetable as well around the moving of the facility.

**Hon. S. Hagen:** The staff, including my assistant deputy minister, have met with elders who are part of the advisory committee of the Coast Salish territories, who have agreed to this interim measure, until the facility is moved to its new place next June, that the sweat lodge can be moved inside. I'm sure you've been there. If you remember where the trailers.... There were a bunch of trailers parked, and they removed those trailers. That's where they're going to relocate the sweat lodge. I'm told the relocation should be in place by next month.

[1110]

**A. Dix:** I want to thank both the minister and his staff for having acted so expeditiously. I think a concern was raised by a whole number of groups, and circumstances change, and people's positions change. I think it was good that the minister was able to take a second look and come to a solution that was acceptable to everyone there. So I wanted to congratulate both the minister and the staff on that.

I wanted to ask the minister, with respect to another question. As you know, the delegation agreement with Xyolhemeylh, the aboriginal agency in the Fraser Valley, expired January 31, 2006. Then there was supposed to have been a process to.... When the extension was made in that case, there was supposed to have been a process to involve the whole community in the renewal process. It's just one of those things. The ministry, I think, let down on that. There are many other

[1105]

issues, so they came to a very hard deadline and had to be involved — I believe it was Mr. Berland; I don't know — in some very last-minute negotiations with respect to the renewal of that agreement.

I'm wondering if the minister can bring us up to date on where that is — the timing, right now — where those negotiations are, and what the ministry's plans are on that issue. There's a lot of concern, as the minister will know, because he gets some of the same correspondence I do from Doug Kelly and others in the Fraser Valley.

**Hon. S. Hagen:** Well, we talked before about some of the difficult challenges faced in this ministry. This is an example of another challenge, but it's also, I think, another example of a solution that will be found. My deputy minister and assistant deputy minister have been working with both the Stó:lô Tribal Council and the Stó:lô Nation to resolve this.

You're right. The agreement expired January 31, but it was agreed that they would extend it to March 31. All of the members of both the Stó:lô Nation and the Stó:lô Tribal Council have agreed to work with a gentleman named Steven Point, who has a stellar reputation and good negotiating skills.

[1115]

BRITISH COLUMBIA DEBATES

They have formed a transition committee. The transition committee consists of members that have been agreed to by both parties. They're developing recommendations, including some recommendations on board governance and the makeup of a board. We hope that we will have a resolution to this by March 31.

**A. Dix:** It's just a small issue that comes to the minister's attention as well. It's not something I expect him to answer immediately. There's a group called.... The initials are BCANDS. This is an aboriginal agency that deals with disabled people in the city of Victoria. They have specific funding concerns that I think have been raised with the minister. I don't expect him to have that now, but in terms of their correspondence, they kind of feel like a lot of their things have been shuffled back and forth in various ministries.

There's some involvement by the Ministry of Children and Family Development, so I just wanted to put that on the table and ask the minister or his staff if they can maybe bring back some information about that in the next couple of days in estimates. I don't need that now, but I wanted to give that to the minister.

I wanted to ask a few questions in the coming period around issues around, first of all, agencies, and in terms of the funding that they've received and have received over time. I guess one of the questions I want to ask is.... Most agencies have seen — and child and family services have seen — rollovers of their contracts. Increased costs — costs of insurance, costs of transportation and so on — have to be taken up, presumably by fundraising. I wonder if the minister is planning to review the funding of agencies that provide such services to ensure that the funding can remain consistent with the costs of the services they provide. **Hon. S. Hagen:** The funding decisions for agencies are made at the community level by the community service manager. The contracts, as you know, set out expectations, and we match that against the funding. There are always ongoing discussions between the agencies and the ministry. If there are concerns that are raised, then we try to address those concerns, but it's not done at the minister's level or the executive level. It's done at the region level.

**A. Dix:** Well, I think what these agencies point to, and so people understand what we are talking about.... It's not that these particular agencies have raised specific concerns, but I think the groups representing them have — groups like Family Services of Greater Vancouver, like Options, like the Okanagan Boys and Girls Club. Groups that operate programs for the ministry have essentially not received operational increases for years.

#### [1120]

I want to ask the minister two questions about that. First of all, two concerns that I think a lot of these groups have. One is the length and the duration of contracts. They tend to be year rollovers. Whether the minister would consider extending those contracts to two or three years in order to provide more stability in terms of funding.... I know it's not universal in the system, but that's a suggestion people make. I pass it on to the minister, in hopes that he will listen and consider that.

Secondly, whether the fact that over a very significant period of time there haven't been operational increases.... Given the increased costs that agencies face, would he consider that? I think we also have, in terms of ongoing costs of accreditation and other issues, significant costs that have been imposed on agencies by the ministry.

**Hon. S. Hagen:** I'm going to actually consider that those suggestions are the positive part of the opposition's role.

I have thought for a long time — actually, since I was Minister of Social Services — that we should be looking at longer-term contracts with agencies that have a track record. We've already started having some discussions on that. I'm not going to make any commitments to that, but I don't see why we can't get into that sort of rolling funding. I mean, even school boards have some idea of what their next two years are going to be, depending on school population, etc.

I'm not opposed to looking at that. I think that if you look at the administrative savings to the Crown as well as the administrative savings to the agencies, that might go a long way in helping them address the second concern that you raised, and that is the administrative costs that these agencies have.

I have visited many agencies, and it does get raised from time to time. They also have opportunities to raise moneys themselves, which is a great advantage to the partnership that takes place between government and agencies that deliver services. People are not likely to make a donation to government to help deliver services, but they are likely to make donations to an agency.

I have a classic example in my home community. The Comox Valley Child Development Association has a telethon every year. They raise about \$65,000 or \$70,000 every year from people who have a chance to view local entertainment and phone in their pledges.

I think we certainly need to be aware of this. We need to be concerned about it. We need to know that the needs are being met, so that the services can continue to be delivered. I am certainly interested in looking at the opportunities of longer-term funding arrangements.

**A.** Dix: Just to follow up with the minister on the operational side. I think he's right. The agencies do have fundraising opportunities. But certainly it was my experience as a non-profit executive director that those fundraising opportunities — and they're real — also tend to be effective when they're for new services or new ideas or new proposals. You know, you tend not to be able to fundraise when the cost of insurance goes up. You tend not to be able to fundraise when the costs. That's just the reality of the non-profit sector.

I'm delighted to see that he'd consider extending the length of contracts, because I think that will provide a lot of agencies with a greater sense of security after a period of some insecurity. That's a great idea. Would he consider working over the course of the next year with everybody in the community, including those agencies, to make the case to Treasury Board, if that's what's required?

[1125]

Just in a general sense, will he undertake to review those operational costs, which can't be dealt with by fundraising, and which often are dealt with by agencies just in sort of keeping things working with duct tape? Would he consider reviewing operational costs in those contracts to ensure that agencies receive the funding they need to do the incredible work — the minister knows this well, and I know it well — that agencies do across British Columbia?

**Hon. S. Hagen:** Certainly, I don't disagree with many of the examples the member for Vancouver-Kingsway has used as far as presenting difficulties. But I think it should be remembered that the job of the ministry is to fund services. I'm sure that in the discussion of funding those services, there are talks that go on about the cost of delivering those services. I don't want to get into the labour situation, because we're in negotiations.

We have to focus. We have a limited amount of money. Even with the 273 million new dollars that we got, it's still not enough to satisfy everybody's dream and everybody's need. So we have to deal with those... You know, they're taxpayers' dollars. I look upon them as trust funds. We have to deal with those very carefully. So we really have to focus on the service delivery aspect, and that's, in fact, what we do focus on.

**A. Dix:** Just to say to the minister: in conclusion on that point, I think the minister often talks about wanting to spend more money and people wanting to spend more money. In some respects, we may be talking about somewhat modest sums of money in the context of what the ministry spends but important for the agencies' functioning. I actually think, and I think the minister would probably agree with this, that the ministry and the people of British Columbia get an outstanding deal when they work with agencies across the province. We get a good deal.

The contribution we can make, in terms of making the lives of people involved in the agencies and the incredible work they do in communities just a little bit easier, would have an important effect. I thank the minister for his consideration in that regard.

I think I've got to make Mr. Markwart move again. I appreciate all the work he's doing as well.

I want to ask the minister next about wait-lists for special needs children. It's an issue that I know he's very concerned with and interested in. We had a discussion about this last fall. The concern that I think both the minister and I shared on this question of wait-lists for infant development programs and other programs and talking about... People, in fact, sometimes are on waitlists up until their child reaches the age when they drop off the wait-lists because they're no longer eligible for the service and get on another wait-list, where they may wait for a significant period of time.

The incredible value of early intervention the system.... I think the minister understands all of those things very well, as do I. I wanted to talk because I think we talked last fall about a wait-list number in the 7,000 range for those services. I'm wondering if the minister could provide me with an update in terms of wait-lists.

[1130]

**Hon. S. Hagen:** As you probably know, Mr. Chair, Budget 2006 provides \$36 million over three years to reduce wait times for services to children and youth with special needs and their families. This builds on the September update which provided an additional \$11 million in '05-06, increasing to \$17 million by '07-08, for assessments, reducing wait-lists and for services for school-aged children.

By 2008-2009 approximately 3,000 additional children and families will receive infant development program services. This program serves children from birth to age three who are at risk for or who already have a delay in development. Also, 3,000 to 4,500 children with special needs will receive 5,200 new therapy services; 1,150 additional children between the ages of six to 12 years will access supported child development. Supported child development provides a range of consulting and support services so that children with special needs can be included in regular child care or preschool settings. Another 1,000 additional children will receive specialized fetal alcohol spectrum disorder and other developmental behavioral interventions. Some 800 additional families will benefit from respite, and another 650 children with complex needs will receive specialized services.

Now, those are all pretty impressive figures, but there's a driver in the system. We've also put money in through the Ministry of Health for early diagnosis, as the member referred to. The more early diagnosis you do, the more you're going to drive the caseload. So it's important, from this ministry's perspective, to make sure that we do allocate the resources to assist the children, whose numbers are really being generated by government to some extent. That's what we're trying to do.

**A. Dix:** You see, hon. Chair, I asked that question because I knew that would be the answer of the minister. I wanted to give him the opportunity, because I think it's really exciting that new resources are going in there to address that problem.

But I wanted to focus on the question that I asked. I understand that the ministry has undertaken a review of wait-lists in this area. That review indicates that in fact wait-lists are considerably longer than previously understood by the minister, myself and others last fall.

I wonder if the minister can describe this review, tell us the results and perhaps even.... This might be hoping too much, but we're on a roll here, so I'm going to ask for it anyway — whether he would share the review with the public and the Legislature.

**Hon. S. Hagen:** The member for Vancouver-Kingsway is correct. There was some work done last summer. I have not been briefed on that yet. I understand I will be in about two weeks, and I'll make that information available to you.

**A.** Dix: I'd say to the minister that just in a general sense, is it fair to say...? I think there's a response here because clearly there's a significant increase in targeted money to deal primarily with wait-lists in this area. Is it fair to say that the problem is more significant than we understood it to be, more significant than the 7,500 figure that we've heard in terms of wait-lists? Or is it the case that that number is still the working kind of number that the ministry uses when it, say, goes to Treasury Board and asks for money, etc.?

#### [1135]

**Hon. S. Hagen:** The number that the member mentioned is really an estimated number. As I mentioned, we're making a significant new investment in this, obviously because we think that the numbers are there that have to be looked after. But again I mention that every time we invest new money in this field, new families step forward too.

What is being done — and this will become more apparent, I guess, when we release this review — is that we're now starting to use a more detailed methodology to calculate wait times. This is obviously information that we need for Treasury Board as well, but it's information we need for ourselves in order to deal with the challenges. I'm told by staff that the new methodology of collecting this information will provide us with much more accurate information that we need to base our requests on, but also for how we develop the programs.

**A.** Dix: I wanted, in this area, to ask the minister a question. A young parent contacted me last week and asked me to ask this in the wake of the budget announcement, so I'm going to put the question to the minister. She asked whether any money will be going to improve the two-year wait for psychoeducational assessments. She also asked what kind of waiting time decrease we can expect. That was a question she wanted to ask.

I don't necessarily expect the minister to have an answer for that off the top of his head, but it's a question that a parent raised with me. It's consistent with this area, so I wanted to put it to the minister.

**Hon. S. Hagen:** I would ask you, because my staff is not clear on what you're asking for.... If you could maybe put that in writing, then we'll get you an answer as quickly as we can.

**A.** Dix: Sure. I'd be happy to put it in writing. I would just say to the minister that it's also an issue that's been raised by the Learning Disabilities Association. It's an issue that they've raised. This parent has her own concern, and I thought they wanted.... The association has written to the ministry and the government on this question. As I understand it, Diane Sugars, the executive director of the agency, has. I don't know whether there will be a response, but I'd be happy to put the question in writing for the minister.

**Hon. S. Hagen:** I'm told by my staff that involves school districts, so it's probably a question that should go to the Minister of Education.

[1140]

**A. Dix:** It is, I think, not simply an issue that involves school districts, actually, although it does involve school districts. But I'll be happy to raise that then, and I'll be happy to put it in writing so that the minister can then provide a comprehensive response.

I'm about to change topics, and seeing the hour, it might be a good time for a break. I move that the committee rise, report progress and ask leave to sit again.

Motion approved.

The Chair: Committee A will now stand adjourned.

The committee rose at 11:41 a.m.

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