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OFFICIAL REPORT OF  
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LEGISLATIVE ASSEMBLY  
(HANSARD)

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Afternoon Sitting  
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THE HONOURABLE BILL BARISOFF, SPEAKER

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**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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Honourable Bill Barisoff

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Afternoon Sitting

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WEDNESDAY, APRIL 5, 2006

The House met at 2:04 p.m.

Prayers.

### Tributes

ROBERT COSTALL

**Hon. G. Campbell:** It's a long way from the Sunshine Coast to a place 110 kilometres northwest of Kandahar, Afghanistan, described as a bit of desert in the middle of nowhere. But Pte. Robert Costall made that journey in service to his country.

One week ago thousands of soldiers from eight countries marched onto a dusty military runway to bear witness, as a Canadian piper sounded the lament to mark the beginning of Private Costall's return journey. Last night, on board a quiet ferry sailing with flags at half-mast, Private Costall at last returned home.

[1405]

Tragically, he did not come home to a joyous celebration with his family, but instead he came home draped in the flag and pride of a grateful nation.

The 22-year-old Pte. Robert Costall was a true Canadian son — born in Thunder Bay, raised in Gibsons and based in Alberta. A beloved son and brother; a loving husband to a loving wife and proud father of his one-year-old son; a brave soldier of the First Battalion, Princess Patricia's Canadian Light Infantry, he died in defence of his fellow soldiers, in defence of the always fragile ideal of freedom and in defence of peace in a land that has known precious little peace. Of the young men and women who serve in our military we can ask nothing more. It seems that Private Costall was destined to give his country nothing less.

On behalf of all British Columbians, I would like to ask the Legislature to extend our heartfelt condolences to his family and all those to whom he meant so much. I know that tomorrow the member for Powell River-Sunshine Coast and the member for West Vancouver-Capilano will be attending his memorial services. We are all in this room humbled by his sacrifice and lessened by his loss.

### Introductions by Members

**J. Horgan:** Joining us in the galleries today are three guests of mine: firstly, two residents of Black Creek, Leslie McNabb and her daughter Ayla Akehurst; and from the beautiful Cowichan Valley, my friend Leanne Baird. Would the House please make them welcome.

**D. MacKay:** Today in the gallery I have a special guest. I have a nephew of mine from the city of Prince Rupert visiting us today, and I would ask Clayton Williams to stand up. I would ask the House to please give him a warm welcome.

**G. Coons:** In the gallery and in the House today we have 110 grade 11 students from John Oliver Secondary

School. My friend and colleague from Vancouver-Kensington couldn't be here today, and I'd like to welcome them as well as their teachers Paulina Kwan, Shirley Lim, Pat Lee, Wendy Johnston and Constable SchAAF. Could we please make them welcome.

**Hon. J. Les:** In the gallery with us today are members of the B.C. public fire and life safety education advisory committee. This is a committee that provides advice to government through the office of the fire commissioner on fire and life safety matters for all British Columbians. The committee consists of dedicated members from the Fire Chiefs Association, from professional and volunteer firefighters, fire training and fire prevention officers, and the First Nations Emergency Services Society.

With us in the gallery this afternoon are Bruce Hall from Whistler, Bob Cannon from Mission, Rita Payne from White Rock, Charlene Jordan-Jones from Abbotsford, Dan Murphy from Vancouver, Richard Melnik from Fruitvale, Bob Stephens from Gibsons, Ian Josephson from Chilliwack and Barb Kidd from New Westminster, as well as Jackie Goodwin, Steve Bachop and Matt Herman from Victoria. The chair of the committee is Bruce Hall, who is the fire chief from Whistler.

Would all members in the House join me in welcoming these people here today.

**S. Fraser:** I have two guests I'd like to introduce today, Gerlis Fugman and Rob Mealey. Rob Mealey is originally from Port Alberni. His parents and brother are still constituents of mine. His brother Charles is actually a city councillor. Rob is currently a staff person with the College of New Caledonia students association, local 13 of the Canadian Federation of Students, located in Prince George.

[1410]

Gerlis, Rob's partner, is currently conducting research in northern Canada for her PhD in the University of Bonn, Germany. She is conducting research in several provinces, including British Columbia. Will the House please join me in welcoming them.

**Hon. G. Abbott:** It is my honour today to welcome several distinguished guests to the gallery, including Mr. Don Listwin. Don is the founder and chairman of the Canary Foundation. The Canary Foundation is the only U.S. non-profit organization that is dedicated to funding the early detection of cancer.

Early this morning Don and the Canary Foundation announced a \$1 million donation to the B.C. Cancer Foundation for research into the early detection of ovarian cancer.

Don was born in Canada and at one time was the CEO of Openwave and had been the number-two executive at Cisco Systems. He left his high-profile technology career and launched the Canary fund to support research into the early detection of cancer. Don's motivation was his family, which had been deeply affected by cancer.

Also in the gallery today is Michael Ball. Michael was instrumental in connecting Don with the B.C. Cancer Foundation. Also joining us are Pat McCowan and

Chana Palmer from the Canary Foundation, and Mary McNeil and Penny Noble from the B.C. Cancer Foundation.

I would ask all members of the House to join me in welcoming our guests and thanking Don Listwin for his remarkable contribution to cancer research and detection in British Columbia.

**J. McIntyre:** I would like to welcome today to the gallery my cousin Terry Dance-Bennink. Terry is a former V-P academic at Fleming College in Peterborough. She is now semi-retired and has moved here with her husband Theo, who is an avid sailor. They have moved to Victoria. Personally, for me, it's very nice to have family in this part of the world.

I also just wanted to mention that Terry is the daughter of an aunt whom I was very, very close to, Helen Oakley Dance, who has been an inspiration to me in many ways and is probably one of the reasons I'm here in the House in this term of office. She was a woman I cited in my statement in the House in the fall, who had served in the military in the Second World War. So I would just like to make that connection, and I hope you will all welcome Terry and Theo to Victoria and to the House today.

**N. Simons:** It is not often I get to mention the fact that I was a cello teacher two days in a row in the House, but here you go. I would like to welcome, along with...

Interjection.

**N. Simons:** I will get his name this time.

...the Solicitor General, fire chief Bob Stevens, whose son Shane Stevens is quite a good cello player, despite the fact he was my student. That's twice in a row for a joke too. If the House would make him feel welcome.

**Hon. C. Taylor:** I would like to introduce a few members from the public affairs bureau who are here attending the parliamentary procedures workshop. They're with us today: Deborah Pearce, Donna Lowe, Pamela Whelan, Rob Duffus and Stacey McGaghey. I would like the House to please make them welcome.

**Hon. J. van Dongen:** Today I would like to introduce to the House a special visitor from Romania. Please join me in welcoming Elena Sava Stefoi, the Ambassador of Romania. This is Her Excellency's first trip to British Columbia, and we look forward to continuing building the good relationship between our jurisdictions. Would the House please join me in giving her a warm B.C. welcome.

**Hon. P. Bell:** Also here attending the parliamentary procedures workshop today is Jim Collins from the Farm Industry Review Board. Would the House please make him very welcome.

[1415]

**Hon. S. Hagen:** Joining us in the gallery today is Sandra Wiens. Sandy is a provincial mental health con-

sultant, senior nurse specialist. She has been with the ministry just over a year and is involved in projects directly related to the implementation of our child and youth mental health plan. Sandy is here today attending the parliamentary procedure workshop, and I ask the House to join me in making her very welcome.

### Statements (Standing Order 25B)

#### WATER PROTECTION

**S. Fraser:** In Alberni-Qualicum my constituents are very passionate about their water supplies, and they care very much for them. They're concerned about privatization, proposed pesticide spraying, clearcut logging in sensitive watersheds, and protecting key watershed components in the Beaufort Range, the massif on Mount Arrowsmith and the wetlands of Hamilton marsh.

With that in mind, I'm going to read from a proclamation that was signed in Vancouver on July 8, 2001:

That the intrinsic value of the Earth's fresh water precedes its utility and commercial value, and therefore must be respected and safeguarded by all political, commercial and social institutions,

That the Earth's fresh water belongs to the earth and all species and therefore, must not be treated as a private commodity to be bought, sold and traded for profit,

That the global fresh water supply is a shared legacy, a public trust and a fundamental human right and, therefore, a collective responsibility, and,

Whereas, the world's finite supply of available fresh water is being polluted, diverted and depleted so fast that millions of people and species are now deprived of water for life and,

Whereas governments around the world have failed to protect their precious fresh water legacies,

Therefore, the nations of the world declare the Earth's fresh water supply to be a global commons, to be protected and nurtured by all peoples, communities and governments of all levels and further declare that fresh water will not be allowed to be privatized, commodified, traded or exported for commercial purpose and must immediately be exempted from all existing and future international and bilateral trade and investment agreements.

This proclamation is an excerpt from *The Treaty Initiative to Share and Protect the Global Water Commons*, signed by 35 nations in Vancouver, July 8, 2001. We should all be mindful of that.

#### PROFESSIONAL ENGINEERS

**R. Sultan:** Yesterday MLAs on both sides of the House met with the Consulting Engineers of British Columbia, employers of many of B.C.'s 23,000 professional engineers. Last fall we met with the Association of Professional Engineers and Geoscientists of B.C., which licenses them and maintains professional standards — two important organizations.



In their hands lie our port development, our new transportation systems and the purity of our drinking water. In their hands lies the environmental planning for new mines discovered by their geoscientists. In their hands lie the future of neighbourhoods built in slip-slide and fall zones, skating rinks built to billiard table specifications, fuel cells, hydrogen cars, photovoltaic electricity and Google satellite pictures of your neighbourhood.

British Columbia engineers create all of these things. When the engineers come to town, MLAs appreciate anew their dedication, their technical smarts and their focus on doing a quality job safely, on time and on budget. Not long ago engineering services were not so much in demand, but those dark days are over. Today assignments are plentiful.

B.C. is back, and our engineers and geoscientists are too. Next time you see a construction crane on the horizon, think of somebody who wears an iron ring on his or her little finger, puts P.Eng. after his or her name and is proud to be building a better British Columbia.

#### SIKH COMMUNITY IN VICTORIA

**R. Fleming:** The historic day of Vaisakhi is celebrated in places around the world each year on April 13. In my constituency of Victoria-Hillside there are three temple societies, all of which are busy now preparing for a celebration of Sikhism and community.

[1420]

This region has a long history of Sikh settlement, with several Sikh families arriving in the early 1890s. In the century that has followed Victoria's Sikh pioneers, the community has achieved many proud accomplishments with success in many fields — in business, labour, community leadership, athletics, the arts and academics, to name but a few. This region has been immeasurably enriched by the contributions of the Sikh community to our multicultural and multi-faith society.

Vaisakhi is a celebration of not only the creation of Khalsa but of spring. To this end, the Khalsa Diwan Society will again be holding a sports festival later in the month that features an open tournament in sports such as kabaddi, wrestling, soccer, volleyball, basketball, and track and field.

Many teams travel from the lower mainland by ferry to enjoy a weekend of friendly competition and cultural celebration here in the capital city. Generally, Victoria teams win against the lower mainland — home advantage perhaps. We welcome them all again this year.

From its very inception, the Sikh religion has been a universal and non-sectarian faith, and it embraces all human beings as equal. In this spirit, the entire community is invited to visit Victoria's Sikh temples beginning on Friday, April 13 to Sunday, April 15 to enjoy special services, flag-raising ceremonies and delicious food.

#### INTERNATIONAL TRADE AND B.C. ECONOMY

**R. Lee:** The economy of British Columbia is booming. Unemployment rates are at record lows, and more British Columbians are working now than ever before. According to Stats Canada, in 2005 exports from B.C. to other countries reached almost \$35.5 billion — a record high.

However, our combined international and inter-provincial exports only contribute to 43 percent of the province's GDP, the smallest percentage among the provinces. Most of our growth in GDP is in the service sector, including health care, social assistance, financial and real estate services, tourism and transportation. In order to sustain the growth of our economy, we must strengthen our capacity in exports.

One way to increase our exports is to encourage British Columbians who are living or working abroad. A recent study by the Asia Pacific Foundation of Canada estimates that some 2.7 million Canadian citizens are scattered around the world. This diaspora should be recognized as our distinct advantage in international trade. It is estimated that 24 percent of foreign-based Canadians live in Asia, whereas 44 percent of this population lives in the United States.

Expatriates can play a role in importing our food and consumer products to their countries of residence. They can also help investors to find business partners, to create networks, to attract investments, and to facilitate human capital and technology transfer for British Columbia. Scotland, Ireland, Italy, Israel, Poland, Japan, South Korea, India, China and the Philippines all have special policies in place towards their diaspora. Maybe it's time we join these countries and use our expatriate population to our full advantage.

#### SPELLING BEE ACHIEVEMENT BY HEATHER CALDWELL

**C. Wyse:** In March the city of Vancouver hosted the regional spelling bee for B.C. A grade 8 student from 100 Mile House Junior Secondary School became the province's top speller. Heather Caldwell was cheered on by her parents along with her brother in Vancouver, while Heather's classmates supported her in 100 Mile House. Heather credits her English teacher, Mrs. Yaniw, with encouraging her to participate in the contest.

Besides winning the prize of a *Merriam-Webster Dictionary*, valued at thousands of dollars, Heather's win makes her eligible to attend the Scripps Howard national spelling bee in Washington, D.C. Also, she will attend, along with her mother, the CanSpell national contest in Ottawa this weekend.

[1425]

This weekend the entire Cariboo will be supporting her. We are very proud of Heather's achievement to date and are wishing her well in future competitions. Being quite dependent upon the spell checker in my

computer, please rest assured that I admire Heather's achievement to date.

I request the House to join with me in recognizing Heather Caldwell in becoming B.C.'s top speller and to wish her well at the National Spelling Bee this week-end.

#### OVARIAN CANCER

**K. Whittred:** A few minutes ago the Minister of Health introduced Don Listwin, the founder of the Canary Foundation, whose very generous gift of \$1 million to the B.C. Cancer Foundation will go a long way towards helping women in B.C. who are diagnosed with ovarian cancer.

I am sure that every one of us in this House has experienced the sadness of cancer — be it ourselves, a family member, a friend. This dreaded disease knows no boundaries. It affects each and every one of us, regardless of gender, race or wealth.

While there is no cure, there are precautions one can take in minimizing the risks. Along with lifestyle and diet choices, a major precaution is regular testing and screening. Early detection is so vital in defeating cancer. The sooner it is detected, the greater a patient's chance of survival. With ovarian cancer, this cannot be stressed enough. In the 25 percent of ovarian cancers that are diagnosed early, there is a 90-percent survival rate.

While great strides have been made over the past few decades in cancer research, there is still a great deal of work that needs to be accomplished. Through the work of Don Listwin and the Canary Foundation, we are closer to a cure. Please join me once again in thanking Mr. Listwin for his gift to the people of British Columbia.

#### Oral Questions

##### INVESTIGATION OF MEDICAL BILLING PRACTICES

**D. Cubberley:** Health Canada has assessed British Columbia a fine of \$29,000 for 12 unresolved conflicts of extra-billing for insured services in 2003-2004. In the *Vancouver Sun* today, the Deputy Minister of Health reveals that the government's practice on this issue is to "direct complaints back to the private clinics" because they're not supposed to be charging patients for services normally insured in the public system. Now, that's hardly an effective enforcement tool.

Can the minister explain why these complaints are being sent back to the very clinics they're about, instead of being investigated by the Ministry of Health, which is presumably the agency responsible for upholding the Canada Health Act?

**Hon. G. Abbott:** First, I want to express my disappointment that a copy of the *Vancouver Sun* appears to have been leaked to the New Democratic Party.

The reporting, actually, that is done in respect of those 12 unresolved cases is being done precisely in the

manner that is prescribed by Health Canada. In fact, the reporting of those speaks to the diligence with which the Ministry of Health pursues those complaints, speaks to the honesty of the province in its reporting of these matters and speaks to our government's commitment in respect of upholding the Canada Health Act in this province.

I think, to put this matter in perspective, the \$29,000 holdback penalty compares in important ways to 1994-95 when, as I recall, the members opposite were in government. The penalty in that year was \$1.982 million.

Interjections.

**Mr. Speaker:** Members.

The member for Saanich South has a supplemental.  
[1430]

**D. Cubberley:** Apart from the gratuitous comments on how well the government is doing with this, let's remember that this is a complaint-driven process. The question had to do with how the minister and the ministry handle complaints, and what the deputy minister said was that they're being sent back to the clinics themselves — the very clinics that are accused of infringing the act by the patients. The 12 complaints that were filed actually represent the tip of the iceberg on extra-billing in British Columbia. We only see a very small part of the problem.

The minister says no user fees are contemplated by government. But does he know just how widespread the practice of extra-billing is presently in British Columbia, and can he tell us what steps he's planning to take to shut it down?

**Hon. G. Abbott:** I'm glad the member for Cariboo South in his member's statement referenced spelling bees, because I think an important fact here is that one never sees the word "hypocrisy" ever coming up in a Scripps spelling bee. There's a reason for that — because it's spelled simply N-D-P. It's very easy, particularly on this file.

It was the members opposite who doubled the number of private clinics in this province, despite their sanctimonious rhetoric today. It was the members opposite that allowed ICBC patients and WCB-referred patients to access those private clinics. So it's a tad hysterical to hear from the opposite side now this great concern, particularly when you look at that \$1.982 million that was assessed against the NDP government in '94-95. That would have operated the health care system for two hours and 42 minutes; \$29,000 would operate it for about a minute and 30 seconds.

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

**D. Cubberley:** I think the Minister of Health has the distinction in this House not of being the best Minister

of Health in the province of British Columbia but of being the member....

[Applause.]

Minister, I believe they're clapping for you not being the best Minister of Health in the province. In my recollection....

Interjections.

**Mr. Speaker:** Members. Member for Saanich South has the floor.

Continue.

**D. Cubberley:** In my short time in this House, I can only recall one member having used the word "hypocrisy," and it surprises me he's never taken the time to look at his own posture and apply it to himself.

To return, however briefly, to substance. It appears that private facilities charging fees for insured services have adopted a novel practice in British Columbia, a new way of ensuring that the few complaints that have come forward no longer come forward. That involves requiring patients to sign a waiver that states they won't seek reimbursement from government for extra costs. No complaint. No fine. No problem.

Given that enforcement of the law on extra-billing is complaint-driven, is the minister aware of the scope of this practice of signing waivers, and is he prepared to act to stop it?

**Hon. G. Abbott:** I appreciate the unexpected compliment from the Health critic. I think he's doing a heck of a job as well — doing a heck of a job. It's been excellent working with him. I appreciated him getting some extra advice from a former Minister of Health here as well. I'm sure that was remarkably useful for him in framing up his third question.

To put this again in perspective, the 12 complaints we had in that particular fiscal year that were reported represented 0.0000133 percent of all of the surgeries that were performed in the province of British Columbia in that year. That, I think, helps to set the matter into perspective.

We on this side of the House believe in upholding the Canada Health Act. We pursue complaints with diligence, with honesty, with thoroughness. I am entirely confident and proud that we are defending the Canada Health Act and doing as we should do in this province.

[1435]

#### LOBBYIST REGISTRATION OF PATRICK KINSELLA

**R. Fleming:** The opposition has asked many questions about the corruption scandal involving high-level political aides and the lobbyist industry. The Attorney General hasn't answered our questions and refuses to see any loopholes in the act.

Can the Attorney General explain why Pat Kinsella, an extremely influential Liberal organizer and fundraiser working as a political consultant for a company like Alcan, has never registered as a lobbyist?

**Hon. W. Oppal:** The act is clear. There's an obligation on persons who are lobbyists to register under the act. There's a registration process in place, and that's open to members of the public.

**Mr. Speaker:** The member for Victoria-Hillside has a supplemental.

**R. Fleming:** Whatever the flaws of the registry, no one quibbles with the definition section of the act. In 2004, however, it was revealed that Mr. Kinsella had opened an account for the lobbyist registry but never actually registered. During this time, he was working on behalf of Alcan and its efforts to export power and abandon its social contract to the people of Kitimat. This Liberal insider never registered. He never self-reported his activities.

Can the Attorney General tell us what the point of the act is, if big-time Liberal lobbyists like Mr. Kinsella don't even bother registering?

**Hon. W. Oppal:** I assume that the member has taken the opportunity to register the complaint in the appropriate place.

#### LOBBYISTS' MEETINGS WITH GOVERNMENT OFFICIALS

**L. Krog:** It's delightful to hear an answer from the Attorney General like that, leaving it up to the opposition to do the job that this government receives taxpayers' moneys year in and year out to do on behalf of British Columbians.

The Lobbyists Registration Act does not allow the public to know when lobbyists meet with top political appointees like ministerial assistants. Brian Kieran, Erik Bornman and Jamie Elmhirst all lobbied on behalf of groups like the Council of Forest Industries, Merck Frosst Canada, the Broe Companies, Omnitrix, Famous Players and the New Car Dealers of B.C.

Can the Attorney General outline how many ministerial assistants, aside from the ones currently facing charges, ever met with representatives from Pilot House Public Affairs Group?

**Hon. W. Oppal:** I'm sure the member opposite, who's a member of the bar, well understands that I can't answer that question. It would be totally improper for me to answer a question relating to people who are before the courts now. That's fairly fundamental.

Interjections.

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

#### LOBBYISTS REGISTRATION LEGISLATION

**L. Krog:** Perhaps the Attorney General didn't hear my question. I asked how many ministerial assistants, aside from the ones currently facing charges. There are

no lobbyists facing the courts today, other than his star witnesses. Only former Liberal political staff face multiple criminal charges. The Attorney General in this House says he's amenable to bringing about greater order and transparency to the lobbyist industry. He might recall that George Schultz in the Iran-Contra hearings said that trust was the coin of the realm. Trust is what's at issue here, as well as transparency.

Why won't he today commit to an all-party review of the legislation to give British Columbians confidence and trust in their government that it is doing everything possible to close off potential avenues of corruption?

**Hon. W. Oppal:** You see, the impropriety and the inappropriateness of that question relate to the linking of those people — the lobbyists — to the people who are before the courts. I don't understand why the member opposite, who's a member of the bar, doesn't understand that.

[1440]

We have before the courts a number of people who are charged with very serious crimes. The members opposite are using the evidence or using the allegations before the courts to link other people. That's totally inappropriate. I can't comment on whether or not "other people are associated."

**M. Karagianis:** Well, perhaps we can ask a question that the Attorney General can answer. In May of 2003 this government changed the Lobbyists Registration Act, removing the lobbyists' obligations to list political aides they were meeting with. During debate on the bill, the then Attorney General stated that the changes "will not impact the effectiveness of the registry."

That was only months before the raids on the Legislature. Clearly, the government was wrong. But the question we have yet to have answered is if the current Attorney General agrees or disagrees. Given this scandal, why is the Attorney General continuing to exclude political aides from accountability and transparency by keeping them out of the act?

Interjections.

**Mr. Speaker:** Members, the Attorney General has the floor.

**Hon. W. Oppal:** Again, the member opposite brings it back to a matter before the courts. By using words such as "scandal," I don't know if she understands this, but she is compromising a right to a fair trial. This country has seen wrongful convictions in our courts in the names of Guy Paul Morin, Donald Marshall and Thomas Sophonow. We've had a number of those examples where people have been wrongfully convicted because the presumption of innocence wasn't respected.

I would urge the members opposite to be extremely careful before they start playing footloose and fancy-free with allegations that are before the courts by irre-

sponsibly using words such as "scandal." If there is a scandal, the Supreme Court will decide that.

**Mr. Speaker:** Member for Esquimalt-Metchosin has a supplemental.

**M. Karagianis:** My questions are about the Lobbyists Registration Act. The Lobbyists Registration Act is now five years old. In light of recent events — and let's make no mistake.... Recent events are a scandal. This is a scandal. So it is clearly....

Interjections.

**Mr. Speaker:** Members — on both sides of the House. Continue.

**M. Karagianis:** I would say it's very clear that it's time for change. The warrants show that the legislation does not adequately protect against potential kickback schemes within the highest ranks of government. Does the Attorney General...

Interjections.

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

**M. Karagianis:** ...support closing obvious loopholes in the act to stop potential kickback schemes and other avenues of corruption?

**J. Kwan:** The Attorney General won't commit to an all-party committee to review the lobbyists registry. Now that the Attorney General is aware of the problem with people like Mr. Kinsella not following the act, what is the Attorney General going to do to make sure that the act is being followed by people like Mr. Kinsella?

**Hon. W. Oppal:** If the member opposite has complaints about somebody not properly registering pursuant to the provisions in the act, then she has an obligation to report that.

[1445]

#### HIGHWAY OF TEARS INVESTIGATION

**J. Brar:** Victoria police received over 200 new tips on the Michael Dunahee case in just one week after announcing a \$100,000 reward for information.

My question is to the Minister of Public Safety and Solicitor General. Looking at the power of a reward for generating new tips on the 16-year-old case of Michael Dunahee, will the minister learn from Victoria's experience and commit today to offering a reward for information leading to successful resolution of the cases of missing women around the highway of tears?

**Hon. J. Les:** Members of the House will likely recall that that member asked the same question last week.

As a matter of fact, I have discussed such an initiative with the RCMP. Last week when the member op-

posite and I were in Prince George at the symposium put on by the communities involved in the Highway 16 murders and disappearances, it was explained pretty carefully to the member opposite — both by myself and, if that wasn't good enough for him, by senior members of the RCMP — that sometimes it is indeed appropriate and useful to put up a reward in a case such as this.

However, in the considered judgment of the RCMP, this is not the time to be putting forward a reward. That was carefully explained last week at the symposium. So I would suggest that I take the advice of the RCMP and not that of the member opposite.

#### APPROVAL OF FISH FARM LICENCES

**S. Simpson:** My question is to the Minister of Agriculture and Lands. Will the minister please tell this House why he has approved a fish farm at the Bennett Point site in the Broughton Archipelago while the Special Committee on Sustainable Aquaculture is sitting and doing its work?

**Hon. P. Bell:** We think that this delegated decision-maker made a very reasoned decision around this particular licence. It's been in the process since November of 2004. In fact, a Tlowitsis First Nation, which has long been an opponent around aquaculture licences, supports this licence and is developing a partnership with Greig Seafood to see a new model of aquaculture in the Broughton Archipelago. We're very proud of that decision.

**Mr. Speaker:** Member for Vancouver-Hastings has a supplemental.

**S. Simpson:** I find it interesting. This committee was put in place. It was put in place for the purpose of dealing with this very difficult issue. It was put in place by the government through the throne speech.

It is an issue, quite frankly, that concerns shrimp fishermen. Mr. Murray Tanner from Sointula has raised concerns about the effect on pink shrimp. It's of concern to people in the Broughton about what happens with nerve poison SLICE, which deals with sea lice.

In regard to the question of the first nations, I would quote from Bob Chamberlain, the chairperson of the MTTC, who said today: "The province has promised the highest environmental standards and the best fisheries in the world as a foundation of their New Relationship with first nations. This decision undermines even the most basic principles of that New Relationship." That's what the tribal council says to the minister's decision.

Considering all of these serious and outstanding concerns and the role of the legislative committee on sustainable aquaculture, can the minister tell British Columbians why they should believe he is taking this committee seriously when he is prepared to approve farms in this way?

**Hon. P. Bell:** I'm pleased to see that the opposition has climbed back up on their grassy knoll of hypocrisy today. You know, the opposition was informed last Thursday of this decision. It's only since the media has become aware of the decision that it appears they have any interest at all. In fact, during the 1990s the NDP put in 34 new aquaculture sites around the province; this government has put in two.

[1450]

#### MUNICIPAL ELECTION CAMPAIGN FINANCING

**M. Farnworth:** Over the weekend, in response to questions raised in this House last week, the Minister of Community Services stated on the record publicly that she couldn't understand why anyone would not want to disclose their campaign donations. At the same time, in the same newspaper the member for Port Moody-Westwood also stated that he favoured full disclosure of campaign donations at the municipal level and the closing of the loophole that allowed over \$104,000 to be undisclosed, unreported. Today we learn that the member for Burquitlam also now supports the closing of that loophole.

My question to the Minister of Community Services and development is this. Given the support from this side of the House and the obvious support from members of her own caucus, will she now look into this loophole that allowed \$104,000 of undisclosed donations to take place and investigate and close that loophole?

**Hon. I. Chong:** We have all the expectation and trust that individuals will abide by the law. We have in place municipal election laws that election officers throughout the province adhere to. I have also indicated that after the municipal elections, a postmortem is done. Surveys are sent out. Election officers and candidates, as well, are able to submit information to us. When we receive that information, if it is determined that changes need to be made, we would make them, if and when necessary, in time for the next municipal election.

**Mr. Speaker:** The member for Port Coquitlam-Burke Mountain has a supplemental.

**M. Farnworth:** Well, her own colleagues have now publicly said the loophole is a problem and it should be closed. Is that not good enough for the minister? Will she not look into closing the loophole on the basis of the complaints from her own colleagues, never mind this side of the House?

**Hon. I. Chong:** I thought I'd made it quite clear, but if not, I'll just repeat again for the member opposite that in fact we do receive information. We receive it from the election officers, we will receive it from candidates, and we will receive it from anyone who wishes to provide us any information. When we re-

ceive all the information and not just selective information, then we will take a look at that. If changes are necessary, we indeed will make them in time for the next election in 2008.

#### HOMELESSNESS IN SURREY

**B. Ralston:** My question is to the Minister Responsible for Housing, Surrey, which is B.C.'s second-largest city, has recorded the fewest number of shelter beds for its growing homeless population in two surveys in the past four years. As a result, more homeless are sleeping in doorways, on sidewalks and at Surrey Memorial's emergency department. Some of them, to protect themselves from extreme weather conditions, are forced to put themselves in unsafe and unhealthy positions.

The minister did make a number of visits out to Surrey prior to May 2005. Since homelessness in Surrey is now at a crisis point, will he commit to meeting with the senior staff of South Fraser Community Services and Options to help build a better plan to help the growing numbers of homeless in Surrey?

**Hon. R. Coleman:** As I said yesterday in the House, we've increased the annual funding for the shelter program in British Columbia by 40 percent. Since we became government, we've increased year-round shelter beds from 711 to 868. We've increased cold-wet weather beds in the province from 197 to 391.

Maybe the member might want to tell the organizations to write the minister and see if they can get a meeting. Frankly, if they want to communicate with me, my door is open.

**Mr. Speaker:** The member for Surrey-Whalley has a supplemental.

**B. Ralston:** Well, one of the ways that the constituents are communicating to the minister is through their elected representative, which in this case happens to be the member for Surrey-Whalley — me.

Capt. Randy Piticco of the Surrey fire department says that a 42-year-old woman was sleeping in a dumpster on Friday morning when the truck picked the bin up and emptied its contents, including the woman, into its rear compactor. Luckily, the waste haulers heard her scream, and she survived with minor injuries.

Given that this problem is at a crisis point and public officials employed by agencies in Surrey are concerned that public indifference to what is likely to be the future of the homeless in Surrey is growing, will the minister not commit today to meet with these concerned officials?

[1455]

**Hon. R. Coleman:** For ten years these people were government. Did we see a Premier's Task Force on Homelessness in that ten-year period? Did we see any leadership? None.

The Premier of this province actually stepped up to the plate and put the leadership on the homeless strategy in front of all the communities in B.C. He's brought in the mayors of the major communities in the province, including the mayor of Surrey, who's a participant in the homeless strategy and is now outreaching to mid-sized communities across the province to build even a stronger strategy for homelessness. We're putting the resources behind it, and we've increased the number of beds. We've increased what we would do for homeless people in British Columbia — something they never did for ten years.

Interjections.

**Mr. Speaker:** Members.

#### CHANGES TO FIRE COMMISSIONER OFFICE

**N. Macdonald:** The concerns the opposition expressed Monday about the reorganization of the office of the fire commissioner were dismissed by the Minister of Public Safety as full of rhetoric and fearmongering. I received yesterday from Fire Chief Terry Warren the following. He says: "I personally have reached a point in my life where I am wondering why I am still volunteering to be on call 24-7, 365 days a year to have my face slapped and to have more work thrown at me. These changes" — and here he's referring to the reorganization of the fire commissioner in the Kootenays — "cost local taxpayers more and affect the saving of lives and property."

Surely the Minister of Public Safety is not going to dismiss these concerns as full of rhetoric and fearmongering. So the question I have for the Minister of Public Safety is: does he recognize that there is a fundamental problem with the reorganization of the office of the Fire Commission in the Kootenays, and will he commit to fixing that problem?

**Hon. J. Les:** As we already discovered a few days ago — on Monday, in fact — the cutbacks in the office of the fire commissioner actually occurred when the New Democratic Party was in government in British Columbia. They started out with 40 people in the office of the fire commissioner, and they cut it down to 27, and they cut the budget by 20 percent.

We have maintained all of the funding and all of the personnel within the office of the fire commissioner. Yes, changes are happening. We're actually taking steps to ensure that there are more people on the ground throughout more communities around British Columbia so that more advice and more support are available to the various fire departments of British Columbia.

Now, if there's a fire department somewhere that doesn't understand what is happening, the fire commissioner is actually travelling around the province right now, meeting with all of these people, to ensure that they understand how the fire service is being

improved to the betterment of all the communities around British Columbia.

[End of question period.]

### Petitions

**L. Krog:** I rise to table a petition on behalf of Malaspina Students' Union, protesting tuition fees.

**N. Simons:** It gives me great pleasure to present, on behalf of the Texada Island Chamber of Commerce, a petition signed by close to half the residents and probably most of the households of Texada Island, asking that the ferry service remain at the same level of service, same vessel size, and that home-porting remain in Blubber Bay.

### Orders of the Day

**Hon. M. de Jong:** I call Committee of Supply. For the information of members, in Committee A we'll be discussing the estimates of the Ministry of Energy, Mines and Petroleum Resources, and in this chamber, the estimates of the Ministry of Environment.

[1500-1505]

### Committee of Supply

ESTIMATES: MINISTRY OF  
ENVIRONMENT AND MINISTER  
RESPONSIBLE FOR WATER STEWARDSHIP  
AND SUSTAINABLE COMMUNITIES

*(continued)*

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

The committee met at 3:08 p.m.

On Vote 28: ministry operations, \$152,559,000 *(continued)*.

**Hon. B. Penner:** I thank the Chair for her indulgence as we were getting organized here. I understand the member from Malahat does have a quick question on contaminated sites, and we're endeavouring to get the appropriate staff here as we speak.

**J. Horgan:** I thank the minister for this impromptu series of questions, and I want to acknowledge his capable staff who are with him today.

I'd like to focus, if I could, on contaminated sites within the provincial electoral area of Malahat-Juan de Fuca. The minister will know that Malahat-Juan de Fuca begins at the Cowichan River and comes south to the communities of Highlands and Langford, before going west to Metchosin, Sooke, Port Renfrew and other communities within the area.

Residents have come to me over the past number of months expressing concerns about regulations around

contaminated-sites soils. In particular, there were awards given to various projects in the city of Victoria for removal of contaminated soils, and these soils ended up arriving in communities in Malahat-Juan de Fuca.

I'd like to ask the minister, if I could, if he has an inventory of such sites on the Island, across the province and, most particularly, in my constituency of Malahat-Juan de Fuca.

[1510]

**Hon. B. Penner:** I seek clarification. Is the member looking for a list of contaminated sites within his particular constituency boundaries?

**J. Horgan:** Yes, that's a starting point. Then I want to move from that to recourse for my constituents who are in proximity to these sites.

**Hon. B. Penner:** Certainly, the ministry does keep track of known contaminated sites. If the member is looking for a list specific to his particular constituency, we can try and generate that information. We don't normally organize our information systems based on individual constituency boundaries, but we could see what kind of information would pertain to the member's constituency configuration or boundaries.

If the matter is pertaining to the transfer of soil that falls within the definition of contaminated soil, then there would be a permit required. I'm not sure if that's where the member is going with the question, but that's the information that I have.

**J. Horgan:** I appreciate that the ministry may not organize its affairs the same way I have to. There is a large pile of soil at and around Spectacle Lake at the top of the Malahat, just past the community of Shawnigan Lake, that's of particular concern. I've had a number of constituents raise that pile of soil with me. There are also a number of properties in the communities of Glenora and Cowichan Bay where residents have expressed concerns that soils are coming on to property, and they're not certain where they're coming from.

I guess I seek some guidance from the minister and his staff as to how citizens in my community, and communities right across the province, can protect themselves from soils being removed from one place and then deposited at another. The case in point would be a site here in Victoria, in the Greater Victoria area, where I believe an award was given for the removal of the contaminated substances. But certainly no notice was given to the community where it arrived, and that was in Glenora.

That's the issue. It's a question of how local residents protect themselves from soils coming into their community. If they're on a well — as many are in my communities — and have soils of unknown origin arriving on a neighbouring property, how do they protect themselves, and how can they track down where this soil comes from?

**Hon. B. Penner:** My understanding is that the regulation that would pertain to the transfer of soil that the member is referring to was first put in place in 1996. I don't believe that regulation has changed. It does require a number of things on behalf of the party that would be depositing the soil. I can arrange a briefing for the member, if that would help him. In the meantime, if his constituents have specific concerns about a particular piece of property, I would invite them to contact the Ministry of Environment by telephone and to bring their concerns directly to the ministry's attention.

**J. Horgan:** I'll certainly take the minister up on his offer of a briefing. I'm not familiar with this 1996 regulation, although I was in and around this place at that time. It may come as a surprise to the minister that I didn't keep track of every regulation — just about every regulation, but certainly I might have missed one or two along the way.

[1515]

I will take him up on that offer. I'll contact his office directly on that. As he will know as a constituency MLA, the first point of contact for concerns traditionally is a member's office. I assured members that I would raise these questions with you. I've done that. I appreciate the answers and the candour. I will collect an inventory of those sites and go through them with your ministry staff, and I thank you for your time.

**Hon. B. Penner:** I see that the Environment critic is back in the House. We'll get back, I think, to the normal sequence of questioning that we had laid out for these ministry estimates.

Just before doing so, though, I'd like to advise members, and particularly the critic, that there's an issue that's been of considerable interest to the ministry and, I know, to many people throughout the province, especially on Vancouver Island.

I'd just like to announce today that following extensive public consultation, B.C. Parks has decided to implement traffic calming measures to improve public safety in MacMillan Provincial Park. My goal is for all visitors to MacMillan Park to have a memorable and safe experience. These measures are expected to reduce hazards to drivers and pedestrians accessing the park. We are working with the Ministry of Transportation, and we hope to have these new measures put in place before the busy summer season is upon us. In essence, they will consist of flashing lights, overhead lights along the highway, Highway 4, to alert motorists and pedestrians to the fact that there is traffic congestion from time to time in the heart of the park at Cathedral Grove.

You'll know, members, that at the Ministry of Environment, through its subsection the parks branch, a lot of work and planning has gone on over the years. It's been a considerable effort. I want to thank the parks staff who have diligently looked at a wide number of options, many of which have been brought forward from members of the public. At this point, I can inform

members of the House and the public that B.C. Parks does not have any intentions at this point of proceeding with the new parking lot option at Cathedral Grove. Rather, we'll be relying upon traffic calming measures, and we'll be reviewing those and monitoring the situation closely in the months and years to come.

**S. Simpson:** I thank the minister for making people aware of that. I'm sure that will be good news for a lot of people in the community who were very concerned about the parking lot proposal. I'm sure they'll look forward to working with the minister and the ministry on finding traffic calming measures that are effective and still protect the integrity of the park, as they saw it. I do appreciate that, and I apologize for my delay in getting back.

What I want to do is proceed a little bit further on the discussion around species. I have a couple more questions related to that, and then we'll move on from there to discussion of parks.

I wonder if the minister could tell us a little bit about the fact that the SaRCO, which falls under the jurisdiction of Agriculture and Lands, has responsibility for the designated species, including the caribou and the owl. Could the minister tell us: what responsibility does his ministry have in order to deal with issues related to the caribou, the recovery plan, and the owl and its recovery plan? What is the responsibility of this ministry for those versus the responsibility of SaRCO or other ministries?

[1520]

**Hon. B. Penner:** I believe we did canvass this at some length last fall during estimates debate. If I understand the member's question correctly, he wants to know what the role of the Ministry of Environment is in terms of working on recovery plans with respect to the three species that he mentioned.

Our role in the Ministry of Environment is to provide scientific support to SaRCO, the species-at-risk coordination office, and assist them in recovery planning. Once a plan is decided upon and approved, then we would have a further role to play in assisting in the implementation of any particular plan.

**S. Simpson:** Around this question of scientific advice, could the minister tell us — and maybe this is important to the work that I know the minister spoke about yesterday, regulatory work related to future species-at-risk initiatives — how species currently get listed? What is the process for a species to get listed on the conservation data centre information base? How does that assessment get made to put a species there?

**Hon. B. Penner:** Yesterday, when we were discussing this matter, there was some debate around different numbers and different criteria. Just to step back a bit and put things into a broader perspective, I am advised there are a total of approximately 42,000 different species of different kinds in British Columbia. That includes everything, including plants, except for things



that would be defined as microscopic organisms. So that might help in terms of a baseline.

Interjection.

**Hon. B. Penner:** I'm told those would be native species, native to British Columbia.

In terms of the criteria applied by the conservation data centre, which we talked a bit about yesterday, or CDC for short, that is a database that — no surprise — operates on a computer system. They look at, for their listing criteria, things such as the total number and condition of occurrences; the population size; the range, extent and area of occupants; short- and long-term trends in a variety of factors; threats; intrinsic vulnerability and environmental specificity. This would be to determine whether a species is a candidate for further listing or further action. It's a preliminary decision in a way, because there could be more work that would come later.

**S. Simpson:** I appreciate that number. I know that with us having, based on that number, just under 1,600 listed on the database, if we include plants, then I'm sure we want to pay attention to those 1,600 and be grateful that it's not a larger number.

**Hon. B. Penner:** Thirteen hundred.

**S. Simpson:** Some 1,303 animals and about 200 plants, I'm told, but I stand to be corrected.

The minister in his last answer spoke of a number of criteria that are used to determine how an animal or a plant gets on to that list. Could the minister tell us: how is that information collected, and who collects it?

[1525]

**Hon. B. Penner:** The member may be aware that the CDC, or conservation data centre, was just added to the Ministry of Environment in the past year. So we're just endeavouring to get the total number of staff that came with the CDC, or the conservation data centre. The work is done by staff who work for that organization. As well, we receive information from experts in the field — people associated with universities and other research institutions that provide the CDC with information for analysis and consideration.

**S. Simpson:** It would seem to me — and I would hope the minister would agree — that the preferable way for species to get on that list or any list around questions of species at risk is for it to be scientifically based, rather than based on some other criteria.

The question that I have is: could the ministry supply me with some idea of the scientists who, in fact, do that assessment and where they're located — whether they be biologists or other scientists with the ministry, whether they be scientists directly related with the conservation data centre or whether they be scientists who are contracted or brought about through academic institutions?

**Hon. B. Penner:** I believe we can pull together that list. Our staff will endeavour to do that. We're just going through our binders. It looks like we picked up, when the reorganization of government took place, approximately 33 FTEs consisting of people who develop inventory standards and specialists who perform the work in identifying species to be included on the conservation database centre.

**S. Simpson:** I appreciate that, and I look forward to getting a fairly detailed list of who the scientific community is inside and outside the ministry that, in fact, provides the advice on how species get on those lists.

[1530]

Could the minister tell me a little bit about how species...? What are the consequences...? Maybe we'll start here. If we have a species at risk that's identified by the ministry.... Maybe the minister could start with some categorization. What I'm trying to determine here is what happens when an individual, possibly a hunter or whatever, a poacher — because they obviously wouldn't be licensed to do this — or a business through its enterprise, a company, impacts a species that is at risk in a way that breaches the expectations of the ministry and of government.

How does that work? What are the charges? What happens? How is somebody held accountable for that?

**Hon. B. Penner:** There are general provisions in the Wildlife Act, which I don't have right in front of me, that carry penalties for poachers — people hunting without a licence or otherwise inappropriately harming or killing wildlife. In fact, just a few moments ago I was being asked some questions in the hallway by the media about an incident that came to light, I think, just yesterday involving three bald eagles that were found dead near Bowser on Vancouver Island.

The conservation officer service is actively investigating that situation. I'm advised that under the Wildlife Act there is a potential penalty up to \$50,000 upon conviction, should the COs track down whoever may be responsible and determine that the law was broken, lay charges and get a conviction in the court. I'm not sure if that general penalty provision applies the same for all species or whether that's specific to bald eagles or to other animals. I would have to check the legislation.

In addition to that, I'm told the Species at Risk Act nationally also carries a number of additional penalties. Again, I don't have those specifics, but that's something we could look up in the statute books.

**S. Simpson:** I'll ask for a clarification and ask my next question at the same time. My clarification would be on the SARA, the Species at Risk Act, and the federal penalties. Would I be correct in assuming those would only apply on federal lands? We determined yesterday that SARA only applies on federal lands. So would we assume that their penalties would only apply on federal lands? The minister could just clarify that.

I very much appreciate that poachers and people who conduct themselves in that way need to be charged. They need to face the full extent of the law, and I'm very hopeful that officers of the ministry will find those people responsible for the bald eagles.

My question, though, is: what happens in the instance of industry, where business interests or industry come into areas where there are species that are at some degree of risk, and business practices are deemed by conservation officers, by others, to have inappropriately imposed on those species? How is that determined, and what might the consequences for that be?

[1535]

**Hon. B. Penner:** I'm busily flipping through the Wildlife Act, looking for the various provisions in terms of penalties. I'll let the member join me in that task maybe a little bit later on. It's always entertaining.

The member is not quite technically correct to say that Species at Risk Act penalties don't apply to private land in British Columbia. I'm advised that in order to prohibit the damage or destruction of residences of non-federal species on provincial, territorial or private lands, the federal Minister of the Environment may make that decision to do so, if supported by way of an order-in-council of the Governor-General-in-Council. So there is a provision for SARA to apply if it's determined by the federal environment minister that that's appropriate.

In addition to that and regardless of that, in British Columbia we have a number of different statutes that potentially apply. I've already referred to the Wildlife Act — and a variety of provisions there — which lists, I think in section 6.1(1), a number of things respecting species at risk and potential penalties there. There's also the Forest and Range Practices Act, which provides for various penalties should somebody not conduct themselves on the land base the way they're supposed to.

Furthermore, there is, of course, the federal Fisheries Act, which contains some hefty penalties for those who are responsible for allowing deleterious substances to enter into waterways or to cause harmful alteration of fish habitat. And of course, near and dear to my heart is the Park Act, which protects provincial parks and recreation areas in British Columbia. The number is more than 600 parks where that statute applies and provides protection in terms of ecosystems and the land base.

**S. Simpson:** I appreciate the minister's comments about the ability, under SARA, for the minister to go out and intervene with support — to be able to do that. I understand, though, that that has never occurred, though I do understand that there are a number of organizations that have a lawsuit in relation to the spotted owl. For the first time they're trying to actually have that clause used by the minister, because they aren't satisfied that the provincial government is in fact fulfilling its responsibilities around the spotted owl. As a consequence, they're in court trying, for the first time,

to get that clause to be used under SARA. I appreciate that the minister pointed that out to me.

Could the minister tell me a little bit about what it means to be on the conservation data centre list? There are 1,300 species that are on this list. We know that the three that are under SaRCO.... There are varying degrees of recovery plans that are being driven by SaRCO, and I appreciate that.

What does it mean for a species to have been put on this other list of 1,300, in terms of how the government looks at those species and deals with them? What's different between that, in terms of the conduct of the government and conservation officers, and the other 40,000-odd animals that are in the province?

[1540]

**Hon. B. Penner:** Thank you for your indulgence. I've been joined by Brian Rendell, who is the executive director of compliance and enforcement for the Ministry of Environment. He's busy thumbing through the Wildlife Act — so perhaps the critic and I don't have to — endeavouring to get specific information around penalty provisions that apply, depending on the type of offence.

What I found on my own is that there are different maximum penalties, depending on which section of the act is contravened. We'll hopefully have more information from that perspective in a moment.

In terms of the member's most recent question pertaining to the list and what the purpose of that list is — which I have at 1,364 on the CDC list — my assistant deputy minister advises me that that does include plants, but that's subject to checking. That provides the pool for the FRPA designations, the Forest and Range Practices Act list.

[1545]

About 85 or so out of the 1,364 have been deemed to be of significant interest under FRPA — requiring further consideration. Then that same pool is used for review by the Committee on the Status of Endangered Wildlife in Canada, heretofore known as COSEWIC. That'll be easier to say. From that list of 1,364, 134 have met the legal definition or criteria under SARA, the Species at Risk Act, for listing. Some people in the ministry refer to that as the legal list — the 134 — because it meets the legal criteria as established by the species-at-risk legislation.

**S. Simpson:** Can I assume that between these three lists — the SARA list, the COSEWIC list and the FRPA list — there's a reasonable amount of crossover between these three acronym-based lists? That would be true?

**Hon. B. Penner:** The short answer is yes, there is considerable overlap. I think the member asks an excellent question. As I look at the numbers and I'm asked.... It's basically a rough flow chart here between the three different lists.

The 1,364 up here is the general pool for further consideration. Under SARA, there are 134 that have

met a legal definition under SARA. Then under the Forest and Range Practices Act, there are about 85. I'm told that between the 85 and the 134, there is a considerable overlap, considerable consistency, in terms of the species listed in either list.

**S. Simpson:** I appreciate that. I imagine it's no surprise to anybody that there would be crossover in those species, that the different jurisdictions would share concerns about species when, presumably, the criteria for those different agencies would be similar in many ways in terms of what they would look at as criteria to put a species on an at-risk list.

We have these species. When I spoke to the Minister of Agriculture and Lands in his estimates earlier this week, we talked about how a species gets on the SaRCO list, and I think what he said was that it is globally significant. I believe that's the term, though I could stand to be corrected.

The three species that are there were deemed to be that way, and they met a number of criteria, including having what is a G listing on the conservation data centre list. I'm sure the minister can tell me what a G listing means, because I'm not sure. Anyways, these three were deemed to be globally significant through criteria that SaRCO had that brought together pieces of information from a number of different lists.

The question I have is: what happens to species that SaRCO doesn't deem to be globally significant based on their criteria, yet there are challenges for those species in British Columbia in terms of the level of risk? Is there a process for the Ministry of Environment to put recovery plans in place, to put conditions in place, to protect those animals or those species and in fact develop a recovery strategy for those species, even though they didn't make the SaRCO list?

[1550]

**Hon. B. Penner:** We're back to dealing with a range of different numbers that we were talking about yesterday. There are, as the member mentioned, three particular species that SaRCO, the species-at-risk coordination office, has primary responsibility for in terms of developing recovery plans. Those are the marbled murrelet, spotted owl and mountain caribou.

In addition to those three, there are another 86 listed species where B.C. is either leading or co-leading the planning process for recovery. That would be a total of 89 different species being worked on.

**S. Simpson:** What does that mean? What does the ministry do? Maybe the minister can tell me: who in the ministry has responsibility for developing those recovery plans, for going out and doing the work, for making sure that strategies are moving forward? What's the budget for doing that work? How much money gets invested in those 86 species to ensure their futures?

**Hon. B. Penner:** I'm just working to put together some of this information here. The Ministry of Envi-

ronment has an ecosystems branch. That would be our lead agency within the ministry for working on species-at-risk recovery planning and implementation. In addition, of course, there's the SaRCO office housed in the Ministry of Agriculture and Lands.

[1555]

Together we work with outside entities, including universities and industry. I'm advised that that helps us lever additional resources and personnel to help facilitate the work that the province is pursuing.

**S. Simpson:** Could the minister tell me how many FTEs are in the ecosystems branch, and how many of them do direct line work or scientific work related to those recovery plans?

**Hon. B. Penner:** There are seven and a half FTEs in the ecosystems branch and another seven and a half FTEs working for the species-at-risk coordination office. Between the two ministries there are 15 FTEs. I don't have a complete breakdown here along the lines that the member asked for. We'll see if we can get that, but it is not in front of me.

**S. Simpson:** To be clear, that's about 15 people all-in who have primary responsibility for this. How does the SaRCO office break that down? Do the seven or seven and a half FTEs in SaRCO actually pay a lot of attention to these 86 species, or are they primarily there to deal with the key recovery plans around the three that they have primary responsibility for? How do they divide their time to actually put effort into this?

I'm trying to determine how many FTEs deal with these 86 species. I accept the seven who are in the ecosystems branch do. I'm trying to figure out how much attention they get out of the SaRCO office.

**Hon. B. Penner:** In terms of the member's specific question around SaRCO, I direct the member to the Ministry of Agriculture and Lands, since it's housed over there. I don't have the full details on their financial arrangements.

Just a point of clarification. We talked a bit about this yesterday, and this, again, is where the numbers can get a bit confusing. While there are 89 different species that we're working on, that's covered off by 32 different teams. In fact, there are 32 different teams that are currently active. The ministry personnel that we've talked about to date are active in working on those 32 different teams.

**S. Simpson:** Maybe the minister could explain this to me. The minister just said that there are seven people who do this work, I believe. Seven people in ecodiversity, or that branch of the ministry, and there are 32 teams. Who makes up these teams in addition to the seven people, or do they just have a lot of hats?

**Hon. B. Penner:** I thank the member for allowing me the chance to clarify. The number I gave him, 7.5 FTEs, is the headquarters number. It does not include

field staff that we have throughout the various regions in the province. Depending on the particular team or the particular species being worked on and where that may be located, various field staff in the regions would be drawn upon to help support the recovery teams. That could be a biologist in Nelson or somebody from the Peace River, depending on the location and the type of species being worked on.

In addition, as I said earlier in one of my previous answers, it's not just the ministry doing this work. Certainly, we set the guidelines and steer the process, but we partner and lever additional resources through those partnerships with universities, NGOs and industry, who also serve on these 32 different recovery teams.

[1600]

**S. Simpson:** I appreciate that, and I believe I made the ask yesterday. The ministry, I believe, is putting together information about conservation officers, park rangers, science biologists and that in areas. I know the minister committed to that information yesterday, and I assume that will give me a better idea of what some of the ministry people in those teams look like. I'm assuming it's conservation officers and park staff, who would be working in cooperation with the coordination team out of Victoria or out of the head office.

I want to move on a little bit from that specific question and ask just a couple of questions in relation to another matter. Then we will be going to parks after that, just so you know.

I'm looking for some clarification about Koda and Banff, the grizzly bear cubs. The minister, I'm sure, will remember the grizzly bear cubs. Could the minister tell us: what is the status of these grizzly bear cubs right now in terms of British Columbia's involvement?

**Hon. B. Penner:** The ministry has received an application — what's called an import permit — from, I think, the Kicking Horse facility near Golden, British Columbia. My understanding is that the ministry has completed the review of that application, and I'm not aware that there were any showstoppers. It's quite possible that a permit will be issued in the near future in terms of those two orphaned bears.

However, there would still be an export permit required to be issued by the province of Alberta, because the two bears in question were orphaned in Alberta. They were captured in Alberta, and they are still residing in Alberta. So the decision about where the bears go is not solely that of the province of British Columbia.

In fact, a considerable amount of the responsibility rests with the province of Alberta in terms of whether or not they'll grant an export permit. I don't know if one has been applied for yet in Alberta. The last time I checked, which was some time ago, the province of Alberta had not actually received an export permit for those two bears. So they were not in a position to make a decision one way or the other.

[1605]

I have, however, received information from both Parks Canada, which has legal ownership of one of the bears, and the Edmonton zoo, and they both indicate that the particular bears in question.... I will quote the Edmonton zoo here: "The bears are not good candidates for release."

Dr. Steven Woodley, chief scientist of the ecological integrity branch of Parks Canada, has indicated that: "Our biologists and wildlife management specialists do not feel that this cub is a suitable candidate for rehabilitation. This animal is highly habituated to people." I also note that Tony Toth, the executive director of the B.C. Wildlife Federation, has also taken issue with the critic's comments that the bear should be considered for rehabilitation, indicating that it would be totally misguided.

**S. Simpson:** We clearly have some conflicting information here around those questions and around, in fact, who is saying what. We do have information that suggests that both Parks Canada and Alberta Fish and Wildlife agreed that rehabilitation was a possibility — absolutely not a certainty that it would be successful; we don't know that for sure — and received comments from Dr. Woodley that he had in fact submitted a request to the B.C. government on December 21, which had been turned down by the minister's office. That's what we were told in January.

I understand that part of the concern there, at one point, was that I believe it was Mr. Austin from the ministry who, in speaking about the Northern Lights facility — which was the facility that I think was in question as to whether the bears would go to Northern Lights for rehab and whether that was possible — had made the comment that the grizzly bears didn't meet B.C.'s grizzly bear rehab standards. I guess the question I'd have at this point is — because I haven't been able to identify those standards: are there, in fact, written standards for grizzly bear rehabilitation?

**Hon. B. Penner:** My understanding from the senior grizzly bear biologist in the ministry, as well as from other individuals in Canada, is that grizzly bear rehabilitation is not considered to be a proven technique. I understand there are claims that it has worked on other continents, but certainly the experience in North America has not been a positive one.

I do have here a letter dated December 7, 2005, from Dr. Woodley, who is the chief scientist of the ecological integrity branch of Parks Canada, wherein he states: "Grizzly bear rehabilitation is unproven and will be a difficult and long-term project." Earlier in the letter he says: "We do not consider the cub a candidate for rehabilitation, because it is habituated to humans." So that's the information we have.

I have asked ministry staff if it would be possible to develop a program in British Columbia around grizzly bear rehabilitation. There's going to be an information-gathering exercise that will be required. But at this point there is apparently a dearth of proven scientific

information, particularly longitudinal studies, to determine what has actually happened to bears outside of North America and other continents — I think in Russia, which is sometimes held up as an example — after they were released and whether they survived for a considerable period of time or not.

That is something I'm interested in learning about. I guess it has to be classified as a work in progress in terms of gathering more information. But in any event, the consensus view of the Calgary Zoo, the Edmonton zoo, Parks Canada and professional biologists with the Ministry of Environment here in British Columbia, as well as the B.C. Wildlife Federation, is that these two particular bears are not good candidates for rehabilitation.

**S. Simpson:** I appreciate the minister's comments, and possibly the minister could make a copy of that letter from Dr. Woodley available. That would be appreciated.

[1610]

I'd like to move on to the next issue, which is parks. I guess my first question around parks really relates to some broad budget issues related to parks. Could the minister tell us: what is the parks budget for parks in British Columbia?

**Hon. B. Penner:** In fiscal 2006-2007 the total budget for the environmental stewardship division of the Ministry of Environment is \$69.987 million. That budget covers fish and wildlife branch, parks branch, protected areas and ecosystems — something we were just talking about a moment ago in terms of species at risk. The budget in terms of B.C. Parks itself would be approximately \$30 million.

**S. Simpson:** I assume that a significant amount of that... Each of the parks, I assume, has a budget of its own. There's an analysis of budget for each of the parks in terms of what the cost of operation of a park is. How is that budgeting done, particularly around our provincial parks? How does that work in terms of determining the budget for each of the parks? And presumably that makes up the global budget.

[1615]

**Hon. B. Penner:** The member would not be correct in assuming that there's a specific budget allocated to each and every one of the 600-plus provincial parks in the province. Instead, what happens is that the budget is divided by regions. In terms of how it is prioritized between different parks and operating different areas within parks, that's a decision that's made in consultation with the regions and headquarters in Victoria about assessing priorities and allocating resources.

**S. Simpson:** The budget, then, is determined by region. So would it be possible to get copies of those regional budgets?

**Hon. B. Penner:** We can work to get that, but we could also offer a briefing with the member on, specifi-

cally, how the budgets are put together and allocated between the different regions when it comes to B.C. Parks.

**S. Simpson:** I would appreciate having that information. I'd also be very happy for the opportunity to have that briefing, as well, around some of those matters.

I know there are revenue streams. Some of the parks have revenue streams; others, not so much. Of the \$30 million of budget for parks, is that \$30 million after revenue? Or is there a revenue stream that comes in there from private interests and operators in parks — fees, etc.? What portion of the money is dollars coming in through revenue, and what portion is government contribution?

[1620]

**Hon. B. Penner:** I believe the member's question was whether or not the \$30 million figure is inclusive of any recoveries collected by park facility operators or through other operations in B.C. parks. The answer is no.

I'm told that in fiscal 2005-2006 projected recoveries are about \$13.4 million, which goes to defray and help offset the costs that park facility operators incur in providing services in parks. That would be in addition to the \$30 million that the ministry spends in supporting B.C. Parks.

**S. Simpson:** Then I would be correct in assuming, if I do the math, that the cost of park operations in terms of government costs is \$43.4 million, something like that — the combination of the \$30 million budget plus the 13.4 million of revenue that goes back into parks. So \$43 million or \$44 million is the government expenditure on provincial parks. Is that accurate?

**Hon. B. Penner:** The cost to the ministry is booked at \$30 million, give or take, in terms of supporting the operations of B.C. Parks. That's hiring park rangers and looking after other things that happen in the parks.

The \$13.4 million figure is revenue that gets collected from camping fees and other operations in parks — boat rentals where those are permitted, that type of thing — which the PFOs are allowed to retain. All things being equal, if they were not permitted to retain that revenue, one would assume — and probably rightfully so — that they would bid a higher contract price when the next round came up for managing or providing services in those parks.

Another way to look at it is that our expenditures would have to be another \$13.4 million higher theoretically, possibly, if PFOs were not allowed to retain that revenue that gets collected from camping fees and other activities in the parks.

**S. Simpson:** Am I to understand that, in fact, the \$13.4 million is roughly the profit that private operators are making in parks from fees and things that the ministry has authorized them to charge people for ac-

tivities in parks? For private operators in parks, they've been authorized to charge certain fees. Those fees are generating \$13.4 million of profit or revenue for them. It may not be profit; they have expenses. But is \$13.4 million the revenue stream to them?

[1625]

**Hon. B. Penner:** The member is correct to be careful in not assuming that the number is about the profit, because you'll quickly hear from park facility operators everywhere — some of whom will say that they don't make any profit. Certainly, I've heard that lament. Whether or not that's true, I'm not in a position to judge.

The number I gave was maybe a higher number. So before my phone starts ringing from PFOs telling me that in fact they don't get that full \$13.4 million.... That number apparently also includes recoveries that come directly back to the provincial government through the consolidated revenue fund. Just exactly what that amount is.... I would guess it's about \$2 million. The actual amount that is retained by park facility operators I would estimate at approximately \$11.4 million, give or take.

**S. Simpson:** Could the minister tell us how much we do pay — presumably out of the \$30 million, though maybe it comes from somewhere else — to those facility operators as contractual fees for them to provide these services in parks? Do we as the government pay something in addition to the fees that they recover?

**Hon. B. Penner:** My understanding is that we've just completed the negotiation or renegotiation process for the park facility operators around the province. I'm sure the member is aware that different parks are grouped into bundles that in turn then go out for competitive bidding. As a result of that competitive bidding process, the contracts for the various bundles can look different, and it depends on the nature of the particular parks within each particular bundle.

Just referring to a park that I'm quite familiar with, Cultus Lake Provincial Park, for example, I would assume that if the bundle were only for that particular park — it's not, but if it were — a smaller subsidy or contribution directly from the ministry would be required. Given that there are 300 or so campsites in a prime location close to the lower mainland that are available for use, there's a healthy revenue stream that's available. Other parks may be more remote and have fewer campsites and, therefore, provide fewer revenue opportunities for the PFOs.

[1630]

That all gets fleshed out, thrashed out, through the competitive bidding process, and people who are interested in bidding on particular bundles will have to make a business case for themselves to determine what kind of bid they should submit. They could say in their contract proposal, "If awarded the contract, I'll actually pay the province to operate this particular park or the

bundle," or alternatively: "I'll only require X amount of additional contribution over and above the fees I'm allowed to collect from the province." That's a calculation that has to be made by each and every PFO and would-be PFO in the bidding process.

I'm told that because the bidding process has just closed, we're just getting the numbers — we don't have them here — about the specific amounts. In rough terms, that's my understanding of how the bidding process works. I was working for B.C. Parks when a lot of this process started in the late 1980s. It started in, I'd say, about 1988, if my memory serves correctly.

**S. Simpson:** I appreciate that this year's numbers aren't quite reconciled yet — that the process is ongoing. Maybe the minister could tell me what that number looked like for last year.

**Hon. B. Penner:** I've asked for that information, and I hope it arrives here soon.

**S. Simpson:** We'll move to another issue related to parks. The question of master plans for our provincial parks — could the minister tell us what the status of that is? Do all the provincial parks have a master plan? Do some of them have a master plan? How does that work?

**Hon. B. Penner:** Out of approximately 830 parks, protected areas and ecological reserves, there are in the order of 666 management plans currently in place. Our service plan calls for us to reach 700 over the course of this year, so it's a work in progress, and it's ongoing.

There are different levels of plans. There's something known as a purpose statement. There's a management direction statement as well as management plans, which I think the member might be referring to as master plans.

**S. Simpson:** Could the minister tell us how different parks are deemed to have a different status, whether it's a management plan or a purpose statement? How does a park get put in a category to have one or another of those levels of planning?

[1635]

**Hon. B. Penner:** Generally speaking, the greater the degree of complexity or the severity of the conflicts in terms of use, the more active the planning process will be and the greater the detail that will go into the plan for a particular park. In some cases we are guided by LRMP processes that may have already come to some consensus or a fair degree of specificity about the types of activities that should or could take place in a park or protected area. Not all parks have come to us through that process, but some have. In that case, then, those LRMP processes and resolutions help shape the final master plans or other plans that are put in place by B.C. Parks.

[L. Mayencourt in the chair.]

**S. Simpson:** Could the minister tell us: in this year, how much money is budgeted and allocated for either developing or updating park plans?

**Hon. B. Penner:** There are, in total, 12 planners that work for B.C. Parks. Three of those are located in the headquarters here in Victoria. In addition, we have nine located around the province.

With the announcement that I made about an hour and a half ago around Cathedral Grove, some of those park planners will have more time to pursue other matters now in the weeks and months ahead, because I know they've spent considerable time over the years working on that project. That's the answer to that question.

[1640]

The member had a question earlier around park facility operators, and we've just got a note sent in with the figure that the member was looking for. The shortfall or the difference between the revenues that they're able to collect and keep and the amount that they're required to be supplemented with is known as a deficiency payment. That's the jargon or the lingo used by the ministry. The deficiency payment for the last fiscal year, I'm advised, totalled \$3.7 million.

**S. Simpson:** Maybe I'll deal with that in two parts. So the first piece is, then.... The minister is telling us, hon. Chair, that the planning process is engaged in the budget or some portion thereof of the 12 park planners, and they do the work on the park management plans or that work. Do they have a piece of their time and a budget allocated around their time, a line item that says park planning, park master plans, management plans — those categories the minister spoke of earlier — and it is X amount of dollars, and that's the commitment of their time or additional resources or contracted resources to do park planning directly? I'm talking about the overall management plans of the parks which, as I understand, guide decision-making about what does and doesn't occur in those parks.

**Hon. B. Penner:** Thank you, hon. Chair; it's good to see you there.

The ministry park planners, I'm told, spend about three-quarters of their time, roughly, on updating and developing plans for various parks and protected areas as well as ecological reserves. They're also responsible, though, for doing some other very important work, including first nations consultation and working to develop agreements with first nations. Sometimes there are some agreements that are worked out in terms of how we're going to manage parks. That's something that the ministry has been actively engaged in for the last couple of years as well.

**S. Simpson:** So is there a line item in the budget when you do your budgeting that says park planning — that management and whatever the number is — and includes their time and whatever other costs are incorporated?

[1645]

**Hon. B. Penner:** There isn't a specific line item. Instead, what the ministry does is fund the staff positions. As indicated, about three-quarters of their time, in terms of those 12 planners, is spent in working on developing or updating management plans for the parks, protected areas and ecological reserves of British Columbia. Our estimate, though, would be that the cost incurred to government and to taxpayers would be approximately \$800,000 per year if you were to break it out that way.

**S. Simpson:** My understanding — and I could be corrected on this — is that a number of the plans, maybe even a majority of the plans, actually have been around for quite a while. Many of them are pre-1990, I believe — when the work was done on these plans. As with everything, they become somewhat dated.

Has the ministry determined how many existing plans they would consider to be out of date and requiring an update or a review, which are in play? And what is the number in terms of number of plans that would fall under that category?

**Hon. B. Penner:** The ministry is making a concerted effort to work through these plans. As I indicated, we have an objective by the end of this year to be up around 700 or so total plans.

My assistant deputy minister, Nancy Wilkin, is estimating but believes that perhaps she has been involved in signing off on about 400 of those in the last four or five years, give or take. So it is something that the ministry is working on. As you can tell by our objective to reach 700 plans in place by the end of this year, we're making progress.

**S. Simpson:** I appreciate that.

When the opportunity comes for me to avail myself of the briefing that the minister kindly offered around parks, maybe we could talk a little bit about this planning and about what the expectation is on the big number or the cost of doing this. I won't ask for it right now — but the cost of doing those extra 300-odd plans to get to where you want to go. It obviously is going to require some resources.

I will be back to talking about park issues in a bit, but at this point I would like to turn the floor over to my colleague from Columbia River-Revelstoke, who has some very specific park questions around his region.

[1650]

**N. Macdonald:** Just specifically, questions on Columbia Lake Park. I'm limited to three questions, so what I'm going to do is bundle, first, information as I understand it, and then you can correct me if I misunderstand anything about the process, and then three specific questions.

As I understand it, Columbia Lake Park is a class-A park. I understand that there is an application to change the boundaries of Columbia Lake Park to allow

the upgrading of a road. My understanding is the reason that it needs to be done is that road upgrades or any infrastructure upgrades within a class-A park need to be for the benefit of the park rather than something outside of that.

So the first question I would have is around this. My understanding is that this is a new policy that allows changing boundaries. My understanding is that this is the first time that the new policy is going to be used. The question is just around, first, that new policy: what was the genesis of the policy that allows changes to park boundaries? What problem was it intended to solve, and where was the need identified?

**Hon. B. Penner:** The member's not quite correct. It's always been possible to make boundary amendments to parks in British Columbia, and people were always able to contact the ministry and make that request.

What we did in July of 2004 is try to bring some clarity around how decisions would be made and what the assessment process would be in terms of reviewing applications that came forward. So the objective was to bring some additional clarity and consistency to the criteria that would be used in determining whether or not requests were considered appropriate from a Parks perspective.

In any event, changes to park boundaries, as the member knows, do require a legislative amendment where those parks and their boundaries are set out in the schedule to the Park Act. Just last week this Legislature passed a number of amendments through Bill 15, the Miscellaneous Statutes Amendment Act, 2006, which modified park boundaries for quite a number of parks in British Columbia, adding four class-A parks and adding to the size of Strathcona Provincial Park on Vancouver Island, which is British Columbia's first and oldest provincial park.

So that process is fairly routine. Just about every session that I can remember, there's a bill that comes forward tweaking park boundaries around the province. But the specific policy that the member is referring to was put in place for persons outside of government who are making suggestions about altering park boundaries. That policy is available on the Ministry of Environment website, and you can download that policy as I did some time ago when I was looking into this matter.

**N. Macdonald:** Which specific group.... You said that there were people outside of the ministry who put forward the idea of this particular policy. Could you give me details on what group or what individuals put forward that idea of the new policy in terms of changing the park boundaries?

[1655]

**Hon. B. Penner:** I understand that the previous NDP government did have a policy in place around making boundary amendments to B.C. parks. It was determined that this was procedurally complicated, open-ended and unduly cumbersome in implementation.

B.C. Parks went back and, as you can see on the website with the policy, made sure that there was more consistency and transparency in terms of the objectives that had to be met. First and foremost, if the member has read the policy, he'll know that proposals for park boundary amendments will be considered on a case-by-case basis where there are compelling provincial, economic, environmental and social benefits that exceed preserving the integrity of the existing park boundary in values. This process, which has been established under the 2004 policy, also requires local public process: consultation with local governments as well as first nations as required.

**N. Macdonald:** To be clear, the minister is saying that the initiative for this came from within the ministry, and it was intended to simply clarify what had previously existed — okay? If that's incorrect, you can correct me when you have the opportunity.

Where is the application to change boundaries? Where does it sit right now in terms of a time frame? Is it on the minister's desk? Is it still being developed, or information being gathered? If you could give me a sense of where the application is now, please.

**Hon. B. Penner:** My understanding is that the member is referring specifically to Columbia Lake Provincial Park and a proposal by Fairmont Hot Springs. They've made an application pursuant to the policy that we've just been describing. The ministry is following the process that is set out in the criteria, including public consultation and discussion with first nations. I'm not aware of any decision document having reached my desk. My understanding is that the work is still ongoing.

**N. Macdonald:** In terms of the first nations component, the Ktunaxa, in a letter that I think has come to your office — although I understand that a lot of letters come to your office — have very clearly indicated their opposition. The language they use is basically around their opposition being something that they wouldn't be willing to compromise. Here they're talking, specifically, maybe not about the park boundary change but changes on the east side of Columbia Lake, which would include changes to the boundary.

The question I have: with the policy that is in place, does the opposition of the Ktunaxa preclude any change to the boundary of Columbia Lake Provincial Park? If you could just elaborate on that, please.

[1700]

**Hon. B. Penner:** I don't believe I have had an opportunity to read the letter the member is referring to. You're right; the in-box is pretty full every day. I get to see the mail delivery person struggling as he carries in the boxfuls each and every day, and it's on a wide variety of topics.

I can indicate to the member, though, that our policy does require us to consult with first nations, but under the policy they don't necessarily get a veto. I



should also add that under this 2004 policy for considering park boundary amendments, proponents are responsible for providing the ministry with adequate information respecting a number of things, including economic, environmental and social impacts of the proposal; possible mitigation measures; possible alternative sites or routes for the project; and the results of consultations with local governments, first nations and other stakeholders. And — this is important to note — the proponent must bear the cost of obtaining this information and conducting the consultation.

**N. Macdonald:** I just want to thank the minister for the opportunity. I'll have other questions later on, at different times. I'll turn it back over to the member for Vancouver....

Interjection.

**N. Macdonald:** I can't remember. Hastings — oh, of course. Anyway, thank you very much.

**The Chair:** Member for Vancouver-Hastings.

**S. Simpson:** Thank you, Mr. Chair, and I appreciate that you know the name of my constituency. I'll discuss this with my colleague at a later time.

I have a question in relation to.... Again, this is a budget matter and maybe the minister could tell me what the plans are here. We know the government has supported the north coast and central coast LRMPs. That's going to create an area of upwards of — what is it? — 1.8 million hectares of protected areas. It is my understanding that all of those areas, or the significant portion of those, in relatively short order will end up under the Park Act.

Could the minister tell me what the plans are there and what the expectations are about increased budget, staffing and resources to be able to make that work in those parks?

[1705]

**Hon. B. Penner:** My understanding is that we will be getting funding from the integrated land management bureau, which is housed within the Ministry of Agriculture and Lands, as we work to implement the results of the mid- and north coast land use planning processes. I don't have those specific amounts with us, as those are coming from the Ministry of Agriculture and Lands, integrated land management bureau.

**S. Simpson:** Is the expectation that that will become a budget item next year? Or does it become a supplementary budget item later on this year as you begin to take responsibility? How does that work in terms of staying within your budget or having your budget supplemented so that you don't get out of whack and mess up your paycheque?

**Hon. B. Penner:** My understanding is that the money will be expended by the Ministry of Agriculture

and Lands through their appropriation. I think those estimates are complete, but should that appropriation be approved by the Legislature and given royal assent, then that appropriation by that ministry would be charged against that ministry.

We will have a say in how that money gets allocated, assuming that my colleague the Minister of Agriculture and Lands is conducive to our suggestions, and I'm quite certain he will be. As for whether in future years there'll be a specific inclusion of that amount within the Ministry of Environment budget, it has not yet been determined. That will be a matter for Treasury Board.

**S. Simpson:** Moving to another question related to parks, could the minister tell us what the status of the resort and lodge strategy is? I know we've discussed this matter in question period. I'm curious as to what the status of that strategy is at this time.

**Hon. B. Penner:** I'm advised that we're still working on refining the lodge policy for the Ministry of Environment, specifically as it would relate to parks. Similar to the situation we talked about a few minutes ago when the member for Columbia River-Revelstoke was asking questions around the process for applications to be made for park boundary amendments.... That policy was pre-existing, and what happened in 2004 was that some clarity was brought to the process. Similarly here, it's always been open to people to make suggestions to the ministry to put facilities into parks.

What we're attempting to do through the lodge policy is to bring some greater certainty and clarity around the process and what the criteria would be in the event that individuals were interested in making those proposals to B.C. Parks. The member will know from our earlier discussion about this, I think, in question period that there are already something in the order of 160 roofed accommodations in B.C. parks all across the province. They run the gamut from small, back-country cabins all the way to facilities that look very much like a hotel.

[1710]

I'm thinking about Manning Park, for example, which is in the member for Yale-Lillooet's constituency, which has been operating for many, many years — many decades, in fact. It provides an opportunity for many people to have their first outdoor experience by getting to stay in the park under a roofed accommodation and then venturing out onto trails and enjoying some of the beauty of Manning Provincial Park.

**S. Simpson:** I appreciate, as the minister says, that we have 165 roofed accommodations. My understanding is that that includes 92 cabins, 17 shelters, 50 lodges of indeterminate size, five resorts and one eco-lodge. That's how I've been told that tallies up. Maybe with the exception of some of the lodges that have essentially been grandparented into facilities, that is somewhat different than a proposal to put upwards of a

hundred beds — 80-to-100-bed lodges or resorts — in facilities.

I guess my question to the minister is: what is the process of consultation around those decisions to do that?

**Hon. B. Penner:** As I indicated, the policy work is continuing, but I would fully expect that any policy, once complete, would require that proponents engage in a certain amount of consultation — in fact, a fair degree of consultation — firstly, with first nations; secondly, with communities; and thirdly, with other interested third parties. As part of their approval process, they would be required to engage in that kind of consultation before the ministry and B.C. Parks would make any decision about a specific proposal.

**S. Simpson:** An FOI that I saw around a Treasury Board submission indicated that the plans were based loosely around the notion of ten new lodges or resorts in parks and that an RFP was intended to be issued before the end of '05-06, I believe, based on that submission. Has that been changed? Or has that RFP been issued?

**Hon. B. Penner:** As indicated, the policy work is still ongoing.

**S. Simpson:** Just to be clear: there is no request for proposal out for any new lodges or parks in British Columbia at this time?

**Hon. B. Penner:** That's correct.

**S. Simpson:** The minister has confirmed that.

A question I have for the minister is around a policy and an approach that I have had suggested to me. It was something that seemed to make good sense, and I'd be interested in the minister's comments on this.

It's the suggestion that these types of facilities are important — they are economic development opportunities — and that the wise thing to do with them is to site these kinds of facilities in communities that are adjacent to our parks so that not only do you have the facility relatively close to the park so they can take advantage of the park, but it also generates economic opportunity within those communities. And other services, whether they be restaurants or other operations, are able to take advantage of people who would come to stay in that resort or lodge, creating more economic opportunity in those communities adjoining our significant parks.

[1715]

I wonder whether the minister has considered that proposition and what thoughts the minister has on that approach versus the approach of putting private facilities in public parks.

**Hon. B. Penner:** In terms of proposals outside of parks, there is a government strategy for resorts. Sometimes the media and others confuse that with the lodge

strategy within parks. It should be made clear to members following this debate that there's a clear distinction between a resort strategy for areas outside of parks and our goal to clarify previous government policy around applications coming forward for locating new roofed accommodation within parks.

In some parts of British Columbia, parks are located a tremendous distance from the closest community. I don't think the approach recommended by the member works in all parts of British Columbia, because British Columbia is a very vast area. It's geographically diverse, and not all parts of the province are the same. That's my answer to that suggestion.

Certainly, B.C. Parks is very cognizant that we want to have a cautious approach. When the policy gets completed, I expect that there will be a limited number of parks that would be considered appropriate. I've heard something in the order of 12 — this is still a work in progress, but maybe fewer than 12 or something in the order of 12 — out of more than 600 provincial parks in the province, being considered for that type of new roofed accommodation.

In terms of the member's comment about whether it's appropriate or not to site private facilities in B.C. parks, I can only assume that the NDP thinks that it is, because it was under the last NDP government that a new private facility was actually approved in a B.C. provincial park, at Kokanee Glacier Park. That's in the riding of Nelson-Creston.

**S. Simpson:** I guess we'll have a discussion about this as the plans become more clear from the ministry as to what the intentions are around resorts and large lodges in parks in terms of size, in terms of numbers and that. We'll have to wait until we have more clarity on what the government's intentions and plans are.

Could the minister tell us what the current status is around work related to the pine beetle in our parks?

**Hon. B. Penner:** The member will be aware that outside of parks, the Ministry of Forests has the lead responsibility for developing and implementing our pine beetle action plan, a plan that's well underway. We do get support within parks from the Ministry of Forests in terms of some advice and specialty assistance from people who have that expertise, but within parks, the Ministry of Environment and B.C. Parks have the primary responsibility for taking the lead.

[1720]

The Ministry of Environment has formed a ministry mountain pine beetle management team and is developing, within that, a mountain pine beetle impact management strategy as we roll this out across the province. Specifically for this year, I'm told that in fiscal 2006-2007 we have approximately \$5 million earmarked for mitigation and restoration projects. That may not just be, I'm told, within parks but inside and outside of parks and funded by the Ministry of Environment.

There are a number of areas around the province where we are already taking action. There was a pre-

scribed burn that was intended, in part, to deal with the threat of the mountain pine beetle in Mount Robson Provincial Park in August of 2004. I'm told that was a tremendous success, from the planners' perspective, in terms of what the result was — in terms of creating a natural firebreak and dealing with some of the deadwood that had accumulated there.

That particular approach is not going to be appropriate in all parks. As I've mentioned many times, B.C. is a very big place. We have very diverse geography, and we have communities located in different locations — sometimes too close to parks to go the prescribed-burn route. We have to be flexible in what course of action we adopt.

In the case of Manning Provincial Park, there's considerable work already underway. It was six years in the planning, specifically referenced in the Filmon report as something that needed to take place in Manning Park. The approach taken there is not to use prescribed burns, out of concern for human safety.

As the member knows — and we've already discussed this — there is not just the lodge. There are more than 30 cabins in the heart of the park, and there are many people. In any given weekend, you might have a thousand people in and around the park. If a prescribed burn were to get out of control, we would put public safety at risk.

[H. Bloy in the chair.]

In the case of Manning Provincial Park, park planners and other people — consultants that have been contracted — devised a strategy which, interestingly enough, was on display at the Globe convention last week. It was on the trade show floor — the example of Manning Park and what can be done to mitigate the effects of the pine beetle. They're using selective harvesting techniques to create a buffer around the lodge and some of the outbuildings and cabins that I talked about, and also to deal with the threat to a number of campgrounds.

That said, it's a huge challenge. There will be more projects undertaken this year, and I fully expect there to be some controversy. Quite frankly, doing nothing is not a responsible approach. That's why the Ministry of Environment and the B.C. Parks branch have been busy developing plans for quite a number of parks for quite a few years now, and we're seeing the plans being put into action.

**S. Simpson:** I appreciate the minister's comments, and I understand this is a very complicated and difficult issue to be dealt with. There aren't real easy answers as to how to deal with this.

Could the minister, though, tell us who makes those decisions and how the decisions get made on different approaches and different parks? I understand, for example, that the decision was made, I guess because of extensive issues, to put a bit of a cutblock in Tweedsmuir to deal with the problem there. In other parks, there are safety contracts — I've seen this on B.C.

Bid — to remove fuel or do some limited cutting to thin, a number of things. Who makes those decisions in a given park about the extent of the challenge and the best way to approach that?

[1725]

**Hon. B. Penner:** The regional manager would be the one to sign off on a particular decision around the best approach for dealing with the mountain pine beetle in a particular park. That decision, though, would be informed by the work of scientists from the Ministry of Environment as well as experts with the Ministry of Forests and, in some cases, perhaps, outside consultants.

I referenced earlier the situation in Manning Park, which is really being done, in a way, as a form of a pilot project. There is a consulting agency that apparently has quite a bit of expertise in this area that was contracted to do some of the rehabilitation work. We're not simply removing the trees and leaving the ground barren.

In fact, we're going back and replanting, but trying to replant — in the case of Manning Park — with some different species that will, hopefully, be resistant to the pine beetle and, also, not pose as much of a risk should a wildfire occur. Of course, wildfires can still occur, because the number of trees being removed certainly is, in the case of Manning Park, a tiny, tiny fraction of the total number of trees in the park — or even a tiny fraction of the number of trees infected by the pine beetle.

It's just in those most sensitive areas in terms of public safety that we're concentrating those efforts. We marshal whatever information we have at our disposal, and that decision then gets made by the regional manager. In situations where provincial parks may be on the boundary of national parks or in close proximity to national parks, then the Canadian parks service would also be providing us with advice at the regional level before that decision gets made.

**S. Simpson:** We'll look forward to watching the evolution of the issue around the beetle and parks as the challenge gets met.

One other issue related to parks. I understand that the ministry, through the Park Act, has been looking at a new designation called conservancy areas, I believe. I wonder if the minister could tell me whether I'm hearing correctly about that in that they would be a new designation in terms of what activity could go on within park boundaries.

**Hon. B. Penner:** This is a really exciting topic that the member is referring to, as we're working to add protection — as the member's referred to, 1.8 million hectares in total — to the mid-north coast. The LRMP process was a tremendous success, but I know it took a tremendous amount of work. I think it was ongoing for something like ten years. If nothing else, it certainly speaks to the powers of persistence. It will be sometime this session when we have an opportunity to look at the legislation.

[1730]

I'm not in a position to talk about the details of what future legislation might look like, but it certainly is an exciting initiative we can all be proud of in British Columbia because of the involvement of first nations, environmental groups, local community representatives, industry and, of course, government. All have worked together to reach this consensus. I look forward to the day when we can bring this legislation to the floor of the Legislature.

**S. Simpson:** So I can be correct. I appreciate that if there's legislative activity to come forward, the minister can't talk about the detail of that. The minister is saying that the expectation should be that sometime this session — or whenever, sometime relatively soon — there is a requirement for legislation in order to address these conservancy areas as they relate to the north and midcoast, and we'll see some kind of legislative package that will bring the conservancy areas and other things into force. Is that accurate?

**Hon. B. Penner:** Yes. I can just refer the member to the news release that was issued at the time of the announcement on February 7, 2006. In the fifth paragraph, last sentence: "In short order, legislation will be introduced around these land use decisions to establish new protected areas and further sustainable logging practices in the region."

**S. Simpson:** One last question on this. What we know is that under the north and midcoast there were a number of different categories. There were protected areas that, as I understand, may ultimately look something like class-A parks. There are conservancy areas that would have a different standard and would allow other kinds of activity in them. Maybe the minister could just tell me, if he's able: is this legislation, or this creation of conservancy areas, which are something less than a park but certainly cover a level of protection designation...? Is it the expectation that this will only apply to the north and midcoast LRMPs, or is this something that might apply to existing parks in the province?

**Hon. B. Penner:** What we will be seeking to do is respond to the direction from the LRMP tables that came out of the mid- and north coast planning process. I understand, as I've already mentioned, that was a very protracted process and involved a lot of give and take, a lot of hard work and a lot of goodwill. It is fully the intention of the government to abide by the direction of the agreement that was announced on February 7 of this year.

**S. Simpson:** I'll look forward to the legislation when it's tabled.

I'd like to ask a little bit about Burns Bog. Particularly, could the minister tell us: the management plan for Burns Bog that is going ahead — what's the role of

the Ministry of Environment in the management plan for Burns Bog?

[1735]

**Hon. B. Penner:** I was thinking for a moment that maybe I could have the member for Delta South answer the question, as it's certainly something not just near and dear to her constituency, but near and dear to her heart.

As the member will know, there is a multiparty ownership arrangement or underlying title to the Burns Bog area that's been protected. It's a partnership arrangement with the GVRD, the district of Delta and the province of British Columbia. B.C. Parks certainly is involved in the management planning process. We have a staffer that's actively engaged in that ongoing work. It's my understanding that the parties have agreed that the GVRD would take the lead in terms of developing management plans. But B.C. Parks, or the Ministry of Environment, is represented in that effort, and that's only right and proper, since we are one of the parties on title to that property.

**S. Simpson:** Clearly, the ministry has a role to play, and I'm sure the member would have provided a great answer because I'm sure she knows this file as well as anybody, if not better.

I'm interested in moving a little bit. We're going to move away from parks here. I have a couple of one-off questions here before we break for dinner. Then when we come back, we'll head into talking about sustainable communities. But I do have a couple of one-offs about things that the ministry's doing, and I hope the minister can answer these at this time. If not, I'm sure he can bring answers back.

In regard to a couple of matters that have gone before, the minister will, I'm sure, remember the issue around the Abbotsford spill — the toxic spill out on Industrial Road, or whatever the avenue was. There was an investigation proceeding with that. Could the minister tell us what the status of that investigation is?

**Hon. B. Penner:** I'm advised that that investigation is ongoing, and it's an active investigation.

**S. Simpson:** Does the minister have any sense of when that investigation may be complete and some form of report available?

**Hon. B. Penner:** The answer is: as soon as possible. I should also note that, while I'm anxious to know the outcome of the investigation, I don't want the conservation officer service or other ministry employees to do anything in a fashion that would compromise the integrity of the investigation. At the end of the day, should the investigation reach a conclusion that charges are warranted, I would want to make sure that we had sufficient evidence, that the case was properly prepared, and that we weren't just in a position to lay charges but could actually obtain convictions once we started down that road.

[1740]

I share the member's interest and am certainly keen to know what the outcome of the investigation is. But I want to also make sure that it's a very thorough investigation and that whatever work needs to be done does get done so that if charges are laid, we're successful in obtaining a conviction.

**S. Simpson:** That was a one-off there. I'm going to come back a little bit to a question here. I'm just trying to get some of these one-off questions out of the way before we start another train of thought here too soon before dinner.

**Hon. B. Penner:** A dinner train?

**S. Simpson:** Like a dinner train, maybe, in about five minutes.

Can the minister tell us a little about...? This may take longer than five minutes. We may be back on this one afterwards. This is in relation to the discussion we've had around the north coast and midcoast LRMPs — ecosystem-based management. I know that the minister previously — I believe, in last estimates — spoke about the role that the Ministry of Environment was playing in terms of putting that together.

As we see that moving along, could the minister refresh our memories about the role that the ministry plays in ecosystem-based management, in terms of putting the plan together and in terms of how it will ensure that the environment is properly addressed in those management practices?

**Hon. B. Penner:** Just to refer back to the announcement that was made on February 7 again regarding the midcoast and north coast land use planning process.... That news release, which talked about our intention to protect 1.8 million hectares in protected areas, also talked about what the member has referred to — the ecosystem-based management approach.

For those people who might happen to be just tuning in, ecosystem-based management can also be referred to by an acronym. It gives us all joy, I'm sure, to learn another acronym. EBM is an adaptive, systematic approach to managing human activities, guided by the coast information team's *Ecosystem-based Management Handbook*, and it seeks to ensure that the coexistence of healthy, functioning ecosystems and human communities can continue.

The announcement that was made on February 7 of this year talked about the government's commitment, through the land use planning process and supported by all parties at the table, to implement EBM in these areas by 2009. In support of that objective, the Ministry of Environment is working with the integrated land management bureau of the Ministry of Agriculture and Lands as well as, of course, with the Ministry of Forests.

We will be actively engaging, if we aren't already, with representatives of the forest industry, first nations and non-government organizations — environmental

groups — as we work to implement this for the very first time in British Columbia.

**The Chair:** Noting the time, Vote 28, estimates for the Ministry of Environment, will now stand recessed until 6:45 p.m. Is the committee agreed?

Motion approved.

The committee recessed from 5:45 p.m. to 6:50 p.m.

[H. Bloy in the chair.]

On Vote 28 (*continued*).

**Hon. B. Penner:** It's good to be back. I hope everybody had an enjoyable dinner break.

This afternoon we were discussing, among other things, possible penalties for people who are poachers and are caught and convicted of killing birds. In this case specifically, the question concerned bald eagles. This arises out of a report that three bald eagles were found dead near Bowser, and the suspicion is that that could have occurred as a result of illegal poaching activity.

I can confirm for the Environment critic for the opposition that under section 34 of the Wildlife Act it states: "A person commits an offence if the person, except as provided by regulation, possesses, takes, injures, molests or destroys (a) a bird or its egg, (b) the nest of an eagle, peregrine falcon, gyrfalcon, osprey, heron or burrowing owl, or (c) the nest of a bird not referred to in paragraph (b) when the nest is occupied by a bird or its egg."

Back in the penalty provisions of the act, there is a provision in section 84(3), which I believe applies to offences against section 34, for a maximum \$50,000 fine and/or a term of imprisonment not exceeding six months. There was a question I had out in the hallway from a number of reporters, whether a person can be charged and whether the fines would be cumulative or the total maximum would be \$50,000.

I'm advised by the executive director of our enforcement and compliance branch that it's possible — although not determined yet — that a person could be charged separately for each of the three possible offences in terms of the three dead bald eagles. So a person could conceivably face a maximum fine of \$150,000 because of the potential for a cumulative total in terms of the maximum fines and also the terms of imprisonment. I just offer that by way of a fuller answer to a discussion we had earlier this afternoon.

**S. Simpson:** I thank the minister for that additional information.

At this point I would like to talk about sustainable communities and the role of the Ministry of Environment around sustainable communities. It's my understanding that under the mandate of the ministry, the minister has responsibility for sustainable communities, including issues related to sustainable transportation.

I know that when we spoke about this in estimates last year, at that point the ministry was just beginning to evolve its thinking about what its responsibilities would be in those areas and what kinds of initiatives would go forward. I do know that work has been done on that, and I wonder if the minister could maybe give us a bit of an outline of what the status of the ministry is and what the thinking of the minister is right now on the issue of sustainable communities and the role of the ministry in sustainable communities.

**Hon. B. Penner:** Yes, in many ways we're picking up where we left off last fall in terms of the debate around this initiative in terms of the Ministry of Environment. Following the reorganization of government in June of 2005, responsibility for sustainable communities was added to the list of responsibilities for the Ministry of Environment. British Columbia is a recognized leader around the world in our approach to sustainability and sustainable development, both at the private and public sector levels.

What we're hoping to achieve through the sustainable communities initiative is to build on activities that are already taking place within government, as well as outside of government. We're taking a shared stewardship approach, an approach that we've talked about already in these budget estimates, based on private and public sector involvement to engage communities and encourage innovation. The proposed goal of the initiative is to enable and encourage British Columbia and its communities to demonstrate leadership in reducing resource use and waste outputs in ways that make business sense and ways that are meaningful.

[1855]

In terms of next steps, the ministry wants to add value to the efforts already underway, because they are plentiful in a variety of different areas, and build a framework that develops policy programs and guidelines that allow municipalities as well as the private sector to be innovative and creative. The ultimate approach is a shared stewardship model that makes sense, reduces community impact on the environment and serves a social purpose in community development. This continues to be a work in progress, and we're continuing to develop the framework.

**S. Simpson:** The minister mentions existing activities that the ministry wants to support, reinforce and encourage. Could the minister give us some idea of what those activities might be?

**Hon. B. Penner:** I can share a number of examples with the member. They are cross-ministry, and there are many different agencies of government in which, when you look at specific programs, you will realize that they actually fit within the framework or rubric of sustainable communities initiatives.

The Minister of Environment has something called *Develop with Care* guidelines. The ministry has prepared these guidelines for urban and rural land development in British Columbia to provide provincewide guide-

lines for maintaining environmental values during the development of urban as well as rural lands.

The *Develop with Care* provides information on ways that environmental protection and stewardship can benefit the communities, property owners and developers as well as the natural environment. It includes many ideas and suggestions on ways to achieve greener and cleaner projects and discusses the associated benefits for communities and developers as well as the natural environment.

This document has been prepared for local governments who develop community plans and supporting bylaws as well as community groups, agencies and consultants who provide input into those plans. The developers and the many consultants who work for them can also make use of this document — it's available to them — as well as local government staff who help develop and manage municipal lands and infrastructure. As well, this helps educate and inform the decisions made at the local government level, both by elected and non-elected personnel associated with those local communities, specifically approving officers, community groups and others who comment on proposed developments within communities.

The Ministry of Energy, Mines and Petroleum Resources. This is a topic that I was recently speaking to the Energy minister about. They have prepared a joint program between themselves and the federal government, Natural Resources Canada, in terms of a pilot program for a customized, what they call bridging mechanism to help remove local barriers involved in implementing energy efficiency measures.

Three B.C. communities — Kelowna, Quesnel and Atlin — have joined the pilot program. I was with the Minister of Energy in Kelowna when he was announcing this a couple of weeks ago in conjunction with the federal government. In terms of what was announced in Kelowna, the city there will be in partnership with the local utility, which isn't B.C. Hydro; in the case of Kelowna it's actually FortisBC that delivers the electricity to local ratepayers. A private property owner will be reviewing municipal procedures affecting energy efficiency for new buildings and then merging those practices with the development of sustainable buildings. The findings will be summarized into a sustainable-building primer — that's the term that's used — useful to other communities for defining their own policies to create sustainable buildings.

In the city of Quesnel the Ministry of Energy, Mines and Petroleum Resources has partnered with B.C. Hydro and Terasen Gas to hire an energy coordinator to help retrofit 20 homes and several commercial and institutional buildings for increased energy efficiency. This project will also promote energy efficient home designs and support the use of energy efficiency features in the new North Cariboo Community Campus of the College of New Caledonia.

In terms of Atlin — that's a community in the north — the Atlin Tlingit Development Corporation launched their new energy efficiency programs in the

fall of 2005, again, a partnership led by the Ministry of Energy, Mines and Petroleum Resources.

[1900]

There are a number of other ministries: the Ministry of Community Services has a Smart Development Partnerships program, where they're working with local governments; the Ministry of Health, through the Healthy Communities initiative — and that's in partnership, I believe, with the Union of B.C. Municipalities; the Ministry of Labour and Citizens' Services, through what was once the B.C. Buildings Corporation, has a green buildings program. And that's intended to enable B.C.'s education and health care agencies to dramatically increase their performance of new and existing buildings through two specific programs: the new buildings program, where tools and resources are provided at no charge to help B.C.'s education and health care agencies build high-performance, otherwise known as green buildings; as well, there is a retrofit program aimed at providing, similarly, tools and resources at no charge to help B.C.'s education and health care agencies undertake comprehensive portfolio-wide retrofits to existing facilities to significantly improve energy and water efficiency while reducing greenhouse gas emissions and waste generation.

Under the program, retrofit projects don't have to compete with other priorities for scarce capital funds. The cost is repaid by the utility savings that they generate.

There is the Ministry of Transportation's Cycling Infrastructure Partnerships Program, and then there is a list of local communities who have also taken leadership on this, and I can get into those if the member wants me to.

**S. Simpson:** I appreciate the minister's comments that particularly in this issue of sustainable communities, it is a cross-ministry exercise, and there is a whole array of other ministries that play significant roles. The minister mentioned some: Community Services plays an important role, Transportation, Housing, Energy. There is a whole array of ministries that potentially play a role in the development of sustainable communities.

The question I have for the minister is: as the role for his ministry around sustainable communities and having the lead on responsibility to provide leadership around what sustainable communities means in terms of that cross-ministry exercise...? How does the minister envision working with other ministries to ensure that sustainability is a priority consideration in initiatives that other ministries might be leading, but that clearly, sustainability is a critical factor around? What are the mechanisms the minister has to be able to ensure that that occurs?

**Hon. B. Penner:** In some ways, the following answer is going to be somewhat similar to what we were talking about, I think, yesterday when I was referring to the existence of a cabinet-level Committee on Natural Resources and the Economy, where the members of that committee have an opportunity to review service plans and budget plans of the various ministries. That

organization is mirrored at the deputy minister level, where there is a deputy minister's committee on natural resources and the economy, where, again, the deputies and their staff have an opportunity to review service plans and proposals from an array of different ministries to make sure that they are consistent with the priorities of government, including our effort on sustainable communities.

[1905]

[S. Hammell in the chair.]

In addition, the ministry is developing what we hope will become a strategic framework that will set out visions, goals and indicators that we can use to benchmark various proposals that come forward from different ministries and when they're assessed at those different committee levels.

**S. Simpson:** Maybe we'll get back to that in a minute. The minister raises an interesting question, and maybe we'll move back to one of the more fundamental questions. Could the minister tell us: what's the budget allocation within the Ministry of Environment for Sustainable Communities, and where does that lie within the budget?

**Hon. B. Penner:** The responsibility for developing the strategic framework rests within the executive and support services division of the ministry.

**S. Simpson:** Could the minister tell us: what's the budget allocation within the executive and support services, and how many staff are designated to Sustainable Communities?

**Hon. B. Penner:** Within the executive and support services division, I'm told there are three different people who have been working on developing the strategic framework to take forward in terms of our approach to sustainable communities and the initiative that we're undertaking.

As that framework gets fleshed out, we may identify additional work that needs to be done either within different divisions of the Ministry of Environment or, quite possibly, within other ministries of government. This work is still underway, and it will turn on what the strategic framework ends up looking like in terms of what extra resources are required in different parts of the ministry or in other parts of government.

**S. Simpson:** Is that three people doing work on this, or is it three FTEs?

**Hon. B. Penner:** It's three people doing work on this. They also have some other responsibilities.

**S. Simpson:** Of those three people, could the minister give me some idea: do they put half their time into this, or are we talking about one and a half FTEs working on this? Do they put a quarter of their time in? If I wanted to turn it into FTEs, what would it look like?

[1910]

**Hon. B. Penner:** I don't have the specifics, but I'm told that from time to time it is a full-time occupation for all three individuals. Other times it's not. I don't have a specific breakdown on what it would be in terms of an FTE allotment, but it does come out of our allotment of FTEs within the executive and support services division.

**S. Simpson:** The efforts of these three individuals, on a part-time basis of some sort.... Is that essentially the total expenditure of resources within the ministry on the question of sustainable communities?

**Hon. B. Penner:** It could be argued that all the money spent by the Ministry of Environment goes to support sustainable communities in one way or another. Certainly, it does help keep British Columbia clean and green and a sustainable province. Our budget this year is about \$190 million. We have more than 1,400 FTEs. But in terms of people that are actually working on developing a strategic framework for considering how we'll continue to approach things in terms of a specific sustainable communities initiative, the numbers are as we've already discussed.

**S. Simpson:** I guess it's about ten months or so since the minister got his responsibilities and since the new ministry was put in place with these additional responsibilities for sustainable communities. I know and I expect the minister and his staff have been working on this in some way, shape or form since that time, since they had that responsibility.

Could the minister tell us: when does he expect to have this strategic framework in place and available for us all to see about what the substantive responsibilities of the ministry will be around sustainable communities?

**Hon. B. Penner:** It is my expectation that we'll have the framework developed this year.

**S. Simpson:** Is that this calendar year or this fiscal year?

**Hon. B. Penner:** Both.

**S. Simpson:** Could the minister tell us what the sustainable communities initiative is?

**Hon. B. Penner:** That's what we've just been talking about for the last 20 minutes or so.

**S. Simpson:** Now I understand. That's what we've been talking about. I didn't fully realize that sustainability and sustainable communities.... Now, that's an initiative that's been out there and talked about a little bit. Maybe what we'll do is talk about what some components of that might look like.

[1915]

Could the minister tell us what the thinking is around what the responsibility is? I believe that in the

mandate it specifically talks about sustainable communities, and it specifically talks about sustainable transportation, if I'm correct. Could the minister give us some idea about what he believes the responsibilities of his ministry might be around sustainable transportation?

**Hon. B. Penner:** The ministry is a key supporter of the development of a green fleet certification system that will encourage fuel efficiency, use of renewable fuels and appropriate vehicle selection in commercial fleets. I'm told the first phase of this certification system, we're hoping, will be in place within the next six months or so. It's something the ministry is keenly interested in when it comes to transportation.

The member will also know well that the government, supported by the Ministry of Environment, has provided a \$2,000 PST exemption for people purchasing hybrid electric vehicles. I'm told British Columbia now leads the rest of Canada in terms of the per-capita ownership of such vehicles, which dramatically improve fuel efficiency and also the emissions that come out of the tailpipe. That's important, especially in the lower mainland of British Columbia, because mobile sources continue to be the single biggest source of air pollution in the lower mainland, GVRD area.

We've also done a number of things in terms of creating incentives for the use of alternative fuels, specifically coming to know more about biodiesel and the potential that fuel has for reducing the levels of emissions from the operation of diesel-powered engines as they transport people to and from their destinations in British Columbia. What we've done is introduced a fuel tax exemption on the biodiesel component of diesel fuel.

I think there are three retail outlets currently — including one on Vancouver Island near Port Alberni and one or two in Vancouver — that offer biodiesel at the pump. It's interesting to note, at least in the case of one facility that I visited in North Delta, that the biodiesel is selling at a lower retail price than the regular diesel — not much of a discount, but maybe about a one-cent-a-litre discount compared to traditional diesel fuel — providing everyday motorists who have a diesel Rabbit or some other diesel-powered car with a very valuable incentive to try the biodiesel fuel — because it's cheaper.

That's one way we're working as a government to support cleaner transportation initiatives. We also know that the Richmond-to-Vancouver-and-the-airport rapid transit line is underway, and that \$1.9 billion project is supported by this government. It will provide the opportunity for people to make a choice not to use their personal automobile. I'm told it has the potential to take thousands and thousands of cars off the road, and that should have a salutary impact on air quality.

**S. Simpson:** I appreciate those comments, and I'm going to follow through on some of the things that the minister just spoke about.



We'll start with the LEED question. As the minister will know, LEED standards apply to green buildings and the ways to approach those. We know that VANOC has said that they plan for all of the Olympic buildings to reach LEED standard. I believe they're guaranteeing silver, and they're trying to approach gold standard on all their buildings.

[1920]

Could the minister tell us what the status of government buildings is and how many provincial government buildings meet silver or gold LEED standard today?

**Hon. B. Penner:** That was a good segue by the member. I referenced something called the green fleet certification system, which B.C. is leading on. That will operate in much the same way as the LEED rating system, but in this case it would be applied to fleet vehicles. So we're working on that kind of certification system for vehicles and, as mentioned, hope to have the first phase of that completed in the next six months.

In terms of buildings in the government domain, we have energy intensity standards that have been established. That's determined, I believe, on a per-square-metre basis, if I have that correctly. That initiative was led by Green Buildings B.C. I'm told that there was a report out recently showing our greenhouse gas intensity for government buildings.... We had exceeded our target in terms of reductions in 2004 compared to the baseline in the year 2000.

**S. Simpson:** I appreciate that information, but that wasn't my question. The government obviously owns and operates a large number of buildings and facilities in the province. The question I have is: of those facilities and buildings, does the ministry know how many meet either silver or gold LEED standard at this time?

**Hon. B. Penner:** My understanding, based on a brief discussion with staff, is that we're not aware of a LEED standard or rating system for existing buildings in Canada. The minister responsible for government buildings in British Columbia might have a better idea of what the total repertoire of buildings is and whether new buildings currently under construction are being built to LEED standards, if there are any.

[1925]

I know that at arm's-length levels there are some activities underway. The new Trade and Convention Centre in Vancouver, for example, is being built, I think, to a gold standard under the LEED rating system. As well, in my constituency there is a new middle school underway. I think that's a \$27 million project. While it's not been accredited to LEED standards, I'm told it's being built to essentially the same level, but they haven't gone through the accreditation process. That will be a brand-new school, opening in September 2006 and relying on geothermal heating, amongst other innovations, to reduce the energy intensity consumption for that building, while actually providing a better

atmosphere — a better internal environment — for educators and students.

**S. Simpson:** I want to look at a report that I have. We'll talk more about some of the sustainability measures, but this is a report that we're going to talk about some more in a little while when we get to climate change. I do want to reference a comment about it now.

This is a report on B.C. climate change prepared by the economic impacts panel in 2003 for Water, Land and Air Protection and Energy and Mines. Just to let you know the people who were on this panel, they were Bruce Sampson from B.C. Hydro; Mike Bradley, Canadian Forest Products; Peter Busby, one of our leading architects on sustainability; Johnny Carline from the regional district; QuestAir Technologies; the Canadian Association of Petroleum Producers; the GVTA; the airport authority; Alcan; UBC; and Duke Energy. They made up the representatives on this panel.

It was a pretty eminent business panel, and they made a whole range of recommendations for government. They talked about government leadership, and the recommendation that they made in regard to government leadership was this. It said: "Set aggressive greenhouse gas-reduction targets for provincial facilities and vehicle fleets, supported by LEED-BC silver standards for major building projects; an employee trip reduction program; and other enabling policies."

My question to the minister would be: could he comment on what he thinks about this recommendation from this economic impact panel, particularly around whether the province and the provincial government should be going to LEED silver and should be dealing with some of these other recommendations?

**Hon. B. Penner:** I haven't had the opportunity to review the document that the member is referring to. But if we're interested in what outcomes are, in terms of what government achieves, I can inform the member that we did set fairly ambitious targets for greenhouse gas reduction from the B.C. government's own operations.

We set a target of a 16-percent reduction. As I indicated, I think, in my previous answer, between 2000 and 2004 we actually exceeded that target by achieving a 24-percent reduction, equivalent to reducing greenhouse gas emissions by 33,000 tonnes annually.

**S. Simpson:** I'll be happy to pass on the name of the report. I'm sure it's on file somewhere, since it was a report for government.

One last question on LEED buildings. As the minister responsible for the environment, for sustainable communities, for climate change and presumably for reducing greenhouse gases, does the minister have a view about whether government buildings should be meeting LEED standards in future construction? If so, what plans does he have to make that happen?

[1930]

**Hon. B. Penner:** The member asked about a particular way of achieving targets or perhaps achieving

our objective, which is to reduce energy intensity and greenhouse gas emissions from government operations. Certainly I support efforts in that regard. It's a cross-government commitment, in fact, to do that. It's not just the Ministry of Environment, although obviously I'm keenly interested in that. Other ministries are playing a role.

As indicated, we've exceeded our target. Whether it's through a LEED certification system — something called Green Globes — or some other brand name, there is a variety of tools out there, a variety of ways that we can seek to achieve a reduction in our energy intensity when it comes to carrying on government operations.

I mentioned in my last answer about a new school that's almost completed now in Chilliwack. It should be open in a couple of weeks. I look forward to the Deputy Premier and Minister of Education coming for the opening in September, when we cut the ribbon on this new \$27 million geothermal-heated middle school that will serve 800 students. That institution, that new school, is state of the art but does not have the official LEED certification. Yet I suspect it will be a very energy-efficient facility compared to other schools in Chilliwack and probably around the province.

**S. Simpson:** We'll get to talk more about some of this stuff in a few minutes when we talk about climate change. I want to talk about another urban sustainability issue. Many would argue that the critical issue around sustainability is the control of sprawl and trying to reduce sprawl in outlying communities and trying to contain it and have more compact communities.

In fact, the report of the B.C. climate change economic impact panel — a group of senior business leaders, academics and senior government officials — that was prepared for the government made reference to that when they talked about urban land use. They recommend tax-shifting to discourage sprawl and favour more compact, transit-oriented communities.

The question I have for the minister around sprawl is: could he tell us what his view is on urban sprawl and what he believes the province needs to be doing to support local communities or to encourage local communities to reduce sprawl?

[1935]

**Hon. B. Penner:** Land use planning is an important thing. I certainly encourage communities to take into account the best use of land in their communities, within their boundaries.

Certainly, in Chilliwack in the late 1990s we went through a very informative process called the Chilliwack Future Plan and engaged many people from across different walks of life in a very lengthy and thorough planning process, identifying what people's priorities were in terms of what they wanted to see for the future of the community. Was there a public appetite for taking large chunks of land out of the Agricultural Land Reserve in order to facilitate community growth? Was there interest in developing the hillsides

to the south and east of Chilliwack, with some of the concerns around the possible impact to aquatic habitat and the streams on those hillsides? Or was there an appetite to see greater densification in the urban core — essentially a rebuilding of the downtown core?

That was an interesting process that took place. It engaged members of the community in a dialogue about the kind of community we wanted to have like I've never seen happen before. That was, I think, a very productive process. There was considerable consensus at the end of it that people did want to see continued focus on modernizing our downtown core in Chilliwack, while recognizing that there was some rationalization that could take place with certain other boundaries outside the urban core.

That was clearly an outcome from that process, and it was helpful, because I think it got people actually thinking and talking about it — literally over coffee. People who normally wouldn't be really thinking, on a daily basis, about land use planning decisions — or how we plan for growth in the community — were. I overheard them in coffee shops in the community talking about the Future Plan process.

The Ministry of Environment has supported various community efforts in this regard. I believe the member has been involved in something called Smart Growth on the Ground in the past. I'm told the ministry has provided funding of about \$15,000 for each of the three efforts related to individual communities. I believe the communities are Oliver, Maple Ridge and Squamish.

We remain interested in helping communities plan properly for their future, because British Columbia is growing. There's no question about that. The good news is the economy's back, and people are coming back to British Columbia. But there's also a question about where people will live. That's the challenge that we have in British Columbia, and we need to plan for it.

**S. Simpson:** The minister's correct. Prior to coming to this place, my work was in this field. We did get support at that time from a number of ministries, including what was at that time, I believe, Water, Land and Air Protection supporting some of those efforts.

But what the reality of it is, as the ministry will know, is that those kinds of discussions are going on — and I appreciate they went on in Chilliwack — in communities across this province all the time. They're going on with local governments. Often those governments have limited capacity to be able to have those discussions or to be able to bring the resources to the table to meet their needs, or they have a limited capacity to deal with some of the economic pressures that are around sustainability questions.

The question I have for the minister is: in addition to providing some support to efforts like Smart Growth on the Ground or maybe — and I think it's through Community Services — providing planning grants at some times for some communities to do official community plans, does the ministry have any other programs or efforts that it makes to be able to deal with

sprawl questions or to support communities in dealing with sprawl? Is there anything within the ministry that will support that in tangible terms?

[1940]

**Hon. B. Penner:** The primary responsibility in government for working with local communities does rest with the Ministry of Community Services, and I suspect they have whole divisions dedicated to that responsibility. But the Ministry of Environment, as the member acknowledged, does play a supporting role. We provide grants from time to time. They may be modest, but they do play a helpful role.

In terms of specifics, there's the Dockside Green project in Victoria. That's captured a lot of public attention, and rightly so. Although they are trying to do some unique and innovative things that almost everyone will agree are beneficial, and a positive step in the right direction, the proponents have found that they're running up against some institutional barriers to doing things in a new and innovative way. These aren't deliberate, but because governments — local and provincial — got used to doing things a certain way, certain rules got established.

The owners and proponents of Dockside Green want to treat their own wastewater on site. We found out that that's run up against some existing rules that make it difficult to do that, even though from an environmental perspective, a sustainability perspective, it looks like the right thing to do. Our ministry is actively engaged in trying to help tear down those artificial institutional barriers that have been created, that are having the unintended consequence of maybe not threatening, but certainly not exactly helping innovative approaches to new urban development.

Our ministry does get involved on a case-by-case basis where problems are identified, but the overarching responsibility for dealing with communities and planning does rest with the Ministry of Community Services.

**S. Simpson:** We'll let that one go for right now.

One last item in relation to the question of sustainable communities, and then we'll move to a discussion of climate change following that, which will probably deal with a lot of the same issues, but we'll look at it from a slightly different perspective.

The minister, in some of his earlier comments, talked about the range of things that are being done in communities to address issues of sustainability, issues of greenhouse gases, some of that. He spoke at that time about the RAV line and about the effective role. I know that there are people who are concerned about the RAV line, but I think the minister is quite right when he says that the RAV line will potentially take thousands and thousands of people out of their cars, put them on this train and get them back and forth from Richmond to Vancouver.

I suspect that the minister is probably correct about that. We'll debate about the numbers, but I think generally, in terms of an option for dealing with people, moving people, it will do the job that it's meant to do.

That comes to this whole question about transit-oriented strategies. The concern that I have — and it's mostly a concern because of the desperate lack of information provided from the government side — is that those tens of thousands of people who will get out of their cars there will be getting back into their cars to come across the second Port Mann Bridge and down the highway, potentially. We simply don't know what the information is there.

[1945]

The question I have for the minister is: what is the role — and I know the environmental assessment needs to be done, but aside from that, which is a very limited piece of work — of the Minister of Environment in ensuring that options are properly looked at and assessed when you're looking at dealing with sustainable transportation issues? Does the ministry have any role at all?

**Hon. B. Penner:** I would disagree with the member's characterization of the environmental assessment office as having a limited role. In fact, they'll have a very important role in terms of reviewing the Gateway project, and more specifically — I suppose what the member's referring to — the proposal to twin the Port Mann Bridge in an effort to try and relieve some traffic congestion. I am advised that the environmental assessment office will prepare an environmental assessment application — pardon me; the project team will have to do that on behalf of the proponents.

The application and supporting studies will be submitted to the B.C. environmental assessment office for review. Potential environmental and socioeconomic community impacts will be identified, along with proposed mitigation and compensation measures. Throughout the review additional opportunities for public input will be provided, where any additional issues may be identified and addressed in accordance with the environmental assessment review procedures.

I know that fieldwork required to support analysis for the environmental assessment application is continuing. In terms of preliminary documents and work that's been done to date, that was released around the time that the Ministry of Transportation announced some more specifics around the proposal. There was a document that was prepared. They were dealing specifically with vehicle emissions — if that's what the member's interested in — and indicated there that a regional air quality impact assessment is being conducted.

The preliminary analysis indicates that despite the increase in roadway capacity, implementation of the Gateway program is predicted to have an insignificant effect — less than 0.1 percent — on the region's ambient air quality. That's before taking into account any traffic management or demand management measures — i.e., through tolling. It is expected that combined with congestion reduction measures described in the pre-design concepts, positive air quality benefits will result from reduced congestion-related idling in the Gateway program corridors.

Now, that's according to a preliminary document. All of that kind of information and additional assessments that will have to be done will be the subject of review by the environmental assessment office.

**S. Simpson:** Well, what we know is that there's a whole array of information that's not available, and there's a whole group of independent academics — not people who are paid for by the ministry and by the government — none of whom seem to have much confidence in the information that's being provided by the government on this issue.

[1950]

I didn't want to talk about the environmental assessment at this point. We were going to deal with that later on, but I will ask one question in relation to the environmental assessment. It's my understanding — and I can be corrected on this, and I had the opportunity to be involved in a briefing on this matter — that the environmental assessment deals very specifically with the impacts of the project. It does not and will not, and rightly so, look at questions around alternatives. That's not the role of environmental assessment, and I appreciate that, and I accept that. It's to look at the impacts of the project on the area where it rests.

On the question of sustainable transportation and very particularly this project, I don't see where that question of whether options and alternatives have been looked at is addressed, and I don't see in any of the reports where there's complete information around options and alternatives that have been addressed.

My question for the minister is: does the Ministry of Environment have any role whatever to play around sustainable transportation? Does it have any role to play around transit? Does it have any role to play around worrying about the effects on greenhouse gases, effects on climate change? Or are all of those matters of no consequence to the Minister of Environment, since he doesn't seem to have a role to play?

**Hon. B. Penner:** In terms of the reports that the member is complaining about not having a chance to see, it's my understanding that those reports and assessments will be peer-reviewed by professional scientists. Those reports, once they're peer-reviewed, will be released to the public and to the member opposite, if he wants to take the time to read them, at the same time as they're submitted to the environmental assessment office.

I can tell you that I am a relentless advocate around the cabinet table for clean and green energy solutions, transportation solutions. But, quite frankly, so is the Minister of Transportation. I have had numerous conversations with my colleague the Minister of Transportation. In fact, even the Minister of Revenue shares an interest in seeing what we can do to make lives better for everyday British Columbians, not just in terms of getting somewhere faster, but also getting there safely in terms of their health. So we all have a vested interest. I think even the members opposite will share our interest in making sure that we continue to move Brit-

ish Columbia forward but do it in a responsible way from an environmental perspective.

In my conversations with the Minister of Transportation, he has told me, and I've shared my concerns and my ideas with him.... Both of us are interested in the fact that the preliminary information, which will be subject to peer review, indicates that when combined with demand measures, there's an opportunity to actually reduce the amount of pollution that's being generated by having thousands of cars idling in an unproductive fashion over the Port Mann Bridge.

Now the member is speculating that people will take rapid transit from Richmond to downtown Vancouver only to get in somebody else's car and then drive across the Port Mann Bridge. I don't know where he came up with that suggestion or what kind of traffic-flow studies or analysis he's performed to come to that particular conclusion.

We will see what kind of information comes forward through the environmental assessment process, which is thorough; it is rigorous. I think it's one of the best in Canada. In fact, I hear from my federal counterparts that they want to learn more about our process to see what they can incorporate into theirs.

So my final comment on this, member.... He's already acknowledged that our government's contribution and support for the \$1.9 billion RAV line will also help to reduce air pollution by giving people an option to being parked in their cars on their way to work or to home or elsewhere. That will improve air quality, and that demonstrates that our government is interested in improving air quality.

[1955]

The good news is that in the lower mainland it is improving, but we can't take that for granted. With this initiative that we're interested in, it'll help people get to and from work. It'll keep the economy growing. It'll help maintain access to the ports. It sounds very much to me like the member's leaning towards opposing the Gateway project and saying to people in the lower mainland and especially east of the Port Mann Bridge: "You don't have a right to have improved transportation in terms of getting to the ports, getting to work, getting to schools, unless you take a particular form of transportation — SkyTrain."

Well, SkyTrain's there. It's an option out of Surrey, but it doesn't work for everyone. What we're noticing is that the lineups to get across the Port Mann Bridge continue to grow, and that's particularly hurtful for our economy. So the member might want to check with his leader, the Leader of the Opposition, because on page 44 of the NDP's platform in the last election they said that they would work to improve key lower mainland connectors. They acknowledged that highways hold our province together, and that freight and goods corridors are the lifeblood of the province.

So it says here that the Leader of the Opposition is committed to working to improve freight and goods transportation by making improvements to major trade corridors, and I think probably the most significant one we have in British Columbia is Highway 1 and the transportation route over the Fraser River that leads to

the port facilities in Vancouver. That's how the goods and services produced in the interior of the province of British Columbia, in large measure, get to their markets.

Trade is very important for British Columbia. It's important for economic prosperity. The question is: how do we do it in a way that has the least impact to the environment? With the Gateway project, the intention of the government and the Minister of Transportation is to put forward an idea to help solve some of the problems and, frankly, some of the things that the Leader of the Opposition talked about in the platform on page 44 last spring — in terms of doing something.

So the Minister of Transportation's put forward a proposal to actually do something. That proposal will get reviewed by the environmental assessment office, and then that office will make a recommendation about whether or not that project should proceed.

**S. Simpson:** I'm going to do this a little bit, but I don't want to debate the Minister of Transportation with the Minister of Environment when he can't engage in this discussion himself, because I'm sure he'd love to, and that would be fun.

The reality of it is, I mean, that the Minister of Transportation has found a 1960s solution for the 21st century. That's the problem we have. The Minister of Environment is correct when he says that we need to find solutions. We have been very supportive of the South Fraser perimeter road and the North Fraser perimeter road — critical pieces for goods movement.

What we need to do is resolve the question of whether the twinning of the Port Mann actually deals with the question of congestion and commuter traffic, primarily. At this point we have no evidence of that. The peer-reviewed studies that the Minister of Environment says that his colleague was to provide, well, we were supposed to have those before the end of last year. But they haven't arrived yet.

The first stage of consultation is coming to a close. That material will not have been provided. People are being consulted with no evidence put in front of them by the government. The only evidence they get at this point is from independent authorities and academics, all of whom say the government is dead wrong on this.

The Minister of Transportation has not provided one example in North America, not one example where his congestion projections have been proven true. The Minister of Transportation tells us we'll get 20 years out of this bridge before it will congest up. Every example is that we get three to five years.

So my question to the Minister of Environment is: does he agree with the Minister of Transportation? Does he agree with the government? The minister's projections that we'll get 20 years out of this in terms of congestion: does he agree that will work, that that will be the result?

[2000]

**Hon. B. Penner:** The Minister of Transportation has provided information. That information will be in-

cluded in what gets reviewed by the environmental assessment office. At the end of the day that office has to make a recommendation, and that recommendation will land on my desk. I'm not going to prejudge the outcome of that recommendation or what will happen once it lands on my desk.

[H. Bloy in the chair.]

I do think the member should be cautious about speaking so strongly against twinning of the Port Mann Bridge, if he hasn't already consulted with his colleagues that happen to represent Surrey. My understanding is that people in Surrey are plenty fed up with trying to get over the Port Mann Bridge as it currently stands, and any talk from the opposition about trying to find ways to stop that project, I suspect, will cause some angst amongst his colleagues who happen to live on the east side of the Port Mann Bridge.

Again, I just refer the member back to the platform that he himself ran on last spring. On page 44 of the NDP's platform they talk at length about the need to improve highways, to build better connections in the lower mainland along roadways in order to maintain freight and goods corridors that are the lifeblood of the province. That's maybe one thing that the NDP got right in the last election — that trade and freight and transportation corridors are the lifeblood of the province.

We are a trade-dependent province. We have an open economy. We're a trading province. We have to be able to get our goods to market. If the member's got some other suggestions about how we can get goods across the Fraser River, I'm happy to hear about them, and let's bring them forward and have a fuller debate around that topic.

**S. Simpson:** The minister makes a good point. We would love to have that fuller debate around those issues. The question here isn't the question of yes or no to the Port Mann. The question is: will the proposal of the government work?

At this point the government has provided absolutely no evidence that its proposal will work. It looks much more like a political exercise by the Minister of Transportation to deal with his political area south of the river, where he gets his support, and that's what it's about. It's politics, and this minister and this government are prepared to spend \$3.5 billion of the people's money without providing a shred of evidence that they will do it.

**The Chair:** Member, I would like to remind you these are the estimates for the Ministry of Environment.

**S. Simpson:** I appreciate that, hon. Chair.

**The Chair:** If we could keep the questions on that line. Thank you.

**S. Simpson:** Sustainable transportation, hon. Chair, is part of the minister's responsibility.

I'd like to move my questioning to climate change. Could the minister tell us what the current status is of the climate change action plan? I know the minister attended the international conference in Montreal. Could the minister tell us what the status of that plan is now and what efforts are proceeding.

[2005]

**Hon. B. Penner:** The member's correct. I did attend the climate change conference in Montreal. But just before moving off the last topic, I suspect that in about a decade or two from now, the NDP will have to acknowledge that they're wrong about opposing the Gateway project. Their previous leader, former Premier Mike Harcourt, the then-leader of the NDP, has had to acknowledge that he was wrong when the NDP was opposed to, and he was personally opposed to, the original SkyTrain development in the 1980s. He has since then indicated that he was wrong to be opposed to the initial phase of SkyTrain. I suspect the day will come when people will recognize that doing something tangible to relieve traffic congestion is something that needs to happen.

In terms of where we're at, I did attend the climate change conference in Montreal prior to Christmas. I and 10,000 close personal friends had an opportunity to get together there. It was interesting to be at a conference that was as big as that — something I hadn't really experienced before. British Columbia does have, as the member will know, a climate change action plan, and we're making progress in implementing the plan and working to those objectives. I ran into a number of different Environment ministers from across Canada who asked me to send them copies of our plan, because they're still in the process of trying to develop plans for their own province. So I was happy to oblige.

In terms of some of the initiatives already underway, I've talked about some of them in the course of the estimates debate in the last day and a half, because climate change tends to overlap other areas, as the member's already acknowledged in our discussion around energy efficient buildings and the like. In addition to efforts there, we've already talked about the RAV line and supporting that \$1.9 billion project. We've already talked about the \$2,000 provincial sales tax credit, which just last week was copied by the province of Ontario. There again, we're showing our leadership to encourage people to buy those cleaner and more energy-efficient vehicles.

We've introduced a two-year provincial sales tax exemption, as well, for energy-efficient furnaces, boilers and heat pumps — which, I'm told, is having a beneficial effect — and a partial exemption from the property school tax for environmentally friendly hydroelectric projects, which is something that is producing additional amounts of electricity for the province. I think that since our government came to office in 2001, something like 35 or 40 of those projects have received contracts from B.C. Hydro to generate clean, 100-percent renewable, zero-emission electricity.

We are working with industry, businesses, universities and individuals at all levels to achieve our goals, because this is not something that government alone can do. It does take partnership, and that's been a consistent theme throughout our debate on the budget estimates for the Ministry of Environment. In fact, it's a theme that reoccurs throughout our service plan, because we need to work with individuals if we're going to achieve the goals that we all have for British Columbia.

**S. Simpson:** The one measurement that I could find in the climate change action plan, I believe says that British Columbia should have the third-lowest result. I believe that we, in fact, are meeting that at this point. But what we do know, as well, is that a number of other jurisdictions — primarily, I would say right now, Alberta and Ontario, which I think are fourth and fifth — are making significant efforts to try to improve their situations. What efforts is the ministry making to deal with those questions of how we continue to maintain those low greenhouse gas emissions?

[2010]

I'll read just a clause again from this report, *Report of the B.C. Climate Change Economic Impacts Panel*, which was written for the government — for Water, Land and Air Protection and Energy and Mines in 2003. The report says, when it talks about the climate change action plan:

While B.C. accounts for only about 0.2 percent of global greenhouse gas emissions on a per-capita basis, we emit significantly more than many other jurisdictions — in particular, developing countries.

Despite our opportunities, we also face some challenges to stem the rise in emissions, given projected population and industrial growth. The largest source — 40 percent — of provincial emissions is transportation, an especially difficult sector for greenhouse gas emissions. The continued expansion in upstream oil and gas production will add to provincial emissions, even though our natural gas exports displace higher-carbon fuels in the United States.

Could the minister tell us, specifically, what plans the government has to deal with transportation emissions, which are our largest source of emissions, and upstream oil and gas production, which is second?

**Hon. B. Penner:** In terms of dealing with transportation-related causes or sources of greenhouse gases, I've already identified a number of those. We had a fairly lengthy discussion about the potential that the Gateway project has to reduce pollution and the amount of idling that's taking place by vehicles burning fossil fuels. We've talked about the RAV line. We've talked about the PST exemption for hybrid vehicles. We've talked about the motor fuel tax exemption for biodiesel and a number of other initiatives.

There's the PST credit or reduction for energy-efficient furnaces, boilers and heat pumps, which doesn't sound sexy. I understand that, but it can actually provide a very tangible benefit to individual homeowners and their pocketbooks if they replace that

25-year-old hot water tank or furnace with something new and efficient. As well, it has a beneficial impact on the environment in terms of reducing energy consumption and the greenhouse gas emissions that would go along with burning natural gas to heat the water or the homes.

There are quite a number of things. I could talk about some others that we're doing on the transportation side, over and above what's happening generally in terms of improving technology and advances in technology in the auto industry. I know, for example, that numerous trucking companies are looking at the opportunities to have hybrid electric motors for trucks. I know and I've talked to people involved with a company in the Vancouver area that uses hybrid electric systems for railway cars — for trains.

I've had the opportunity to visit the Cummins Westport research facility, where they've now developed prototypes using natural gas to power semitrailer trucks — large trucks that carry very heavy loads. That's still in the pilot stage, but it holds promise for replacing a dirtier fuel with a cleaner fuel, so making incremental progress in reducing greenhouse gas intensity and emissions.

The challenge is bigger when you get to the upstream sources that the member referred to, quite appropriately. In that regard, the ministry is working with the Ministry of Energy and Mines in looking for best practices and is learning from research and advances that are being made in Canada and, in fact, outside of Canada.

[2015]

It's my understanding that the province, through the Ministry of Energy and Mines, is a member in a number of organizations, including something called the energy council, which I think has 17 or so different entities represented in it, from the United States all the way to Venezuela, and the maritime provinces and Alberta. That's one forum, among others, where information is shared and brought to the table and disseminated about best practices.

I know there has been a lot of academic discussion around the potential for carbon sequestration through seismic means as a way of offsetting or containing greenhouse gas emissions that come from the production of oil and gas. That is still something that is fairly new and in its infancy, but it holds some promise. But I'm not going to underestimate what the challenge is in terms of containing greenhouse gas emissions that are generated through the development of oil and gas opportunities in British Columbia.

Greenhouse gas emissions don't respect provincial borders. They don't respect international borders. It is a global issue. So to the extent that British Columbia's production of energy can help offset dirtier sources of energy elsewhere that would otherwise have to be used, there is an argument that some have made that the production of energy sources in British Columbia from oil and gas, particularly natural gas, is helping to reduce the amount of carbon that would otherwise be released into the atmosphere by displacing dirtier sources.

All that being said, I'm not going to minimize what the challenge is, and it is something that we're working on. I look forward to the comments from the member and others as we work on this very important area.

**S. Simpson:** Maybe what I would like to do now is talk a little bit about the resources that get applied to climate change issues in British Columbia by the government. A number of the things the minister talked about, I think, were very interesting. They are private sector initiatives. There are certainly a range of organizations and businesses in the private sector that are looking at, actually, the business opportunities around climate change in terms of developing technologies and strategies that reduce emissions.

There is a very large business opportunity there, and I congratulate those firms and companies that are doing the research and development and the innovative work to develop new approaches to improve our climate change situation and to be successful in enterprise. Some of those, certainly, are in British Columbia, and we can be pleased about that.

Could the minister tell us: what is the budget for climate change matters, and how many staff — how many FTEs — work in climate change issues?

**Hon. B. Penner:** As we've been discussing tonight, there are a number of activities taking place in different ministries that have the upside, or the benefit, of positively impacting issues around climate change — talking about the RAV line, and the funding going for that; the proposal around the Gateway project; other initiatives we've taken in terms of tax relief measures. All of that is going on in addition to work in the Ministry of Energy and Mines around alternative energy and energy efficiency which has, I know, been an active policy area within that ministry over the last year or two.

[2020]

Within the Ministry of Environment specifically, we have six FTEs working on climate change, and those were full-time FTEs, in my anticipation of the member's next question. The budget allocated for that is \$1 million annually, for that work that's taking place in the ministry. That, however, does not include funding that the ministry has provided to a variety of organizations and institutions to help facilitate ongoing research and implementation of projects that will, in the ministry's view, be beneficial from a climate change perspective.

These are the types of things that come forward, and I can give the member a bit of a sample of what they're like. I believe it was last fall in October; I was pleased to give a \$50,000 grant to the University of Victoria's Canadian Institute for Climate Studies to help establish the Pacific Climate Impacts Consortium, or PCIC for short. That organization will be specializing in climate change impacts in British Columbia. The funding will help support researchers, advise government and business stakeholders and help establish multidisciplinary teams of researchers to address climate change issues.

Sometime in December, I think it was, when I was at the climate change conference, I had an opportunity to visit the Ouranos facility. That's an organization established by Hydro-Quebec, or at least with substantial funding from Hydro-Quebec. British Columbia has provided \$325,000 to help support that work in developing the application of high-resolution models to anticipate and forecast climate changes for British Columbia in our complex terrain and geography. That will give us a level of detail about anticipated climate change impacts in British Columbia that we have not had heretofore.

Previously, climate change models were much more at a macro level. What Ouranos is attempting to do — and for the people down in Hansard, that's spelled O-u-r-a-n-o-s — is develop very detailed computer-based models, where they can zero in on a specific province, in the case of British Columbia, and anticipate what precipitation and temperature changes might look like, which is very important for a place like our province where 90 percent of our electricity is generated by way of water. We need to be able to anticipate what those changes will be.

Early indications, and I stress it's early and preliminary, are that our precipitation levels may go up, but they may fall at different times and perhaps in different forms. Rather than snow as much, it may potentially fall more in the way of liquid, so that provides a challenge for B.C. Hydro in terms of their operations. Hydro-Quebec is facing much the same kind of anticipated changes, hence the interest in those organizations of cooperating in terms of this very detailed and expensive computer modelling.

Apparently, it takes an enormous amount of computer capacity to get to that level of detail, something I was not previously aware of when I went to visit them. I thought that those days of having rooms literally the size of this chamber filled with standing computer systems that you saw in the early 1970s, or you still see sometimes in Hollywood movies.... I thought that that era was gone and replaced by simple PCs. That's not the case. They have entire rooms, again, filled with tall, standing processors in order to be able to crunch the amount of data and numbers to get to that kind of specific forecasting for 25, 50 and 100 years from now.

That's another thing the province is supporting. I could go through a number of other things that we've provided grants to — but significant amounts. Just in February \$309,000 was announced to support eight projects to help improve B.C.'s air quality. To the extent we can improve air quality, we are also taking steps towards minimizing our contribution to climate change.

**S. Simpson:** We'll be continuing to discuss climate change and alternate energy for the last bit of today, and we'll be continuing.... Hopefully, we'll find some time tomorrow as we finish, but at this point, hon. Chair, my colleague has some questions related to climate change, and I would turn it over to him.

[2025]

**M. Sather:** It is, indeed, a pleasure to join the debate and the discussion about climate change, because surely nothing, virtually nothing, that challenges our society and our world in the coming century can be greater than the challenges of climate change. The time has long passed, and.... It has been recognized, I think, by this government in their climate energy plan of 2004, that climate change is real. It's happening with rapidity, and the discussion now, actually, is with regard to whether or not we can in fact do anything to ameliorate the situation. Have we gone past the place of no return?

It's a grave situation, and it's one that is going to require some complete reorientation of our thinking, if we're to leave a legacy to the next generation, and even to some of the longer-lived in this generation, that will be anything in any way resembling the kind of life that we've had in our lives, the kind of benefits that we've enjoyed, the kind of stability in terms of climate that we've enjoyed.

Certainly, there is no doubt that every year is a warmer year than the last. The number and severity of weather events is increasing. The melting of the glaciers is happening more rapidly. Sea levels are going to be rising to precipitous levels in this century. The issue is indeed a grave one. It means that we're going to have to think not just in terms of economy — and economy is very important — but we're going to have to broaden our perspectives in order to deal with this impending and, in fact, currently happening crisis.

It's a little disconcerting to hear the minister talk about some of the transportation planning with regard to its effect on climate, to its effect on air quality. Air quality is a serious issue. Five percent of deaths in the lower mainland are considered to be attributable to air quality, and it's not something that we in any way can take lightly.

We hear the government say, and we heard the minister say earlier, that as an example the Gateway program will result in the reduction of the idling of vehicles and therefore improve our air quality. However, our problem with some of the planning with regard to climate change, with regard to environmental effects.... We recognize the need to move vehicles, whether for commerce or for personal use or for people going to and from work, but it needs to be done in a 21st century way — not, as my colleague said earlier, in a 1960s kind of fashion. To put wider transportation avenues in for cars without due consideration for rapid transit is, indeed, a very shortsighted approach and, I'm afraid, will have some disastrous consequences.

I was talking the other day to our ambassador in Seattle, where they have pursued the sprawl model and the model of ever-increasing freeways. He said it just simply has been a disaster. It does not work. To see us go down that path without any due consideration for alternative kinds of transportation like rapid transit is really disconcerting to me.

In my constituency in Maple Ridge the new mayor has been emphasizing transportation, and he's been calling for a transportation plan that includes more



rapid transit, but we see no evidence of that in the government's planning.

The plan that the government has come up with in regard to climate change is very lacking. It's very lacking in the kind of bold action that we require to deal with this problem.

[2030]

It's all well and good to focus on economic benefits, but we need to look at some of those dis-benefits, if you want to call them that, that are going to happen, that are happening. If you look at the costs, for example, south of our border, of what happened in New Orleans — billions of dollars of amelioration having to take place over an event the kind of which we can expect more and more.

Even the economic argument for largely maintaining the status quo, which I maintain is the approach of this government, is not strong, because the costs are great of paying no attention or paying minimal attention to climate change, and they will be accelerating as we move through this century. Eminent scientists have said that the time is now. We must act vigorously. We must act with determination if we're to have a better tomorrow, if we are to maintain even the kinds of benefits that we have had here so far.

I wanted to ask the minister to comment further on whether he feels, whether it is his view that the climate change plan, if we can call it that — we'll call it that, generously — of this government is up to the challenge that we will be faced with in the coming decades.

**Hon. B. Penner:** I heard some of the member's early comments around whether or not we take issues related to air quality seriously. I heard his comments about the impact of negative air quality on human health, particularly in the lower mainland. I grew up in Chilliwack and lived most of my life there and certainly know many people — including myself, obviously — who are concerned about the impact of air quality on human health.

That's why the members for Abbotsford–Mount Lehman and Abbotsford–Clayburn and I were the first people to say that SE2 should not go ahead in our airshed. I can tell the member I was enormously frustrated when the previous NDP government refused to intervene in Washington State to represent our interests, would not seek intervener status with that body despite Washington State's regulatory agencies allowing for that kind of intervention.

We do take air quality seriously. I think the member will join me in recognizing that it was a very important decision last week when we found out that the air emission permits that the Sumas Energy 2 proponents had obtained in Washington State will now effectively be cancelled, so it looks like that project's off the books. But that, of course, is just one small piece of the puzzle in terms of the overall challenge that we're facing.

[2035]

It's true that our government was the first government in British Columbia to ever produce a climate

change plan. It's got 40 action items contained in it. Have we completed the plan? Have we done all that we can do? No. The work is ongoing. Is it a big challenge? Absolutely. Is climate change a big challenge around the world? The member, I think, said quite correctly that information is coming in almost every day. There is more and more research and evidence talking about specific examples and proposing specific actions or suggesting specific links and correlations between actions and outcomes in terms of what's happening, in terms of the climate.

I know it's very complex, but I share the member's observation that things seem to be getting warmer, for example — just to take one particular measurement. This year that we've just come through, I'm told, has been the warmest winter on record in Canada. The good news is that — at least for this year — our snowpack appears to be pretty close to normal, but I will not give you any kind of assurance that that will be the case next year. It's too soon to tell.

I was just looking at some statistics a few seconds ago, showing that, in the Okanagan area of British Columbia — where we've had a number of pretty dry years in the last few years — as of April 1, it looks like the snowpack's about 101 percent of normal. Sometimes people ask me: is it the new normal or the old normal? Apparently it's the old normal that we're at 101 percent of, so that's good news for this year, but obviously we have to plan longer out than that.

The impacts of climate change are complex, so that's why some of the funding that I talked about earlier that the B.C. government has supported is around climate adaptation. I'm not sure if the member heard my comments around the project called Ouranos in Quebec, where some very expensive, detailed and long-term specific climate forecasting is underway to try and estimate, as best we can, given current trends, what the impact is going to be for British Columbia. We often hear it in broad terms, and that's helpful, but in terms of planning for British Columbia we also need to get to a greater degree of specificity. So that's what that project's all about.

There are a number of other initiatives I talked about as well, where we're funding research right here in British Columbia with institutions that I think will provide world-leading advice in terms of what we can do. But as the member mentioned.... I think it was the member — or perhaps it was the critic; I can't remember — who talked about what our total contribution in British Columbia is to greenhouse gas emissions compared to the rest of the planet. It's small. It doesn't mean we don't have responsibility, but regardless of what we do in British Columbia, it's likely that we will continue to see challenges from climate change in the years ahead. That's why it is a very serious job for the government to anticipate those changes and to plan accordingly.

**M. Sather:** I certainly agree with the minister that we are a small player overall in the world in terms of climate change, but I think the issue there is that we

need to be shown to be taking a leadership role. Unfortunately, it doesn't seem that that has been the case to date with the government, and certainly, we would like to see that change. We'd like to see the government take a role that's even, perhaps, more reflective of what's happening in California. In California we have a Republican governor, and the plan that he's devised certainly has more teeth in it than what we see in British Columbia.

It's all well and good to talk about commitment to climate change, but what really counts is where the rubber hits the road, as they say. What, in fact, are we doing? We know that the plan that the government has committed to has neither emission-reduction targets nor time lines on it. Those are the key elements of a real plan. The Kyoto plan is around reduction targets and time lines on those, and the fact that our government has not committed to Kyoto is, in my view, a shame. It's an absolute shame, in that we have done quite the opposite.

[2040]

In California their plan is to cut emissions to 2000 levels by 2010; 1990 levels by 2020; and 80 percent below 1990 levels by 2050. We need these kinds of targets. Otherwise, there's no way to measure. The government is fond of talking about measurement, but when it comes to climate change, we see nothing by which we can really measure the progress or the lack of progress by this government on climate change.

I will say that the record of the last government, being the NDP in the late '90s, was not good on climate change either, but times have changed. We as a society, hopefully, are much more acutely aware now of the necessity to act. It is paramount that the government now take some specific actions on climate change.

The California plan would speed up an existing California requirement that private utilities provide 20 percent of their power from renewable energy, moving the deadline from 2017 to 2010. On our end of the world, we're raising the trigger price for luxury vehicles. You know, it just does not seem the right way to go; it does not at all. We can't simply ignore carbon emissions and pretend that it's not part — in fact, a major part — of the problem.

In California they've dramatically increased the number of homes in the state with solar power panels, where we're pushing power generation through burning coal and gas. Good economic reasons, perhaps, for doing so, but what is the effect on our climate? California is maintaining its moratorium on oil and gas development off its coast. We're lobbying the federal government to lift the moratorium on oil and gas development off the coast of B.C.

Those realities and comparisons, and there are many others.... If we look at the province of Manitoba, they do have a much stronger, more progressive plan to deal with climate change than we do. I would ask this government that they reconsider their current approach to climate change in view of the dire necessity for us to do something.

It may already be too late, experts are saying, and the point of no return may have been passed. Others.... I have a friend, and I suppose he's not unusual on this, but he said: "What does it matter? I won't be here." I'm not suggesting that's the perspective of the government, but we do have a responsibility far beyond our lifetimes. I would encourage the government to show some real initiative and show that they're willing to meet those challenges, to work with industry but to show that we really are serious about reducing greenhouse gases. We have to do it now.

I would ask the minister to show some resolve, to show some initiative. I know he says that he talks with his colleagues, that he's a strong voice, himself, in cabinet for climate change and that his colleagues are too. We'll take the minister at his word, but we want to see results. We want to see something real, some real commitment. I'm asking the minister, again, to take this most serious problem truly to heart and to act in a far stronger manner than he has apparently done, as far as we can tell from the results to this point.

**Hon. B. Penner:** It's unfortunate, perhaps, that the member didn't have the opportunity to hear some of the earlier debate that we had here this evening around this topic — and others that do relate back to climate change — and all of the initiatives that British Columbia is undertaking. I simply don't have enough time tonight to go through them all again, but they are in *Hansard*, if the member cares to avail himself of that service of the Legislature.

[2045]

I am aware of Governor Schwarzenegger's commitments and statements in California. It's something that I follow fairly closely, as closely as I can. I know that they've run into some problems with the legislature there in terms of pursuing the objectives around solar panels. That was the subject of a discussion that I had the pleasure to moderate last week in Vancouver in conjunction with the Globe forum that was taking place.

Somebody told me at that forum, I think, that Governor Schwarzenegger himself drives six Hummers — I don't know if that's true; it may be — but certainly he seems to be trying to compensate in other ways.

British Columbia does work and meet with other governments, including governments from western states, to learn from what they're doing. We have a commitment in our climate change plan to maintain or improve our ranking as the third-lowest greenhouse gas emitter per capita in Canada.

In contrast, the member praises the work in Manitoba, where there's an NDP government. I believe they rank fifth in Canada. Our ranking is better than theirs, but it doesn't mean that we don't have more work to do. We do. That's why we've taken on the number of the initiatives that we already have.

The member was asking what specifically we can point to, and earlier we did talk about our commitment around reducing greenhouse gas emissions from government offices and operations. We've exceeded our target. We had set a target of a 16-percent reduction

between 2000 and 2004. In fact, we exceeded that significantly, I think, reducing the amount of greenhouse gas emissions from government operations by 33,000 tonnes per year. That's progress.

Is that enough? No. We've got more work to do, but we have a plan. We're working to it. We're going to need partnerships. We're going to have to learn from people around the world, across Canada — from the private sector and industry, academics and others, including the opposition.

This will be a matter that I'm sure we'll debate in the future as well as tomorrow. With that, and noting the hour, hon. Chair, I move adjournment of debate.

**S. Simpson:** Noting the time, I move that the committee rise, report progress and ask for leave to sit again.

Motion approved.

The committee rose at 8:47 p.m.

The House resumed; Mr. Speaker in the chair.

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

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

Hon. B. Penner moved adjournment of the House.

Motion approved.

**Mr. Speaker:** This House stands adjourned until 10 a.m. tomorrow morning.

The House adjourned at 8:48 p.m.

## PROCEEDINGS IN THE DOUGLAS FIR ROOM

### Committee of Supply

ESTIMATES: MINISTRY OF ENERGY,  
MINES AND PETROLEUM RESOURCES  
(*continued*)

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

The committee met at 3:05 p.m.

On Vote 26: ministry operations, \$43,674,000 (*continued*).

**Hon. R. Neufeld:** Maybe before we start, I'd just like to introduce the folks that are here. Greg Reimer is the deputy minister for the ministry. Doug Callbeck is

ADM, management services. Ross Curtis is the oil and gas commissioner. David Molinski is an ADM in oil and gas, and Yvette Wells is also an ADM in oil and gas.

**C. Evans:** According to the timetable that I think we've agreed on for this section of the estimates, the opposition will focus on oil and gas. I hope that whatever MLAs come in with particular questions — that they will be within that. We'll do our best to keep it within that portfolio. If there are errors, I hope you'll allow us a little bit of slack.

Minister, I wanted to start with just an overview for people who might be watching, assuming that there might be some. I wanted to talk about the location in the province of natural gas resources and coalbed methane resources. I am holding a map, for the minister's understanding, which is distributed by the Canadian Association of Petroleum Producers, and they identify the following likely resources of natural gas: the Whitehorse trough; the Bowser basin; the western Canadian basin; the Queen Charlotte basin; the Winona basin, which is at the southern end of the strait and the northern part of Vancouver Island; the Tofino basin off the west coast of Vancouver Island; the Georgia basin up against the lower mainland; the Nechako; and the Fernie basin.

Does the minister agree that we can discuss these as the most likely sources of natural gas?

**Hon. R. Neufeld:** Yes.

**C. Evans:** What I want to canvass here is how it comes to pass — and how the minister and ministry feel about the wisdom, both economically and socially, of — focusing our natural gas exploration in the north-eastern corner of the province, which is at the greatest distance from the consumer population of natural gas.... I'm going to want to ask questions about the wisdom of attempting to find gas in greater proximity to the consumer population.

I'll start with patterns of consumption. Minister, can you tell us what percentage of our natural gas production is consumed in the province?

[1510]

**Hon. R. Neufeld:** I'm told by the officials that about 25 percent of the gas produced in British Columbia is consumed in British Columbia. Most of the balance is exported through Alberta into other markets.

**C. Evans:** Of the provincial consumption — 25 percent of the total — can the ministry or minister give us an estimate of what percentage of our domestic consumption is within the lower mainland or the GVRD?

**Hon. R. Neufeld:** We don't have that number at our fingertips. We'll get it. We should remember that, although we may collectively here think that all of it is consumed or the major part of it is consumed in the lower mainland, industry uses a huge amount of natural gas. Almost all the kilns — lots of them — across

the province consume natural gas and are dry kilns. Those plants or sawmills are located around the province.

Also, until recently, Methanex in Kitimat consumed an awful lot of natural gas. They have since ceased operation, but up until just lately they consumed an awful lot of natural gas there.

**C. Evans:** I understand what the minister is talking about. That was essentially my argument in the Terasen-Kinder Morgan debate last year: that rural industry depended on natural gas a great deal. So, also, does urban industry. The best example, I think, of a lower mainland-centric industrial consumer would be the greenhouse industry, which is largely driven by natural gas.

I'm going to guess that 75 percent of our domestic production is consumed in the lower mainland, and I am positive that 75 percent of our residential consumption is in the lower mainland. Would the minister agree that at least the residential numbers are a relatively safe guess?

**Hon. R. Neufeld:** The residential part is, obviously, because most of the people that live in British Columbia actually live in the lower mainland. I won't agree to the percentages because I don't have that information from the ministry. I can get that from the ministry. I'm not going to dispute what the member says because of the large population, but I know that industry does consume an awful lot across the rest of the province.

**C. Evans:** Good. Settling on the residential numbers is just fine with me. I have no specific numbers for industry, either, so we'll just talk about residential consumption.

The point of my question, I think, is probably becoming clear. I wonder how it comes to pass that we have not directed development towards resources closer to the residential demand. We can start with the resources in what is described as the Georgia basin. Actually, the name is a little bit misleading because, according to the Canadian Association for Petroleum Producers map, it is mostly a land-based resource. Can the minister tell me what impediments there might be to exploiting the natural gas resources known as the Georgia basin?

[1515]

**Hon. R. Neufeld:** Maybe I should explain a little bit why all of the activity for both oil and gas — that's natural gas, conventional gas — takes place in northeastern British Columbia. It's because that's the only part of the province that's east of the Rockies. It's part of the western Canada sedimentary basin that extends from the U.S. up through Alberta, Saskatchewan, on through that part of British Columbia and further north in the Yukon and the Territories. That's the most prolific zone for natural gas, and people back in the '50s

decided that that's where they were going to go to drill for natural gas.

The only activity that's taken place outside of that area that I'm aware of in the last, probably, 20 years is some drilling in the Nechako basin for conventional natural gas. That would have been a long time ago, and the prospects weren't good, at least from that company's point of view. There have been, I believe, one or two wells drilled in the lower mainland, looking mostly for storage for natural gas, because what we do for storage for the lower mainland now — not we, but what industry does, what Terasen Gas does — is store it in the U.S. and then bring it back in the wintertime when consumption is high in the lower mainland.

I can tell the member that we are actively trying to get industry to look at the other basins in British Columbia — not just for natural gas, but for coalbed gas — and we hope that they will do that. I think it's pretty obvious that they are doing most of their work with the people and the equipment they have in an area where they know, or are almost sure, that they can actually get a return on their investment when they drill there.

**C. Evans:** I appreciate the minister's answer. I think it's pretty obvious why industry historically, as the minister says, would explore in conjunction with that geological part of the world that is on the same side of the Rockies as Alberta.

My question really is about the minister's comment about attempting to encourage industry to explore elsewhere, and the reason is: I think that we, as a culture, tend to do things better when we do them where we look at them and major populations look at them. There is something of a disconnect between 75 percent of our consumption being in the lower mainland.... My guess is that most people, the consumers, have never seen, are not interested in and have a disconnect between the source....

About the Georgia basin in particular, I guess, my next question to the minister would be.... The Canadian Association of Petroleum Producers map suggests their estimate of conventional gas at 6.5 Tcf — trillion cubic feet. Do we have evidence to suggest that that gas is accessible at an economic price?

**Hon. R. Neufeld:** First, let me again reiterate: in northeastern British Columbia, where most of the oil and gas activity takes place now, the industry knows whether it's viable or not. There were some drill sites in the lower mainland, and the staff are looking at when they took place. Although they were for storage, what they did find, I understand, was not very good geology to indicate that there would be natural gas there.

I'll compare it maybe a little bit, for the member's information, to electricity. The gas, most of it, is in northeastern British Columbia. The industry knows it's there, because it's part of the Western Canada Sedimentary basin. You can't just move that amount of gas to some other convenient place in the province. That's where you have to go and look for it. I'm saying that there are other basins that we would like to get the

industry to work in, and we're trying to work with industry to do that. One of them is the Nechako basin; and then the Bowser basin and offshore — which I'm sure the member would like to talk about later — because that's fairly close, when it comes to talking about transportation costs, to the lower mainland also. In fact, there's some right off Vancouver Island, which is very close. So it'll be interesting to see what kind of questioning comes when we get to that.

[1520]

As I know, when I compare it to electricity, the dams in the '60s.... I wasn't here to decide where the dams would be built, but they were built where the rivers were — the Columbia and the Peace — and that's why they were built there. Are they a long ways away from where the population centre is in the province? Yeah, I think they probably are. To bring electricity all the way from northeastern British Columbia — where almost a third of it comes from — and a lot from the Columbia system, is a long ways to go, but that just happens to be the geography. That just happens to be where it was put in the first place, by whatever means.

**C. Evans:** The minister says that we're trying to encourage industry to move into places they haven't been. He cites the example of the Nechako. The nature of the encouragement would be — what?

**Hon. R. Neufeld:** Through further geoscience studies by the ministry.

**C. Evans:** That's great. Are we engaged in further geoscience studies by the ministry in areas such as the Georgia basin?

**Hon. R. Neufeld:** No.

**C. Evans:** That's unfortunate, I think. I like to think that we do stuff better when we understand it, and in the absence of giving a plane ticket to all the consumers in the GVRD to go visit the northeast, I think it would be good if we at least had some experimental or visible wells in their community so that they would understand the industry.

I'm going to ask some of the same questions about coalbed methane now. I will refer to a brochure that I'm holding up here, which the ministry actually puts out: *Coalbed Methane in British Columbia*, published by the Ministry of Energy and Mines. This brochure cites the following as major sedimentary basins likely to contain coalbed methane: the Tuya River — and I'm not sure if I'm pronouncing that right; Peace River Coalfield; Klappan Groundhog Coalfield; Graham Island Coalfield — that's, as the name suggests, around the Charlottes; Bowron River Coalfield, almost smack dab in the middle of the province; Hat Creek, at the southern end of the Cariboo; a tiny one in the East Kootenay, the East Kootenay coalfields, which is only 19 Tcf; a much larger one near Vancouver; the Nanaimo Coalfield, covering part of southern Vancouver Island; the Comox Coalfield, covering the centre

east of Vancouver Island; and the Suquash Coalfield on northeastern Vancouver Island.

Does the ministry agree that those are the most likely sites to produce coalbed methane?

**Hon. R. Neufeld:** I guess the interest from the industry — and I'll maybe start with that — in reviewing all the sites in the province.... There is coal almost all over British Columbia. That does not mean there's always coalbed gas associated with the coal, because there may not be. Northeast B.C. is obviously a place where they are interested, and southeast B.C., Vancouver Island and in the interior, specifically Princeton. That's where we've noticed the interest from the industry to look at those sites.

[1525]

**C. Evans:** Coalbed methane, I think, is the most controversial. Most people, wherever I go, would be thrilled to discover that there was natural gas where they lived because it would be good for their employment base and their economic well-being. Coalbed methane tends to give people a more nervous attitude because of its reputation elsewhere and our lack of experience with it here in British Columbia.

Would the minister agree that the best way to give British Columbians the general comfort that this resource could be extracted in a benign fashion would be to do it, first, in the most visible way, closest to the largest population in the lower mainland — exploiting the coalfield if there is gas — inside the GVRD?

**Hon. R. Neufeld:** Again, I listed out the areas that the industry is interested in. That's how the process works. In fact, that's how it has worked for a long time. The industry goes out and views where they're interested in actually developing, whether it's coalbed gas or mining proposals. We don't say: "This is the only area you can go to." I don't remember a time — since I've been involved, at least, with government and from my background in the oil and gas industry — where that was ever something that was directed by a government, regardless of who that government was.

Again, it's where the industry wants to go to do that kind of work. They have been on Vancouver Island and have drilled some wells. I'm sorry; I shouldn't say wells. It's not the plural. It's one that was drilled on Vancouver Island.

**C. Evans:** I actually agree with the minister. It would be ridiculous if he said to an industry: "You have to go here." However, we have a long history in this province of using various kinds of public policy to create an incentive for private investment. We've used railroads. We've used tree farm licences. We've used pulp licences. We've used access to electricity. We've built highways. In the case of Kitimat we've arranged fairly huge and complicated electrical resources.

We have a long history of directing investment not by a club but by incentive. In fact, the minister suggested himself, in terms of ministry interest in directing

industry to the Nechako, that we use government's capacity to produce science as information to provide industry to direct investment.

Leaving the subject, I simply want to put on the record that I think the best way to convince the population in British Columbia of the benign, helpful nature of having coalbed methane extracted in their area would be to do it where the population is — where the television stations are, where the universities are, where the news media is, where the majority of politicians live — so that the citizens of the province could see it.

The fact that they can't see it has created some concern. I have, right in my region — and, I think, all over the province we have — municipalities expressing some hesitation. Will the minister tell us what the position of the UBCM is, or what he believes it to be, on the extraction of coalbed methane?

[1530]

**Hon. R. Neufeld:** A number of years ago the UBCM did have a vote on the issue of coalbed gas and asked the ministry to do some further work. Specifically, most of the fear comes from the issue around produced water from coalbed gas. That doesn't mean that you always have water with coalbed gas. There are areas, in fact, that I know of in Alberta where they produce coalbed gas without water.

So we took that seriously. We have a good set of regulations that regulates the total industry — conventional natural gas. It's been around British Columbia for well over 50 years. There's a good process in the disposal of produced water when it comes to conventional natural gas.

What we did was review the UBCM's request. We did a couple of things. The Ministry of Environment went to work with, I think, some communities. I'm not sure who else was on that, but I know they worked with some environmental groups to develop a code of practice for the disposal of water from coalbed gas operations — if, in fact, they get to that point. Along with good regulations, what we need to do and what we will continue to do and strive to do is to provide some good information to communities around the issues of the extraction of coalbed gas.

**C. Evans:** Great. So are we to assume that the UBCM has now retracted its concern and accepts that the process is benign?

**Hon. R. Neufeld:** First off, let me say that nothing is benign in the world. I mean, just coming to work this morning you created some effect on the environment, member, so we shouldn't get down that road.

I wouldn't presume to say what the UBCM has done. I know that there has been some work with the UBCM on the issue, as I said, a number of years ago to deal with their issue around water.

**C. Evans:** The minister cautioned me yesterday to be real careful to ask questions that were specific to this

ministry, so I'm going to ask this as carefully as I can. Is the Ministry of Energy, then, working with the Ministry of Environment to resolve those water issues, and if so, could he explain the roles of each of the two ministries in the partnership?

**Hon. R. Neufeld:** The code of practice for disposal of water from coalbed gas is something that's been finalized. It's been around for about a year now. It's on the Ministry of Environment website, and it's likely on the Ministry of Energy and Mines website.

**C. Evans:** Through the Chair to the minister: is that a rebuke? Like, are you saying to me: "Go look it up"? Would it be okay if I just asked: could the minister explain to me in regular words — simple — what the role of the Ministry of Energy is, and what the role of the Ministry of Environment is, as we proceed towards extraction of coalbed methane?

**Hon. R. Neufeld:** Through the Chair to the member: I apologize if I said the wrong thing. I thought you didn't understand that there was already a code in place, so for that, I apologize to the member. Actually, the Ministry of Environment has a responsibility to enforce the code of practice for water disposal. The Ministry of Energy and Mines — but, actually, mostly through the Oil and Gas Commission — has the responsibility for developing policy and working with the industry in a number of areas, wherever they happen to go to work.

[1535]

**C. Evans:** So it is my understanding that the province, and I presume the Ministry of Energy — correct me if I'm wrong — is engaged in, or would like to find private investors desiring to engage in, pilot projects in extraction of coalbed methane. Is that correct?

**Hon. R. Neufeld:** How it works, and how it's worked for a long time, is that if industry is interested in some areas in the province to develop coalbed gas, they make a request of the ministry to put up for sale the rights to drill for coalbed gas. It goes through that process, and then the industry needs to go through some other processes with the Oil and Gas Commission to get authority to drill the wells — if, in fact, that's what they do at the end of the day. That's how the process works and has worked for quite a while.

**C. Evans:** Then the role of the ministry is neutral, and until approached by industry, no workers from the Ministry of Energy would be engaged in attempting to assist to find investors looking for a pilot project in the extraction of the coalbed methane. Is that what the minister is explaining to me?

**Hon. R. Neufeld:** We would, through the ministry, in answer to that question.... The ministry would be involved in getting the information out to the industry that we have these opportunities in the province to

work with industry and, if they are interested in some areas, in making sure they have the information so that they can make some decisions, moving forward, on whether they want to invest in coalbed gas.

**C. Evans:** That's great. What are the regions of the province in which the ministry is providing industry with information to encourage them to explore?

**Hon. R. Neufeld:** Any place that the industry comes and asks us for information in regards to coalbed gas. The coalbed gas booklet that the member has and that the ministry puts out is a document to actually make industry aware that those resources may be there and that there's an opportunity for them to actually do it in British Columbia.

**C. Evans:** I'll read them off again, and maybe the staff could then tell me which of these regions industry has expressed interest in: Tuya River, Peace River, Klappan, Bowron River, Hat Creek, Merritt, East Kootenay, Tulameen, Nanaimo, Comox, Suquash and Graham Island coalfields. Would the minister put on the record: in which of those regions has private business expressed interest in considering exploration?

**Hon. R. Neufeld:** I think I listed off the areas before where coalbed gas activities have taken place in the province. That's in northeastern B.C. I'll read into the record: around Hudson's Hope there's interest; the South Peace area in northeastern British Columbia; the North Peace area — there's not been any interest that I'm aware of in the North Peace; Klappan — Shell has drilled some wells in the Klappan.

In southeast B.C. is Sparwood, Elk Valley and Fernie. Some of that goes back to even the late 1990s. On Vancouver Island is Comox, and in the interior is Princeton.

All of the areas in the province that are in the brochure that the member has could be of interest to industry. If they request more information, we would give the information that we have — the geological data that we could give them, if in fact we had some, and some data around the type of coal, if we had it.

**C. Evans:** If the industry was to come to the areas — either those the minister named or others — at what point is the community...? By "community," I know there are a billion definitions. Let's say: at what point is the regional district advised that the ministry and the government are in dialogue?

[1540]

**Hon. R. Neufeld:** If it is to the point where industry is actually requesting some land put up for sale, the relative agencies would be advised that that's taken place.

**C. Evans:** At that point, when the advice happens, is there "community engagement"? Does the ministry engage in a simple advisory letter like: "Dear regional

district, company X is interested in the Ministry of Energy putting up a sale in your region"? Or does the ministry engage in a community dialogue to provide information generally to the community (a) about the resource, (b) about the company and (c) about the process?

**Hon. R. Neufeld:** The process by which a group of companies or a company comes to the ministry, to the titles division, to ask for land to be put up for sale.... We don't specifically tell the regional district what company has, because it's an auction process. We want to actually get the best dollar we possibly can for the province, and the people that live in the province, for that piece of land. You want to keep that competition there because you would hope that there would be more than one interest.

What happens is that a letter will go to the regional district or a community advising them that there is an interest in putting that piece of property — whatever it happens to be, and it could be a huge piece of property or a smaller piece of property — up for sale, asking them for their input on how they think they can interact with it. Do they have any problems with it? Would they like to talk to the ministry about it first?

On some occasions there's a response that they don't have any concerns. Other times there are responses that they have some concerns, and then it's the ministry's job to actually work with that community to try and figure out what their concerns are and see if you can deal with them. In some cases the land doesn't go up for sale. In some cases that communication actually relieves some tension that may be there, and things can move forward.

**C. Evans:** In the case of coalbed methane — because most of the anxiety, I think, by the communities represented by the UBCM is around water — it behooves me to ask: how far downstream? What is the catchment area of the definition of community? When the ministry sets out to ask people what they think, does it include people within five miles or people within the downstream watershed affected by the industrial activity?

**Hon. R. Neufeld:** It would be the regional district that would be involved, so it might touch more than one regional district. Where I come from, it could easily touch two, and both would be notified. Other parts of the province are the same, so it's a hypothetical question that depends on what piece of land. We don't designate that this is up for sale, if you want to bid on it. Actually, companies come in and request that.

**C. Evans:** My question was specifically about water, because I think most people like the money and jobs that come from the gas industry. In terms of coalbed methane, they're concerned — as the minister himself put on the record a little while ago — about groundwater issues. In coalbed methane gas, could I ask that the ministry, then, communicate with people downstream of the industrial activity in order that we

assure ourselves that at least there's openness and that at best there will not be trouble later, after the auction of the licence?

**Hon. R. Neufeld:** Actually, we would hope that we would be able to talk to most people, but when you're talking about downstream, it depends how far downstream you want to go to talk to people. We should remember, to start with, that the code of practice for disposal of produced water actually has some of the most stringent rules that are known for coalbed gas — at least what I've been told — in western Canada and the Pacific Northwest.

[1545]

The water cannot be released to the environment unless it actually is compatible to releasing it to the environment, and that includes a whole bunch of things. You can't release an awful lot of water to the environment, because that may affect the smaller streams or something in a negative way.

There is a very careful process that the industry would have to go through — if, in fact, they did drill — to dispose of produced water. If it can't be treated and released to the environment, for whatever reason — and that's up to the biologists and the scientists to decide, to make sure that our water stays clean — then it has to be re-injected into deep aquifers for disposal, which is common and has been done for a long time.

**C. Evans:** The minister, I think, thinks that I'm saying there's something wrong with the process. I was arguing that we should do it in downtown Vancouver. I think we should do it right outside on the legislative lawn in order that it be open to all people how benign, how safe, the water is treated. While it's invisible, then we have gossip and rumours. So my questions are about: how do we open it up? Whom do we tell?

If the minister is saying that sometimes we tell the regional district and sometimes we tell the downstream users, then my question would be: who will make the decision about who will be pre-advised and engaged in consultation prior to the auction of a licence?

**Hon. R. Neufeld:** I didn't say "sometimes." I said, "Regional districts that would be impacted by a land sale are advised" — not sometimes.

**C. Evans:** I beg your pardon. My question remains: who would make the call of how far downstream we would engage people in a dialogue prior to the auction of a licence?

**Hon. R. Neufeld:** I'm going to try this again: with the code of practice for water disposal as it deals with coalbed gas. There is also a set of regulations that deals with produced water from conventional oil and conventional natural gas. No water can be released into the environment that would have a detrimental effect on the environment, from coalbed gas.

We are not going to affect that person way down there. What you do is let the regional district or com-

munity know that there is interest in this piece of land so that they can.... Presumably, the activity would take place in that regional district, so they can actually deal on behalf of the people that they represent.

I want to be clear. Water is not released to the environment that is detrimental to the environment, through the code of practice in water disposal.

**C. Evans:** I assumed that the water's not released, and that's why I'd be in favour of doing it in Abbotsford, on top of the Abbotsford aquifer, so that everybody could see that major populations were safe. If we do it where people don't see and don't know, then there will continue to be an unfortunate negativity surrounding this particular industrial use.

Now, I think I heard the minister just say that we tell the regional district where the auction is about to take place. Does the minister accept that downstream communities might have concern and that, in the case of some areas in southern B.C. along the Columbia or Kootenay system, even residents of another country might have concern? Who would make the call about whether we would engage downstream people in a dialogue prior to an auction?

**Hon. R. Neufeld:** As we speak, there are meetings going on. The member's referring to Montana, I assume. There's discussion ongoing between the government of British Columbia, through Intergovernmental Relations, and the state of Montana.

[1550]

I believe that they are having discussions with Washington so that we can have a dialogue back and forth between those states and British Columbia. That's much the same as took place with the Tulsequah Chief proposal, the mine up in the northwest, when Alaska was invited to take part — that's what? Fifteen years ago, 12 years ago, something like that — in the discussions around the development of that mine, which happened to be on a pristine river, the Taku, that fed into Alaska. So there are attempts to work with those jurisdictions and to get the right information.

Also, if I remember correctly, the land use plan in the area — if he's talking about southeastern British Columbia — that was done by the people actually in that area, in a time frame that was before this government, puts into place areas for different kinds of activity. As far as I know, everyone is living within that land use plan that was made.

**C. Evans:** I accept all of that too, but I was just going to ask this question one more time because I think I understand. Someone could decide to have two regional districts involved, if it's appropriate, and I guess that someone would be able to decide how far downstream to advise people. Who makes that call?

**Hon. R. Neufeld:** I'll go back to how the land is disposed. First, there's a question to the regional district or community that may be involved for their input. They actually then have a dialogue with the minis-



try — either: "Yes, we're okay with it," or "No, we're not. We need to have further discussions."

**C. Evans:** When the interest concerns water, is the dialogue held with the Ministry of Environment or with the Ministry of Mines?

**Hon. R. Neufeld:** Again, I'll go back to it. I'm going to assume that the member is talking about the disposal of produced water. In coalbed gas operations, that's the Ministry of Environment responsible for looking after that. That's part of their ministry. All produced water out of coalbed gas operations is actually monitored and regulated by the Ministry of Environment, regardless of where it's at in the province.

**C. Evans:** Presuming that the conversation that the community, whatever the community is defined as and whoever decides to set the boundaries of the community.... Supposing that parts of that community or regional district remain concerned about their water, of course, who is it that makes the call about whether it's go or no-go on whether or not to auction the land?

**Hon. R. Neufeld:** Ultimately, the ministry.

**C. Evans:** Hon. Chair, if you have the Ministry of Environment looking after the water, how can it be that the Ministry of Energy then makes the call about whether or not to auction the land? Ought it not to be either both ministers signing off or a third party, in order that there be an advocate for both the gas resource and the water resource?

**Hon. R. Neufeld:** Again, the Ministry of Environment is responsible for the code of practice for produced water, and they would monitor the issues around produced water as it relates to coalbed gas, regardless of where it's at in the province.

The Ministry of Energy and Mines — through consultation with communities or regional districts or whoever is being impacted, through community meetings — actually makes the decision at the end of the day on whether that land would be sold to anyone through an auction process.

We know that there is a lot of work to be done in talking to communities about the production of coalbed gas. We do a lot of that within the ministry, but industry is also responsible. I mean, just because they bought a piece of land doesn't give them the right to drill for oil and gas. They still have to go through a process at the Oil and Gas Commission to get the right to go in there and actually do some operations. That's another fairly lengthy process that would involve communities that would be affected, through community meetings by the industry and by the ministry, if need be.

[1555]

**C. Evans:** I just have another question or two, and then I think we've got another member that wants to

ask some questions. What I hear from the minister is somewhat disturbing to me, and I'm going to try to paraphrase it. A company expresses an interest in exploration for coalbed methane. The Ministry of Mines advises the regional district or maybe two regional districts — a decision up to the Ministry of Mines. Then there is a dialogue between those regional districts and the Ministry of Energy. Then the Ministry of Energy decides to auction the rights to drill or not.

After all of that happens, presuming there is an auction, a company buys the rights, and exploration begins. At that point the Ministry of Environment is the monitor for the water issues that are produced from that exploration, but up until that point the call to auction or not to auction, to licence or not to licence is that of the Ministry of Energy. Is what I just said correct?

**Hon. R. Neufeld:** I'm informed by staff that there are actually cross-ministry discussions that would take place with some of the other ministries, specifically the Ministry of Forests, the Ministry of Environment, the Ministry of Transportation, and Agriculture and Lands. There's also direct consultation with the first nations that would be affected in that area.

**C. Evans:** That's now seven ministries. Now we have, you know, ministers representing portfolios and ranchers being represented by the Minister of Agriculture and water people by the.... First nations people by the.... Who would make the call amongst all those various interests about whether or not to hold the auction?

**Hon. R. Neufeld:** After all that consultation, it's still with the Ministry of Energy and Mines.

**G. Gentner:** I want to know what role the environmental assessment office plays with coalbed methane and the application towards....

**Hon. R. Neufeld:** The Oil and Gas Commission regulates the industry, and that's who actually looks after it.

**G. Gentner:** If I have it correct, there's no trigger for any project that invites the environmental assessment office.

**Hon. R. Neufeld:** There are triggers for the environmental assessment office, depending on how big the project could be. If you're talking about gas plants and those kinds of things, I don't have those at my fingertips, but they would trigger, depending on their size, the environmental assessment office.

**G. Gentner:** Relative to size. Who makes the decision — when it's big enough — where it will go into an environmental assessment situation?

[B. Lekstrom in the chair.]

**Hon. R. Neufeld:** There are triggers in the Environmental Assessment Act, as I said, that trigger

whether the act would be applicable. It depends on the size of the plant that is being built or the project. For drilling gas wells, whether they're actually conventional gas or exploratory coalbed gas wells — which are the only ones that we've had drilled in the province — it actually rests with the Oil and Gas Commission.

**G. Gentner:** Whose authority is the Oil and Gas Commission related to? I mean, who is the boss here?

[1600]

**Hon. R. Neufeld:** It's a Crown that is the responsibility of my ministry.

**G. Gentner:** So I am correct, minister, that you are the person or your ministry is the one that decides whether or not there will be a trigger on the environmental assessment office?

**Hon. R. Neufeld:** No, I don't. The environmental assessment office makes that determination, and that determination — or those triggers and those sizes — has been in place, probably, for a long time in the regulations of the assessment office.

**G. Gentner:** To the minister: how many wells have actually been drilled even for testing of coalbed methane, and how many of those applications have gone through an environmental assessment?

**Hon. R. Neufeld:** Over 11 years it's 117 wells. None of them have gone through environmental assessment, because they've never reached a trigger that would actually put in place that the environmental assessment office would have to review them. They would have been done through the Oil and Gas Commission, and prior to that, I guess, through the ministry.

**G. Gentner:** Did the Oil and Gas Commission ever ask the environmental assessment office to review some of these 117 wells?

**Hon. R. Neufeld:** Not that I'm aware of.

**G. Gentner:** Relative to water release that's compatible with the environment — I believe the minister made note of that maybe ten minutes ago — the minister mentioned that biologists would be involved. Biologists from where? Would they be consultants, or are they from his ministry?

**Hon. R. Neufeld:** In the development of the code of practice, I'm told biologists were involved and hydrologists would have been involved. Probably, there could have even been some other folks involved in developing those standards with, obviously, very heavy involvement from the Ministry of Environment.

**G. Gentner:** So the direction came exclusively from the Ministry of Environment and not from your ministry?

**Hon. R. Neufeld:** What direction?

**G. Gentner:** The direction for biologists and hydrologists to do analysis of the various wells.

**Hon. R. Neufeld:** Let me try this again. Hydrologists and biologists were involved in the development and production of a code of practice for the disposal of water in British Columbia. Those people would have been involved, I assume, with the Ministry of Environment, because it was the Ministry of Environment that developed it. I would say that the Ministry of Environment had some involvement from other ministries, also, and from outside sources, to develop a code of practice for the disposal of produced water from coalbed gas.

**G. Gentner:** Just to go back quickly to the preapplication process of drilling for coalbed methane, my question to the minister is: is there not a technical advisory committee that's been placed during the preapplication process?

[1605]

**Hon. R. Neufeld:** No.

**G. Gentner:** My question is, therefore, if I have it correct.... There are various ministries that seem to get together during this process itself. Maybe the minister can correct me if I have that wrong.

**Hon. R. Neufeld:** No, that part the member doesn't have wrong — at least, I believe, from the question he asked. I said that there are discussions between different ministries — those being the Ministry of Forests, the Ministry of Environment, the Ministry of Transportation, and Agriculture and Lands — prior to a site being put up for auction. And also.... I'm sorry; I forgot. Yes, within government, that's what takes place.

**G. Gentner:** These discussions, therefore, are more on an informal basis, I presume. There's no meeting of the minds, so to speak, with any type of ad hoc committee?

**Hon. R. Neufeld:** They're a written referral. Obviously, those ministries that I listed have different interests as to what takes place on the land base. We have a written referral process that would go to the different ministries for their input. If, in fact, out of that written referral, there need to be some discussions, I assume there would be some discussions between ministry staff.

**G. Gentner:** I have it on good authority, therefore, that there is no committee trying to link and — I won't say expedite — encourage the industry to jump through some hoops. If so, what role does the Ministry of Small Business play, if any, in the development of coalbed methane?

**Hon. R. Neufeld:** I've asked one question of this member already, so I guess it would be okay if I asked

another one. I'm not sure what the member refers to when he talks about jumping through hoops. Maybe you could clarify that a little bit more for me.

**G. Gentner:** Jumping through hoops — there's nothing nefarious here. It's well understood that your government believes in cutting red tape and helping out industry. I'm not saying that's right or wrong. That is the tradition of this government.

There is a ministry that is involved in helping that process along. I'm just wondering, with all the different discussions with various ministries — and the minister has named several so far — what role, if any, has the Ministry of Small Business played in that approach?

**Hon. R. Neufeld:** None that I'm aware of.

**G. Robertson:** I have a series of questions on the oil and gas industry specific to industry subsidy. That's what I would like to pursue.

I'm a little surprised in the research I've done in seeing the number and scope of subsidies. I would love to explore the topic to get more detail on this, particularly given that this is a government that ran five years ago on ending subsidies to business. As someone coming from the business community into government and wanting a level playing field in the business community, subsidies from government are a real issue.

I am curious, right off the top, about the cash incentives that are provided by the ministry or other ministries for companies to drill.

**Hon. R. Neufeld:** There are no subsidies in British Columbia to the oil and gas industry. There is a royalty structure. There are programs in place, some that have been there for a long time, to actually encourage the industry to operate in the province. In fact, it's been pretty successful.

[1610]

I'm not sure whether the member's aware or not, but in the last year in the oil and gas industry, the area in northeast British Columbia produced almost \$3 billion for the bottom line in the province. That goes a long ways to providing all the services that each and every one of us and, in fact, every British Columbian wants to see happen, such as health care and education and those kind of things.

We have to be competitive with our neighbouring jurisdictions — specifically, being as competitive as we possibly can be with Alberta, understanding that they have some things that, I think, a lot of us might wish we had. We have to be competitive with the Pacific Northwest, with the Rocky Mountains in the U.S. for investment in British Columbia. This investment is pretty mobile and will go to where it can actually get a good return on investment.

What we try to do is not be at the bottom of the barrel but be a province that encourages investment in a whole array of things — but specifically in what we're talking about here right now, which is gas and oil.

**G. Robertson:** I take the minister's words about being competitive and return on investment as necessary, as well, for the industry.

I do note, in looking at... Some of the companies that are operating in B.C. right now in the oil and gas industry are the most profitable companies in the world. We have companies like Shell Canada, with over \$2 billion in profit in this past year — over \$26 billion in profit planetwide with Royal Dutch Shell. We have Petro-Canada at \$1.79 billion; Imperial Oil at \$2.6 billion — part of the ExxonMobil empire, which is \$26 billion in profit — just to illustrate some of the companies and the returns they are making, which are unheard of in the history of commerce on this planet.

So when we talk about being competitive and ensuring that there's a return on investment from a resource that exists in this province and is finite in terms of supply, my questions are really... Are we receiving the maximum revenues obtainable from the resource in the development of public oil and gas resources?

We have been the leaders in B.C. for many years in the oil and gas industry. Tax credits and the incentive programs that the minister is referring to, which I have questions related to, have been brought into the industry since 2002. My question, really, in a most broad sense, is: does this equate...? These tax credits and incentives — do they mean, essentially, that we are not collecting as much rent as possible, that we are not getting the maximum return for a public resource?

**Hon. R. Neufeld:** First off, I appreciate that he lists some of the largest oil companies in the world. Let's remember: that's worldwide. In fact, if it were all from British Columbia that they were making those profits, let me tell you, each and every one of us would be getting lots of money in our pockets.

So put it in context. When you talk about Exxon-Mobil and Shell and all these companies, they're worldwide. I don't know what programs are in place or what takes place in Iran. I don't know what programs take place in Venezuela. I have no idea of the things that go to make up those numbers that the member mentioned.

I can tell you, though, that in British Columbia we are receiving the maximum rent we can get for the province and for the people of the province. Our government's very proud that we're able to do that.

**G. Robertson:** I'm a little surprised to hear that the minister says he doesn't know what programs are taking place in other countries. My impression from your initial comments was that we do know, and we do need to compete, and the reason that we have incentives and tax credits is because we need to match up to other countries.

[1615]

The profit figures that I was citing there, which are all in the billions — the single billions — are in Canada. Those are the profits that those companies are returning to their investors based on their exploration and extraction here in Canada. The big numbers, the \$26

billion for Shell and \$36 billion for ExxonMobil, are worldwide. The reality is that there are companies in Canada that are putting up billions of dollars in profits.

I'll just maybe dive into the detail here. I have some questions specific to certain of the royalty credits. If the minister could give me some basic information on the deep well royalty credit for wells over 2,000 metres. How much is this subsidy worth to a company per well or per thousand cubic metres extracted per tonne, or whatever the measurement is?

**Hon. R. Neufeld:** To give an answer to that, one would have to know how deep they're drilling, what they're producing and where it's at in the province, because there are different zones in the province where different things apply. If the member is interested in an in-depth briefing on how that works, I can certainly arrange that. But there maybe just a few things I could say. From a higher level, deep wells drilled. With the new programs in place, if you go to the number of deep wells drilled in 2000, there were 23 in British Columbia. In 2005 there were 149. In deep well approved applications there were 57 in the year 2000 and 379 in 2005. So the pickup has been substantial.

We know, because the Western Sedimentary basin covers such a small portion of the province and because of the type of geography that we have in northeastern B.C., that the drilling costs and production costs are much higher than in a province like Alberta where — and I think the member is well aware — it's pretty flat country in most of it, and it's pretty mature. They've been drilling for a hundred years in Alberta and, on average, drill about 20,000 wells a year to our 1,300 last year.

Those are some of the things that we deal with to try and encourage the industry to drill in northeastern B.C.

**G. Robertson:** On the deep well royalty credit — the detail, I'm sure, is expansive. Can the minister give an aggregate total for the amount that the ministry is allocating for that royalty credit overall?

**Hon. R. Neufeld:** We don't allocate to any program.

**G. Robertson:** I'm a little confused here. There is a royalty credit that is coming out of the ground related to deep well royalty. Will the minister quantify what that royalty credit amounts to in an aggregate number?

**Hon. R. Neufeld:** I can give an aggregate number for all the programs in northeastern British Columbia that we put in place for either horizontal or directional or deep well. As I say, it's different for different parts of the northeast part of the province, but in aggregate there's well over \$700 million more that's received, because the actual activity increases as you put in place programs to incent industry to invest.

[1620]

**G. Robertson:** I'm not sure that the minister is understanding what my question is. My question is: how

much are companies being credited through the deep well royalty credit? At this point you mentioned that there are 149 wells that are qualifying for the deep well royalty credit. There must be a dollar figure attached to that credit that the ministry is tracking. Can that be clarified, please?

**Hon. R. Neufeld:** Let me say again: we don't allocate a number of dollars to each individual well. There is a royalty structure in place for deep wells, for summer drilling. Summer drilling is easier to actually get a number for. I'm not trying to be difficult, but there are royalty programs for each and every one of them.

To work out each and every one of them could be a difficult process, and it would take a while for the ministry to actually get those numbers for you. There is a royalty scheme in place for people who want to drill for deep wells. It depends where you want to drill that well and how deep you want to go and what you're going to produce at the end of the day, because each well doesn't produce the same either.

**G. Robertson:** It is a little surprising to me that there is no actual breakdown of the dollar value of a subsidy program. In this case — whether it's deep well royalty credit, a marginal well royalty regime or deep re-entry well royalty reduction — my expectation, and I believe that of taxpayers of British Columbia, would be that each of these royalty regimes is carefully constructed, carefully tracked as to how many dollars are flowing through those royalty credits and what is incenting the industry to pursue more exploration, more drilling, in order to qualify for these credits. Is there a rationale of why you don't track each of these programs individually and have a number for these programs?

**Hon. R. Neufeld:** There is an aggregate, and it's well over \$700 million that the industry received this year on all programs as compared to the royalty rate that was in place before. Actually, the taxpayer in the province is getting good value for their money.

**G. Robertson:** Just to confirm, the \$700 million is an aggregate total for the entire royalty and tax credit regime that's in place for oil and gas industries?

**Hon. R. Neufeld:** That is the incremental revenue that we have received since we put the programs in place. They were not all put in place at the same time. There are different time frames when some of the programs were actually put in place.

**G. Robertson:** This figure, \$700 million, the incremental revenue that is received — is that for this past year?

**Hon. R. Neufeld:** Some of the programs started July 1 of 2003, some of them a little bit later, but through that time frame.

**G. Robertson:** Just to be clear here, because I feel like we might be on different wavelengths. You're stating that \$700 million is the incremental revenue that is received by the province or by the industries?

**Hon. R. Neufeld:** By the province.

**G. Robertson:** My questions related more specifically to the industries and the amount that the industries were receiving in terms of tax credits and incentives related to all of these regimes and programs. Have you got an aggregate figure for that?

**Hon. R. Neufeld:** I'll say it again. It's just over \$700 million. It's the incremental increase that the government of British Columbia has received since these programs went into place, some of them beginning in July of 2003, some of them later.

[1625]

I think maybe to help along here a little bit. If we go back to the year 2000, I believe the investment in the province by the industry itself was about \$1.8 billion. This last year it was \$4 billion, so there's a significant investment by the industry in British Columbia

The Chair will know, because he lives in that region and represents a part of the northeast, that growth in the communities has been huge and employment has been huge. There have been some huge benefits to the province, on the whole, through these program initiatives.

**G. Robertson:** Well, I'm curious what the province has had to invest for us as taxpayers in the province. We obviously had to make an investment to incent the industry to come and explore and to develop the oil and gas industry in the province. We have \$700 million in incremental revenue that has been received — the figure that the minister stated. But what was invested, and therefore, what is our return on investment? We get that \$700 million, but how much has gone in, in order to generate that?

**Hon. R. Neufeld:** Again, the staff can go to work and get all the numbers that you're asking for, in comparison to maybe 2000 to 2005, and put together the difference in the number of wells that were drilled and where they were drilled. It's a lot of work. It's a lot of extensive work. They'll have some of that work within the ministry already. I can commit to the member that we can get that information for him, but it's going to take a while.

**G. Robertson:** Thanks to the minister.

There are a whole number of programs here that.... It sounds like the minister and staff do not have that information at hand with regard to how much has been invested from the province to ensure that this industry develops in a robust fashion. I'm curious, though, why, if so many of these programs have been developed to kick the industry into gear and make sure that wells — marginal wells, deep wells, low-productivity wells —

were fully exploited and the equipment and the staff stay in place to make sure that we get the most out of our resource.... With all of these programs developed, why is there no specific detail, year to year, on what that's costing us and what our return is?

I'm not aware of other programs like this in government where there's no accountability, where there's no tracking of how much the taxpayers of the province needed to invest and what kind of return was generated out of that.

**Hon. R. Neufeld:** Again, I'll reiterate what I said the last time. I don't have all that information here. In fact, it may be pretty lengthy to get all that information. I have said to the member that we will get the information. Someone is going to have to do an awful lot of work to actually get it all put together for the member in a way so that it will make, I think, very good sense to the member.

When we start looking at the doubling of investment in the province.... The number of small businesses that have started in northeastern British Columbia is huge. Unemployment is almost zero. The communities are doing well. There are a whole bunch of those measurements that are harder to measure when you look at some of these programs — in what they've done.

I know that we're not the only ones who have tried programs. The last government tried some programs to try and get heavy oil developed in Hay River and actually reduced the royalty rate to zero. The Hay River borders right on Alberta and isn't even serviced out of British Columbia. So there were attempts and there always have been attempts by governments to actually get the industry to invest in the province.

[1630]

I think it would be fair to say — and I've said this before; I'm on record as saying it — that the creation of the Oil and Gas Commission was an excellent process that was put in place by the previous government in 1998. Why was the Oil and Gas Commission put in place? To actually encourage the industry to come and drill in northeastern British Columbia. I know that from having discussion with the previous minister in the last government. I know there are different things that are done to actually encourage and try and incent industry to invest their dollars in British Columbia and to stay competitive with those jurisdictions that are very close around us, because that money can move quite easily.

**G. Robertson:** Stepping back a little in time here, when these tax credits and incentives were developed, I assume that there was a process through Treasury Board to approve that these measures, these programs, would be put in place. Is that correct?

**Hon. R. Neufeld:** Through the Chair to the member: you are right. The ministry can't just step out on its own and do these kind of things. There is a process that we go through internally in the ministry, and then it

has to go to Treasury Board. Actually, Treasury Board will review these programs as we move forward to make sure that they are returning incremental revenue to the province of British Columbia.

I wanted to touch on one other thing. When the member talked about low-productivity wells and those kind of things.... There were a fair number of wells — I don't know the number off the top of my head — in British Columbia that were producing not very much natural gas. They were shut in. No one was producing it, because the cost to produce it was greater than what the industry could receive from the sale of that natural gas — and oil, to a degree.

What we wanted to do was to actually have those wells — to put this maybe in a simplified form — producing but take a lower royalty rate so that you actually get something out of them instead of them just sitting there and not producing at all. Some of that reasoning came into being in dealing with some of these.

**G. Robertson:** In the Treasury Board approval process, my assumption would be that there was a business plan with a strong rationale and a whole set of numbers. I would hope they were high-level numbers, aggregate numbers, for what this program would cost and what it would generate in terms of activity. Is this correct?

**Hon. R. Neufeld:** Yes.

**G. Robertson:** In the business plan that Treasury Board approved in order to move forward with these tax credits and incentives, is there a ballpark number in terms of aggregate costs to the province to move forward with these programs?

**Hon. R. Neufeld:** The costs are that nothing happens, or very little happens. Let me give you an example, again, from drilling: from 23 wells in the year 2000 in the deep basin to 149. That's a pretty good example of how some of these programs actually incent industry to come and drill. If they're all producing, I think it would be better to get the revenue out of 149 producing wells than 23.

**G. Robertson:** It's interesting that the minister keeps swerving off here. What I'm trying to get at here is that there must have been a known figure for any Treasury Board of merit to consider a proposal on tax credits and incentives to grow a multibillion-dollar industry in the province. One would assume that there was a solid business plan and that there were numbers put forward that made sense. Saying that the alternative is zero — I don't know what Treasury Board and what jurisdiction would consider a rationale like that.

[1635]

I'll ask again in different language. The Treasury Board must have considered that their resource in the ground had a value, that there was a capital-asset value inherent in the resource. Just working from what little is left of my business mind, that capital asset had to be

reduced in terms of total value in order to offer tax credit or incentive to fully exploit the resource.

In my mind here, there have to be some numbers that attach to what needs to be done to incent industry to move forward with exploration and exploitation of the resource. Is the minister suggesting that there were no hard numbers around what would be taken out of the total asset value in the oil and gas resource to incent the industry?

**Hon. R. Neufeld:** No, that's not what I'm saying. What I'm saying is that there was a business plan produced for Treasury Board, for their review, and they approved that. I wouldn't say that submission.... They obviously had lots of questions. That's about as far as I'll go into Treasury Board, but they would have lots of questions and lots of input into how we should move forward with trying to incent the industry to actually come into British Columbia and do more work than they were doing before. This is simply a program to encourage them to come into the province and actually produce jobs, investment and a future for the north-eastern part of British Columbia.

**G. Robertson:** Times have changed, I would assume, since Treasury Board sat down. The price of a barrel of oil has changed; the price of natural gas has changed; the value of those resources has shifted.

My question, then, is: how often is this being revisited in terms of the tax credit and incentive regime? Is Treasury Board reconsidering as the value of these resources increases, as the inventory increases and as the activity of the industry increases? Are there changes to the game plan?

**Hon. R. Neufeld:** There will be a review of the programs on an annual basis by Treasury Board as we move forward and a major review, I believe, every second year — more in-depth.

Let's remember, when natural gas is priced on the North American market, that's all of North America. So if the price is high here in British Columbia, it's also high someplace else. We still have to be competitive to actually get the industry to develop here in the province of British Columbia.

**G. Robertson:** Has there been a review to date — since these programs were put together? My information is that it's 2002. The minister can maybe correct me on that. Has there been a review of the programs?

**Hon. R. Neufeld:** There has been a review. Two reviews have been done since the programs were put in place — not all of them, but starting back in mid-2003.

**G. Robertson:** In those reviews, what's changed? Has the program or the makeup of the tax credits, the incentives, changed in any significant way?

**Hon. R. Neufeld:** The reviews we've had have determined that they are a competitive royalty structure

in British Columbia. When we first went to Treasury Board, there were some sunset clauses on these programs. That sunset clause has been removed. Those programs are now part of the royalty structure in the province.

**G. Robertson:** With those reviews, does Treasury Board consider the total value of the oil and gas assets and the cost to administer these programs — the return that's not being realized in order to have these tax credits?

[1640]

**Hon. R. Neufeld:** They review the programs in whole to make sure there is no loss of revenue to the Crown — in fact, when I said over \$700 million since conception — to make sure there is an increase in revenue to the province.

**G. Robertson:** Again, we come back to this question of how much of the capital asset — how much of the value of B.C.'s oil and gas resource — is being sacrificed or invested to ensure that the industry does invest and continue to explore and continue to exploit in wells that are much more challenging in order to be competitive. There must be numbers attached to here.

Just having ballpark numbers, are we talking hundreds of millions of dollars off the total asset value? Are we talking tens of millions of dollars? Are we talking billions of dollars that we're writing down our total resource asset? Can you give me a ballpark?

**Hon. R. Neufeld:** First off, many of the wells that have been drilled since these programs went into place would not have been drilled had we not put programs in to actually encourage it. They wouldn't have happened. Some of the directional drilling, some of the horizontal drilling into different types of zones, whether it's shale or other zones, would not have taken place with a high-royalty structure. That's why they hadn't taken place before: because the royalty structure didn't accommodate to encourage the industry to invest to drill those wells.

It's the same as the deep wells that the member continues to talk about. We may have had a few more, but we certainly wouldn't have had, you know, eight times as many as with the old program. So to say that we lost something or gave something away....

What you need to do is have a program in place where industry can come and invest their \$4 billion collectively in that little part of the province and actually make a return on that investment, and the province actually makes a return on that investment. That's specifically how that works. To sit here and think that all those wells would have been drilled with a royalty program that was there before is not really looking at it in a serious way.

If you want to relate it to the price of natural gas, I don't disagree. Over the last year the price of natural gas went really high. Interestingly enough, as it usually does, it's back down to around \$6 U.S. — somewhere in

that neighbourhood. I don't have the exact number in front of me, but for a short period of time through the last year, it peaked because of unfortunate incidents that happened someplace else.

Could the province of British Columbia actually determine that a hurricane was going to hit the southern part of North America? No. We didn't know that. I don't think anybody knew that. In fact, the people that lived there didn't know that.

We actually get an advantage when that happens, when the price goes up, because obviously, the province takes its royalties in natural gas, so the price goes up. We get more money. That's how the government attained almost a billion dollars more in royalties and lease sales than what they would have had it stayed pretty constant at around \$5 or \$6.

The volatility of natural gas is huge on the market — that and electricity. Both of them are huge. I can go back to a time in the late '90s when the price of electricity was huge — not here in British Columbia, but certainly south of the border or to the east of us, simply because of some unfortunate incident that took place. We can't predetermine that.

[1645]

I know that some of the programs that encouraged the deep well.... A lot of them may not have been drilled. I don't think they would have been under the old structure. To think that in that short period of time when the prices peaked in this last year, any company is going to make about a \$10 million or an \$8 million investment to drill one well in the foothills, they just don't do those kinds of things. At least, I don't think they do those kinds of things to invest their money, because they have to get a return for the shareholders.

**C. Evans:** I'm going to try and ask pretty much the same questions in a different way. I think maybe the minister will accept that I don't object to subsidies for directional drilling, deep well drilling, different issues related to transportation or different subsidies related to season.

I think it is a good thing to get all of the gas out of the ground when you open a field before the infrastructure goes away, and it makes sense to me. But you cannot go to Treasury Board and make an anecdotal argument: "If we invest some money, some guys are going to come and drill some wells." That isn't how government invests its money. At the bare minimum you have to be able to walk in the door and say: "There'll be a return on investment."

Could the minister tell us, essentially, what the return on investment is that he argued to government that we would get back, that the state would get back? Was it: "If we invest a subsidy, we will get back a 10-to-1 return on investment, or 5-to-1 or 1-to-1"? Just share with us the arithmetic, on the most general base level, that the minister used to argue that we should have a series of subsidies to attract industrial activity.

**Hon. R. Neufeld:** Yeah, I've been to Treasury Board quite a few times. I'm sure the member opposite — at

least, the critic — has been to Treasury Board when they were in government. We took in a program that I explained to the last member who was questioning. We have actually received \$723 million in incremental revenue, over and above what we would have got before, with the program in place.

I committed to the member who asked the questions before, who wanted to go into deep wells and to get more definitive on that program, that I don't have that information here. I think the member knows me. I'm not going to guess at the numbers. I will get that information so that the member can see it and the critic can see it.

**C. Evans:** Last question, and then I'll give it back to the member. Yes, I get it that the minister has committed to provide the information. Now, we understand that we have made \$700 million that we never would have made if the minister hadn't gone and made an argument for some subsidies to drill some wells, which wouldn't have got....

So we made \$700 million, but unless the minister tells us what the government investment was projected to be, we won't know if we met it — right? I kind of think this is the government of the business plan. This is the government of setting a target and achieving the target. All I'm asking is: what was the return on investment that we told Treasury Board we'd get? Then we can see if we're meeting it and whether these subsidies are giving good return on investment to the Crown.

[1650]

One more time to the minister. I'm not asking him to give us the definitive information about how much subsidy we've paid out at this moment. I'm asking him to tell us what percentage of subsidy-to-return he told Treasury Board he would achieve so we can, then, in future, measure the success of the program against its promise. Does that make sense?

Okay, never mind the last question. Through the Chair to the minister: could he please tell us what percentage return on investment he took to Treasury Board as a target when he applied for these subsidies?

**Hon. R. Neufeld:** It's interesting how some people don't like success and want to argue against it. But the over \$700 million is over and above. It's incremental, new revenue. So that includes the credit the member refers to. This is not a subsidy; it's a royalty structure. I guess you could call any royalty structure a subsidy if you wanted to, if you're of that opinion.

A royalty structure may be different in British Columbia than it is in Alberta. Does that mean Alberta gives a subsidy or B.C. gives a subsidy? I think that's a play on words. What you need to do is have a royalty structure in place that actually incents the industry to invest the money.

Even the NDP.... And, through to the member, he was part of that government. I'll remind him that a heavy oil project in the Hay Lakes on the border between Alberta and British Columbia — an area that

was serviced out of Alberta, that didn't even have B.C. people working on it — actually put in a royalty structure that was zero to encourage that investment in the province of British Columbia. And I assume.... In fact, when I questioned — if I remember the questioning about it — the government hoped on behalf of the province that that company would actually drill a much bigger field, that there would be a lot of heavy oil there. I don't think that that has totally come to pass, but it was an issue the last government took forward to actually incite the industry to come and drill for heavy oil.

What I'm telling you is that you got \$723 million more than you would have by leaving it the way it was before. That's assuming those wells would have been drilled with the old royalty rate.

**G. Robertson:** I just want to make clear that the members on this side of the House are all for success, and we are all about knowing and quantifying what that success is. We want to know when there's an investment made like this — out of a resource that has value and that has incrementally increasing value over time, as the supply of fossil fuels and the cost of extraction increases. We need to know what kind of investment is required. It's very frustrating to us — and, I'm sure, to viewers watching, the taxpayers of B.C. — to not be able to get a sense of what was invested in these programs to ensure that we had a good return — a \$700 million-plus return. What was invested up front is what we keep asking here.

I'm going to ask a question specifically about the base-nine royalty credit and a couple of questions related to that — and just timing, here. As I understand it, the base-nine royalty credit functions in order to ensure that wells are drilled within five years of acquisition and that production moves forward in a timely fashion.

This sounds completely different from a lot of these other tax credits and incentives to encourage companies to fully exploit wells, to ensure that we get the most out of sites and wells with the equipment and infrastructure that's in place. What sounds different here is that here's a royalty credit that's in place just to accelerate.

Is that accurate?

[1655]

**Hon. R. Neufeld:** Sorry it took a while. First off, I want to say again to the member that the programs that were put in place, when he continues to talk about investment.... There was no basic investment from the province. The industry actually does the investment. There's over \$700 million in incremental revenue over and above what would have been received had you left it at the old rate. That's a pretty fair return on investment for the province.

What the base-nine rate actually is.... Again, it's a bit more complicated, but the royalties paid to the province actually float with the price of the natural gas as it sells on the market. Right now, at the price it is



today, all the gas that's being produced is paying the top royalty rate that it would be at 27 percent of the value.

Base nine is where it goes down to a price on the market of just under \$3. There's a floor — it won't go any lower than that — which is \$9. That's what base nine is for. It doesn't actually fall absolutely to zero. It will go to a floor, and that's where it stays. And then there's a ceiling.

**G. Robertson:** Thanks for that clarification. On the other end of the scale, the question would be: why is there a cap on gas royalties? It makes sense that there is a floor to ensure that activity continues to take place. My understanding is that the current royalty rate for natural gas is capped at 27 percent when gas rises above \$3.40, which was a rate that was set back in the '90s when \$3.40 sounded like we'd never get there. We're a long ways beyond that now, and it only stands to reason that we're going to see the price increasing significantly from the \$6 or \$7 range that we've been in over time ahead. Shouldn't we be considering an escalating royalty, one that rises along with the price of gas?

**Hon. R. Neufeld:** Actually, as I said, and I think the member understands this: there is a floor of \$9 — or 9 percent, I should say. When the price of gas hits a certain value in the North American markets, there is a ceiling of 27 percent.

I remember those discussions when the base-nine rate was put into place under the last administration. The rationale was then, and it is today, that we have to remain competitive with other jurisdictions around us for the top-end rate also, and 27 percent is not a bad return to the province — remembering that we must stay competitive.

**G. Robertson:** I understand the need to be competitive. The challenge for people of B.C. is that our gas bills go up with the price of gas. We have no control over that. The price of electricity can go up on our bills. The price of our automobile insurance can go up. These all ride with the commodity prices on the global markets. What doesn't make sense to me here is that we arbitrarily decide that we cap the royalty.

Let's say the price is at \$20 for natural gas. All of that gain, the entire gain, goes to industry. Is that reasonable for the taxpayers of B.C., to let all of the gains from a huge increase in the commodity price be accrued by the industry and none of it to be increases in revenues through the royalty structure?

[1700]

**Hon. R. Neufeld:** I'll remind the member: from the floor rate to the top rate is three times, so there is return to the people of the province in revenue as the price of natural gas goes up. I'll remind the member again that we have to stay competitive. Alberta, which is right beside us, actually collects a little bit less. The 27 percent is a bit higher than Alberta's, so we need to stay competitive.

Natural gas is priced on the North American market. That's how gas is priced all across North America. So you're right. When the price of gas is high, you're arguing, the province should actually get more money. What you're saying, I guess, is that we shouldn't stay competitive with our competitors east of us. That may have an effect on the investment in British Columbia.

I want to clarify one thing. The price of electricity is not priced on the North American market. The price of electricity in British Columbia is cost-based, a return to the province. Our rates for electricity don't fluctuate with the North American market, but we sell and buy into a North American market, which is very beneficial for the ratepayers here in British Columbia.

[K. Whittred in the chair.]

**G. Robertson:** Thanks for that clarification. Let's hope it remains that way. Given what has changed over the last number of years with the public electric utilities, B.C. Hydro, there are a lot of concerns, I think, among the citizens of B.C. that our rates will end up shifting and being at the beck and call of global markets or North American markets.

I put forward the rationale of escalating royalty structures, given that we accept there's a floor and a ceiling and we say that it's \$3.40. Above that point we go 9 percent; we go up to 27 percent. If we're accepting the concept of a 9- to 27-percent swing — which is a pretty big swing and is a significant royalty structure for industry to consider — what is the rationale between when the price of the commodity in markets...?

No one ever would have imagined we'd be at \$6 or \$9 or \$14 for natural gas. When the price has fluctuated that much, we stay with our 9- to 27-percent royalty structure. We don't allow for the fact that the companies that are invested and are extracting this gas... When the gas is at \$14, taxpayers are stuck earning a modest return, and the industries are making gigantic returns hand over fist. When we accept that there should be a range — a floor and a ceiling from 9 percent to 27 percent — I don't understand the rationale in not expanding that range and ensuring that when prices do go well beyond what anyone ever imagined when that range was conceived of, the return to taxpayers is not more significant.

**Hon. R. Neufeld:** I appreciate what the member is saying. We have a floor rate, and we have a maximum. I'll say again that we in British Columbia have to compete against the largest gas producer. Right next door to us in Alberta they produce probably five or six times as much as we do a year, so we have to remain competitive with them to actually encourage the industry to continue to drill in the province.

You could say, "Look, I want to take everything I possibly can," and you're going to have that much less activity. Then the question will come from the people of British Columbia: "Well, why aren't we making the same money on our natural gas as before?"

I explained to the member, too — and I'm sure he knows — that the price of natural gas is volatile — hugely volatile. I said just a while ago: no one would have guessed that it would go to \$14 or \$15. I remember in the late '90s when it went to \$10 or \$12. No one would have thought it would go that high, either, at that point in time.

[1705]

Generally, what people do is look at the averaging over the year. It's around \$5 or \$6, and that's what we have to work on to continue to encourage the investment in the province. Thinking we can just figure that it's always going to be \$15 is.... I don't know. Maybe that world will come someday, but it's not here today. In the last year it has gone from \$6 to \$15 to \$6.

You can't build a royalty regime on just a few months out of the year. What you need to do is actually have a royalty regime that encourages the investment here in the province.

**G. Robertson:** I have a question here, back to this issue on tax credits and incentives. The minister pointed out that Treasury Board has reviewed the regime of tax credits and incentives — this bundle of subsidy to industry to explore and fully exploit the resource. The minister mentioned that the sunset clauses that were attached to that regime were removed by Treasury Board. Is that what I heard?

**Hon. R. Neufeld:** The royalty structure that is in place is our regular royalty structure as we move forward in British Columbia. Yes, there was a sunset clause on the royalty credits. I'm not going to say whether it's Treasury Board or whatever, because I can't say that. But through the process, we have proved to Treasury Board that we can actually make more money doing what we were doing and can give some certainty into the future for the industry to continue to invest \$4 billion on a yearly basis. In fact, this fiscal year it's expected to be about \$4.5 billion. That's an awful lot of money.

What we want to do is to make sure that we continue to have that investment happen in the province. It's the industry that invests the most money in British Columbia; \$4 billion is a lot of money for exploration and infrastructure to be built by the industry in the province. There are huge benefits and spinoffs to that for every British Columbian — more so, to a degree, to those that live in northeastern British Columbia because of the opportunity to work or to start a business, to be able to have a viable business. They also need to know, going forward, that there's some assurance that those royalty structures will stay in place so that we will continue to have that investment and they can build their businesses accordingly.

**G. Robertson:** So there were sunset clauses attached to this royalty structure to date, which were fine with industry. They have cranked up their operations here and their activity, to the great benefit of the people of B.C. in terms of dollars flowing through to be applied to other programs.

That sunset clause, which was fine with industry to date, now no longer exists. Is the minister envisioning that this royalty structure is in place in perpetuity at this point? Is there any mechanism by which it's revisited and potentially...? When the industry is deemed to be on its legs and fully profitable and not requiring any royalties, incentives, tax credits or subsidies to continue operating profitably, is there a time or a mechanism in place right now when these programs or structures will not be required?

**Hon. R. Neufeld:** I might have erred earlier. I want to say that they were pilot programs — right? I mean, you go to Treasury Board with an idea. That doesn't mean that it's endorsed forever, but you have a pilot to try it and to see if it actually returns.

We found that it returns handsomely to British Columbia in a whole bunch of ways. What happens is.... I explained this just a little while ago. To actually have industry comfortable about continuing to invest the amount of money that they do in the province, to create the economic activity that they do in British Columbia, they need some certainty, moving forward.

[1710]

Nothing in these royalties says that they're written in stone forever. They can be changed. I mentioned to the member that the last government had a royalty for heavy oil in Hay-Zama Lakes at zero. That wasn't the royalty rate that was at Boundary Lake. It was different. Those things can be changed anytime.

I mean, Finance, obviously, is going to have to be reassured on a constant basis that we're doing the right thing for British Columbia through Treasury Board, and we'll continue to do that. But I don't know. If a different government comes along, they may want to change some of the royalty structure, and that's entirely up to a government to do that. They can change those structures at any given time. It's the same as: "You can change the sales tax at any given time." There has to be a rationale of why you're doing it.

**G. Robertson:** I'm now clear that these programs were put in place as pilot programs. I'm again surprised — given the nature of this program and royalty structure, in that it was a pilot program — that there isn't a clear answer right now as to return on investment — what was invested in terms of the natural capital asset value and what was removed from that asset value, which was oil and gas, that may have been sold without these incentives or tax credits in place to the return of over \$700 million that the minister has illustrated for us.

It's surprising to me, given that it was a pilot project, that there aren't very clear measurables here that he can share with us and the people of B.C. — who are, no doubt, riveted to the proceedings here today.

My question on the time frame here in terms of how long these incentives and tax credits remain in place, how long the industry needs to be supported to pursue the development of oil and gas in more marginal wells.... My question is around new energy

sources, specifically around renewable energy or alternative energy. Is there a comparable pilot program of incentives, tax credits, subsidies that is in the works to get these new industries up and running and producing and contributing to the tax base of B.C.?

**Hon. R. Neufeld:** First off, unless the critic wants to move off oil and gas and go to the alternative energy part of the discussions.... I'm quite comfortable with that, if that's what we want to do — move forward and be done with the oil and gas part of it. Then we can get the people here that actually deal with that part of it.

I want to make it clear to the member again. For some reason he's not wanting to understand this. I said that I'll get you the numbers, and we will get you the numbers. We don't have the numbers here at our fingertips — okay? I've said that, I think, about four times.

**G. Robertson:** It's just one number.

**Hon. R. Neufeld:** Yeah. And there is, over and above, \$723 million incremental revenue that the province received.

I'll give you a ballpark number so that it will, maybe, rest your mind a little bit. The cost to generate \$723 million incremental revenue was around \$200 million. That's not a bad return. In fact, that's a good return. That's assuming that that many wells would have been drilled under the old royalty structure.

What they are, are royalty structures for British Columbia. You can argue it however you want. You can relay it to the sales tax or whatever. There is a revenue, an incremental revenue, that has come to the people of British Columbia with these programs that are put in place.

[1715]

You know what? It's not just the royalties. I live in northeastern British Columbia. I know the member lives in the lower mainland. I can tell you that people where I live, and where the member from Peace River South lives, are pretty darn happy that they can actually get a well-paying job year-round instead of what used to be there prior to some of these programs coming in, when they could only work maybe three months out of the year and then had to go find other employment.

There is a whole social aspect to actually incenting the industry to drill year-round in northeastern British Columbia, to actually make that investment over a ten-month period instead of a three-month period. We can easily see that in a three-month period what used to take place, even when the price was high under the last administration, was under \$2 billion in investment by industry. The price is about the same as it was then, and we're seeing \$4 billion worth of investment.

I would invite the member up. I think the member for Peace River South, who is sitting here, would be willing, along with me, to drive you around and actually show you the benefits of that. I know you might be used to Yaletown and how well it's doing, and that's great, because the whole province of British Columbia is doing great.

But you know what? People that live in northeastern British Columbia actually want to have a job, actually want to be able to work year-round. They actually want to be able to come home at night to a family. They want to have family-supporting jobs. They want to have schools for their kids, they want to have hospitals for their kids, and they want to have roads to drive on. They want to be able to farm or whatever they choose to do. It's incumbent on any government to actually look at those things to make sure that happens.

A young business person who wants to get into business cannot go out, generally, and buy the equipment that it takes to get into the different types of service industries that there are with the oil and gas industry if you only have revenue and work for three months of the year. It's not possible.

The member is a good business person, and I'm sure he understands that fully. I'm sure he understands he couldn't run his business on just three months and then idle by for the other nine and think everything's going to be there for him when he starts again. What you need to do is levelize that a bit. That's what we tried to do: actually encourage industry to levelize their drilling activity. That's happened.

That has a big social effect. People used to work just the winter and come home in the spring. There were some social problems with that. I'm not saying that there aren't still social problems, because there probably always will be, but it certainly helps an awful lot in family development, in actually having a place to raise your family.

I think, in general, when you think about the cost of \$200 million — and on top of that, the incremental increase is \$723 million — that's not a bad return on investment for British Columbia and all the jobs that go along with it. That's just the province's revenue; it belongs to everyone. That isn't what happens on the ground so much in northeastern British Columbia, with people working, with having jobs and a good place to live. That's what a lot of this is driven at.

I'm sure the member would agree with me that that's not a bad way to look at it. To be perfectly frank.... And I'm not just going to say that the last government didn't use that rationale. The government previous to it never used the rationale that you should actually have year-round employment either. I worked in that industry most of my life, where I got to work really hard three months out of the year. I think that my critic can almost relate to this in the forest industry, when he worked there. Then the rest of the time you go find another job. "You're a nice guy, but we don't need you till next year." That doesn't work. People don't have good lives when that happens.

Our idea was to incent that industry to continue the investment in British Columbia, pick it up, do it over the whole year instead of just three to three and a half months out of the year. So far, when you look at what's taken place in northeastern British Columbia, with zero unemployment, almost.... I think it's around 4 percent or something, which is almost zero. That's not a bad stat. I see signs that.... At Tim Hortons the other day,

when I was going through, I think it was ten or 12 bucks an hour that they were paying — starting wages. That's not bad.

[1720]

Along with that comes some other things, some higher costs for housing and those kinds of things. But let me tell you: I think everybody would rather have higher costs for housing than fire sales for houses that are empty, that are being auctioned off because people can't afford to live in them anymore.

There's a whole realm to this. It's not just one royalty structure for deep wells or anything like that. It's actually looking at it from a lot broader spectrum. So I leave it up to the critic. If we're finished with oil and gas, we can go on to alternative energy.

I can maybe answer that question fairly quickly. You asked what incentives were there for alternative energy. I am assuming that you're talking.... Maybe I should ask the member: what alternative energy is he talking about? There are some things that we did with sales tax for run-of-the-river projects, where we took sales tax off of the penstocks. We removed sales tax on the towers and generators for wind production.

I was pointing fingers here a while ago, saying somebody went to zero in a previous government for royalties for oil. We went to zero for ten years for any royalty rent for wind, to encourage the industry to actually build up a wind industry in the province.

Those are just a few of the things that we've done to try and encourage that industry. The province has made huge investment over many years in the hydrogen industry. We're participating with the five Ford Focus cars that are driving around the lower mainland and in Vancouver. That's part of the government's program, although we're a smaller part. It's between Ford Canada, Fuel Cells Canada, the federal government and the province of British Columbia.

Through our ministry, we work to get money from the federal government to actually invest their tax dollars, or people's tax dollars, in those programs. We have removed the sales tax on some of the equipment for Energy Star, for heating — those kinds of things — in homes, to try and encourage that process so that people will actually start looking more seriously at good windows and doors. I know that the investment upfront is a little bit more, but in the long run it actually pays off.

We're seeing those kinds of things actually incent or subsidize people to go out and spend more money upfront. In fact, I was just in Kelowna a while ago.... In geothermal heat for their homes, those kinds of things.... There's a whole array of things that we're doing to try and encourage the alternative energy industry in the province, because we should be proud of the fact that we're one of cleanest jurisdictions in North America when it comes to greenhouse gas and all those kinds of things.

Over 90 percent of our electricity comes from clean sources. That had an effect, by the way, environmentally where I live. That had an effect environmentally where the critic from the official opposition lives. It

actually benefits all British Columbians. Whether you live in Vancouver or whether you live in Fort St. John, your hydro rates for your home are the same. There are some really good things that have been done in the province.

Hydro. The new electricity they have acquired has been 100-percent B.C. Clean since 2000. We look forward to them meeting the target of 50-percent clean, as we move into the future, that the energy plan asked them to do. I think they've been doing a great job of it. There are a lot of programs, although smaller, in different places to incent alternative energy.

I know that we worked hard to get some money into the province for the development of ethanol, which actually helps the agricultural industry in the province — to develop an ethanol plant in the Okanagan at an old distillery site, I believe it was — and those kinds of things. We work hard on a constant basis to do those kinds of things in my ministry. It's not just all the development of oil and gas; it's actually working with the alternative industry too.

[1725]

**G. Robertson:** I do appreciate the minister's genuine interest in the social aspects of these industries, in the importance of their contribution to the economy of the province and the people of the province and in keeping our communities — particularly in regions like his riding, in the northeast — going year-round. It's critical. I think that for those same reasons — for the social aspects and, just as importantly, for the environmental aspects — I raise the question about what kinds of programs and what kind of structure are in place for alternative energy.

I'm not meaning to steer the entire process over into the alternative energy estimates, but more to question whether there is a comparable regime or structure in place that is being considered for alternative energies which, as we know, have the potential here in B.C. — where we're blessed with incredible potential for renewable technologies — to contribute equally and maybe even beyond what our current infrastructure in hydro power and big hydro now generates.

Do we have a tax credit and incentive royalty regime coming into play here that's being put together — something comparable to what we have for oil and gas — to get that industry going when it's in its infancy here in B.C.?

**Hon. R. Neufeld:** Yes. We're reviewing the 2002 energy plan, as we speak, to put more emphasis on electricity. In fact, we're in the midst of that now. What we want to do is be the centre of excellence across North America for alternative energy. The member says we have some great resources out there, and I don't dispute that for a minute. There are all kinds of different resources that we can use.

Do we have some programs? Yeah, there's zero rent for wind; there are sales tax reductions for towers and turbines — all those kinds of things. We have the lowest small business tax rate. We have a corporate tax rate

competitive with jurisdictions around us — a little bit higher than Alberta but fairly good. B.C. Hydro is working with those industries, as we speak, to try and encourage them to bid into the processes. We are lobbying the federal government to make sure that they continue their one-cent allowance on wind power. I don't think they've given us the answer to that yet — right? One cent may sound like a little, but it's actually \$10 a megawatt. There are those ongoing programs.

We're also trying to get those kinds of things happening for small run-of-the-river projects so that we can encourage them. I believe we have a different water rental rate — and the staff will tell me soon if I'm wrong — for small run-of-the-river projects to encourage their development across the province. We're partnered with Pearson College, EnCana — one of Canada's largest oil and gas companies — and another company whose name escapes me right now on a tidal project at Race Rocks, which I think is looking out into the future.

Last year we also did a couple of smaller programs with solar, where we put solar panels on schools in Fort Nelson and some on schools in Vernon. There's a program in place by the company that provided those services where school children can get on the Internet and talk to other jurisdictions that have the same thing across Canada in their schools to find out more about it, to see what it does and how good it is.

[1730]

I think that once we start being more open with the youngsters in school, it will be better for all of us. Is solar competitive right now? No, it's not. I believe that solar power, from the last information I was given, runs well over 40 cents. We pay seven cents, so if we're going to incent solar power, it would be a huge amount of money.

We have programs in place that came in with the 2002 energy plan that is called net metering, where individuals, if they so choose, can build those facilities at their place or their home, can generate more electricity than what they consume and can actually sell it back to the grid and get payment back from B.C. Hydro, which is aggregated, I believe, on a yearly basis or every six months. I'm not exactly sure.

Those are all programs that this ministry actively pursues through our alternative energy branch and through the rest of the ministry, knowing full well that all of these.... There is not one that's going to take the place of everything, but they're all pieces to the puzzle that actually provide us with the energy in reference to electricity from all different kinds of sources into our system. Some of them, as they're developed, will....

When you talked about the price of electricity going up.... Yeah, it costs more money. It doesn't come for nothing. So those costs will be reflected. I don't know when, but they will be reflected in our energy costs as we move forward when we start using more of that kind of energy.

**G. Robertson:** My last question was more specific to whether or not there was a defined incentive, a tax

credit structure, in the same fashion that the oil and gas industry has to work with, and it sounds like the minister moved that package of incentives, royalties, through Treasury Board. There's been a multi-year process of looking at those and deciding that they're effective. We look forward to seeing the numbers, seeing the information more specific to those oil and gas incentives and tax credits.

I was curious as to whether there was the same sort of structure in regards to the alternative energy production here in B.C. I understand there are lots of individual programs, but from the sounds of it, there's no cohesive structure in place to incent industry to invest here in B.C. in developing these resources and to ensure that they grow robustly.

In fact, as the finite fossil fuel resources, which hopefully will last many decades.... But as the cost of extraction and the price of a unit of energy keep increasing, these renewable technologies are viable, and we are first to market with them in developing the technologies, in generating power from these sources here in B.C.

My conclusion right now is that we don't have that same structure for incentives and tax credits to allow this young industry to grow and flourish here in B.C. and to be a world leader, as we have been with big hydro for sure. We've enjoyed the benefits of that for several generations now.

The practical aspects of this.... I'd like to return and go into more detail with the minister when we're talking specifically about the alternative energy department within the ministry — later tonight, hopefully. I will turn this back over, with thanks to the minister and staff, to my colleague here to continue on oil and gas.

**Hon. R. Neufeld:** I mean, I can't not respond to that kind of a statement. I appreciate most of it, but I don't know what part the member wasn't quite understanding about the incentives that are in place now — with the energy plan review that could come into place to actually incent the wind industry, if that's what the member is talking about. We've gone a long way to work with the wind industry in British Columbia to incent them.

[1735]

When you talk about taxes, there is no royalty tax on the wind industry. But there is a royalty for the oil and gas industry. So we are attempting, in many ways, to incent that industry in the province. I told the member that we have different water rental rates for small run-of-the-river projects which are green and clean. He may choose not to recognize that as an incentive to the industry to build in British Columbia, but I think it is an incentive, similar to any other incentive, to work with the industry to have them grow in the province.

I don't quite know how the member can go through all of these questions and answers and not realize that when we don't charge a royalty rent for things or we have a reduced royalty rent for alternative energies, that's not good enough.... Or we have a royalty structure to incent the oil and gas industry to come to Brit-

ish Columbia.... He tends to describe to me that it's probably not a level playing field. I think the province is doing an awful lot to incent both alternative energy into British Columbia and other energy in the province.

**G. Gentner:** I just want to return quickly to some of the.... I know the minister mentioned some of the incentives. A tax break on machinery was one. I want to ask the minister the difference between the royalty reduction for summer drilling versus that of winter drilling.

**Hon. R. Neufeld:** There is no royalty reduction from summer to winter.

**G. Gentner:** What is the royalty credit for every coalbed methane well drilled?

**Hon. R. Neufeld:** It's up to \$50,000. But there has been no incentive given to the coalbed gas industry, because it has to be a commercial operation, and we have no commercial operations in British Columbia, as far as coalbed gas goes.

**G. Gentner:** Therefore, the minister has stated that our policy now is \$50,000 of royalty credit for every coalbed methane well drilled, and yet there's been no incentive. I believe we're looking now at approximately 117 wells drilled. Are there any anticipated in the foreseeable future — namely, this year budget-wise — as to how many royalty credits will be awarded to coalbed methane wells for 2006?

**Hon. R. Neufeld:** Again, we have no commercial operation for coalbed gas in the province. From 1985 to 2005 there have been 117 wells drilled of coalbed gas. None of that is commercial. When I say none is commercial, none of it is selling into a sales line. There are no commercial operations. So until they get commercial, there is no royalty reduction at all. Until that happens.... I can't speculate on when that will happen. That will be up to industry's activities, wherever they choose to actually go forward or wherever the ministry or the Oil and Gas Commission, at the end of the day, allows them to go forward.

For the member's information, coalbed gas wells are not new in British Columbia. Just for the record, I'd like to just read out the years — and I want you to take into consideration the years when these wells were drilled.

In '85 there was one well drilled; '89, three wells; 1990-1991, five wells; '92-93, three wells; '95-96, four wells; 1999-2000, there were three wells; 2000-2001, there were 25 drilled; '01-02, there were 13; '02-03, there were two; '03-04, 11; '04-05, 20; and '05-06, 27. That gives the member an idea of, from 1985 till now, how many coalbed gas wells have been drilled across the province. I want to reiterate that none of it is commercial.

[1740]

**G. Gentner:** Obviously, the ministry has projected what type of adjusted royalty credit will be needed in

order to kick-start or ignite this industry. What is the adjusted royalty credit that the ministry is projecting within the next five years in order to get this industry up and running?

**Hon. R. Neufeld:** The royalty rates for coalbed gas were put in place in 2002, and the industry actually has upfronted the cost of their wells that they've drilled prior to 2002 and from 2002 forward. Again I'm going to stress that those royalty credits don't come into place until there's a commercial operation, until they're actually selling into the system. At the present time that isn't happening.

I would assume that they're still out there trying to determine whether it's economical in different parts of British Columbia, maybe where they're working now. With the wells that are drilled, I'm sure they are out there to ascertain whether there is enough gas to actually move forward to their next step in coalbed gas development to create a commercial operation. To date, that hasn't happened.

**G. Gentner:** Therefore, I have it correct. The minister is stating that currently, at \$50,000 royalty credit, the coalbed methane industry is not economical.

**Hon. R. Neufeld:** No, I didn't say that.

**C. Evans:** Jumping to his feet quickly, before anybody asks another question, and noting the hour, hon. Chair, I suggest that you might consider declaring a recess.

**The Chair:** The committee stands recessed until 6:45.

The committee recessed from 5:44 p.m. to 6:46 p.m.

[A. Horning in the chair.]

On Vote 26 (*continued*).

**C. Evans:** I realized at dinner that I remember times in the past when energy was not interesting to people, so the great news is that there's a great deal of interest. I also realize that the tails side of that coin is that the great deal of interest is going to make it very difficult for us to fit this into the time schedule. I am attempting to organize our MLAs to move along as fast as possible in order that we might finish within the estimated time of tomorrow night. I will do my best to try to keep it moving along. We need to try to avoid philosophical questions and philosophical answers so that it moves fast.

In terms of my guess of who needs to be here, I think we will deal with oil and gas tonight. If we can finish that, we might fit in the offshore drilling question, and anybody else that's here I think could put off until tomorrow.

**Hon. R. Neufeld:** Thanks. I appreciate that, member.

If I take from that that we'll go tonight on oil and gas and everything, the people that are here from Columbia Power Corp., BCTC and B.C. Hydro could actually not have to sit here if they didn't want to. Would that be fine? Okay.

Thank you. I appreciate that. That's great.

**C. Evans:** Hon. Chair, I think the only other thing that staff might want to stay for is the offshore oil and gas, if we get there.

I want to start with the question of natural gas. I would like to start by saying that as the minister knows, I visited the region and talked to lots of people and community groups and individuals and farmers and employees of various companies, and my observation would be that I have never met a single person who is opposed to the idea of the production of gas. I think that's also true of opposition members.

The primary concern tends to be one of human health, a subtext of economic issues that we'll get to. In our questions, we would like to work towards an establishment of an assurance for the general public of their safety and well-being. There should be nothing read into the comments that has to do with opposition to the work itself.

[1850]

Now, trying to not ask philosophical questions but straight-up questions that can be answered straight up. It is my understanding that the primary concern with people's well-being in terms of the production of natural gas has to do with sour gas.

It is my understanding that there is a matrix, which has to do with the intensity of the chemicals within the gas finding that drives the commission to set a distance to the wellhead called a setback. Although the matrix might lead to as much as a kilometre or two, the minimum distance of setback in sour gas wells is 100 metres. My question is: is that true?

**Hon. R. Neufeld:** Yes.

**C. Evans:** My second question is: when was that number established?

**Hon. R. Neufeld:** We don't know the exact year, but staff think it's somewhere in the mid-'80s to the late-'80s — in that time frame.

**C. Evans:** Is that distance the same in Alberta and Saskatchewan?

**Hon. R. Neufeld:** As I understand, it's the same in Alberta. I can't tell you about Saskatchewan, but we can find out for you if you wish.

**C. Evans:** I spoke to the public health officer for the Northern Health Authority, and she informed me that, to her knowledge, the distance was not set based on any science of human health. Is that true?

**Hon. R. Neufeld:** Not being here in the mid-'80s, late-'80s, I'm not exactly sure of the criteria of how it was set.

**C. Evans:** It would be safe to say, then, that since neither I know nor the minister knows, we are unable at this point to give comfort to citizens that the 100-metre minimum setback is based on the science of human health.

**Hon. R. Neufeld:** I'll say again what I said before. Not being here when those setbacks were put in place, I can't answer that question.

I know that probably the most dangerous time is when you're drilling the well, not producing it. There are safeguards in place when you're producing it, which happen to be certain sets of valves — depending on the percentage of H<sub>2</sub>S — and all kinds of safety features. The most dangerous time, as I understand, is when the well is being drilled. There are safety features on when the well is being drilled, also, which would allow that if there was a well blowout — what they call them — there would probably be an ignition fairly quickly, depending on the H<sub>2</sub>S. It would be burnt until the well could get back under control.

**C. Evans:** It's my understanding that for five years British Columbia has been involved in a study which is intended to provide some understanding or some comfort — either comfort with the existing setback or an understanding that would lead to a changing of the rule. The study is called the *Western Canada Study on Animal Health Effects Associated with Exposure to Emissions from Oil and Natural Gas Field Facilities* or, in short.... I forget what it is that you call it in short — WISSA. Am I correct that that study is intended either to ratify and provide scientific basis for the 100-metre setback or to provide suggestions for change?

[1855]

**Hon. R. Neufeld:** The WISSA report that the member refers to, as I understand, has been ongoing for about five years. It was commissioned by the previous government, actually. It began at that period of time, so it's been a while. It was just at the time when government changed, I guess, when it was actually commissioned and decided upon that we would do this.

As I understand, it was to gather a lot of information, mostly from animals, simply because they are the ones that are around these sites more than humans are. We use animals in all kinds of scientific research. I mean, being an ex-Minister of Health, I think the member knows full well that that's done on a regular basis to determine some health outcomes.

He's right in saying that it will help us, along with some other things that we'll be doing within the ministry to determine whether setbacks should be changed and to what degree they should be changed.

**C. Evans:** It's my understanding that British Columbia's contribution to the study has thus far been

\$600,000; that it's been anticipated to be completed imminently, soon; that the chief researcher's name is Michael O'Connell — I've spoken to him on the phone; and that there are 17 researchers involved. I think that the three western provinces' maximum total contribution is thus far some \$15 million. Are those statements accurate?

**Hon. R. Neufeld:** My briefing notes are much the same. It's \$17 million in costs, borne largely by Alberta because they're the largest producer of the natural gas. The second-largest contributor was Saskatchewan, and I think Manitoba is participating, also — and then us. That money comes out of the scientific fund at the Oil and Gas Commission, and it is, I believe, \$600,000.

**C. Evans:** I was advised that at the time the study was being put together in the province of Alberta, scientists asked if they might do research into human health and were advised that they were not to do so in this study but that this study could, if it wished or if it were appropriate, recommend research in human health. Is that as the minister understands it?

**Hon. R. Neufeld:** No, I don't, because I wasn't there at the negotiation. The last NDP government in British Columbia was there at the negotiating time when it was determined what studies would be done. When we came into government, the process was already in place and moving forward. As minister, I agreed that this is something that we should be doing. Because I live up there, I'd heard enough about sour gas and agreed that we should go ahead with it.

**C. Evans:** It is my understanding that the study has focused on starlings and cows — 800 starlings and 30,000 cows. Is that how the minister understands it?

**Hon. R. Neufeld:** There are a number of things, actually, that include both cows and birds. It's about productivity in beef cattle, assessment of immune function in beef cattle, assessment of wildlife health and immune function, as I understand, and exposure monitoring.

[1900]

**C. Evans:** Is it the minister's anticipation that the report...? Let me change my question. Am I correct to assume that the report will be available, say, in the next three months?

Interjection.

**C. Evans:** Is it the minister's anticipation that the report will be made available to himself in the next, say, three months?

**Hon. R. Neufeld:** I would have hoped that we would have had that report by now, so the sooner we get it, the better. In fact, it's not in our control, but I

know we've asked for it, as soon as we can possibly get it, so that we can start dealing with the issue.

**C. Evans:** Will it be available to the general public — and to the opposition, landowners and people in the medical profession — when it becomes available to the government?

**Hon. R. Neufeld:** Once the report is in the ministry's hands, it will obviously be in the ministries' hands in Alberta, Saskatchewan and Manitoba also. There will be a period of time for the ministry to actually have a look at it, and then it will be made public.

**C. Evans:** Is it the minister's expectation that the study on animal well-being will provide sufficient information for the minister or the government to evaluate the risk to human health of the setback regulations?

**Hon. R. Neufeld:** Until we see the report in its entirety, I can't answer that question. I wish I could. I'm hopeful that the length of time it's taken.... It's not because they're slow. It's because they want to measure things — or at least, so I understand, I'm told. I'm not one of the doctors. They want to measure the effects over a period of time. So, when we get that, I hope it helps inform us about how we should move forward in dealing with setbacks in British Columbia.

We should know, although the setback is 100 metres for gas wells, that there are no sour gas wells any closer than 200 metres, as I've been informed by the Oil and Gas Commission. The member will know that there's been a lot of drilling going on for a long time, and so the Oil and Gas Commission is doing its level best to actually get that information. Sometimes, interestingly enough, they tell me that people will even build close, after the well is drilled. I don't know if that's taking place a lot, but they say it's a possibility. I'm hopeful it isn't, but it is a possibility.

**C. Evans:** When I was in the Peace, trying to learn a little bit about this industry and about the setback regulations, I then traveled to Calgary to meet with the employers, if you will — the primary owners of leasing rights in the Peace. While I was in Calgary, the Calgary health board set a four-kilometre setback for sour gas drilling outside Calgary.

Can the minister comment on why Calgary made that decision — Calgary being the citadel, or the tower or the centre of Canadian investment in this industry — and how it comes to pass that the health officials in Calgary chose four kilometres as a setback without waiting for the WISSA study?

**Hon. R. Neufeld:** I'm not aware of any sour gas wells that have been drilled — new wells. I want to put that on the record, because I know the member's talked to some people from the Peace on a well that was re-entered and a well that was drilled a long time ago that's H<sub>2</sub>S. It's about 1,700 metres away from the nearest residents, but I'm not aware of any sour gas wells



that are drilled real close, or have been over the last period of time. As to the question from Calgary, I can't answer that question. I don't know the answer to that question.

[1905]

**C. Evans:** Can I ask if the minister or the minister's staff are aware of the setback regulation in Calgary? Simply — never mind why they made it — am I correct that the health board in Calgary made such a decision?

**Hon. R. Neufeld:** The staff inform me that it was the EUB that made the determination that it's four kilometres. They're also telling me that the reason was because there are so many people congested in such a small place, although people from Calgary would say we're not a small place. If in fact they did have to do an emergency response plan, it would be better if the wells were further away from the community so they could actually disperse the people if they ever had to.

**C. Evans:** I accept the minister's staff's answer to my question.

An emergency response plan is, of course, more complicated where more people live. However, the fact that the town — which most of us think of as having more invested, more scientific capacity in understanding gas than probably any other city, in Canada anyway — would choose such a distance has set a standard which makes it difficult to justify the shorter distance of even 200 metres that we might use in British Columbia. Ergo, there is a pent-up demand, health-driven, to establish a setback based on health, which makes the WISSA study imperative — that it be produced and broadly disseminated.

My question is: if the WISSA study is inconclusive in its attempt to leap from animal well-being to human well-being, will the minister consider an interim setback until we can answer the question, in science, of human risk?

**Hon. R. Neufeld:** Before the report is in, it would probably be not be well advised to make any commitment about setbacks at all until we can actually get the report. For the member's information — and I don't know whether he's aware of it or not — there has been some discussion in the northeast, pro and con, and he should know that.

There are a lot of people that are saying to me: "Don't just go out there and decide you're going to do something without first talking to me." They could be people saying to me that they don't want wells close, or they could say: "I don't have a problem with it." That dialogue is ongoing.

To meet with that issue, we're in the process of creating three committees. One will be in the northern Rockies regional district in Fort Nelson. Another one is in north Peace, and the other one is in south Peace.

[1910]

It's a committee made up of quite a few different groups — agricultural groups, landowners, first na-

tions, people in the industry, generally people from the areas — to actually start talking about not just setbacks, because there's a lot more to it than setbacks. I know setbacks are something that usually come to the forefront because people find there will be a greater response to that. But there are people saying, "Look, I don't have a problem with a well on my place, but really, I don't think they keep it neat and tidy enough, and there should be a rule or a regulation to actually make them do that" — or to better look after the road that goes across their land to the wellsite and those kinds of things.

We want to have that dialogue with the actual public that is interfacing with that industry to find out what they want us to do. Obviously, setbacks will be one of the issues. On top of that, what we did since we became government is increase the consultation zone. We doubled it, in fact, for wells and for plant facilities so that you have to consult in a wider range than just the smaller range when you want to drill a well or put in a facility. We've done those things to try and get more public input, and I think the initial meetings....

In fact, the initial meeting in Fort Nelson hasn't taken place, but the initial meeting, I believe, in north and south Peace just took place recently. Those groups and organizations will go away and decide who they want to sit on that committee. You don't want it too wide, but you want to reach as many people as you possibly can. They'll start having these meetings and discussing these issues. I'm sure the WISSA report, once it comes out, will be a part of the things they have to discuss, and from that we'll make a determination on what we should do.

**C. Evans:** Yes, I was aware of the consultation process, and I think it's a good thing. I appreciate all that. I don't want to get into setbacks as a societal issue until later tonight. I just wanted to canvass the health question, and I have one more health question.

When the WISSA report is finished, I think there will be great expectation — certainly from the opposition and probably from the community and also from the scientific community, the people who work in the Northern Health Authority — in its findings. My question is: will the Ministry of Health be invited to participate in determining (a) whether the study results are sufficient evidence to transfer it to human beings and (b) what the regulatory regime is that is appropriate following the study?

**Hon. R. Neufeld:** Again, until we receive the report, until we have a chance to read it, I can't answer that question. But I'm sure that at the end of the day, Health will be involved in some manner. The report, for all I know, may answer those questions. Would we get some information from Health or any other ministry that may have some input into these types of issues? Yes.

**C. Evans:** Thanks. I'm going to belabour it a little bit because consultation with the Ministry of Health is a

little bit insufficient. What I'm asking for is some assurance that it isn't the Ministry of Energy or the Minister of Energy which will determine what the report says about human health, but some relatively neutral third party.

I'll ask it a little bit differently. Will the regulatory regime that follows the WISSA report go to cabinet for confirmation, or can the Minister of Energy implement it on his own?

**Hon. R. Neufeld:** These are pretty hypothetical questions, because I haven't even gotten the report yet. I committed to the member that once we've had a chance to read the report, obviously we're going to make it as public as we possibly can. We're going to get whatever information we possibly can to inform us.

[1915]

Am I going to make this decision unilaterally, totally on my own? No. That's actually a different way this government works. We actually involve others, and we have done that. Consultation on the ground in Fort St. John, Dawson Creek, Chetwynd, Hudson's Hope, Fort Nelson, you name it — all those communities. It is ongoing as we speak or is in the process of starting to be ongoing. We will gather all the information we possibly can to do the right thing.

I might add that it's an interesting question coming from the member who was in government for ten years. It didn't change the setbacks, didn't think about health care as far as sour gas goes. There were wells drilled right close to communities, to people who live.... Now in 2006, because the report is coming out, all of a sudden you want me to make decisions before I've even had a chance to read the report or to have the staff in the ministry read the report to try and figure out what actually they are saying.

In fact, if they are definite about things — sure. That's what the report was commissioned for — to get that information.

**C. Evans:** In the interest of brevity, I shan't respond to what the minister thinks of me or any government I was ever part of or decision I made in the past. I accept whatever he wants to think about any of that stuff.

My question was about process and was simply an opportunity to create calm and assure citizens that a larger point of view than one driven by the Ministry of Energy would be brought to bear following the outcome of the report. The minister says to me that the determination will flow from the report. Should the report require the consultation of the Ministry of Health, will the thoughts of the Ministry of Health be made public so that we can all share in the understanding of the science in the report?

**Hon. R. Neufeld:** I'll try this again. I already said — in fact, I committed — that I won't make the decision unilaterally on my own, just me. Actually, we will canvass for whatever extra information we need. Once we receive the report....

We're talking about hypothetical things here. We haven't received the report yet. When we receive the report, we're going to want to get all the information we can on top of that, including talking to the people who live in the region, who actually live with this process, to see what the best decision can be made for the benefit of all British Columbians.

**C. Evans:** We're going to leave the question of the WISSA report and its implications for human health until we see it — unless, of course, we don't see it and it takes another year, in which case it'll come up the next time we have an opportunity.

I want to ask some questions on some general subjects which I tend to not understand. I had a lot of conversations with people about their interaction with land men. It is my understanding that there is a profession, that the profession tends to be consultants to the oil industry and that they are the individuals whose profession is negotiating access to private property. The normal title that people use is land man. Is that an accurate description of this job and title and function?

**Hon. R. Neufeld:** I'm not exactly sure if what the member described is the total job of what he refers to as a land man. There are land agents, I believe, who do a whole host of different things than just interface with landowners on behalf of the industry for whatever reason. It may be interfacing with the Oil and Gas Commission, with surveyors, with the construction industry. It could be pretty large.

[1920]

Usually the normal practice by industry — I don't think by all industry, but probably most of it — is to hire land agents to actually interface with landowners when the requirement is to go on private land. That's not for every well drilled in the province, because the majority of wells are drilled on Crown land.

**C. Evans:** I'll use the words "land agent." Are land agents licensed in British Columbia?

**Hon. R. Neufeld:** To my knowledge, no.

**C. Evans:** If they are not licensed, then I assume there is no education requirement or test that you have to pass to become a land agent.

**Hon. R. Neufeld:** I would think the test would have to be that you can competently carry out your job. Land agents have been around for a long time. In fact, during the '90s land agents interfaced with landowners the same way they do today.

**C. Evans:** Are they regulated in any other provinces that the minister or staff know of?

**Hon. R. Neufeld:** In Alberta they have to be licensed. We're not sure about Saskatchewan.

**C. Evans:** I'm thrilled to hear that. I met with many people — and I won't read their names into the record, both for their well-being and to save time — who have feelings that their interaction with a land agent left them with insufficient information, incorrect information and on occasion perhaps even misleading information. If there is no licensing procedure in British Columbia, then I presume there is no way for the government to stop someone from acting as a land agent who might provide insufficient, incorrect or misleading information. Is that true?

**Hon. R. Neufeld:** I would say that's true.

**C. Evans:** If they are licensed in Alberta, then I would presume that if a land agent interacted with a citizen or with a company in a way that was found to be outside the bounds of professionalism, they might have their licence removed and not be able to function as a land agent. Is that true?

**Hon. R. Neufeld:** That would be a fair question for, probably, the Alberta government or the EUB in Alberta. I can't answer something that takes place in a different province. I'm responsible for the province of British Columbia.

**C. Evans:** My guess is that if I have — in my short time as critic — met quite a few people who feel that their interaction with a land agent left them with insufficient, incorrect or misleading information, then the ministry has too. My question is: has the ministry considered in the past requiring either an educational component and/or a licence of land agents in British Columbia?

[1925]

**Hon. R. Neufeld:** First off, there has been some consideration of actually licensing land agents in British Columbia. Obviously, as my answers indicate, that hasn't transpired yet.

One of the things I've done since becoming minister was put in place a landowner's information guide, which I had the Oil and Gas Commission put out. It gives information to landowners about what their.... It gives them a better flavour of what their rights are and what they should be looking to when land agents actually come knocking on their door to make a deal.

I don't know if, in fact, just licensing them makes everything go away. I tend to think sometimes it's a little bit different — that everything's fine if you just have people licensed.... Let's put it this way. There are people who drive without licences, and there are people who get licences that drive. I would contend that people without licences, if they are older, can probably drive as good as someone with a licence. I don't think that's the determining factor, but it is an interesting thing that I think we will continue to work on.

We're hoping that the inspector.... We have a landowner's inspector within the commission who, actually, landowners can go to with issues that deal with

the lease, with their pipeline cross — anything to do with the oil and gas industry — to acquire some help. I know that in some cases there's some dislike for that. In other cases, others love it.

I don't think there is a solid group of people who would say everything that's done is wrong. I think there are different opinions on different sides of the equation, and we want to listen to that with the committees that we're putting out there to talk to people. At the end of the day, those people on those committees — which include landowners, obviously, and agricultural people — may have all kinds of suggestions for what we should do to improve the process.

That's why we're having the consultation. So we can actually do something that, hopefully, the people collectively want that will meet their needs rather than just arbitrarily deciding that tomorrow we'll license land agents, and that'll fix it. That could be an outcome of the meetings, but I don't want to prejudice that. I don't know. Let's wait and see what the landowners actually say at the end of the day and what they'd like to see happen.

**C. Evans:** The minister is right. Nothing ever universally fixes everything. Sometimes life gets incrementally better when we think about problems and solutions that might make some incremental difference.

Will the minister or the ministry agree to ask Alberta for the rationale for their regulatory or licensing regime and a copy of the legislation, or regulation, that puts it in place and share that information with the opposition?

**Hon. R. Neufeld:** Yes.

**C. Evans:** I would like to talk about the issue of jobs just a little bit. Part of the function of the ministry, I think — certainly of the incentives that were canvassed before dinner — is to attempt to make it, as the minister said, more likely that there will be long-term or year-round work for British Columbia citizens.

In a general figure, can the minister give us the percentage of the workforce in the oil and gas sector that is British Columbian? Secondly, can the minister give me a generalized figure of the contracting companies that are British Columbian?

[1930]

**Hon. R. Neufeld:** This is always an item of discussion, so you'll bear with me if I take a little while to answer. I'm not trying to eat the clock up on you. I'm trying to actually give you an answer.

Employees. There are about 11,000 British Columbians employed directly in the oil and gas industry across the province. There's been a study done to acquire that number. How many people come from Alberta, Saskatchewan, Manitoba, as far away from Newfoundland and Nova Scotia? We don't have a count on that, because that happens and has always happened.

As far as contractors go, the contractors that are based in Fort St. John, to my knowledge, are all busy. In fact, anyone I talked to — and I talked to lots

of them; most of them I know — has said that they couldn't get any busier because you can't get equipment and people. I'm sure we'll deal with people and training later because we're dealing with training in a big way in northeastern British Columbia, with the centre of excellence in Fort St. John to start training people.

Let me put it this way. The summer drill program actually was put in place July 1, 2003, two and a half years ago. It's not long. Everybody wants an instant response. But I can tell you that the year prior to the summer drill program being in place, I believe there were 180 wells drilled in the summertime — meaning, when I say summer, from April to November. This last year we had 520 wells drilled in that time period.

That's the levelling-out, the levelizing that I talked about earlier to the other member that was asking questions. Out of about 1,300 wells drilled, just over 500 of them were drilled during that summer period, and that's what we wanted to try to do with those programs — to levelize it.

You know, look and see what's transpiring with companies and the service sector in northeastern British Columbia. The stats will show that last year there were 500 new businesses — 500 — created in northeastern British Columbia. That's a total population of about 63,000 people in all of northeastern B.C. I think it's just over 500 businesses that were created, many of those directly in the oil and gas industry and lots of them servicing the oil and gas industry.

I've lived in Fort St. John and Fort Nelson the better part of my life, and I see a dramatic change. In fact, the change I see is the development of the businesses that are taking place. The buildings that they're building and the services that they're providing are all in quality-type structures.

I remember the '70s quite well — I was involved in the industry — when people built just to make a dollar and then run. It's a little bit different today when you drive around those communities and see the amount of building that's been going on. Fort St. John is a community of 18,000 people, give or take a few. But their building permits almost matched those that were in Prince George, which is 80,000 people, and half of that was housing.

Are there things happening? Are people being employed? Are businesses being able to grow? Are they being able to add on to their stable of equipment and get people hired to work in the industry? Yes, they are. It's been a pretty short time frame, but I think it's been working out fairly well.

[1935]

**C. Evans:** There's one part of the job, the oil and gas sector.... This is a work-related question — which I have heard, anecdotally, may have been resolved in the last year. As the minister knows, there were some changes in the regulatory regime allowing companies with seismic or road clearing to burn rather than process the wood that they felled. Has that regulation anomaly or problem been resolved in the last 12 months?

**Hon. R. Neufeld:** Yes.

**C. Evans:** I take the yes to mean that we are now processing whatever wood we log, in one way or the other.

**Hon. R. Neufeld:** No. I answered the first question. The issue was resolved. The problem in that situation was that the wood was a long way away from a community called Fort Nelson and a lot farther away from Fort St. John. It was very uneconomical — in fact, totally uneconomical — to haul it to town.

We tried to send it just across the border into Alberta, into High Level, where there's a mill that could have actually processed the spruce. Because of our beetle kill, and "we don't have any," there was a hesitancy on the part of Alberta to accept the wood into Alberta. At the end of the day, they did what they had to do. Now, as I understand it, we have an agreement with Alberta so that if it's close to the Alberta border and it makes sense to take it to a mill in another province, it'll go there.

We're working in my ministry to deal with the issues around spruce more than the deciduous, to see what agreement we can come to with the industry to move all that wood to a mill site regardless of the cost. That, I haven't accomplished yet.

**C. Evans:** In order to not belabour the point, can I ask the minister: would he give his assurance that it is the desire of the minister to end the practice of burning wood fibre as soon as it is possible to do so? I get it that there may be situations in which it's impossible, but the people who were speaking to me about the situation do live a long way away from a sawmill and are native people. When the regime said that the wood could not be burned, they had made jobs for themselves milling it up and consuming it monthly, and they lost those jobs when it became okay to burn the wood. All I'm asking for is the minister's commitment that as fast as possible, we will return to a regulatory regime that says the wood must be consumed unless nobody wants it.

**Hon. R. Neufeld:** First off, let me clarify something. No one lost their job over what took place in that one instance, other than the perceived jobs of hauling the wood to town.

What I will commit to and what I continue to work on is that the coniferous wood that's sawable should, I think, be moved to a mill site to be sawn or whatever they do with it. If you're talking about the deciduous, that's a totally different issue.

In today's world the industry doesn't consume as much wood, I might add, as they used to. Seismic is done totally differently than it used to be done. There are no big, huge cut lines anymore. A lot of it's done by hand or by very much smaller equipment.

I will make the commitment that I will continue to work on the coniferous values to find out if there's not a way that we move this wood to town to be sawn. I think we have to use a bit of common sense here. I

know the member always talks about common sense. I can remember that, being on some committees with him.

[1940]

If there are two sawlogs 300 miles from town, do you move them all the way to town? Those are the things we have to think about in how we deal with these issues, but my preference is that they hit a mill-site to be sawn.

**G. Gentner:** I want to take this opportunity to talk a little bit about setbacks. I know that the Peace River regional district has a few issues relative to trying to organize its official community plan and how it works with the ministry. I would like to start off by asking the minister: could he explain to me the northeast energy and mining advisory committee and what it was set up to do?

**Hon. R. Neufeld:** Sure. I spoke earlier in answer to the official opposition critic in regards to these committees. I thought we had canvassed that, but we can spend as much time as one wishes on these committees.

There are three committees: one for the Northern Rockies regional district, one for the north Peace and one for the south Peace. Both of those regions are within the Peace River regional district. Those committees will be made up of various people: landowners, first nations, communities, regional districts, hunters, guides and outfitters. You name it.

We took a broad cross-section and actually went to those people with our first meetings and asked them: "Have we covered the entire spectrum? And if we have, here are the things we think we want to talk about. We want to look and see what you want to talk about. Please give us that feedback. Please appoint X amount of people from your group or field to this committee so that we can start discussing issues about landowners."

I think we canvassed that quite a bit with the official opposition critic. Setbacks will not be the only issue we're going to deal with. We'll deal with a whole bunch of things that landowners face, that interface on a regular basis with the industry in northeastern British Columbia so that when we do get the WISSA study report, the Northern Health Authority report, we can have that as part of our information to move forward — to get all those reports in place and to be able to deal with these issues and get feedback from people from all of those regions, pro and con, so that we can decide on, at least collectively, what makes the best sense. What makes common sense here, in many issues? What makes good health sense in other issues so that we can actually start doing things that people are more comfortable with?

In fact, I think it will be two-way. It's a good process for our ministry staff, who are leading it, to hear from people that actually occupy the land where I live and where the activity takes place as to what they interface on a regular basis. But it will also be good for the landowners and those other people, all kinds of

them, to get information from the ministry about what we already do that maybe they don't know about. So I think it's going to be actually a real good interchange of information so that we can deal with all the issues these folks bring forward.

**G. Gentner:** Yes, I know the minister mentioned three groups, but I was specifically asking about the northeast energy and mining advisory committee. I guess I'll have to go right to the gist of this one. How many members of this committee are actually based within Fort St. John, and how many live outside the business area of Fort St. John in district C?

[1945]

**Hon. R. Neufeld:** Again, the initial meetings have taken place only in north Peace and south Peace. That's in the Peace River regional district, which encompasses area C.

I don't believe the meeting has taken place yet in Fort Nelson. No. It hasn't. It will take place soon. This was to get people familiar with what we're doing. The groups were all invited — and there's a broad cross-section of them — to send people to actually have some discussions and go away and think about who they would like to appoint to this committee.

Will there be somebody appointed from area C? I don't know. I'm not appointing that person. We're asking the community and the members and the groups that are going to be part of this committee to actually make that decision. Will they make a decision that everyone has to come from area C? I don't know.

It's not me that's appointing the people. I want to get this clear to the member. The two initial meetings have taken place, to start talking about the issues that they want to talk about. From there, they'll go away and the grain growers association will appoint who they think they want on that committee to talk about those issues. Will that person be from area C? I don't know. But I'm sure they are going to appoint a very good person to that committee so that they can get their input into what we're trying to do. I hope that explains it a little bit more fully for the member.

**G. Gentner:** Last fall the minister had a meeting with the district there, and he promised the district: "We'll have to make an interim informed decision fairly soon on how we deal with the setbacks." Did the minister not promise that sometime soon we'd have interim setbacks for the residents in the Peace?

**Hon. R. Neufeld:** Yeah. I remember the meeting well. That was in conjunction, again, with the discussion that we just had here a while ago about the WISSA report and those kind of things.

The regional board members — and I assume when you talk about the district, you're talking about the regional board — had actually asked me quite a number of questions. I said to them: "Well, we're hoping we get that report soon, so that will help us start making

some of these decisions, and if not, I may have to put in" — get this — "a temporary setback."

I had hardly arrived at home and my phone began to ring from landowners saying: "What are you doing? Why would you arbitrarily put in something without even talking to us? How do you know how that's going to affect me on my land base? How do you know setting it at twice — or three or four, or what you're going to set it at — is what I want to happen on my land base? That could make a well on the edge of my field instead of in the middle of my field. That might make a well that I want in the middle of my field over next door, to my neighbour. That's not what I want. I want an opportunity to actually talk to you. We want to sit down and start doing some of these things."

From that — and I got a number of those calls, interestingly enough — I thought to myself: well, they're probably right. Why would I arbitrarily just decide, out of the clear blue, that it should be 200 metres or 300 metres or 600 metres or a mile or two miles or four miles? We should actually talk to them.

Thus the committee structure. We're getting the committee structure in place. I got a budget for it, so I can actually fund it, and we can actually get some good input back. I think that's probably using common sense.

[1950]

**G. Gentner:** Does the minister believe that a resident's location to a sour gas well may affect his or her property's value?

**Hon. R. Neufeld:** I don't know. I can't speculate on that. It may, and it may not.

**G. Gentner:** Does the minister care whether or not it affects a resident's major investment in a lifetime, called their home?

**Hon. R. Neufeld:** I think all of us want to do what's right for everyone — the best we possibly can. To imply that I don't care about people is just a little bit hard for me to take. I understand that the member's trying to push some hot buttons, so you can carry on doing that, but to imply that I don't care about where people live is entirely wrong.

It was this government and this minister that actually said yes to the WISSA report and got on with it, did some other health studies, put together committees, worked with people and put in a land liaison — a person to work in the commission to try and deal with all those issues, actually put roads in so that people have access away from sour gas wells.

It's much different than what took place in the '90s. In the '90s no one cared down here in this building except me. No one cared about orphaned wells in this building except me. It was me that went to estimates every year, asking the NDP of the day to actually deal with orphaned wells. Who actually dealt with them at end of the day — almost all of them on private land? This minister. This minister went to Treasury Board asking for \$2 million to clean up those sites.

So, yeah, I do care, and you know what? I'm darn proud of what's taken place in the last five years in this ministry. As to growing it — creating employment, certainty in the communities — and dealing with health issues and trying to deal with issues that have to deal with setbacks or landowners' concerns, yeah, I'm pretty proud of it. I have a lot of landowners come to me and thank me for that because, they say, it's the first time they have been listened to. So to imply that I may not care is just a little bit hard to take, because we've done a lot of work. Is it enough? No, and we will continue to strive to do better.

**G. Gentner:** Well, I'm just reading, for the record, newspaper quotes of the minister, and what he did say was: "What we find is when we get the information together" — relative to the setbacks and the report — "we need to talk to people who actually have wells that are drilled on their land. We can't do that in a fast fashion," said the minister. "The province has been developing temporary regulations."

So my question to the minister is: what division of the ministry has been developing these temporary regulations, and are they completed?

**Hon. R. Neufeld:** Again, it's something that I canvassed with the official opposition critic: the enhancement of the consultation process, whether it's a well site or a facility — which we completed, by the way.

**G. Gentner:** The minister said that a change of setback regulations could put landowners in a position where a well that was once on a corner of a person's property would then be in the middle of their field. The minister said that he's had a fair number of calls — and he referenced that tonight — from people with wells on their property, but fewer than six residents expressed concerns over negative impacts.

Could the minister please explain, therefore, why there's a petition of over 87 signatures that disagrees with him?

**Hon. R. Neufeld:** Again, I'll be specific. Six people, I said, who had wells on their land.... Listen to what I said, and it becomes evident. Certainly, a petition comes out. I appreciate that. I got the petition, and there are more people than that on it. What I was referring to were people who were actually interfacing on their private property with the oil and gas industry.

**G. Gentner:** Could the minister explain to the House what exactly is the position of the Peace River regional district relative to interim setbacks?

[1955]

**Hon. R. Neufeld:** You should ask the regional district.

**G. Gentner:** The minister was in the meeting relative to this last fall, and it was carried unanimously. The Custodians of the Peace requested, in respect to oil

and gas development in the Peace region, that "areas currently designated or zoned for residential development be excluded from oil and gas development until the revised setback regulations are completed. This would see that all residents have the right to a healthy environment in which they live." Carried unanimously.

Minister, were you not at that meeting?

**Hon. R. Neufeld:** The Custodians of the Peace are not the Peace River regional district. The Custodians of the Peace are a group that is wide-based. I don't think all of them, but I know that some of their leadership would rather not see anything happen. It's that NIMBY issue.

The regional district may have a position on it. In fact, I think they probably do, because they've asked us to review some land that was going to be put up for sale in an area that's in their official community plan, which the ministry is looking at.

Let me make it clear. The Custodians of the Peace and the Peace River regional district are two totally different things.

**G. Gentner:** I ask, therefore, if the minister could correct me. He did state, for the record, that the Custodians of the Peace are a group of NIMBYs. Is that correct?

**Hon. R. Neufeld:** Again, it's typical of this member to try and put on the record something different. I said they are a broad-based group, and some of them are NIMBYs. That's exactly what I said. I think you've got them in your constituency too. You're probably able to find them in any part of the province. I don't know where you would go where you wouldn't find them.

It's an interesting dialogue. We're talking about NIMBYs, and just a little while ago the critic was saying: "Well, we've got to hurry this along because we're running out of time in my time allotment." If you want to talk about NIMBYs, let's get at her.

**G. Gentner:** Well, talk about stall and delay. There's a quote here from a resident. It says: "It seems to match. Everything we encountered so far by the minister is nothing but stall-and-delay tactics."

Regarding NIMBYism, a NIMBY is a NIMBY, and a Liberal is a Liberal. There's no question there.

The Mediation and Arbitration Board is a function of this ministry. Could you please confirm whether it is? The complaints of the people in the Peace are that the Mediation and Arbitration Board is used by the complainants to enforce right-of-entry on the land of the owner. Many of the people of the Peace believe that the Mediation and Arbitration Board is supposed to protect the landowner as well. Could the minister tell me the functions of this arbitration board? Is it supposed to protect the landowner?

**Hon. R. Neufeld:** It's there to protect the interests of both and to mediate or arbitrate — Mediation and Arbitration is the name of the board — to try and deal with issues when landowners and industry.... It's not

just oil and gas. It actually looks after mining also. It's been in place in British Columbia for a long time — many, many years.

The membership on the board. It's led by a lawyer, because you need someone with legal experience to be the chair. The rest of the people come from different walks of life, whether it's from the mining industry, farmers, the agricultural industry. If people can't reach an agreement with an oil company, let's say in this case, either the oil company or the landowner has the opportunity to ask it to go to mediation.

Mediation is just exactly what it says. The board or a member of the board will try to mediate what the disagreement is between the two. I can't say whether it's in favour of one or the other because there are all different kinds of ideas. If, at the end of the day, mediation doesn't work — in most cases it does — then there's a process where it can go to arbitration, where it's heard by another board member to make a final decision on whether you can actually access the land or not.

[2000]

**G. Gentner:** I'm still getting over the notion that a member would call his constituents a bunch of NIMBYs.

Is the MAB, or Mediation and Arbitration Board, really used for the companies to force right-of-entry onto the landowner?

**Hon. R. Neufeld:** No. It's obvious that the member didn't listen to my explanation. I'll try it again. Maybe the member, instead of reading the next question, can actually listen to the answer, and we'll see if we can move on to the next question.

What I said was that mediation-arbitration is a process that's been in place in the province for many years — as many years as I can remember — in the oil and gas industry. The Mediation and Arbitration Board is not there to facilitate land access for a mining company or an oil company onto private land.

[J. Nuraney in the chair.]

Mediation-arbitration is there in case the landowner and the company or individual that wants to access subsurface rights, which they have the right to, can't come to an agreement. Two processes in that. Mediation is just what it says, just what it means. A member from the Mediation and Arbitration Board will actually listen to both sides and try to mediate the issues out. If they can't be mediated, then it can go to arbitration by a decision of either party.

One party may not want it to go to arbitration, but the other party does. In some cases it's a landowner; in some cases it's the person who wants access. At that point there's a person who comes in and makes a decision on that. Is it always for access to the land? No. In some cases access is denied for a whole host of reasons that could be different on every piece of land. That's mediation-arbitration.

It's made up of a lawyer, who is the chair.... Actually it's Mr. Love. He's a lawyer from Vancouver

Island, interestingly enough. The reason we had to go that far afield to get a chair is that we needed someone who did not have a contract with a farmer, an oil and gas company or a mining company. It was a little hard to find someone to be that kind of a chair. The rest is made up of agricultural people, mining people, the general public. We can send the makeup of the board over to the member tomorrow so he can see the background of these people.

That's what happens with mediation-arbitration. I hope I've answered the question.

**G. Gentner:** My question of the minister is: how many members are on this board?

**Hon. R. Neufeld:** There are eight, with up to nine allowed. That includes the chair.

**G. Gentner:** Therefore, how many does it take to make a quorum?

**The Chair:** If I may, members. I encourage the member asking the questions to keep it more relative to the estimates debate. That would be appreciated. Thank you.

[2005]

**Hon. R. Neufeld:** In a desire to save a little bit of time.... We don't have that answer right now. They'll research the piece of legislation or regulations that sets up the Mediation and Arbitration Board, and we'll bring that back tomorrow.

**G. Gentner:** Relative to the view that talking about mediation and arbitration is not part of the estimates debate, I'll have to succumb to that belief, I suppose, knowing that there is some funding that does find its way from the ministry to, of course, the arbitration board. I don't know.

Nevertheless, I will pursue one on this, if I may. Will the changes to the Oil and Gas Act, which could very much determine how much funding will go to the mediation board...? How will it affect the Weed Control Act, and are we going to see some merge under the mandate of the Oil and Gas Commission with this mediation board along with that of the weed people?

**Hon. R. Neufeld:** The Mediation and Arbitration Board is actually under my purview. It's a quasi-judicial body. I don't know of any move afoot to incorporate it in the Oil and Gas Commission. It's never been spoken about, and I certainly wouldn't be in favour of it.

**C. Evans:** I also have one question about mediation and arbitration. I take it that we've decided they're legitimate. The minister can tell me otherwise.

I'm advised by a citizen who appeared before the Mediation and Arbitration Board that he believes that prior to his visit to the Mediation and Arbitration Board on the issue of valuation of property leases for the purpose of roadbuilding or seismic or drilling....

When he arrived at the Mediation and Arbitration Board, the company had access to data about the valuation of neighbours' property leases, and he did not.

My question is: is it the behaviour or a regulation of the Mediation and Arbitration Board or the commission to share the valuation of neighbouring properties with energy companies and not with landowners?

**Hon. R. Neufeld:** Not to my knowledge. The only way I can think of that a company would know the value of what was paid to other landowners in the region is if it was the same company or maybe the companies shared that information. I have no idea. I also know landowners share information between one another.

This is another interesting conversation. I've also had landowners tell me that they don't want anyone else to know what they negotiated on their own behalf for access onto their land. There are others — and I think rightfully so — that maybe are experiencing it for the first time or something or don't feel that they're getting what value they should get by not knowing what's happening in the broader context as to what other people are getting. So it is a bit difficult to figure out how to get out of this issue.

[2010]

It was a number of years ago that those numbers used to be posted. When I got to the ministry, I believe they weren't posted anymore — not on behalf of what I asked for but what took place before. It may have had to do with some privacy issues. I'm not exactly sure. But if there was a way that we could actually have that information for people so that they know what's happening on their neighbours'.... I would rather have it that way, member. I would rather not keep it secret.

That's the only way I can think of that that could happen. So it can happen on both sides, whether it's the landowner or the industry, depending on how well they work with their counterparts to find out what's happening.

**C. Evans:** Just in reference to that earlier question: I'm well aware there are many avenues by which information might be shared and kept secret. All I wanted to establish is that it is not the position of the Crown, or any agency of the Crown, to share information with one side and not with the other. I take the minister's comment that it doesn't happen.

Now I want to move — because we're running out of time, somewhat quickly — to the question of deferral. As the minister knows, we asked some questions about it. I'm going to put it on the record right at the get-go, so we don't have any problem.

Neither my questions nor my colleague's questions, in the Legislature nor in this room at this time, will be about any interest of the minister's. The minister misread my questions in the House as personal. I am very interested in public policy and not at all interested in the minister's personal affairs.

My question as a matter of public policy is: who is the individual, or who is the organization, that decides the issue of deferred tenure?



**Hon. R. Neufeld:** Maybe I'll just read directly from this briefing note.

The criteria used by the Ministry of Energy, Mines and Petroleum Resources for deferral are as follows: municipal or regional governments specifically request additional time to review the parcel due to known or potential community concerns; a first nation specifically requests additional time for review to identify site-specific concerns or treaty-related issues; the parcel is within, or partially within, the municipality and is close to the town site; the Oil and Gas Commission gives specific comments related to their knowledge of local issues obtained through their detailed consultation process for well applications that require additional time for consideration; and, another government agency identifies emerging land use planning or access management processes that are affected.

**C. Evans:** I think I take that those are the ways that deferral is applied for. And I think I take, from the minister's answer, that it is the Ministry of Energy that would grant the deferral. Is that a correct understanding of what the minister said?

**Hon. R. Neufeld:** Through the Chair to the member — and I'll use the example of my own, because I don't mind doing that through to the member.

I live in Charlie Lake just out of Fort St. John, right on Charlie Lake, in a well-populated small acreage — five-acre parcels. Somewhere in the end of the '90s — '97, '98, or '99, somewhere in there — there were some companies that asked for disposition of land in that area.

The regional district, actually — as I said, the first one — said: "No, we want that deferred. We don't want you to put that up for sale." And in fact, it came as a surprise when I found out about it, because I didn't even know that had happened until after I got this job. Then someone tried to say that I had done something special for myself, but I wasn't even the minister at the time. Although I was the MLA for the region, it was the regional district that made the decision, totally without any input from this member.

[2015]

So they do that in a number of areas and have asked for that in a number of areas in northeastern B.C. We've actually abided by those requests.

**C. Evans:** Yeah. I'm not asking my question because I object to Charlie Lake or any other area. I'm asking my question on behalf of all kinds of people who write to me and say: "How do I get one too?"

I take it that deferrals come from the Ministry of Energy. Is there a time limit on a deferral?

**Hon. R. Neufeld:** I just wanted to get a little more information on that. There is no time line.

In fact, when people register a concern or the people that are contacted register a concern, there's a process whereby the ministry, through the titles branch, will work with those people that have a concern. If, in fact, they come to some agreement that it

can be posted, then it can be posted. That's happened. When I say "posted," that's "put up for auction." The other way is that there is no agreement — you can't come to an agreement, and it makes good common sense not to — and it's not posted. It's that simple. It's not put up for sale.

**C. Evans:** I'm just going to make a comment instead of a question. I think this question of deferral comes to me because it is poorly understood in the general public. I would ask that a thorough explanation, even a written explanation, of how you apply for a deferral, to whom it is granted, and how it is renewed be disseminated through the three consultative processes that the minister is engaged in.

Now, in terms of attempting to get finished by the appropriate time, I would like to ask the minister.... We have a little bit more oil and gas to do than we can fit in. I would like to let an hon. member ask questions about offshore oil and gas, but then I would like to be able to come back to this question of tenuring and deferral and licensing in the morning for a short period of oil and gas. I do not wish to lose the oil and gas folks and not be able to come back. Is that acceptable to the minister?

**Hon. R. Neufeld:** Certainly.

**G. Coons:** Thank you, Chair, and minister and staff. I just have a couple of questions. Hopefully, we can get through this, and perhaps the hon. member may have a chance to get a couple of questions in before the end of the night.

I was just wondering if there any plans for seismic or exploratory testing or workplans within the next year or so by the provincial government, federal government or any private companies.

**Hon. R. Neufeld:** I assume you're talking about offshore, along the whole coast of British Columbia. Not to my knowledge, if that's the question.

**G. Coons:** Makes my heart soar.

In the last estimates we were looking at.... In the core business area, one of the key objectives was to build relationships with first nations and implement the first nations engagement strategy. I'm just wondering: what's the status of this strategy? Could the minister just briefly outline its purpose?

[2020]

**Hon. R. Neufeld:** Maybe I'm just misunderstanding the member's question. There is no general written strategy about first nations engagement. There is engagement with different first nations. I don't need to tell the member — in fact, he can tell me — that there are lots of first nations along the west coast of British Columbia.

The ministry works with a multitude of different first nations and has agreements with different first nations to get information out. There are different first

nations communities that have asked for information about what offshore is all about and those kinds of things, so we continue to do that. We do have one MOU with the Nisga'a that deals with offshore oil and gas to involve them in the issues that could come if, in fact, offshore oil and gas happened. We've had discussions with Turning Point.

Maybe I'll read a little bit into the record here of some of the first nations things that we've done on the coast. A cultural and heritage study of marine resources and traditional activities in the Barclay Sound area of Vancouver Island by the Maa-nulth First Nation; information sessions by Tsimshian Tribal Council in Prince Rupert, Kitselas, Kitkatla, Kitsumkalum, Hartley Bay, Kitasoo; and a fact-finding trip to Cook Inlet, Alaska. We've taken first nations leaders and community leaders on a trip to Cook Inlet. We've also taken some of them to the Gulf Coast to view platforms.

I know that time is short. I can send a copy of this over to the member so that he can see what we've done with the different first nations. Also attached are some dollars that went to different first nations to be able to accomplish this.

**G. Coons:** Thank you, minister, I look forward to that. When we were doing estimates last November, I was led to believe that MARR was the lead agency and would develop criteria for the engagement. I guess that's been developed and is moving forward with all ministries, I assume, so I won't ask that question.

As far as what's happened just outside the Gitga'at Nation in Hartley Bay and the possible long-term consequences on their traditional shellfish harvesting grounds, the shoreline vegetation and their ecotourism industry, there are many concerns about what's happening. It's brought to light a real concern, especially with Hartley Bay: the government's stance on oil tanker traffic in the region. I'm just wondering what this government's stance is on tanker traffic in coastal communities or on the coastal water lines?

**Hon. R. Neufeld:** As I understand, there are somewhere around two and possibly three large VLCCs that ply the west coast of British Columbia almost on a daily basis, moving oil from Alaska down to the lower 48, much of it into Cherry Point and some further south. All those tanker issues, as I understand — and I'm looking at my staff — are the responsibility of the federal government to monitor, to check and to make sure that they're abiding by all the rules that are set in place.

**G. Coons:** As the minister knows, we're looking on the outside of our coastal lines, but I was more concerned about, say, in the Douglas Channel, which is right by Gil Island, close to the village of Hartley Bay, and traffic through the Hecate Strait. I'm just wondering what this government's position is on tanker traffic.

**Hon. R. Neufeld:** Obviously, I think everybody is concerned about tanker traffic, regardless of where it's

at in the world — on the west coast, the east coast or into the Beaufort. I don't think it matters. There is always concern, and there are a lot of issues around tanker traffic, and I think we have to be ever-vigilant about tanker traffic.

[2025]

Again, I'll refer to the Douglas Channel. The Douglas Channel is the responsibility of the Coast Guard — the federal government. To my knowledge, they're doing an excellent job of maintaining a pristine environment with the amount of traffic that goes up and down — even right now, today — the Douglas Channel into Kitimat. It's not for oil, but it is for a lot of other things. I can only say that we will work closely with the federal government as much as we possibly can to make sure that all those safety things are in place for any tanker traffic off the west coast of British Columbia.

**G. Coons:** Thank you to the minister. Again, in the last couple of weeks I spent three days in Hartley Bay and listened and watched the concerns — the real concerns of a real disaster, if the vessel wasn't just carrying diesel fuel. Also, in the latest Mustel poll, 75 percent supported a ban on crude oil tanker traffic in our coastal waters. The president of the Haida Nation recently commented that lifting the ban on oil tanker traffic in these areas would be madness. The elected chief in Hartley Bay indicates that the area is not prepared for tanker traffic in these areas. The hereditary chiefs of Hartley Bay, Albert Clifton and Ernie Hill Jr., had a recent press release indicating their opposition to tankers through their territory.

I'm just wondering, as we move through the process... I think things have changed drastically since the incident that we had on the north coast and the long-term effects on harvesting grounds and first nations cultural sustenance. The ministry strategy that you have with first nations is to encourage partnerships with first nations and industry. I'm just wondering: to this point in time, has there been any encouragement or any part of dealings with the ministry in dealing with partnerships with the first nations in any industries at all?

**Hon. R. Neufeld:** I know there have been, onshore in the service sector, first nations being involved in and actually getting into the service sector and owning equipment that's used to build roads and leases and move machinery and equipment — all those kinds of things. That's encouraged by the ministry.

[B. Lekstrom in the chair.]

I should put on the record that MARR is actually the lead agency when it comes to discussions in regards to the New Relationship and treaties with first nations, regardless of where they're at in the province. We do what we can within our ministry, with a small group of people, to work with as many first nations as we possibly can to answer many of the questions that they have.

I know there are different views, as there are in the non-aboriginal community. There are different views about development of anything. But oil and gas.... I know that the Haisla are actively working with a company to have an LNG port. That's at Kitimat, where LNG tankers, some of the largest in the world, will travel the Douglas Channel also.

There are some things happening that I think are positive in the long run for everyone, but as I said earlier, we'll be ever vigilant in regards to issues regarding tanker traffic. I believe the Ministry of Environment estimates are up in the other House. As far as the cleanup and those kinds of things going from the ferry sinking, I would encourage the member to actually ask those questions of that minister. That's his responsibility, along with the Coast Guard.

**The Chair:** Member.

**G. Coons:** Thank you, Chair — nice to see you.

Again, as you are talking about tankers heading up Douglas Channel, I've got a letter from the hereditary chief of the Eagle clan of Hartley Bay, who had a real concern. Perhaps you can dispel the concern. He said there's a rumour that in less than a few months there could be tankers headed up Douglas Channel with cargos slated for Kitimat rail and ultimately headed to the Alberta tar sands. Who has researched the safety, and who has come to talk to the Hartley Bay people? I'm just wondering if you can respond to the letter from this hereditary chief from Hartley Bay.

[2030]

**Hon. R. Neufeld:** The project that's close to Kitimat — that's LNG. That's liquefied natural gas that they would be bringing in and putting into the pipeline that already exists in Kitimat, and will just reverse the pipeline — instead of gas coming from the northeast part of the province to the south. At Prince George there's a line that takes off to Prince Rupert that serves that community. They would just reverse the flow of natural gas in that line and send natural gas — reconstituted back into natural gas from LNG — in the line back again.

This process is in the environmental assessment. I'm a signatory to it, so I'm going to be very careful about what I say. I know that that process is ongoing, and as far as I know, there have been discussions. I'm not sure who all the discussions have been with in the environmental assessment process in regards to that.

There is another project which is not in the EA, environmental assessment. It's not a project yet, but it's a plan by a company called Enbridge to build a pipeline from Edmonton. It actually comes out of the tar sands to Edmonton, straight across Alberta, and borders Highway 16 over to Kitimat, also, to take tar-sand crude out of the tar sands to markets around the world by tanker. I don't know whether that's going to be a project, at the end of the day, but I do know that the company working on that is actively saying they have a project. I think they're getting everything ready to enter an environmental assessment process.

Also, there's another pipeline that wants in — it's owned by Kinder Morgan, Terasen — to take crude oil from the tar sands down through the Rocky Mountains and into Vancouver. It's not a new pipeline. It's actually enlarging a pipeline that's already there to the Port of Vancouver, where crude oil is already shipped out, and has been for many years.

**G. Coons:** The minister brought up Enbridge. Yes, I've met with them on a few occasions and looked at their plans. They look solid, but there is one concern. I'm just wondering, as far as first nations consultation, whether it's on the pipeline. I know they're going through that process, but as far as the tankers, who would be doing the first nations consultation on that aspect? Would it be the governments, or would it be the company itself?

**Hon. R. Neufeld:** On the Enbridge proposal, that's done by the National Energy Board and the federal government. I assume that they do the proper consultation. I can only assume that they would consult with everyone they should be consulting with.

**G. Coons:** Just two more questions, I think, unless they lead to anything else.

I'm sure the minister is aware of the first nations engagement process on the question of whether or not to lift the federal moratorium on offshore oil and gas in the Queen Charlotte basin. We know that many — unanimous, it was — first nations in the northwest and other coastal and inland communities who participated said that they did not want the oil and gas moratorium lifted. At this point in time, I'm wondering if the minister will still push for the moratorium despite that reaction from first nations communities up and down the coast.

**Hon. R. Neufeld:** I believe that the report the member is referring to — at least, my staff tells me — is the Cheryl Brooks report. One should never just quote some of it. We should actually look at the whole report.

[2035]

When you review the whole report, when the question was asked of the first nations, "Under what circumstances would you agree to lifting the moratorium?" there were things that the first nations said they would like to talk about. One is their rights. They want revenue-sharing. They want to be involved.

I can also tell the member, quite clearly: I've met on two occasions with the Guujaaw of the Haida, and both times — one in a public meeting and one in a meeting on the Queen Charlottes — he did not say no. He said: "We need to continue to talk. We need to actually discuss the issue about lifting the moratorium and what it means for our people."

**G. Coons:** I just have a question here about, perhaps.... I just want to draw on the ministers and their staff and their expertise. It is sort of a non-environmental concern, but I was just wondering if the

minister or his staff knew anything about hot tapping as it relates to pumping out oil from, say, vessels that have sunk and still have diesel and/or oil in them — if they have any aspects or information about hot tapping.

**Hon. R. Neufeld:** In the interest of saving time: no. The staff is not aware of what you're talking about. We could maybe help get some information for the member — if that would help him in answering that question — from some of the people that the ministry can get in touch with, to find out about it.

I believe — I did check with the staff, and the member probably knows this already — that by 2011 all tankers along the west coast will have to be double-hulled. As I understand, most of them are double-hulled already, but by 2011 they will all be double-hulled. The other thing that the staff tell me is that — and the member probably knows this better than I — it's very cold down there where that ferry is sitting in 400 metres of water.

There is a certain gelling of diesel fuel that takes place when it gets really cold. I don't know how cold it is down there, but I know that diesel fuel does gel when it gets cold. That could be something that may help, too, with some of the diesel that's leaking out of there.

Again, I would suggest that — that part of it — if the member could discuss that with the Minister of Environment, he could probably help him a little bit more on that. But we will get some answers about your question on hot tapping.

**G. Coons:** I guess I've got another couple of questions here. Prior to doing any offshore drilling, obviously — I mentioned before — seismic exploration has to be done. I'm just wondering if the staff could fill me in on some of the amount of environmental damage that could happen to ecosystems in the ocean floor.

**Hon. R. Neufeld:** Actually, I can't answer that question. You'd have to talk to a marine biologist or get some information from — I don't know that a marine

biologist could even tell you that — someone who's more familiar with what happens down there on the bottom of the ocean.

**G. Coons:** As far as the service plan or your budget, I see there are 12 FTEs in the oil and gas division.

**Hon. R. Neufeld:** Yes, 12.

[2040]

**G. Coons:** I was wondering: as far as your staff, as far as their roles, what types of roles are we seeing your staff getting into in the offshore area?

**Hon. R. Neufeld:** The group works on science with both the federal government and universities. I believe we just entered into another agreement with the University of Victoria for \$715,000, actually, to get some more science. There are numerous reports that have come out in regard to offshore oil and gas to fulfil some of that.

We work with the federal government, universities — UBC, UNBC — all kinds of professionals. They do continue to work with first nations, actually, to get them information — the best information they possibly can — to help them better understand it. They work on a regulatory system that could be put in place if, in fact, the moratorium were ever lifted.

The group will work on regulatory systems around the world. In many cases we can get all the regulation issues that we need from other jurisdictions — whether it's the Gulf of Mexico or Australia; whether it's Cook Inlet, which is just north; or whether it's information from the Beaufort — all that kind of information, to start putting together a regulatory system — if, in fact, the day ever comes that the moratorium is lifted.

**C. Evans:** Hon. Chair, I move this committee rise, report progress and ask leave to sit again.

Motion approved.

The committee rose at 8:43 p.m.

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