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LEGISLATIVE ASSEMBLY
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THE HONOURABLE BILL BARISOFF, SPEAKER

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

SECOND SESSION, 38TH PARLIAMENT

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Honourable Bill Barisoff

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MONDAY, APRIL 24, 2006

The House met at 2:03 p.m.

Introductions by Members

C. James: I'd like to introduce two people in the gallery with us today. Barbara Dashwood is a longtime resident of Victoria, a cartographer and mapping technician at Islands Trust. With Barbara is Michael Vasilev, who is just finishing his first year at UVic. He's a keen political observer who one day might find himself in this chamber elected as well. Would the House please make them welcome.

Hon. J. Les: It's my pleasure today to introduce to the House Mr. Derek Fryer, a constituent of mine in Chilliwack. Derek is a chartered accountant, and he's very active in the community, particularly with the Chilliwack Hospice Society. I would ask the House to please make Derek welcome today.

Tributes

HER MAJESTY QUEEN ELIZABETH II

Hon. G. Campbell: Last Friday marked the 80th birthday of Her Majesty Queen Elizabeth II. British Columbians will recall how honoured we all felt when Her Majesty joined us in October of 2002 to celebrate her golden jubilee. During that visit we were reminded of the true grace and dignity and public service that Her Majesty has provided for over half a century.

While she's held the throne for over 50 years, she's touched the lives of literally millions of British Columbians, Canadians and people around the world. I know she holds a special place in the hearts of the people of our province. On behalf of all of them, I think it would be appropriate for the Legislature to send her all of our best wishes and wish her many happy returns.

[1405]

MYLES MANSELL

Hon. G. Campbell: On a more solemn note, I also rise today to recognize the loss of another young Canadian soldier from British Columbia. On Saturday, Bombardier Myles Mansell was one of four Canadians killed in an explosion north of Kandahar, Afghanistan. He was a 25-year-old reservist with the 5th B.C. Field Regiment, Royal Canadian Artillery, who lived his entire life right here in Victoria, British Columbia. What a huge shift he made to go from Victoria, British Columbia to Kandahar, Afghanistan.

He volunteered to serve in Afghanistan to represent and defend the hopes and ideals of that country and our own. He was a proud son, a beloved brother and a fiancé, with plans to become a husband when he returned from his tour of duty.

We will never know now what Myles Mansell would have achieved in his life when he returned. But

we do know this. Whether helping fight the wildfires in the interior of British Columbia in 2003 or pursuing peace half a world away until last Saturday, he lived his life in service to all of us. There is no higher calling than that answered by Myles Mansell and his colleagues, and there's no greater sacrifice that one can make on behalf of all of us who live in Canada.

Our loss as a community and as a society pales in comparison to that of his family. We are all lessened by his death, but we are honoured by his commitment to service. Our prayers go out to his family in this time of great sorrow. Our hearts remain as strong and as true as ever, behind all those who continue to serve beyond our borders. May they find their way home safely and securely soon, and may Myles Mansell know only peace and rest in the hearts of all those that he loved.

C. James: On behalf of the opposition, I would like to add our thoughts and prayers to the family, to the colleagues, to the Mansells. This is a very difficult time for their family, for their colleagues at the Bay Street Armoury who have worked with and know this family and know the individual well. I would like to pass along our thoughts and prayers as well.

J. Horgan: Some weeks ago our colleague from Powell River spoke of a son of Powell River who had given his life for British Columbia and for Canada. I thought at that time: I hope I never have to do that for a son of Langford, a son of British Columbia and a son of Canada. Myles Mansell leaves behind the honour and integrity of a community, a province and a country.

It is with great sorrow that we recognize the pain and suffering of his family, but as a House and as a community, we want to thank them from the bottom of our hearts for giving their son to protect and promote the values that we all share in this place.

With that, hon. Speaker, I would ask that everyone in this House recall and reflect on the number of times since this House came into session last May that we've had to stand and speak about proud Canadians who have given their lives so that we can be in this place today.

Introductions by Members

M. Farnworth: In the House today are a number of visitors from my riding of Port Coquitlam-Burke Mountain. They're from the Archbishop Carney Catholic high school in Port Coquitlam. I had the pleasure of attending their annual fundraiser on Saturday night with a former member of this House and former Premier of this province, the Hon. Bill Vander Zalm, who was the guest auctioneer, and he did a terrific job. So in the gallery today I'd ask the House to please make welcome the teachers — Mr. Jerome Francis, Mr. John Borizzilo, Mrs. Brygide Reis, Mr. Charles Harris — and the students of Archbishop Carney Secondary School.

[1410]

G. Hogg: We are joined in the Legislature today by two residents of Surrey, the owners of a vibrant B.C.

business entitled Team Sales. One is shuffleboard-challenged; the other is blessed with consummate skills. Would the House please join me in welcoming Glen and Gaye Johnson to the Legislature.

R. Chouhan: Today I would like to welcome two people, Gabriel Eklou and Judy Cavanagh. Gabriel Eklou is a self-taught, full-time painter and today one of the most prolific artists in Ghana, West Africa. Gabriel is a member of the international scene who with his humanist art challenges the stereotype that limits Africa to AIDS, poverty and civil wars.

Judy Cavanagh is a former deputy minister in this province. She has recently returned from Ghana, West Africa, where she worked on the project with the office of the president on central governance. Gabriel and Judy have recently established the Motherland Studio, specializing in promoting contemporary African artists and sharing the richness of African life. Please join me to welcome them.

S. Hawkins: I would like to introduce two École Brodeur high school students who are joining the public education and outreach office of the Legislative Assembly for a week. They're here as part of their tourism 10 class to complete a practicum. These students will be observing and working alongside our own tour guides to learn about our role in educating the public about parliamentary democracy and the political process. Would the House please welcome Suzie Thierrien and Sifa Divovua. Please make them welcome.

K. Conroy: Today I would like to introduce Judy and Ted Pollard. Although they are constituents of Nelson-Creston, they are both retired instructors from Selkirk College, which is in my constituency. Ted is from the forestry program — or the renewable resources department, as it is called now — and Judy is from the early childhood care and education department.

In fact, Judy was my instructor when I graduated from early childhood education back in 1979. I've always considered her my mentor, a person who has been there for me with support and advice throughout my entire career, and she is still there for me today. It is with a great deal of honour that I introduce Judy and Ted to the Legislature today. Would you please join me in making them welcome.

Hon. K. Falcon: Today in the House I'd like to introduce Mr. Steve Gammer. Mr. Gammer is here today in Victoria with the B.C. Real Estate Association. He's a very active resident of Cloverdale and a very active, upstanding member of the real estate community. I would ask the House to please join me in making him welcome.

D. Routley: With us in the House today is a constituent of mine named Gilles Villeneuve, who was an integral driving force in organizing and monitoring the establishment of a homeless shelter in Duncan, my hometown. Gilles, as his thesis, wrote on the organiza-

tion of this shelter and has given us information that is invaluable to us today. I would like the House to welcome him and his parents, Jacques and Jeannine Villeneuve, visiting from Ontario. Please, members, join me in welcoming the Villeneuves.

Hon. B. Bennett: On the floor today we have the former member for North Coast, Bill Belsey, visiting us. Bill served his constituents well here for four years. He was a tireless advocate for the people of North Coast, and I miss him around here, as all of us do. He's a real gentleman. Please help me welcome Bill back to the House.

J. Horgan: Joining my colleague from Surrey-White Rock and the Burnaby Team Sales were the owners of Team Sales Vancouver Island: my best friend Keith Bridge and his spouse Bridget Bridge. The best part of their visit to the precinct today, hon. Chair and colleagues, is that the member from White Rock bought the dinner, and I got a piece of pie.

I. Black: I would like to add my greetings to those of the member for Port Coquitlam-Burke Mountain to the staff and students of Archbishop Carney school.

[1415]

I, too, was at their fundraiser on Saturday night and can verify — to the surprise of probably no one in this room — that the former Premier is still very much in fine, fine form.

I would also like to make welcome a friend and former colleague of mine by the name of Sandy Struss, who's in the gallery today. She's a consultant. She's a great advocate for many causes, and she's a motivational speaker. The tag line in her consulting firm says it all. She's a champion of the underdog. Would the House please make her feel welcome.

N. Simons: More than one member has stood in this House in defence of their community's bid to become Hockeyville. I wouldn't dream of taking anything away from their communities or their quest for the title, but there's actually little doubt that that title belongs to Powell River.

This weekend the Powell River Regals won the Allan Cup, the senior triple-A hockey tournament, which goes back to about 1908 — before my time. The Allan Cup is an important historical part of Canada's sporting heritage. I hope all members of this House will join me in extending our congratulations to the organizers of the Allan Cup as well as to the players, the coaches, the staff and the fans of the Powell River Regals.

C. Wyse: I would like the House today to extend a welcome to my constituency assistant. Marc Woons happens to be on holidays, and when I look around I see that he has decided to join us here in the Legislature. Would the House make him welcome.

Hon. R. Thorpe: Today I have the pleasure of introducing two guests. First of all, I'm very, very

pleased to introduce my wife Yasmin. Secondly, I have the great pleasure of introducing the young lady who's the inspiration for my hairstyle. I would ask that the House please welcome to British Columbia for the very first time my sister Mena Brown.

Introduction and First Reading of Bills

PUBLIC INQUIRY ACT

Hon W. Oppal presented a message from His Honour the Administrator: a bill intituled Public Inquiry Act.

Hon. W. Oppal: I move the bill be introduced and read a first time now.

Motion approved.

Hon. W. Oppal: I'm pleased to introduce the Public Inquiry Act. The act would repeal and replace the existing Inquiry Act with a more modern statute. The purpose of the Public Inquiry Act is to provide for the ability of the Lieutenant-Governor-in-Council to establish commissions of inquiry in order to inquire into and report on any matter considered to be in the public interest and to provide for the powers and the duties necessary for commissions of inquiry to carry out their functions.

The act would provide for two distinct types of commissions of inquiry, which may be established according to the purpose of the inquiry: hearing commissions for the traditional and more formal type of inquiry and study commissions for inquiries into matters of public policy. The Public Inquiry Act draws upon the principles of the Administrative Tribunals Act, enacted in 2004, which establishes a modern standard for administrative justice and effectiveness. The new act will provide a modern statutory basis for commissions of inquiry to fulfil their functions and duties in a manner that is independent, fair and efficient.

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

Bill 23, Public Inquiry Act, introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

[1420]

Statements (Standing Order 25b)

VIOLENCE AGAINST WOMEN

M. Polak: This week in British Columbia we focus on the prevention of violence against women. In times past it was difficult to convince people that violence against women was even a problem. Today it is rare to

find anyone who believes violence against women is acceptable, and yet women and their children from every cultural and socioeconomic background continue to be the victims of violence.

Governments can and should take an active role in eradicating this crime. In British Columbia the government has taken the lead through legislative reform and the provision of resources to those who are vulnerable. Reforms to the spousal assault policy have resulted in fewer stays of proceedings. Approximately \$900,000 a year goes to support multicultural outreach services to immigrant women who have experienced abuse. In January of 2005 government increased funding to transition houses and front-line services for women by \$12.5 million, the largest increase in over a decade.

This commitment to supporting women and their children means that now 95 percent of women in British Columbia have access to services within an hour of their home. This week we are reminded that government action alone will not stop the abuse. Each one of us must choose to make ourselves part of the solution. Choose to talk about it. Choose not to tolerate inappropriate comments. Choose to speak up for those who can't. Choose to volunteer, to support those most vulnerable in your community.

Violence against women is something that can be prevented. Let us all hope that at some future date, a week to highlight prevention of violence against women will be totally unnecessary.

NATIONAL VOLUNTEER WEEK

N. Simons: Today I rise to celebrate with my colleagues on both sides of the House National Volunteer Week, which takes place until the 29th. The purpose of this week, which was first proclaimed in 1943, is to recognize the vital contribution that volunteers make to our society.

British Columbia volunteers in particular.... About 26 percent of us volunteer for an average of about 160 hours per year. According to the most recent survey, we've contributed 142 million hours of volunteer work — the equivalent of 74,000 full-time jobs.

Of course, we all also realize that the contribution that volunteerism makes to our community is far more than just the economic impact. As well, it brings together people from various community groups and from various walks of life to build community. In fact, some people say they are the glue that keeps our communities together.

I think it's appropriate to think about the valuable contribution that volunteers make to our own communities. I know that on the Sunshine Coast in Powell River, they contribute greatly to the cultural events, sporting events, social gatherings and events that just help those who are needy in our communities.

I'd also like to emphasize that the importance of volunteerism is not to replace services that should be offered by other agencies or government. We need to make sure that we nurture and support the volunteers

who take time out of their active lives to help those or to contribute to areas that they find of particular interest.

I hope all the members in the House will join me in honouring B.C. volunteers for their contributions, whether they be in social, economic, education, athletic or religious organizations.

YOUTH ADDICTION SERVICES

L. Mayencourt: I rise to speak about youth addiction services. Now more than ever, it's become really apparent that we have addiction problems that are facing our youth. Our government is moving quickly to address this, including increasing the amount of annual funding for these services by \$6 million.

The increased funding for youth addictions represents a 75-percent increase in the number of youth addiction treatment beds, and it is fair to note that we are the only province in Canada that has youth addiction treatment beds.

Vancouver Coastal Health is receiving an increase of over \$2 million annually and is working with the community of Vancouver to address the needs of youth with addiction issues and their families.

Last week the member for Vancouver–Mount Pleasant and I presented PLEA, a community-based organization in Vancouver, with a government grant. This grant will go towards two of the youth addiction programs that they offer. These will provide a unique combination of residential care and a day centre approach for young men and women.

[1425]

Waypoint is PLEA's substance abuse program for young men aged 12 to 18, and it offers a four-month program which includes individual, family and group counselling; Narcotics Anonymous and AA meetings; school instruction and recreational activities. Daughters and Sisters is a substance abuse program for young women aged 12 to 18. It is a six-month program similar to Waypoint but specifically designed for young women.

The goal of the programs is to decrease the amount of substance abuse, criminal activities and high-risk behaviour while meeting individual, social and academic needs. Our government is working with Vancouver Coastal Health and community-based organizations to tackle addiction issues. With the increase in funding and the work of organizations like PLEA, we are committed to leading the way in North America in healthy living.

EMERGENCY FIRST-AID RESPONSE BY STORMY FOREMAN

H. Bains: Thursday, April 21, will be a special day for me. I had the opportunity to take part in a ceremony at Kennedy Trail Elementary in my constituency, where one of our young heroes, Stormy Foreman, was recognized for her courage and quick action that saved the life of her friend Brandon Johnson.

On Monday, April 10, Stormy Foreman did what you normally do not expect from 12-year-olds. When Stormy found her friend choking on a piece of popcorn, she knew what to do. She went into action and averted what could have been a real tragedy. While others in her group started to panic and talked about calling 911, Stormy knew exactly what to do, and she knew that we didn't have time. After reassuring the friend, the 12-year-old performed an abdominal thrust called the Heimlich manoeuvre that helped save Brandon's life.

Stormy took the St. John Ambulance first-aid course two years ago with her dad. That's why Stormy knew what to do. "He was on the ground, couldn't talk or anything," Stormy said. "I knew from the first-aid course that if you can't talk or make any sounds, then you are choking." Stormy was in a group of kids, mostly grade six or seven students, from Kennedy Trail Elementary out training for the Sun Run. Her mom, Barbara Morgan, who often accompanies them but sometimes lets them train on their own, said: "I'm a proud mom today, and I think it could have been a real tragedy."

I say that Stormy is a real inspiration and role model for all of us to follow to make this world a better and safer place to live. I ask all members of this House to join with me to thank Stormy and recognize Stormy for her heroic efforts, courage and quick action that averted a real possible tragedy. At the same time, let's urge all parents to have members of their families, including their children, take the first-aid course so that when we are in trouble, we know there is someone to help us.

WHISTLER WATER COMPANY

H. Bloy: It's my pleasure to rise in the House today to speak again about a growing, expanding business in my riding, the Whistler Water company. They started as a small company serving the local market, but through their hard work and dedication they've grown into a successful international company. Employing over 60 people, they currently export over 40 percent of their total water production to 12 countries in Europe, Asia and the Middle East.

As the name indicates, the company takes its water from the Place Glacier, located north of Whistler in Pemberton. Demonstrating responsible environmental practices for this valuable renewable natural resource, the water is extracted and delivered to their 65,000-square-foot bottling plant in Burnaby.

In addition to their own brands, they also produce private label product and packaging of beverages on behalf of a number of leading North American and international producers. Due to the increased demand, the strong business climate and opportunities that exist in British Columbia today, Whistler Water is currently investing \$7 million to expand its business in the riding of Burquitlam, and they will be adding more jobs. Please join me in thanking Whistler Water and Stuart McLaughlin, the owner of Whistler Water, for providing people in other countries the opportunity to experi-

ence one of our greatest natural renewable resources and also for investing back into the community.

[1430]

PASSOVER

D. Chudnovsky: Virtually every culture and religion has festivals to observe the end of winter, the coming of spring, the rebirth and regeneration of nature. In my culture, the Jewish culture, we celebrate Passover, or Pesach, as we did the week before last.

In the "Song of Songs," it says: "For lo, the winter is past, the rain is over and gone. The flowers appear on the earth, the time of singing has come, and the voice of the turtledove is heard in the land." Passover is a celebration of freedom. It marks the exodus of the Jewish people from slavery and bondage under the leadership of Moses, his brother Aaron and his sister Miriam. At the Passover dinner the youngest child asks, "Why is this night different from all other nights?" and the traditional answer begins: "Because we were slaves in the land of Egypt, and had we not fought for our freedom, we and our children and our children's children would still be enslaved."

Passover also commemorates another struggle for freedom. On the first night of Pesach in 1943 the Jews of Warsaw began their revolt against the Nazis who had come into the ghetto to deport the remaining Jews to the death camps.

For every people the dream of spring, the struggle for freedom, the quest for peace is alive. Jew and Muslim, Christian and Sikh, Israeli and Palestinian, American and Iraqi, Afghani and Canadian — each culture, each nation, each religion deserves to live in peace and freedom.

I'm not one for quoting religious texts very often, but in honour and celebration of Passover, I'd like to read from Isaiah: "They shall beat their swords into plowshares and their spears into pruning hooks. Nation shall not lift up sword against nation, neither shall they study war anymore. But they shall sit, every man and woman, under their vine and fig tree, and none shall make them afraid."

Oral Questions

CHILD PROTECTION SERVICES

C. James: It has now been two weeks since Judge Ted Hughes delivered his report. The Premier has had those two weeks to review that report. My question is to the Premier. Given Mr. Hughes's findings, will the Premier now admit he was wrong and apologize to the children and families of British Columbia for decisions he made that resulted in chaos and suffering for the most vulnerable in our province?

Hon. G. Campbell: We were pleased to receive Mr. Hughes's report on April 7. When we asked Mr. Hughes to take this report on, it was clear that Mr. Hughes was not someone who was known for pulling his punches. What we should all learn from Mr.

Hughes's report is that the government undertook a number of initiatives which Mr. Hughes endorses. He also says that we perhaps took on too many initiatives at once.

If we have any failings as a government, I would suggest that it was because we were trying to provide for the children of British Columbia — provide for them in terms of safe and secure families, in terms of keeping them in their homes. We did not carry that out as well as we should have. There is no question about that. In fact, in December of last year we pointed out that there may well have been challenges with funding. In this budget this year we provided an additional \$100 million, which Mr. Hughes endorses, to allow us to move forward and to build on the regionalization concept which we announced in the throne speech.

What I want the Leader of the Opposition to know is that this government takes responsibility for the actions it took. We believe we have a course mapped out in front of us that we can provide for the children of British Columbia the top quality of care. We believe we've been providing that care across the province.

That does not mean it has not been disruptive. It does not mean there were not problems. It does not mean there weren't times when we could have done things a lot better. The commitment of the government to the children of British Columbia has got to be that we will continue to work with their best interests at heart so that children in British Columbia know that the government is there to provide them with protection in their families and communities so they can lead the fullest life possible.

Mr. Speaker: The Leader of the Opposition has a supplemental.

[1435]

C. James: While I appreciate the Premier acknowledging that last December he did speak of budget challenges, I also think the people of British Columbia expect the Premier to take responsibility when the government fails. The failures went beyond budget challenges.

I'd like to quote from Mr. Hughes's report: "I cannot agree with the Premier's earlier assessment that budget cuts did not contribute to the failure of the transition process or that the transition provisions of the new act constituted a clear plan for the transfer of the death review function."

Mr. Hughes said very clearly that budget cuts did hurt. Mr. Hughes said very clearly that there was no plan. So to the Premier: would he accept that they made a serious error in judgment when he suggested that his government cuts were not responsible for the challenges facing children and families and the most vulnerable in this province?

Hon. G. Campbell: I have already said to the House and to the public that we did not execute the program that we laid in place the way that they should have expected. I think it's important for us to recognize that, and I do. I embrace Mr. Hughes's report. I em-

brace the report, and he points out quite specifically that front-line workers did not suffer from budget reductions. Having said that, last November when I said I didn't believe that it was the budget that created the challenges, I asked our Solicitor General to have a look, and he did.

We laid out quite clearly for Mr. Hughes that we believe that those, indeed, may have been some of the problems. In undertaking the reviews that we did and looking at the situation that we faced in 2001 when we came in, we watched as children were being yanked out of their families on a regular basis. That is not the best thing that can happen for a young child.

We made the decision that we were going to do the best we could to keep children at home in their families. We made the decision that we were going to try and keep children with their aboriginal communities. We signed memorandums of understanding with aboriginal leadership groups to make sure that we could include them in a culturally significant and meaningful way in protecting the livelihoods and the young children of aboriginal descent.

I accept that we took on a big load. I accept that we took on many challenges. I accept that we may have demanded too much of the people who were at work in trying to help us do that. But I can tell you this, Mr. Speaker. At no time was there anything in front of this government except for what is in the best interests of young children and their families in British Columbia, and that remains our commitment to those children.

Mr. Speaker: The Leader of the Opposition has a further supplemental.

C. James: While I appreciate the Premier's comments around the implementation and the lack of implementation of the changes that the government made, I find it hard to believe there weren't questions raised about the cuts to that ministry, about the challenges in that ministry and about the lack of a plan in place after the Children's Commission was abolished.

One of the other areas that Mr. Hughes spoke clearly to was the missing files of children who had died in our province. There are still questions remaining about those files. Mr. Hughes recommended that an all-party committee be put in place to establish and implement the Hughes recommendations.

My question is to the Premier. Will he charge that all-party committee of the Legislature with the responsibility, as well, to investigate what happened to the 955 children files that went missing when the government eliminated the Children's Commission?

Hon. G. Campbell: I think it is important, as Mr. Hughes suggested, for us to start looking ahead and for us to start recognizing that there are things Mr. Hughes said in his report, which the opposition should read with the same open mind that government has read it.

The opposition recommended that we immediately go back to the children commission model. Mr. Hughes says no, that is not the right way to go. He believed the

way for us to move was to a new, independent representative for children and youth for the Legislature. I can tell you the government intends to follow through with that. Mr. Hughes has asked for us to establish a select standing committee for children and youth in the Legislature. Following the establishment of the office, the government intends to follow through with that.

The issue for us in this House is to follow the spirit of what Mr. Hughes said, which is to recognize there's not one person in this House that doesn't care about the children in British Columbia. As we establish a select standing committee and as we establish a new independent officer for the Legislature, that should give us an opportunity to be able to see what Mr. Hughes says were correct directions to take, correct initiatives to undertake, as well as to see the things that we can do better. I hope, as a Legislature, we will be able to embrace that.

[1440]

Mr. Hughes embraces, indeed, the coroner's following through of all child death reviews. He says specifically that the model we were following under the Children's Commission was actually moving to a direction that was not providing the kind of information we needed so that we could act in the best interests of children in the province. Our goal is to act in the best interests of British Columbia's children. I believe that's the opposition's goal. I believe that working in good faith and working together, we will be able to continue to improve that.

We'll be able to continue to improve a situation that sees 15 percent fewer children in care today than in 2001. We'll be able to continue to improve the number of aboriginal children that have been adopted in British Columbia and continue to improve the increase in adoptions we're seeing across the province.

We can continue to improve. Do we claim that we have reached perfection? Not even close, but I can tell you this. We're going to continue to strive to provide children in British Columbia with the support they need, with the care they need and with the protection they need when they need it.

CHILD DEATH REVIEWS

A. Dix: In January and February 2002 the Minister of Finance prepared and presented a budget. The Premier rose in his place and gave it a standing ovation. That budget cut the Ministry of Children and Family Development by 23 percent. I'm telling you, you can parse the Hughes report any way you want, but the Hughes report is a condemnation of that action. It is a condemnation of that action, and the Premier, I believe, needs to acknowledge that failure today.

Last November the Solicitor General, the day he announced the government had in fact abandoned 713 child death reviews, promised a full and complete accounting. He said it was fundamental to him. Then in December, he interrupted his deputy's inquiry into the issue and referred the issue to the Hon. Ted Hughes.

Mr. Speaker: Can the member put the question, please.

A. Dix: Ted Hughes, rightly and curtly, sent it back to the minister. Can the Solicitor General tell the House how he plans today to fulfil his solemn commitment to provide a full accounting of what he called a complete failure?

Hon. J. Les: I think Mr. Hughes's report provides a very full review of all of the events that have taken place. It makes, obviously, a great number of very specific recommendations. Mr. Hughes also clearly points out that rather than finger-point, rather than go back and unearth all of that material all over again.... He suggests very strongly that both sides of this House move forward constructively and build for British Columbia's children the best protection system we possibly can.

Mr. Speaker: Member for Vancouver-Kingsway has a supplemental.

A. Dix: I just asked, very plainly, the Solicitor General whether he'll make public today the documents prepared by the Solicitor General and referred to the Hughes commission. Will he commit to referring those documents to a select standing committee of this Legislature?

Hon. J. Les: I think Mr. Hughes has conducted an extremely extensive and thorough review of all of the matters that were referred to him, and I think he has come up with a very thorough report and recommendations. As has already been stated, we intend to follow through on those recommendations.

[1445]

Again, I would suggest to the member opposite that Mr. Hughes suggests very clearly and very emphatically, in fact, that it is now time to move forward and to do so constructively. That's what we're going to do.

IMPLEMENTATION OF CHILD PROTECTION REPORT RECOMMENDATIONS

J. Kwan: The Solicitor General says he wants to cooperate with the opposition. In the report on B.C.'s child protection system the Hon. Ted Hughes strongly criticized policies and changes that this government made. He said that there has been an unmanageable degree of change made against a backdrop of significant cuts, all of which put children at risk.

Two weeks ago the Leader of the Opposition sent a letter to the Premier suggesting that the government and opposition meet during the break to determine a timetable for implementation of Ted Hughes's recommendations. That timetable would include a plan for an all-party standing committee of the Legislature on children and youth, the introduction and passage of appropriate legislation, and a process to select the new representative of children and youth.

With only four weeks left in this session, we have not heard back from the Premier. Will the Premier commit today to sit down with the opposition immedi-

ately and settle a time line for implementation of Ted Hughes's recommendations?

Hon. G. Campbell: Within days of Mr. Hughes's report, we had laid out the fact that we intended to follow through with his recommendations. As I've said earlier, we intend to bring forward legislation to establish a representative of children and youth in this session of the Legislature. I was encouraged to hear the opposition say they wanted to do that as quickly as they possibly could. Our staff are working diligently and around the clock to try and make sure that is available as quickly as possible.

I have said in the past that we intend to establish the standing committee and charge it appropriately, as we do with all other standing committees in the government. We will have to be in a position where we can appoint a representative for children and youth. That will be done as we do other independent officers of the Legislature. A transition team has been put in place. That transition team will come forward.

The opposition will not just be a part of the standing committee but.... As I think Mr. Hughes identifies, this goes across government. There are a number of issues that will be dealt with by different ministries as we develop the transition plan. Everyone will be in a position where they can participate in the discussions about that through estimates and other areas of public endeavour.

The goal that we have is to put in place a comprehensive plan that deals with 62 recommendations, which makes sure that we live within both the spirit and the intent of Mr. Hughes. I can tell the members opposite that we intend to maintain the office of the child and youth officer until that is in place. The transition team will make sure that works completely and fully. I believe, again, that children in British Columbia will be well-served by that process.

FERRY SERVICE TO NORTHERN COMMUNITIES

G. Coons: In the last two weeks I visited many ferry-dependent communities on the north and central coast. At every stop, the same question: why didn't the government have a contingency plan for an event whereby the *Queen of the North* would be out of commission for a significant length of time?

My question is this: when can the people of the north and central coast expect the Minister of Transportation to take a leadership role, to meet with them, hear their concerns and work with them to come up with viable options to meet their transportation needs?

Hon. K. Falcon: Actually, I'm well ahead of the member opposite on that. I had the pleasure of meeting with the mayor of Prince Rupert and the mayor of Masset a couple of weeks ago to talk about that very issue.

Look, I don't think we should kid ourselves. This was an extraordinary event that took place when the *Queen of the North* unfortunately sank. It has created an

enormous challenge for the ferry corporation to try and meet the needs of those coastal communities. But I can tell the member — the member knows well, in fact — that the ferry corporation has had repeated meetings and conference calls with the northern coastal ferry advisory committee, with leaders in the community and the business community to make sure that as they come forward with their ferry schedule, which they announced today.... It won't be perfect, but it was a result of a compromise between all of those voices at the table trying to figure out how we deal with a tough situation, given the fact that they have scoured the entire world looking for an alternative ferry.

They are doing their best. We will push them to do their very best. We will meet with the coastal communities anytime they wish to meet and make sure that they are served as best as we can possibly serve them.

Mr. Speaker: Member has a supplemental.

[1450]

G. Coons: Yes, the minister may have met with mayors of Masset and Prince Rupert down here, but I've got lots of constituents up and down the coast who want to meet with the minister and find out what his plans are for our ferry system.

Once again, the minister is ducking his responsibilities. He's washing his hands. He's washing his hands of our integrated marine highway. The *Queen of the North* sinking has been devastating — devastating — to the northern routes in the Queen Charlottes. Business, tourism, residents have taken a huge hit financially. There has been a 60-percent service reduction between Prince Rupert and Port Hardy. This is crippling — crippling — to the tourism industry and to communities dependent on a marine highway.

My question is to the Minister of Transportation. What is this government going to do to restore core services to the people of the north and central coast?

Hon. K. Falcon: Well, look. The member opposite knows that we had a pretty extraordinary event, and the member knows that there are no simple solutions. I can't wave a magic wand and make a boat appear out of nowhere and restore full and complete service. But I can tell you that the ferry corporation has got people flying to Europe, checking every available vessel around the world to try and see whether they can bring in a replacement.

I'll tell you, it is a little tough to hear this kind of lecture from that member, who belongs to a party that all through the 1990s made promises and sent out...

Interjections.

Mr. Speaker: Members.

Hon. K. Falcon: ...press releases saying that they were going to replace those vessels. They never did. They instituted capital freezes. As usual, nothing got done.

I will tell you this. We're replacing those vessels with new vessels that will ply the waters. It takes time to build them, granted, but we're moving forward just as fast as we can to restore service to that important community.

WORKSAFE B.C. CHANGES TO WORKERS COMPENSATION BENEFITS

C. Puchmayr: An internal document shows that in the first 11 months of 2005, WorkSafe B.C. has amassed a surplus of over \$300 million when it budgeted for \$185 million over budget. Yet vocational rehabilitation payments went from \$12.2 million in '04 to a paltry \$1.7 million in the same period of '05.

Can the Minister of Labour tell this House: why the drastic cuts to vocational rehabilitation entitlements for injured workers? Will the minister intervene to bring this basic justice back to injured workers?

Hon. M. de Jong: I'm constantly amazed when members of the opposition examine what the circumstances are today in a department of government or with an agency like WorkSafe and then reflect on it in a negative way and try to compare favourably to a day five or six or seven years ago when that same agency was on the road to bankruptcy.

WorkSafe B.C. is doing a tremendous job ensuring that workers can engage in their activities in a safe way. Training, vocational training, retraining — all of that is taking place. But you know, if the member wants to compare it to a day five or six years ago when the agency wasn't ensuring that those services were there, when rates that were being paid by employers were way out of whack with the rest of the country and when the needs of workers weren't being served in a timely way, then I guess that's what he'll do. On this side of the House we're actually proud of the achievements of WorkSafe B.C. over the past five years.

Mr. Speaker: Member has a supplemental.

C. Puchmayr: Wow. Since the restructuring of WCB we're seeing a growing despair amongst workers and their families. We've seen a cut in pensions. We've seen abilities to appeal being extinguished. We're seeing wage-loss payments being reduced, all the while the board reaps huge profits off injured workers.

Will the minister please tell this House what he is willing to do to bring a balance back to a system that is so desperately needed by injured workers?

Hon. M. de Jong: Happily, I don't need to just tell the member. I can show the member. Again, he may have been satisfied at a time when there were literally thousands of unresolved appeals before WCB's appellate body.

[1455]

He may have thought it was appropriate for those workers and their families to be waiting not just for months but for years to get a decision about their fu-

ture. Last month that backlog of unresolved appeals was eliminated. People can get a timely decision from WorkSafe now, and that's the way it should be in B.C.

B. Simpson: As my colleagues have already indicated, it's easy to get rid of a whole bunch of backlog appeals if you just change the rules of the game and wipe them out in one fell swoop.

The changes that this government made to WorkSafe B.C. impact people at a time of great need. For example, forest workers, who by legislation from this government have gone from workers under contract with benefits, have become independent owner-operators without benefits. The changes that this government has made to WorkSafe B.C. dramatically impact those workers when they injure themselves. A 1-percent or 2-percent disability for a forest worker can result in the loss of their livelihood. Now, under this government's changes, WorkSafe B.C. would call that injury a "permanent functional impairment" and give them \$50 a month instead of what they used to get, which was a living wage.

According to this internal WCB document, in 2005 there were only 11 loss-of-earnings awards granted to workers, down from 737 in the previous year.

Mr. Speaker: Can the member put the question, please.

B. Simpson: Will the Minister of Labour on behalf of government commit to intervene in this matter and restore balance back to WorkSafe B.C. so that injured workers in this province can have meaningful pensions and benefits once again?

Hon. M. de Jong: There are members in this chamber, actually sitting on both sides of the House, who have been here long enough to know that there was a day — oh, about five or six years ago — when individual MLAs were inundated in their constituency offices by individuals...

Interjections.

Mr. Speaker: Members. The Minister of Labour and Citizens' Services has the floor.

Continue.

Hon. M. de Jong: ...who couldn't get a decision, let alone a decision that they thought was fair.

This government has taken appropriate steps to ensure that workers in British Columbia can have confidence that there is a network of support for them when they need it, that they can get timely decisions from the adjudicating bodies when they need them. We're going to continue down that path. We're going to make sure that support is there. If the member has difficulties with that, well, that's just too bad, because we're going to keep doing the good work that WorkSafe B.C. is doing on this side of the House.

Mr. Speaker: The member for Cariboo North has a supplemental.

B. Simpson: It's not too bad for me. It's too bad for the workers from whom this government has removed the right of appeal, has removed fair wages and benefits. I'll tell this minister that if he's not getting inundated in his office by claims with respect to WCB and by issues with respect to what this government has done to change that, then he's not answering his phone.

Not only do workers in hard sectors like the forest industry and other resource sectors get cut off from a meaningful living wage by this government, but retired workers at 65 no longer get disability benefits. The injury doesn't go away. The quality of life constraint doesn't go away. But at 65 they're cut off.

[1500]

Again to the Minister of Labour. WCB saved \$500 million as a result of cutting off people when they reach retirement age. Will the minister respond again to the call to restore balance to WorkSafe B.C. and benefits and pensions to injured workers?

Hon. M. de Jong: Is there any better example of the fundamental lack of understanding or appreciation on the part of members opposite of the power of a strong economy when you hear a statement like that? The fact is that there are literally tens of thousands more British Columbians working today than there were during the decade of the 1990s, and this member wants to stand up and pretend none of that's happened. He wants to assign blame elsewhere.

We have a network, and we have established a network of support for workers. It's actually working for them. The member wants to dismiss as inconsequential the fact that there were thousands of families waiting for appellate-level decisions out of WCB when the NDP was in power — waiting for years and years and years. They can now get a timely decision. They know the support is going to be there. Of course there are challenges for individual members who have been injured, but we've got a system in place that responds to that in a timely and responsible way, and that's as it should be.

R. Fleming: We've had a lot of rhetoric this afternoon about WorkSafe B.C., but let's get to a specific case: the case of Peter Overwater, a 78-year-old miner living in Vancouver-Langara, the riding of the Finance Minister. After 30 years on the job working underground, Peter developed silicosis. His request for additional funding from WorkSafe B.C., which he would use to buy oxygen that he needs, was rejected. WorkSafe B.C.'s letter directly cites the 2002 amendments that this government introduced for refusing to grant Peter funding beyond his 65th birthday.

Will the minister commit today to work to restore meaningful benefits to these retired workers who have put their lifeblood into building this province and strengthening our economy?

Hon. M. de Jong: Thanks to the member for the question. As always, it is helpful to hear about individual cases. It is sometimes challenging on the part of a minister of the Crown, when dealing with a fully independent body, to realize the constraints around intervening in the case of individual cases, but I am happy to receive the information from the member.

Let me just say this. The credentials of this government for ensuring that protection is there for workers are there for all to see. It was this government that recognized, in the case of firefighters, there had been an injustice. We took action. It was this government....

Interjections.

Mr. Speaker: Continue, minister.

Hon. M. de Jong: It was this government that recognized that workers should have the ability to tend to loved ones when those people needed their attention, and we amended employment standards legislation to make sure that could happen. So whilst we always appreciate....

Interjections.

Mr. Speaker: Continue, minister.

Hon. M. de Jong: We always appreciate hearing about individual cases and suggestions from the opposition. We're not going to take lessons from anyone on that side of the House about the need to ensure that there is proper protection for workers in the province of British Columbia.

[End of question period.]

Motions without Notice

ESTABLISHMENT OF COMMITTEE ON CHILDREN AND YOUTH

Hon. M. de Jong: I move, with leave, the following motion:

[That Standing Order 68 (1) be amended to include a ninth Select Standing Committee intituled Children and Youth.]

Leave granted.

Hon. M. de Jong: I so move.

[1505]

Motion approved.

Orders of the Day

Hon. M. de Jong: I call in this chamber second reading debate on Bill 20, and in Section A is continued debate on the Committee of Supply — for the information of members, the Ministry of Energy, Mines and Petroleum Resources.

Second Reading of Bills

SECURITIES AMENDMENT ACT, 2006

Hon. W. Oppal: I move that Bill 20 now be read a second time.

I am pleased to further address the principles behind the proposed amendments to the B.C. Securities Act. The government of British Columbia and the B.C. Securities Commission are strongly committed to a better protection for investors and to reducing the regulatory burden for market participants through ongoing securities law reform and the provincial-territorial memorandum of understanding regarding securities regulation.

The proposed changes to the B.C. Securities Act support the improvement of securities law in three key areas: (1) by implementing the passport system, (2) by harmonizing securities laws across the country and (3) by protecting investors. Once implemented, these changes will facilitate easier access to capital markets within Canada through a single-window passport system. This will allow market participants from British Columbia to be subject only to British Columbia requirements so they do not have to comply with the equivalent requirements in other provinces.

The amendments complement the central goals of increasing investor protection and reducing the regulatory burden on the securities industry. Some of the innovative investor protection remedies contained in the unproclaimed 2004 Securities Act have been brought forward in this bill. For example, the amendments will authorize a Provincial Court to order restitution or disgorgement of illegal profits and provide a process for victims to make claims against disgorged money.

The council of ministers responsible for securities met in February in Victoria and reconfirmed their commitment to principles of the memorandum of understanding they signed in September 2004. That memorandum introduced a passport system. Nine provinces and three territories have now agreed to implement the passport system. The passport system streamlines the securities regulations by allowing issuers and registrants to deal exclusively with the regulator in their principal jurisdiction, thereby providing a single window of access to capital markets in 12 Canadian provinces and territories based generally on their home jurisdiction's regulation.

Ongoing development of harmonized, streamlined and simplified securities laws offers further opportunities for enhancing regulation of capital markets. As evidenced by the proposed amendments and the progress of the passport system implementation, the ministerial council, the British Columbia government and the B.C. Securities Commission remain committed to working together to continue to improve securities regulation and investor protection in Canada.

The proposed changes to the B.C. Securities Act are just one step in a longer process of securities law reform and the shift to a harmonized regulatory environment across the country for the securities industry.

[1510]

J. Kwan: I rise to speak to Bill 20, Securities Amendment Act, 2006. It is true what the Attorney General has stated, which is that the changes to the Securities Amendment Act would actually allow for and broaden some of the issues around accountability, if you will — the issues around investments.

I think it is worthy to note that in this bill there are some pieces that are significant, for example, which the government has acted on, and that is to broaden the insider trading and frontrunning prohibitions, expansion of liabilities for anyone who engages in such illegal trading, if you will. I think that's important. Front-running occurs when a broker personally buys stock, knowing that a client has placed a larger order which will likely increase the price of the stock, as an example.

The bill also touches on fines with respect to offences, raising it from a million dollars per offence to \$3 million, which I think is also significant in that regard. Relating to that, the proposed legislation will also authorize a Provincial Court to order restitution to victims, particularly where there are illegal profits that have been gained. The process for victims to claim that money is essential. Right now that is not in place, but the proposed legislation puts that in place. I think that's significant, as well, with respect to this bill.

I want to just touch on, though, the harmonization of the bill through the passport system. It's true. It does harmonize the passport system to a degree with respect to this legislation, but I would also point out that the passport model will not deal with the fragmentation of the securities regulatory system. The passport model is moving towards a common regulatory approach and is better than the status quo. Make no mistake about that. However, a number of the regulatory burdens and economic costs will remain in the absence of a single national securities regulator.

Furthermore, there has not been a universal buy-in in the passport model — namely, Ontario being the outstanding dissenter. This is significant, as Ontario's buy-in will be crucial to a modern national system of securities regulation. Certainly, I would hope that beyond this legislation, the Attorney General would continue to work on pursuing the federal government in bringing forward national standards in this regard. We would be happy to work with the government on that file, because I think that's important for investors and for people in all of Canada, quite frankly.

The legislation, I would also say, does not necessarily reform the bureaucracy of the British Columbia Securities Commission. The principles-based regulatory approach of the Securities Act is commendable, and stricter penalties are indeed welcome. However, much criticism has recently been directed at the B.C. Securities Commission, including its inability or unwillingness to enforce existing rules. It is questionable whether or not the legislation will drive at the need for a more effective enforcement regime, on which we will be questioning the Attorney General at committee stage.

There is one piece within this legislation that I find disturbing, and that is section 19, which eliminates the requirement for the commission to publish the list of defaulting reporting issuers. This generally includes companies that have not filed their annual reports. That, in our view, reduces corporate accountability. Section 77 of the existing legislation states: "The commission must maintain a list of defaulting reporting issuers for public inspection during normal business hours in the commission's offices."

By making this optional, the commission may very well decide not to disclose this information, making it inconvenient for investors to have to determine whether a company is defaulting on its disclosure obligations or not. This, of course, would hurt investor confidence.

[1515]

I question why this amendment is being put forward in this legislation. What's the purpose of it? Why would we not require the commission to list those that are defaulting so that the public has access to that information, as opposed to leaving it optional? Some would argue that perhaps that's increased flexibility. Others would argue that's less accountability. I would certainly question that, and I would venture to say that I would disagree with this amendment to section 77.

I also want to note just for a moment, as well, that the freedom-of-information commission has also commented on this bill. I know that the Attorney General would have received a copy of that letter, as did the opposition critic, my colleague from Nanaimo.

The bill empowers the commission to withhold information in confidence and does not clearly state that such information is subject to the Freedom of Information and Protection of Privacy Act. Section 55 of the act does not clarify that privacy rights of individuals and corporations will still be protected by FOIPPA should an FOI request be made.

The freedom-of-information commissioner is of the view that: "In order to ensure that both access and privacy rights of the public are appropriately protected, I believe the principles of the Freedom of Information and Protection of Privacy Act should apply to disclosures of information whenever possible, with only very limited exceptions." The letter goes on to say that the commissioner believes that the discretion provided to the B.C. Securities Commission under the paragraphs in the act, sections (a) and (b), should, of course, be guided by the freedom-of-information and protection legislation in sections 21 and 22.

I want to be very clear that the opposition supports better protection for the public in this area. We support enhanced enforcement tools to the securities regulator. We think these are welcome steps. However, we also would wait to see whether or not the British Columbia Securities Commission would in fact use these tools effectively for the benefit of the investment community and, of course, the broader community.

[S. Hawkins in the chair.]

I would urge, finally, that the government continue to pursue a national approach on the issue around securities regulation. I think that's important. I think that would be beneficial in the long run. This measure is simply, in my view, a stopgap in terms of measures, but much more needs to be done.

I look forward to committee stage debate with the Attorney General. We'll have some questions for him related to particular sections of the act.

L. Krog: I want to associate myself with the remarks of the member for Vancouver–Mount Pleasant, who has spoken, I think, very well on this bill before the House. It's not something that generally attracts much attention in this Legislature — a bill of this nature.

Nevertheless, it is incumbent upon all of us to view with careful scrutiny all that passes before us in this Legislature. It is important to recognize that it is a positive step to try and bring into some uniformity the conduct of securities commissions across the country, to improve investor confidence, to establish a pattern of rules that are similar.

Notwithstanding this nation's seemingly intense desire to retain its status as a federation, with each province retaining jurisdiction over its various constitutional priorities and obligations, it seems to me that this points out the inadequacy, by its very nature, of the constitution to address the modern world. We are a society that communicates with little hand-held devices that have been the subject of some discussion in this chamber from time to time, which the U.S. government regards as being so important that it was considering intervening in the court case around the BlackBerry.

This is not the Canada of 1867 when the constitution set it up. On that basis, I encourage the minister to work as much as he possibly can on behalf of British Columbia's investors — including all of those union pension funds that invest as well — to ensure that we achieve some uniformity of regulation across the country and that this, in fact, is nothing more than, as the member for Vancouver–Mount Pleasant put it, a stopgap measure.

[1520]

Now, speaking as someone who has practised in the private sector for a number of years, I must say that I look forward with great interest to the Attorney General explaining to the House why you would want to eliminate the provision that requires the commission to publish the list of defaulting reporting issuers. The simple explanation is that it's only companies that have failed to file their annual reports. I have to say to this House that in my experience, the only companies that fail to file their annual reports are generally small, solely controlled or family controlled business enterprises.

If the companies in this province are in such a sorry state that they do not keep their annual reports up to date, then surely it would be in the public interest to ensure that the commission would publish the names of those defaulting issuers. Often the first indication that a company is in financial trouble is the fact that it

won't pay the legal bill to ensure that its annual report, which is a fairly simple document, is in fact filed. This strikes me as frankly, with great respect — and I hesitate to use the language — a pretty stupid suggestion to amend the legislation in that way. This is a very fundamental, simple thing.

Surely it's incumbent upon the commission in protecting the interests of British Columbia's investors to ensure they are made aware that a company has failed to do the one basic thing required by law to ensure that it maintains its existence as a company in British Columbia.

As I say, I am astonished that the government would suggest that proposal, and indeed I concur with the comments of the member for Vancouver–Mount Pleasant. That should be the subject of some amendment or some change on the government's behalf. If not, the opposition will fill the breach in that regard, because surely we should not make it easier for corporations that enjoy the investments of pension funds of the hard-earned savings of British Columbians to avoid the kind of scrutiny that an investor should probably be making in those circumstances if a company isn't filing its annual report.

Obviously, we on the opposition side support investor protection and enhanced tools to do so, and obviously we support the efforts to reduce regulatory overlap. In doing that, we should not be taking steps that, in fact, make no sense. Surely, common sense is what should govern legislation.

I speak in favour, generally, of the bill. I think there are some serious, very practical concerns which I hope the government, during the course of the passage of this bill through the House, will address. If not, we will certainly do so on this side.

Hon. W. Oppal: I move second reading of Bill 20.

Motion approved.

Hon. W. Oppal: I move that Bill 20 be referred to a Committee of the Whole House to be considered at the next sitting after today.

Bill 20, Securities Amendment Act, 2006, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

Hon. C. Richmond: I call Bill 26, second reading.

SUPPLEMENTS REPEAL ACT

Hon. W. Oppal: I move that Bill 26 now be read a second time.

Bill 26 provides for the repeal or re-enactment of all those outstanding provisions of the 1996 statutory supplements. These supplements contain all the provisions that were enacted but not enforced at the time of the 1996 statute revision, which are still not in force today. The supplements include a wide range of legis-

lation that falls under the mandate of a number of ministries. All of these provisions are at least ten years old, and many are decades old. In many cases, they reflect circumstances and thinking that are different from today.

However, the fact that these provisions are still in the books contributes to uncertainty and unpredictability in the law and, on a practical level, require that they be considered for amendment each time new legislation is drafted.

[1525]

Bill 26 addresses this situation in three ways. First, it will repeal provisions that are so outdated that they will never be brought into force. Second, Bill 26 allows the repeal by regulation of another group of provisions if and when appropriate. Finally, Bill 26 re-enacts some provisions in the supplements that remain potentially useful. Bill 26 ensures that these provisions may still be brought into force at a later date.

Bill 26 is a technical bill to fine-tune the statute books, ensuring they are up to date and increasing the certainty and predictability of the law.

L. Krog: The Attorney General and I seem to be busy this afternoon plowing through the most scintillating legislation the House has seen this session so far.

Although supporting generally the Supplements Repeal Act, because it is very much housekeeping legislation in the full meaning of that term, there are some concerns that the opposition has, particularly around why the government is re-enacting provisions of the Health Care (Consent) and Care Facility (Admission) Act that are currently not in force. I suppose the question from our side is: is there some plan to enact those provisions in the future?

We also are somewhat concerned that there are supplements listed under section 2 that are to be repealed at a later time by regulation, whereas those in section 1 are to be repealed with royal assent of this bill. It gives us some concern on this side as to the explanation for, if you will, a two-tier system of dealing with supplements.

Having said that, nevertheless, I think this is a bill that would require some scrutiny in committee stage rather than in second reading debate. It hardly moves my heart to wax eloquent for any longer on this particular legislation.

Hon. W. Oppal: Madam Speaker, I don't think anybody should waste their eloquence when it can be used at a later stage.

I move second reading of Bill 26.

Motion approved.

Hon. W. Oppal: I move that Bill 26 be referred to a Committee of the Whole House to be considered at the next sitting after today.

Bill 26, Supplements Repeal Act, read a second time and referred to a Committee of the Whole House for

consideration at the next sitting of the House after today.

Hon. C. Richmond: I call second reading of Bill 21.

EMPLOYMENT AND INCOME ASSISTANCE
STATUTES AMENDMENT ACT, 2006

Hon. C. Richmond: I move that Bill 21 now be read a second time.

The Ministry of Employment and Income Assistance routinely reviews its legislation, policies and procedures to ensure that they continue to meet the needs of the people they are intended to serve and that they support an income assistance system that is fair, caring and sustainable. Changes to legislation are not made lightly, and every effort is made to balance the needs and interests of our clients with those of taxpayers and all British Columbians.

The amendments we are introducing today are intended to increase our ability to serve our clients in a fair and caring way while at the same time strengthen and protect the sustainability and integrity of the British Columbia employment and assistance program. The amendments include new legislation in three areas: definitions of dependent and spouse, sanctions for inaccurate or incomplete reporting of circumstances, and information-sharing agreements.

The definitions of dependent and spouse are key components in how the ministry makes a determination of eligibility for assistance. To ensure that our clients are treated fairly and consistently, we are proposing to amend these definitions so there is a clear distinction between two spousal dependency relationships and relationships of people who in the ministry would not expect to support each other financially.

We recognize that a number of clients in our caseload are involved in relationships — some marriage-like and some not. The changes we are proposing will allow the ministry to treat roommates, boarders, friends and adult relatives as individuals and not as family units in determining eligibility for assistance. Under the new legislation, it would be possible for two individuals to share rent and groceries, for example, without this decision affecting their eligibility for assistance. There would be no effect on assistance, because sharing rent or groceries or realizing some other economies through sharing is good money management.

[1530]

It is not sufficient financial interdependence to warrant being assessed for assistance as a family unit. Even couples who decide to reside together will not be considered to be spouses until they have resided together for a number of months and demonstrate financial, social and familial elements consistent with a marriage-like relationship.

At the same time, we want to ensure that people in a true marriage-like relationship are assessed as a family unit when they apply for assistance and that the

income and assets of both individuals are taken into consideration.

Furthermore, it is fair to expect a spouse who temporarily relocates for employment to continue to be responsible for his or her partner. In this case, a marriage-like relationship has already been established, and the level of assistance has been determined by the family unit's combined income and assets. The fact that one of the partners in the relationship takes a job out of town does not change the nature of the relationship nor that person's responsibility to support their spouse.

Therefore, it is reasonable and fair to expect that the income earned from the job, even though it is out of town, be included as income for the family and the family's assistance reassessed by the ministry. These changes are fair and reasonable, recognizing the rights of individuals and the obligations of people in dependency relationships. As well, these changes better and more precisely reflect the values that are entrenched in the Canadian Charter of Rights and Freedoms.

We are also seeking to introduce legislation that will encourage clients to accurately and completely report their circumstances related to income and assets and their employment and family unit status — legislation that will result in fewer overpayments and less abuse of our programs. This change also ensures that clients who take the necessary steps to provide accurate information are treated fairly.

Having a process in place that encourages clients to report any change in their circumstances not only ensures that the funds are going to those most in need but also ensures that we are fiscally accountable to the B.C. taxpayers. It is up to each of our clients to provide accurate and up-to-date information to the ministry.

In those cases where clients do not accurately report their circumstances, this change will give the ministry the authority to sanction this behaviour by reducing assistance for a specified period. The amount of the reduction and the time period over which it will be imposed will be prescribed by regulation. Our intention is to make this reduction in assistance small but still enough to serve as a deterrent.

Specifically, our intention is to impose a \$25-per-month reduction for three months on a first occasion, \$25 per month for six months on a second occasion and \$25 per month for 12 months on a third occasion. While the vast majority of clients receiving assistance are in compliance with the ministry's legislation, this amendment will ensure that the integrity of British Columbia Employment and Assistance programs is not compromised. It will also allow the ministry and all taxpayers to avoid the high costs of lengthy court proceedings.

Finally, we are seeking a change that will shift the general oversight for the protection of client information from the employment assistance acts to the Freedom of Information and Protection of Privacy Act. This change, while not in any way compromising our clients' personal information, will allow the ministry to more effectively participate in cross-government shared services projects, explore new methods for im-

proving how we deliver services to our clients and improve our capability to evaluate our programs.

The change will also expressly provide for research agreements. All information-sharing agreements must be published on the Internet, require privacy act assessments and must comply with the provisions of the Freedom of Information and Protection of Privacy Act. Again, I want to stress that all personal information is protected by the Freedom of Information and Protection of Privacy Act, an act that has been in place since 1993. It is the strongest privacy legislation in Canada and among the strongest in the world.

[1535]

The protection of privacy is the highest priority for government. This legislative amendment will allow information-sharing to take place, but it will take place under the very strictest of privacy-protection protocols. In fact, on drafting this amendment, we sought the opinion of the province's Privacy Commissioner. We welcomed his response and have taken into careful consideration his suggestions and comments.

Government believes that the most efficient and effective way to manage information privacy is to rely on the high standards of the province's Freedom of Information and Protection of Privacy Act. Our current legislation predates the Freedom of Information and Protection of Privacy Act and, as such, does not contain important amendments within that act that serve to further protect personal information.

Also, leaving privacy protection to individual pieces of legislation restricts government's ability to respond effectively and swiftly in circumstances where sharing information can greatly benefit clients. Privacy is more effectively governed by the very powerful Freedom of Information and Protection of Privacy Act.

All of these changes reflect our commitment to fiscal accountability, to ensure that ministry resources go to those truly in need and that the income assistance system will continue to be there for all British Columbians when and if they need it. Clients will continue to receive the exact amount of income assistance that they're eligible for each month. All of these changes are reasonable and fair — fair to our clients, fair to taxpayers and fair to all British Columbians.

Hon. Speaker, I am proud to introduce second reading for this bill.

C. Trevena: I am very pleased to hear the minister saying that there will be assistance for those in need.

I have some concerns with the bill. I think it provokes many questions for the committee stage, particularly the issue of dependent and spouse, because we're talking about definitions. The bill is changing the definition of what a dependent is and what a spouse is, and I don't believe that it really makes it very clear.

It's very welcome that the definitions are being looked at, because people have been unfairly treated in the past. So it's good that we do look at it. However, I have concerns about the way that it has been brought in. It brings up the questions: how is dependency defined, and who is dependency defined by?

We're going to face, when we're changing definitions, issues of interpretation. For example, in the first section of the bill it talks about parental responsibility for a dependent child. Is this going to mean that if someone's roommate regularly helps with child care or collects a child from school, they are going to be seen by some front-line worker or someone within the ministry to have a parental responsibility? Therefore, are benefits going to be affected by that? There have been cases in the past where this has been so, and I would hope that in changing definitions we have clarity rather than further confusion. However, I believe that we are getting further confusion.

The other area in the definitions which is particularly concerning is the one about the spouse. The minister has had cases brought to his attention by myself and by others about people who are living as roommates, sharing accommodation because they cannot afford to get accommodation on their own, because they need to help each other. Often people with disabilities have different levels of disability, and they can help each other out.

Under these changing definitions, it seems that it doesn't clarify whether those people will or will not be deemed as a spouse. It puts the onus on individuals who are often having a lot of stress at the time that they're applying for benefit. They may acknowledge that they are residing together, and that might be interpreted by one person that they are residing together in a spousal relationship whereas another person may not take that interpretation. Again, I think we are going to face many problems with interpretation.

[1540]

I think there are also real concerns about the time lines. Under the amendment we're talking about two people who have resided together for at least three consecutive months or nine of the previous 12 months. There is always a difficulty in defining what a spousal relationship is. Common-law is defined in many different ways by many different acts, both provincially and federally, so here we have a different interpretation again. I think that this could further put people in a very difficult position. Will it mean that after three months, roommates who are sharing because of cost issues or because they can help each other out are suddenly deemed to be married? Will this therefore impact on their shelter and other benefits?

I'm also concerned that the criteria.... What is a marriage-like relationship? I mean, we have the statement there that the minister is satisfied that the relationship demonstrates financial dependence and social and familial interdependence consistent with a marriage-like relationship. What is a marriage-like relationship for one set of people may not be a marriage-like relationship for another. Again we are talking about, many times, people who are living on the margins, people who are living on the fringes, who really do need to offer each other support. It's definitely not a marriage-like relationship in the accepted sense of the word, but because they are together, they will be perceived to be in a marriage-like relationship. I think

there is real concern there. Also, "in the minister's opinion...." Unless we have a clearer definition of what the minister's opinion is, there are again real concerns about the change of the definitions.

The other areas. These are quite broad-ranging amendments. We are also looking at the issue of inaccurate information. I know the minister wants to prevent fraud, as we all do, but it seems unduly harsh. I was very pleased to have the financial penalties laid out by the minister to see just what it is going to mean, but again the onus is being put back on individuals who are often highly stressed at a specific time when they are applying for assistance or when they are asking for extra benefits. There is, I think, an unduly unfair onus on the applicant.

I've also seen in other cases where applicants have been applying for supplements where they have had letters of support, supporting evidence, from many people including medical professionals, and they are still not deemed to be eligible for that benefit. We've seen other people who have been in a very looking-glass world where they have had to prove that they don't have a bank account. I've come across cases where somebody has had to prove that they don't have a bank account overseas and another person who has had to prove that they really don't have a job. So you are proving a negative.

Again, we are asking people to prove things and show things that they may or may not be able to do, so I'm very concerned that this is going to become unnecessarily harsh on many people in an attempt to stop the small elements of fraud that there are in the system.

My final concern is the area of information-sharing. I know that the minister has talked a lot in his introduction about how under the Freedom of Information and Protection of Privacy Act, it's going to be much safer. I am somewhat concerned about this. I fear, maybe, that the minister protests too much. He was talking so much about it that there may be some real concerns there.

While I know that the ministry is working with other ministries for certain areas, there are questions about what is the research that's going to be carried out, what are the shared services that the information is going to be used for and particularly why we have the mention that — when they're applying for income assistance, when they're applying for disability benefits — very personal information could be shared with other authorities, other provinces and the United States.

[1545]

I think this could cause a lot of alarm for a lot of people. It certainly does provoke a lot of concerns for me. We're talking about highly sensitive, highly personal information that there really doesn't seem to be any need to be sharing with other authorities — possibly within ministries, but again I have great concerns about that.

I'm very much looking forward to being able to ask many more questions about this. This bill does raise many questions — many questions of definition, many areas that we need clarity on. I don't feel it is possible

to support this bill, because there are too many loopholes, too many questions still there that need to be answered. There are too many concerns and too many areas where it is up to the minister to make the call, and it seems that it's going to be unduly harsh on people who are already in a very vulnerable position.

M. Sather: I, too, have concerns about this legislation. I will wait for third reading to get more clarity from the minister, but my reading of it certainly does raise some concerns, some flags, for me.

I have to wonder if this isn't a bill in response to concerns that have been expressed to this ministry about some of the kinds of invasions of privacy that have taken place with regard, for example, to searches of clients' homes or of those who have been applying for assistance. Ministry staff, no doubt with the authority of their supervisors in the ministry, have reportedly gone into homes and searched private belongings not only of recipients and those applying for assistance but of those who live with them.

My concern is that this is an attempt by the government to circumvent some of the concerns that have been expressed to the government about that particular behaviour. I hope it's not the case, and I will wait to hear what the minister has to say with regard to the specifics of this bill. But as my colleague before me has mentioned, issues such as the definition of dependents and spouses certainly jump out at me as an area of concern. It looks to me as if it leaves a great deal of latitude to the minister. It appears that the definition has been broadened in such a way that many people could be caught by these definitions who, in my opinion, should not be considered as in dependent relationships and certainly not as spouses. That will be something that we'll be glad to speak to further.

Also with regard to privacy, the minister says that this bill will bring greater measures of privacy, that the previous bill was brought in before the freedom-of-information and protection-of-privacy legislation and that this will bring it up to date. It looks rather wide-reaching to me. The kinds of information-sharing that would be permitted by this bill.... Such things as eliminating the requirement of an information-sharing agreement for research purposes.... What does that mean? What sort of research purposes are we talking about? Why would it be necessary to subject anyone's private information for research purposes or for sharing, perhaps, with other ministries?

Certainly, we will wait to hear more from the minister about that. The overall appearance for me is one of heavy-handed legislation. It appears arbitrary in many respects with regard to what the minister deems may be the case with regard to income assistance recipients.

[1550]

It's not something, at least at this reading, that I think would give those who are in the system — or applying to be in the system — any sort of comfort. In fact, quite the opposite — I think we'd give them some cause for concern. I'll leave it at that and just say that I look forward to further debate on this bill.

M. Karagianis: I am rising to speak to the second reading, understanding that full debate will come clause by clause at the committee stage. I look forward to that.

I in fact support the concept of simplifying the process for income assistance. Whenever a more sensible approach is taken to any of these kinds of procedures, I think it's a very good thing. I'm not entirely convinced that that is what's happening here, although on the surface that appears to be, from the minister's comments, the exact intent of this bill. In fact, I think there are some concerns here — some devil in the details of the language that concern me greatly.

Recently we've had a lot of reports in our local newspaper about the difficulties that some people have had in obtaining income assistance and how that has resulted in growing homeless numbers and frustration on the streets of this city. I am very concerned about any kind of changes in legislation which may result in the same kind of thing or which may magnify or exacerbate existing circumstances around that.

I do think there are, unfortunately, some issues with the language in this bill, especially around the definition of spouse. Previous speakers have already talked about that. The minister has said that this legislation moves to protect people who are just living in a roommate situation — who are friends who have moved in together to share expenses. In fact, the language in the bill indicates something entirely different. The three-month definition, I think, has such broad interpretation that it has moved in the opposite direction that the minister may have intended for this legislation.

The reality of the economies in urban centres is that people are often forced into living together merely to be able to afford the day-to-day costs of food, shelter and transportation in cities as expensive as Victoria. In my riding I have the highest per-capita number of people living under the poverty line here in this urban centre — in Esquimalt-Metchosin, particularly in Esquimalt.

Most often this affects women. Whenever citizens are forced into living together in order to make the economies of their expenses, exactly as the minister alluded to in his opening comments — often those being women or single mothers — they are now put into an unusual situation. After three months they could actually be defined as now cohabiting in a spousal relationship when in fact no such relationship exists at all.

I know lots of women who are sharing costs of living together, who are roommates. Often these are older women as well, who tend to be some of the most vulnerable, in this particular situation.

It seems to me that in many ways, some of this new language around this new definition of a spouse is really putting the squeeze on more of those more vulnerable citizens out there who are getting income assistance. Often these are the same people who find it the most difficult to defend themselves and to speak up for themselves. The onus is now on those individuals to protect themselves and say: "No, this is not a spousal

relationship." They've now been accused of living together in a heterosexual or same-sex relationship when in fact these are friends who have pooled resources in order to pay for extreme costs of living here in urban centres and elsewhere in British Columbia.

Often I've run into older couples — men and women who are merely friends — who don't have any kind of spousal relationship whatsoever but have had to pool their resources together because they cannot afford to live on their own, still feed themselves and live any kind of dignified life with the high cost of living here. I would hate to think that after three months, they would automatically fall into the category of spouses and have their income reduced.

[1555]

Much of the constituency work — and I'm sure it's the same on both sides of the House here — is about helping citizens navigate their way through complicated processes, complicated policies around things like income assistance, and looking for a safety net from government, especially where they have been turned down or had many of their income programs removed from them. That is the time when they turn to us for help. In fact, I think all of us have seen the kinds of citizens that will be most affected by these changes.

I will look forward to debating this clause by clause, but at this point I have great alarm over what the changes in language have actually done — very benign on the surface. They look really good, but of course when you look under the surface, you begin to take that and apply it to individual cases. You see that in fact it's much more restrictive and can be much more punitive to individuals. I could not support anything in this House that did that.

L. Krog: I want to agree with the comments of the members who have spoken previously, but I do want to raise a couple of issues that arise out of this bill in a very philosophical way.

We've had a great argument in this country recently around the issue of gay marriage. The presumption is that relationships between parties in marriage-like relationships should be a good thing, that it's a building block. It's a necessary fundamental in society. We encourage the concept of marriage. People get together. They work together and support one another both emotionally and financially.

Yet I have to say to this House that the whole thrust of these changes.... It confirms what exists now in many respects. If people are on assistance — if they find themselves at the bottom of society, so to speak, in economic terms — and they get together in a relationship that may indeed be supportive for children, may be supportive of one another.... Either of whom may be suffering from some emotional or mental illness or problem. We're saying: "If you get together, we want to make sure that if it's anything remotely resembling a marriage-like relationship...." What we say to you as a society is: "This is a bad thing, because we're going to cut your benefits." That's what this says on a broad, philosophical basis. That's what we're talking about.

We are really saying: "If you remain dependent, if you're on social assistance, if you are at that bottom rung, if you get together with someone else in relationships that we generally encourage across the board in society, then we're going to punish you. We are going to ensure that your income is reduced." Notwithstanding that minor opportunity, that little step up the economic scale that may be advantaged by allowing two people to live together and pool resources and perhaps benefit themselves enough, enable them to buy decent enough clothes to actually go out and find and look presentable for employment opportunities.... If they do that, we're going to punish them.

Sometimes as we stand in this Legislature and as the opportunity is put before us to talk about these things, it's important to think of this in the larger context. What this bill is really saying is that we're going to.... It's not some legislative change that enhances the ability of social workers on the front lines to determine who's eligible and who's not eligible. What it says in the broadest sense is: "If you're on assistance, then we want to punish you. If you're on assistance, we don't want to encourage relationships. We don't want to feel that the taxpayers of this province are somehow being put out by allowing you a few extra dollars, when we already know that social assistance rates for single employables haven't been increased in this province in something like 14 years."

There's not a person in this province who wouldn't acknowledge and state openly, if they had any sense, that one cannot live on \$525 or \$515 a month anywhere in this province, even if you were residing in a tent in one of the warmest climates of the province. It is impossible to survive on that. We acknowledge that.

According to a recent poll, something like 74 percent of British Columbians would support an increase in social assistance rates. In other words, an overwhelming majority of British Columbians support it.

[1600]

In response to this bill before the House today on second reading, I say take this as an opportunity to reconsider the whole issue of social assistance in this province. Consider the message that we send to the poorest amongst us when we say: "Get together in relationships that we generally encourage — whether they be gay, lesbian, heterosexual or otherwise — and we're going to take away some money. We're going to tell you that supportive relationships, the coming together of people who want to support each other, are a bad thing." That's really what we're saying here today.

I look forward to the debate on this bill, because it raises a fundamental and important issue about our whole attitude toward the poor in this province — our whole attitude to those who are unfortunate enough to find themselves on social assistance, let alone the thousands of British Columbians who we know today live on our streets because they don't meet the qualifications even for social assistance.

Those are the big issues that need to be debated in this House, and this bill gives us an opportunity to do so.

Hon. C. Richmond: I guess that with those last remarks, I've heard every interpretation there is to be heard about this. I understand some of the members' concerns and that they want more detail, and we'll examine that in committee stage. I, too, look forward to it, because we can clear up a lot of detail that is not contained in second reading.

I'm sure we will be debating this in full committee of the House very shortly. With that, I move second reading.

Motion approved.

Hon. C. Richmond: I move that the bill be placed on orders of the day for examination by a Committee of the Whole at the next sitting of the House after today.

Bill 21, Employment and Income Assistance Statutes Amendment Act, 2006, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

Hon. C. Richmond: I call second reading of Bill 24.

RESORT TIMBER ADMINISTRATION ACT

Hon. O. Ilich: I move that the bill now be read a second time.

I am pleased to introduce this bill entitled Resort Timber Administration Act, which creates a new framework for timber management in the context of resort development. Through this bill, British Columbia is demonstrating its commitment to supporting the tourism industry, which is a key contributor to our economy.

This government continues to support the industry by facilitating resort development in the province, and this bill carries on that work. This bill introduces a one-window approach to all-seasons resort approval processes by allowing officials of the Ministry of Tourism, Sport and the Arts to authorize timber harvesting when approving specific development proposals.

All-season resorts are resorts that provide seasonal or multiseasonal recreational activities. The most common example of an all-season resort is a ski hill. Such resorts are situated within controlled recreation areas, and controlled recreation areas are the areas in which resorts are legally entitled to operate under the terms of master development agreements between the resort developer and my ministry.

These areas are the areas of Crown land that encompass recreation infrastructure and activity areas and the base area, where most of the real estate development takes place. The current scheme requires resort developers and operators to obtain approvals from both the Ministry of Tourism, Sport and the Arts and the Ministry of Forests and Range in order to proceed with resort development and associated timber harvesting within controlled recreation areas.

The current scheme is at odds with the streamlining objectives identified in the British Columbia resort strategy and action plan, which was released by the government in November 2004. The need to reduce duplication in approval processes was identified by the resort tourism industry as a significant step toward facilitating resort development.

The new scheme enabled by this bill meets the streamlining objectives identified in the British Columbia resort strategy and action plan and is one of the specific actions contemplated in the strategy. This bill reduces duplication by providing a consistent and coordinated one-window approach for resort development approvals.

This result is achieved by granting two main powers to my ministry: the authority to designate controlled recreation areas by regulation — and this will establish the geographic area in which the Ministry of Tourism, Sport and the Arts will be exercising the timber management powers and responsibilities conferred by this bill — and the power to transfer, by regulation, existing authorities under the Forest Act and the Forest and Range Practices Act from the Minister of Forests and Range to the Minister of Tourism, Sport and the Arts.

[1605]

This transfer will enable my ministry to assume timber management powers and responsibilities within controlled recreation areas. It is anticipated that the regulation authorizing this transfer would be brought forward as soon as possible after this bill is passed. The wording of the bill makes it very clear that such transfers of authority would only be authorized for the purposes of the development or maintenance of an all-seasons resort in a controlled recreation area.

The bill also contains consequential amendments to the Forest Act. These amendments are required to create a new type of forestry licence to cut that could be issued from the management of timber as part of a resort development. The Ministry of Forests and Range would also benefit from the creation of this new category of licences, as they could use them for a number of purposes that are not currently contemplated in the existing provisions of the Forest Act, including, for instance, urban interface and wildfire management.

In four years British Columbia will host the 2010 Olympics, something we can all be proud of. As part of its commitment to the Olympics, the government pledged to set the stage to double tourism revenue by 2015 by encouraging new investment in recreation and tourism. This bill ensures that these objectives and the streamlining objectives set out in the B.C. resort strategy and action plan are met. The implementation of the framework created by this bill is an important step towards the achievement of the goals that government set for tourism in this province.

Hon. Speaker, I move second reading.

N. Simons: The response to Bill 24, the Resort Timber Administration Act, will take place not just during

this second reading debate but in third reading as well, where we go to committee stage and examine the bill in its details, clause by clause. But I'd like to just begin by saying that in theory, perhaps there is nothing inherently wrong with the perception that the tourism industry can authorize timber harvesting in approved commercial tourism and recreational development areas. Ultimately, the problem we have with that is that there's no clear definition as to what exactly is entailed by a controlled recreational area.

The question that we need to ask ourselves as legislators is: how are these areas approved for commercial development? More to the point, how are the assets of the Crown — and consequently of people in British Columbia — recognized, and how is the land accounted for in this new system?

I have some very serious concerns about this act. It is also my duty to reflect the concerns that have been expressed to me by stakeholders in the community that include forestry companies and conservation groups and, I might add, the concerns of many people in the tourism industry itself.

I understand that the underlying philosophy is to streamline the application process for resort developers and make it easier for developers to achieve their goals of perhaps creating a new recreational area or resort area or to expand on the area they currently operate. But what it appears to be to many people with whom I've spoken is an opportunity to undermine the public interest by reducing the requirements for consultation and for upholding environmental standards.

That's a concern many people have expressed to me. It's a concern that will be addressed in further detail in committee stage. I think there are many, many questions that need to be answered before any sort of acceptance of this act without opposition can go through.

[1610]

What essentially is at the root of the problem with this particular piece of legislation is that it's another opportunity for the government to bypass a consultative process, a process that may take slightly longer but takes into account the values and the concerns of community members, local government, local interest groups and local residents who, by virtue of this act, would be cut out of the loop entirely. I think that's a problem. Perhaps it can be sold under the guise of streamlining or the one-window approach, but this is one window that could perhaps use a screen on it so that the bugs could stay out. I think that is really what we're trying to accomplish through pointing out some of the deficiencies of this particular piece of legislation.

Part of the problem, essentially, with this type of legislation is that it provides authority to the ministry and consequently to the delegated members of that ministry to make decisions that are potentially very wide-ranging and broad-ranging. There is a large amount of discretion in the ministry's powers, having to do with everything related to the process of the forest industry, including waste disposal, working in volatile environmental areas, the protection of water,

protection of wildlife and potentially the concern over endangered species.

We know there are many reasons, and there is a history of regulation that has developed to this particular point in time where regulations to protect species at risk, whether blue or red species, have been created over time. With one act of the Legislature, many of these well-thought-out regulations and regulations that have taken many years evolving will be completely wiped out, and I think that is a concern.

Essentially, the ministry has the authority to make decisions over these important issues but has, perhaps, no expertise in the area. So the concern may be addressed through some amendments or through some regulatory changes, but essentially the concern is that the Ministry of Tourism doesn't have the capacity to make decisions over environmental stewardship that may be entailed — or without concern for local involvement in the decision-making process.

I would say, in summary, that this legislation is very powerful because of its vagueness, and I think that those two don't work well in legislation. If there is an authority to be assumed by a new agency, that agency should have guidelines, and it should be clearly stated in legislation what the limits and extent of that legislation should be.

Bill 24 also fails in addressing the question that regular British Columbians will probably ask, and that is: how is this legislation going to be used? How will we see the actual implementation of this legislation as it happens on the ground or on the ski hill, wherever that happens to be? Many of these questions, I'm sure, will be further examined in the committee stage, but I should point them out now, as perhaps this is the place to do it.

There are concerns, as well, about compensation for tenure holders should their rights be voluntarily surrendered. I'm sure the ministry has been notified by stakeholders of concerns in the community. How will these be addressed? I'm of the belief, and we on this side of the House believe, that these kinds of issues should be resolved in the actual legislation itself. It should not be left to the whim or even the careful deliberation, secret deliberation or private or non-public deliberation of these issues.

I think that whether well-intentioned or not, the perception of accountability and openness is as important as that accountability is. To leave it out of legislation — in particular, what I'm talking about is the scope of the powers of this legislation — is doing harm to British Columbians' trust in the public process.

[1615]

There's also lack of clarity in terms of whether this bill will apply to already existing controlled recreation areas. If it does, the question will be raised further at another time about what consultation has taken place. You know, we have examples in British Columbia history about the importance of local involvement or input into recreational areas, into land use plans, and Jumbo is a good example.

We wonder perhaps what would have happened at Cypress Bowl if the Ministry of Tourism, Sport and the

Arts — had it existed at the time — had been the body holding the jurisdiction to authorize the harvesting of yellow cedar. They fortunately are still standing, but we question the strength and integrity of legislation to protect that valuable asset. Putting this important responsibility in a ministry that most would agree isn't set up to do forest management is questionable in terms of public policy.

Fundamental to my concerns about this legislation is the vagueness around how controlled recreation areas are established. This is a matter of policy once again. It is not a matter of law. As much as policy does govern much of our day-to-day operations in the province, I think that when left in policy and outside of the jurisdiction of legislation, it's subject to the whims and the winds, in fact, of public opinion or government will, policy, focus. It seems to me that this should be ingrained in the legislation.

Bill 24 allows cabinet to make regulations "designating Crown land as a controlled recreation area, cancelling such a designation or amending the boundaries of a controlled recreation area." Land use and tenure is controversial, and there are always conflicts over land use. But suddenly we have another ministry that will have the jurisdiction, or potentially the jurisdiction, to govern issues around those kinds of concerns.

Land use issues are obviously important in my constituency. I'm not suggesting that ultimately it's always conflict that resolves issues. I believe that the way this legislation is currently crafted, it leaves open far too much discretion on the part of the Ministry of Tourism, Sport and the Arts, which doesn't have the capacity to deal with these — unless, of course, we find out later that the Ministry of Forests will be amalgamated with the Ministry of Tourism, Sport and the Arts, which I am not in any way proposing.

Bill 24 threatens to undermine local input into land use planning. I think that ultimately members of the British Columbia public are very sensitive to the possibility that, once again, local decision-making and local autonomy and local jurisdiction might be circumvented by such legislation as this.

We on this side of the House believe that the best land use planning comes from input, comes from giving voice to the community and respecting the will of the community. I believe this is a form of legislation that distances decision-making from people who are affected by the law and who, in general, are concerned about decision-making by government with that lack of oversight.

We should also remember that decisions around timber management come from a government that did not do a lot to support the Ministry of Forests in the past. Some 800 Forest service jobs were cut, and 21 Forest Service offices were closed. They are having a profound and negative impact on the protection and management of forest lands.

[1620]

It's not just me identifying concerns about this legislation, and it's not just concerns from local community members or local governments about this legisla-

tion. It's also concerns from the forest industry, as I mentioned, and from the tourism industry, where there are conflicting tenures over land use.

I'm sure that some of the stakeholders have contacted the ministry and will continue to contact the ministry, and I'm quite sure that opposition to this bill will continue, if not get stronger, if some changes to the act are not forthcoming. These have to do with protecting the public interest in these decision-making processes. The concerns over the unilateral loss of annual allowable cut — I know that's another issue.

I think these issues really need to be clarified and addressed — addressed and clarified; I think they go together — so that we can have some comfort with this act. But as it stands now, we have strong opposition to the act as it, once again, further dilutes the community consultation process. It further distances the decision-making process from the people who should have the most input into decision-making.

I know there are others of my colleagues who wish to comment on this act.

N. Macdonald: Well, there are a couple of things, just to give you some background as to the opinions that I'm going to share with the House. I was involved with the development of Kicking Horse when I was mayor in 1996. The proponent came to the community, and they worked closely with the community through a process that has put in place one of the best ski hills, I think, in the province. So that's part of my experience.

The other experience that I will bring to what I'm going to say here is around other tourist developments that are being considered for the region. Just to highlight the point, these developments can either be something you want to move quickly through a process or you do not want to move quickly through a process, depending very much on a number of factors that I'm going to describe here. Part of the background for my comments will be around Jumbo Glacier Resort, as well as Columbia Lake and the development there and the subsequent changes to the park boundaries that would need to take place for that development to go ahead.

Bill 24 is basically described as an act that makes it easier for those establishing or operating resorts on Crown land. Now, this act is going to move powers currently held by the Ministry of Forests and Range to the Ministry of Tourism or somebody that the Minister of Tourism designates to make forestry decisions in an area designated by the government as a controlled recreation area.

The government has indicated that it wants to double the number of tourists. As mayor of Golden, I worked to support development of the tourist industry in the community that I was responsible for, but with any development the needs of the investor need to be balanced with the needs of the community. Those needs also have to be met.

It is difficult to support legislation that makes it easier to establish resorts on Crown land until the ability of local residents to decide their destiny is clearly established. So the issue that I have with this bill is the

order in which things are being brought forward. As the representative of the people of Columbia River-Revelstoke, I believe that we are the ones who best understand the implications of a major resort development and who will live with the benefits and problems that accompany any development.

[1625]

I want our rights entrenched, and that's not going to happen without clarity from this government and, I believe, without the withdrawal of the Significant Projects Streamlining Act. Until that happens, the rights of communities are not guaranteed.

The Significant Projects Streamlining Act is something that was brought in by this government. It gives the government the ability to override what local government wants to do. The point I will be making throughout what I have to say here is that before we look at ways to make it easier for an investor to move forward with a development, it needs to be very clearly supported by the people who are going to have to live with the development.

There needs to be an approach that has balance. We need to see the needs of the investors served, but the needs of the investors are not more important than the needs and interests of the local community. They're not more important than environmental concerns. They're not more important than forestry interests. I don't see the interests of the public served if we are not careful to maintain the balance that would exist if a community controlled the process or had a big impact on the process.

It's important to emphasize, in a way that perhaps you only understand if you live in the Kootenays, that Crown land and access to that public land and the activities that go on, on Crown land are of crucial importance to the culture of the Kootenays. We have pride in the activities that we participate in on Crown land.

There's pride in forestry. We see forestry as something that we in the Kootenays do particularly well. As mayor, when I was promoting tourism as an important part of our economic diversification, there were many people who had concerns about the difficult relationship between tourism and forestry and the potential conflicts that you can see. There is a point to be made there. Now, within a community we can work through and find the balance, but there needs to be a balance found.

We have pride in environmental sustainability. A tourist resort is a permanent altering of the back country in a way that forestry isn't. As a teacher, you meet with classes, and kids often talk about the values they have around sustainability, around the things that they find important about what's going on in the world. They have an expectation that environmental considerations will be made by people in power. It's important that we consider that as we look at developments in our area. In making something easier for an investor, even if that's a laudable goal, it is only laudable if we have also considered the implications for the environment that surrounds us in the Kootenays.

In the Kootenays we have pride in the abilities of local residents to make good decisions. We are able to balance things and get together and work through the

many issues that need to be considered. Sometimes that takes time — time that a developer or an investor might find irritating — but it is part of a good process.

I've seen my councils and regional districts in action. I have seen the level of community commitment to land use decisions, and there is reason for the area to be proud about what we can offer to development in the province and in the Kootenays in particular. The Kootenay also has a great deal of pride in its ability to resist things imposed from Victoria. That's something, no matter which government is in power, they find is a characteristic of the Kootenays.

Kootenay people want to have a big say in what goes on, and for very good reasons. If you ask people what's important to them, they're going to be talking about things like the ability to hunt on public land, hiking, fishing, back-country skiing, snowmobiling, affordable camping. There are implications for all of these things with the development of a resort.

To make it easier for investors, I worked as mayor with a proponent, Oberto Oberti, and with a Dutch company, Ballast Nedam. They were interested in investing in B.C. in the '90s. The community was the first thing consulted. We held a referendum; 96 percent of people wanted the development to go ahead.

[1630]

With that in place, we considered the other things that a community would consider around the environment, around what impact it would have on the community, and it moved ahead relatively quickly. The holdups that were there were natural holdups that you would have around a business trying to put in place the things that it needed to put in place. The considerations were all, to my mind, quite reasonable.

With two contentious projects that this government is going to have to deal with — the highest profile will be Jumbo Glacier Resort; the other one, Columbia Lake — it highlights for me the fact that we have to be very thoughtful about how we move forward with tourism. It is for that reason that I would put to the minister that the first thing we should be dealing with is clarification around what the role is for locals. What is the role for the people who are going to have to live with development and deal with all that comes with a major four-season resort?

For that reason, I have questions around that. During the committee stage we're going to have more specific questions, and these questions will deal with exactly how the minister interprets the bill working. A few of the questions that I have I'll just put forward now, so that the minister will be prepared for the committee stage.

One of the questions would be around the Resort Timber Administration Act and changes it makes. What does this bill mean to the AAC? It gives the resort tenure of the annual allowable cut associated with the area under tenure. That's one of the questions we'll be looking at.

A second question was around whether this means that the Tourism Minister will be responsible under the RTAA for reviewing forest stewardship plans, admin-

istering the resort's tenure and compliance with the FRPA within the tenure area. That would be a second question.

Third, does this mean that the Tourism Minister will be responsible for the first nations consultation on the tenured area of the resort?

Fourth, does this mean that the Minister of Environment, or whatever the government has, is not going to be dealing with...? How does that consultation work with the Minister of Environment? And how are you going to consider things around natural heritage? Those are just a few of the things that we'll raise during the committee stage, and you can be prepared for that.

With that, I thank the minister for the opportunity to speak, and I look forward to the debate in the committee stage.

S. Simpson: I just wanted to make a couple of comments about this bill, and I'm pleased to have the opportunity to make those. Some of them reflect comments of some of my colleagues.

The issues that particularly concern me in regard to the Resort Timber Administration Act, Bill 24, really revolve around the sustainability of this strategy, the sustainability in our forests and whether, in fact, this is a positive initiative to help ensure that we find the sustainability that we need long-term.

As we know — and we see this in debates here in this House, and we know we've seen it in reports in regard to the forest sector — our forests are facing a very challenging time these days. We talk a lot about forest health. We talk about the future of our forests, and we talk about the challenges that we face and how we're going to move forward on those challenges in a meaningful way.

When we talk about our forests, we look at issues like climate change, which is affecting our forests in ways that we don't understand. What we do know is that the effects are real. They are immediate, they are here today, and they are starting to evolve. What we really need to do is to better understand them. Decisions that we make about what goes on in our forests, clearly, will be impacted by climate change.

[1635]

We know that issues that we face like the beetle and like the challenges around softwood.... All of those things will change the relationship in our forests and will change the dynamic of our forests in the long term. We know there are significant environmental issues always at play when we talk about our resources, and there certainly are significant environmental interests at play when we talk about the future of our forests. We know, as well, that those are hardly ever black and white. They're always some shade of grey.

They're usually the decisions that we need to make about how we approach any of these issues, whether it be issues of climate change, issues of species at risk, issues of the beetle — any of those. They're issues that we base on science. Hopefully, they're issues that we have a significant dialogue and discussion about long term.

As my colleague from Columbia River–Revelstoke said earlier, we also have the question — which is impacted by this bill — of the role of our local communities. Increasingly, of course, our communities are looking to play a more involved and engaged role in what goes on in their general areas. We're seeing communities that are seeing their economies change. They're looking at local economic development strategies. They're looking at their resources and how their resources can play a role in supporting local economic development. Largely, they do that by looking at how people will work together to develop those models and those plans that will be successful in the long term.

What we know, of course, is that those solutions, when they get found, are found primarily by dialogue. They are found primarily by dialogue in communities with government and with a whole range of interests. The concern with this bill is that I don't see in this bill where it helps us to have that dialogue. I see where this bill is silent on the question about the authorities that it hands over to the minister and the minister's ability to deal with a very specific piece, which is the question of resorts.

It makes me think that it's kind of like a problem that we see with government. This is a problem that, at the senior level, all governments have faced and they face to some degree, which is this question of the creation of silos for policy where different ministries have silos for their policy. It's sometimes very challenging, because of the size of government and the intricacy of government, to do the planning at the levels that you want that planning to occur.

I'm very concerned that what this does is take a specific activity, which is the creation of resorts, and say we're going to create another silo here under the auspices of the Minister of Tourism. That silo is going to deal with these issues around resorts and will not connect in a way that should work for all of us to begin to have those dialogues cross-ministry, looking at all of the issues that we face.

What I think we need to do here is say: how does this legislation support a meaningful dialogue at the community level with legitimate stakeholders and interests to that — whether it be the forest sector, first nations, local communities, workers, the businesses — to find solutions that work in those communities? Those solutions may include resorts, but they may not include resorts as well. What I don't see is how we have assurances that those discussions happen with this particular piece of legislation.

When I look at what the government certainly holds up as one of its crowning achievements around land use planning over the last period, it would be the north and mid-coast agreement — the Great Bear agreement, as it's often called. The real success of that agreement — there are still challenges, and there will continue to be challenges around making that agreement work — was the dialogue that went on. It was extended; it was challenging. I've spoken to many of the parties on all sides of that, who faced great frustrations and challenges at different times around this, but

they all endeavoured to persevere, as Dan George said at one time.

[1640]

In doing that, they came to some solutions that didn't meet everybody's needs. But they found a strategy that most people would say forms a real foundation for solving some of the land use challenges on the mid- and north coast — not an easy job to have been done. Everybody who was engaged in that deserves an awful lot of credit for persevering and for being flexible around that.

What I'm not sure about is that this legislation doesn't take us further away from being able to find those kinds of solutions in the resource sector, in the forest sector, that we face today — that it doesn't create other complications for achieving that. I see nothing in this proposal that talks about the commitment to sustainability of this piece of legislation. I don't read it in there. It talks about economic development and economic opportunity. I don't see the other piece, when we talk about sustainability as a broad objective of government and others.

I don't see anything in this legislation that tells me where the consultation is and what the commitments or the obligations are of the government, represented by the minister, to have those kinds of consultations — whether those consultations be with local governments or with first nations or with other interests. I don't find that in the legislation.

I won't be supporting this legislation, because I feel that it is regressive in terms of how it deals with the challenges that we face in our forests. We've often heard discussion in this House and elsewhere about the need to look at forest health generally and how we develop our forests in social, economic and environmental terms. I don't see this particular bill, the Resort Timber Administration Act, taking us down the road to achieving that forest health. Might there be sometime down the road where this makes sense? Maybe, but it's not today.

We have much bigger challenges in our forests. We have much bigger challenges in our local communities around finding sustainability models that work for the communities in economic, social and environmental terms, and that work for people who are engaged in the forests for their livelihood or their recreation. I see this as just creating further complications and further challenges at a time when it's not particularly warranted.

I do look forward, though, to having the opportunity in some more detail to discuss these matters when we get to committee stage and to talk with the minister about some of these questions around sustainability and how the minister envisions meeting those challenges to ensure that the criteria or the decisions that she's faced around resort development that may come forward because of this legislation actually meet the challenges of communities, our first nations and sustainability. I look forward to that discussion, and I'll be happy to engage in committee stage when that comes up.

M. Sather: I stand, as well, with some concerns about this bill, the Resort Timber Administration Act. I understand that the government is wanting to fast-track resort development. They had a consultation process around this some time ago and apparently made some promises that that would be in the offing, and this is it. I will have more questions for the minister about the specifics in committee stage. I wonder, for example, whether this ministry — certainly no disrespect meant to the ministry or the minister — is equipped to deal with forestry issues. I'm not sure that handing those over to this ministry is going to be in the best interests of forestry and the environment.

[1645]

The resort designation that's being made for these areas — I have some questions about that as well. One of the things that concern me — and I will be reviewing the minister's comments when I get the opportunity — has to do with the park lodge strategy that this government embarked upon very ambitiously and enthusiastically a few years ago and that the Minister of Environment got up in this House during this session and confirmed the government is pursuing that initiative, if you will. A great deal of concern that this is being used....

One of the ways it will be used is to hasten the development of resorts and parks, to which I am adamantly opposed. I know there was an article in our local paper suggesting that very thing, so that is something I want to hear more from the minister on. I won't speak about it further, but I do have great concern about this bill and look forward to further discussion in committee stage.

S. Fraser: I, too, will be speaking with some reservations about this bill, Bill 24. Initially, I was surprised by the amount of concern that I've received from my constituents on this act too. I'm the MLA for Alberni-Qualicum, and there are certainly a number of wonderful world-class resorts in my constituency. That being said, I'm certainly not against resorts. This form of economic development in many forms is a very, very effective and sustainable economic development for any area.

However, I have great concern with the commitments that this particular act or this bill would be exempting the resort applications from. On several fronts I believe that with the resort strategy and action plan that was dealt with in 2004, this application process would be in keeping with where the government was going. But I think it waters down the ability of government to protect the environment in some cases and certainly to protect forest health in other cases.

On another level, I think it takes away the ability of the local communities to have adequate protection and sober second thought when a development is being proposed. In some cases it also adds to some confusion as to who is actually responsible for what amounts to fast-tracking resort applications.

This government has embarked upon a new relationship with first nations, and in the New Relationship there was an agreement that processes and institu-

tions for shared decision-making would be considered. From my consultations with first nations, I do not believe there was any adequate consultation that has come forward regarding the implementation of Bill 24. The Resort Timber Administration Act in a lot of ways can make a resort development within a traditional territory easier and can give less accountability and less ability for input from communities, aboriginal and non-aboriginal, that may be affected by these particular developments.

In keeping with the spirit and intent of the New Relationship, I asked the government to reconsider bringing in a bill that'll reduce the effectiveness of the New Relationship. Indeed, in some cases I think it could actually contravene the spirit and intent of that New Relationship with first nations in B.C. With that being said, I will stop for now.

[1650]

Hon. O. Ilich: I have heard the concerns and the questions relating to this bill from the members opposite and look forward to debating them in a more fulsome manner at the committee stage. With that, I move second reading.

[Mr. Speaker in the chair.]

[1655]

Second reading of Bill 24 approved on the following division:

YEAS — 44

Falcon	Reid	Coell
Ilich	Chong	Christensen
Les	Richmond	Bell
Bennett	van Dongen	Roddick
Hayer	Lee	Jarvis
Nuraney	Whittred	Horning
Cantelon	Thorpe	Hagen
Oppal	de Jong	Campbell
Taylor	Bond	Hansen
Abbott	Penner	Neufeld
Hogg	Sultan	Hawkins
Krueger	Lekstrom	Mayencourt
Polak	Hawes	Yap
Bloy	MacKay	Black
McIntyre		Rustad

NAYS — 33

S. Simpson	Evans	Fleming
Farnworth	James	Kwan
Brar	B. Simpson	Cubberley
Hammell	Coons	Thorne
Simons	Puchmayr	Gentner

Routley	Fraser	Horgan
Lali	Dix	Trevena
Bains	Robertson	Karagianis
Ralston	Krog	Austin
Chudnovsky	Chouhan	Wyse
Sather	Macdonald	Conroy

Hon. O. Ilich: Hon. Speaker, I move that the bill be referred to a Committee of the Whole House to be considered at the next sitting of the House after today.

Bill 24, Resort Timber Administration Act, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

Hon. M. de Jong: I call Bill 22 for second reading.

PROVINCIAL SYMBOLS AND HONOURS
AMENDMENT ACT, 2006

Hon. J. van Dongen: I move that the bill be now read a second time.

Hon. Speaker, I am pleased to read the Provincial Symbols and Honours Amendment Act for the second time. This bill amends the Provincial Symbols and Honours Act to make the spirit bear British Columbia's mammal emblem. It confirms the value placed on the spirit bear by local first nations for spiritual and cultural reasons.

[1700]

The spirit bear is a worthy addition to British Columbia's official symbols: flowering dogwood, the floral emblem; jade, the mineral emblem; western red cedar, the arboreal emblem; and Steller's jay, the bird emblem. This bill also amends the legislation governing the Order of British Columbia, the province's highest recognition of excellence in achievement.

[S. Hawkins in the chair.]

The amendments are administrative in nature, updating the act to reflect changes since it was established in 1989. References to the Provincial Secretary and Deputy Provincial Secretary are replaced by Minister and Deputy Minister, Intergovernmental Relations. The Order of British Columbia Advisory Council, which makes recommendations on individuals to be appointed to the Order by the Lieutenant-Governor-in-Council, currently includes the presidents of the University of British Columbia, Simon Fraser University and the University of Victoria, each serving a two-year term in rotation.

The amendments would allow the presidents of British Columbia's newer public universities — Royal Roads University, the University of Northern British Columbia and Thompson Rivers University — to be included in the rotation and serve on the council. The University Presidents Council agrees with this amendment.

Another amendment would make each newly appointed Lieutenant-Governor of British Columbia the chancellor of the Order of British Columbia for the duration of their appointment. This follows practice in all other Canadian jurisdictions.

The new section of the act contains provisions for accepting a resignation of a member of the Order or terminating the membership in the Order of British Columbia should a member engage in behaviour unbecoming a member of the Order.

Other amendments are designed to improve and clarify administration of the act. They include placing a description of the insignia of the Order of British Columbia in the act. I'll now take my place and await any comments that members may have.

M. Sather: I rise to speak highly in favour of Bill 22. I just want to talk a bit about the second part of it. The rest of it appears functional, and I have no problem with it whatsoever.

With regard to the spirit bear or the white face of the black bear that has been named as our mammal emblem, I wanted to congratulate the government on that. It was introduced, I believe, during the throne speech, at which time the kermode bear was referred to as the provincial animal for British Columbia. I rose to speak at that time on how we already had a provincial animal, the Steller's jay — birds being animals.

I expect the government received some feedback from sources other than myself. I'm really glad to see the spirit bear is being put forward and is going to be in law now our mammal emblem. It is taxonomically correct that it be placed there. It certainly is an animal that brings a lot of.... I don't know if the word is "pride" or whether it's "amazement" or what. People are really attracted to this animal, and I look forward to, at some point in my life, having a chance to see it.

Again, I want to speak highly in favour of the bill.

Hon. B. Penner: It's my pleasure to rise in support of this bill on second reading. In the last few weeks — in fact, in the last month or so — twice I've had an opportunity to travel to the midcoast and northern coast of British Columbia. I've been there before. In fact, I was born in Kitimat, and so it was good to make a return trip. I didn't quite make it back to my birthplace, but I did make it to Hartley Bay, which is just down the channel from Kitimat.

It was a good reminder for me about just how beautiful and spectacular that part of the province truly is. I can tell you that local residents are very proud of the kermode bear, also known as the spirit bear. I think that having the spirit bear as our provincial symbol will serve the province very well.

I know the member for Maple Ridge-Pitt Meadows was talking a little bit earlier about the Steller's jay. I think the Steller's jay also, in many ways, has been an appropriate symbol for British Columbia. It's very distinctive and very unique, and it's...

Interjection.

[1705]

Hon. B. Penner: ...noisy, and its hairstyle.... The Minister of Finance points out "noisy." I think to some extent that's why it is an appropriate symbol for British Columbia, because it doesn't hesitate to let you know that it's there and to let you know what it's thinking about.

Certainly in my travels in the wilds of British Columbia, I have had more than a few occasions where Steller's jays have been helping themselves to the food I was trying to eat. They're fairly precocious, and I think to that extent they are certainly an appropriate symbol for British Columbia.

It is very exciting that we're now adding another symbol to represent British Columbia, that being the spirit bear. Earlier today I introduced legislation to protect, initially, about 500,000 or 600,000 hectares of additional land through conservancies along the mid- and north coast of British Columbia. Ultimately, hopefully by 2007, we will have included a total of another 1.2 million hectares through legislation here in this House into the conservancy base along the mid- and north coast to further protect that valuable habitat.

Some of that habitat, of course, is inhabited by the spirit bear. The legislation this morning specifically does create a conservancy where the spirit bear is known to live. That particular designation was specifically designed, and the borders of that protected area were created, to reflect the fact that the spirit bear resides in that area of British Columbia.

It is not just for people along the mid- and north coast — that spirit bear. Because of this legislation and because of the debate that we're having and the public attention that has been brought to this bill and the idea of creating this new symbol for the province, it is really a symbol for the entire province. I know school children and I know adults I've talked to over dinner, in conversations both at home in Chilliwack and elsewhere in the province, have brought up the topic of the new symbol for British Columbia, about the spirit bear. There is something about the spirit bear that has really captured people's imagination. I think it's very timely, and it's something that, years from now, we will look back on very favourably.

When we think back on the history of British Columbia and the fact that it was established more than a hundred years ago, a lot of things have changed, but what hasn't changed is the fact that we're so proud of the various things we have in British Columbia that signify our natural environment. Our licence plates have that statement on them: "Beautiful British Columbia." That statement has been around a long time, and it has stood the test of time, because we are so proud — and rightly so, I think — of our natural heritage here in the province.

We established many years ago something called the Pacific dogwood as an emblem for British Columbia, and I happen to have one of those growing in my back yard. At this time of year it's getting ready to bloom, and it's quite beautiful. That was adopted as B.C.'s official flower in 1956 with the passage of the

Floral Emblem Act. The dogwood was considered an unofficial emblem as early as 1931, and of course, then it was legalized and made more formal in 1956. Even before then, people in British Columbia looked to the Pacific dogwood as a symbol for British Columbia.

In 1968 we attained our first provincial gemstone, jade, and from time to time we still hear discussion about it. I can remember travelling, taking family camping trips in British Columbia, and being really intrigued out the side of the window as we drove down the roads. We'd see signs saying: "Jade for sale." I would ask my father: "What's the importance of jade? What is jade?"

As a kid I was really excited about this, because he told me that it was an emblem for British Columbia and that it was a special gem and held some kind of mystique in the province. The fact that it held that official position and my father knew enough to tell me about that got me really intrigued as a youngster. I pestered my parents to stop at these roadside stands where the sign said, "Jade for sale," because I wanted to see what was so special about this particular stone for British Columbia.

In 1974 British Columbia adopted the official tartan. My Scottish lineage is somewhat sparse, as people familiar with Mennonite heritage might suspect. Nonetheless, I certainly share other people's enthusiasm and pride for their Scottish heritage. In 1974, through the British Columbia Tartan Act, B.C. obtained its official designation of having a particular tartan to represent the province.

I'm told that the tartan was designed by a fellow by the name of Earl K. Ward of Victoria. The tartan was recorded with the Court of the Lord Lyon in Edinburgh, which is the official registry of Scottish tartans, and that work was actually done back in 1969. The tartan colours are blue for the ocean, white for the dogwood, green for the forests, red for the maple leaf, and gold for the crown and the sun on the shield in the flag.

[1710]

Now we get back to the Steller's jay. I think there might have been a competition that was held at that time. I was working for B.C. Parks at the time as a ranger, and I remember that there was discussion. I think there were surveys or questionnaires that were handed out, and we would do them, particularly with the school kids that would come to visit the campsites.

Through some process the Steller's jay was selected. I don't know if it was entirely a democratic vote or, rather, that somebody made an executive decision in some high office somewhere. But ideas were solicited, and the Steller's jay was selected in 1987 to celebrate the national centennial of wildlife conservation in Canada.

The bird was selected by provincewide mail-in vote held by the Ministry of Environment and Parks. The vote returned 85,000 ballots. Here's a bit of detail I had forgotten. The Steller's jay won with 21,261 votes. It didn't have a plurality, but it certainly had more than anybody else. So it was democratic. I'm not sure if there was any debate at that time about whether there

should be proportional representation in terms of different symbols, given that it didn't win a clear majority of the votes cast, but still, I think the public has gotten behind the idea of the Steller's jay.

For those who are keeping track of statistics, the peregrine falcon placed second with 19,417 votes, and the trumpeter swan came third with 11,713 votes.

The Steller's jay is named after Georg Steller, a German physician and naturalist with a Vitus Bering expedition which reached the west coast of British Columbia in the mid-1700s. Undoubtedly, those pioneers encountered this particular bird, and I have to wonder if it didn't try to poach some of their dinners, as well, as I've experienced on my hiking trips.

Then there's, of course, the provincial tree, which is the western red cedar. It was adopted as B.C.'s official tree in 1989, through the Provincial Symbols and Honours Act, to symbolize the province's forest heritage. The process to select the official tree included public nominations, an essay contest for students and a final recommendation by the British Columbia Tree Council.

B.C.'s first nations had many uses for red cedar — we know that, and today that continues to be the case — including dwellings from its wood, baskets from its roots and clothing from the red-cedar bark. Commercial production of products from western red cedar began in 1825 in what was then known as Fort Vancouver, with the hand splitting of cedar into shakes by the Hudson's Bay Co. Millions of homes have since been built with western red cedar because the wood is very lightweight and easy to finish. Of course, other applications include poles, sidings, fencings, caskets, arbours, sheds and gazebos.

I think that of more significance is the fact that for first nations, particularly on the coast, the western red cedar really does symbolize, in many ways, much of their interaction with their natural environment, and many of the products that they came to rely on they were able to derive from western red cedar. I don't remember all of them, but I've had various first nations people tell me over the years of the different things they are able to extract and utilize from western red cedar. It's truly remarkable.

We have had a long history in British Columbia of determining, through various processes — some of them are mail-in ballots; some of them aren't; some of them are essay contests — what would be the appropriate symbol for British Columbia, whether it's for a plant, a bird or a mammal. Today, of course, we are talking about the mammal, the spirit bear.

I can share with you, Madam Speaker, as you sit in rapt attention, some of the pertinent details pertaining to the spirit bear. The kermode bear, as it's also known, is a black bear that has white fur due to a rare genetic trait. The bear is not albino, as many people think — and I know people have said that to me — as it typically has a brown nose and also brown eyes. It's named after Frank Kermode, who is the former director of the Royal B.C. Museum here in Victoria.

The greatest concentration of spirit bears is found on the central and north coast of British Columbia, as

most of us here would suspect, but they've also been documented in northeast British Columbia and as far east in North America as Minnesota. So there's a travelling bear for you.

[1715]

It is illegal to hunt the spirit bear in British Columbia. It's one of the questions that I got this morning at a news conference following introduction of the conservancy legislation. What would the rules be in terms of hunting for spirit bears? The answer is simple: it's not allowed. It is illegal to hunt the spirit bear in British Columbia.

In British Columbia the greatest number of spirit bears are found on Princess Royal Island, where as many as 1/10 of the black bears are born looking white. That's one in ten. The spirit bear, like most black bears, weighs about half a pound when it's born and is generally between 150 and 300 pounds when it's fully mature. The bear's body length, measured from the tip of the nose to the tip of the tail, averages between four and six feet. That would be somewhere between just over a metre to just about two metres. Its height, measured from the bottom of the paw flat on the ground to the highest part of its shoulders, is between 2½ and three feet, or about a metre in height.

Spirit bears, like most black bears, are omnivores. That means they'll eat whatever they can. They'll eat berries; nuts; fruits; roots; grasses and other plants; insects; deer; moose fawns; carrion; and during the salmon season, from late summer through fall, spawning salmon. Sounds like a lot of my caucus colleagues.

They usually are solitary, except females with offspring. Males keep large home ranges, overlapping with smaller ranges of several females. Females reach reproductive maturity at three to four years of age. Mating typically takes place during the summer months, and gestation is lengthy. It's about 220 days. Cubs are born in their mother's winter den in January or February and are weaned at about eight months, but may remain with their mother for up to a year and a half, when she is ready to mate again. In contrast, grizzly cubs can stay with their mother, I believe, for two to three years, so they stay much longer with the mother and seem more dependent upon that motherly guidance than do black bear cubs. Spirit bears can live for more than 25 years in the wild, and they can go without food for up to seven months during hibernation in northern areas.

I've talked a little bit about the history of the whole process of establishing emblems for British Columbia, as well as about this specific new addition to that repertoire, this being the spirit bear. I think that for years to come it will be recognized with pride and with excitement and interest, particularly amongst young people and students. I can already envision going to classrooms and seeing drawings of the spirit bear on the classroom walls when I get to make those visits in the future.

I am very pleased to recommend my support to all members of the Legislature for this bill on second reading.

S. Simpson: Just a couple of comments here. I'm very pleased to have the government's move here to make the spirit bear our official mammal for British Columbia. I think that it's an appropriate emblem, and I certainly have no qualms about that. I guess, though, as we know, that there are many organizations and groups — organizations like the Spirit Bear Youth Coalition and others — who have worked for a very long time to protect the integrity of the spirit bear and to ensure that it receives the recognition it deserves. We have seen that there have been real issues about the future of the bear. I know that in discussions I've had with representatives from the youth coalition, they have been concerned about the future of the bear. They've been concerned about whether the bear will survive.

Hon. Speaker, you'll know that part of the issue with the bear, as I understand it from my consultations, is that about two-thirds of the natural habitat of the bear has been protected by the LRMP in the north and central coast. However, as I understand, there's an area that's commonly known as the Green watershed, which makes up probably about a third of that traditional area for the bear.

[1720]

Part of the concern that has been raised to me around this is whether, in fact, by not protecting that area, we begin to deal with challenges that may impact the integrity of the bear. What I hear when I hear about that and about the future of the bear is the question of whether, as brown bears begin to move and change the areas they currently inhabit, it begins to potentially change the gene pool around the kermode bear.

That's an issue that's been raised to me, and I'm sure it's an issue that we would all be interested in and want to ensure the future of this bear, particularly now that we've chosen to make the bear the mammal for British Columbia and to make it our official emblem. It would be unfortunate, to say the least, if the actions of government around protecting this bear in fact started to lead to indications that its future was eroding as we head into 2010, because I'm sure we're going to hear much more about the kermode bear as we head to the Olympics in 2010.

I do think that the government, as it gives the spirit bear a special place, a place that I'm happy to support.... It gives the bear a special place in British Columbia as our mammal and as an emblem of the province and of what it is that we most appreciate about British Columbia. What we need to do is to ensure that the bear doesn't just survive but that the bear in fact thrives and continues to prosper.

[Mr. Speaker in the chair.]

I know that what we would probably like to be able to say by the time we get to 2010, since that's an important year in everything we do in British Columbia these days, is: "You know, we made the bear the official emblem of British Columbia, and today we've seen a significant growth in the number of bears in British Co-

lumbia. There are now significantly more than there were at that time in 2006 when we first made the bear our emblem." I'm sure we would all agree that that would be a good thing.

What I would urge is that the government start to look at that question. Emblems are important. Symbols are important. We all respect the importance of that for us. It is critical, but we all know, too, that emblems and symbols without substance behind them are superficial, to say the least. I'm sure that nobody on that side of the House wants to have a symbol or an emblem that is totally superficial. I'm sure that the government side — I'm hopeful, anyway — will do the kind of work it needs to do to protect the integrity of this bear longer term.

I believe what that means is to begin to have that discussion around the area — the one-third of the natural habitat of the bear that we know has not been protected by the LRMP, by the Great Bear agreement — about how we ensure that that area is protected to the degree necessary to allow this bear to prosper. In doing that, I think that the Ministry of Environment is obviously a good place to start to have those consultations, to do the science, to get staff to make sure that that future is secure.

I heard the comments of the Minister of Environment, who spoke just a few minutes ago in support of Bill 22, and I know he's very proud of Bill 22 and of this decision around the bear, and rightly so. But I would encourage the minister to make sure that he directs his ministry and his staff to look at those questions about what the impacts are of not protecting the whole of the habitat of the bear. We've not seen information on that, and I look forward to maybe getting more information about what the impacts of that will be in terms of protecting the habitat of the bear generally.

I'm very pleased to support Bill 22. I'm pleased that the government made this decision around the spirit bear. I think that it's very complementary at this time with the other initiatives that are going forward as we head into 2010.

[1725]

I would hope, as I've said before, that what we will see is the government, in material terms, ensuring the future of this bear well into the future. I'm sure that everybody in this House would agree that we don't under any circumstances want to see a situation where the bear's future is called into question in the coming years, where the unique DNA, the unique gene pool that creates the white bear begins to be compromised. There is some suggestion that it could happen as the kermode bear intermingles with our more conventional brown bears. I'm sure that is not our desire at all. It would be unfortunate. This is a unique species for British Columbia, and we can be proud of that.

I am going to be pleased to support this, and I look forward to maybe being able to get some answers as we move to the next phase of this discussion. Maybe it's appropriate when we talk about this — we'll see, hon. Speaker, what your take is on that when we get to committee stage, about what is and isn't appropriate —

to talk about some of those questions about the protection of the bear and whether that's an appropriate discussion under Bill 22 or not. I'm sure that you will provide the appropriate guidance when the time comes for us to talk about that. On that basis I'm pleased to take my place and allow the next speaker.

J. McIntyre: I rise with great pride this afternoon to add my voice to the introduction of this bill to officially name the B.C. spirit bear our provincial mammal. I think it's a wonderful thing in this day and age that we can add something really as spiritual and significant to British Columbians as the great spirit bear.

It stands not only for our love of the natural environment and our rich history of the natural environment but also for the cultural and heritage aspects of our aboriginal people. I think it is so fitting, especially as we approach 2010. We recognize that in our bid to host the Olympic Games and Paralympic Games we had a large emphasis both on the sustainability and environment aspects and on the cultural aspects of our bid in addition to the recreational and sports. I think it is very timely at this stage, as we enter our quadrennial, that we would be moving forward with adopting the spirit bear as our mammal.

I know that we're adding the mammal to our provincial flower, the dogwood; in addition to the gemstone, jade; our provincial tartan; the Steller's jay; and, of course, our provincial tree, the western red cedar. It is very fitting that we're adding the spirit bear as our mammal.

I also wanted to make mention of a fact.... I think the speaker before me actually mentioned the young group of students and the youth coalition for the great spirit bear, and I'm very proud to say that Simon Jackson was the leader of that. I don't know if he is today, but he certainly was a constituent. He grew in up West Vancouver, as I understand it. I had the privilege of meeting him and a young woman working very hard with them to preserve aspects of the rain forest and, certainly, to preserve habitat and the great spirit bear. It makes me sort of doubly proud to be able to stand up today and tell him and others who worked very hard for this that the province was listening, our government was listening, and we've responded in moving forward with this very important event.

I also want to perhaps reassure the critic for Environment that I think the steps we have taken, especially in terms of setting aside 103,000 hectares in the Kitsoo spirit bear conservancy.... Those are very large steps we are taking to genuinely preserve habitat. It should be recognized as another step forward, genuinely, for the spirit bear. Also, prior to that, in February, we set aside a huge amount in our central coast and north coast land use agreements. We set aside approximately 200 times the size of Stanley Park, which is a significant proportion of the habitat for this great spirit bear.

I really believe that we are moving forward in an authentic way, and I'm very proud as a British Columbian that we would choose something like the great spirit bear to be our mammal.

[1730]

R. Fleming: It is indeed a pleasure and an honour this afternoon to speak to the identification and the creation as a provincial symbol of the spirit bear, or the kermode bear, for British Columbia. They say good things come in sixes, and now we have six such symbols in the province. The latest, the kermode bear, I believe is the most appropriate symbol for....

Interjection.

R. Fleming: The member across the way is just counting the six. So am I, actually, but I'm assured that there are.

I believe the kermode bear is a most appropriate symbol for British Columbia. When one thinks of this province and when much of the world thinks of what we call home, they think of a province that is on the rugged Pacific coast, that is covered in much unspoiled wilderness which its people have doggedly persevered and shaped over many, many centuries — indeed, over thousands of years in terms of our first nations people.

In terms of our species of wildlife, the kermode bear is almost unique to British Columbia. There are some known in Alaska and even as far south as parts of Minnesota, but certainly, when people think of the bear's perseverance and its attempt to survive for the world to see, British Columbia, and specifically several islands of British Columbia, is where the world looks for leadership in the preservation of the kermode bear.

How many are there? Perhaps only 1,200 is what scientists most recently estimate. I think that number speaks to the wisdom and the obligation of the province to act, and not just to act in terms of.... It is illegal to capture or kill a kermode bear already, but to recognize it in this way, in terms of a symbol for the province, elevates the preservation for generations of this bear by our province and shows the interest in doing so.

On Gribble Island, for example, up to 30 percent of the bears are kermode bears, white bears — the highest percentage of kermode incidence amongst any population. As the member for Vancouver-Hastings was speaking to before, there are some risks that the other populations of black bears will perhaps diminish the incidence of kermode bear over many times. But when you have that concentration of populations in some of the more remote locations — on islands like Princess Royal Island, for example — it is really the case that the only chance for the perseverance of kermode bears is right here in British Columbia, in this part of the world.

I know that many people across B.C. will value this new symbol. Members have spoken previously about, I suppose, the branding that this bear will no doubt undergo in advance of welcoming the world here in 2010. But I think that if you talk to school-aged children today, it is amazing how high the awareness already is of the kermode, its habitat and its importance as a provincial symbol for British Columbia, irrespective of government recognition of that. It is something that interests our kids, who are learning about the environment,

about species at risk throughout the world and wondering what their generation will inherit from ours and what they will leave as a legacy for generations yet to come.

[1735]

Part of the kermode's charm is just the genetic appeal to wilderness lovers, to be sure. We were speaking about a bill in the previous hour about resorts and tourism. I think that one of the interesting things about this symbol and debating this bill today is the highlight it gives to the opportunity for interesting forms of tourism throughout our province — you know, the wildlife and cultural exploration tours that are possible. I think that is only enhanced by making this our provincial symbol.

The *Ursus americanus* — the kermode bear, as it's plainly known — I think symbolizes British Columbia in other ways too. I think it celebrates for all of us the interconnectedness between people and the land that our first nations people have exemplified and are continuing to try and reclaim as part of their cultural legacy in this province and the connection between rural British Columbia and urban centres. We're a leading-edge geographic area but one that's entrusted with the preservation of pristine areas that most parts of the world simply do not know any longer.

With that, it's my pleasure to have spoken to this bill this afternoon, and I look forward to further debate.

K. Krueger: When I heard the opposition critic speaking to the bill, I felt this urge to leap to my feet to protest it, because at first, I thought it sounded like NDP fearmongering stretched to the snapping point — the Chicken-Little-meets-Paul-Revere concern about whether this is a good idea or not because of protection of the environment. Then I realized we've been moving too quickly today.

Just this morning the Minister of Environment introduced Bill 28, which establishes 24 different conservancy areas. One of them is known as the Kitsoo spirit bear conservancy, which is 102,875 hectares. It's being established pursuant to recent government land use decisions in the central coast LRMP area and is within the asserted territories of the Kitsoo and Heiltsuk First Nations.

It's located primarily on Princess Royal Island. It preserves Princess Royal Island as a conservancy as well as the surrounding Laredo Inlet. It will protect the kermode spirit bear and its habitat, as well as the habitat of marbled murrelets, bald eagles, and special and rare ecosystems. It provides excellent recreation and tourism opportunities, including wildlife viewing and boating.

Kitsoo spirit bear is located 90 kilometres northwest of Bella Bella and 130 kilometres south of Kitimat. I have been to both of those places, but I've never been to the Kitsoo spirit bear conservancy, and I hope that I get a chance to sometime while I'm on this side of the grass.

The opposition need not fear. In naming the spirit bear, the kermode bear, as British Columbia's official

mammal, we've moved this very day to protect their primary habitat.

I think the minister probably already mentioned that the bear is named after Frank Kermode, a former director of the Royal B.C. Museum. For those members of the public who haven't seen the new display yet, there's a display of a young adult spirit bear and two tiny cubs in a glass case in the Royal B.C. Museum, a display which we unveiled the day the Premier announced the important move to establish this new symbol.

I felt a bit bad seeing those little bears in the display case. Nobody would tolerate people taking young animals like that as samples in this day and age. They'd actually been stored in the museum's archives for 40 years, and it's fitting, if they're there, that they end up on display.

Apparently, some spirit bears find their way as far south as Minnesota — kind of the prodigal sons of the kermode population off sowing their wild oats — but mainly they're headquartered right here in British Columbia. By far the greatest concentration of them is on the central and north coasts of British Columbia, and I think, as the minister also mentioned, Princess Royal Island is their primary habitat.

[1740]

The little guys eat berries; nuts; fruit; roots; grasses and other plants; insects; carrion; and, sadly, deer fawns and moose calves. We wish they'd leave those alone, but they supplement heavily during the spawn season of salmon, and they eat a lot of salmon.

We're delighted to be naming these very special animals as British Columbia's official mammal. They're really unique. They're not that big, but they can run up to 55 kilometres per hour. I speculate that they're the cheetah of the little bear family — fast little bears.

I'm joking around a little, obviously, but they're an absolutely beautiful animal and fairly elusive. It's not that often that you get a sighting of them, but people who do catch a sighting of them through the mists of Princess Royal Island recount it as a mystical, spiritual type of experience. Spirit bear is a very good name for them.

They're also found in the Liard Hot Springs area, up the Alaska Highway. They're a rare and wonderful animal in a rare and wonderful province, so obviously, I'm very pleased to support Bill 22.

We are a government that's done a lot of really unique things, contrary to what our adversaries would have people believe of us. We've made a lot of moves to protect unique areas, protect unique animals, clean up environmental degradation from industries of the past in British Columbia.

Just Saturday the Minister of Environment was up in my constituency, where the B.C. Wildlife Park, located in Kamloops, has a goal of being for the terrestrial wildlife of British Columbia what the Vancouver Aquarium is for the marine life of British Columbia. It has been breeding the burrowing owls, an endangered species.

They've always believed that if they could get to the point where they were releasing 100 burrowing

owls into the habitat every year, they'd have a hope of regenerating the population of burrowing owls in the province of British Columbia. They reached that critical mass this spring. They released over 100 burrowing owls on Saturday. The Minister of Environment was there just in time to be personally injured by one of these owls, which was so eager to get into its new burrow that it couldn't wait for the media person — the photographer, who was pleading with the minister to hang onto it a little longer — and it gouged his thumb up a little bit going in.

This is a unique government, a government with a huge heart for the unique environment of British Columbia. We're doing many things, and our Premier has led the way in establishing the uniqueness of British Columbia in the public mind around the world and in protecting the uniqueness of British Columbia.

The previous speaker mentioned that the taxonomical name of this bear is *Ursus americanus*. That's the one regrettable part of this legislation to me, and we can't do anything about it. It seems to me it should be *Ursus canadianus*, but who can tell how they choose these Latin names?

There's one tiny piece of this legislation that we haven't paid that much attention to. I'd like to draw everyone's attention to section 5, because it establishes that — and now I'm moving on a little bit, because I'm talking about the appointment of people involved with the Order of B.C. — the "president of a university established or continued under the *University Act*, the *Royal Roads University Act* or the *Thompson Rivers University Act*" is "chosen in turn in the order determined by the advisory council."

That's another innovation of this government: Thompson Rivers University, British Columbia's newest university, in Kamloops. We're tremendously proud of that. It's another symbol of what this province is doing in moving British Columbia ahead in this new millennium and taking a position of leadership in Canada.

I think it's great that the president of Thompson Rivers University will have an opportunity at this role, because he reminds me a little bit of the spirit bear. His name is Roger Barnsley. He's kind of shy and retiring. He keeps threatening to retire, but we kept him on by creating a university, and he's kind of cuddly like the spirit bear — little-known, surreptitious, self-effacing but very, very unique. I wanted him to have his place in *Hansard* along with the spirit bear, the Kermode bear, Mr. Speaker, and Roger, now you have that.

Thompson Rivers University was another wonderful innovation of this Premier and this government.

[1745]

Now, seguing back to where we started, I just want to support this legislation, support this minister, support this government in this really wonderful move of making the spirit bear, the kermode bear, the official mammal of British Columbia.

Mr. Speaker: Seeing no further speakers, the Minister of State for Intergovernmental Relations closes debate.

Hon. J. van Dongen: I want to thank all of the members for all of their comments, particularly the comments about the naming of the spirit bear as the mammal emblem for British Columbia. I think the degree of agreement on that certainly gives us confidence that it's an appropriate move for the people of British Columbia.

With that, I look forward to further conversation about that in third reading, but I'd like to now move second reading.

Motion approved.

Hon. J. van Dongen: I move that the bill be referred to a Committee of the Whole House to be considered at the next sitting of the House after today.

Bill 22, Provincial Symbols and Honours Amendment Act, 2006, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

Hon. B. Penner: Noting the hour, I suggest that the House now recess.

Mr. Speaker: Hon. members, this House stands in recess until 6:45.

The House recessed from 5:47 p.m. to 6:47 p.m.

Hon. G. Abbott: In this House I call estimates for the Ministry of Economic Development, and in Section A, the estimates debate for the Ministry of Advanced Education.

Committee of Supply

ESTIMATES: MINISTRY OF ECONOMIC
DEVELOPMENT AND MINISTER
RESPONSIBLE FOR THE ASIA-PACIFIC
INITIATIVE AND THE OLYMPICS

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

The committee met at 6:49 p.m.

On Vote 23: ministry operations, \$309,328,000.

Hon. C. Hansen: If I can start just by introducing some of the staff that are with me tonight, and there are others that will join us as necessary: Annette Antoniak, the acting deputy minister for the ministry, and Doug Callbeck, who's the ADM for the ministry and is our chief financial officer. There are other ministry officials that we will call in to assist us with whatever subjects the opposition would like to address.

[1850]

I don't plan to make any long introduction, other than to say that this is a ministry that has taken on some big challenges for the province in terms of the

Asia-Pacific Initiative, which is evolving and something that's going to come together in more substance over the coming 12 months and is provided for in the appropriation, but also the 2010 Olympic and Paralympic Games, which are going to be a key opportunity for the province to showcase itself to the rest of the world.

There are issues around the Industry Training Authority, which I know the members will have questions about and which we will get to over the course of these discussions, and the general ministry operations, in terms of economic development initiatives, which I know will be of interest to all members of the House. So with that, I invite the opposition critic.

M. Farnworth: I thank the minister for his opening comments. It's nice to see staff with him, including a familiar face. To just briefly give the minister and his staff an indication of the order in which we want to go at the estimates, this evening we'll focus primarily on the Olympics. My colleague, the member for Surrey-Newton, will be leading most of the discussion around that. Then we still have a couple of bugs to work out in terms of the skills training component, but I know we'll be able to resolve that without much difficulty. Then when we come back we also want to spend some time on Asia-Pacific and then the other aspects of the ministry as well.

Tonight we'll start with the Olympics, and then we'll carry on from there in that order. I'll now turn the floor over to my colleague, the member for Surrey-Newton.

H. Bains: I, too, take this opportunity to welcome and thank the staff that have been working around the area of the Olympics. We will have some questions that we can get some answers on. I think it's an evolving kind of field that we have entered into, so as we move along, I think there will be more questions. I do have some specific questions tonight.

Before I begin that, could the minister once again give the overall overview of the Olympic Games? How are they managed? Who's all involved — the Olympic committee, VANOC? If the minister could give me a brief overview how the games will be delivered through the different departments and agencies that the government has created, and then we'll go on from there.

Hon. C. Hansen: There are various bodies that are involved with the work that goes on related to the 2010 Olympic Games. The body that's probably central to it all is VANOC, which is the Vancouver Organizing Committee. That's the organization that John Furlong is the head of. They are building their staff as necessary to actually put on the games themselves. So the way I think of it is the actual staging of the games, which includes what some people might think of as ancillary programs over and above just the sporting events. There will be some of the cultural programs that will be part of what VANOC will be responsible for. Put-

ting on the best-ever Winter Olympic Games and Paralympic Games — that's the responsibility of VANOC itself.

Now, there is another body which is key to it, and that's the 2010 Olympic secretariat, which is part of the Ministry of Economic Development. That is the body that is looking at all of the other benefits that could come to the province as a result of the fact that we're hosting the games.

VANOC itself will take on responsibility for making sure that the venues are in place, that they're built to a standard required by the International Olympic Committee, that the athletes are properly housed at the various Olympic villages, that the international delegations are accommodated in both Whistler and in Vancouver, and that the airport is going to work perfectly. All of those issues are part of what VANOC will be responsible for. If we were to do just that, I believe we would have a very successful 2010 Olympic Games, but we want to do more than that.

[1855]

We actually want to use this opportunity to showcase the province. We want to use it as an opportunity to engage companies from every corner of British Columbia. We want to make sure that we maximize the tourism potential of getting the international media to focus on all of British Columbia and to look at things that communities can do that are actually going to be lasting legacies to it. Those are all the things that the Olympic secretariat is doing, so it's the add-on benefits that the secretariat itself would be responsible for.

If you look at the partnerships that come together, there is a multiparty agreement that's there. It's signed by the resort municipality of Whistler, it's signed by the city of Vancouver, it's signed by the province of British Columbia, it's signed by the government of Canada, and it's signed by the four host first nations that are all part of the multiparty agreement. They are the partners that are all working together to make sure that this is going to be a tremendous success, and so far, I can assure the member that I think we're well on track to staging the best Olympic Games ever.

H. Bains: If I could also ask to give us a brief overview of the management structure of VANOC and then, perhaps, to move on to the secretariat so that we know exactly how those two entities work.

Hon. C. Hansen: First of all with regard to VANOC itself, John Furlong, as we mentioned earlier, is the CEO and president of VANOC, and he is supported by five senior vice-presidents. Then there is a level of directors across the organization.

Right now VANOC has a staff of about 200, and that is expected to grow to about 1,200 by the time the games are actually underway. In fact, interestingly, just this last week they've taken possession of their new offices, which are near Boundary Road and Lougheed Highway. They're quite excited about the move, because it's going to allow them to start to expand the staff under one roof to meet the challenges that the

organizing and management side of the Olympics bring.

The Olympic secretariat side, which is part of the Ministry of Economic Development, is under the leadership of Annette Antoniak, as I mentioned earlier. She's supported by Jeff Garrad, the chief financial officer, who has just joined us in the chamber. There is a total staff right now of about 16 at the Olympic secretariat.

One of the things in this budget today allows us to expand the Olympic secretariat, looking at the increasing growth challenges that they're going to be facing, to really make sure that we capitalize on those opportunities.

H. Bains: Perhaps — although these are questions that one should know, I like to ask some of those questions anyway in this House to be on record — the budgeting and the revenues and the expenditure part.... Where is the revenue for VANOC coming from? We'll start with VANOC.

[1900]

Hon. C. Hansen: In terms of VANOC itself, if you look at the operating side of what VANOC is doing, they've got really just two sources of revenue. One is the sponsorship revenue that they'll get. Now, sponsorship has really got a whole bunch of envelopes in itself. So part of it, as VANOC is doing right now, is they are soliciting sponsorship for national sponsors. Already to date we've got six of what they hope will be ten major national sponsors on board. Then there will be a whole bunch of other tiers of other levels of sponsorship. Some of it will be cash contributions, and some will be in-kind contributions.

The other big source of revenue under the sponsorship side is what will come through the IOC. The IOC has responsibility for the international sponsors, so when we looked at the Olympic Games that took place in February in Italy, you will have seen that there were a lot of big international corporations that were part of that sponsorship. They will actually contribute their sponsorship revenues to the IOC, and then the IOC, in turn, will provide a portion of that to VANOC for the operating side of the Canadian games here in B.C.

The second big source of revenue is ticket sales. When you look at all of the venues, there is going to obviously be significant revenue coming from that. So those are really the two big sources for operating revenue.

Now, the other dimension to it is capital. There, when we look at the venue construction around the province and the venue renovations that are needed in some cases — and in some cases it is simply renting venues for these events — those are being primarily funded through the provincial and the federal government as part of our Olympic commitments. So when it comes to capital, it is primarily the province and the federal government, because those will be lasting infrastructure for the province that will be here. When it comes to the operating side, it is primarily through the sponsorship and through ticket sales.

H. Bains: Let me ask you a couple of questions on the revenue from the International Olympic Committee. I understand the Canadian Olympic Committee is also involved in the revenue share. Can you give us a breakdown of what percentage — you called it royalties, or you call it a revenue share — stays with the IOC, what percentage goes to the COC and then what comes to VANOC?

[1905]

Hon. C. Hansen: In terms of the international sponsorships that come in, one thing I should actually point out is that one of the very significant international sponsorships is the media broadcast rights. I didn't list those as being one of the revenue sources, but broadcast rights — both the national and the international broadcast rights — are very significant, obviously. But they come in through a sponsorship avenue, as I had outlined earlier.

Right now in terms of the revenue that VANOC will get from the international sponsorships, that is not yet finalized. That is actually a subject of negotiation between VANOC and the IOC in terms of what percentage and dollar value of those international sponsorship revenues will flow to VANOC for their operating purposes.

When it comes to the national sponsorships which VANOC has the responsibility to go out and solicit, there is a portion of that which gets paid to the IOC. So it's a bit of a two-way flow of funds, depending on the source of the sponsorship. It also differs depending on whether it's actually a cash contribution or whether it's a contribution of services in kind. There are different formulas that take place, depending on whether it's absolute cash or whether it's goods that are contributed, as to the percentage that would flow back to the IOC from the national sponsorships.

The short answer to the member's question is that when it comes to the big international sponsorships, VANOC does not yet know exactly how much they can count on in terms of the revenues, and those negotiations are taking place currently.

[S. Hammell in the chair.]

H. Bains: I appreciate that they may not know the exact dollar numbers, but my understanding is that there is a percentage that already exists — that wherever the Olympic Games are being held, the sharing of the revenue is already established as far as the percentage is concerned. There's a different formula, if I'm not mistaken, between the Summer Games and the Winter Games. That's what I'm interested in. What percentage of that money will be transferred to the IOC? What percentage will be then be transferred to VANOC?

Hon. C. Hansen: The member is quite correct that, in fact, there were fixed percentages of the international sponsorship revenues that would flow to the local organizing committee of the Olympic Games. That actually ended as of the Torino games, because

what they had in place up to and including the Torino games was longer-term sponsorship agreements that covered several Winter Olympics and, presumably, Summer Olympics too. Many of those are now expiring or need to be renewed, so the IOC is in the process now of trying to renew those international sponsorships.

As a result of that, we cannot assume that the same percentage formulas that would have applied to Torino or, say, to Salt Lake City will in fact apply to VANOC and our arrangement. I think that everybody is trying to make sure that this works. Obviously, it's in the interests of the IOC. They want to make sure that the revenue arrangements for the 2010 Olympic Games are going to allow us to put on first-class games. I think everybody is optimistic that we're going to be able to sort out the new formulas or the new arrangement or the new percentages, but we can't count on them being exactly the same as the percentages that might have been in place for the Torino games.

[1910]

H. Bains: I think my question was that there were set formulas in place that may have been cancelled, as you suggested, and the new ones are being worked out. What were those percentages or the breakdown? The games would generate certain revenues that are shared with different bodies that control those games. They have the IOC, and then they have the COC. How was that revenue shared previous to this cancellation? That's what my question was, so at least we know what was in place. Then we could talk about what the expectations are, whether they're still working on it and when we could expect that to be in place.

Hon. C. Hansen: As I understand it, the IOC doesn't put out its formula for distributing the international marketing dollars. Part of it is because when you look at those contracts for large international companies that are providing international sponsorship to the Olympics, there are some commercial sensitivities that go along with that. That's not a decision we make; that's a decision the IOC makes.

When we put the bid book together — back in 2002, I guess it would have been — the bid committee put into the bid book their assumptions regarding revenues from international sponsorships. The IOC obviously knew what assumptions we were making, and they approved Vancouver's bid knowing full well the assumptions we were making, so we are anticipating that there won't be a dramatic shift from what we know in the past.

I think the member, in asking his question, talked about the cancellations. It's not a cancellation of something that was there in the past. What it is, is that there were sponsorship agreements that were in place with the IOC. I'm trying to remember some.

I know McDonald's, for example, was an international sponsor that had lots of billboards in Torino, as was Samsung. There is a variety of companies, and I don't know exactly which ones have expired and need to be renewed, but that's something that the IOC is

obviously working on. VANOC is currently working on trying to get certainty around this area of revenue, but there is certainly no indication at this point that there are going to be any surprises aside from what VANOC set out as the expectations in the bid book.

H. Bains: Maybe I can put this question from a different angle. For example, if VANOC were to raise certain revenue through the sponsorship, is there a sharing formula? If they raise \$1, does that \$1 stay with VANOC? Or do they have to share, under IOC or COC rules, with those two entities? Then, what is the formula?

[1915]

Hon. C. Hansen: We don't have the exact percentage. It varies, actually, because of the nature of the contract. If you look at the various national sponsors that have signed on already, there's a varying mix. Some of them are cash, some of them are in kind, and some of them are a mix of both. The formula varies.

I think the best answer I could give the member is that the vast majority of the national sponsorship revenue stays with VANOC, and there is a small percentage that would flow to the IOC. Again, it depends on the nature and the mix of the contribution that is being made. I can't give the member a precise answer, but I can assure him that the vast majority, in fact, stays with VANOC.

H. Bains: Let's talk about the cash revenue that is raised. If there is \$1 in cash raised, how much of that will stay with VANOC? What portion of that dollar will be shared with COC or IOC or any other entity that has a hand in the delivering of the Olympics?

Hon. C. Hansen: If there is a sponsor that comes in for the dollar, I can tell the member that none of that flows to the Canadian Olympic Committee. In terms of the mix between what would stay with VANOC and what would actually flow to the IOC, I am told that we are not privy to that information, other than the fact that it is the vast majority that stays with VANOC. Within my ministry we do not have the precise answer to the member's question. That would be part of a private agreement between VANOC and the IOC — other than we've been assured that the vast majority of it will stay with VANOC.

H. Bains: Okay, so this sharing arrangement that is between VANOC and IOC is not public knowledge. It's not available to the public to review what this sharing formula is? Is that what we're hearing?

Hon. C. Hansen: I think the member can appreciate that when you are talking about the marketing rights around the Olympic movement and the Olympic rings and what that stands for internationally, you're talking about some very large dollars that have huge commercial sensitivity to them. It's one of the things that I think VANOC has to juggle, because they need to be able to

respect the interests of their commercial sponsors that are coming to the table with these dollars.

The short answer to the member's question is no, that is not public information.

H. Bains: Maybe my question wasn't clear. My question was a formula, not who pays what and what that contract looks like and what's in that contract. I understand the sensitivity in having those details made public. What I'm saying is: if VANOC is to raise certain revenues, is there a requirement that they must share with IOC or COC? If that's the case, that has to be public in my view. If it's not, then the minister can correct me on that.

All we're looking at and all I'm asking for is: what is the formula that is being established, if there is a formula, that VANOC must share part of the revenue that they raise through the sponsorships or other? What is the formula that is being established?

[1920]

Hon. C. Hansen: Again, one precise answer I can give to the member in response to that question is that nothing flows to the Canadian Olympic Committee. As part of negotiations between VANOC and the Canadian Olympic Committee, that was actually settled at the start of the process. When we look at the incremental dollars that may flow as part of sponsorship moneys, there are two places where that would flow. That's to VANOC, first of all, and then some of that may flow to the Olympic Committee.

If the member is looking for a formula, we don't have that. It would vary, depending totally on the nature of the agreement that's there. To be honest, I haven't asked VANOC this direct question, but I would expect that the answer would be that when you start looking at a formula, the sponsors would have some sensitivity to talking about how much is in kind and what the value of that is and how much is in cash, because of some of the commercial sensitivities that could be around that.

I know for a fact that there are companies that are extremely competitive when it comes to becoming an Olympic sponsor. We've seen some of that already in terms of 2010, and I'm sure we will see more of it. I think companies recognize how important the Olympic marketing is to their future and their success as a company. Companies are prepared to put hundreds of millions of dollars on the line because of that advantage. So for them to be able to go in and compete against a competitor for the right to be the Olympic sponsor.... We're talking about some pretty sensitive corporate information.

It is something that the sponsors themselves, I think, expect — that information gets held fairly close by VANOC. We have not asked for that information, and we do not have that information within the ministry.

H. Bains: When VANOC will be preparing their budget, then.... In that case, what we would be talking

about on the revenue side would be the net amount that they will be keeping with VANOC. Is that correct?

Hon. C. Hansen: The short answer to the member's question is yes. What VANOC would have shown — or what the bid committee, because it was pre-VANOC, would have shown — in the bid proposal were revenues from national sponsorships, net of other expenses. Off the top of my head, I can't remember exactly what the number was. It was something under \$500 million that the bid committee had projected for revenues to VANOC for operations from national sponsors. That was based on an assumption that they would get, I believe, ten sponsors in place — ten major national sponsors. To date, they have six national sponsors in place, and they're already up around the \$600 million mark. Their projections for revenue from their national sponsors far exceed what had been anticipated at the time that the bid went in.

[1925]

H. Bains: That's where I was coming to — the sponsors that have been identified so far and agreed to. As the minister mentioned, \$600 million total sponsorship money so far. Is that a net amount we are talking about, or is that the total commitment from these sponsors? Any part of that \$600 million, if that's the total amount... Does that include the money that may be shared with IOC?

Hon. C. Hansen: The amount that VANOC has realized to date from their national sponsors includes a mix of both cash and value-in-kind. When they count in value-in-kind for the donation of goods and services, it has to be something that will actually be a reduction of their operating expense. So if it is not an actual reduction of expenses they would have otherwise incurred, then they don't count it.

Part of my reason for explaining that is that it's hard to give the member a simple yes-or-no answer to the question he asked, because if you look at the total value... A corporation might put out a press release saying they're making this contribution to the 2010 Olympics, and it's X number of dollars. They may be looking at cash plus value-in-kind that VANOC can reduce their expenditures by, but they may also have some other contributions in there, over and above what VANOC may otherwise have been obliged to expend between now and the end of the games.

I think that when we talk about the success of the fundraising initiatives by VANOC, yes, the vast majority of that gets realized in a meaningful way in their operating budget. But I just have to caution that it is not exclusively, because some corporations may actually be looking at a value-in-kind over and above what the Olympics would otherwise have had to expend.

H. Bains: So it's fair to say, when we talk about these numbers and the revenue from the sponsorships to date... We have heard numbers — how many sponsors and how much total money has been raised

through these sponsors. So it may not be six under, when we say six under. It may be less, as the minister put it before. A substantial part of that would be with VANOC, but we don't know what portion of that they can count on as part of the operating budget?

Hon. C. Hansen: In a technical sense, yes is the answer to the member's question. But I think it is fair to say that no matter how you cut it, how you calculate the numbers, the revenue to VANOC that offsets their operating expenditures — either through cash or in-kind contributions — already exceeds what they had budgeted for in the bid proposal even though they now only have six out of an anticipated ten national sponsors in place.

H. Bains: So the expectation that has been exceeded from the original estimation... Is that a net amount that they are considering from the sponsorship that will stay with VANOC?

Hon. C. Hansen: The member is right that in terms of the net revenues to VANOC for operations, they are in fact in excess of what they had budgeted for even though they only today have six out of what they anticipate would be ten national sponsors in place.

H. Bains: As I recall, the bid book and Auditor General review of that bid book show that the revenue at that particular time was estimated to be \$1.3 billion. Are those numbers still the same, or have they changed?

[1930]

Hon. C. Hansen: The member is correct. What was in the bid book was \$1.3 billion of anticipated revenues. But just to underscore, because this may come up in several contexts as we discuss capital, the bid book was all expressed in 2002 dollars, and that was a requirement of the IOC. That was true in terms of the operating revenues, and it was also true of the capital revenues, that they had to be expressed in 2002 dollars at the time. So today, if you were to factor in the inflation since then and bring it into 2006 dollars, I can assure the member that what VANOC is now projecting on revenues on the operating side is well in excess of not just the \$1.3 billion that was in 2002 dollars but in fact well in excess of what the equivalent amount would be today in 2006 dollars.

H. Bains: What is the projected forecast of revenue to be in today's dollars?

Hon. C. Hansen: VANOC — based on the experience from the Torino games, where they had a good crew over there analyzing every detail of the Torino Olympics... They are now working on a new budget that would actually take into account the increased revenue projections they are seeing, but also looking in a very realistic way around their operating expenditure side. They are very confident now that there is signifi-

cant up side on the operating revenues, as we've talked about earlier. They also feel that a lot of the assumptions they had made previously around the expenditure side are going, in fact, to be very manageable, so that there's more upward pressure on the revenue side than there is upward pressure on the expenditure side.

I can't at this point give the member a precise answer to his question, other than to say that when it comes to the operating side, everybody is becoming increasingly confident that the revenues will exceed the expenditures that are going to be required to put on a first-class games.

H. Bains: I have one more question along this area — the overview of VANOC and its budget — and then I'll move on to some of the other areas. Then we'll come back to that area later. If I may ask: under the multi-party agreement, VANOC was to come up with a business plan in April of 2005. Have they done that?

Hon. C. Hansen: VANOC has prepared an initial draft business plan, which they have shared with us. They have committed to us that they're going to finalize a final version of that, which will then be updated on a regular basis as we go forward. We have yet to receive that final, updated version of the business plan, which needs a couple of things.

[1935]

First of all, it needs to reflect the learnings from the Torino Olympic Games, as we discussed just a few minutes ago, but it also needs to reflect the updated projections they have around venue cost. I think as the member knows, there have been some upward cost pressures from the venue costs — that it's not simply the 2002 dollars that had been in the bid book.

VANOC is now in the process of actually going out to the marketplace. They've put out tender calls for some of the various venues for construction and upgrades that are necessary. When they come back with their business plan, which we are anticipating in the coming months, they will actually have some of these hard numbers that they will be able to put in. We're looking forward to receiving that finalized, updated business plan in the coming months.

H. Bains: The Torino games weren't just dropped on us out of the sky, and we didn't know about.... When the multi-party agreement was put together, parties knew that the Torino games would be held at that particular time. But knowing all of that, they agreed that the business plan would be available — it would be finalized — in April 2005.

What has changed? Why haven't we seen a business plan almost a year after it was agreed to be put together?

Hon. C. Hansen: As I mentioned earlier to the member, there was a draft business plan that was presented to us last year, but I think at the time what VANOC themselves recognized was that there were still a lot of inputs that they needed to be able to pre-

sent a business.... When I say a final business plan, but one that actually has.... It is going to be updated on a regular basis, so it's not a final, final one.

The one that they are preparing now for later this year will in fact have some real, hard numbers in it, which is something they were not able to do a year ago when they provided us with this interim document. As I mentioned, they will be able to put more firm numbers in around actual construction costs, which will be much more solid than the projections that they had even as recently as a year ago. They will also have the experience of Torino to be able to lock in some very reliable numbers going forward.

VANOC has lived up to its obligations when it came to providing government with an interim business plan at that stage. But at the time they recognized, and we accepted, the fact that there were still a lot of numbers that had to be locked down before they could have a business plan that would really become a solid document which we could move forward with.

H. Bains: As of a 2004 progress report, it also mentioned that according to the multi-party agreement, VANOC is developing a comprehensive business plan that details the planning, organizing, financing and staging of the 2010 Winter Olympics. The plan is scheduled for completion in April 2005 — not a draft plan, but the plan to be finalized — and must be submitted to the governments of Canada and British Columbia for approval.

The business plan will consist of several components, and then it will list a number of components — financial plans, sponsorship plan, operating capital budgets, project control strategy and all that stuff in here. That's the 2004 progress report, and we are still talking about this plan to be finalized and delivered. Now we are saying that no, a year later we still don't have it because they are still looking at it. What changed between 2004 and 2005 that they couldn't put the business plan together, when they said it would be put together in April 2005?

[1940]

Hon. C. Hansen: In fact, VANOC lived up to that obligation. They provided us with.... I used the word "draft" earlier, and perhaps I should have more correctly used the words "interim business plan." That was presented to us last year. It was presented for our approval. We did not approve it, and one of the reasons we did not approve it is because there were still a lot of the numbers that had to be locked down. There were still a lot of questions that had to be answered, and that's exactly the stage we're in now. But it was always anticipated that the business plan would be updated as we went forward.

It's our expectation that this next phase that they're in now of locking down those numbers and having a solid business plan is something that will be presented to us in a form that we.... It was presented to us for approval. We didn't approve it, because we felt there were still unanswered questions.

The next iteration of the business plan that is being developed is being done in a format that we think has some pretty solid numbers and is something that the Olympic secretariat staff are working on with VANOC on a regular basis. I can tell the member that the interim business plan that was presented to us last year was shared with the Auditor General, so when he produces his report, he will have that information at his disposal, including some of the unanswered questions that were there as of the middle of last year that we expect to be answered in the coming months.

H. Bains: As it says, the federal government also had to approve that plan. Was that presented to the federal government, and did they also reject it?

Hon. C. Hansen: I can confirm for the member that it's our understanding that VANOC provided that to the federal government to live up to that side of the obligation as well.

H. Bains: Is that interim business plan available to this House?

Hon. C. Hansen: It is not a public document. Once VANOC gets to a point where they've got the business plan in place that does receive the approval of the federal government and the provincial government, it would certainly be my hope that they would release it publicly at that point.

I think it's best to describe the first document as a work in progress. As I mentioned to the member, that document was shared with the Auditor General so that it could help to guide their oversight and their review of the operations of the provincial Olympic secretariat.

H. Bains: So as of today, members of this House and of the public cannot see that interim business plan that was shared with the government of British Columbia. As of today, we do not know what the expected revenue forecast will be and what the expected expenditure forecast will be, so we are working without a business plan as far as the public is concerned. We don't know what the cost and the revenue sides of the ledger are as of today.

[1945]

Hon. C. Hansen: Like the development of any business plan, regardless as to the enterprise that is being looked at, it takes solid inputs. I think that's what VANOC is doing now. They're now at a stage where they can actually get those solid inputs.

Whether you're talking about the calls for proposals around the venue construction, we're finally at a point where we can get some real numbers — not just some projected numbers but real numbers. Also, when you look at the revenue side, whether it's the mix of revenues that will flow to or from the IOC, we are now at a stage where we can actually put those numbers in place. Then, also based on the experience of Torino, they can put in some solid operating expenditures.

From the day VANOC was started, did anybody say that there needs to be a 100-percent perfect business plan in place the following week? The answer is no, it takes time. Yes, we had an interim one. It still had lots of unanswered questions. We now think we're getting to a point where those questions can be answered. It's our expectation that the business plan will be firmed up in the coming months, and it's our expectation that VANOC will be in a position to make that public.

In the meantime, VANOC is committed to a couple of very important things. For example, I'm sure the member knows that recently VANOC has committed to releasing quarterly financial statements. One person that I know is very interested in transparency and making sure that as much information is available to the public as possible is John Furlong. It's something he believes in very passionately. At the same time, he doesn't want to compromise some of the commercial relationships they have with their sponsors and other partners. I know that the person who's going to be pushing the hardest to actually get that business plan and the information out is, in fact, the leadership at VANOC itself, and we'll be 100 percent supportive of that.

H. Bains: We'll come back through that area of budgeting later on. I just want to move on to some of the other overview areas that I talked about earlier.

You mentioned VANOC and the 2010 secretariat. My understanding is that there are some other agencies created, such as Legacies Now, Live Sites, Commerce Centre. Can you explore some of those areas — how they came about, who they report to and under what umbrella they are created and working for?

Hon. C. Hansen: I'll start with the last one first. The 2010 Commerce Centre is, in fact, part of the Olympic secretariat of the ministry. The 2010 Commerce Centre, if I can be so bold as to sort of put this out like a commercial... Anybody in the province who's interested in being involved in the development of the 2010 Olympic Games should go to that site. They're doing some fabulous work, doing things like posting all of the bids that have anything to do with the Olympic Games, no matter how remote. In fact, we're even putting up there some of the bid requests for the 2008 Summer Olympic Games in Beijing so that B.C. companies can actually have access to the process that allows them to get involved in the 2010 games and to be suppliers.

The 2010 Commerce Centre — they've been doing workshops around the province, working with small business organizations. Those workshops will walk an owner of a small business through what they have to do to be on the list of an eligible supplier to the 2010 games. It's a great way that companies, no matter where they are — they might be in Nelson, Williams Lake, Nanaimo, Prince Rupert, anywhere in the province — have as much opportunity to get access to that procurement process as any other company in the province has. That's the 2010 Commerce Centre.

They're also looking at other initiatives: setting up a storefront operation in Vancouver that helps to sell the message, tell the story of what British Columbia is and what the British Columbia economy is all about. The 2010 Commerce Centre is part and parcel of the Olympic secretariat, which is a component of the Ministry of Economic Development and, hence, part of the provincial government.

[1950]

The second-to-last one that the member mentioned was the Live Sites program. The Live Sites is a great initiative where we've put up a budget of \$20 million to fund Olympic legacy projects in communities throughout the province. The approach that was taken by our Premier was to say: "It's not up to us in Victoria to decide what is a great project for — well, name a city — let's say, Valemount. Valemount, British Columbia may have their idea of what a great Olympic legacy project might be for their community.

We invited those communities to submit proposals. They come into the Ministry of Economic Development, where those projects are evaluated, and we will put up 50 percent of the funding for a project up to a maximum provincial contribution of \$330,000. To date — I can get the exact numbers — I think we've committed roughly \$12 million to \$13 million of that \$20 million. So there's still some work to be done to flow those dollars. I can tell you that communities around the province are quite excited because, finally, it's put them in the driver's seat as to what an appropriate project is as part of their Olympic legacy.

That, again, is very much part of the Ministry of Economic Development. The dollars for the 2006-2007 fiscal year anticipated expenditure from the program are reflected in the vote that we are being asked to approve as part of these estimates, so it's very much part and parcel of government operations.

The 2010 Legacies Now is another kettle of fish. The primary source of funds for Legacies Now is the provincial government. But it is not a government agency; it is arm's length. We provide grants to them, which they can then administer, and they're doing some great projects around the province. One recent one was the Speaker Series, where they are bringing in speakers from other Olympic jurisdictions to talk about how we maximize the benefit from the 2010 games.

Those speakers are going to communities around the province. They're very involved with the local spirit committees in the province that are putting on local events, not just to celebrate the 2010 games but to celebrate volunteerism and amateur sport in those communities and really help to build that sense of community pride that we think will be enhanced because of the coming 2010 games.

Of the three programs that the member mentioned, 2010 Commerce Centre is a program within the ministry, as is the Live Sites program. The 2010 Legacies Now is arm's length from government. They do have other sources of revenue, including private sector, but the primary source of their grants is the provincial government.

H. Bains: If it's working directly under the Ministry of Economic Development through grants from that ministry, is that grant over and above the \$600 million that the provincial government has committed for the Olympics?

[R. Cantelon in the chair.]

[1955]

Hon. C. Hansen: Just to make sure we define this right, because we may get into this in more detail, the \$600 million is the envelope that is put forward by the province as our share of the staging of the 2010 Olympic and Paralympic Games. It includes contributions to venue construction. It includes the Olympic Live Sites program that we talked about a few minutes ago, which is \$20 million from the province. It includes our contribution to medical, to security costs, to all of the things with the actual production of the Olympic Games.

Out of that \$600 million, there is \$10 million that will flow to 2010 Legacies Now. It is for sport development, and it's for the programs that will actually support our athletes to participate in the Olympic Games.

Now, there are other revenues that 2010 Legacies Now will get from provincial government ministries that are in a much broader context of their mandate, not specific to the staging of the Olympic Games but for things such as parts of the ActNow B.C. program — promoting healthy living in British Columbia. Does that fit into an Olympic envelope? In a very broad sense, but not when it comes to the actual staging.

The short answer to the member's question is: out of the \$600 million, there is \$10 million that flows to 2010 Legacies Now. It's specifically for the development of our Olympic athletes.

H. Bains: So \$10 million comes out of the \$600 million envelope, as I understand, and then there are other revenues. What would be their overall operating budget?

Hon. C. Hansen: I don't know the answer to that question; 2010 Legacies Now is an independent, not-for-profit organization. As I mentioned earlier, I know they do get some corporate revenues. They may get revenues from other sources as well. What we will do is provide them with funding for specific initiatives that they may undertake. As I mentioned, the \$10 million that comes out of this ministry's budget is going to be for sport development, which is aimed at Olympic athletes.

I don't have an answer, because they're not part of government, not part of my ministry. They're an independent, not-for-profit organization and, as such, would be required to make the various public reports that any other not-for-profit organization would have to make.

H. Bains: I may ask one more time: the minister does not know what other funding from other gov-

ernment ministries flows to Legacies Now — is that correct?

Hon. C. Hansen: What I have at my disposal is what flows from the Ministry of Economic Development, and that's what we're here to talk about tonight. Certainly, I know that 2010 Legacies Now has prided themselves on their openness and their relationship with all MLAs of all parties in this House. I am very confident that they would try to provide that information to the member, but I don't have that at my disposal in this capacity as Minister of Economic Development.

H. Bains: I will move to one of the areas that we talked about, the 2010 secretariat, which, as was said earlier, works directly with the Ministry of Economic Development, as I understand. First of all, can the minister explain its roles and responsibilities as they're laid out?

[2000]

Hon. C. Hansen: I think it can be broken into two categories. The Olympic secretariat has responsibility for oversight of our \$600 million Olympic funding envelope that we have. When it comes to the provincial government's share of contributions to venues and the provincial government's share of contributions to security agreements, those are the kinds of things that the secretariat would oversee and make sure, first of all, that we're budgeting appropriately for so we've got the cash flow necessary and the appropriation necessary for when those funds are required — but also to work closely with VANOC in terms of how the dollars are expended.

I think, as the member knows, we have a contingency fund that's built into that \$139 million. We have to make sure we are carefully managing the risks and the cost pressures that may be put on the contingency fund in the future to make sure we can stay within that \$600 million allocation right through to the successful completion of the games.

The other big component for the Olympics secretariat is to lever the games, to make sure we actually take advantage of the fact the games are happening here in British Columbia for marketing our international profile. Part of the 2010 Commerce Centre is part of that, to make sure B.C. companies of all sizes have excellent opportunities to bid on Olympic procurement opportunities. That's the other big component of it.

One example of that is the B.C.-Canada Place we put on in Torino, Italy. That was a \$6 million commitment, approximately, from the budget of the Ministry of Economic Development through the Olympic secretariat, and I can tell you it was just a huge success. We had over 100,000 people through that house. All of the development and planning of that pavilion was undertaken by the Olympic secretariat, and I can tell you on behalf of the province that they delivered a first-class product that any British Columbian would be extremely proud of.

H. Bains: I will have questions on the Canada village, as I understand it was called, later on. Is part of

the role of the secretariat to review VANOC's financial plan and financial statements?

Hon. C. Hansen: Yes. When VANOC presents us with a business plan for our review, it's the Olympic secretariat that would lead that process. They wouldn't be entirely responsible for it, because although we have great staff within the Olympic secretariat, we probably don't have all the skill set that we would need to review a complex business plan. So they, in turn, would call on the resources of the Ministry of Finance or whoever else within government may be able to help.

Just as an example, when it comes to the medical costs which the province has some responsibilities for, that would be through the Ministry of Health. When it came to that portion of the business plan, VANOC would be talking to officials in the Ministry of Health to really do an evaluation as to whether or not the assumptions and direction that VANOC is taking are based on good input and expertise.

The short answer to the member's question is: the Olympic secretariat would review it as well as coordinate other inputs from other parts of the provincial government.

H. Bains: How often does the secretariat review VANOC's finances?

Hon. C. Hansen: The review of the financial is an ongoing process. It's something that consumes staff at the Olympic secretariat on a daily basis. We are talking about a big organization, and it's obviously something that's complex and really does require that kind of daily involvement. I can tell you that the relationship between the staff at the Olympic secretariat and the staff at VANOC is excellent. There is good oversight, but there's also very good cooperation.

[2005]

If the member is asking specifically about the business plan, then there has been sort of one document that has been reviewed. As we discussed earlier, that was the interim document that we got last year. Again, the secretariat took responsibility for reviewing that. I think we did get input from other ministries at that time, as well as sharing it with the Auditor General at that time.

H. Bains: Can I ask when that interim business plan was made available to the secretariat?

Hon. C. Hansen: It's my understanding that we received that document in September of last year.

H. Bains: Has there been any update since September?

Hon. C. Hansen: No, there has not been an update to the business plan, because that's exactly what VANOC is in the process of working on now. We expect they will have that for us later this year.

H. Bains: As I understand it, VANOC announced, I believe a week ago, that they will be making quarterly reports on the financial updates. What will the update be on if they haven't given us any update up until now?

Hon. C. Hansen: VANOC has put out their financial statements publicly, and they've been doing it based on their year-end, which is on their website. What they have committed to now is that they're actually going to put out quarterly updates to their financial statements. Included in that will be their projected revenues and projected expenditures for the year. They will also, as is normal in any financial statements for an organization, be reporting on their contractual obligations. I think the advantage of what they've decided to do is that we will see these on a more frequent basis rather than waiting for their year-end financial statements.

H. Bains: Let's move on to the \$600 million provincial commitment to stage the games. The question is: what portion of this flows through the secretariat?

Hon. C. Hansen: Of the \$600 million, none flows to the secretariat itself.

H. Bains: In the last fiscal year, '05-06, in the chart I'm looking at here the secretariat budget amounted to \$209 million, and in '06-07 it's listed here as \$153 million. In '07-08 it's \$58 million, I believe, and in '08-09, \$46 million. That budget for the secretariat — is that outside of the \$600 million envelope?

[2010]

Hon. C. Hansen: I think the numbers that the member read out probably relate to the appropriations, or the cash flow, from the province vis-à-vis the \$600 million. Those dollars do not flow to the Olympic secretariat. If you look at the vote that's in the estimates and how that's broken down, what is included in that is the cash flow anticipated for this year, and obviously for the subsequent years of the fiscal plan.

The cash flow that is regarding the \$600 million may flow to VANOC or may flow to another partner that's actually producing venues, or perhaps one of the components in that would be security costs, which would flow to other organizations that would be delivering on components of the security expenditure.

The budget for the actual secretariat's operations is part of that, but the components of it that are in the \$600 million do not flow through the secretariat. They provide the oversight for it. They will make sure that the dollars are flowing at the appropriate time, but it doesn't flow into their budget and then they in turn transfer it to the outside organizations.

H. Bains: I'm looking at the '05-06, '07-08 service plan update under the Ministry of Economic Development. That's where I'm looking: at a chart here showing operating expenses. There's a chart. There's a number

of them: marketing and promoting British Columbia, enhancing economic development. Then there's a 2010 Olympic and Paralympic Winter Games secretariat. That's where it shows the operating expenses for that particular segment: on this chart. That's where it shows \$109 million for '05-06 — and '06-07, which is \$153 million.

My question is: the operating expenses — where does the money come from?

Hon. C. Hansen: I think I may have the same chart that the member has in front of him here.

If you look at the \$153 million that is part of the '06-07 estimates, included in that is \$7 million for the operations of the 2010 Olympic secretariat. Of that \$153 million, \$7 million is actually for operations of the secretariat itself.

H. Bains: When we are looking at \$109 million and \$153 million in two different years, how does that money flow? How does that flow through the secretariat? It is still considered under the 2010 games secretariat, and it is their operating expenses for '05-06 and '06-07. That's what is listed here: \$109 million for one year, and \$153 million for the other year. How does that flow through the secretariat? How does that amount to being their operating expenses?

[2015]

Hon. C. Hansen: As we have obligations to flow moneys against the \$600 million envelope or the \$600 million commitment, the secretariat in their operations, funded by their \$7 million of operating budget, will oversee that. They will be involved with discussions in terms of when that should flow and whether the outside party has met the appropriate requirements for those dollars to flow.

Just to give a for instance here, we have budgeted in this current fiscal year we're in now, and out of the \$153 million that the member talks about, \$10 million is included for security costs. Now, that money will flow from the province to the RCMP, or wherever the outside agency is that will actually be responsible. Some of that work is being done now. That is money that would flow from the province. It doesn't flow through the Olympic secretariat in that respect, but the Olympic secretariat oversees it. It's part and parcel of our budget and part and parcel of the work the Olympic secretariat has done. That's why in the service plan it's included in that line item, so that we can look at all those things comprehensively. This \$153 million is not money that's given to the secretariat for them to administer. They have responsibility for their actual seven million of operating dollars.

H. Bains: My question would be: is the \$109 million for '05-06 and the \$153 million for '06-07 all within the \$600 million envelope?

Hon. C. Hansen: In terms of the \$7 million, that's for the operation of the secretariat itself. That's not part

of the \$600 million. It comes back to what we discussed at the outset of our discussions tonight. The \$600 million is for the province's contribution to the staging of the Olympic Games. The Olympic secretariat and its reason for existing is so that we can lever the other benefits over and above the actual staging of the games, so their budget is outside of the \$600 million.

As a for instance, the money we talked about earlier that was for the B.C.-Canada place in Torino, Italy, was not part of the \$600 million because it was not part of what we had to spend to stage the games in 2010. It's actually part of how we market the province. That's why the \$7 million is part of the \$153 million in the service plan but not part of the \$600 million envelope.

H. Bains: Part of the \$153 million — \$7 million — is the operating of the secretariat. How much was it for the year 2005 and 2006?

[2020]

Hon. C. Hansen: To compare apples and apples in terms of the basic operating expenses of the secretariat, this year is \$7 million; last year it was \$2.9 million.

H. Bains: Just coming out of that, let's go with '06-07 numbers. That \$144 million, according to the early answers that I received, would be the amount that the secretariat has or will oversee that will be transferring from the government to VANOC.

Hon. C. Hansen: No. Some of it will flow to and through VANOC, but some of it flows directly to other outside organizations. When we talk about the \$600 million, that's not money that flows to VANOC. That's just money that we are expending for the staging of the games.

Just as a case in point, we're committed to \$87.5 million out of the \$600 million for security costs. I don't anticipate that any of that will flow to VANOC. It will primarily flow through the RCMP and potentially other third-party organizations, but not through VANOC itself.

If you look at the \$13 million for our anticipated medical expenditures related to the games, those will probably not flow through VANOC at all but will.... In fact, we're working now with the Ministry of Health in terms of how best to make sure that that budget is utilized for the benefit of the staging of the Olympic Games. But it's not VANOC that would administer that.

It's true also of the various venue costs. If you look at the venue cost for the athletes' village in Vancouver, that was money that we actually flowed directly from the province to the city of Vancouver for our share of the construction of the Olympic village. Some of it will go through VANOC, but much of it will in fact flow through other third-party organizations.

H. Bains: My question then is: any money that the province transferred to any of those entities, whether it's Vancouver city or VANOC or security.... Does the secretariat oversee every dollar of that \$600 million?

Hon. C. Hansen: The answer is yes.

H. Bains: As I listed here, \$2.9 million was the operating budget, I gather, for the secretariat for '05-06 and \$7 million for '06-07. Can you list what would be out of this \$58 million for '07-08 and '08-09, please?

Hon. C. Hansen: The answer to the member's question is: for this fiscal year that we're in now, it would be \$7 million. For the year after, it would be \$7.6 million.

H. Bains: There's another year still left, '08-09, that is listed here, a total of \$46 million. What part of that would be for the secretariat?

[2025]

Hon. C. Hansen: It's \$8.3 million.

H. Bains: So \$2.9 million, \$7 million, \$7.6 million and \$8.3 million. Is that the total cost to the province to run the 2010 secretariat in these years?

Hon. C. Hansen: Yes, that's correct.

H. Bains: When you add this up, it is close to a \$25 million total in these four different years. That would be the cost to the province in addition to the \$600 million commitment to the Olympics?

Hon. C. Hansen: I think when the member says that, he's comparing apples and oranges. When we talk about the \$600 million, it's for the staging of the games. When we talk about how we're marketing the province internationally, that is separate from the envelope to actually host the games.

That's really where some of the big advantage to the province is. I know in the case of B.C.-Canada Place, which as I mentioned earlier cost the province \$6 million out of our international marketing budget.... From that \$6 million it's estimated that we got something like \$20 million to \$30 million. In fact, I know we've got a more accurate estimate, but off the top of my head it was something like \$20 million to \$30 million worth of media that we got around the world for British Columbia because of the initiative to put B.C.-Canada Place in downtown Turin, Italy.

I think what some people could ask is: if we've got this great opportunity to market British Columbia and showcase what we're all about and actually build investment and tourism and in-migration and all of the other opportunities that come along with the Olympics, is this enough? Should we be doing more? We will be.

We are going to put a similar kind of exhibition in Beijing to showcase British Columbia. Again, that doesn't come out of the secretariat budget; it will come out of our international marketing budget. We just have this great opportunity to showcase the province because of the fact that we're hosting the Olympic Games.

From my perspective, I think these dollars are well spent, and the real question that some people ask is

whether we should in fact be spending even more to make sure that we really get our bang for the buck.

H. Bains: I wasn't arguing or questioning the justification of spending these dollars. All I was doing was trying to ask this simple question. We as a province decided that we will stage these Olympics, and everyone is excited about it. The minister is excited about it; I'm excited about it. You know, I'm sure all the people that live in different regions of this province are excited about it.

I think the very reason that the 2010 secretariat exists is because we decided to host the 2010 Olympics. We understand that we committed \$600 million to stage the Olympics. But in order to do that there are other components that are costs to the province and to taxpayers.

I'm not questioning the justification. All I'm asking is: is this \$25 million that we have so far identified an addition to the \$600 million that it will cost the province to stage the Olympics and to do all the other things — to market, as the minister has suggested, and to promote and showcase our province? I understand all of that part, but it is additional funding that British Columbia, through your ministry, is taking the responsibility to expend — isn't it?

Hon. C. Hansen: It is not part of the \$600 million. The \$600 million is for a certain purpose, and this is a different purpose.

To say that it's more money that the province is spending, I don't think is accurate. When we start looking at moneys that the province would have to spend to market our province internationally — whether it's tourism or investment attraction or business development, in-migration, all of those initiatives — if it wasn't for the 2010 Winter Olympics, we would still have to make expenditures in that area.

[2030]

But because we've got the opportunity of the 2010 Olympics, it actually gives us an even better opportunity to get out some of those messages internationally and to do it in a context of the Olympic Games. It's not necessarily money that would be over and above what would have had to be spent otherwise. It just gives us a great marketing vehicle — being the 2010 Olympics — to package those initiatives around.

H. Bains: I guess we can slice this in all different ways as we wish, but the fact remains that the 2010 secretariat exists because we decided to stage the 2010 Olympics. The very reason that we had Canada village in Torino is because we decided to hold the Winter Olympics in 2010 here in our province. You may get huge dividends as a result of this — and I understand that part, as the minister is explaining — but this is expenditure that comes out of the ministry in order to get some revenue.

That's why we agreed to spend \$600 million to stage the Olympics as part of the capital budget, as part of the security, as part of the medical and all the other stuff. Those are key components to stage the 2010

Olympics, as this is a key component to oversee the \$600 million that flows from the province to different areas over there.

There is a real need for a 2010 secretariat, no question, but there is a cost attached to it. That's why my question was.... We have committed \$600 million, plus we have committed \$25 million here to oversee that \$600 million plus all the other things that the minister has suggested that the secretariat is engaged in. Now on top of that, there's \$6 million for Canada village that we had displayed in Torino. That comes to about \$31 million, which is not part of \$600 million. It is \$31 million which is in addition to the province's \$600 million commitment we made earlier.

Hon. C. Hansen: It is not part of the \$600 million, because it is for a different purpose. The member is correct. It is not part of the \$600 million. It is money in addition to the \$600 million, because it's for a purpose different than the \$600 million is intended for.

H. Bains: It is because we are staging the 2010 Olympics — isn't it?

Hon. C. Hansen: I think that the 2010 games give us an opportunity to do lots of things. I have no doubt, for example, that there are going to be curriculum materials, teaching materials, that are going to get used in our public school system between now and 2010 that are only going to be there because of the fact that we're hosting the 2010 games.

[K. Whittred in the chair.]

I have no doubt that there are going to be communities all over the province that are going to decide to put up street banners to celebrate the 2010 Olympics. If it weren't for 2010, they might put up some different kind of street banners, but because we're doing 2010, it's a good reason to celebrate and put those available resources to actually focus on the 2010 games.

I think the 2010 games are going to give us lots of opportunity to really celebrate all the things that are great about British Columbia, regardless of where you live in this province.

H. Bains: What other initiative has this government taken that would require some funding from the government, as we have seen for the 2010 secretariat, Canada village? Are there other areas that the government has taken responsibility for, that are there because of the 2010 Olympics, and that will cost them some dollars — and maybe for good reason? Are there any other areas that the minister can tell us where there might be more funding that has been committed to?

Hon. C. Hansen: The answer to the member's question is: the opportunities are endless. I think that's really what's so exciting about the games coming. It is something that's got British Columbians excited and motivated.

I'll give an example. Look at the whole commitment that the Premier made that he wants British Columbia to be the healthiest jurisdiction ever to host Olympic Games. Now that's a pretty big undertaking, but you know what? It's doable. Is it automatic? No. It's going to take some work, and it's going to take some programs.

[2035]

We've got initiatives like the ActNow B.C. program. We've got the Healthy Living Alliance in British Columbia that's working with the provincial government. An alliance of — I forget how many — a dozen different not-for-profit organizations around the province are working towards how we actually encourage British Columbians to become healthier in their eating habits, exercise and fitness.

Now, would that initiative have happened if we had not been awarded the 2010 games? Maybe, but I tell you, the way that progressed was from a Premier making a commitment that we were going to be the healthiest jurisdiction to host the 2010 games. What flows from that is: let's make this happen.

It is not going to happen just because the Premier stands up and gives a speech. It's going to happen because we changed the attitude of all government ministries. That's now a cross-government initiative: Act-Now B.C. The question is: is that something that is happening because of the Olympic Games? Yes. Is it a cost that's because of the Olympic Games? No. It is something that we may have arrived on that kind of initiative anyway.

I think the answer to the member's question is that the more we can actually use the excitement around the games to motivate British Columbians, to get people excited about their communities, to actually looking forward to the future in this province in an excited and energetic way.... Sure, some of that comes because of the 2010 Olympic Games. As I say, the opportunities are endless. The member may have some suggestions as to other things that we should be embarking on because of the opportunity to take advantage of the fact that we are going to be hosting these games in four years' time.

H. Bains: I have a number of suggestions, but that's not what we're here for. I had some questions.

We have identified some expenditures that the B.C. government has taken on. Secretariat is one; Canada village was another. My question was: regardless of the wonderful things that the minister has suggested, is there any dollar amount committed to any other program that relates to Olympics, such as Canada village, such as the celebration of the games here in Vancouver? Moving to some other specifics, is there any other program that the government has committed to, and then what are the dollar values on it?

Hon. C. Hansen: The best way I can answer the member's question is to say that there is nothing else that is part and parcel of staging the Olympic Games in four years' time. The other expenditures we're doing

may be expenditures that we have to do anyway, that are happening — for example, construction projects that we would have to do anyway which we want to have ready for the 2010 Olympics.

There also may be projects that we're undertaking because the Olympics give us an opportunity. The world is focused on us, so let's wear that Olympic label with pride. For example, the presence that we had in Turin, Italy — that had nothing to do with whether or not we're going to stage successful Olympic Games in four years' time. It had everything to do with us marketing British Columbia to investors, to businesses, to immigrants and to tourists. It was extremely successful, and it had a great rate of return.

When you look at these other marketing initiatives that we are seizing on internationally, it's really to get a return for British Columbia. The Olympics are the excuse for us to go out and present a marketing program in the context that we are, but it's not a cost associated with the Olympics in that respect. It's actually us doing things to capitalize on the opportunity that the Olympics bring.

H. Bains: My next question is: how much money actually has been transferred to VANOC from the province so far?

[2040]

Hon. C. Hansen: The total amount of money that has been transferred from the province to VANOC to date is \$21 million.

H. Bains: How much has been transferred to, for example, the city of Vancouver, the city of Richmond and the city of Whistler?

Hon. C. Hansen: To date there has been \$30 million transferred to the city of Richmond for the speed skating oval. There has been \$30 million transferred to the city of Vancouver for the Olympic village, and to date there have been no transfers to the resort municipality of Whistler.

H. Bains: That comes to \$81 million so far that the government has transferred to those various different entities. Can I get a breakdown for the \$21 million that has been transferred to VANOC? What was that for?

Hon. C. Hansen: Yes, \$19 million has been for venues, and \$2 million has been for venue planning.

H. Bains: The province has agreed to give a \$55 million in addition to what was committed to earlier outside of the venue construction. My understanding is that the total VANOC asked for, for venue construction and capital costs, was \$110 million in addition to what was originally budgeted for. Is that correct?

Hon. C. Hansen: The province has not agreed to give an additional \$55 million to VANOC. VANOC has requested that of the province. Within the \$600 million,

there is a contingency fund that is at approximately \$132 million, so they have asked for access to the contingency fund for this increase in anticipated venue costs. The provincial share of that, if the province were to approve it, would be \$55 million, and that would be 50 percent of the increased venue costs that they're anticipating. The other 50 percent would be borne by the federal government, or they are asking that of the federal government.

For the venue costs that were put in place, the budget initially was \$470 million split 50-50 between the province and the federal government. In the bid book, as we were talking about earlier tonight, those were explicitly done in 2002 dollars, as required by the IOC. We're now seeing some increased construction costs, and that's what is reflected in the new ask from VANOC.

H. Bains: I also heard some statements from the minister around this \$55 million or total of \$110 million that VANOC has asked for in addition to the \$470 million. My understanding is that the minister took the position that the \$55 million will be available if the federal government also comes up with \$55 million as their share. Is that correct?

[2045]

Hon. C. Hansen: The member is correct. We see this as a 50-50 partnership between the province and the federal government when it comes to the venue capital costs. We are anxiously awaiting word from the federal government, but approval of our share of that would be contingent on the federal government coming in with their 50-percent partnership share of it.

H. Bains: As it sits, we have no control over the federal government and what their decisions are going to be on this, and neither has the minister. I'm sure that the minister and others will be pushing the federal government to come up with and play their part of the commitment. But in the event that the federal government decides, in their own wisdom, that what they committed under the multiparty agreement and what they committed earlier — on venue construction and security and other commitments that they made — was their commitment and that they're not coming forward for this \$55 million, does that mean that the province also will say no to it?

Hon. C. Hansen: Let's be clear about what the federal government committed to. In the multiparty agreement that the federal government signed, they committed to 50 percent of the venue costs, which were reflected in their share being \$235 million in 2002 dollars. That is explicit in the agreement that they signed — that this was 2002 dollars.

We know what the construction inflation factor has been over these last numbers of years. If you want to translate 2002 construction dollars into 2007 or 2008 construction dollars, then in order for the federal government to live up to what they've already committed to, they are, in fact, going to have to recognize that

we're not still talking about \$235 million in 2006, 2007 or 2008 dollars.

H. Bains: I understand that the IOC rules require you to put that budget together in 2002 dollars for a lot of good reasons, but also in 2002 we knew that the construction of venues wouldn't even start until 2006-2007. We knew the cost would be higher in 2006-2007, but we still put those hard numbers — that those would be the numbers for venue constructions, for security and for other expenditures that are listed in there.

From 2002 until late last year, when this additional request for funding came up, we were led to believe that the VANOC and this government were saying that they can live within the means of that budget. Now we're saying that the federal government also has to come up with — because that was in 2002 dollars.... What guarantee do we have that the federal government will agree with us that what they agreed to in 2002 dollars weren't the costs that they were incurring? It will be much higher in 2006 and 2007, so why would they agree with you?

Hon. C. Hansen: What was signed in the multiparty agreement was stated in 2002 dollars. The \$235 million was a reflection of what it would cost to build those venues in 2002. It did not reflect what the anticipated cost would be when the buildings were actually built in, say, '06 or '07 or '08. It actually reflected what the cost would have been in that year.

It's clear in the agreement. The wording is there. We have every reason to believe the federal government will live up to that obligation. The difference that took place in the way the federal government budgeted for this and the way that the province has budgeted for this is that we knew there was going to be inflation. We knew there would be cost pressures that would be over and above what those 2002 dollars would reflect.

[2050]

That's why, as a province, we put in place the \$139 million contingency fund, because we knew that we were going to have to fund the inflation in certain ways. We didn't know exactly what the inflation costs would be on, say, the nordic centre up at Callaghan Valley, but we knew there was going to be inflation, so we put in a value that we felt was prudent and would cover off some of those unforeseen inflationary pressures and other pressures that might come along. From the provincial government's perspective, even with the increase of the ask of \$55 million, we are still very confident that we can deliver on our obligations as a province within the \$600 million envelope that's there.

The federal government took a different approach. They actually approved their 2002 dollars in nominal terms, and they did not provide for a contingency at the time. They have to go back to their Treasury Board to actually increase the allocation to live up to the agreement that they signed in the multiparty agreement.

H. Bains: We are saying, as government, that \$55 million will be available if the federal government

plays their part and comes up with \$55 million in additional money for venue construction. Have any attempts been made to contact the federal government by the ministry, or is it only left up to VANOC? What answer has VANOC received, if it's only VANOC that is approaching the federal government?

The Chair: Minister, noting the time.

Hon. C. Hansen: Yes. The answer is all of the above. I've had meetings with federal representatives. The Olympic secretariat has regular meetings with their federal counterparts, and VANOC has also had meetings both at the officials' level and at the political level to ensure that the federal government will make this decision as quickly as possible. I think they recognize that. We've got every.... We know that they're moving to get this decision as quickly as possible to live up to their obligations.

Noting the hour, hon. Chair, I move that the committee rise, report progress and ask leave to sit again.

Motion approved.

The committee rose at 8:52 p.m.

The House resumed; Mr. Speaker in the chair.

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

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

Hon. G. Abbott moved adjournment of the House.

Motion approved.

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

The House adjourned at 8:53 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); H. Bloy in the chair.

The committee met at 3:12 p.m.

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

C. Evans: For the information of the minister, as per our agreement two weeks ago, it is our understanding that the next few hours will be B.C. Hydro — and maybe the transmission. I'll turn it over to my colleague whose critic area is Crown corporations, including Hydro, although I reserve the right to participate when it occurs to me that I might have something to contribute.

G. Gentner: I would like to thank the minister's staff for the indulgence to continue this after a beautiful Easter two weeks. We'll be wrapped up before dinner, I presume.

Maybe we can start off a little light in some basics here. I refer to the service plan Hydro has produced, which, hopefully, can get us underway on this road this afternoon. Right from the executive summary, it makes quite a bit of mention about the core values of the company. However, before we go there, I want to begin by saying B.C. Hydro has — and I'm quoting from the document — "also considered the external and internal business environments, monitoring them to identify their potential influences and to revise strategies and plans accordingly."

My question to the minister is: how do these influences bear on Hydro's plans?

Hon. R. Neufeld: First, before we start, I would like to introduce the two people from B.C. Hydro here with me today. Alister Cowan is the chief financial officer, and Bev Van Ruyven is the senior vice-president of distribution.

[1515]

The core values, maybe, to be fairly quick, that they will reflect on are the marketplace. They will review the marketplace and what's happening in the economy in British Columbia. Everybody knows that the economy in the province is booming as it hasn't for a long time. Hydro has to look at that carefully and make its decisions as to how it is going to actually meet the growing demand in the future that this great economy is providing all British Columbians.

G. Gentner: Therefore, the core values have obviously changed for the corporation in that it no longer has the main core value of not making revenue.

Hon. R. Neufeld: First off, I'll go back again. They're required by legislation to meet the demand and provide electricity across the province. They are also requested to actually have a return to the shareholder — a percentage to the shareholder that's in line with what happens in the private sector. This is something that was put in place by the NDP when they were in government. I remember debating that quite well, and I think it's actually a good core value.

G. Gentner: Thank you, minister, for that. It just seems to me that there has been a dramatic change in

the last number of years from the core values of B.C. Hydro.

To the original question. B.C. Hydro has "considered the external and internal business environments, monitoring them to identify their potential influences and to revise strategies and plans accordingly." How do these influences influence Hydro's plans? I still haven't received an answer for that one.

Hon. R. Neufeld: I'll try that again, much the same. Hydro has to review what's going on in a great economy across the province. Demand is obviously up for electricity in the province. Over ten years in the '90s we saw very little growth in hydro generation, and the Crown is trying to catch up to that as we speak now. What they have to do is review that market to continue to try to figure out how they will actually meet that demand, whether it's by using IPPs, whether it's other types of generation or alternative energy. All those types of things play a role in how B.C. Hydro plans to move it ahead.

In light of the member's comment about just being there to make money.... Gee whiz, I understand. I know the member was just elected, but boy, in the California crisis that I saw when I was here, Hydro was actually instructed to start every plant they could, to run every plant they could at maximum — including Burrard Thermal, a very inefficient plant spewing huge pollutants into the air — to sell electricity across the line to the U.S. It was at high rates. I agree. But we're still looking to collect \$300 million of that that has never been collected.

That all comes from the ten years that the NDP were there. I would suggest that what the NDP probably did when they were in government was try to drive Hydro to make the most money it could for the shareholder and return it all to the shareholder, for the shareholder to decide what they wanted to do with it and how they wanted to spend that money.

G. Gentner: The minister talks about the experiences in California. I hope we're not talking about the management practices of Enron.

I do want to ask.... I'm just basically looking into the B.C. Hydro service plan and its executive summary, and there are just some things that need clarification here. "B.C. Hydro's business model is based on one integrated company structured into interdependent lines of business...." Could he explain what that really means?

[1520]

Hon. R. Neufeld: First off, to answer the first question — or the first statement, I guess, that the member made about Enron's practices. Yeah, it was Enron's practices, and it was the NDP that sold into that market, into the Enron practices, not this government. Let's be clear about that and clear on the record.

It was the NDP that decided to sell into that market. It was the NDP that decided to sell an awful lot of electricity from the province of British Columbia —

from every plant that they could get back on stream, including one just up-Island here that had been partly decommissioned. Hydro was actually instructed to put it back into service to burn diesel fuel to sell electricity south of the border into the Enron fiasco. That's who did that. It was solely the NDP.

Hydro has lines of business within its portfolio. One of them is generation, one of them is distribution, and one of them is engineering and field services. It's all for internal evaluation to make sure that the Crown is providing the lowest-cost power that it possibly can to the people in the province of British Columbia — to its customers; making sure it's meeting the market needs; and that generation, distribution, and engineering and field services are actually getting the attention they need in their own scope.

G. Gentner: Back to the service plan: "B.C. Hydro will manage costs and increase productivity to ensure the company continues to operate efficiently and cost-effectively over the long term and thus maintain low rates for customers."

Can the minister explain how he intends to achieve this now that we're entering into a market-based distribution of electricity?

Hon. R. Neufeld: We're not entering into any market-based system. You know, it's interesting how someone from the opposition can read into a cost-based system that B.C. Hydro provides all of the people of the province some of the lowest-cost electricity across North America.

In fact, the third-lowest rates are right here in British Columbia and will probably soon be the second-lowest rates. But there is no market. I don't know where the member comes from in the market, what he's talking about. Maybe he just doesn't understand markets, but B.C. Hydro operates under a cost-based system in British Columbia. It actually sells into and buys out of a market system outside of our borders, but within our borders it's cost-based. That's how the rates are arrived at.

G. Gentner: Thanks to the minister for that clarification. Perhaps we can talk about market-based electricity when we move into Grid West or the discussion of where we're going to go with that. Maybe it's BCTC that could provide those types of answers.

We have here that: "B.C. Hydro's most significant cost for supplying domestic needs includes the cost of energy and the capital investment costs of maintaining and expanding assets." Could the minister explain to me what type of assets Hydro is foreseeing to expand in the near future?

[1525]

Hon. R. Neufeld: Quickly, Revelstoke. The Crown is starting a process of reviewing putting in another generator at Revelstoke. Aberfeldie is actually experiencing some renovation. There's also some capital going into W.A.C. Bennett Dam.

Also, when you look at an economy that's booming across the province, obviously there are demands on it — commercial, industrial and residential. On average, over the last few years they have had 25,000 new customers per year, the highest they've ever experienced. Actually, it costs a lot of money to build that kind of distribution to serve those needs.

G. Gentner: The minister alludes to the fact that there's a boom happening, a great demand on electricity. Obviously, there are some planned assets to be built, but those assets have not kept up pace with demand. We now have an integrated plan that will, hopefully, address some of those demands.

Back to the service plan: "B.C. Hydro must work to manage costs and increase productivity to maintain its price competitiveness compared to other utilities." What are these other utilities, and how is this comparison made? Why are we making this comparison to these utilities, and what are they?

Hon. R. Neufeld: What Hydro is trying to do is make sure they review what other utilities are doing. Hydro does not want to, and should not, work in isolation from what happens in jurisdictions around it, whether they are Washington, Alberta, Quebec or Manitoba. Hydro should be working with those jurisdictions to find out how they are meeting their needs and should utilize whatever information that's useful in British Columbia to help Hydro create more energy in a self-sustaining way in the province. I think they have done an excellent job, but they compare themselves to, on average, seven other utilities, basically to make sure that they do the things that I mentioned.

Also, across Canada and across North America we want to continue to have some of the lowest-cost electricity that we possibly can, understanding that we'll have to build some new generation. New generation, I should say, is being built in the province, and that actually costs money and has an effect on rates. We want to maintain our place as the third-lowest rates in all of North America.

With the booming economy, it presents some challenges, and I'm sure the member opposite will understand that there are challenges to building new projects across the province. But Hydro has to, as I say, review those other utilities and not operate in total isolation in the province.

G. Gentner: Of the comparison that's been made with the seven other utilities, how many of these utilities are 100 percent publicly owned?

Hon. R. Neufeld: Hydro-Quebec, Manitoba Hydro, Ontario. The other ones are — I'll give the cities — Seattle, Portland, San Francisco and the province of Alberta.

G. Gentner: I have it right, therefore, that Puget Energy is not one of the companies that it's compared with.

[1530]

Hon. R. Neufeld: Actually, it's Seattle City Light.

G. Gentner: Back to the service plan: "B.C. Hydro faces significant risks that are beyond its control but that could affect the ability to achieve the short- and long-term goals of this plan." Could the minister elaborate? What are these risks?

Hon. R. Neufeld: There are obviously all kinds of risks for a Crown the size of Hydro dealing with generating almost all the electricity that's consumed in the province. Obviously, water is one, in the dams. Regardless of whether you're in the Columbia or in the Peace, if you don't have a good snowpack and you don't have lots of water, those are risks that have to be managed by the corp. in the best interests of everyone.

Obviously, interest rates. They are at the lowest we've seen for a long time, but that's a risk, and it's one that the Crown always has to keep in mind.

Foreign exchange is another one because the Crown does borrow money on the market, some out of the U.S. So foreign exchange is an issue.

There are environmental issues that are risks they have to look at. There are first nations issues. And as I've been saying, in an economy that's growing as fast as British Columbia's, there's load growth.

G. Gentner: One statement sort of puzzles me, and maybe the minister can walk me through it. "The 15 goals are bold, and some of them are in natural tension with others." Could the minister explain that one for me?

Hon. R. Neufeld: Reliability is obviously something that creates some natural tensions that the member asked about. Let's expand that a little bit. If you take total reliability 100 percent of the time, you can invest an awful lot of money in a lot more generation and maybe in a lot more Hydro distribution lines across the province to make sure that you have total reliability. That presents cost, and that's a natural tension to actual rates. Every time you spend money, that money has to come from somewhere, so it would be reflected in the rates.

Another one is the environment versus, again, the rates paid by consumers across the province. How do you balance those? Those are decisions that the Crown has to make. The government of British Columbia has to be involved in those to make sure that the right choices or what seem to be the right choices — or would be the right choices, I should say — are made to look after the environment in the best way we possibly can but ensure that people actually have the electrical output they require across the province.

G. Gentner: I'm glad the minister was able to bring that forward, because with all due respect to the author of the report, it's quite a lot of doublespeak to say that it's bold and that there are some natural tensions with others. Thank you for bringing that forward.

[1535]

I also want to quote: "B.C. Hydro recognizes it cannot work to achieve progress on all of the goals all of the time." My question, therefore, is: why have all these goals if you cannot achieve them?

Hon. R. Neufeld: The Crown puts in long-term goals, obviously, for.... Long-term means 20 years. That doesn't mean that you're going to work on all of those goals from day one. What you're going to have to do is prioritize out of those goals what you need at the present time, remembering that there are goals for the future. They will inform how you actually implement the goals that you're working on at the present time.

The goals that Hydro is actually targeting more, as we speak, are people and safety, financial, customer satisfaction and reliability. We've spoken about reliability. We know that there's an aging workforce at B.C. Hydro, and Hydro has to actually review how it is going to fill those positions as it moves forward over the longer term to make sure it has the people in place who can deliver the services that British Columbians demand.

G. Gentner: Back to the service plan. Soon we'll be finished with this. This is the executive summary. It states here: "Circumstances, the internal and external business environment, resource constraints as well as operating priorities dictate changing areas of focus from one year to the next." If I have this correct — resource constraints — are we not talking about constraints based on government policy?

Hon. R. Neufeld: Actually, this does not have anything to do with government policy. It has everything to do with — I think I spoke about it just a little while ago — the people and the aging workforce and the shortage of skilled labour that Hydro is facing, along with everyone else, in an economy that's doing very well. There are some challenges, and it's not just others who feel those challenges. It's actually the Crowns that feel it also, so those are some of the constraints that that speaks about — and how they deal with that skilled-labour shortage.

G. Gentner: Thanks to the minister for clarifying that "resource" can mean a lot of different things to a lot of different people. Usually it is human, but resource constraints are constraints placed on the government indirectly through policy, as we saw with the outsourcing of work through Accenture.

The service plan ends with the last few paragraphs relative to the forecast of "extremely low water levels for 2006 and may...substantially in coming months depending on the weather." My question to the minister is: how much does Hydro foresee the forces of climate change on the water levels of all their dams?

[1540]

Hon. R. Neufeld: Hydro has very good records dating back to the time when the dams were actually

put in place. It's a huge part of how they have to work to provide the energy that we so readily consume across the province. They have over 60 years of records of water. We've had lower water than we have now in those last 60 years, and we've obviously had higher water. When you talk about the effect of climate change on water, Hydro is, by its own term, saying that it doesn't see a lot of change from climate change affecting water levels, because they have good records that far back — as I said, over 60 years.

So 2005 saw a 98-percent water level in the province, anticipating about 93 percent in 2006. That's getting fairly close to full pool, and it could actually happen. It's pretty hard to predict the weather anywhere, but Hydro does its best at long-term predictions — not totally on their own but from outside sources.

I'm sure that they get information about the weather and the precipitation — whatever is going to happen. I mean, the Peace system, where I live.... We could have a lot of rain this summer, for all I know. That could easily happen. It's hard to predict those kinds of things.

G. Gentner: The B.C. snowpack and water supply update from the Ministry of Environment comes out periodically. By April 1 it was surmised that not 93 percent but 95 percent of the peak snowpack had accumulated, and that largely reflects the water supply potential for the summer. The minister is quite right. It is a difficult task and science to try and decipher what the snowpack will mean, and Hydro has probably had a very good record over the past number of years.

The snowpack conditions in central and southern B.C. Vancouver Island, for example, is 115 percent this year. South coast is 110 percent. The Kettle Valley is 110 percent. The South Thompson is the provincial average at about 95 percent. Similkameen is low at 86 percent.

Overall, we're looking at normal if not maybe even slightly higher. We don't know the amount of water coming through the watersheds. My question, therefore, to the minister is: what is the anticipated percentage of water supply for next year?

Hon. R. Neufeld: Hydro tries to look as far in the future as they can about the weather. In April of 2006 it's a little difficult to look at April in 2007, a year from now, and predict what the snowpack will be and what the precipitation through the summer will be. They anticipate that it will be no different than what we're experiencing this year, as I'm told. They monitor that over time and, in fact, will adjust their operations accordingly if they see some dramatic changes, I would assume.

C. Evans: The Hydro budget, I think, showed a contribution to the general revenue of \$240 million last year and predicts an \$18 million contribution this year. Is that correct?

[1545]

Hon. R. Neufeld: I just wanted some clarification from B.C. Hydro on how they anticipate meeting that

shortfall. There's a rate increase. The member has probably heard of that and read in the paper that Hydro will apply for a rate increase for a number of things — not just a return to the shareholder but for other operations that Hydro is doing. That will, in fact, be going before the commission before long. I haven't had a full briefing on it yet, but I know, I'm told, that I'm going to get a full briefing here soon on the rate increase and that it would be subject to April 1, 2006.

C. Evans: I appreciate the minister's answer. I wasn't really concerned about how they were going to make up the difference. I was following up on the snowpack conversation.

Given 92 to 93 percent of normal snowpack.... Is that my understanding? It's not of last year's but 93 percent of normal. Am I incorrect in assuming that the reduction from \$240 million to \$18 million was based on snowpack levels? I actually believe there's an asterisk in the budget that says that the reduction to general revenue of \$222 million was caused by weather. Am I not correct in that?

Hon. R. Neufeld: Sorry. It took a little while. There are a number of reasons. Obviously, there are some cost pressures on B.C. Hydro as they're moving forward with Revelstoke, as I talked about, and all those kinds of things that actually happened within the Crown and with updating their facilities.

[1550]

Looking at a projected 93-percent water, Hydro is actually buying off the market more than they would have anticipated buying off the market had they had 98- or 100-percent or even better than 100-percent water. So they're buying it off the market, and I'm told that it's more expensive to buy it off the market right now, obviously — and it is — than what it would cost us to generate it. That's actually putting some pressure on B.C. Hydro.

C. Evans: Okay. Then, I would assume, if that is true, that we would have bought off the market less last year. If it's 93 percent of normal this year, what was the percentage for last year?

Hon. R. Neufeld: Ninety-eight percent.

C. Evans: So 93 to 98.... A 5-percent reduction in snowpack levels transfers generally to a \$200 million loss in revenue?

Hon. R. Neufeld: No. I don't want to leave the member thinking that. It has an effect on it. Maybe Hydro will be able to help me with that dollar number, but they'd have to actually do some calculations to get that.

There are other pressures that are happening on Hydro over and above. I mentioned before that the Revelstoke one is fairly expensive. Aberfeldie and some of those generation facilities that are getting a fair amount of work are putting some pressure, also, on

Hydro's revenue books. Obviously, the snowpack plays a huge role in how much money.... Whether 5 percent equates to exactly \$200-and-some million is, I think, a bit hypothetical, but it will play a big part in that \$200-and-some million.

C. Evans: I do not expect this to be answered today, but I would like to say to Hydro: just for my own edification, maybe in future you could do some calculations and give me a little bit of an explanation of what a percentage up or down in snowpack levels reflects in the income abilities of Hydro. That would be a really interesting piece of information to have and to share with our constituents back home, but I'm not going to ask for that today. I just put it on the record, and maybe Hydro could supply it in the next little while.

Hon. R. Neufeld: We can certainly get some more information, but there are other factors that play into that. Who knows what the electricity price is going to be next year — because that's where they'll buy it, off the market — or if they in fact get more generation of their own? All those numbers play a part.

We can certainly provide the member with some more information around this so that he can take that message back to his constituents, maybe, about how that's figured out and how they look at it, because there are quite a few variables. Interest rates vary. Operating debt varies. The cost of electricity varies. The operations vary. Snowpack varies. It all plays a role.

C. Evans: In defence of belabouring this point, you have to understand that if this was a logging business and it was going to reduce its income from \$240 million to \$18 million in one year, the stockholders — in this case, the people — would want more than ten minutes' conversation about what happened to \$220 million worth of income, especially if we found out that the variation in the amount of logs we put through the process was only 5 percent. That's a radical difference and probably not attributable to 5 percent of snowpack. So I want to follow it up over time to discover....

It's especially counterintuitive to the general citizenry, who think that the price of electricity is going up. The citizens think, "Energy is worth more," and then they think: "Well, then, we wouldn't want to see the Crown corporation's income collapse."

The minister points out that there are capital projects. I think capital projects are a benefit and to the minister's credit and Hydro's credit, but capital projects are usually not paid for through cash flow, only part of them — the down payment, for example, on a new turbine. But there would also be an amortization. So I think we need some explanation over time about how we managed to reduce the income of the Crown corporation to the Crown by a factor of \$220 million out of \$240 million in one year with only a 5-percent reduction in snowpack.

[1555]

Now I want to move from the snowpack level to the specifics of the Arrow Lakes. We recently did a

study on the Arrow Lakes called the Columbia management plan. Precisely what is the name of the water comptroller's project run by B.C. Hydro in the last few years in the Columbia River system?

Hon. R. Neufeld: The answer to that question is the Columbia water use plan. I believe that's what he's asking.

I just want to go back a little bit. When you make the comparison to a forestry company and having less revenue, let's remember that there's a difference between anticipating what comes out of the sky in both snow and water as compared to counting trees actually on the land base that you can actually look at and see. That's one.

Secondly, it's the third-largest utility in Canada. Quebec is number one, Ontario is number two, and we're third. Their revenues last year were \$4.9 billion. That's an awful lot of money, when you think about it over the broad spectrum. Maybe it's a little bit simple to say that \$200 million has gone missing and that you can't explain it because of low water. That's not what I'm trying to impart to the member.

I'm trying to say to the member that there are a whole bunch of competing interests that actually deal with that issue. Maybe comparing it to counting trees, cutting them down and hauling them in is a little bit different than trying to figure out how much is going to come out of the sky in 2006 and anticipating that for 2007. I hope that the Columbia water use plan answers the question.

C. Evans: It's kind of interesting, hon. Chair. We're trying to get on to another subject, but we keep going backwards because both the minister and I are more interested at present, it would appear, in the conversation that we thought we were finished with.

It's correct that we can count trees. You can look at them, and you can actually physically count them and then cut them down. But we're not talking about water that hasn't fallen yet. We're talking about snowpack levels. It's springtime. We're just about done. It's 95 percent.

This is estimates. The process that we're here to debate is called estimates. It is the minister's job, the government's job, to come in here with an estimate. It's reflected in dollar terms, and then the government defends it. So we have an estimate. Now winter is just about over. We've lost 5 percent and an estimate of losing \$220 million in revenue.

Sure, there are lots of variables. The minister is correct. I am kind of simple, but it is my simple job to try to find out what those variables are and how come the estimate is that we just lost \$220 million, and we've only had a 5-percent decrease.

Before I move on, would the minister like an opportunity to respond to my last rant?

Hon. R. Neufeld: Not unless you want to carry on that conversation.

C. Evans: No, I'm done. I'm happy. I'm done, but I'm not happy, actually.

In terms of the water use plan, the citizens that I represent are a little bit unhappy about the water use plan for several reasons. One of them is connected to water levels and snowpack. That's the subject we're on, so that's where I want to go first.

There are a couple of issues, as the minister knows since he represents citizens on a reservoir, around snowpack levels. One is: does the lake, which we call a reservoir, fill? Then the second question is: when do we empty the lake called a reservoir?

On the Arrow the kokanee, which is the primary sport fish and the feed for the Gerrard rainbow, which is the world's largest rainbow trout, which the Chair would appreciate — like serious rainbow trout, a genetic stock unknown in the world.... You can watch them spawn from a helicopter at a thousand feet, because they're so big. They eat kokanee, and the kokanee spawn in the creeks that feed the Arrow reservoir. However, between September 1 and September 15, when the kokanee are attempting to spawn, the reservoir is often so empty that there's not sufficient water from the natural end of the creek to the reservoir to allow the kokanee to get up into what used to be the creekbed.

[1600]

The water use plan did not address directing Hydro to leave the water in the reservoir until September 15 to allow the kokanee to get up. My question to the minister is: what are we going to do to sustain kokanee stocks on the Arrow Lakes? And reflected in kokanee stocks is the future of the endangered Gerrard rainbow trout.

Hon. R. Neufeld: The member is well aware that it's the water comptroller that actually informs the Crown of how they should manage the water in any reservoir across the province. All those plans have been submitted. The member will know quite well that those plans were commissioned during the ten years that the NDP were in government. They are not all in place yet. The comptroller has, I believe, all of them now across the province.

The water use plan that was put in place for Arrow Lakes was done in conjunction with the people in the region. Hydro tells me that they are fully aware of the issue that you bring forward, and the Crown has told the water comptroller that they will abide by all the rules that the water comptroller wants to have them use to protect fish. How that will take place, we'll have to wait and see, but Hydro tells me that they actually have to abide by what the water comptroller tells them to do.

[V. Roddick in the chair.]

C. Evans: Yes, it is true. I do understand that the water comptroller can direct B.C. Hydro in how to manage lake levels. However, the minister points out that there was a process Hydro was involved in — I think, actually, it was run by Hydro — to develop a water use plan. I think all the meetings were held in

Revelstoke, which is not actually on the Arrow Lakes. Is that correct?

Hon. R. Neufeld: I'm told, and the member probably knows this better.... I don't know exactly when that water use plan was completed — whether all the meetings were held in Revelstoke or not — but as I'm told, they involved people from across the region.

I think the answer that I gave the member should give him some comfort. I would hope that those issues, as large as.... I'm sure they are large. I mean, the member makes a big issue out of it, and I assume it is a big issue. I would never say it isn't. He knows quite well, where he comes from, what the issues are around water and those kinds of things.

I'm sure that was made known to the group and that the groups that would have been from that region would have had it on the table to actually have those discussions when the water use plan was put into place. Again, I'll reiterate that they have actually offered to the water comptroller that they will abide by whatever rules the water comptroller puts in place.

The member knows full well, too — I'm only saying something to him to put it on the record — that part of the water use plan was to use the water as wisely as they can but also to protect the environment. That includes fish stocks, erosion and all those kinds of things that happen on reservoirs, wherever they're at in the province. So I'm sure that will be taken into account and dealt with fairly.

C. Evans: I thank the minister for his answer.

Yes, I am aware that the water use plan was to involve fish and environment and the like. I think that the water comptroller said, "Gee, this issue of kokanee and Gerrard rainbow trout and fisheries generally needs some attention," and directed B.C. Hydro to do a five-year study on the subject of lake levels during the September 1 to December 15 spawning season. Is that correct?

[1605]

Hon. R. Neufeld: Again, I'll say that Hydro has agreed to what the water comptroller wants Hydro to do in respect to the fish that the member speaks about and will, in fact, carry out those instructions from the water comptroller. When the water comptroller makes those orders to the Crown, they'll have to abide by them.

C. Evans: Yeah. All that is true, and I completely believe the minister's word and Hydro's word. My problem is: I think that this question of the lake levels during September 1 to September 15 was unresolved by the water use plan. I think that the water use comptroller has said: "Gee, we'd better do a five-year study, and I'm deeply concerned about how we manage the lake levels while we think about it."

Does Hydro have a plan for addressing lake levels during the spawning season while the water comptroller considers the issue over the next five years?

Hon. R. Neufeld: Look, if there's some more detail that we can get from Hydro, I commit to the member that we'll get that detail to the member. I don't want to say something that may be in error, and we don't have that hard information in front of us. I can put on the record, though, that Hydro — the folks here — have committed to the fact that whatever the water comptroller asks them to do, they're obliged to actually do that, and they will do that.

It's like the member says, and I don't dispute that it isn't. If the water comptroller has said, "Look, there's an issue here that we'd better resolve over the next five years," I would assume that same water comptroller would think: "This issue is big. I'd better actually direct Hydro to do something in the interim until we can figure out what we can do."

Now, it might be as simple as saying between September such-and-such and the end of September they don't draw it down. I don't know that. I don't have that solid answer right now, but we will get some more information for the member.

C. Evans: That's a great answer, and I didn't really expect any of the people in this room at this point to be able to resolve a somewhat theoretical question about what happens on the Arrow Lakes in the month of September.

I do want to draw attention to the fact that I do think we need a plan. I accept the minister's offer that there'll be further conversations, and I would like to put this on the record: that I would like a meeting with the minister and B.C. Hydro prior to September of this year for a briefing on how we intend to deal with this problem.

Hon. R. Neufeld: I commit to doing that. When it fits with the member's calendar and mine and Hydro's, we'll have that meeting and go over that.

G. Gentner: Just go back to the questions during the financial outlook and the summary of the service plan. We talked about the discrepancies between the \$18 million versus the \$220 million. The dividend of only \$18 million or change of the net income from 2006 to 2007: is it due to the costs now being incurred, or what costs can we attribute to this that are now being incurred by B.C. Hydro to support the government's efforts to accommodate private energy interests?

[1610]

Hon. R. Neufeld: I don't know if the member wants to canvass all that we canvassed again. I listened to the official opposition critic say that you were done with canvassing that issue, but I'm quite willing to go back to the issue and canvass it all over again.

The fact that the water levels are anticipated to be a little bit lower this year than they were last year will actually have the Crown buying more off the market than they would have anticipated. That's one of the issues that brings that difference from about \$200 million.

Again, I'll say that that's on total revenues, the \$4.9 billion that the Crown has, and there's also some upgrading that's going on. I'll reiterate that again. That's going on in the province as we speak, on some of the Hydro facilities.

The member brings forward a little bit more to his question when he talks about the cost of buying generation from the private sector. I guess that's exactly what happens. They buy it off the market — that's the private sector. So when they're out there buying it off the market, that's where they're buying it from: the private sector.

You cannot compare that cost of electricity to the cost that we actually get through the heritage Hydro assets that we have in British Columbia that were built in the '60s, the '70s and the latest in the mid-'80s that generate very cheap electricity for the province. Building new generation today, regardless of whether it's B.C. Hydro, private sector or another Crown, will cost about the same number of dollars to be able to buy. It's called, in a way, "market rates." That's where they have to actually get electricity from as we move forward.

I want to make it very clear: if Hydro goes out and builds a whole bunch of plants across the province, or the private sector does, the cost is likely going to be more with Hydro at the end of the day than it is with the private sector, but it's almost the same.

G. Gentner: If I have this correctly — if the minister is saying that Hydro is inefficient when it comes to the ability to come forward with the same product as an independent power producer could deliver — my question, therefore, would be: does the independent power producer not have to borrow at a higher rate than, let's say, B.C. Hydro to complete the project?

Hon. R. Neufeld: It's absolutely unbelievable that I would hear that member to say that Hydro is inefficient. I mean, my goodness, here we are with the third-lowest rates in all of North America, and we've got a member of the NDP who doesn't seem to understand what market is, who doesn't seem to understand what facilities are that have already been depreciated out over the last 40 years, and the cost of generating electricity from those facilities into the Hydro grid system. It amazes me when I hear that kind of comment from that member.

No, Hydro's not inefficient. Hydro is, I think, very efficient. That's why they compare themselves to other utilities across Canada and across the U.S.: to make sure that they are continuing to be as efficient as they possibly can. But I will remind the member that Hydro is actually very good at — and thank goodness, because we have it — operating large dams, large systems, large distribution systems. They're excellent at it. In fact, they're known across the world for that kind of expertise and have been known across the world for 40 years or 50 years.

But when it comes to building small generation projects — run-of-the-river and those kind of things — what we want to do is to encourage independent

power producers to actually come forward with those projects, as they have just recently in a call for 2,500 gigawatt hours. I think they received applications totaling 6,500 gigawatt hours from the private sector. I think that's absolutely marvellous, in fact, across the province.

Will their borrowing costs be more than Hydro's? In some cases they may be; in others it may be almost the same. But there is some entrepreneurship that takes place when you have smaller companies out there developing some of these smaller projects across the province.

You know, to sum it up, we have a hugely different view. That member thinks that government can do everything right. That's that party's philosophy. We think we actually have to use the private sector in a lot of these things, to bring their ingenuity out and their ability to actually do some things in British Columbia. I think we do quite well by it across all kinds of things, but I know the member's policy is: "Keep it all internal."

[1615]

He doesn't want to save \$250 million over ten years with the Accenture contract. "Keep it internal, because we'll just spend that money, that \$250 million." There is this huge gap between what that member and that party thinks and what this party thinks. We actually think saving \$250 million with the Accenture agreement makes good sense for the ratepayers in British Columbia. I think it reflects on their bottom line and their costs for electricity. That's why our costs are amongst the lowest in North America and will continue to be.

G. Gentner: Yeah, well there is a difference, obviously, between the philosophy of this government and this side. This side doesn't believe in selling the store. We believe in hard assets. These are hard assets that belong to the people of British Columbia, and they should remain controlled by the people of British Columbia and not be sold off at something like a flea market.

The minister talks about how Hydro cannot compete against small generation projects. Can the minister tell us why that is? What study has been done by Hydro or the government to prove this?

Hon. R. Neufeld: The member always likes to drop something that says we're doing something we're not. That's typical, though, of the NDP. Create a story. If there's no story today, let's talk about it at the coffee shop, and let's create a story. Let's create something that makes the people in the province become nervous.

There is no sale of hard assets of B.C. Hydro — none, zero, nada. None. Hasn't been. By legislation, actually, we removed the piece of legislation that was left there by the NDP to allow the ability of government to sell B.C. Hydro. Our energy plan states firmly that it will stay in the hands of the people of British Columbia and be cost-based. I know that the member has a difficulty with cost-based and market-based.

There is a wide chasm. We can talk about that chasm for the next ten days if you want to. I don't care. But we believe the independent power producers are the way to go to move forward — to actually buy our electricity from independent power producers as we move forward.

I know that the member wants to continue to say B.C. Hydro should build all those facilities. Well, there's the difference. Whether you like it or not, that's what's happening. Independent power producers are actually out there providing the new incremental supply for the province as we move forward.

G. Gentner: Well, relative to the selling of assets, you know, our rivers are going, going, and they're pretty well gone.

I have to ask the question — back to the difference, the discrepancy in the financial outlooks and why it's occurring — and it's a fundamental question because we've seen a shift in government policy, I believe, in the integrated energy plan. The government really took Hydro in a very different direction in the first four years. I think it's recapitulating and realizing that maybe, possibly, Hydro does have a greater role in future projects, but we'll see how this all plays out.

Is the minister committed to buying energy through the energy purchase agreement approach rather than acquiring publicly owned assets?

Hon. R. Neufeld: I'm not sure. I guess, as we move forward, I get a better feeling — or actually, it's a worse feeling — that this member is not sure of some of the questions that he's asking.

I said we were acquiring all the incremental supply, moving forward, through IPPs — independent power producers. That's through the private sector, the same as we buy off the market. The only decision that's left with government that Hydro would have to implement is if government made the decision to build Site C. I'll tell you right now that decision has not been made.

Other than that, the energy plan is pretty clear. It's been there since November of 2002 for all to read. In fact, it's on B.C. Hydro's website. It's on the ministry's website. All you have to do is take a read of it, and you'll find out that all new incremental supply, moving forward, in the province will be developed by independent power producers. It's great to reiterate that today. It's a pleasure for me to do that for you, but over the last five years you could have read that yourself.

[1620]

C. Evans: This is sort of an interesting line of talk. I wonder if the minister would tell us.... I am under the impression that the research and development function of B.C. Hydro has ceased to exist in their budget. Is that correct?

Hon. R. Neufeld: No, research and development continues on in B.C. Hydro, as it has for a long time — \$3 million, in fact. They also purchase a lot of information from Powertech, which provides them with about

another \$5 million worth of research and development into alternative energy and all those kinds of things.

C. Evans: Thanks to the minister for correcting my misunderstanding. I understand what that \$3 million represents. How does it compare with, say, four years ago?

Hon. R. Neufeld: It's been about the same for the last ten years.

C. Evans: Given that the minister just explained to us all that since 2002 we can read that B.C. Hydro is not in the business of building new capacity, and now we learn that the research and development function has been the same for ten years, am I correct in guessing, then, that the research and development department at B.C. Hydro has no responsibility for planning and engineering and doing a cost-benefit analysis on prospective projects?

Hon. R. Neufeld: I'm told that they still do work on energy efficiency. Demand-side management is a huge part of B.C. Hydro. If we can save some electricity through conservation.... In fact, that's a big part of B.C. Hydro's way of meeting the needs as we move forward. So they do that. They work on alternative energy projects, regardless of what they are, to see how they work in with what facilities they already have. They do a lot of work with hydrogen. They do a lot of work with distribution in trying to actually use new ways of putting distribution in place, so that line losses are less — all those kinds of things.

There's still an awful lot of work that Hydro needs to do. That division didn't just look at new projects and how they were developed. Also, there's upgrading of projects that Hydro already has in the heritage assets.

[1625]

C. Evans: This is really an interesting situation. Ten years ago, when it was \$3 million, Hydro had the job of building capacity. So the knowledge that the research and development department would gain, presumably, would have cash value to the corporation itself. Now they engage in research and development and — as the minister says, looking at everything from hydrogen to wind or alternatives — presumably also hydroelectric power.

That information, then. How is it exchanged with the private sector which the government has asked to actually build capacity? Does the information have a value? Is it marketed, or is it shared with a few, or is it put on the website and made available to the entire business community for fair opportunity? Does the government gain value for the \$3-million-a-year work that their employees do? Who gets that information?

Hon. R. Neufeld: Well, certainly the people that buy their electricity from B.C. Hydro share in the value of what the R-and-D department does in energy efficiency. That is reflected in the rates in a way, so obvi-

ously they receive that. If you can reduce line losses through distribution, through using new techniques and those kind of things, obviously the customer at B.C. Hydro is going to save some money in that process.

R and D is not actually for new generation. I'm not aware of anything that was built in the '90s that was new by B.C. Hydro that generated a lot of electricity. That didn't happen. So R and D is to look at a lot of those other sources. A number of years ago they would have looked at wind sources across the province. They looked at geothermal sources across the province. They looked at run-of-the-river processes across the province over that period of time.

Now what we're asking the private sector to do is to go out and identify some of that information themselves. But that information that Hydro actually developed is public knowledge. It has to be; it's a Crown.

C. Evans: It's a little bit difficult for most of us to imagine power-generation capacity because it's somewhat alienated from our life, so I'm going to speak metaphorically on the subject. Imagine we're talking about cars. Imagine it's not B.C. Hydro but Ford Motor Co. They have a research-and-development department, and they build cars. It's their job to kind of figure out what the cars of the future ten years down the road are going to require. The information that they gain in the building of those cars then goes into the design and engineering function of actually putting them into production.

Everybody understands that. Imagine if Ford Motor Co. announced one year: "We're going to carry right on with research and development but stop building cars." Then the question would be: what happens to the information about the market, about needs, about sustainability, about design, about what people want, about anything? What happens to that information? Does it become available to Volvo or Chrysler or Chevrolet, and why would the stockholders of Ford keep paying to collect information if they were going to stop building cars?

I think it matters. I'll ask a specific question in order that we start to get to how it matters. Presumably, the people who work in that department, now that their corporation is no longer building capacity, wind up having been paid by the people — the Crown — with knowledge in their heads and facts at their fingertips which might be useful to those people who now do want to build capacity — the Ford person going to work for Chevrolet, if Ford doesn't want to build cars.

My question is: does the minister have a policy about the period of time after a person with knowledge of Hydro's research and development resigns before they can go to work for a company that will then bid to Hydro using the knowledge that Hydro created?

[1630]

Hon. R. Neufeld: I'm told that would be a restrictive covenant that would be hard to actually enforce. In fact, it is that way across.... The member talks about

vehicles and building cars and what not. I'm sure that when chairmen of the board transfer from one to another, there is a certain amount of intellectual value that goes along which is actually used by the other makers. So no, they don't.

C. Evans: I understand the minister's answer; it's a good answer. But again, changing the metaphor. I remember when I was in Nakusp that the guy who owned the pizza parlour wanted to sell his pizza parlour. The new buyer said: "Okay, I'll buy your pizza parlour, but then you can't start one up next door to me."

In the case where a business ceases to do the traditional business and then people leave, they are going to have inside information to bid back to the original business. I think it makes sense for B.C. Hydro to have some policy about it. Otherwise, how do the stockholders, who are the people of B.C., have any comfort that they are developing intellectual capacity and information in a research-and-development department of a corporation that no longer is in the business of the creation of electricity?

Is it the case that the people of British Columbia are creating wisdom — knowledge of opportunities, rivers on which we might build dams, wind power where it might work — in the heads of workers who can then quit and go to the private sector and bid right back to that same employer? I wonder if the minister has any estimate on what the people of B.C. might have lost in intellectual capacity from B.C. Hydro's research-and-development department since 2002 — when we decided that we'll go on doing research and development but we'll build no more capacity.

Hon. R. Neufeld: I guess I'll go back to a response I gave a while ago, which was that in the last ten years, the budget has stayed about the same. The last ten years have dramatically changed — in conservation, in how we move forward, in what we can move forward with in British Columbia and in alternative energy.

It behooves the Crown to actually make sure they know, when they're going to go out there and purchase energy, that they're purchasing energy at a cost they should be purchasing at, that some of the projects are actually viable. They have to assess those projects to make sure, if they're going to sign a ten- or 20-year contract, that the project is actually real.

There is work for those people. There has been work for the people. I mean, it's been there for ten years — \$3 million. I would suggest that probably some people left in the 1990s, and they might have gone to the private sector and imparted some of that knowledge. There could be some people doing it now, and I'm sure there are. There were in the 1990s, and I'm sure there are today.

What I said to the question that the member asked was no. There is nothing in place that B.C. Hydro has that is a covenant, that says to someone who leaves the Crown and wants to go to work somewhere else: "By the way, you can't impart any of the knowledge that

you learned anywhere." I mean, that would be like saying to the member opposite: when you leave this building, any knowledge that you've gained.... I'm sorry, you can't impart that anywhere because the public has paid to you do that.

I understand where the member is coming from a little bit, but I think it's important and it behooves the Crown to make sure that we look at the ocean energy, that we continue to look at hydrogen as a fuel source into the future, that we continue to look at wind power and how that wind power can actually be used with dams.

In fact, I get quite the opposite from the environmental community and from the member's own party — the Environment critic: "Why aren't you doing that research? You should do that research." Actually, the Crown can do the best thing it can for the province of British Columbia.

I believe that's what they're doing, and they're moving forward with it — maybe a difference of opinion about what constraints you place on someone after they leave the Crown. I think that's difficult — in fact, probably almost impossible — to do.

[1635]

C. Evans: I appreciate the minister's answer. I agree that it's almost impossible to do. But in this very strange case — back to my Ford Motor Co. example — the Crown corporation, B.C. Hydro, has said: "We will cease building capacity. We will buy it from the private sector." Whether you accept that ideological idea or not, it's somewhat irrelevant in this discussion.

What I'm trying to find out is the business situation about the Crown developing information in the minds of its employees and then those employees taking that information — insider information, if you will — about the Crown's need for electricity, when we're going to need it, where we want to get it from, what systems might work, information that they developed under the employ of the people, the Crown corporation, to the private corporation to give them a step-up over their competition. We certainly believe in free competition, on all sides of this room. So maybe I'm making all this up, eh? Does the minister at least track the numbers of employees of the ministry itself, or B.C. Hydro, who leave the employ of the Crown or the government and then go to work for the IPP community, which is bidding back to the government?

Hon. R. Neufeld: There is a distinct difference between the way this government thinks and the way that member thinks. It's interesting that they pop up with this question in 2006. They were there as government for ten years. There was obviously nothing in place then to actually protect intellectual property for the Crown — B.C. Hydro. Yet there were people that could move all over the place and actually take intellectual property with them to do exactly what the member is talking about.

The difference is: no, we don't track Fred and Martha. We don't go out there and find out where this per-

son works and where that person works. If they actually quit government and go someplace else to work, that's their choice. We do live in a democratic society. To me, a democratic society is: if you don't want to work for B.C. Hydro or you don't want to work for the government or province and you've been there for X amount of years and you actually want to go to work for another company or the private sector, you ought to be able to do that without Big Brother breathing over your neck to find out what you're saying behind closed doors or in private rooms or in discussions that are being made. So that is another difference between the NDP and this side of the House.

G. Gentner: On September 28 I asked, through the Freedom of Information Act, for some information relative to board members. I did receive some information, finally, on February 1, and some of the information that I originally asked for never did come forward, relative to disclosure statements of officials Bob Elton, Ray Aldeguer and Theresa Conway. To this day I still have not received that. Could the minister find out why that was, and maybe we can have that information sent my way?

Hon. R. Neufeld: The people that I have here with Hydro do not.... That's actually not part of their portfolio at Hydro, so we'll have to get that information for the member.

G. Gentner: Well, Mr. Scott B. Macdonald, freedom-of-information manager for B.C. Hydro, is handling the account, so he is an employee of B.C. Hydro.

Hon. R. Neufeld: I'm not disputing that. I'm saying that these two people are neither.... This is Deb, and this is Alister.

G. Gentner: Thank you, minister, for making those introductions.

I'm just a little perplexed here as to the matrix and how the organizational chart of B.C. Hydro works. We have several members of the board of directors, within which one, two, three, four, five, six of them belong to Powerex, who buy and purchase power.

The question I have is relative to a director by the name of Nancy Olewiler. She has some significant shares, I believe, in Puget Energy Inc., and Powerex, in my understanding, traded up to \$61 million, purchased power from Puget Energy Inc. I'm not suggesting that Ms. Olewiler has in any way a conflict, but I am interested to know if the decision by Powerex to buy and purchase energy is determined — whether or not it buys it through the United States or other places — and impacted by the fact that a board member has interests in a huge, significant player with Powerex named Puget Energy Inc.

[1640]

Hon. R. Neufeld: Actually, at the beginning of the discussion I did introduce.... Maybe the member

wasn't here, but both people were here with B.C. Hydro. In fact, read it in the *Blues*, if you want to go back and have a look. But the directors do not make those decisions; it's the management of Powerex that makes those decisions.

G. Gentner: Therefore, my question is: what is the purpose of the board of Powerex if it doesn't make any decisions? Obviously, there are decisions made. My understanding is that the officials, the management, make decisions — that's correct — but the overseers of which are the board of directors of Powerex. Is that not correct?

Hon. R. Neufeld: Yes, the directors will make policy decisions as it relates to Powerex in this instance — what we're talking about. The management of Powerex will make decisions in the best interests of British Columbians, in the best interests of B.C. Hydro and in the best interests of keeping rates low across the province on where to buy electricity, whether it comes from Alberta or whether it comes from south of the border.

G. Gentner: Well, I'm glad we had that corrected. Obviously, the board of directors are there for a purpose: to make decisions. I'm not suggesting that there is any way — I want it on record, hon. Chair — a conflict here between Ms. Olewiler's function on the board versus her own personal interest in Puget Energy Inc.

However, my question to the minister is: knowing the fact that this member of the board does have an interest in Puget Energy and that Puget Energy is beneficial to any decisions that impact it from cross-border decisions, namely that of Powerex, would the minister not agree that any decision made by B.C. Hydro, particularly now that it's getting into the continental marketing or purchasing of energy, could be impacted by a member who has interests in a huge American energy corporation?

Hon. R. Neufeld: I'm glad the member prefaced his remarks with he's not trying to impinge anyone's credibility. I think it behooves Powerex.... That's what we're speaking about now, not B.C. Hydro, unless you want to go back to B.C. Hydro. The Powerex folks.... It's not a decision of an independent — just one person. There's policy made. The management makes those decisions of where that electricity would be purchased.

I find it a little hard to sit here and listen to those kinds of accusations made by first prefacing it with thinking she's a very outstanding person, "but she could be doing this" I think the member knows — and if he doesn't, he should know — that one person on a board does not direct management on where they should purchase their energy.

There are actual policy and rules in place, I would assume — and I don't know them off by heart — that would actually have buyers.... If you've never visited Powerex's operation, I'd encourage you, sometime. I don't know whether they let just anybody in there to have a look at the operation that they have. It's pretty

significant. It's been there for quite awhile, actually. I think that those people do a great job of making sure that we get the energy we need, wherever it comes from, at a very reliable rate for the people in British Columbia.

[1645]

G. Gentner: It's my understanding that another board member, a member by the name of Wanda Costuros, has shares in Kinder Morgan. I'm wondering if the minister is aware of this and whether or not B.C. Hydro's position on natural gas and distribution as an alternate means rather than electricity could be affected by a board member who has shares in Kinder Morgan.

Hon. R. Neufeld: There is a code of conduct in place that people who actually work for the Crown or are directors have to disclose their issues with the Crown and actually work in the best interests of the Crown. Also, board members who are in conflict of interest would actually absent themselves. That's not uncommon even in cabinet, where different cabinet ministers may at different times have to absent themselves from decisions made at the cabinet table.

G. Gentner: Mr. Peter Powell is also on the board of directors of B.C. Hydro and is also a board member of Powerex. Mr. Powell, to my understanding, has some interests in Enbridge. My question, therefore, is: could that interest in any way hamper the overall board's view relative to pursuing hydrocarbons as an alternate means or a means of energy?

Hon. R. Neufeld: No.

G. Gentner: So the minister is saying that Mr. Powell's excused himself on decisions relative to looking at energy options regarding hydrocarbons, etc.?

Hon. R. Neufeld: Again, I'll use the code of conduct that I talked about earlier in response to one of the other people. The member that you're questioning now, Peter Powell, would use that code of conduct and operate in the best interests of B.C. Hydro.

In fact, having people on those boards who have experience somewhere else is beneficial to the Crown. It's beneficial to the ratepayers. It's beneficial to the people of the province of British Columbia to actually have people on those boards who may have experienced, in their past lives or whatever, some issues — whether it's with fossil fuels or whether it's with electricity, whatever you want. That's the way we kind of pick a board. You want to get the best experience you possibly can, get some knowledge on those boards so that they can actually impart some good knowledge to the Crown. I think that's a great and important way to do it.

G. Gentner: I'll finish this line of questions to the hon. minister. It's just something that has been hanging around that I'd like to clarify.

The chair of the board, Mr. Bell, also was chair of the Canada line RAVCO — the line, putting this deal together, along with, of course, Mr. Powell. Now, back a year ago RAVCO had to approach the B.C. Investment Management Corp. holding the pension money to acquire funding to make the project work. A director of that B.C. Investment Management Corp. is, of course, the CEO of B.C. Hydro, Bob Elton. My question, therefore, is: is the minister not concerned that the employer-employee relationship between Mr. Bell and Mr. Elton could be compromised with this other business?

[1650]

Hon. R. Neufeld: No.

Secondly, it's interesting how a board works. A board makes a decision, usually, amongst a group of people, not just one person making a decision. It's being inferred by the question that decisions are made individually by someone. In many cases, some of the regular things that are done may happen that way. But when it gets to some relatively important decisions — one that maybe the member talks about right now — those decisions are actually made by a group of people, not just one person.

[The bells were rung.]

The Chair: We'll just recess for a division.

The committee recessed from 4:51 p.m. to 5:02 p.m.

[H. Bloy in the chair.]

On Vote 26 (*continued*).

C. Evans: I wonder if we could move to some questions about Site C. The minister has raised the possibility of Site C being built. Just to sort of get started, I'll ask: am I correct to read from the minister's comments that the only facility that Hydro may build in the near future is Site C? Second part to the question: am I right that the question of whether or not it is Hydro's desire to build Site C is not yet determined?

Hon. R. Neufeld: Yes, it is. Site C is the decision of government, obviously in conjunction with getting information from the Crown. In regards to Site C, that decision has not been made.

C. Evans: I am so old that I remember the last debate about Site C. I've been engaged in some conversation since 30-odd years ago that suggests that the B.C. Utilities Commission decision against the building of Site C did not actually reject Site C but simply said that yes, the government could build Site C, but that no, there was not, at present, demand. Is that a correct shortened version of the B.C. Utilities Commission decision 30 years ago?

Hon. R. Neufeld: I believe it was in the early '80s — yeah, '82 or something in that area — that, as I under-

stand it, too, from a pretty high level, what the BCUC said was that at that time there was a lot of excess electricity in the province of British Columbia and that there was no need to build Site C.

C. Evans: My specific question, then, is: if the Utilities Commission essentially said, "Yes, you can build it, but no, we don't need it," then is there the necessity, should the government decide to build Site C, to put the question anew to the B.C. Utilities Commission? Or did their objection in 1982 that we didn't need the power simply mean that the government already has the Utilities Commission's permission to build the facility and the issue is only proving a demand?

Hon. R. Neufeld: I would have to go back through the Utilities Commission plus an awful lot of other — I mean, environmental review, both federal and provincial.... If in fact that decision was made, there are a whole host of things that would have to take place, but the Utilities Commission would be one of them.

[1705]

C. Evans: I take the minister's answer to mean not just proving demand but that the fact of building the dam, as a question, would have to go to the Utilities Commission. Is that what the minister just said?

Hon. R. Neufeld: Yes. The Utilities Commission would obviously review a number of things, and one of them would be: do you need it? Are you short of electricity?

There are, as I said, some other organizations. The environmental assessment process in British Columbia and CEEA would play a role. In today's world — a little bit different than when the last dams were built — there's a lot of consultation that would have to take place with first nations that are affected, both in the region and further downstream. Consultations with the province of Alberta because there would be some effects downstream, possibly, and Alberta would want to be part of that.

C. Evans: I think I have kind of a picture that yes, we have to go to the Utilities Commission but that prior to going to the Utilities Commission and absorbing all the expense of preparing a case and all that, the government has to make a governmental or cabinet-level decision to proceed with Site C. Is that correct?

Hon. R. Neufeld: Yes. It would be a cabinet decision.

C. Evans: I understand that there's a process for consultation. Does that process for consultation have a time frame, and does the process for consultation precede the cabinet decision?

Hon. R. Neufeld: Maybe I'll take a little longer to answer this question, because there are a number of

stages you would have to go through, at least as we see it, before you would even make that final decision. It's not as though you make the decision and then you start going ahead with all the processes.

The stage one is already taking place. That was, I believe, two years ago, a request of the B.C. Utilities Commission for expenditure to actually do some review of the project feasibility. That's ongoing and almost completed.

You would have stage two that you would go to afterwards. If in fact, after that information, you put it all together and have a look at that, then you would go to stage two. That would involve stakeholder engagement and first nations consultation — those kinds of things.

To put a time frame on that.... There is no actual time frame that you can put on that. I think the member is well aware, as I am, that when you start some of these consultations they may take a lot longer than what you think they might take. You try to target them to a time frame, but it's a little difficult to do.

Stage three would be the preparation of an environmental impact assessment and other regulatory applications that I talked about — CEAA and the environmental assessment process and those kinds of things.

Stage four. Then you would go to a regulatory approval. Even if you started making all those decisions, that's quite a ways down the road, and you'd have a lot of that information to go to the regulator to actually prove or disprove your case by what the regulator's decision was.

The last two are.... Obviously, cabinet has got to make some significant decisions after each one of those stages, whether to carry on with the next one. But after the regulatory approval — assuming, again hypothetically, that the regulator said, "Yeah, you can go ahead" — then there's the stage of engineering and the stage of construction — obviously, the last part of it. So it would be over a fairly long period of time.

C. Evans: I appreciate the minister saying that cabinet has to make some fairly significant decisions at each one of those stages. In terms of being the general public watching this process, I take it that at each stage — we've finished stage one; should stage two finish? — the public can assume that the minister will make some presentation to cabinet.

[1710]

If it goes to stage three, the public can assume that cabinet has decided to consider the issue. But if at some point the government decides not to proceed, will that announcement be made public at that time?

Hon. R. Neufeld: Yes.

C. Evans: I've some experience — a little bit, a tiny bit of experience — with three hydroelectric projects and watching them go through the regulatory process. In my experience it is unlikely that an environmental assessment approval, B.C. Utilities approval and then

the design could be achieved in less than five years. The minister already told me that he couldn't give me a direct timetable, and I very much appreciate that. But my question is simply: can the minister or staff imagine any process in which environmental assessment, B.C. Utilities Commission regulatory approval and design could be accomplished in less than five years?

Hon. R. Neufeld: I certainly don't want to be here saying that something could happen and get to some stage in five years, because I've been here for quite a while too. I know that when you start discussing these things — if, in fact, that decision was made to start discussing these things, about moving it forward to other stages — there is an awful lot of consultation that has to take place with a lot of different players. Some of those timetables.... A government may not have and probably won't have the ability to coordinate those times.

When you look at it, and it's what B.C. Hydro has told me, it would take at least ten to 15 years. From the time you start making the decisions to start moving through the stages to construction and delivery is probably 15 years out — if, in fact, you started today and you moved through all of those decisions. Now, that can change too. Construction can change if, in fact, you did it or all of those kinds of things. So it is a huge project if, in fact, it went ahead. I mean, \$4.5 billion is a lot of money to be spending out there.

I think there are some serious decisions that have to be made in regard to that and some serious looking at all the options that we have in British Columbia before those decisions are made. That's why we've staged it. I think the best way to actually look at a project this size is to stage it over time. At some point in time — let's say you went to the second stage — you may come through second stage and find out, after consultation with a lot of different stakeholders: "This probably isn't going to go anywhere." You can at least make the decision: "Well, that's it. We're not doing it."

C. Evans: One change since 1982 in the background on the Site C issue is the evolution of Columbia Power, in which local-hire provisions and cost- or profit-sharing to the region changed the nature of how we construct facilities — or possibly construct facilities. If the people of the Peace wish to discuss issues like local hire or an income-sharing relationship with the Crown, at what stage would it be appropriate for them to initiate that consultation?

Hon. R. Neufeld: Yes, coming from the region, in fact, I've visited with the regional district again just recently. I visit with them quite regularly and with the councils up there. They talk about these issues. They've reviewed — in fact, they had the past chair of Columbia Power Corp. come up and give them a presentation — what happened in the Columbia system.

I would think that what they should do — mind you, they have to make this decision — is actually be putting together some process now. In fact, I've said to

them: "If that is what you want, and you want to approve the project — remembering that there are stages that this is going to go through — you should be starting to talk to us about it."

[1715]

C. Evans: My last question is to try to ascertain the appropriate role of the opposition. I was talking about five years just in terms of making a decision and getting a design, and the minister has said that hydro projects may be 15 years, should the answer be yes to actually getting it built. During that process will we have legislative opportunity to discuss Site C only during estimates, or are there moments that the minister can talk about where this becomes a parliamentary initiative in which the opposition might participate in the discussion?

Hon. R. Neufeld: Well, the opposition is always welcome to get into the discussion, and the opposition does that quite well. That's what an opposition is to do. As far as having discussions and if there are negotiations ongoing with stakeholders, there will be broad — I would think pretty broad; at least from my thought, it will be awfully broad — discussions going on about the yes or no. Not just local people, but there will be an influx of people, I would assume — actually, pretty broadly, probably, and not even from just within British Columbia.

Those discussions will be ongoing, and I encourage the member to use his opposition abilities to continue to have those discussions. I'm always open to having meetings with the member. The member knows that. I'm not shy to sit down with the member and talk about these issues at any given time that he wants to. I've made that available to him before, and I will again.

G. Gentner: There have been some changes periodically with the B.C. Hydro Corp. on the personnel side. Could the minister tell me who, right now, is the vice-president of public affairs and communications for the corporation?

Hon. R. Neufeld: The position is vacant.

G. Gentner: Is it contracted out, therefore? I mean, how is the function being performed?

Hon. R. Neufeld: Yes. In the interim of looking for someone to fill that position, a consultant has been hired.

G. Gentner: What are the costs?

Hon. R. Neufeld: I don't have that detail with me, but I can get it for the member.

G. Gentner: I would hope that you could in a timely manner. Is the contract with an individual, or is it with a firm?

Hon. R. Neufeld: It is a company.

G. Gentner: Could the minister tell us which company it is?

Hon. R. Neufeld: We'll get the name of the company. It's an individual proprietorship, I believe, but we'll get that information.

G. Gentner: I know the seeds of time are running by very quickly. Maybe a heads-up. Some of the questions are sort of generic, relative not just to B.C. Hydro but to BCTC as well. I don't know if you want to quickly pull somebody in to assist in that debate. I don't anticipate that it will be too specific, but just to be on the safe side.

Hon. R. Neufeld: Just for clarification, are you saying that you want to deal with BCTC now, and you're done with B.C. Hydro? Is that what the member is asking?

[1720]

G. Gentner: No. There are some policies that have been developed quite recently with the government that affect both corporations. Looking at the brevity of time and knowing that we may want to get out here very soon, it may be easier to pitch with them both here, and then we can all be done.

Hon. Chair, relative to.... The file has escaped me here. The question I'll therefore go to right away is relative to an independent power producer, Plutonic Power. There was a call for tender quite recently with B.C. Hydro. Can the minister bring me up to date on where we are with that call?

Hon. R. Neufeld: I just might introduce Jane Peverett, president and chief executive officer of BCTC, and Brian Gabel, who joins us now, is the vice-president in corporate services and chief financial officer with BCTC.

The answer to the question is that the call has been made; 53 projects received bids. The call was for 1,800 gigawatts of electricity and, actually, 6,500 gigawatts of electricity were bid in. There are a number of different kinds of generation that are bid in to the process, and B.C. Hydro is reviewing all of those now.

Plutonic Power happens to be one of them, amongst a lot of others. Hydro will review all of those and decide, at the end of the day, which ones make the best sense for British Columbians. Remember what I said earlier: keeping the rates as low as possible and still delivering the service.

G. Gentner: I bring Plutonic into the mix simply so that we can look at sort of a case study in how it interplays with Hydro and, of course, BCTC. My understanding, though, is: when an IPP gets to the position of going to the environmental assessment office — which is not, I understand, of course, the purview of the ministry.... However, the ministry does assist, along the course, in a technical working committee for the pre-application stage for any applicants. Is that not correct?

Hon. R. Neufeld: Certainly, the ministry and B.C. Hydro and the IPP community, everyone — in fact, Environment — would be involved in reviewing how calls are put out to make sure that Hydro actually has the right call that goes out so that we elicit the right kind of bids.

G. Gentner: No, the question was.... I met up with the associate deputy minister of the Ministry of Environment, Joan Hesketh, who works with the environmental assessment office. She told me that there's an attempt to help — and I understand why — independent power producers along the road, so there's a pre-application stage. There's a 16-month application period. Once the EAO, or the environmental assessment, kicks in, there's a limited time in which the office works.

[1725]

Before that time, there is a technical working committee through the integrated management bureau or whatever. Various ministries are assisting, including of course the Ministry of Energy and Mines, and if there's an aboriginal issue, the Ministry of Aboriginal Relations would be involved. There's a technical working committee that works with the IPP at the pre-environmental assessment stage. I just wanted to get that correct.

Hon. R. Neufeld: The member talks about the EA process. Obviously, that's with the Ministry of Environment. I will try to help this a little bit, because that's where the.... It's not just for IPPs. I mean, there are all kinds of projects that actually have to go through the environmental assessment process. There's the desire from everyone to make sure that when they enter that process, they actually have the relevant things they need to go through the process — rather than saying: "Okay, here's a free-for-all. Start and we'll review all this stuff and send you back six months from now. You can start on another process to get the right information."

I think it is better — and it behooves industry and government, and the efficiency of the EA process a whole bunch — to actually try to work out some of those things ahead of time. I'm straying into another minister's ministry. Suffice to say, that's about as far as I'll go with the EA process.

G. Gentner: I was just trying to confirm what I'd heard from a different ministry that during the pre-application process, there is an attempt to sit down with the proponent.

Just quickly before I leave this section.... For example, Plutonic Power on their website suggest that they commissioned the BCTC to complete a line transient study in order to determine whether there are any major issues that would prevent Plutonic from interconnecting to the BCTC grid near Saltery Bay.

My question to the minister: is this standard practice, where a transmission corporation does all the studies relative to any new IPP coming forward?

Hon. R. Neufeld: Yes. BCTC does those studies across all the IPPs to make sure that when they bid into the process, they're actually bidding something that may work and that works within the system of BCTC. To have each one of those IPPs go out and try to study everything that happens at the Transmission Corp. would be a pretty lengthy process. This is just harmonizing and actually speeding up that process.

G. Gentner: Does BCTC know what the annual cost is for all the studies conducted for independent power producers?

Hon. R. Neufeld: I don't have that information here. We'll get that to the member.

G. Gentner: I just want to clarify this one last time. It was mentioned in the last estimates. Who will be financially responsible for the building of the new grids from independent power producers — new transmission lines? My understanding is that the cost will be borne 100 percent by the independent power producer.

Hon. R. Neufeld: Yes, they pay the costs to connect to the grid.

G. Gentner: Just a clarification. Connecting to the grid, but the actual building of the infrastructure itself from the get-go, from the beginning, to the end, to the substations: will that be built by the independent power producer?

Hon. R. Neufeld: Again, when I say they are responsible, they would have to build it. They would have to finance it. They would have to do all those things — engineer it so that it meets BCTC's requirements for the transmission. How they accomplish that is actually up to the independent power producer.

[1730]

G. Gentner: There are no exceptions to this rule? There is no other grid that's being planned that's going to be built by BCTC to facilitate an IPP?

Hon. R. Neufeld: No.

G. Gentner: I want to go back to something that was talked about earlier. I know we got off track because we're trying to cover so much ground here. To the minister: can Hydro and B.C. Transmission Corp. exist without the FERC standard market-design?

Hon. R. Neufeld: Yes.

G. Gentner: What is B.C. Hydro's projected figure for purchasing energy from the private sector for fiscal 2008?

Hon. R. Neufeld: Fiscal year '07-08 is 7,850 gigawatt hours.

G. Gentner: What is the cost?

Hon. R. Neufeld: It's \$400 million.

G. Gentner: That's cheaper than I had. I had \$480 million, give or take a few million here and there. Is it based on long-term contract commitments already made to the independent power producers sector?

Hon. R. Neufeld: It's all IPPs.

G. Gentner: What is the cost over 20 years to the sector?

Hon. R. Neufeld: Simple math would tell me that if you want that specific number at that specific dollar amount, you'd multiply by 20. But there are a whole bunch of different things that take place over 20 years. I mean, prices increase and everything. I don't know of a time.... In fact, I do know of a time when some things went down, but we had a terrible economy. Prices will increase as you move forward, I would assume, much the same as they do for almost everything that we touch in this world.

I don't know what it'll be in 20 years, but if you want to have it in these dollars from this year, assuming nothing changes — that it's exactly 7,850 and it costs \$400 million — multiply it by 20.

G. Gentner: So if you project this yearly cost, as the minister said, over 20 years, we're looking at about \$8 billion in commitments to the sector while the actual number of existing commitments is, I think, quite a bit lower — simply because some energy is yet to be purchased for the latter years in the 20-year projection.

B.C. Hydro is planning to purchase more and more energy from IPPs every year. Isn't the \$400 million figure a floor for the annual costs of private energy purchases?

[1735]

Hon. R. Neufeld: Yes. It probably could be considered a floor, as we move forward. I mean, the member's trying to get me to do some kind of an estimation of what it's going to be in 20 years, not knowing.... We have an idea of what the growth is going to be. You extrapolate that out, and Hydro has to plan along those lines, so they will do that.

That's what they do in their IEP. They will update it every couple of years to make sure they're still in sync with what's happening. Who knows? Consumption may reduce. There may be something that happens in British Columbia where we reduce consumption of electricity dramatically. I don't know the answer to those numbers.

Regardless of whether it's an independent power producer that you buy it from or whether Hydro goes out and bills it, you're going to be faced with those expenses, so I'm not exactly sure what the member's question is about. I mean, if the demand is there and you have to produce it, if B.C. Hydro goes out and

builds the plants or if the private sector provides it, you're still going to be faced with those costs, whatever they happen to be, 20 years out.

G. Gentner: Well, no. For example, if we build a new dam and borrow the money to do it, committing to the bank that we will pay the loan off in 20 years in equal instalments, the obligation is clear. The debt shows up on that corporation's balance sheet. If B.C. Hydro commits to paying a fixed amount each year over 20 years as part of an energy purchase agreement, it has a similar obligation.

My question is: can it run away from this obligation? The contract involves a locked-in commitment, does it not?

Hon. R. Neufeld: Yes. Those contracts vary. They could be for five-year contracts. They could be for ten-year contracts. They could be for 15-year or 20-year contracts or even longer, depending on who is bidding in — who that person is, who that company is and what kind of a contract they want to negotiate with the Crown.

G. Gentner: Okay. We understand now. We don't know because the contracts vary, and we just had a guesstimate of about 20 years that it's going to be. What exactly is the cost? What is the cost in 20 years with these different contracts? I mean, we don't know.

Hon. R. Neufeld: Well, I'm going to try this again.

No — unless the member has a real good crystal ball. The NDP's actual luck on hitting a crystal ball has been pretty slim to nothing during their ten years in government. I'm not going to stand here, and the Crown is not going to stand here, and say that 20 years from now or 18 years from now we know exactly what the cost is going to be.

Some of those are hypothetical questions. Obviously, to say what the cost is going to be in 20 years.... I just took '07-08 and said that's what they're going to buy in the market, if you extrapolate that out 20 years, but we don't know what the growth is actually going to be. We don't know what the consumption is going to be. How do we know? I mean, actually, conservation might play a larger role than what we know of today.

It's this government that re-initiated the Power Smart program with B.C. Hydro and asked B.C. Hydro to really get on it. There may be some new technology that comes out five years from now that actually helps us with how much electricity we have to generate in the province to meet the needs. There are a tremendous number of variables. I'm not going to go there and try to figure out what these variables are for 20 years to give you a number in dollars or in amount of gigawatts.

G. Gentner: Well, we now clearly understand the uncertain direction that B.C. Hydro is really heading. We don't know what the costs will be over 20 years. We do know, however, that in North America we have

one of the lowest prices for electricity, because we have built heritage assets which the people of British Columbia own.

[1740]

What we're seeing now is a development by this government that Hydro is going to be paying more for IPPs because there's greater risk, because we don't know what the future is going to hold. My last question, therefore, is.... B.C. Hydro is actually incurring, through the backdoor method, energy purchase agreements. How much debt are we incurring over a 20-year period?

The Chair: Well, Mr. Minister, I believe that the question — a 20-year period is a long time for the.... I'll leave it to the minister.

Hon. R. Neufeld: I get this stuff from this member all the time. Through the back door. I mean, have you ever heard of anything so bloody ridiculous? The only thing through the back door to B.C. Hydro was when that party was in government, and they continued to tell them from the cabinet room what to do day to day.

In fact, there are some real scary things that happened at B.C. Hydro when that government in their cabinet room, in their wisdom, decided to tell B.C. Hydro — when none of them in the cabinet room knew what electricity was other than they turned the light switch on.... That cost the ratepayers of the province a tremendous amount of money.

I can tell you that one was \$120 million spent on Vancouver Island. To build what? Gas-fired plants. Thousands of megawatts of gas-fired plants without consulting with the people, without talking to anyone, just going ahead out of the cabinet room and saying: "You're going to build those plants. We're going to bypass the B.C. Utilities Commission. We have those letters on record. We don't care what the Commission says."

At that time the NDP said: "We know best. Just go out and build it. Build pipelines from Vancouver Island to the U.S. and then back again into British Columbia." I mean, talk about security of supply. There they are out there. Now all of a sudden they're trying to talk about the fact that B.C. Hydro doesn't know what it's doing.

We experience the third-lowest rates in North America. I would assume, as we move forward, that will continue on. In fact, it may even get a lot better. But we've experienced not only that; we've experienced a government who stands here in estimates and talks about the environment. Actually, all they built was gas-fired generation. They built gas-fired generation on Vancouver Island. They built it in Fort St. John. They built it in Fort Nelson. They ran every gas-fired plant and diesel-fired plant as hard as they could run it. That was really good management from the cabinet of the NDP.

In fact, the member talked earlier about questioning the character of people that sit on the board of Powerex and B.C. Hydro. I know of only one CEO that had to leave B.C. Hydro because of a huge conflict of interest that had to do with a natural gas-fired plant built in

Pakistan with issues through the Grand Cayman banks. Interesting. That was all under the NDP administration. In fact, he went out and had to have a.... The chairman resigned in disgrace when it actually came to light what was taking place, and it was disgraceful.

Yes, there is a difference between your side of the House and our side of the House. We actually believe in free enterprise. We actually believe that they can do a good job. We actually believe that they can build the electricity that we need for the future in British Columbia and at a relatively low rate. We will continue down that path with the energy plan that we put out in 2002.

The member can sit there and laugh about it. It's interesting. An issue so important to all British Columbians — so important — is the rate of electricity. What we get from the critic for Crown corporations is laughing. He doesn't care. He could care less about the Crown corporation and whether it's successful — both Crown corporations: BCTC and B.C. Hydro.

I would think that having just gone through estimates on both of these Crowns, the member would start thinking seriously about some of the issues that we have in the province in generating electricity. It's not an easy cakewalk. The member next to you knows that, because the member next to you was in government from 1991 until 2001. That member experienced some of the decisions at the cabinet table that were made.

I've only talked about B.C. Hydro. There was a lot of interference by that government in a lot of Crown corporations that cost the province and the ratepayers and the people an awful lot of money.

The Chair: Noting the time, the member for Nelson-Creston.

[1745]

C. Evans: I do note the time, but I'm going to ask one more question, anyway, because my deal was to get this over with by 15 to and never come back, so we're going to stretch the clock and never come back.

We can deal with this, I think, quite briefly. I'm concerned about the possibility that the government might be considering requiring the Crowns — B.C. Hydro Transmission Corp. and perhaps other Crowns — to pay municipal taxes as private businesses. Is there any such consideration before the government?

Hon. R. Neufeld: I know those discussions were ongoing during the '90s. They obviously are ongoing now. I've had it from some of the members from the NDP. That would be a fair question to pose to the Minister of Finance. The Minister of Finance is responsible for tax issues.

Vote 26: ministry operations, \$43,674,000 — approved.

Vote 27: contracts and funding arrangements, \$33,560,000 — approved.

The Chair: Committee A will now stand recessed until 6:45 p.m. this evening.

The committee recessed from 5:47 p.m. to 6:49 p.m.

[J. Nuraney in the chair.]

ESTIMATES: MINISTRY OF
ADVANCED EDUCATION
AND MINISTER RESPONSIBLE FOR
RESEARCH AND TECHNOLOGY

On Vote 11: ministry operations, \$1,981,707,000.

[1850]

Hon. M. Coell: It's a pleasure that I rise today to present the 2006-2007 spending estimates for the Ministry of Advanced Education. Before I begin, I'd like to introduce the staff who are with me here today. Deputy Minister Moura Quayle, Assistant Deputy Minister Tom Vincent and Assistant Deputy Minister Ruth Wittenberg are with me this evening. I would also like to acknowledge the hard work and the dedication of all the staff at the Ministry of Advanced Education and especially all our post-secondary partners.

Let me begin by highlighting a number of major commitments which demonstrate the ministry's success on behalf of students, parents and taxpayers. We have limited tuition to the rate of inflation, expanded the system through our strategic investment plan and strengthened B.C.'s network of colleges, institutes and on-line learning. We've expanded training and post-secondary programs for health care and social workers and doubled the annual number of graduates in computer science and electrical and computer engineering.

Our work is continuing. We are training more workers to meet the critical skills shortages to fill the jobs in our growing economy. We're increasing the number of medical school graduates, and we're building a stronger and more vibrant research and technology sector. In the final analysis, advanced education, research, innovation, technology and all British Columbians benefit from Budget 2006.

Today I'd like to highlight the importance of research, innovation and technology in driving economic development and growth. Research investments inform social, health and environmental policy development and decision-making. They train scientists. They enhance intellectual capital. They ensure that research reaches the marketplace for the betterment of our society, our environment and our economy. Across government, plans focus on funding research. This research addresses ministry mandates, covers many disciplines and involves many stakeholders.

Fiscal 2006-2007 clearly signals the Ministry of Advanced Education as the ministry responsible for research and innovation. We play a leadership role. We will enact government's major commitments on research and innovation. I am committed to putting in place a framework within which individual ministries

can better leverage research activities for the benefit of British Columbians.

Currently we provide funding in a variety of ways: infrastructure funding through the B.C. knowledge development fund; research support for the Michael Smith Foundation for Health Research and for Genome B.C. — and marketing dollars for Leading Edge B.C. as well; funding to improve access to post-secondary institutions; support to help industry and investors through the B.C. Innovation Council; and endowed research chairs under the leading-edge endowment fund. We also provide operational grants to post-secondary institutions and undertake research through ministries such as Health, Forests and Range, Environment, and Agriculture and Lands.

British Columbia has a reputation for leading-edge research. We plan to improve our position, keep our resource sector competitive and sustainable, strengthen our high-tech sector, grow new sectors, fuel economic growth and create jobs.

Budget 2006 shapes the research and technology agenda. We have earmarked \$50 million for an endowment focused on natural resources and applied sciences. The endowment will support research, innovation, technology transfer and commercialization through partnerships involving post-secondary institutions and industry.

In life science, we have allocated \$45 million for Genome B.C. and \$70 million for the Michael Smith Foundation for Health Research. Genome B.C.'s work is critical to a broad range of life science research, including health, forestry, fisheries, environment and agriculture. We're pleased to help build Genome's capacity to undertake cutting-edge research.

We're investing \$40.5 million in a graduate program for digital media education located at Great Northern Way campus in East Vancouver. The first intake of students will be September 2007. Our goal is to use new and emerging interactive digital content to entertain, to educate and to inform people.

[1855]

B.C. has Canada's largest digital media cluster, with over 800 companies. Vancouver is the largest game-development centre in the world, with more than 156 companies. B.C. is also the third-largest film and TV production centre in North America. These companies have created thousands of jobs and contribute to our economy in a very large way. Our investment will build on our natural competitive advantages and put B.C. in a position to lead the sector and to be number one in the world. It creates exciting opportunities for our young people and is unlike any other program in Canada.

We're also finding solutions to social issues through research and innovation. Budget 2006 builds on our successes in medical research and the excellent work of organizations such as the leading-edge endowment fund, the Michael Smith Foundation for Health Research and the B.C. Cancer Research Centre. Our investment in research chairs helps us to attract some of the top researchers in their prospective fields.

We are committed to finding the causes of and the ways to prevent and treat cancer, dementia and many other major illnesses. Budget 2006's increases include \$4 million to fund a new cancer chair focusing on prevention. We have an aging population, and we are committed to create a better quality of life for our seniors. That is why we will invest another \$15 million towards Alzheimer's research this year.

Budget 2006 also enhances post-secondary education. The provincial government is working hard to expand our economy by developing a highly skilled workforce. In order to succeed, we recognize that students need quality, accessible post-secondary education. We are taking the steps necessary to create this access. The Ministry of Advanced Education's strategic investment plan is the largest in the past 40 years and will ensure that the province has the ability to meet the social and economic needs of British Columbians.

Our commitment is designed to enhance post-secondary education for students while balancing the needs of taxpayers. In 2006-2007 it marks the third year of a six-year plan to create 25,000 new student spaces by 2010. This represents average annual seat growth of more than 2 percent and an average cost to government and to taxpayers of \$9,200 per space.

To fund the system expansion, we also have allocated \$800 million to capital funding over the next three years. In total, we are investing more in post-secondary education by increasing our ministry's base budget of \$1.9 billion. Over the next three years more than \$185 million will be added to the ministry's budget, including \$70 million in 2006-2007. In other words, we are allocating \$6 billion to the Ministry of Advanced Education's budget over the next three years — approximately \$2 billion per year starting in 2006-2007.

We recognize that greater expansion of the post-secondary system is needed to meet society's needs. Our expansion will improve post-secondary education. To help offset the cost for students, three-quarters of this money, or more than \$4.7 million, will flow directly to post-secondary institutions and other organizations. That is more than \$1.5 billion per year beginning in 2006-2007 and more than \$1.6 billion in 2008-2009.

We are making meaningful, positive and significant progress. In Surrey and the Fraser Valley we have added thousands of new spaces at Simon Fraser University, Douglas College, Kwantlen University College and the University College of the Fraser Valley. This growth includes the creation of the SFU Surrey campus and the new trades-and-technical campus for Kwantlen University College in Cloverdale, which is currently under construction.

In the southern interior post-secondary enhancements abound. UBC Okanagan has quickly and cost-effectively created access to a major research university. To help fill skill shortages, the new Okanagan College is providing expanded post-secondary training opportunities to meet the needs in the region.

In the Cariboo, in the Kamloops area, we've created Thompson Rivers University. This new teaching uni-

versity focuses on a comprehensive range of programs, although, along with the open learning and distance education, Thompson Rivers University concentrates on innovative and effective institutional methods that meet the needs of today's students.

We are dedicated to the future needs of post-secondary education. Moving forward, we look forward to further defining a vision for a system that will ensure that the needs of British Columbians continue to be met in the decades ahead.

[1900]

We're offering competitive tuition rates. To compete, British Columbia's post-secondary system must ensure that students are provided with a world-class education. We must be cost competitive to ensure that our students have the same ability as other Canadians to enjoy access to high-quality post-secondary education.

We are working with the post-secondary institutions to limit tuition to the rate of inflation and to keep it at the national average. To help ensure that the system remains healthy and competitive, we're keeping tuition down. We will increase operating transfers to the institutions by a minimum of \$130 million in the three-year budget planning period ending in 2008-2009.

We're increasing student financial assistance. British Columbia's student assistance programs relieve financial pressure for students in need. Today half of B.C. grads finish without any student loans at all. Advanced Education funds about two-thirds of every student's direct public post-secondary education cost through direct grants to institutions.

Budget 2006 will provide more than \$485 million in funding over three years toward a comprehensive student financial assistance program. This includes student loans, loan reductions for students most in need, grants for students with disabilities, debt relief programs and the loan forgiveness programs. Over \$300 million has been available annually for B.C. student loans, and this year we're increasing the funding for student financial assistance by 16 percent. This takes into account a 10-percent increase in the disability grant funding and \$800,000 more for loan reductions. This year we will also follow through on our commitment to help post-secondary students pursue their studies in other countries, including the Pacific nations, through the One World scholarship.

We will continue to help students overcome debt by creating opportunities to work in underserved communities. Loan forgiveness programs improve access to core services — such as nurses, doctors, pharmacists, midwives, speech therapists and other professionals — in underserved communities.

We're creating access for more students. Government is committed to providing the flexibility needed to expand course options, to improve lab facilities, to add services and space for students and to create new bursaries and scholarships.

In 2004-2005 Advanced Education put in place a six-year strategic investment plan to create 25,000 new

seats by 2010. In the first three years we will have funded almost 12,000 additional full-time-equivalent student spaces in B.C.'s public post-secondary system. Our goal is to ensure that students with a "B" average or higher have an opportunity to pursue a post-secondary education and become productive members of our society immediately on graduation.

Greater access means more options for young people to ensure their hopes and dreams. We are leveraging our investment in post-secondary education to ensure that future generations benefit from an excellent education system in British Columbia.

Within the context of our plans, we are enhancing transparency by changing the way we count students in the college sector and moving to a method that is more like the university model. Simply, one full-time student equals one FTE. An FTE represents one student completing all requirements of a full-time program in a period that extends over one normal academic year. Currently, different methods of counting FTEs are used for different programs in the college area and the university college and institute sector. The new model removes inconsistencies that had risen in the past. It allows for innovative delivery and eliminates disincentives for some programs. I understand the new method is also simpler and easier. A ten-member peer review committee has put a lot of time and effort into considering this approach.

We have adopted a multiministry approach to overcome shortfalls, particularly when it comes to health care professionals and trades. Advanced Education is helping the Ministry of Health to develop a ten-year plan to train, recruit and retain more health professionals in B.C. The capital investment of \$134 million and additional operating funds have already enabled the universities of British Columbia, Victoria and Northern British Columbia to almost double the number of first- and second-year medical school students. We will continue to add new student spaces to help programs in the public and post-secondary sector in 2006-2007. Through our investment, we expect about 6,500 new nurses to graduate between 2001 and 2006.

[1905]

As British Columbia prepares to market itself leading up to and beyond the 2010 Olympic and Paralympic Winter Games, we must fill a variety of skills shortages. Our post-secondary education system is working cooperatively with the Ministry of Economic Development and the Industry Training Authority to prepare more people for jobs in all regions of the province. As well, we must ensure the success of thousands of students enrolled in apprenticeship, technical training and entry-level trades training programs at the colleges, university colleges and institutes throughout B.C. Our system has an important role to help increase the number of people being trained to fill existing and projected shortages of skilled trades.

We are also engaging more aboriginal students. To be truly successful, we must enlist the support of all people, including attracting more aboriginal students to post-secondary education. All of our institutions use

some of their annual operating grants to deliver aboriginal programs. On top of that, the ministry's aboriginal special projects fund will provide \$1.8 million in 2006-2007 to support programs around the province that help aboriginal learners to start and finish post-secondary studies.

Since 2001 the provincial government has provided a total of \$7.8 million in aboriginal special projects funding to approximately 150 projects. Over 3,400 aboriginal learners have benefited from this funding. The primary purpose of this program is to increase participation, success and retention rates for aboriginal learners in British Columbia. As well, two of British Columbia's six regional innovation chairs are dedicated to important aboriginal issues, including early childhood development.

In closing, I would like to reinforce this government's commitment to continue to enhance North America's transfer system. Closely related to quality assurance is transferability, and in that regard B.C. is fortunate. Our transfer system is recognized as one of the most comprehensive and effective in North America. This year we intend to improve the transfer system further as we work together to train more students than ever before.

We're making a record investment in new facilities on our campuses, and we're limiting tuition to the rate of inflation. We're doing our part to improve the health care system, training more doctors and nurses, and we're making important investments in research and innovation. We're bringing out the best of our people through the hard work and dedication of the entire post-secondary sector.

I want to thank the parents, the faculty and the staff who help make our students' dreams come true. Through cooperation, students of this province are realizing the true value of an investment in post-secondary education. I look forward to the comments from members of the opposition and members from our side of the House as well.

G. Robertson: Thanks to the minister and staff for being here today and providing an excellent summary of the workings of the ministry and the many strengths of our post-secondary system here in B.C., which is highly regarded, certainly nationally and internationally.

Saying that, my job is to ask lots of questions about where we can improve and where we can continue to make the kinds of decisions here in the Legislature that will improve the education that our students get, that will improve their prospects for getting jobs and contributing to the economy and contributing directly to the well-being and prosperity of our province.

Without a whole lot of preamble, I would like to jump right into questions and start off, in particular, with the strategic investment plan on the 25,000 seats and get a sense for how we're doing there: specifically, what kind of progress are we making on the target of ensuring that students with a "B" average out of high school, or a 75-percent average, are able to go to university?

Can the minister please tell us how government is progressing on that goal of 75-percent-average students making it into university?

[1910]

Hon. M. Coell: We're moving in the right direction — some faster than others; some slower than others. I'll give you a few examples. SFU has gone from.... In 2003 it was 83 percent to get in. In 2005 it's now 80 percent. UVic was at 81 percent in 2003 in arts. It's now at 75 percent. In 2003 in sciences at UVic it was 81 percent, and it's now 76 percent. UBC Okanagan is at 75 percent in both arts and sciences. That's probably a detail I can give the member if he wants a breakdown by the different universities as to what they're doing. I think that might be helpful. They're all moving in the right direction.

G. Robertson: I'd be interested in seeing the breakdown of that by institution. If you have it — just for the record now, as the largest of our universities — what UBC's numbers look like would be interesting. I'm curious what the ministry's plan is to ensure that we get there and about the minister's confidence in the 25,000 seats being the be-all and end-all and the answer to ensuring that a 75-percent average means access to universities, or if there are other programs or initiatives that are in the works to ensure that.

Hon. M. Coell: It's worth mentioning that at the university colleges, that isn't a problem. You can get in with 75 percent and have done for a number of years. Some of the colleges also have applied degrees, and people have been able to get into those courses with a "B" average or 75 percent. The Irving K. Barber B.C. Scholarship is another one, for transferring from colleges to universities, which can help people get in at the 75-percent level and then move on into the third- and fourth-year level. That scholarship is available now.

G. Robertson: Can we just circle back quickly? Does the minister have any figures for how UBC's doing on the percent for admittance there?

Hon. M. Coell: The only two I didn't give were UNBC and UBC. UNBC is at 65 percent. It's new, so that's where it's starting out, and UBC Okanagan is at 75 percent — both of arts and sciences. UBC is still at 82 percent, and it has not changed from 2003, which was 82 percent for arts degrees.

[1915]

G. Robertson: In this theme of access, my concern is that there is, obviously, some concern around UBC's inability to increase accessibility to students with lower than an 82-percent average. Hitting that goal, I think, will be a test for the ministry's prowess, considering this has been a key goal. UBC is obviously a centrepiece of our university system. I would be interested in hearing if there are any specific strategies for UBC.

But I do want to ask a question more broadly. B.C.'s public universities have only been able to admit about 17 percent of high school graduates. The economic projections — and I believe these are part of the ministry's projections — are that 23 percent of new jobs will require a university education. Could the minister explain how the government plans to deal with that gap, from 17 percent currently being admitted to 23 percent being required in the job market?

Hon. M. Coell: A couple of comments with regard to UBC. UBC is making a conscious decision to go from graduate to five-to-one post-master's and doctorate — or, from six-to-one down to four-to-one. So they're going to have, at the Vancouver campus, probably, more difficulty getting down to the 75 percent with that, whereas at the Okanagan campus they're meeting that total accessibility at 75 percent. So it's at the two campuses. I think you'll see that over a period of time, the Vancouver campus has more graduate-level students at it than it does today. That may create an issue for them in getting that number down on that campus, but they'll definitely get that number down on the Okanagan campus.

G. Robertson: It raises a flag for me, specifically around the UBC transfer of undergraduate spaces to UBC Okanagan. Given that the lower mainland is by far the largest population centre, access for students in the lower mainland — going to the Okanagan — is a lot more difficult for undergraduate work, a lot more costly. So I question the rationale of shifting undergraduate seats hundreds of miles away and thereby impacting that access for a lot of students in the lower mainland. It doesn't seem consistent with the ministry's overall goal of increasing that access to university education, specifically, which is a very clearly stated goal.

Again, I'll come back to the broader strategy of how the ministry is addressing the gap between the need for 23 percent of our students to be completing university to be going into the job market and the fact that we only have 17 percent coming out of high school. Is there a strategy to raise the admittance from high school from 17 percent to 23 percent to address that?

Hon. M. Coell: A couple of things. One, just to go back to UBC, the Okanagan is one of the fastest growing regions, and it's had, traditionally, lower participation rates. So that's the desire for having, really, the two universities in Kamloops and Kelowna — that we'll get higher participation in those areas.

There aren't going to be fewer undergraduate seats at UBC; there will actually be more. But what they're emphasizing, and I think rightly so, is moving to a higher percentage of graduates on their campus as well.

I think the strategy is that 50 percent of the seats, the 25,000, are going to the universities. The other 50 percent are going to the institutes, university colleges and colleges, where there's a variety of skills that will attract students.

One of the things that is important to acknowledge in British Columbia is the transfer system. This is a system that has been, really, built up over decades. It will allow students to enter the college system and then move through the university system much better, so we're emphasizing that as an ability.

The new seats, the 25,000 of them, are coming on over a period of years. As the member would know, there's a lot of building going on, on our campuses. There's a lot of hiring, as well, and developing of new degrees and new programs to meet the needs out there. I think that what we're trying to do is offer a really top-notch educational experience for those new seats and to provide the labs and the buildings that are necessary to house those students.

There's not just one strategy. I see it as quite a number of ways that we can attract students. Lowering the percentage to 75 percent from somewhere up to 80 and 90 percent will help as well.

[1920]

G. Robertson: A more broad question, I think, specifically around Canadian averages versus B.C. averages. My statistics have us in 2003 with B.C. producing only 69 percent of the Canadian average in undergraduate degrees per capita. For graduate degrees, we were up at 84 percent of the Canadian average. Could the minister indicate if it's his government's intention to meet or exceed the Canadian average in degree production per capita, and if so, what the government's plans are to do that?

Hon. M. Coell: I think the problem with the Stats Canada research is that they only sample universities across the country. We have a rather interesting and innovative system with university colleges that grant degrees, and they don't count those. We also have some colleges that grant degrees, and they're not counted in that methodology. I think it's important to note that 50 percent of the money for the 25,000 is going to universities to create capacity. We're quite comfortable that we're moving in the right direction, but the StatsCan statistics don't take into consideration the other options that we have in British Columbia.

G. Robertson: I have a question more specific to the university colleges and colleges outside of the lower mainland in particular. We're seeing enrolment dropping in a number of the colleges and university colleges outside of the lower mainland and southern Vancouver Island. It's been suggested that the rapid increase in tuition over the last several years has made it more difficult for the less affluent families in the interior and the north of B.C. to send their kids to post-secondary education. Has the ministry conducted any studies to see if this is the reason for the drop in enrolment, or how else is the ministry examining this challenge right now?

Hon. M. Coell: We've done a number of researches of literature. There are a number of issues, I guess, that you would touch on: student financial aid, tuition. The

one that we believe is probably the biggest driver of attendance at the rural colleges is probably the hot economy. There are jobs that are paying well and that people can get into. The college student ratio isn't falling, but it is static at this point.

[1925]

G. Robertson: Given that the student numbers are static or there's a lack of growth, it has been suggested to me that there is a decline in enrolment at some institutions. Is the ministry continuing to add new seats, out of the 25,000 seats, at institutions where enrolment is flat or declining?

Hon. M. Coell: I think for year-over-year, no college went down in enrolment. We have done some minor adjustments because of utilization rates and will continue to do that over the next few years, but they haven't been major in any way. As I said, it's static. We believe the hot economy is probably the major driver of that. That's what we've got out of the limited research we have done.

G. Robertson: There was research done looking at the numbers. Are these numbers post the FTE adjustment that has been done? Tell me how the FTE adjustment to the numbers is factored into enrolment and whether it's declining, flat or increasing at these institutions.

Hon. M. Coell: I wonder if the member could just clarify that. I'm not quite sure which numbers he's looking for.

G. Robertson: My question is related to the minister's assertion that enrolment has not declined at any of the institutions. I'm curious — as I'm sure I've seen some numbers that look, year on year, to be declining — whether the shift in the formula for calculating FTEs has flattened that out or if, in fact, my information is incorrect.

Hon. M. Coell: I was referring to year-over-year, so in the last year there hasn't been a decline. There was a decline in the previous two years, a small decline, but last year there wasn't. We're waiting to see whether that is the same year-over-year change this year as there was last year. I think that with regard to the methodology, we're always comparing apples to apples. It shouldn't have any effect at all.

G. Robertson: As far as the seats go, the 25,000 new seats and the allocation of those seats, is the ministry factoring in which institutions are growing organically, if you will, where there is flat growth and declining growth in the previous few years? I understand there was a study that the ministry was doing, revisiting the initial priorities around the 25,000 seats. Where are we at in that process, and are we adjusting?

Hon. M. Coell: I can actually supply the member with that information on how the allocations went.

They're minor. You're not looking at any major shifts of the 25,000. I'll put that together and get that to the member.

G. Robertson: It would be helpful to see that. It would be great to get that information. I think one of my colleagues will have more specific questions, perhaps a few of them specific to their regions and whether seats are being adjusted, where there are concerns along those lines.

[1930]

A specific question related to the 25,000 seats on graduate spaces and the support or lack of support for new graduate spaces, which has been a concern — certainly, raised directly to me at a number of institutions by students, by faculty, by administration — and the fact that again, yet another budget is missing the boat on creating more graduate spaces, particularly in professions like engineering and technology, where we have giant shortages right now, and they're only increasing. We are not tending to this by aggressively creating more graduate spaces to fill these needs.

The ministry's response to this.... Is there work being done on creating new graduate spaces, or is this one that is shelved for the foreseeable future?

Hon. M. Coell: There are a number of ways that the province can support graduate students. What we've chosen to do this year is that in the moneys we've allocated for the foundations and endowments, a lot of those funds will support graduate-level students.

[H. Bloy in the chair.]

The Michael Smith Foundation, Genome B.C., the natural resources foundation, the digital media foundation as well — those are all.... The digital media one is for graduate students, for master's-level students. I think what the member is talking about is actual direct funding for graduate students. I've had a number of the universities say to us that possibly we should be looking at, down the road, upgrading some of the 25,000 to graduate levels. We'll look at that. That, I think, is a decent recommendation from some of the universities — that some of those 25,000 should be upgraded to graduate level.

G. Robertson: So at this point, within the 25,000 seats, there has been no adjustment made to increase graduate spaces or funding to institutions so that they can provide more graduate spaces?

Hon. M. Coell: The way we have attempted to address the graduate spaces is through the foundations, as I was mentioning. I guess a number of suggestions have come forward from the institutions that of those 25,000, they'd like to see some upgraded to graduate. We've committed to looking at that.

G. Robertson: Will the minister give a time line for looking at that and when institutions and students can expect more opportunities?

Hon. M. Coell: We're going to look at it this year. If there were any changes, it would require more money, and we would have to move to Treasury Board to secure that, unless there's some inventive way of upgrading those with no money, which I'm sure there isn't. We'll be looking at some ways of cost-sharing, possibly, with institutions — how many of those 25,000 could be upgraded and over what period of time. We've got quite a bit of work to do, but we've had the suggestions, and we're committed to looking at them.

G. Robertson: Within that, the question has come up repeatedly to me of there being graduate spaces created by institutions of their own will, on their own budgets, that were not funded within their block funding. Is the government intending to provide necessary funding to bridge that gap for the institutions that have created spaces that they are having to fund out of their own pockets, if you will? Is that part of what you're looking at here?

Hon. M. Coell: Actually, it's interesting. The level of funding that universities have got in British Columbia over the years has allowed them to develop, I think, very positive and forward-looking graduate programs. As I say, historically, universities have done that.

[1935]

We would be looking at, going forward, what programs we would be able to enrich the 25,000 spaces with. That would be going forward, not going backward, because I think they've done a very good job of supplying both undergraduate and graduate levels with the funding they've received from government over the last 20 years.

G. Robertson: That sounds like a no on going back and revisiting the funding that has been dedicated to create graduate spaces by the institutions retroactively, which is unfortunate. However, I'm glad to hear that there is a process underway to look at creating new graduate spaces, perhaps out of the 25,000. Can the minister give some detail on how that process will unfold? Will there be stakeholder engagement involved in that? What components of that process can he tell us about at this point?

Hon. M. Coell: Yes, we would be discussing that with the institutions, the universities.

G. Robertson: In terms of process, will there be the opportunity for graduate students or potential graduate students to be involved in that, or is this going to be purely with administrations?

Hon. M. Coell: Everywhere I've spoken at the universities, graduate students have come up to me and said: "We think there need to be more graduate spaces." I think it's a widely held belief that there needs to be more graduate spaces at all the universities. I haven't heard anyone say that there isn't.

G. Robertson: Well, I'll take that as a yes or a commitment from the minister to consult with students and faculty. I think I didn't mention that, but maybe the minister can add that to his next answer.

A question, then, more specific to graduate students and the tuition they're paying. What is the ministry's policy and what is it evolving into, in terms of controlling increases on graduate degree tuition?

Hon. M. Coell: Graduate degrees are within the cap of inflation.

G. Robertson: It's encouraging to hear that as well.

A question, then, on priorities in terms of this process and the outcomes for these graduate spaces. Is the ministry intending on working outside of academia, perhaps with industry or professional groups, to determine the needs in the job market, more broadly, for graduate students? Is that part of this process?

Hon. M. Coell: Those sorts of discussions have been happening over the last few years. I think you want to make sure that as you're developing programs.... I can give you an example. The natural resources endowment fund, which is going to be taking, you know, "What do we need out in the economy and industry?" and then: "How can the universities provide that?" I think those conversations need to continue to go on and will as we go through the process.

You know, when you look at UBC, they're undertaking the initiative themselves to increase the number of graduates. They've increased the number of graduates in engineering, computing sciences. There's a whole range that they're moving ahead with right now.

G. Robertson: I'd like to move for a moment here to a question about international students. We had canvassed the minister in estimates last fall on the subject of international students. Specifically....

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First of all, I congratulate the minister for shepherding through some amendments that definitely benefited international students in terms of their ability to participate on boards of governors. These were well received by international students who've worked hard, campaigned hard on that issue and now do have that right.

The other major point that I had brought up last fall and that I'll bring up again is their ability to be work off-campus. The minister, just to refresh memories here, had mentioned that we have, and I quote from *Hansard*: "We have actually entered into an agreement with the federal government to do just that" — and "that" is enabling international students in B.C. to be able to work off-campus as in other provinces, such as Manitoba and New Brunswick. The minister stated: "We have actually entered into an agreement with the federal government to do just that. We're working through the processes, and it doesn't require legislation. It's just an agreement."

Can we have an update on the status of that agreement?

Hon. M. Coell: Just in the last few days we have an MOU with the federal government that would allow students to work off-campus. We haven't got the details fleshed out yet, but we have a general memorandum of understanding with that.

G. Robertson: There's a memorandum of understanding that has been signed and that now exists, but the details are unclear and the announcement has not happened yet. Is that right?

Hon. M. Coell: It's actually exactly as the member says. It is signed, but the details haven't been worked out for application as yet — but very soon.

G. Robertson: Can the minister give an indication as to when we might see completion to those details and international students will be able to go out and seek work off-campus?

Hon. M. Coell: I'm being optimistic, but I would hope by September.

G. Robertson: I think that'll be good news for those students. Hopefully, the work happens on schedule there, and they can pursue that work.

I'd like to ask a question, much more broadly, in terms of student representation on boards of governors. Can the minister comment on the fact that students fund 33 percent of the post-secondary education system?

I think the average is maybe three out of 19 or 20 of the seats on boards of governors are held by students — generally, a fraction of their funding envelope in terms of percentage. Their representation on the board of governors is significantly smaller than the funding they provide to the system, and certainly, they are the reason the system exists. Can the minister comment on that inequity and whether he will be addressing students having more spaces on boards of governors?

[1945]

Hon. M. Coell: Well, it's an interesting idea. I think that there are a multitude of stakeholders on those boards, from previous students to the community at large to students. I think one of the problems with that idea may be the continuity in that students change every year. You may not have the continuity on a board that would give you sort of a corporate memory and a corporate outlook on how the institution's moving.

I think, historically in B.C. we've tried — and this goes back many, many years — to have some representatives from as many walks of university or college life as there are there.

G. Robertson: I think the concern here is that B.C. is lagging and that other provinces have significantly higher ratios of student representation on boards of governors and, given that the system does exist for the students, that there should be some shift or modifica-

tion of the act to increase student representation, perhaps to extend terms that students serve for, so they're not on and off — basically off. Once they've actually figured out how the whole thing works, they're done with their year. I would be interested in understanding if the minister is willing to look at what's happening in other provinces and consider B.C.'s ratio matching those of most of the other provinces, which are higher.

Hon. M. Coell: It's something I haven't heard from the sector, but I will ask staff to look at the other provinces and bring me a report back. As I said, historically in British Columbia we try to have a broad representation on the boards. But we'll certainly have a look at it.

G. Robertson: I'll turn my attention here to student financial assistance. I appreciate the follow-up from last year's estimates. The minister and staff forwarded some good information that helped us piece together how our student financial assistance system is working and who it's benefiting.

I still have some questions related to it and some of the details. I'll start with asking the minister how many students — this is general — his ministry expects to receive some form of provincial government student financial assistance this year and in the subsequent fiscal years.

Hon. M. Coell: The estimates book has the B.C. student loans this year at our projection of \$300 million. Last year we processed 105,000 applications, and our projection last year for student loans was \$237 million.

G. Robertson: Does the minister have a specific number of students that this year's funding is expected to provide for? And within the forward budgets, in the years to follow, are there target numbers for students to receive student financial assistance?

Hon. M. Coell: The year-over-year lift for funded seats was about 4 percent. So we're expecting an increase of about 4 percent in the student loan applications and number of students applying.

[1950]

G. Robertson: I see that in the ministry's service plan there's a call for a \$22 million increase in spending for student financial assistance this year. Does this increase represent any substantial increase in the financial assistance that's available to the students, or is the increase primarily for paying the back-end cost of the loan reduction program?

Hon. M. Coell: The single biggest cost there is interest. When we have more money out, we're paying the interest on the loan until they start repaying it, so of the \$21 million that's the increase, \$10 million of that is actually increases in interest that the provincial government is paying on behalf of students before they start to repay their loans.

G. Robertson: The other \$11 million, plus or minus: is that direct financial assistance to more students, is it an increase to the same number of students, or is it targeted for the loan reduction program post the students' term?

Hon. M. Coell: We're expecting about a 4-percent lift in the number of students applying over last year because of the 4-percent increase in the number of seats. We would expect the same number of students to need financial assistance as a percentage of the total system.

G. Robertson: Therefore, the \$22 million increase is a combination of covering that 4-percent increase in student numbers and covering the interest to hold all of those loans for the years that are specified in the budget.

Hon. M. Coell: In general, I think that's true. The Premier's Excellence Awards went from \$100,000 to a quarter of a million. There are a number of smaller ones: the B.C. debt reduction and repayment, half a million; B.C. Loan reduction, \$800,000. They're parts of what the member is asking. I think that the major portion is interest. There's the increase in students, because of the increase in number of students overall, that would be requiring.... Then a number of additions, like the Premier's Excellence Awards, went up; the Queen's scholarship went up as well. There are a number of those that are in there.

[1955]

G. Robertson: Thanks to the minister. Doing the math, after adjusting for inflation, the amount of money that's allocated to student financial assistance looking forward into 2008 and 2009 is actually lower than the amount for 2006-2007 with that inflation adjustment. Could the minister please explain how this is possible, given the increase in tuitions, the increase in living expenses and fees?

Hon. M. Coell: I think the easy answer is that interest rates haven't gone as high as we had originally thought. We feel that because they're lower, we will be able to do more or the same with the amount of money that we have. If, in the third year, we find the interest rates have gone up, then we would have a relook at that amount of money.

G. Robertson: That's interesting. At this point, then, the intention is to ride this out and expect that interest rates will not rise, and because interest rates won't rise, the money that's available will actually be comparable in 2008-2009 to what is available in 2006-2007. Is this vetted more broadly in terms of the accounting and finance work that the province does, or are these internal calculations of the ministry?

Hon. M. Coell: In this year, 2006-2007, we budgeted for a 6-percent interest rate. Next year, 2007-2008,

we budgeted for a 7-percent interest rate. Those are from the best advice we've got. If those are not what the interest rates are, we would have to relook at how much money and, indeed, ask for more money from Treasury Board if that's the case. You know, the member and I are probably not the best people to talk to about interest rates, because we're not economists. It appears from our advice that that's what we should have: 6 percent and then 7 percent.

G. Robertson: I take from that that the minister is committed to maintaining a stable base of funding for student financial assistance. There may be challenges with interest rates; there may be challenges with the numbers. Can I assume that the minister's committed to maintaining stable funding for student financial assistance over these next three years?

Hon. M. Coell: I think that you'd be safe in saying that.

G. Robertson: I'm curious whether the ministry has undertaken formal research to look at our student financial assistance program to compare it to others and substantiate whether our student financial assistance model and system at this point is as good as it can be and is serving the needs of students well.

[2000]

Hon. M. Coell: Staff have actually looked at Australia and England, and they benchmark across Canada as well. I think it's safe to say we're in the same ballpark as the majority of provinces.

G. Robertson: The minister refers to staff looking at it. Has there been any formal research outside of staff looking at that, and if there has, would the minister make that available?

Hon. M. Coell: I'd be happy to share the information that the ADM's committee on student financial assistance put together.

G. Robertson: It would be useful to see that. My concern here is that we have tilted so quickly into student debt being probably the primary concern right now of students. Certainly, what I hear on campus.... I hear more concerns about debt and the size of debt that students are graduating with, than anything else at this point — caused by a number of factors. Obviously, the huge increase to tuition over the last few years has contributed to that significantly.

Another aspect of this — the shift for the student loan interest-free period from 520 weeks down to 340. I'm curious as to whether the minister continues to be committed to maintaining this policy, particularly given the questions around graduate students. The policy of a shorter term for interest-free status definitely affects graduate students. It affects students who are trying to move through and do degrees in succes-

sion. It is often difficult to do that in the number of weeks required to remain interest-free. Is the minister looking at the interest-free window, and is he considering increasing it again, given the challenges for graduate students?

Hon. M. Coell: I'm not sure I grasp the question. It's important to know that if someone is in study, they aren't paying interest. It's when they leave that they would begin paying interest.

G. Robertson: I have been contacted by some graduate students who are back in study, but their term has expired now. They have had challenges with their student financial assistance, and in addition to that, the pressure created by the increase in tuition, the increase in the debt load that is carried. The period of interest-free status has decreased, while the debt load has increased. Would the minister comment on the fact that it becomes that much more difficult to service that debt, given that the load is that much greater on graduation?

[2005]

Hon. M. Coell: A couple of things. The interest-free period hasn't changed. You can still be in school or in study for ten years without paying interest. I think it's important to know that half the grads graduate with no debt and that the ratio of debt-to-grad incomes is significant. If you graduate with a bachelor's degree, you're going to make a certain amount more in your lifetime and with a master's degree, an increased amount. So there's a real positive thing for someone to get a bachelor's degree or a master's or a doctorate because your income over your lifetime is so much more than someone who doesn't go to university. There are a couple of things there, but you can be in school or in study for ten years without paying interest.

G. Robertson: Can the minister just clarify, then, what the 340-week term refers to for interest-free status on student financial assistance?

Hon. M. Coell: An academic year is 34 weeks, so 340 would be the ten-year period.

G. Robertson: So it seems like we're talking about academic year versus calendar year. My understanding is that in the past it was calendar year, and 520 weeks was effectively the term where there was interest-free status. It's shifted to an academic year, and ten of those years are 340 weeks, which sounds to me like a significant reduction in the term. Is that correct?

Hon. M. Coell: If you could just give me a moment, I'll confer with staff and get a detailed answer for the member.

I think it may be terminology. They calculate the Canadian student loan at 340, but they add in the summer session, which gives you ten years. We haven't

made any change at all. Ours, or BCSL, is still calculated at 520 weeks. So there are just two ways of calculating. They both end up at ten years.

G. Robertson: Thanks for that clarification. Again, on student debt, the ministry estimates show, under external recoveries, that students in B.C. this year will be paying \$20 million in student loan interest repayment. That's this year's number, from what I see, which is up from \$7 million for the year ended March 31, 2005, and up from \$2.5 million in March 2002. These are students who have come through this period of massive tuition fee increases, who are obviously taking on significantly more debt to complete their programs, and they're going to be paying for it for a whole lot longer.

[2010]

When students are graduating with this kind of debt load, that means they're taking five, ten or 15-plus years to pay off these student loans. During that period, obviously, their ability to contribute to the economy, to start businesses, to buy a home, is significantly inhibited. How does the minister intend to improve the B.C. loan reduction program, if that's going to be the vehicle for it? Or is the minister looking at an alternative to ensure that students in B.C. are not graduating with lifelong debt?

Hon. M. Coell: I've approved a pilot project to look at the expansion of the loan reduction programs to shorter-term courses. I share the member's concern. I think we want to make sure that we deliver a really high-quality educational opportunity, but at the same time, allow people from all financial backgrounds to attend. Loan reduction is definitely the vehicle — the member mentioned that — which we intend to address that by. This pilot project will expand that and give me some information on how we can do that in the next few years.

G. Robertson: Maybe some more specifics on reducing that. My understanding is for short-term programs, students are not able to qualify for student loans. Can the minister clarify? If they can't qualify for a student loan, how does the debt reduction program help them?

Hon. M. Coell: We're at the research stage now. But I can give you a global picture as to what we're looking at. We wouldn't be changing the rates for the loan availability for programs, but what we'd be doing is looking at loan reduction for specific programs. We might look at parts of the province that need certain kinds of skills, skilled labour or education, or areas that we have a skill shortage in.

We're putting that together now. It would be looking at expanding the actual loan reduction for those programs, and they would be the shorter programs that the member mentions.

G. Robertson: Will the minister be making available student financial assistance for short-term pro-

grams? Will the minimum length of program be decreased so that short-term training programs can qualify for student financial assistance?

Hon. M. Coell: At present it's 12 weeks. We're not envisioning changing that or lowering it. It's the other end, the debt reduction program, that we're looking at.

G. Robertson: The debt reduction program you referred to, the pilot project applying to short-term programs — can you maybe just specify what you mean by short-term programs, then?

Hon. M. Coell: Less than two years.

G. Robertson: More than 12 weeks. So while we're here at the 12-week window, I'm curious if the minister is looking at making changes to allow for student financial assistance with 12-week-and-fewer programs so that people who need to access those programs to get into the workforce are able to qualify for debt.

[2015]

Hon. M. Coell: We aren't, as a ministry, looking at shortening up that time period, but we have had some conversations with the Industry Training Authority and the Ministry of Education to use the Passport to Education points as ability to somehow get into those courses.

G. Robertson: So at this point there's no commitment from the ministry to make financial assistance available in short programs. There is an effort underway to attempt to use Passport to Education scholarship funding points to apply to this.

I'm curious as to this pilot program on the shorter-term programs — the 12-week to two-month programs. What is the scale of the pilot project, and when is it expected to take place?

Hon. M. Coell: As I mentioned, we're just at the research and evaluation part of the pilot at this point. We have in the budget \$1 million in '07-08 and \$1 million for three years after that for the pilot project.

G. Robertson: Is that \$1 million actual student financial assistance, or is there an administrative load on that and FTEs attached to it?

Hon. M. Coell: The majority of it, other than the cost of evaluation, would be for student loans.

G. Robertson: I just want to return to the bigger topic of student debt and the fact that it is so significantly larger for many students — for half of our students here in B.C. at this point. Estimates for the fiscal year ending March 31, 2007 are authorizing over \$300 million in student loan disbursements. Looking back several years ago, at the end of fiscal year 2002 we were at \$115 million and change — \$115.5 million — which is an incredible increase to B.C. student loan disburse-

ments. No doubt this had to take place, given the increases in tuition and the inability of students to cover those tuition fees as they doubled in a few short years.

Again, I'm curious. The debt reduction program is not achieving the same goal as the B.C. grants program that was in place. The goal of that program was that no student would graduate with more than \$20,000 in student debt. There was a real focus on ensuring that students didn't complete their education with a huge debt load to carry into their working career.

At this point we've long since gone past the \$20,000 student debt average at graduation. I'm curious. Is the minister interested in making a commitment to increase the non-repayable student financial assistance that's available in future budgets so that we can curb the rise in student debt?

[2020]

Hon. M. Coell: We're moving in that direction. There's an extra million dollars in each one of the three-year budgets for just doing that. But I think it's important to know that much of the volume here is the increase in students, not necessarily the increase in tuition or debt. There are more students applying for student assistance than there were five years ago.

G. Robertson: I'm puzzled with the math there. If we've seen student financial assistance increase from \$115 million to \$300 million in five years, according to the books here.... We haven't seen a student increase of that magnitude in those five years, or anything like that. I don't understand how it could be attributable to an increase in the number of students. Again, we come back to: how are we going to contain the student debt, which continues to skyrocket?

Hon. M. Coell: A number of issues. There has been an increase in students. When you look at the cost for a student, tuition is not one of the major costs. It's living allowance, rent, food. It's a whole range of things — whether you run a car or whatever. What we did, within our control, is cap tuition fees and keep that at the rate of inflation and keep us in the middle of the rest of the provinces. We're actually lower than a good majority of the provinces for tuition.

That's within our power as a ministry: to cap tuition, to actually add in \$30 million to the universities to cover their cost of over and above the 2 percent. We've done that as our part and increased the number of dollars in student assistance to accommodate more students as well as the other factors of increase in rent, of increase in the cost of living that students face that we don't have any control over. We did the part that we have control over. We've increased funds for the things that we don't have control over.

G. Robertson: The ministry did have control over tuition, which, on average, doubled over the years that we're referring to — over the last five years. The ministry did have control over the B.C. grants program, which no longer exists and has been phased out.

I'm very concerned that there are a whole number of students out there, prospective post-secondary students, who look at the student loan nightmare and shy away, who look at the prospects of \$25,000 or \$30,000 or \$40,000 in student debt coming out of post-secondary education, going into a career that they think may provide an income that is able to service that debt. It's a roll of the dice.

What is the minister's strategy in attracting students who have a fear of debt, frankly, who look at the prospect of student debt, if that's their only way to access the system...? Given the very small envelope for scholarship and bursary that's needs-based, how are these prospective students expected to access our system when debt is the only option, and debt is the last thing they're willing to commit themselves to?

Hon. M. Coell: I think there are a number of things that government can do and this ministry can do. One is to create more spaces so that not just everyone who's an "A" student can get into university. We have those sorts of issues.

[2025]

I think that student loan access is important, but I think the quality of the education.... We're building \$800 million worth of new buildings on campuses, from labs to residences — the things that will attract students to university or college. We have aboriginal programs where the colleges and universities are friendly and understand the cultural differences of aboriginal learners. As a ministry, we can support those things that are going on, on campuses.

It's really important that we have, for the first time in a long time, actual increases every year in the budget, so that students know we're committed as a government and as a province to developing quality educational, a learning environment that people can be attracted to. I don't think there's just one thing.

I think that we have to let students know that an investment of a dollar in your education is going to pay back 20-fold in your future, and in your health as a family and as an individual. I think we need as a government probably to do some more outreach into junior highs and high schools to say: "There's trades training; there's university — there's a broad range of opportunities there for you. If you invest your time, your money and your effort, you're going to make a lot more money in your lifetime. You're going to be healthier. Your family's going to be healthier."

I think there's just a broad range of things to do. Tuition is one of them, I take that as a given, as are the loan reduction and debt reduction programs that we're setting in place so that people know that if they do a bachelor's degree, they're going to have some of their debt wiped off, if they pass and if they complete.

Over the next few years we're going to see, obviously, an increase in students as a percentage of the population. We want to make sure that those opportunities are well-known to them. I think that's something government can always do a better job of — showing

what opportunities there are at the colleges and universities. I think it's an exciting time to be a student in this province. I think that every effort we make needs to be redoubled in convincing students in junior and senior high that there are options out there that are worth investigating and worth investing in.

G. Robertson: Coming out of many meetings with students on campuses around the province and hearing the horror stories of student debt — the burden that that creates for students who are already in the system, for students who have already taken the leap of faith, who are committed to carrying that debt and pursuing post-secondary education — certainly, I'm here, in part, to voice their concerns as to when student debt is out of control.

A lot of students in B.C. are well beyond that point in voicing their concerns that their debt loads are extraordinary and that more relief and more support is due. I'm very concerned about that, but getting back to the point that I made just previously, I'm mystified where the minister sees the opportunity for students who see debt as a wall.

It's one thing to go out and do the marketing, to go into high schools and junior high schools and say, "If you do this, all will be well," but if the "if you do this" is "if you take a chance and borrow \$30,000 from the government, your life will be better," that's a big roll of the dice for a lot of people. A lot of people that we want in the workforce, that we want to give opportunities to — that certainly deserve those opportunities in the careers that they build after post-secondary education — will contribute many times what they will have invested in their post-secondary education.

I don't know whether it's an ideological blockage of this government, more broadly. I don't know if there's some rationale. I questioned earlier if there are some studies on student financial assistance from different places in the world that say: "You know what? You don't need to provide anything for those people who cannot get their minds beyond, I have to accept that I'm going to borrow tens of thousands of dollars to get a degree — a post-secondary degree that's going to allow me to build a career."

[2030]

I'm mystified as to why there is nothing in that space to allow needs-based grants, to allow access at the front end for students who cannot afford it and who aren't willing to make that commitment to shouldering tens of thousands of dollars of debt. Why is there no program, no provision and no open door of access to those particular students?

Hon. M. Coell: I guess there are a couple of ways of looking at this. One is that we want to see people start and finish degrees, whether it's a two-year diploma or a degree or a master's degree, and then have debt reduced at that end. We want to make sure that that's there and growing, as it is in the three-year plan and the budget, but I think it's more important for people to

realize that an investment in your education, no matter whether it's a dollar or a thousand dollars, pays back.

If you complete and you get into the workforce, with your degree or your qualifications, I think... I looked at one. The TD Bank said it's a 20-percent increase in your income over your working lifetime. There's a tremendous opportunity here for people to invest in their future through education. What we're doing is letting the ground rules be....

We have income assistance, shared with the federal government, for students, but if you complete and you finish, then we can start to reduce that debt load for you. It would be nice to be able to wipe all of the debt off if you complete it. At this point, we have enough money to wipe some of that debt off, and we'll continue to do that, but I think what's more important is that we have that quality education.

You look at this budget of almost \$2 billion going into the investment in education for learners in British Columbia. That's a lot of money, but we view that as an investment as well. We're going to invest in all these people who are, in some cases, investing in themselves. They're going to get out into the workforce as skilled people. They're going to invest in our economy; they're going to invest in themselves. Every study shows that with a higher education, your health's better, and your income is dramatically increased over your lifetime.

I understand what the member is saying. How do you convince someone who's averse to taking a loan out to get an education? Maybe there's more work we need to do in convincing people that this is a good investment in yourself.

G. Robertson: Maybe, to shift the focus of this conversation, it's constructive to talk about the need, in terms of our economy, that 70 percent of the job force has some post-secondary education. We're not there. We haven't made it anywhere close that.

Right now, statistics that are out there in terms of projections suggest that we need about 70 percent to fill the job market, and 70 percent is a lot closer to 100 percent than zero is. If you look at secondary education, you assume that the number is higher than 70. It's probably not 100 percent. It's 80 or 90 percent of secondary students. People are required to have a secondary school Dogwood Certificate to move into the workforce. Maybe that's 90 percent. I'm fishing for numbers a bit.

My point is: at grade nine we don't say: "You know, if you invest in a high school education, you're going to have a better job, your health is going to be better, and your opportunities will abound. All you have to do is sign on the dotted line. We'll loan you \$10,000, and you can get your Dogwood Certificate."

Well, generations ago, our society decided that we were willing to make that investment as a society because we need, say, 90 percent of people to pursue their education, to complete high school, to really contribute in the workforce, to contribute in our communities. It's worth it. It's a worthwhile investment. We don't need to load that investment on 13-year-olds.

It stands to reason, then, that if 70 percent are needed to get through some post-secondary education, we don't want to put too many barriers in the way there. We don't want to have to say to too many 18- or 19-year-olds: "You know, you've just got to make that investment. It's only \$10,000 or \$20,000 or \$30,000, but you're going to get it back."

It's the same challenge that was faced generations ago, when students dropped out to go work before they even hit their teens. Certainly, we're seeing challenges in Alberta. It's going back. We're going back in time in Alberta and seeing high school completion rates drop, because kids can drop out and go get jobs making lots of money in the oil patch.

[2035]

We're going to be facing those same conditions. I don't believe we're seeing the beginning of that yet. But certainly, with the skills shortage that is now upon us here in B.C. and with a lot of young people here in B.C. going to Alberta for jobs, we're going to see that same strain, probably, on our high school students — when they have the opportunity to go and make \$20 or \$30 an hour because there's such a shortage in a lot of work sites.

We need to keep those kids in school. For their well-being and the long term well-being of our community, we want them to pursue that education. So again, I come back to: why would we create a barrier? I will acknowledge on the ministry's behalf, on the government's behalf, all the work that's been done for many generations for post-secondary education. There are lots of access points. There are lots of opportunities. There's incredible quality in terms of programs. There are lots of angles to approach it from, but there are still barriers.

This is a big, giant barrier. I can't understand why the ministry hasn't figured out a strategy, specifically, to deal with people who will not pursue post-secondary education because it means signing on the dotted line for a significant debt load. I'm disappointed not to hear that the wheels are turning, that there is something in play here, that there's an acknowledgment that we have a problem and that we need to look at it. At minimum, I would think that acknowledgment is warranted.

I certainly had some expectations of coming in here today and hearing.... I've heard this around the province for the last nine or ten months — that we have a real challenge here and that people are being discouraged because of gigantic student debt loads to pursue post-secondary education. So I strongly urge the minister and his colleagues in the government caucus to consider the needs of many students who want to pursue post-secondary education but can't make the bridge, make the leap, because of the looming student debt that they're going to have to grapple with.

With that, I'll shift gears here. I want to ask the minister, specifically, about the procedure for private universities and colleges and institutes to give student loans — what their requirements are to participate in the student financial assistance program.

Hon. M. Coell: There's more detail, and I'll supply that to the member. Simply, if they're accredited and their programs are over 12 weeks in duration, then they would be eligible for student loans. But there's more detail, and I will get that out of our handbook here and give it to the member.

G. Robertson: Within that detail, I'm curious on the accreditation process to qualify for B.C. student assistance programs. As well, specifically, what percentage of the student assistance program and what percentage of student financial assistance is dedicated, or allocated, to the private institutions?

[2040]

Hon. M. Coell: It's not on allocation; it's on application. I can give you 2005-2006 of the total B.C. assistance program: 14 percent of students were in private institutions, and they got 17 percent of the dollars received.

G. Robertson: In terms of the accreditation process, for institutions to qualify so that their students can apply for loans, can the minister give me some information regarding that accreditation process?

Hon. M. Coell: At the minimum, they have to be registered with a private career training association. There are a number of criteria that they need to follow and a time frame. I'll get that to the member right away.

G. Robertson: That would be great. A quick question: does the minister have the current statistics of public institution student numbers, percentage, versus private?

Hon. M. Coell: There are approximately 300,000 in the public sector. There are 600 companies in the private sector, and we don't keep track of them, other than the ones who apply and receive student financial assistance. That would be the 14 percent of the financial assistance, and they receive 17 percent of the money. It's a difficult number to come up with.

G. Robertson: I just have a quick housekeeping question for the minister on a request that my staff made to the ministry for B.C. student assistance program audits. We made a request for a number of student audits that were completed and the percentage of B.C. SAP awards in 2004. That freedom-of-information request apparently passed the deadline. We had to process an appeal for that. I'm just curious — if we can please have that info, if that can be forthcoming, or an update on it.

Hon. M. Coell: I'm not aware of that, but I will find out for tomorrow for the member.

The Chair: Member, noting the time.

G. Robertson: Thank you, Chair. Thanks, through to the minister, for that. I will look forward to hearing tomorrow. With that, I think we can wrap for the moment. I'd like to thank the minister and staff for prompt answers.

With that, I move that the committee rise, report resolutions and completion of the Ministry of Energy,

Mines and Petroleum Resources, and progress on the Ministry of Advanced Education and ask leave to sit again.

Motion approved.

The committee rose at 8:45 p.m.

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