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LEGISLATIVE ASSEMBLY  
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THE HONOURABLE BILL BARISOFF, SPEAKER

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(Entered Confederation July 20, 1871)

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

**SECOND SESSION, 38TH PARLIAMENT**

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Morning Sitting

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THURSDAY, MARCH 9, 2006

The House met at 10:03 a.m.

Prayers.

**Introduction and  
First Reading of Bills**

EMPLOYMENT STANDARDS  
(COMPASSIONATE CARE LEAVE)  
AMENDMENT ACT, 2006

Hon. M. de Jong presented a message from Her Honour the Lieutenant-Governor: a bill intituled Employment Standards (Compassionate Care Leave) Amendment Act, 2006.

**Hon. M. de Jong:** Mr. Speaker, I move that Bill 8 be read a first time now.

Motion approved.

**Hon. M. de Jong:** Bill 8 amends the Employment Standards Act to ensure that British Columbians who need more time to spend with and care for loved ones who are gravely ill will have job protection while away from their job.

The government believes that workers in B.C. should not have to choose between their job and caring for their family during a serious medical crisis. The benefit provided by this amendment will allow caregivers to spend time away from work without fear of losing their jobs. The amendment will give an employee who requests time away from their job up to eight weeks of unpaid leave to provide care or support to an immediate family member who is gravely ill.

The Employment Standards Act currently provides job protection for pregnancy, parental, family-related and bereavement leave, as well as for jury duty. This would add to that.

These amendments will provide the same protection for the purposes of caring for an immediate family member who is at risk of death within 26 weeks, as determined by a physician. This legislation mirrors most other jurisdictions in Canada where similar legislation is in place.

[1005]

I move Bill 8 be placed on the orders of the day for second reading at the next sitting of the House after today.

Bill 8, Employment Standards (Compassionate Care Leave) Amendment Act, 2006, 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.

**Orders of the Day**

**Hon. M. de Jong:** In Committee A, I call Committee of Supply. For the information of members, we will be discussing the estimates of the Ministry of Finance.

In Committee B, this assembly, the Committee of Supply as well. For the information of members, the estimates of the Ministry of Small Business and Revenue.

**Committee of Supply**

ESTIMATES: MINISTRY OF SMALL  
BUSINESS AND REVENUE AND MINISTER  
RESPONSIBLE FOR REGULATORY REFORM

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

The committee met at 10:09 a.m.

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

**Hon. R. Thorpe:** I am pleased to introduce the estimates of the Ministry of Small Business and Revenue and the Minister Responsible for Regulatory Reform for fiscal 2006-2007.

We have accomplished a great deal this past year. I'm very excited about the goals and the objectives we have set as we continue to provide excellent public service to British Columbians.

I would also like to introduce staff that are with me at the present time. My deputy minister, Robin Ciceri. Also with me are John Powell and Simone Decosse, and joining us later during the estimates over the day will be Elan Symes, Karen Dellert, Sally Chaster, Ranbir Parmar and Rob Fraser. I want to thank them for joining us today in the House.

[1010]

I'd also like to thank the ministry staff who have contributed to these estimates and the many others in the ministry who carry out the important day-to-day work of the ministry each and every day on behalf of the government of British Columbia and servicing the citizens of British Columbia. Their work and this ministry continue to contribute to the success of government in meeting our commitment to restoring sound fiscal management in British Columbia and our goal to be the most small business-friendly jurisdiction in Canada.

The Ministry of Small Business and Revenue has a mandate to foster a competitive environment for small business and investment in British Columbia and to ensure a modern regulatory system that makes it easier and more efficient for businesses to operate in British Columbia. The ministry is providing a centre of excellence to the province for revenue management and tax administration, as well as managing and supporting the property assessment appeals process. The ministry also represents British Columbia in its relationships with the Canada Revenue Agency and the Canada Border Services Agency to ensure that revenue due to British Columbians is identified and received in a timely manner. We collect taxes and fees for local government and for other agencies.

Our overall goal is to provide the highest level of customer service to all British Columbians. This means

providing our services in a fair, equitable and timely manner. This is a goal that requires the continual focus and attention of everyone in the ministry. In 2004-2005 we collected and managed combined gross revenues of approximately \$18.4 billion. It is expected that we will collect \$19.4 billion for the year ending March 31, 2006.

This directly reflects the power of British Columbia's strong economy, an economy our government took from worst to first in four short years. I am encouraged by the number of continuing positive economic signs. The number of major projects proposed or underway in British Columbia is at a record high, at over 600 major capital projects worth an estimated \$70 billion. There is booming activity and investment in the energy sector. British Columbia leads in Canada's job creation with over 275,000 new jobs since 2001. In 2005 the unemployment rate in British Columbia fell to 5.9 percent, the lowest it's been in over 30 years.

Business owners in British Columbia are among the most optimistic in Canada. Looking ahead, 43 percent plan to hire more full-time staff in the coming year, according to the independent organization, the Canadian Federation of Independent Business. Retail sales in British Columbia topped the \$500 billion mark for the first time in 2005, after a major downturn in the '90s. These are all signs of a healthy and strong economy, one that brings in revenue government needs to operate programs and provide services that benefit all British Columbians.

As government's revenue collector and small business champion, my ministry has goals, objectives and performance measures to support the five great goals of our government's strategic plan. For example, by providing a competitive environment for small business and streamlining and simplifying our regulatory system, our ministry is helping to achieve our government's goal by having more jobs per capita than any other jurisdiction in North America. As well, the revenues collected by the ministry pay for vital government programs such as health care, education, transportation and social services. This year our initiatives are changing how we will do business over the next three years. They will build on our past successes and support the ministry's ongoing commitment to continuous improvement.

I'd like to start by telling you about the key goals we have set out for our ministry over the next three years and the initiatives we propose that we will use to accomplish these goals. The key goals are (1) to provide services that meet the needs of customers, stakeholders and partners; (2) to encourage small business development; (3) to ensure that the amounts owed to government are paid; and (4) to foster, streamline and simplify the regulatory environment.

[1015]

Our first goal: to provide services that meets the needs of customers, stakeholders and partners. The ministry is committed to customer service excellence. We want to focus on citizens' services delivery, providing public services that are more accessible, more customer-friendly and more responsive for all British Columbians.

In January of 2005 the ministry released the taxpayer fairness and service code. This code was developed in partnership with the Canadian Federation of Independent Business, the British Columbia Chamber of Commerce, Retail Merchants Association of British Columbia, the Retail Council of Canada, the Institute of Chartered Accountants of British Columbia and the Sales Tax Practitioners Liaison Committee. Through it, we have formalized our service commitment to our customer, the British Columbia taxpayer. It will help customers understand how they can expect to be treated, and it reflects our commitment to be responsive to the business community.

The code lays out and explains a customer's right to courtesy and respect; privacy and confidentiality; fair treatment; how to obtain help; how to make sure they receive complete, accurate, clear and timely information; and information about the steps the ministry takes in audits, collections and refunds. It also lays out the rights with respect to dispute resolutions and what taxpayers can expect with respect to timely appeals.

Our ministry expanded the code by introducing phase two in October of 2005, and 2005 builds on the original code by developing specific measurable service standards. These services were identified and the standards developed in consultations with the same partners and organizations that helped create the code.

These standards will be used as performance measures for the next three years. For example, correspondence sent to me as minister will be responded to within 14 working days of receipt. This also applies to my deputy and assistant deputies. We are also committed to significantly improving the time we take to produce final decisions on appeals filed by taxpayers. In the first year we are aiming to reduce the time line by 50 percent, from 12 months to six months. Even if we fall a little short in achieving that goal, we believe we will make tremendous growth and accomplishments in almost cutting in half the appeal time. Our target by 2008 is to have appeals done in four and a half months. This is a direct response to the concerns we heard from taxpayers.

I would like to thank Janet Baltes and her staff in the appeals division who have demonstrated a tremendous commitment to customer service and are actually showing that by providing timely, fair, equitable results. So to all of those in the appeals division: thank you for your efforts in moving customer service forward for all British Columbians.

In addition to these objectives we will improve the property assessment appeals process and focus on customer service. We will ensure that the review panel process for property assessments will be completed by March 31 of each year. There will be an ongoing review of the property assessment and property appeal process to ensure that they are working for all British Columbians who are being assessed. Customer service at B.C. Assessment will be its highest priority. We want to streamline and simplify the assessment and appeals process and reduce the length of time for appeals to be resolved.



We are also looking at developing consistent policies and procedures across tax acts on grace periods and interest rates used for late payments, just as we've done by putting netting in place. By doing this, we'll reduce confusion, increase fairness and equitability for taxpayers — all to further our commitment to customer service excellence.

The ministry is working hard to improve its processes, to make them more useful for our customers. Currently the ministry is consulting with businesses across British Columbia to look at the provincial sales tax system, to find revenue-neutral ways to streamline, simplify and enhance fairness for the administration of the tax.

Since November of 2005 — and when I take into account meetings that I have later this week and early next week — we will have visited 14 communities to hear submissions from British Columbians on ways to change the tax structure and its administration to make it more user-friendly and less complex. We've also received ideas through a dedicated website, e-mails, faxes and letters.

[1020]

Over the next two months we will continue to receive submissions and work closely with the Ministry of Finance to see how we can continue to improve the provincial sales tax structure and administration. Our ministry wants our customers to have to spend less time dealing with their tax obligations and more time on what's important for them — growing and creating successful businesses in every part of British Columbia.

Our second goal is to encourage small business development. Small business is big business in British Columbia. Small businesses make up 98 percent of all the businesses in British Columbia. They represent 57 percent of the private sector workforce, and they employ over a million individuals in British Columbia.

British Columbia needs to have a supportive business climate where small businesses can grow and prosper. Our goal is for British Columbia to be the most small business-friendly jurisdiction in Canada. Our ministry will continue to encourage opportunities for small businesses.

Last year we established the permanent Small Business Round Table. It consists of small business stakeholders who will provide advice to government on issues facing small businesses and opportunities for small businesses, so that we can continue the momentum and the growth that small business is enjoying in British Columbia today.

As I said, by the end of next week I will have visited 14 communities across British Columbia, holding Small Business Round Table consultations to listen to small business stakeholders on their issues, their priorities, their ideas and their opportunities for building successful businesses. Our ministry is also receiving ideas and thoughts through dedicated websites, e-mails, faxes and letters.

We will develop and implement a small business strategy to support initiatives and reflect the information received from all those interested in the ongoing

development of the small business sector in British Columbia. We will continue to build partnerships with stakeholders and to provide entrepreneurs with services, products and tools. We will explore new ways to get information to our stakeholders — for example, through the use of interactive websites.

Last year the ministry opened its first storefront office to provide British Columbians with access to our ministry's services and to other services that small business owners use, like one-stop business registration. In the first two months of operation monthly service has increased by over 40 percent.

We will also work towards diversifying economic opportunities — in partnership with aboriginal, youth, women's and ethnic groups — and will look at regional economic opportunities.

Our third goal is to ensure that amounts owed to government are paid. The ministry is creating a centre of excellence for tax administration and revenue management. We carry out all our processes in a fair, effective and efficient manner, with the highest level of customer service.

Our goal is to collect over 99 percent of identified revenues owed to government in each of the next three years. The most efficient and cost-effective means of collecting revenue is through voluntary compliance. The ministry understands that in order to comply, British Columbians need to know their obligations. To make sure this happens, we will continue to improve on our programs that make it easier for our customers to get information that they need so they fully understand what they owe and to make payments to government, especially electronically. These programs continue to enforce our commitment to the highest-quality customer service and a citizen-centred approach to service delivery.

The ministry is focused on the following strategies to help taxpayers to get the information they need and to understand their obligations. We will continue to develop knowledgeable customers as we build on the success of our PST seminars and offer industry-specific seminars to sectors throughout the entire province of British Columbia.

We will ensure that information meets our customers' needs. We are working closely with stakeholders when developing programs and informational materials. So far the ministry has identified 60 industry partners that will be consulted in the development of new products and materials to ensure they meet their needs.

It is important for all British Columbians to know what their obligations are, and it is important for the ministry to make it easy for British Columbians to understand these obligations. That is why we are producing all-new information and rewriting existing information in plain language. This means that anything produced by the ministry will be easy to understand, clear, concise and reader-friendly.

[1025]

There are other ways we are meeting the goal of voluntary compliance. For example, the ministry provides, free of charge, advanced tax rulings and expla-

nations to businesses and members of the public to clarify the applications of tax to each unique circumstance. This ensures that taxpayers have clear information on their obligations. Last year over 5,000 of these types of rulings were issued by the ministry.

The northeast oil and gas strategy is an example of a new sales tax compliance program. It ensures that oil and gas contractors operating in the northeast part of British Columbia know their tax obligations and are paying their tax obligations, especially Alberta contractors. The one thing we want to make sure of is that when contractors from other jurisdictions are competing for work in British Columbia, they are put on a level playing field with British Columbia contractors. Although we welcome out-of-province contractors, we know that when there's a level playing field, in a vast majority of the cases British Columbia contractors will win the bid — growing industry and creating jobs here in British Columbia and creating vibrant communities.

The ministry has other ways to ensure amounts owed to the government are paid. These include collection programs, audits and reviews. Audits identify money owed, and collection programs help us recover the outstanding debt. The result of these programs is increased revenue for British Columbians to support our important services like health care, education and social programs. Audit and compliance programs ensure a level playing field for the majority of customers who are meeting their financial obligations voluntarily.

Success is measured by incremental revenue identified through the audit activity and money recovered through the collection activities. As I mentioned earlier, we are improving processes to increase taxpayer awareness of their financial obligations and to increase voluntary payment of moneys owed. By increasing voluntary compliance, the amount of incremental revenue identified will decrease.

The new revenue management system is one tool to help us meet these targets. The goal of the new system will be to consolidate debts from several ministries, leading to more efficient and consistent collection practices and better customer service. Early intervention and consistent rules and procedures will be applied across all non-tax collections portfolios.

Our agreement with the private sector firm will assist to achieve our goal of governmentwide consolidated revenue management. This agreement will begin to streamline and simplify as many as 40 different revenue systems that are currently spread across government. It will establish a single contact centre for customers and consistency in business processes and procedures, resulting in better customer service, enhanced efficiency and a reduction in accounts receivable.

As always, government's commitment and this ministry's commitment are to provide the highest level of protection for personal and private information. The province retains control and ownership of personal information, and EDS Advanced Solutions Inc. must comply with all Canadian and British Columbia laws and with additional stringent contractual obligations

and requirements. This project is estimated to generate \$382 million in net benefits over ten years to British Columbia.

We are also working with the Canada Revenue Agency to improve the way the federal government collects taxes on behalf of the province. Together we are developing a new British Columbia-Canada service management framework and service level agreements. In addition, we have a British Columbia workplan, and we are also working with the CRA to develop clear service standards and measures such as turnaround times for audits that British Columbia refers to the Canada Revenue Agency. This is aimed at ensuring British Columbia gets a fair share of both personal and corporate income taxes.

Our fourth goal is to foster a streamlined and simplified regulatory environment. British Columbians have already made great strides, with over 154,000 regulations being eliminated since the year 2001. British Columbia is now a leader in Canada and throughout the world in regulatory reform.

[1030]

In a recent report the Canadian Federation of Independent Business gave this government praise for its regulatory reform strategies and has been telling other governments across Canada: "Look to British Columbia for leadership. Look to British Columbia on how, in working in partnership, regulatory reform can take place."

But our ministry is not stopping just because we've surpassed our 33-percent goal by achieving in excess of a 40-percent reduction. We are going to build on this success with a new regulatory reform initiative. Over the next three years, we have a goal of zero net increase in regulations — that has to do with our count — but British Columbia is moving to a modernized, streamlined and simplified regulatory system while at the same time preserving regulations that are needed to protect public health, safety and the environment.

To accomplish this goal, the ministry will improve regulatory quality and reduce the regulatory burden. To improve quality, all new and revised regulations will be developed in compliance with the regulatory reform policy, a set of ten criteria based on internationally recognized principles of good regulatory design, while ensuring that our safety, environment and health are not compromised.

By reducing the impact of regulation on small business and cutting red tape, business owners can spend less time on paperwork and more time on what's important — running and building successful businesses.

An example of how our regulatory changes are improving customer service is a single business number. It makes it easier, faster and cheaper to deal with several levels of government at one time. We're also proposing changes through working in partnership with the Ministry of Energy, Mines and Petroleum Resources that will reduce the regulatory and reporting burden on the oil and gas industry, an industry that is seen as very important to the economy of British Columbia.

To build on our successes, the ministry is implementing a new, exciting citizen-centred approach to regulatory reform. This new approach focuses specifically on saving time from the perspective of the individual, small business and industry to access government services or comply with regulations.

In closing, I would like to personally thank each and every employee in the Ministry of Small Business and Revenue for their dedication to serving the people of British Columbia. Your commitment and service are greatly appreciated. I would also like to express my sincere thanks to all those British Columbians and associations who have worked with us to achieve the very positive economic results that we're all enjoying in British Columbia today. We look forward to your ongoing support.

Thank you for your time, and I would be pleased to answer any questions that the opposition may have.

**M. Karagianis:** Thank you very much to the minister for the opening comments.

First, please let me extend my sincere apologies to your staff for our inability to actually find a briefing time prior to the estimates. I know that they tried right up until a few minutes before we started this morning, and certainly, it's unfortunate. Any issues that occur with my lack of knowledge on this side are my own and not attributed in any way to your staff's inability to meet with me. So I do extend my apologies there again.

I have tried to roughly follow the service plan format as laid out here, to the best of my ability, but there are so many cross-references here in the ministry where questions kind of thread off in various directions that I hope I am not going to unduly or inefficiently use staff time here. To the best of my ability, I'll try not to keep staff waiting or bring them back and forth on issues inefficiently.

I also regret that I've not been able to accept your kind offer of a tour of the ministry yet, but it is my intention to try and do that this spring, with a little more time at my disposal.

[1035]

I guess my first questions here are really kind of some accounting questions. It stems from, first of all, your resource summary. I've noticed in your operating expenses that there are some interesting sort of decreases in operating expenses from 2005 through 2006 and on into your plan. At the same time, there has been a significant increase in your operating budget for the small business and regulatory reform division.

Perhaps first, minister, would it be possible for you to explain to me the noticeable decrease in your resource summaries on pages 14 and 15 of your service plan?

**Hon. R. Thorpe:** First of all, let me say I know that your staff and my staff tried diligently to organize the briefing times, but as a... Even though the member is a relatively new member of the House, she's an experienced member of the processes in the House from her previous careers, and none of us knows when we're

getting called for estimates. Of course, a briefing had been scheduled. But I know that your staff and my staff tried. It didn't work out, so we'll just continue to work at those things.

With respect to the tour of the ministry, that invitation remains open. I look forward to hearing from the member and her office so that I have the privilege of taking you through the ministry and letting you see firsthand what goes on.

With respect to the resource summary, we had an increase in our incremental revenue, which is shown in increased recoveries in the resource summary, so it's from increased incremental revenues that we've received.

**M. Karagianis:** Incremental increased revenues. Are these new revenue streams coming in? I know that in the estimates in the fall the minister alluded to the fact that there were 40-some revenue streams that came into the ministry. Does this, in fact, indicate additional new revenue streams that have come in, or some dramatic increase in the actual revenue that has come in?

[1040]

**Hon. R. Thorpe:** One of the things in our ministry that we do — as the minister responsible, my performance... As the member is aware, all of our ministers are held accountable to not only the government achieving its objectives but also the individual ministers. The minister responsible for revenue is held accountable for incremental revenue to the province of British Columbia.

We have not identified, at this point in time, new revenue streams. What we have done, though, is... For instance, one of the 62 tax reductions we have undertaken as a government was to terminate the corporation capital tax. In doing that, as we wind down and the program concludes audit and compliance projects at March 31 of this year — a matter of a couple weeks — we have been able, through very sophisticated computer systems, et cetera, to identify non-filers. Just because we've eliminated the corporate capital tax, it did not alleviate British Columbians who had not filed their corporate capital tax to avoid their corporate capital tax. We have been able to achieve through compliance and audit, I would say, in the range of \$20 million in incremental corporate capital tax — much of that from non-British Columbia companies that do business in British Columbia.

**M. Karagianis:** I'm afraid I don't actually make the connection between your reporting-out on your operating expenses net from 2005-2006 to 2006-2007, because in fact that number is carried through all the way — the \$3.59 million. I see that the reporting-out is that, in fact, the operating expenses have jumped — on the first page of your service plan here, page 14 — and that line item follows all the way through. In fact what you're referring to here is capturing corporate capital tax, a one-time \$20 million capture. Is that what you were referring to earlier? I don't understand why that line item then would follow through from year to year.

**Hon. R. Thorpe:** I'm sorry if I misunderstood the member's question. I was focused on the bottom-line numbers of the ministry of \$15.94 million this year and going down to \$13 million and then moving up to the recoveries line, which has gone from \$22.6 million to \$26 million. I was highlighting that the corporate capital tax might have been one of those items.

If I now understand the member's question, she would like to get into the different branches with respect to the specific numbers for each branch. Do I understand the member's question?

**M. Karagianis:** Actually, I'm just sort of chronologically going through the resource summary here, looking at the reporting-out. I think I did mention earlier in my comments the increase in operating expenses and, obviously, the decrease in some net resources as well. One of those has been explained here by the corporate capital tax. But looking at that first page of the resource summary, in the first section there is a reporting-out of a dramatic increase in operating expenses. Perhaps the minister could elaborate on what that could be attributed to, please.

**Hon. R. Thorpe:** Now that I'm on the same wavelength with the member, we'll be able to move along through here quite quickly. The small business and regulatory reform area has increased by about \$1.7 million. Almost all of that money is to support small business growth, to advance regulatory reform across government and to review and move forward with revised policy legislation for B.C. Assessment, which is under this area. We have 12 new FTEs.

[1045]

We are adding resources to the small business sector to work with the small business sector, to do our Small Business Round Table, to do our sales tax reviews, to look and see how we work in partnership — plus, how we also now move into track two, if you will: citizen-centred regulatory reform.

Also, we talked earlier in my opening comments about reforms and revisions at B.C. Assessment. These things take human resources, and we are adding 12 new FTEs to our small business and regulatory reform as a commitment of our government to growing small business and making sure we continue to pursue regulatory reform.

**M. Karagianis:** That makes perfect sense and leads, then, into my next questions, which were around the Small Business Round Table. I certainly did make and anticipate that connection.

In the fall estimates when we discussed this, the round table — and at that point it was just being launched — I did ask the minister about the resources being allocated to that. The minister's comments were that whatever the costs were, they would not exceed, sort of, moneys and funding that currently existed within ministry budgets. But in fact, we can see that there is a significant increase. It has practically doubled the budget — all of the items that the minister has

listed. Can the minister break out for me the actual costs of the Small Business Round Table?

**Hon. R. Thorpe:** I thank the member for the question.

I think we have to be just a little careful here. The question I answered in the fall had to do with the estimates of the year that is ending March 31, 2006. The estimates we're now debating are the estimates that start April 1 and move forward for the fiscal year.

We anticipated that our costs for the Small Business Round Table and sales tax review would be about \$500,000. In the current fiscal year that is going to conclude here in another 22 days, I think.... What I said at the time is that we would find those funds inside the ministry. There is no lift within the ministry for the fiscal year that's going to end March 31.

As we looked forward, going forward, we looked at the work that was going to be required for the review and streamlining of B.C. Assessment. We looked at the work that was going to be required to continue on regulatory reform in the province through a new track two. We also looked at the ongoing maintenance and development of the permanent round table. We estimate that those things in total are going to take about 12 additional employees with a budget of \$1.7 million. That's why we've asked for that lift here.

I'm sure, as the member will look, as we go through our entire budget, we'll see that with our incremental revenues and recoveries, overall our net budgets will not be going up. We will be extremely diligent in the management of our financial resources within the ministry.

**M. Karagianis:** In fact, I believe my question in the fall had been to the minister: "Is there an operating budget for the round table and the process?" The minister answered: "We do have a global budget within the ministry. Quite frankly, my view of these things is that they are important. This is a priority we've established for our ministry" — and rightly so. "By it being a priority, we will find the funds within our existing budgets to execute this priority."

I had interpreted from that that the entire process, of course, would have been funded from within the ministry. But I understand perfectly that the round table is now taking on a permanency and obviously needs some resources to it.

Can the minister perhaps enlighten me as to whether this is broken down between the two processes? The Small Business Round Table and the PST review, I understand, are part of this process as well. Are the resources, the staffing and the budgets being broken down into those two different categories? Or are they all being blended as one budget item?

[1050]

**Hon. R. Thorpe:** They are blended as one, because what we're doing....

I did appreciate very much the member attending the Small Business Round Table held here in Victoria. I think it's very good when government members and

opposition members can show to British Columbians that we're working in a spirit of cooperation.

Of course, we have a standing invitation to the member and other caucus members of the opposition, should they want to attend. In fact, I held one in Williams Lake. I talked with the member from Williams Lake, and although his schedule did not permit him to attend, he had mentioned to me that he was quite pleased with the people who had been contacted.

I also remember the member for Vancouver-Kingsway talking on the phone. I was going to a round table in, I think, Nanaimo at the time, and the member was in Prince George, and we were talking about the possibility of attending a round table in Surrey.

This is a process that's open. We also try to achieve efficiencies. For instance, within the ministry, the support staff that we're using are coming from Small Business and Regulatory Reform. We're not having different silos. We're using the same meeting rooms. The Small Business Round Table goes for about two hours at the beginning. We take about a half-hour break, and then we do the sales tax review. We are using the same staff, reducing travel expenses, increasing efficiencies with respect to the cost. All in, it's about \$500,000.

**M. Karagianis:** So the Small Business Round Table is now a permanent organization? I think that was the intent from the beginning. Can the minister please elaborate a little bit on the participants in that round table? I know that there are a number of participants who sit there permanently.

Perhaps you could elaborate on how that membership has been determined. Are those members appointed? Do they have a term of service on that round table? How will that membership, in fact, be structured in the future?

**Hon. R. Thorpe:** The members of the permanent round table.... I should say that prior to the 2005 election our government did make a commitment, should we be re-elected, that we would establish a permanent small business round table. That was a commitment of our Premier and one we have acted on.

We have made very, very strong efforts to ensure that we have diversity of representation in every region of the province, from all walks of life — ensuring that we have first nations representation. I'm very, very pleased to have two vice-chairs. One is from the Okanagan: Linda Larson. Linda is a former small business owner and operator and a former mayor of Oliver, British Columbia — as she likes to tell everyone, the wine capital of Canada.

Our other vice-chair is Kevin Evans from the lower mainland, from the Canadian retail association. Then, as we've gone throughout the rest of the province, we have different folks who have come forward. These are appointments by the minister, and we sought consultation from individuals, from business associations, from chambers of commerce. As it turned out, we had a lot of people who actually wanted to be on it, so I had the very delicate task of having to make some decisions.

We wanted to make sure that it was effective. We know that small business operators, whether they be men or women, are required in their businesses, so we wanted to make sure that there wasn't an obligation for them to attend every meeting — that the meetings they can, they do.

[1055]

It has worked out very well so far. We have sought names and recommendations from a cross-range of organizations throughout the province of British Columbia, and I'm very, very pleased with the way the Small Business Round Table has been working.

**M. Karagianis:** I wasn't clear, in the comments from the minister, whether there is a specific term of office for those members that he mentioned — the chair, the vice-chair — and, in fact, whether there are more permanent members and, as appointees, whether there is a specific term of service for that. Are they appointed yearly or...?

**Hon. R. Thorpe:** No. Because it was new and because it is a ministerial appointment as opposed to an OIC appointment, we had discussed it amongst ourselves. And I did consult with the vice-chairs. We have left the appointments open-ended.

We expect that from time to time there will be situations.... In fact, I won't name the member of the permanent round table, but things change in people's lives. For the most part, these are very, very busy individuals. In fact, I'm in the process of having consultations with one of them that feels.... That individual would like to attend more meetings, but because of business opportunities and other obligations, they are feeling that they can't make those.... They don't feel good about just being on something and not participating.

My intention, as part of this process — which, quite frankly, has just started — is to do a review after the first year to see what people think and then see if we should move to some kind of a staggered.... I think it would be important. Should we move to a time — one year, two years, three years, whatever it may be — and look at staggering so that you could bring on fresh members with new ideas? Also, people know that they're not making a lifetime commitment, because again, these are very, very busy people.

The process of time-serving and all that is a living process now and one we're going to develop as we go forward with the inputs of staff and, most importantly, with the inputs of members of the permanent round table.

**M. Karagianis:** Minister, will the list of the members serving on that round table be made public? And will it be an ongoing public document?

**Hon. R. Thorpe:** I believe it is posted on our website. I don't want to mislead the House or the member, so I'm just getting that confirmed. I can tell you that if it isn't on the website right now, it will be on the website about three minutes from now.

I'm sure the member has taken the time to look at both our website for the Small Business Round Table

and for the PST review. I've just had it confirmed by a very dedicated staff member, Simone Decosse, who has worked tirelessly and is working tirelessly on our process, that it is posted on our website.

We also post on our website the summaries of what takes place at those meetings. This is a very transparent process. We have nothing to hide and everything to gain, because we're working with the small business community throughout the province.

**M. Karagianis:** I appreciate the quick confirmation of that information being on the website. Certainly, I have had a keen interest in the round table and its processes.

I do also thank your staff for being very, very responsive to concerns that were voiced by the Powell River-Sunshine Coast small business representatives around their ability to participate in the round table on the Island here. Staff was most accommodating in changing that time to make it easy for those businesses to attend without having to incur hotel costs and things. I do appreciate the very prompt response that they gave when I made the inquiry.

[1100]

Moving into the process around this Small Business Round Table and the participants, I know at this point that there was a somewhat awkward start in promoting the round table to the business communities so that they were able to attend. In future, will the schedules for the round table consultation processes be posted well in advance of those? I know there was a plan to have, probably, four a year, and my concern is about whether or not they're being posted well in advance so that small business can plan to attend that.

**Hon. R. Thorpe:** Thank you for that question. We actually have one tomorrow in Courtenay. One of the things that we're learning as we go along: it is important to listen, to learn and then to act. One of the things we've done for the Courtenay one is that we've taken advertisements in the local newspapers.

Madam Chair, I believe the member was a member of the Finance Committee that toured around the province of British Columbia with respect to the budget consultation process. One of the things in making sure that these are all effective is making sure that the dynamics of the groups are not so large that you actually cannot have consultation. You want to give people a fair and equitable opportunity. My commitment has been that should we get, when we.... Because we're now doing advertising, if we get an overwhelming response in community X or Y — whatever community that may be — I'm committed to going back to those communities. I'm committed to going back to those communities and listening to small business.

The member was incorrect, I believe, in saying she thought there would be four round tables a year. We have not formalized that process with respect to the consultations. By the end of next week, we'll have concluded 14, with three or four more to go. In our first round of visits throughout communities in British Columbia, I'll be surprised if we don't do 20.

That's the consultation aspect, and maybe the member was talking about the permanent round table meeting. If that's the case, that will probably meet four or five times a year to review the input from the public round tables and then provide recommendations to myself. In fact, the next permanent round table meeting is scheduled for sometime later in the spring in the Okanagan. The one after that has not been scheduled at this point in time, but we would envisage that it would be sometime in September.

Eventually, the goal here is to take all of these things we're hearing, listening to and getting recommendations from so that they can fit into the planning cycle of government, which really starts very aggressively in August-September. So that's what we're trying to do. We're trying to take this process of visiting, listening and learning into building the plans that small business needs, because our role is to be the champion for small business.

**M. Karagianis:** I suppose some of the confusion here comes about in the differentiating between the current process and the permanent round table, so perhaps the minister could actually clearly differentiate between the two processes and what the long-term difference is going to be in how they're scheduled.

**Hon. R. Thorpe:** Let me start with the permanent round table, because that was the first commitment of our Premier, and that was the first commitment that our government fulfilled. We said that we were going to have a permanent round table, and I think we actually said at the beginning that we were going to have 16 or so members. As we tried to make sure we were having representation from all parts of the regions of British Columbia, making sure we had ethnic and gender diversity, it became very difficult.

[1105]

So we have 23 members. I don't think there is a hard-and-fast rule. I think the objective here is to make sure that we have the ability to bring onto the permanent round table some of the very best, brightest and successful British Columbians to help us.

The permanent round table is looking, if you will.... They would be — for lack of a better word — a board of directors. They would help us develop policy. They will help us look at areas that we should be probing and opportunities we should be looking at.

They also participate when they can in our public consultation process. As I said, I believe by the time we end the consultation at the end of spring or early summer this year, we'll probably have done 20 public consultations. What we try to do with each one of those is that I personally have been able to get to every one so far. That is my goal — to be at every one. But I'm also pleased that at every one, sometimes both vice-chairs have been able to attend. But generally, the vice-chairs try to work out the schedule of the public consultations so that one of them is there, so that we have continuity.

Again, our permanent round table is made up of business folks from throughout the entire province.

Most of them have very, very busy schedules. So at public consultations we'll have anywhere from three or four. I think the most we've ever had at a public consultation would be six of our permanent round table. They're there to hear firsthand, just as I am, so that when we meet as a permanent round table, they've actually heard what the people in Williams Lake said or the people in Kelowna or the people in Victoria.

The member may remember that at the Victoria round table, I believe we had five or six permanent round table members there. I welcome as many of the permanent round table members who can attend the meetings because that can only help them gain a greater understanding — as it does me — on the issues, the opportunities and the possible actions we could take. So they're out there listening, just like I am, so that we can act knowing exactly what British Columbians are telling us.

**M. Karagianis:** Certainly, now I can differentiate between the permanent round table and the chair and appointees that we have previously discussed and terms of appointment and things that are yet to be finalized.

The public consultation process seems very much a parallel — as the minister has alluded — to the Standing Committee on Finance, where the committee itself has a body of work and where there is a process that is embarked upon every year. Is it the intention of the ministry to do a public consultation of this nature every year?

**Hon. R. Thorpe:** Based on our experience to date, the answer would be yes.

**M. Karagianis:** I'd be interested in pursuing that a little bit further. Is this public consultation process going to produce a report at the end of it?

**Hon. R. Thorpe:** The outcome that the permanent round-table members are looking for is to be able to put forward meaningful, actionable recommendations to government — whatever they may be.

It's government's intention and my intention as the minister and my senior staff's intention to take that information, and where it may apply to another ministry, we will work with the other ministry. I have been designated in our government to be the champion of small business, no matter which portfolio. Something might impact on other ministries. We're going to act on that. We're also going to take their recommendations, their findings and their views and put those into our other commitment, which is to build a small business strategic plan for the province of British Columbia.

[1110]

**M. Karagianis:** Certainly, the line of questioning I have seems to be unfolding, by the minister's responses to my questions.

The process that the Standing Committee on Finance currently undertakes is, obviously, to go around

the province and seek input from residents and business and interest groups throughout the province. A report is then compiled, and that is given to the Finance Minister with a series of recommendations. It is always the hope and expectation of the Finance Committee that those recommendations have a huge bearing on how the budget is determined. In some cases, some of those recommendations do impact how the budget is determined, and in others there's no relationship at all.

Is it the minister's intention to have a similar process here with a similar body of reporting information, a report that goes forward to the round table from the public consultation process? And is actual documentation to be produced?

I ask particularly because the report that came out of the Standing Committee on Finance and the ongoing reports that we will do in the future are really vital documents, both to the public and to government, to go back and refer to frequently.

The Standing Committee on Finance is currently, in fact, reviewing the consultation process, the questionnaire and how our ability to report out can be made more effective and more efficient. With that view, there are a number of similarities there. If the ministry is intending to embark on a similar kind of process, there are probably some really excellent suggestions that could be shared by the standing committee.

Will a document be produced? Will that be a public document? And will that have clear recommendations that go forward so that everyone in government can understand that process?

**Hon. R. Thorpe:** The public consultations that are currently underway — and I know the member has checked our website — clearly identify the issues that are popping up, the opportunities that business sees out there. That is already very public.

With respect to the permanent Small Business Round Table, they are going to take all of these findings. They are, obviously, probably going to be doing some other work to build priority recommendations for government for us to consider. Our ministry has been very, very open — as our government has been very, very open — and I would expect that as our process unfolds, we all have to realize that....

I think the permanent round table has met three times. The first one was an orientation, everybody meeting everybody and finding out how they do different things. It's unfolding, and as the minister, what I don't want to do is compromise or direct the permanent Small Business Round Table on their recommendations. I want to listen. I want to listen to them very carefully.

I would expect that they are probably going to put forward some priority recommendations for government to consider. I think the real essence of the process, if you will, is what has happened so far since the permanent round table was identified in November of last year and how government has acted already. For instance, it probably doesn't come as a big surprise to the

member, who is very experienced in the community and knows that we're managing success in British Columbia today on the skills training issue.

[1115]

I think, actually, the member has talked about WestShore being a facility that could provide training opportunities for aspiring chefs and cooks and things like that. That's exciting.

You know, the round table, if you go back and look at the consultations we had, talked about training. What the Finance Minister acted upon in our budget was a \$400 million commitment. One of the things that came up at some of our public round-table consultations — probably similar to what came up at the Finance Committee consultations — was the possibility of a tax credit for training. That has been acted on by our government.

Also, one of the things that has come out in different consultations that we've had is the need for ongoing infrastructure and those things. I don't see this as, if I can, a linear process. I see it as a living process that we'll be acting on, but I have no doubt that the permanent round table will come forward with some priorities and actionable items that they will want to present to government. As I said, we will take those, I'm sure, and put those into the strategic plan, which we have a commitment in the service plan to develop for small business in British Columbia.

**M. Karagianis:** I think the minister has certainly indicated that the process will be similar to that of the Standing Committee on Finance and its recommendations and relationship to the Minister of Finance in making those recommendations, but I'm sure the minister also is aware of the fact that often public expectation on having government implement suggestions and recommendations leads to disappointment.

The Standing Committee on Finance, in many of its recommendations that were not fulfilled by the budget, has been criticized somewhat for not being more of an advocate on behalf of things like PST reduction. Those were recommendations that were made by the committee, and those organizations that presented to us have voiced their disappointment that those recommendations were not fulfilled. There will be, I'm sure, ongoing interest in the reporting and recommendations to the minister from the permanent round table and from the public consultation process.

Now, one of the things you mentioned earlier — and we'll kind of skip.... I've got two questions here continuing out of this discussion. You alluded to the small business strategy that is being developed. I do see that that's a fairly significant endeavour in the future. Part of your goals and strategies for the future actually show that as being a major part of your plans for the coming few years. Can the minister discuss what the time line is for this strategy, and what resources are being put towards creating the strategy?

**Hon. R. Thorpe:** First of all, let me correct the member with respect to creating expectations and then

— in her words — not delivering on them. I think that what British Columbians really want is for governments to listen. I think they know that it's actually very difficult to fulfil every wish every day, every demand every day. Some members over there, whether they're members today or in previous positions when the government was in place, may have learned that it's actually impossible to solve and satisfy every need, every day. But what people do respect is that governments are actually elected to make decisions. Provided that those decisions are made in a fair and equitable manner, I think that's what taxpayers and citizens of British Columbia want their elected officials to do.

[1120]

I believe, contrary to the member, that the budget that was passed in the House last week actually does do reductions in PST. Let me just talk about those, if I could. For instance, we actually had a presentation by the IT Association of British Columbia at the Victoria PST round table — talked to us about the complexity of sales tax on software and labour related to software. In the budget the Finance Minister actually addressed that and provided clarity to the IT sector with respect to that issue. I think that is listening and acting.

I can say that from a machinery-and-equipment-exemption perspective, I know of two particular cases where we actually heard from British Columbians through the processes that we are engaged in, representing many other British Columbians. There were changes made to the machinery and equipment sales tax exemption which have actually enhanced that sales tax reduction for businesses throughout British Columbia.

I think the member will recall, as a member of the Finance Committee, that the auto dealers association of British Columbia was calling for an increase in the threshold for the luxury tax. I think this budget addresses that by moving it from \$49,000 to \$55,000. The primary focus and driving aspect of that is vehicles that are required in the interior and the northern part of British Columbia for families to actually go to work and do their jobs and make a living. That was in the budget.

There were also some coloured-fuel issues with respect to sales tax reductions for non-licensed vehicles — all told, out of a \$733 million tax reduction and budget, one-third of those going to small businesses, \$233 million, and the balance going to individuals. So I think, just to correct the record there, the budget and the program of listening to British Columbians and with other committees and making sure the Finance Minister hears that action was taken....

With respect to the small business strategy and development of the small business strategy, I think our service plan clearly outlines that that is a three-year process. It will unfold over three years. It will become part of our three-year rolling business plans that we as a government have initiated. Those costs will be covered from the budgets that are clearly outlined on page 14 of our service plan in the \$3.593 billion budget for the three years.



**M. Karagianis:** Certainly, the minister has a perspective on the tax incentives that were included in the budget, but I promise you the Standing Committee on Finance has heard from our consulting organizations that there is some disappointment with the things they wished to have in there. The Canadian Federation of Independent Business has been very vocal in some of their disappointment in the budget. As always, you are very right in saying that you can't please all of the people all of the time. Governing and leadership is about picking and choosing your priorities.

The point of the discussion was in outlining the expectations here of public consultation on the business round table, the PST review and my belief that many businesses will have an expectation that they will see some tangible evidence of representation of their issues to that round table.

Now, I do know that in your new service plan there is a new committee that has been alluded to, which is the revenue programs advisory committee. Could you elaborate on who that is, what that is, the expectations of that committee and what it is going to do?

[1125]

**Hon. R. Thorpe:** First of all, I am actually intrigued by some of the questions that the member is.... No, they're not questions; they're actually statements. I'm very interested to see a member of the NDP opposition advocating for tax reduction. That is an interesting concept. That's probably the start of a new beginning, perhaps. I look forward to hearing clarification on what taxes in particular the member wants reduced and to what degree. That would be very interesting.

The committee that the member talks about, the sales tax revenue programs advisory committee, is a program that has been in place for six or seven years. It meets about twice a year. I think, actually, we're meeting with either that group or a subgroup of that in the coming month or so with respect to the sales tax consultation. That review committee has been in place for six or seven years.

**M. Karagianis:** I'm always pleased to intrigue a member of the opposite side of the House. As far as your comments about the NDP asking for tax reduction, in fact, minister, I am the Small Business critic, and as such, my role is to listen to small business where they feel that a critic's role might be an asset for them. What I'm doing is reflecting those views of small business, both at the Standing Committee on Finance and in my discussions with business owners around the province, where they have expectations that government has not satisfied.

I take that critic's role very, very much to heart and am always looking to cooperatively find some solutions for the future here. I actually feel somewhat miffed that you would think that my New Democratic Party partisanship has anything to do with being a good representative of small business and a good Small Business critic.

As intriguing as you may find that, I'll continue to be a strong advocate for small business where they need a critic role here. That goes far beyond any kind of partisan leanings I have.

One of the things that I noticed in your service plan is the PST review. There was, on page 21, a reference to a review with the Finance Minister and the statement that a comprehensive consultation process will solicit input to the review. Does this refer to the PST review that you are currently undergoing during your public consultation? Or is this some new body of work that the Minister of Finance is asking for?

**Hon. R. Thorpe:** First of all, Madam Chair, I was not ever questioning the role of the critic. Having been the critic for Small Business myself, I do understand the role. Now I do understand that the member was advocating the views of the small business community rather than putting forward her own views.

The point on page 21 in the service plan. As the member is no doubt aware, we in the Ministry of Small Business and Revenue look after the administration of the tax statutes in the province of British Columbia. My colleague the Minister of Finance establishes tax policy.

What we did when our government made the commitment that we would review taxes with respect to streamlining, simplifying and enhancing fairness, in the window of a revenue-neutral manner, was that instead of two ministries working in isolation or in silos to do it, we said: "Let's have one in government." The Finance Minister agreed that this was a good concept, so I have undertaken that. What we do is make sure that the things.... We have a member of the Finance department that is a part of our working PST review group. Finance is working with Revenue division all of the time — listening, learning and refining, and looking at the inputs that are being brought forward by people throughout our public consultation process.

[1130]

**M. Karagianis:** Further on the same page, there is a statement: "The ministry is exploring the implementation of regular customer surveys across business areas." Is that, again, a new process? Are there resources put to this process? Is this something that the public might be very interested in being more aware of?

**Hon. R. Thorpe:** Currently in the ministry we do consumer sales tax branch follow-up surveys. That has been a practice that's been in place in British Columbia for a number of years. B.C. Assessment does a number of feedbacks as a result of review panels that will conclude on March 31. They've been doing that, I understand, for a number of years. We also conduct within the ministry, as most ministries do, employee satisfaction surveys. Through our customer service centre, we are always soliciting feedback.

One of the things we want to do, and I think what this item points to, is the ongoing need to make sure that government stays very conversant with its cus-

tomter base. One of the techniques that the private sector uses in dealing with their customer is ongoing surveys. I have no idea if the Small Business Round Table is going to recommend some form of ongoing survey by sector or group. I have no idea, as we move forward in the revision of our sales tax bulletins, as we work in partnership with some 60 different partners, if at some point in time one of those partners is going to say: "We'd like to do a follow-up survey."

So what we are trying to capture here is.... No, we don't have some new, specific surveys we're going to launch tomorrow, but we want to make sure that we keep our minds open. And if this is a tool we need to use, if my deputy and assistant deputies and executive directors, in discharging their responsibilities, think it's important to survey a particular sector or a particular industry group to get feedback, then I personally would encourage them to do that. I think that's how we stay in connection. It's one of the tools that is used in the private sector and one of the tools that perhaps government could be using.

I know, for instance, a number of the associations — the Chamber of Commerce, the Chartered Accountants of British Columbia, the CGAs of British Columbia, the Federation of Independent Business — use surveys all of the time to get the pulse, get the feel of what issues are important. So I just think it's.... As I said, I just highlighted four that I am aware of that we're currently using. Again, it's the fact that you just want to keep your mind open to these possibilities as you go forward.

**M. Karagianis:** I do have, certainly, a number of other questions, some of them leading into the next stages of the service plan, but the member for Columbia River-Revelstoke has some questions and has some other crunching time commitments in the Finance estimates as well. So I will at this point perhaps have him ask his questions.

[1135]

**N. Macdonald:** Thank you for the opportunity.

Just a question on Costco and some clarification for people in the border communities. The first question I have is: you were aware of the local government committee working on the cross-border shopping issue. Did you attend those meetings?

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

**N. Macdonald:** In attending the meetings, you encouraged three years of meetings for local government when you were pursuing an alternative process. The question is: why did you do that? Why did you not let them know that you had other plans?

**The Chair:** Excuse me. Member, through the Chair when you are speaking.

**Hon. R. Thorpe:** Hon. Chair, I think, actually, the question is out of order for these estimates. But I am

going to attempt to answer it, because I think I have an inclination of where the member's going to try to end up here. If it is, it's unfortunate that he is even pursuing that.

It's always good that when people have ideas, you actually form your conclusions at the end of a process, rather than at the beginning of a process. That's what government did.

**N. Macdonald:** Thank you, minister. Just further to that.... Of course, as you know, the proposal around Costco is something that border communities found very offensive, and I commend you for deciding not to go ahead with that. But what I would ask is: will you take the opportunity now, on record, to assure members of border communities that there will be no further attempts to invade the privacy of people in those communities?

**The Chair:** Member, again: through the Chair.

**Hon. R. Thorpe:** First of all, let me be very, very clear. Let me be very clear to the member from Revelstoke. Our government, our employees of the government, take the protection of personal and private information very, very seriously, and we will never compromise the protection of personal and private information of individuals in British Columbia.

**M. Karagianis:** I will move into the next stage of my questioning, which is about revenue programs. Again, I apologize if this has caused any discomfort for staff.

**Hon. R. Thorpe:** No problem.

**M. Karagianis:** Okay. Good. I am trying to keep it orderly so that they're not racing back and forth from their jobs. But I think that the member from Columbia-Revelstoke raised an issue that I wanted to pursue in a different direction: the investigation, or the failed investigation, into Costco customers.

[S. Hawkins in the chair.]

I would like to ask the minister whether there were other pursuits of a similar nature that the ministry pursued at that time. Costco became, obviously, a very well-publicized incident, but had the minister in fact been looking at a whole series of cross-border relationships or shopping practices in looking for some revenue collections?

**Hon. R. Thorpe:** First of all, let me say very clearly with respect to the situation that the member and the member from Revelstoke mentioned.... It is interesting that the member for Columbia River-Revelstoke did not mention the fact that the elected officials in the border communities have recently, as of last week, issued a release saying that they look forward to working with the government on its ongoing commitment

with small business to develop economies in those local communities. That should be acknowledged.

[1140]

In fact, I made a commitment and had a visit from the mayor of Dawson Creek a week or so ago, who asked me for some specific information about some specific economic opportunities that they thought they might have in their community. I committed to working with them and, in fact, will be meeting with them on Tuesday.

I'm very pleased that my staff, with respect to this economic opportunity, have prepared a binder and guide of information that is approximately that thick, which will assist the mayor and council in Dawson Creek to pursue economic opportunities. That is the commitment our government made, that is the commitment my ministry has made, and we're going to do that.

With respect to border communities and economic activities, we as a government listen to small business owners and operators in border communities. We actually listen to chambers of commerce. We actually listen to elected officials.

In years gone by, when the economy of British Columbia was not as strong as it is today, some of those communities had concerns. Due to tax statutes and legislation provisions for the protection of personal and private information, I cannot discuss individual tax initiatives that may go on. I'm forbidden from doing that.

You know, we have a responsibility to British Columbia businesses, British Columbia individuals to make sure that we are acting on their tips, acting on their advice, and that's what we've done in ensuring that the taxes due in the province are paid by British Columbians.

As I said back when I made the announcement, in my view, the demand notice that was given with respect to the Costco issue was wide-reaching in its requests, and although acceptable by the laws of the province, it was, in my opinion, outside the scope of government's intention to seek targeted information related to specific tax administrations. On the advice and on the actions of my deputy, I accepted the recommendations and that demand notice was stopped.

**M. Karagianis:** I understood that it was stopped. It was a matter of very public note.

My question was, specifically: were other companies also targeted in the same way as Costco?

**The Chair:** Minister continues.

**Hon. R. Thorpe:** There were no active initiatives at that time, and we are not pursuing any other initiatives at this time.

**M. Karagianis:** Could the minister elaborate on why Costco was specifically targeted at that time, of all of the possible retail outlets in Alberta?

**Hon. R. Thorpe:** As I have mentioned in this House before — and I thought I'd mentioned just a little while ago — I'm forbidden by statutes and legislation from talking about individual tax matters. I respect that very much, so I will not get into the details, other than to say that in the management of tax and moneys that are due to the province, we have a variety of sources — whether they are tips, whether they are very sophisticated risk analyses. Those are employed each and every day to make sure that British Columbia and British Columbians receive their fair and equitable tax on the amounts that are due to British Columbia.

**M. Karagianis:** The minister was very clear in saying that no other companies had been targeted and that no initiatives are underway. But I will draw the minister's attention to comments made in the *Vancouver Sun* on February 4, 2006, where the minister is quoted as saying that the ministry also requested details on any Internet purchases in which B.C. customers picked up their purchases in Alberta.

Could the minister elaborate on whether there are going to be ongoing concerns about Internet purchases?

[1145]

**Hon. R. Thorpe:** I have never, to my knowledge... I think it's a risky venture when one wants to use the newspapers as their source of research. I have not and we have not initiated any Internet-purchase tax risk analysis programs to my knowledge at this point in time.

**M. Karagianis:** Madam Chair, I will leave the issue, but certainly, as the minister is aware, it is an ongoing concern. It's certainly of more than normal interest to border communities both as to how government will address their concerns and needs and as to how initiatives of this nature will be launched in the future.

I actually do have one very specific item here that leads me to a larger question about PST revenue collections. I have here a letter, which I'd be happy to copy and give over to the minister, with some confidence. It's from a dental supply company to a dentist here in the region. I will read for you the body of the letter from the dental supply company called Germiphene Corp.:

Dear customer,

Germiphene has been involved in a dispute with the British Columbia Ministry of Small Business and Revenue over an issue that's pertinent to all health care providers in the province. It is Germiphene's position, as well as that of all other provinces in Canada, that oral health care products used in the provision of health care services should not be subject to retail sales tax.

I understand the letter goes on to talk about having lost the ruling on this dispute and having to pay retail sales back taxes to this government for a number of years.

This letter was handed on to me because this company has now pursued collections, with the dentists that they supply products to, for back PST, going back

some five or six years. Is the minister or staff aware of this issue? Can they elaborate on this? Certainly, dentists around the province are quite concerned now with this back-tax grab.

**Hon. R. Thorpe:** I don't know if the member has a consent form to discuss this information in this House, so I have no idea, Madam Chair, if the member is in fact breaking the personal and private information of that particular company. I know I have not heard of this issue. I know I do not have a consent form, but if the member does have a consent form, and the member did want to share that with me, I'd be very, very pleased to pursue it.

**M. Karagianis:** Madam Chair, I actually have a consent from the dentist that was pursued in this matter. I will be happy to turn over all the appropriate documentation to the minister to pursue this.

In the fall estimates, the minister alluded to the number of revenue streams that come into his ministry. I think at that time the minister said that there were 40-some revenue streams coming into the ministry and that there was some expectation that that might, in fact, increase. Can the minister elaborate on what those current revenue streams are? Certainly, in investigating this, I admit I've kind of lost track of what the 40-some-odd or more might be.

**Hon. R. Thorpe:** I think my recollection — if it's incorrect, I'd be pleased to pursue it with the member — is that the 40 potential revenue streams are part of the revenue-management centre of excellence program that we're currently embarking on in British Columbia. Those 40 different streams are accounts receivable streams across government. We are currently just completing the first year of our revenue management system buildup, which is expected to roll out here in the next month or two.

[1150]

My recollection is that those are 40 potential accounts receivable streams governmentwide that our goal is to consolidate in our revenue management system.

**M. Karagianis:** Noting the hour, I would request we rise, report progress and ask leave to sit again.

Motion approved.

The committee rose at 11:51 a.m.

The House resumed; Mr. Speaker in the chair.

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

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

Hon. B. Penner moved adjournment of the House.

Motion approved.

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

The House adjourned at 11:52 a.m.

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## PROCEEDINGS IN THE DOUGLAS FIR ROOM

### Committee of Supply

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

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

The committee met at 10:10 a.m.

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

**J. Kwan:** Just following on yesterday with our line of questions around procurement practices, I'd like to canvass that a little bit today. Then we're going to move to capital projects, public affairs bureau, federal transfers and then come back to Partnerships B.C., based on the information that was given to us yesterday. Anyway, we'll see how much we can get through. It's lots of stuff that we've got to deal with.

On the procurement practices, yesterday I was asking the minister.... She has committed to provide us with a list of the audits on procurement practices. The list will detail the date and the ministry. I just want to be clear that the list would be for procurement practices audits. I just want to be clear about that. I'm not talking about a list that comes back that says: "On this date with this ministry, there was an audit done."

**Hon. C. Taylor:** Yes, that's correct. We will provide you with the list of the procurement audits.

**J. Kwan:** And then on that.... No, I'll just leave that. Okay, thank you very much. I'll leave that for now.

There was an audit done, and as minister noted yesterday, it was released through an FOI request. It was the procurement governance office's cross-government procurement review — phase three of that audit. I would like to turn to that audit and ask the minister some questions around that. Which ministries and agencies were included in this review?

**Hon. C. Taylor:** It will be easier for me to give you the ones that weren't included, because there were basically all the ministries except CAWS; Competition, Science and Enterprise; Energy and Mines; Public Safety, Solicitor General; Attorney General, treaty ne-

negotiations; and Office of the Premier. All of the other ministries were included.

**J. Kwan:** The ministries that were excluded, then, for the review.... Why were they excluded?

**Hon. C. Taylor:** The ministries were excluded because similar contract reviews were currently going on in their ministries, so we felt it would be duplication.

**J. Kwan:** When the minister says "similar contract reviews," there were procurement practices reviews existing at that time with each of those respective ministries?

**Hon. C. Taylor:** As we mentioned yesterday, there are various ways we're doing this. Some of them were spot checks. Some were part of the overall cross-ministry review, so it was being done by us. Internal audits were already being done by those five ministries, so there was no point in including them in this cross-ministry one as well.

**J. Kwan:** Then I assume that it's the same time frame, same review that was being done, so those five ministries were then excluded. Presumably, then, the results of those ministries' reviews would be FOIable.

[1015]

**Hon. C. Taylor:** Yes, they will be on the list of procurement audits that you have asked for and, therefore, would be FOIable.

**J. Kwan:** How long would it take for us to get the list of audits — for the ones that have been done, first — and the ongoing ones coming down the pike?

**Hon. C. Taylor:** It's simply a matter of us compiling them — so certainly, by the beginning of next week.

**J. Kwan:** Thanks very much. I appreciate that from the minister.

From this procurement review phase-three document, what ministries are in violation of the government's own procurement guidelines?

**Hon. C. Taylor:** They're actually not broken down by ministries. It was by types of issues or, where there were problems, for instance, whether it was a direct award or what that issue was identified as.

**J. Kwan:** Yes, according to the FOI document, that's what the information provided. But surely the minister knows which ministries are in violation of the procurement practices within the government. It would be very important to find that out and to follow up on it, I would imagine. Somewhere in the ministry I would expect the government has that information. I understand if the minister doesn't have it at the moment, but if I could, then, get the minister commit to providing that to the opposition?

**Hon. C. Taylor:** We'll be happy to pull that information together for you. But I must say that this was a cross-ministry sample, so it's not every contract that was ever let. Also, for the issues that were identified.... No ministry got a failing grade, for instance. There were best practices. Some were there, and some were identified that could be improved. So we will pull that together for you.

**J. Kwan:** I would appreciate that. And fair enough, I suspect there wasn't some sort of grade for each ministry. It's fair enough, also, to say that it was a sampling of the different ministries that contract procurement practices. But the findings do indicate something quite alarming.

For example, in the '04-05 period 60 percent of the ministry actually met the criteria; 16 percent did not meet the criteria; 23 percent in the findings.... For example, one was able to conclude the findings, and that's in the area of planning. In the area of solicitation, again, the criteria that was not met shows, according to this document, 12 percent. The criteria was not met, and then 12 percent it was unable to conclude and so on.

I don't want to take the time to sort of go through the findings of this report. But if we could actually get the ministry, along with the information around the contracts that were in violation.... That would be very helpful, because at the back of the document it also shows, in the various charts, the percentage of the contracts in the description of the type of the award — which ones met the criteria, which ones didn't and so on. So really, identifying — with that information — which ministry was in violation and with what contract would be very useful and helpful. I thank the minister for agreeing to provide that information to the House.

[1020]

Could the minister also provide the dollar amounts attached to these contracts that were in violation, similar to the information that the minister provided under Partnerships B.C.? The information was the contractor that was listed, and then also the amounts paid. Now, this document doesn't talk about whether or not procurement practices were violated or not. I'll just set it aside for a moment. But in these instances where the procurement practices were violated, I would also appreciate knowing which company and the amounts associated.

**Hon. C. Taylor:** We will release, as we have done with public accounts, of course, every year. It has to be, as we talked about yesterday, subject to being FOI'd. It has to pass the FOI test in terms of privacy, so some information may be severed, just as any FOIable document is done.

**J. Kwan:** Am I understanding the minister correctly that she will provide the information? And I understand that some information would have to be severed. I fully understand that, but we will get the information. We don't have to put in an additional FOI request in

order to get it? Am I correct in understanding the minister?

**Hon. C. Taylor:** No, I'm not suggesting that you need to do an FOI to get the names of the companies. We will get that information for you, but we will have to make sure that it passes the test.

**J. Kwan:** Fair enough. And along with the dollar amounts for the contracts? Okay, great.

All right, I wonder if the minister could explain to me in this document where it talks about contracts or transfer agreements that fall under the categories listed as significant procurement policy compliance issues, and then underneath that it lists the categories of criteria not met, criteria unable to conclude. Could the minister please tell this House what that means when it says "criteria unable to conclude"? Why is that?

**The Chair:** Can I remind both members to direct their questions and answers through the Chair.

**Hon. C. Taylor:** Hon. Chair, through you to the member, when you do audits, of course you're dealing with the documentation that's there. You're looking at the past, so where it says "unable to conclude," that would have been because some documentation was missing.

**J. Kwan:** When you say documentations are missing, does that mean that the records are not available, or does that mean that the people who are doing the work to try to do the audit cannot access the information?

**Hon. C. Taylor:** We have full access to all the documentation, so it's not a question of access. But for instance, there may have been a form that wasn't filled out or an explanation not given for a direct award, so "unable to conclude" means that all of the steps were not there in the documentation process.

[1025]

**J. Kwan:** In the document itself it states, for example, that the following areas of concern were identified: inadequate planning demonstrated by the lack of cost-benefit analysis. The review found evidence of cost analysis only a quarter of the time. Inappropriate application and inappropriate documentation of direct-award criteria. Only 54 percent of the contracts examined were direct-awarded with proper justification. Improper use of contract amendments. In some cases this resulted in high-value multi-year agreements. Unclear contract deliverables, creating the risk that outcomes may not be satisfactory. Poor documentation of contract monitoring and performance evaluation.

These are, I would say, significant in terms of the findings and its violations of the government's procurement practices. I'd like the minister to comment on that, please.

[B. Lekstrom in the chair.]

**Hon. C. Taylor:** These issues are significant. In fact, we're very pleased with the changes we have made as a government. In 2002, starting the whole procurement review initiative was a very important way of saying we're not sure that everybody would be following all of the rules that we think are important in government. Also, we're not sure that all of the rules are up to date and easy for the people who are doing the procurement to understand. So the whole policy was revised.

This internal audit, which we're talking about today, was done shortly after the new policies were in place. The good thing about this particular audit is that it shows how much progress was made very quickly, within that first year, on getting compliance improved. In just in a year we went from 41 percent insufficient documentation down to 20 percent. Audit criteria were met — 63 percent of the files, up from 49 percent. So great improvement was made.

However, there were findings there that we regard as significant. In the past, though, I must say we wouldn't even have known that these procurement policies were not compliant, because this kind of analysis had not been done. Therefore, we take it seriously — this audit. With each situation where there was found to be either insufficient documentation or perhaps some rule was not followed, the ministry and those involved were spoken to about it. It was explained what the policy procedure is.

We have also implemented training for those who are doing our procurement across government, and this is the only jurisdiction in Canada that actually does this kind of public procurement training. So step by step, we are getting better.

It's good that none of the examples that were found were shown to be anything that suggested sort of conflict of interest or fraud. It was lack of proper documentation. In one case there were multiple contracts that should have been considered as one contract. So we're very hopeful that the next internal audit we do shows significant improvement again. I guarantee it won't be perfect, but I think that step by step, we are improving the procurement process within government.

**J. Kwan:** I suppose it's sort of like a good-news, bad-news story. The good news is yes, there's some improvement. The bad news is that the things that are not doing very well or the things that are in violation of the procurement guidelines, the government's own guidelines, are still happening. I guess it depends on how you look at it — right?

From a taxpayer's point of view, certainly I think they have some expectations. Certainly I think people would find it alarming — the findings of the procurement review itself. The minister herself acknowledged that there are some findings that she would deem to be significant. I wonder if the minister can actually put on record: which findings would she find to be significant in terms of concerns with respect to violation of the government's own procurement guidelines?

**Hon. C. Taylor:** It is important to say again, of course, that there is no fraud. There is no misuse of

taxpayer dollars. But I do regard it as significant when policies are not followed — for instance, the awarding of a contract exceeding \$25,000 to a contractor from a prequalified bidders list, for sure. That was done rather than soliciting a minimum of three bids from the list. That was pointed out, and the ministry was talked to about that.

[1030]

A contract valued at \$227,153 was directly awarded on the basis of sole-source provider, but they didn't actually post the notice of intent to verify the justification. Every step of the way, depending on the value of the contract, there are procedures that must be followed. On this one what they didn't do was post a notice of intent.

Then one we've alluded to earlier: three contracts with one supplier, totalling in excess of \$200,000. Each individual contract was under \$100,000. Again, this is not proper. We don't want this to happen, where you have three contracts just under the \$100,000, but in total they are in excess, so they follow different rules.

It was important to point these out, and it is important to keep following up, not only with audits but with training to make sure that all of the government employees who are involved in procurement really do understand the rules and the reasoning behind the rules.

**J. Kwan:** The items I have listed just earlier with respect to violations: inadequate planning demonstrated by the lack of cost-benefit analysis, for example, where evidence shows that cost analysis was only done a quarter of the time; inappropriate application and inadequate documentation of direct-award criteria, where only 54 percent of the contracts examined were direct-awarded with proper justification; improper use of contract amendments, which the minister identified as multi-year contracts rolled into separate contracts and so on; unclear contract deliverables, creating the risks that outcomes may not be satisfactory; poor documentation of contract monitoring and performance evaluation. That's what I listed out earlier.

To add a few others that I would say ought to be a concern for the government.... The findings show that an absence of cost estimation resulted in the need for an amendment to address contractor expenses; three separate contracts which the minister did mention with the same contractor that should have been awarded as a single contract, where planning would have foreseen the need for additional inputs and outputs, if planning was done; a potential contractor that designed a research project proposal and was subsequently awarded the contract directly. That almost borders on conflict issues, although I don't know the details of it, and I don't want to allege that until I have the details. But that doesn't sound very good to me.

Then it goes on to say in the area of solicitation: "Adequate planning of solicitation methods to ensure contractors are not given preferential treatment resulting in unfair award practices was an area of concern that was identified. Contracts which were written just under thresholds of \$50,000 or \$100,000 to avoid solici-

tation requirements and later amended above those thresholds...." To get around the rules, in other words, is what was done, it seems to me.

The awarding of a contract exceeding \$25,000 to a contractor from a prequalified bidders list, rather than soliciting a minimum of three bids from the list — from the government's own guidelines. A contract valued at \$227,153 was directly awarded on the basis of sole-source provider without posting a notice of intent to verify the justification. Three contracts with one supplier having the same outputs, totalling in excess of \$200,000, with each individual contract under \$100,000 — this, too, violates the policy and agreement on internal trade.

These concerns that I have itemized: I'm wondering whether or not the minister would agree or would deem these violations as significant.

**Hon. C. Taylor:** Absolutely, and that's why we're doing this comprehensive and intensive review. It's why we've increased the staff who do internal audits. It's why we've increased training. I agree absolutely.

[1035]

It's very important that we make sure our procurement policies, our best practices, would match the private sector or any government sector. I think the initiatives we've taken have been the right ones. This audit from 2003-2004 was right after the new policies were in place, and we've got some work to do. That's what we have been aggressively training and doing.

**J. Kwan:** I'm glad that she agrees with these concerns. I wonder.... The minister earlier said, though, that she did talk to a minister about one scenario, particularly, that she had itemized. If the minister could please tell this House: who is that minister? What other ministers has the minister spoken to with respect to violation of procurement practices guidelines within the government?

**Hon. C. Taylor:** It is the internal audit people within Finance who speak to the ministry to make sure that they understand what was wrong, what was missing and how to do it properly.

**J. Kwan:** Thank you very much, but the minister also said that she spoke to a minister herself. That is what she said earlier. We can check *Hansard* on that and see what she actually said. I thought I heard the minister say that she spoke to a minister. Is the minister saying that she did not speak to a minister with respect to these issues and only relied on staff?

**Hon. C. Taylor:** No, I have not spoken to any minister about these contracts. It's not my job. It is internal audit who have done that. They have talked to the ministry, and we will be giving you the list next week of where those ministries are.

**J. Kwan:** If the minister says that she hasn't spoken to the minister.... The minister, I take it, is not intending to talk to the ministers around these violations and

simply relied on staff to undertake that work. We'll be awaiting that list to see which ministries are in violation, which contracts are in violation and the dollar amounts associated with them.

I also wonder whether or not in that list.... Could the minister please identify, though, which of the issues they actually violated so that we get a clear sense of where the violations occurred within government?

**Hon. C. Taylor:** As we said earlier, we will give you the list. We will do it in a way that matches the format of what we've put out in public accounts, but we'll also make sure that it would be of the standard of FOIable.

**J. Kwan:** I want for us to make sure to get the information in the way that one could actually, by looking at it, answer some of the questions that were raised as a result of the review — meaning the ministries, the contracts that were in violation: what they did actually violate and the dollar amounts associated with it. Without that information, it really doesn't paint the picture clearly, and I think it's in the best interest of British Columbians for us to know what's going on.

I do thank the minister. I appreciate that the minister may have to make sure that it comes in the format that is consistent with what they already have. As long as the information is provided accordingly and subject to FOI guidelines, I'm fine with that. I thank the minister for the commitment to providing that information.

That was a review of 84 contracts. Does the minister know how many contracts there are within the government, across government, under procurement practices? I'm just trying to get a sense of the percentage of what we're looking at here.

[1040]

**Hon. C. Taylor:** This, you would understand, is obviously an estimate, but about 20,000 contracts.

**J. Kwan:** So 84 out of 20,000 contracts were reviewed by spot checks and so on, yet the findings are quite alarming, really, with the percentage of violations that took place. That's also another significant piece here. The audit that's underway now: how many contracts will they be reviewing?

**Hon. C. Taylor:** It's 86.

**J. Kwan:** So 86. I guess that's two more contracts than what was done two years ago or what was done in the last review, which was two years ago — that's right, in 2004. Is the minister intending to expand the number of reviews to see whether or not we can get a better gauge here in terms of what's going on, or are we just always going to stick to the 80-ish number out of 20,000 contracts?

**Hon. C. Taylor:** We follow what we believe are best practices in audits. We try to choose the contracts that are the most complicated and might have issues in

terms of documentation, so we believe that we're following good practices here.

**J. Kwan:** It's a very small percentage of contracts being reviewed out of 20,000 every two years. That's a percentage of — what? — 0.0043. It's not even close to half a percent. I would venture to say that perhaps that number needs to increase to get a real sense of what's going on with respect to procurement practices. Hopefully, the more you do, you'll find that more ministries are actually complying with procurement practices. But we don't know that, so I reflect that. I'd like to ask the minister this question, though: the 86 contracts that were selected — is it all just random selection?

[1045]

**Hon. C. Taylor:** This cross-ministry review, of course, is on top of all of the spot reviews we talked about before — or if a ministry specifically asks for an internal audit to be done of a certain area or contracts — but it isn't completely random. It is across these ministries, but we do try to pick out the contracts that we think would be the most difficult and the most complex.

**J. Kwan:** Is there a set of guidelines that guides the ministry's office in picking out these contracts?

**Hon. C. Taylor:** We don't have the criteria here with us today, but we'd be happy to get them to you.

**J. Kwan:** I would appreciate that from the minister. Do we know, then, of the 86 — and formerly 84 — contracts that were selected for audit, what percentage of the ones that had been selected are based on random selection? And what's the percentage of the ones that the ministry applies the guidelines to, to say: "Hey, we need to look at these many contracts out of the 84, based the guideline application"?

**Hon. C. Taylor:** It's almost the opposite of that. The department tends to look at general areas where they think there might be either large or complicated contracts or risk contracts and then does a random pull from those particular areas.

**J. Kwan:** Is it possible for anyone to...? The ministries could request for a contract to be reviewed. Could anyone else request that a contract be reviewed?

**Hon. C. Taylor:** Typically, of course, it would be the minister or the managers within an area that might make the request. Certainly, anyone — in cabinet, for instance, government — who would want to make that request could, within the staff level of government. They could make a request. In fact, I would have to say to you that if someone wrote to me with a specific complaint or concern, you know, I would feel obligated to make sure that that got investigated too.

I would say to you that it's a pretty open process. That doesn't mean that if we were swamped with ev-



everyone asking for an audit of every single thing, government would be able to handle that. But in terms of where there are possible problems or issues, of course we investigate.

The other thing we have set up is a vendor complaint process, which didn't exist before. If there is someone in the community who is unhappy about a particular contract or if they feel that they weren't treated fairly, we have a process set up where they can immediately get into the system and have their complaint reviewed.

**J. Kwan:** I appreciate that, because there may well be some requests to the minister, then, for review of contracts and for an audit of those kinds of contracts.

The minister mentioned the vendor complaint process. Where is that information available?

[1050]

**Hon. C. Taylor:** This is run through the Minister of Labour's department through the procurement services area, and it's done on line, so it's a very open process. But the minister would be able to talk to you in more detail about how that works. It's run out of his ministry.

**J. Kwan:** We will canvass that with the Minister of Labour and also go to the Web to see if we can pull that information down. Thank you to the minister for that.

The minister mentioned that they have stepped up the resources within the ministry to do reviews, and I believe yesterday the number the minister gave me was 58 internal audit staff across government, and then seven people are doing internal audits within the Ministry of Finance. I think the minister said 50 last year, if I'm correct in remembering that number. I don't have *Hansard* in front of me, but I think that's what the minister said. Am I correct?

**Hon. C. Taylor:** It was 50 last year and 58 at the moment, moving up to 60. But if you are interested in the number of staff that's been increased since 2001, when this procurement review process started, we will look at that number as well.

**J. Kwan:** Yes, thank you very much. I would appreciate that information.

So with the staffing — the training associated with it, I guess, across government — in terms of procurement practices, is there a budget set aside for that training?

**Hon. C. Taylor:** This one is funded through the employee learning services in the Public Service Agency, so that would be under Minister Ida Chong.

**J. Kwan:** We will then ask the minister responsible for that information, in terms of what the budget is for that. The other thing is, I guess, that presumably the minister knows, though, what that budget is. Is she satisfied with what is being done by her colleague —

given that she's responsible, with all the procurement practice challenges and trying to actually get across government for everybody to do and abide by the guidelines the government has set out? Is she satisfied with the budget that's been set aside and the program that's in place in addressing these issues?

**Hon. C. Taylor:** We are very pleased with the takeup that we've had on this training for procurement. As I mentioned earlier, in fact, we're the only area in Canada that is doing this public procurement training, and it's one of the reasons why we've now received an award for leadership in public procurement.

This is a work in progress. There's lots of work still to be done, as the internal audit has shown, but we are pleased with the progress we're making and the fact that everyone has bought into the idea that it is important public policy to make sure that we have a good procurement system, procurement training and procurement policy.

**J. Kwan:** I think what the minister said, then, is that she is satisfied with what her colleague is doing in her ministry with a budget that she has set aside for the training components. I don't want to put words in the minister's mouth, but I just want confirmation on that. Am I right, or am I wrong?

**Hon. C. Taylor:** I'm very pleased with the work that we're doing in procurement training.

[1055]

**J. Kwan:** I take that to mean that the minister is satisfied — and I'm sure the minister will get up and correct me if I'm wrong and I'm putting words in her mouth — with the minister responsible, which is the ministry.... Gosh, it used to be CAWS. The Minister of Community Services?

Interjection.

**J. Kwan:** Correct. It is the Minister of Community Services. My apologies, Mr. Chair. I was perplexed for a moment, because the names of the ministries change constantly. Ministers' positions change constantly too, I might add. That minister actually used to have Advanced Education but now is the Minister of Community Services.

I take that to mean that the minister is satisfied with the budget that's been set aside by the Minister of Community Services for training for procurement practices and that she's satisfied with the program that is now in place within government. If I'm wrong, I'm sure the minister will correct me.

Let me ask this question specifically, though. The procurement policies and procedures manual does not appear to be offering specific cost-benefit training. This was a major issue, which the minister also agrees is a major issue, that's been identified from the review. Is there specific cost-benefit analysis training for staff to ensure that that work is done when one engages in

signing on contracts in the procurement practices of government?

**Hon. C. Taylor:** The individuals we're talking about, of course, in Finance have a background that would already be literate in these areas of cost-benefit analysis. The training is also done through the Finance Ministry if individuals are interested in extra training, whether it's in cost-benefit analysis or any other area of finance. We are working very hard to make sure that training courses are available.

There are a number of directions from which an employee could get extra support or training in this area if they felt they were weak in it. Most people who come into Finance would already be certainly conversant and aware of cost-benefit analysis.

Often what happened with the internal audit... When it identifies this issue, it's just that the forms perhaps weren't filled out or weren't filled out properly. In starting a whole new system — and this is a very important new system that we have brought in as a government — it takes some time to get everybody understanding all the steps along the way to make sure that our procurement is done properly.

**J. Kwan:** If the issue is just as simple as the fact that people are not filling out a form, I suppose that's one thing. But the fact that it appears, through the audit, that findings were that no cost-benefit analysis was done, that's another thing.

The government, I know, likes to claim that they are very accountable and that they are good managers, and they continually talk about how they manage taxpayers' moneys well and how they ensure that there's value for money. If you don't even do a cost-benefit analysis, how could you be certain that you're actually getting value for money — if cost-benefit analysis is not done? How can we be sure of that? How can taxpayers be sure of that?

I'm very concerned about it from that point of view. I'm very concerned about it from an accountability point of view and from a management point of view. I would assume that the minister is also very concerned about it. If the minister asserts that people are trained up to do that, then it really begs the question: why is it not done? I don't think it's that complicated to say: "You know, when you actually procure a contract in that process, you want to make sure that you do a cost-benefit analysis."

[1100]

The other issue that was raised, for example — that you want to actually have good documentation of performance evaluation... If you don't actually document it, if you don't actually follow through on the product to see if you've received the product that you pay for... How could the government have confidence, to be frank, that they've spent good money to get the outcomes that they have set out when they don't know whether or not they actually got the outcomes? That's the issue — isn't it? — because we don't know. The fact is that we don't know, if that information is not there.

It's not just as simple as documentation. It's actually about doing that work and demonstrating to British Columbians that there is value for money, that the outcome expected has been listed and identified and measured against it at end of the contract, to see that they got the outcomes and whether or not the performance is actually there.

The government is very fond of performance reviews, and they talk about them endlessly. They show up everywhere, but it's funny that it doesn't show up in procurement practices in a lot of the instances, as identified by this internal review. That's troubling for me, and it doesn't speak to good management. It doesn't speak to good accountability. Quite frankly, it raises a lot of concerns with respect to confidence, really, for British Columbians — whether or not they should have the confidence that the government wants them to have with respect to the government's management of taxpayers' money.

Now I want to just very quickly, though, also ask about another area of procurement practices, and that's VANOC within the government. I expect that... Please correct me if I'm wrong on whether or not procurement practices for VANOC fall under the Ministry of Finance.

**Hon. C. Taylor:** No, it does not. It's an independent agency.

**J. Kwan:** So the questions related to procurement practices for VANOC would fall under the Minister of Economic Development — is that correct?

**Hon. C. Taylor:** VANOC is independent of government.

**J. Kwan:** But we do have a minister responsible for the Olympics. Whether they are independent from government, in the sense in which the government had set up the system to make sure that VANOC is outside of the government so that they could avoid a variety of accountability measures, such as the FOI guidelines and so on.... Set that aside for a moment.

It is still taxpayers' money that we're talking about, of which they're expending a significant sum for the 2010 games. I would think that the Minister of Finance would be concerned about that because she is the head of the corporation in terms of managing the finances of government.

She's telling the House that she's not responsible for procurement practices for VANOC. Somebody in the government ought to be, I would expect. Would that be the Minister Responsible for the Olympics?

**Hon. C. Taylor:** The Minister of Economic Development has, of course, the Olympic secretariat within his ministry, so any questions regarding the Olympics should be asked during his estimates.

**J. Kwan:** Just to be sure, because procurement practices fall under this ministry and this minister, and the

minister is saying that procurement practices relative to VANOC do not fall within the Ministry of Finance's area of responsibility. Because there is a minister responsible for the Olympics, then I would expect that procurement practices and this responsibility for VANOC would fall under the minister of Olympics. Am I correct in understanding that?

**Hon. C. Taylor:** VANOC is an independent agency. I'm sure that the Minister of Economic Development would be happy to talk about the responsibilities of the Olympic secretariat.

[1105]

**J. Kwan:** I take it that that means the questions around procurement practices for VANOC are the responsibility of the Minister Responsible for the Olympics. The minister recited — I guess, two or three times now — that VANOC is an independent organization and that there is a minister responsible for the Olympics under the secretariat. But I'm not sure if she actually answered my question, so I'll give it one more shot. Subject to the minister opposing or stating categorically that I'm wrong, I assume that that is in fact correct — where the procurement practices on VANOC should be referred to the Minister Responsible for the Olympics. I do think we need to review that, and it is a significant component of it.

The other question I have is this. If one wrote to the minister requesting that an audit of VANOC be done — albeit an outside organization, but nonetheless, significant government moneys are being expended with VANOC — would the minister undertake to do such an audit?

**Hon. C. Taylor:** The Auditor General is currently doing a review.

**J. Kwan:** I'm sorry. I was distracted for one minute. My colleagues are very eager to ask the minister questions, and we were just trying to line up the time line there. I missed the minister's answer. I apologize. What was it?

**Hon. C. Taylor:** I'll wait until they don't distract you anymore.

The Auditor General is currently reviewing VANOC.

**J. Kwan:** For procurement practices?

**Hon. C. Taylor:** I have no idea of the extent of his review. I just am aware that he has said he is going to do a review of VANOC.

**J. Kwan:** Actually, the Finance Committee went through quite an extensive debate about the Auditor General's work. The Public Accounts Committee had as well, but we won't go there.

I'm being very specific here around procurement practices. Earlier the minister said that she would un-

dertake to consider audits if requests were put to her around contracts and so on. So if one were to put forward a request to the minister around a review of procurement practices with VANOC, would she undertake to do that work?

**Hon. C. Taylor:** I have no jurisdiction over VANOC. It's an independent agency.

**J. Kwan:** The Minister of Finance is responsible for procurement practices across government. VANOC is using significant public funds, albeit the government deemed that VANOC should be an independent organization.

The minister is saying that she would not undertake to do an audit of procurement practices within VANOC? Am I hearing this correctly? Is this a good way of ensuring that there is accountability with significant government dollars, around VANOC?

**Hon. C. Taylor:** Hon. Chair, same answer: VANOC is an independent agency, and I have no jurisdiction over VANOC.

**J. Kwan:** I do find that shocking. Basically, her answer is no. What I understand is that she will not undertake to do an audit of VANOC, even though she has a responsibility for procurement practices. That's dismaying, actually, because there are a lot of concerns there around procurement practices with respect to VANOC.

I guess we have to ask the Premier that question, because the government, under the leadership of the Premier, created VANOC. He would then have to take the questions around procurement practices with VANOC.

At this point I'm going to pass the floor over to my good colleague the member for Malahat-Juan de Fuca.

[1110]

**J. Horgan:** I thank my esteemed colleague the Finance critic. I think perhaps the minister might want to take a moment and grab her public affairs staff, because the line of questioning I hope to follow is to get some answers with respect to that agency. I see the minister's deputy is on the way, so perhaps I'll just start asking and see how we go.

**The Chair:** Possibly we could just give it a few seconds.

**Hon. C. Taylor:** Just clarification for the record, before the member opposite leaves. The complaint process we talked about also comes under the procurement office within Finance, but it's associated with the Minister of Citizens' Services, so it has kind of got a dual hat there. When the member asked the question, our response was that it was completely over in that ministry. But I've been told by the comptroller general that in fact, under the procurement office, we oversee the customer complaint review.

**J. Horgan:** It's a great opportunity for me to perhaps shed some light on the openness and transparency we hear so much about from the government side. You'll recall, minister, that last fall I asked a series of questions of the minister with respect to PAB, and four months later — no, three months later, to be fair — I received a letter.

I asked for names and qualifications of individuals that had been appointed by cabinet to the public affairs bureau, and I received an org chart that demonstrated to me that there were X number of positions in various silos — no names, no qualifications. I have read the rationale provided by the minister, and I will be meeting with the Privacy Commissioner this afternoon. It's unfortunate that timing conspired against my having his opinion on this matter before I started asking questions, but nonetheless, I'm hopeful that I'll be able to get back to her on that in the fullness of time.

I'm looking at the core business areas of the public affairs bureau, and at the top of the document it says it is supported by 216 FTEs and \$34.7 million. This document accompanied the budget documents. The minister will be familiar with it. Yet the month before, I was advised that there were 203 FTEs. So since the time I received the belated correspondence with my questions from the fall, there have been 13 new FTEs added. Could the minister explain how that happened?

**Hon. C. Taylor:** The difference is that the new ones come in under the '06-07 budget.

**J. Horgan:** So then the minister is saying that there's a net increase of only 13 FTEs from last year to this year?

**Hon. C. Taylor:** It is 14: two coming in from Land and Water, and then 12 new FTEs.

**J. Horgan:** What are the two doing, coming in from Land and Water?

**Hon. C. Taylor:** Of course, Land and Water has been wound up. These individuals who are experts, in fact, in these areas are now going to be used in terms of the communications for forestry and the environment.

**J. Horgan:** If they are in fact experts, is it possible for the public to see their qualifications, or are we to leave it to the minister's discretion that they're experts?

[1115]

**Hon. C. Taylor:** We were responding to the concerns of privacy issues. Now that I know that the member opposite is having a meeting with the commissioner, he will be able to give the best answer to this as to why that becomes a privacy issue.

**J. Horgan:** I guess one of the reasons I wasn't able to get names with this organization chart, even though I could look in the phone book and get it.... It's in the interests of openness and transparency and helpfulness

from the public affairs bureau, no doubt, that I got a blank sheet. It could also be that since January there have been 20 order-in-council appointments to the public affairs bureau. That's a pretty hefty pace. That would be, like, 10 percent of your complement that's been appointed since January. Why the turnover?

**Hon. C. Taylor:** There have been 25 people who have left for a variety of reasons. This is a replacement process as we go through the difficult issue of finding, you know, good people for government.

**J. Horgan:** Well, it doesn't seem to be difficult to find Liberal youth to fill these positions. I refer, perhaps, to the minister's own director, Robert Pauliszyn, I believe, who was a former ministerial assistant to the previous minister. I would desperately like to know what his qualifications for the position are. Perhaps I'll get that at another time.

We've also got the events planning department or branch. There are a number of former executive assistants, ministerial assistants. Is it possible that the rapid turnover is a result of young Liberals coming into the system and then progressing on to more senior positions in government?

**Hon. C. Taylor:** Certainly, young people, and many of these are young people.... Of course, to me everybody is young. A lot of young people do move around. I come from the communications world, and I know that after three or four years in a job, it's not unusual to be moving. If they see an opportunity that is a way to either enhance or advance their career or give them experience in a different field, it's quite normal that people do choose to do that.

**J. Horgan:** I don't doubt the minister and her comments, but as a member of the public, I see 20 people hired, I believe, without a process that included the Merit Commissioner. These were direct political appointments from cabinet. This has been going on for a number of years, and there's a 10-percent turnover every couple of months.

Where are these people going? Are they going to senior positions in government? I know there are MAs, EAs and CAs that rapidly go through the system. Mr. Pauliszyn is a classic example of that. There are Barb Ewens, Sheryl Exton and Cheryl Maitland, former CA to the Premier.

Let's talk about the events planning branch for a moment. What is it that they do on an average day in the events planning division?

**Hon. C. Taylor:** In a government this size, there are a lot of events that happen in various ministries. We've recently had the conservancy announcement, which was a major event. I've personally had the budget lockup event, which just happened a couple of weeks ago. We do have a corps of experts within public affairs that helps all other ministers, the Premier and me, of

course, when we do have specific events that we have to plan and organize.

[1120]

**J. Horgan:** Knowing only that Cheryl Maitland was a former CA to the Premier, what expertise could she possibly have coming from that position to this position? In the absence of any other knowledge, I'm left, and the public is left, to assume that this is a purely political appointment. You're filling up a building in government with political hacks.

It's not an unreasonable question. If these people are qualified, why won't they tell us what their qualifications are?

**Hon. C. Taylor:** I don't want to take personally such comments against all of my staff. I think it's quite disgraceful to say with a broad sweep that the people who are in public affairs are not qualified individuals. They are talented. They are qualified. They have expertise. Despite my years in broadcasting, I am constantly learning from them. I'm proud to work with them, and I think that it's shameful to be so disparaging about people who work in the public sector that way.

Interjections.

**The Chair:** Members.

**J. Horgan:** Listen, I can recall the member for Kamloops–North Thompson bellowing some years ago on this very subject. I won't take it as a slight to me when I'm asking not.... I'm not suggesting that these individuals aren't qualified. I'm asking what their qualifications are. There's a significant difference, and I know the minister knows that.

The public, I would think, have a right to know who cabinet is appointing to these senior positions in government and what their qualifications are. I have no doubt that they're working very hard and diligently to advance the goals of the government, and that's appropriate. All I'm asking is: who are they? What are their qualifications?

**Hon. C. Taylor:** We will certainly give you all the names, if it's the names that the member is asking for. Before, we were prevented from giving out full résumés by the idea of privacy and what that involves for public servants. I know that the member opposite is going to have a meeting with the Privacy Commissioner on this issue, and if there's different advice, I'm happy to hear different advice.

**J. Horgan:** I do want to stay on this just for a moment, because I certainly did not suggest that they were unqualified. I did not suggest that they didn't work hard. I suggested that I as a member of the public, my neighbours and the people in my community have no idea what's going on in the Douglas Building. All we know is that every month or so there are another 20 people hired. We don't know if they have any

qualifications. We don't know where they come from. We don't know what they do.

It's not unreasonable, I believe, to ask these questions. I know it's a strain for the minister to think about these things, but I think it's appropriate, and it's what the opposition should do and has done in the past.

**K. Krueger:** They're so good that the private sector keeps hiring them away.

**J. Horgan:** New lobbyists — that's what they're hiring.

I'd like to ask the minister what responsibilities directors have with respect to budgets and staffing.

**Hon. C. Taylor:** I assume that the member is talking about directors of communications.

**J. Horgan:** Yes.

**Hon. C. Taylor:** The directors of communications do work with our director of operations and human resources in talking about what hiring will be done, but the budgets are managed centrally.

**J. Horgan:** Are panels put together by the director of human resources? And if so, are those directors of communications who are going to be having these individuals report to them part of those panels all the time or only some of the time?

**Hon. C. Taylor:** There is always a panel. Usually the director would be part of that panel, but sometimes they may wish to delegate it to someone else.

[1125]

**J. Horgan:** What other responsibilities do directors have with respect to the staff that are below them? If they don't have a budget and they're not exclusively responsible for collecting a complement of staff, what other activities would they undertake during the course of an average business day?

[H. Bloy in the chair.]

**Hon. C. Taylor:** The directors of communications are responsible for managing their department. That means everything from issues management to helping identify events that might be coming, getting information that might be needed and doing press releases. They run their department.

**J. Horgan:** What interactions would those directors have with issue management groups that may reside in the Premier's office? Are there regular consultations — on a daily basis, weekly basis? Are there meetings that take place for a period of time, with agendas?

**Hon. C. Taylor:** The directors of communications would meet with the deputy minister of public affairs and also with some of the people within her depart-

ment on a periodic basis, for sure, to make sure that we are coordinating the communications of government.

**J. Horgan:** Are there agendas for those meetings?

**Hon. C. Taylor:** No. This is not a formal coordinating effort. This is making sure that everyone is constantly aware of what other people are doing and asking for information sometimes. It's not set up with a formal agenda.

**J. Horgan:** So the minister is telling me that \$34.7 million of taxpayers' money is expended under the direction of the deputy minister and that meetings take place and there are no formal agendas?

**Hon. C. Taylor:** There's much coordination that goes on, of course, with public affairs, as the member well knows. It is important to realize that the responsibility of public affairs is not only to coordinate all of the ministry's communications but also to manage the staff. So on a weekly basis the directors of communications would meet with the deputy minister of public affairs and discuss issues that need to be coordinated. But there are many, many other meetings that take place to make sure that everyone is, in fact, knowledgeable of what others are doing.

We talked a little bit last fall, and the member will remember, about the changes we've been trying to make in the public affairs bureau. You are seeing more clearly now what those changes are under the leadership of the new deputy minister, and that is that public affairs provides a coordinating role, a centralized role. But in terms of coordinating the effort, ministries are taking on more responsibility for their own communications.

It's a change in the model. Not everything is done within the central part of public affairs. The ministers are more and more having ideas and initiatives that they will use to communicate with the public. It's a slightly different model than you've seen in the past, but it's one we believe will work well.

[1130]

**J. Horgan:** I thank the minister for her response.

If there's no set agenda and meetings are not regular but ad hoc and informal, kind of a pay-as-you-go...? "If we need to share information, we'll share information. Otherwise, let's just keep passing orders-in-council every couple of weeks at cabinet, and we'll have a whole bunch of people here happy, cheery, planning events for ministers." Is that pretty much what we're doing?

**Hon. C. Taylor:** Hon. Chair, no.

**J. Horgan:** Then, what is it that's going on? There's no formal agenda. There are no reporting relationships that have been identified. Do memorandums pass from desk to desk? Is there any written material going between the various components of the public affairs bureau, or is it all done by sleight of hand?

**Hon. C. Taylor:** There's a great deal of direction and coordination that goes on from the public affairs bureau. This new model we have brought in is one that I think works better and recognizes the importance of each ministry to in fact be able to initiate some communications on their own. But it must be coordinated so that we all understand what we are trying to do and how we are going about it.

As I said not long ago, there are weekly meetings that the deputy minister has with her directors, but there are many other meetings that happen on a project basis. For instance, with our seniors project, when our budget in September focused on low-income seniors, it was really important for us to communicate these new policies and new ideas to our seniors community. That was an initiative that crossed over several ministries. Public affairs coordinated the public advertising part of it so that we could reach out to our seniors and make sure that they knew how to access these new programs, like the old-age income supplement and also the SAFER increases.

In fact, it was so successful... We put it out, of course, with our seniors info line that people could phone, and our calls on the info line went up by 35 percent. I believe that the applications or questions about SAFER quadrupled. It was tremendously successful. That is an example of where it was a project initiative that crossed several ministries, but public affairs did the coordination.

**J. Horgan:** Is the written word ever used within the public affairs bureau to coordinate and direct communications?

**Hon. C. Taylor:** It's difficult to know exactly what the member opposite is asking. Of course we use e-mail. Of course we send memos.

**J. Horgan:** Would those records be available for public scrutiny?

**Hon. C. Taylor:** We certainly do receive FOIs. I know my agenda has been FOI'd many times. Through the FOI process, that's available.

**J. Horgan:** The agency performance plan summary states that one of the public affairs goals is to ensure that government communicates in an open and transparent manner. If the minister can't answer the question of what is the process by which communications are originated within the public affairs bureau, what confidence would the public have that this objective is being met?

[1135]

**Hon. C. Taylor:** In terms of people involved in transparency, before the press release actually gets out in the public domain, of course, it goes past perhaps five different sets of eyes that look at it to make sure that the facts are correct and that it properly reflects the ministry or the program. Then that is available to the public.

**J. Horgan:** Does the public affairs bureau provide assistance and expertise to the Liberal caucus?

**Hon. C. Taylor:** No.

**J. Horgan:** So then I can report back with confidence to my constituents that the exclusively Liberal agriculture committee will not have any assistance from the public affairs bureau?

**Hon. C. Taylor:** I'm sorry. I'm not familiar with this committee.

**J. Horgan:** I'm surprised at that. Since it's a Liberal-only committee, I thought that all the Liberals would have been advised of it. We were certainly advised of it — on the government website, in fact.

That leads to my next question: is the public affairs bureau responsible for content and layout of a government website?

**Hon. C. Taylor:** The public affairs bureau is responsible for the web format and approximately the first five pages of information, and then the ministries are responsible for their own areas.

**J. Horgan:** Then the announcement on the government website that a committee of the Legislature had been appointed to review agricultural issues in the province would have been assisted by the public affairs bureau? It was a press release, if that helps.

**Hon. C. Taylor:** Since, as I said upfront, it was a committee that I was not familiar with and since it's clearly agriculture, I would ask the member opposite to ask the Minister of Agriculture that, please.

**J. Horgan:** Well, if it's a press release, I'm assuming that... I just heard the minister say that there are numerous oversights and cross-checking to ensure that facts are correct. This particular press release referred to a committee of the Legislature that didn't have any people on this side of the House on the committee. So if a press release comes out that says that it's supporting a Liberal committee, how can I then have confidence in the minister's answer a moment ago that the public affairs bureau does not assist the Liberal caucus?

**Hon. C. Taylor:** I'm not going to speculate on whether this is a legislative committee or whether it's a committee of the Minister of Agriculture, but I would encourage the member opposite to ask the minister responsible.

**J. Horgan:** I'm asking the minister responsible for press releases why a press release came from her organization promoting a Liberal caucus committee.

**Hon. C. Taylor:** Would the member opposite give me a copy of the press release, please.

**J. Horgan:** I can make that available, and I'll continue on another line of questioning.

The media room on the government website has video clips of Liberal caucus members making provocative and insightful statements — many of them — on issues of public policy. Who pays for those video clips?

[1140]

**Hon. C. Taylor:** I wonder if I could ask the member opposite to be specific. Was this an MLA at an event?

**J. Horgan:** It's unfortunate that the minister and her staff aren't up to speed on the material that's being placed in the public domain, but there are a number of video clips from various individuals commenting on the budget that was recently tabled, for example.

I guess my question is just that. I stumbled across the production room just outside the legislative chamber, and there were a number of public affairs staff with cameras and lights. It was all, actually, a little bit intimidating for a simple guy from Langford.

I guess that perhaps I'll go on to another line of questioning, and the minister can get more thoroughly briefed on the government website, which she's responsible for. I'd like to go back to the roles and functions within the public affairs bureau.

One case in particular which is of interest to me and to others in the public is a media relations officer based in Vancouver by the name of Parm Bains. It has to do with Sher-e-Punjab Radio. Perhaps the deputy minister would be familiar with this.

It broke in the alternative press some months ago that Mr. Bains was involved in procuring guests for a radio program that was being hosted by the Minister of Labour — the House Leader — in his role as an MLA for Abbotsford. When quizzed, the head of the communications shop immediately below your deputy minister — can I name him? I guess I can; I've named everyone else — Andy Orr, said: "Oh well. It must have been a slip-up."

Can I get a sense from the minister if Mr. Bains is still booking guests for Liberal radio shows?

**Hon. C. Taylor:** No, he's not.

**The Chair:** Noting the time.

**J. Horgan:** Thank you, hon. Chair.

I'll just go back to this one more time, because I don't want to lose the thread over the lunch break. Was there any memorandum distributed from the deputy minister's office advising staff that they're not to participate in Liberal talk shows by recruiting guests on government time?

**Hon. C. Taylor:** The deputy minister did not send any such memo out.

**J. Horgan:** Noting the time, I'll just ask, then: was there no directive sent from senior levels within the

public affairs bureau advising staff that it would be inappropriate for them — government employees — to be working for the B.C. Liberal caucus? And if no memorandum was sent, how can I, again, have confidence that it's not continuing?

**Hon. C. Taylor:** These issues, of course, are discussed on a regular basis. When the issue of Parm Bains hit the media, it was specifically discussed with the deputy minister. I know that the member switched from that back to the Liberal caucus, but I don't know exactly what the question is.

**N. Macdonald:** Now for something completely different. I want to see how agile you are with this. It's around the Revelstoke Dam. I'm the MLA that represents Revelstoke. I know that the city of Revelstoke met with you in September. In November I asked about the situation they had where they want the grant-in-lieu changed, so that what it initially was back in the '80s is allowed to change with the times and that they're able to receive the compensation that's more fair to them.

I know that the case was presented to you, and the question I have for you is one I asked in November. I know that you are working on it, but could you give me some sense when I and the community of Revelstoke will hear the answer? Also, could you give me a sense as to whether I have to make the case stronger to you, or if I would be kicking in an open door? Just give me some sense of how receptive you are to the case that was made to you.

[1145]

**Hon. C. Taylor:** We are actively working on this issue. I just want to assure the member of that.

**J. Horgan:** Noting the time, I ask that we rise, report progress and ask leave to sit again.

Motion approved.

**The Chair:** We'll stand adjourned.

The committee rose at 11:46 a.m.



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