



Second Session, 38th Parliament

---

REPORT OF PROCEEDINGS  
(HANSARD)

---

SELECT STANDING COMMITTEE ON

**FINANCE AND  
GOVERNMENT SERVICES**

**Kelowna**

**Monday, September 25, 2006**

**Issue No. 27**

BLAIR LEKSTROM, MLA, CHAIR

ISSN 1499-416X



**SELECT STANDING COMMITTEE ON  
FINANCE AND GOVERNMENT SERVICES**

Kelowna  
Monday, September 25, 2006

*Chair:* \* Blair Lekstrom (Peace River South L)

*Deputy Chair:* \* Bruce Ralston (Surrey-Whalley NDP)

*Members:* \* Iain Black (Port Moody-Westwood L)  
\* Harry Bloy (Burquitlam L)  
Randy Hawes (Maple Ridge-Mission L)  
\* Dave S. Hayer (Surrey-Tynehead L)  
\* Richard T. Lee (Burnaby North L)  
\* John Horgan (Malahat-Juan de Fuca NDP)  
\* Jenny Wai Ching Kwan (Vancouver-Mount Pleasant NDP)  
\* Bob Simpson (Cariboo North NDP)

*\*denotes member present*

*Clerk:* Kate Ryan-Lloyd

*Committee Staff:* Dorothy Jones (Committees Assistant)

---

*Witnesses:* Dan Albas (B.C. Chamber of Commerce)  
Manse Binkley (Chair, New Car Dealers Association of B.C.)  
Robert Chavarie (University of British Columbia Students Union —  
Okanagan)  
Karen Clark-Marlow (B.C. Marine Dealers Working Group)  
Betty Cleland  
Kevin Crookes (President, Kelowna Chamber of Commerce)  
Janet Cunningham (B.C. Real Estate Association)  
Tony DiMaria  
Jim Edgson  
Jim Johnson (University of British Columbia Faculty Association)  
Weldon LeBlanc (Kelowna Chamber of Commerce)  
Peter Leitch (Chair, Motion Picture Production Industry Association of B.C.)  
David Lubbers (Okanagan College Students Union)  
Glen Lucas (General Manager, B.C. Fruit Growers Association)  
Dr. Don Nixdorf (Executive Director, B.C. Chiropractic Association; B.C.  
College of Chiropractors)  
Joyce Procure  
Joe Sardinha (President, B.C. Fruit Growers Association)  
Charly Sinclair (Interior Health Regional Consumer Council)  
Geri Surinak (Okanagan Mainline Real Estate Board)  
Amanda Swoboda (Interior Health Regional Consumer Council)  
David Westmacott (University of British Columbia Students Union —  
Okanagan)  
Dr. Robert Whiteley



## CONTENTS

Select Standing Committee on Finance and Government Services

Monday, September 25, 2006

	<b>Page</b>
Presentations .....	607
K. Clark-Marlow	
A. Swoboda	
C. Sinclair	
J. Johnson	
K. Crookes	
J. Edgson	
D. Lubbers	
J. Procure	
D. Nixdorf	
J. Cunningham	
G. Surinak	
D. Albas	
J. Sardinha	
G. Lucas	
R. Chavarie	
D. Westmacott	
P. Leitch	
M. Binkley	
B. Cleland	
R. Whiteley	
T. DiMaria	



MINUTES

# SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES



Monday, September 25, 2006

5 p.m.

Okanagan Nicola Room  
Woodfire Conference Centre  
Best Western Inn, Kelowna

**Present:** Blair Lekstrom, MLA (Chair); Bruce Ralston, MLA (Deputy Chair); Iain Black, MLA; Harry Bloy, MLA; Dave S. Hayer, MLA; John Horgan, MLA; Jenny Wai Ching Kwan, MLA; Richard T. Lee, MLA; Bob Simpson, MLA

**Unavoidably Absent:** Randy Hawes, MLA

1. The Chair called the Committee to order at 5:02 p.m.
2. Opening statements by Mr. Blair Lekstrom, MLA, Chair.
3. The following witnesses appeared before the Committee and answered questions:

- |  |                    |
|--|--------------------|
| 1) BC Marine Dealers Working Group                                     | Karen Clark-Marlow |
| 2) Interior Health Regional Consumer Council                           | Amanda Swoboda     |
|  | Charly Sinclair    |
| 3) University of British Columbia Faculty Association                  | Jim Johnson        |
| 4) Kelowna Chamber of Commerce   | Kevin Crookes      |
|  | Weldon LeBlanc     |
| 5) Jim Edgson  |                    |
| 6) Okanagan College Students' Union                                    | David Lubbers      |
| 7) Joyce Procure   |                    |
| 8) British Columbia College of Chiropractors                           | Dr. Don Nixdorf    |
| British Columbia Chiropractic Association                              |                    |
| 9) British Columbia Real Estate Association                            | Janet Cunningham   |
| Okanagan Mainline Real Estate Board                                    | Geri Surinak       |
| 10) BC Chamber of Commerce   | Dan Albas          |
| 11) British Columbia Fruit Growers' Association                        | Joe Sardinha       |
|  | Glen Lucas         |
| 12) University of British Columbia Students' Union -                   | David Westmacott   |
| Okanagan   | Robert Chavarie    |
| 13) Motion Picture Production Industry Association of British Columbia | Peter Leitch       |
| 14) New Car Dealers Association of B.C.                                | Manse Binkley      |
| 15) Betty Cleland  |                    |
| 16) Dr. Robert Whiteley  |                    |
| 17) Tony DiMaria   |                    |

4. The Committee adjourned at 9:02 p.m. to the call of the Chair.

---

Blair Lekstrom, MLA  
Chair

Kate Ryan-Lloyd  
Clerk Assistant and  
Committee Clerk





MONDAY, SEPTEMBER 25, 2006

The committee met at 5:02 p.m.

[B. Lekstrom in the chair.]

**B. Lekstrom (Chair):** Good evening, everyone. I will begin our meeting here this evening.

My name is Blair Lekstrom. I am the MLA for Peace River South. I have the honour of chairing the Select Standing Committee on Finance and Government Services.

The purpose of our meeting here this evening is to hear from British Columbians about what their priorities are in the development of next year's budget. By legislation, the Minister of Finance, the Hon. Carole Taylor, submits a prebudget consultation paper no later than the 15th of September each year, at which time we as a committee will tour the province to speak with British Columbians about what their priorities are. We are then commissioned to draft a report and present it to the Legislative Assembly no later than the 15th of November, at which time it is a public document and is utilized by the Minister of Finance, as well, in developing next year's budget.

We have a number of different consultation methods. This evening is the public hearing, where people can present in person. For those who are unable to attend, we also have the ability to receive written submissions, as well as an on-line questionnaire that is there. So if you're talking to any of your friends or colleagues, please encourage them to go on line and have a look at the questionnaire and fill it out if they would like. We also have copies of the consultation paper on the back desk.

Our meeting formats are set so that we run 15-minute presentations, with ten minutes to address the committee, and then we try and leave, if it's at all possible, five minutes for a question-and-answer period for committee members, if there's anything they need for clarification through your presentation, or so on.

Before we begin this evening, I'm going to ask the other members of the committee to introduce themselves, and then we will begin our process.

**J. Horgan:** My name is John Horgan. I'm the member for Malahat-Juan de Fuca, which is just outside of Victoria.

**R. Lee:** Good afternoon. My name is Richard Lee, MLA for Burnaby North.

**B. Simpson:** Bob Simpson, MLA for Cariboo North.

**B. Ralston (Deputy Chair):** Bruce Ralston, MLA for Surrey-Whalley.

**J. Kwan:** Jenny Kwan, MLA for Vancouver-Mount Pleasant.

**I. Black:** I'm Iain Black. I'm the MLA for Port Moody-Westwood.

**B. Lekstrom (Chair):** Just prior to introducing the staff that we have with us, Bruce, to my right, is also the Deputy Chair of the select standing committee here this evening.

Also joining us this evening, to my left, is Kate Ryan-Lloyd, our Committee Clerk, as well as Dorothy Jones, who you came by at the back desk, where all the material is.

As well, our meetings are recorded and transcribed by Hansard Services. We are live on webstream as well, so that British Columbians can tune in and listen. I'm sure there are many out there who do — surprisingly many, actually, for those.

Joining us from Hansard are Wendy Collisson and Rob Froese. They do a great deal of work for us.

[1705]

Before I call our first presenter, we have had the opportunity — or I certainly have, as Chair of this committee, over the last number of years — to participate for about four of the last six years. It's encouraging to see a legislative committee, which is an all-party committee of the Legislature, go out, listen to British Columbians and put a report together.

Although not every recommendation that this committee has put forward over the years has been acted on, many have. I think it's quite encouraging when people who have presented in years previous come to you to say thank you that governments, regardless of political party, take the opportunity to go out.

It is our job to listen to British Columbians, to bring their priorities forward and try and do the best we can to summarize that in a report. Traditionally, we have hundreds, if not thousands, of submissions. To try and streamline that into a report is a difficult job, so I thank my colleagues for the effort they've put in as well.

With that, we're going to begin. I will call our first presenter this evening, who is with the B.C. marine dealers. We have Karen Clark-Marlow joining us.

Good evening, Karen, and welcome to the committee.

### Presentations

**K. Clark-Marlow:** Good evening. Thank you for giving me the opportunity to come forward and make this presentation to you. My name is Karen Clark-Marlow, and I am a consultant who was hired by this group several years ago to address the budget component of tax reduction. The specific tax that we are talking about is the PST on out-of-province boat deliveries.

There is a huge file in the Ministry of Finance and in the Ministry of Revenue programs. I didn't want to burden you with reams of papers, so I put together a couple of pieces that I felt would highlight some of the key issues. If you do want any further information following this hearing, my business card is in the pack-age. Please feel free to get in touch with me.

Just to give you a little bit of history, we have been working quite extensively with Minister Thorpe. We presented an issue paper to him several years ago, and we worked with several members of his staff to try and come up with a win-win solution on this issue. We also presented to the PST review committee, and here we are again.

The key issue for this group is the lack of a level playing field with the Alberta marine dealers, in that currently when an Alberta vacationer comes here and they want to buy a boat, the only way they can get PST-exempted is if the dealer delivers the boat across the border, and then the customer turns around and brings it back in. If the same customer buys a boat from an Alberta dealer, they just bring it right on into the province.

It's causing several impediments for the local dealers: the cost to them of having to deliver across the border in order to get the business, the loss of business to Alberta dealers and all of the burden to the customer. The customer is very unhappy when they find out that they have to have the boat hauled into Alberta, and then they turn around the next day and come back on vacation.

I would also like to clarify that this group isn't talking about people from out of province who live here and have residences. They're not trying to help anybody avoid paying the taxes. They are talking mainly about the vacationer who comes for two or three months in the summer or three or four weeks in the summer. They're just trying to find a way to create a win-win.

I have worked in government. I understand the need for an audit trail. I understand the importance of revenues coming forward. It is our belief that if we can find a way to create a win-win process on this particular.... I believe it's section 16 of the Social Service Tax Act. Not only will it generate more business for the B.C. marine dealers, but in fact, with more business coming in and more people earning more money, there will be more spending, and therefore, there will be more sales and also more corporate taxes.

[1710]

It's a bit of a catch-22. What we're asking is to try and think out of the box. I know that all of these things inevitably go into a policy shop, and I know that the job of the policy people is to really be critical and scrutinize these kinds of issues. The industry has committed to providing my services to help work with any government officials to try and create the win-win on this situation.

There is a working model with the government of Saskatchewan right now, where they have developed a workable process. The director of revenue programs there says that he is very willing to provide information from any of his staff or himself, and he's been very cooperative. Their situation is not perfect. However, it's working, and they're ironing out the kinks as they go along.

One thing that we did in this process was a jurisdictional study. Both the revenue programs staff and I did a jurisdictional study on how this works across Canada

and where the exemptions were and where they were not. The closest models to what we are probably looking at turned out to be Ontario and Saskatchewan — particularly Saskatchewan, because they have the Alberta issues just like we do. We put a lot of work into that and into trying to come up with something creative.

We are hoping that this committee will see fit to put something in its recommendations around how we can continue to work on this issue and create a win-win for government and the industry — and also for the customers, who are buying the products and feel that there's all of this awkwardness in trying to make things work. All they really want to do is buy their boat on Saturday morning and be out on the water on Saturday afternoon.

We developed some forms, as well, to assist the government in their audit trail. They are also with both the Ministry of Revenue and the Ministry of Finance.

I could read through what I've provided, but I know that you can all read, so I thought it would be better just to speak to some of the key points that we would like to make. I'm not sure if I even need 15 minutes, but are there any questions?

**B. Lekstrom (Chair):** Well, Karen, I want to thank you for coming and presenting here this evening.

**B. Ralston (Deputy Chair):** Just a question on the Saskatchewan model: when was that implemented? What has been the reaction, when you've presented it — say, the PST review — to that proposed model of collecting?

**K. Clark-Marlow:** I believe that the Saskatchewan model was implemented in the mid-1990s. When I presented to the PST review committee, they were quite interested in exploring it further. Bill Pirlot is the director of revenue programs there, and I did give them his name and contact information.

**J. Kwan:** I haven't had the chance to go through all the presentation materials that you've provided. Maybe the information is in there. How much do you project the revenue loss is to the province, or that the province might be concerned about, with this PST change? If the request that you are making is implemented, how much do you think the increase in sales would be?

**K. Clark-Marlow:** When you review the material, you'll see that I have addressed a point called "How Can We Prevent Perceived Revenue Losses?" In our mind, it is a perceived loss because of the money that will come back.

I'll give you an example of the money that was lost — say, last summer and the summer before — to seven B.C. interior dealers. They lost an average of \$50,000 to \$75,000 of business each season. Several of them who are larger probably lost closer to \$100,000 of business.

These are big-ticket items. It's not like I'm going to Staples and buying a piece of stationery. The cost to these people to deliver the boat across the border.... If you're delivering from Kelowna to the border and you

add up the gas and labour, that runs about \$5,000 a delivery.

What we see is any revenue.... I don't have the exact figure about what the government feels the losses might be, but from our calculations, because more business will be generated and more jobs will be generated, we see that increases in corporate taxes and in spending will offset any loss.

I guess this is where it does get somewhat grey, and it requires some creativity. As I mentioned earlier, they're not trying to avoid.... They want to work within the rules, and they're not in favour of people who may be trying to get around them. I know that's a bit grey.

[1715]

**B. Lekstrom (Chair):** Are there any further questions?

This Saskatchewan model that you've talked about — have you discussed that with the minister in trying to see if that would fit as a mould for British Columbia, Alberta? Would it work similarly, or have you...?

**K. Clark-Marlow:** We have discussed it with Minister Thorpe. When we were working on the initiative, there was one person from the policy shop in Finance who was working on the group, but we never did have an opportunity to talk to Minister Taylor directly on the issue.

**B. Lekstrom (Chair):** Okay.

Are there any other questions for Karen regarding her presentation?

**K. Clark-Marlow:** Can I make one more comment?

**B. Lekstrom (Chair):** Well, certainly you can.

**K. Clark-Marlow:** When we started working with Minister Thorpe's staff and the person from Finance, who I believe was David Longman, one thing that they made clear to us was that any final decisions would be made by government as a whole. I have been a part of negotiating some changes to the Employment Standards Act, so I understand how it works, and I know that government is always concerned about precedent. Well, they have set a precedent by declaring that this group was a distinct group under that particular act. I know that's nothing to do with income tax, but I just wanted you to know that there is a little bit of a precedent there.

**J. Kwan:** I note, though, that when you compare that to other sectors — you talk about vehicles, trailers and so on — there is a different system that applies to them. Do you know when that system was in place for them? And why was it different for the marine sector right from the start?

**K. Clark-Marlow:** Between the marine and the motor dealers? You know something? I have not been able to get anybody who can answer that question for me. I did try to find out, but I'm going to guess and say that

it's because the registration process for motor vehicles is a little bit tighter, and it's probably easier to trace through drivers' licences. I do believe that something similar can be done for the marine industry as well.

**B. Lekstrom (Chair):** Again, I want to thank you for taking time out of your day. As we have assured all presenters, whether it's an oral presentation or written, they will be given full consideration in our development of our report.

Our next presentation this evening is from the Interior Health regional consumer council. Joining us are Amanda Swoboda and Charly Sinclair.

**A. Swoboda:** Good evening. I'd like to thank the committee for providing us the opportunity to suggest recommendations toward the provincial budget. I'm here tonight to speak as a representative of the Interior Health regional consumer council.

My name is Amanda Swoboda, and I work for the Canadian Mental Health Association's Kelowna branch's consumer development project. I'm also a person that lives with mental illness, in addition to working in the field.

The consumer development project provides support for the regional consumer council. The RCC is comprised of people who have received mental health services and live in the Interior Health Authority. The council is dedicated to addressing issues that affect the lives of people with mental illness in various interior communities and in the province as well.

I would first like to take this opportunity to share some facts about mental illness that may come as a surprise to you. People with mental illness represent a significant percentage of people with disabilities in British Columbia. One in five British Columbians has or will develop a mental illness at some point in their lives. According to the World Health Organization, mental disorders account for 15 percent of the burden of illness in many countries, including Canada. One-third of all hospital stays in Canada are attributed to mental disorders. One in 100 people in British Columbia has schizophrenia.

People living with a mental illness use more hospital visits a year than heart disease and cancer patients combined. Mental illness and addictions cost the Canadian economy some \$33 billion each year. These staggering statistics illustrate the fact that mental illness does have a major impact on British Columbians.

The RCC would like to speak to three key areas — advocacy, income supports and lifestyle supports — in which we feel increased funding and policy change are required in order to improve the quality of life for people with mental illness and to help decrease both the economic and social costs of mental illness.

[1720]

The first area that I would like the committee to consider is advocacy. Over the last several years advocacy for mental health at a provincial level has been eroded. In 2001 the Office of the Mental Health Advocate of B.C. was closed. At that time a new position of

Minister of State for Mental Health was created, and one of its stated purposes was to advocate for people with mental illness. This position no longer exists. Now there is no one, not even in government, to speak on behalf of those who are living with a mental illness in British Columbia.

People with mental illness need to have an advocate at a provincial level to coordinate with other advocates around the province. There are provincial issues, like income assistance and housing, that require systemic changes, and these could be facilitated by a provincial mental health advocate.

Individual advocacy efforts need to be enhanced. There are several people around the province who advocate for people with mental illness, but most of them are acting voluntarily. Family members and other consumers — that is, people with mental illness — assist people with mental illness, but this often leads to burnout for these individuals.

We need to see more paid positions around the province. These advocates need to form a system of advocacy that can be accessed anywhere in the province. A provincial advocate would coordinate these efforts. We recommend that the position of Mental Health Advocate of B.C. be reinstated with the necessary funding to provide sufficient staff and resources.

The second area speaks to policy change, and that's income supports. Even with the increase of \$70 per month per person, which was a positive step provided by a recent budget, people on income assistance with PWD — person-with-disabilities — status are living at 46 percent below the poverty level. It is common knowledge that poverty results in significant challenges to recovering from a mental illness. Obviously, we need to go further.

Canadian Pension Plan disability benefits and PWD recipients are being discriminated against. When a person on CPPD receives a cost-of-living increase, the amount is then deducted off their cheque because the amount is considered as unearned income. We request that the cost-of-living increase be seen as earned income. Therefore, it would not be deducted from people's cheques.

In regard to PWD income assistance, we ask that benefit levels and earning exemption amounts for social assistance programs for people living with mental illness be increased in order to reduce financial hardship and increase the incentive to work. We also ask that recipients of supplementary aid, such as help with the cost of medications, continue to be eligible for assistance for an extended period of time, even if their income levels increase to where they are no longer eligible for financial aid or shelter or other living expenses.

We would also like to suggest that funding be allocated in this budget to match income assistance rates received by persons with disabilities living in Ontario.

Lastly, we would like to see the area of lifestyle supports become the priority, as intended by the provincial government, outlined in the 2000 *B.C.'s Mental Health Reform Best Practices*. Lifestyle supports are non-medical supports. For example, consumer

initiatives are services run by and for people with mental illness — like peer support, mutual aid, consumer-run businesses, clubhouses and peer advocacy.

Currently there is little provincial leadership in this area. This is unfortunate, as we do know from research that consumer involvement reduces the need for hospitalization; reduces the reliance on other related services; and increases knowledge, coping skills, self-esteem, overall well-being and social networks. All of these factors are crucial to recovery from mental illness.

We ask that funds be allocated for the maintenance and enhancement of non-medical lifestyle supports. We know that mental illness significantly affects British Columbians. This is not an isolated concern. Mental illness is everybody's business.

All three of our areas for budgetary recommendations — advocacy, income supports and lifestyle supports — will address the stigma and discrimination that people living with a mental illness face every day. Did you know that two-thirds of all people who experience mental illness do not seek treatment because of stigma and discrimination?

Thank you again for providing this opportunity to speak to issues that are not only of critical importance to the regional consumer council but, we feel, to all British Columbians as well.

**B. Lekstrom (Chair):** Thank you very much. I note that we do have a couple of members wishing to ask questions.

**B. Simpson:** First question: just tell me a little bit about your organization. Does it go across the whole Interior Health Authority? Is it a fairly large organization, or is it just localized here?

[1725]

**A. Swoboda:** The Interior Health regional consumer council — is that what you're asking for?

**B. Simpson:** Yup.

**A. Swoboda:** It's in the Interior Health Authority.

**C. Sinclair:** It covers Williams Lake to the East Kootenay, Kootenay-Boundary....

**B. Simpson:** So the whole IHA region. Okay, thanks.

One of the things we're tasked with here, which the Chair keeps reminding us and reminding presenters, is the idea of balancing priorities. There are lots of people who come to us and ask, on the one hand, for tax reductions to be competitive and, on the other hand, for money to be put into services.

In your presentation you allude to the fact that if money is put in these three areas, it's an intervention that ultimately saves money. Does the organization have the capacity to actually quantify that for us, at least in a ballpark way?

If we got some money into advocacy, into the income supports, etc., what do you think we would accrue in savings to the health care system by not having people

out on the streets and some of the other things that come as a result of not servicing those needs? Is that a capacity you would have? We've got a time frame here that we still would be able to take a written presentation with some quantification of that cost savings.

**C. Sinclair:** I don't think it's something that the regional consumer council has the ability to do. It's made up of members that all deal with mental illness and doesn't have that kind of information available. We're basing some of our statistics and stuff on the Kirby report that came out and other reports. Some of our information comes from the Canadian Mental Health Association, B.C. division. There are organizations that have more quantified figures than we would have.

**B. Simpson:** Okay, and maybe something that we have to take into consideration as we do our deliberations. Thank you very much, again, for your presentation.

**I. Black:** Amanda and Charly, thank you. That was one of the most comprehensive presentations I've heard on probably one of the least understood areas in our health system.

My question is similar to Bob's. Let me ask it from an inverse standpoint as opposed to the savings involved. The question is kind of tied. Do you have a sense of what implementing each of these three recommendations would cost, given what we know from the Kirby report, etc., about the number of people with mental illnesses — or the ability to scope out a little bit what kind of dollar values we're talking about to properly fulfil the objectives that you have?

Tied to that, if you could only have one or two out of three, let's say, of the ones you've listed, how would you prioritize the ones that you've identified for us here?

**C. Sinclair:** I don't think we have any specific dollar figures. That's certainly something that we could possibly look at to add to our....

**I. Black:** You're awfully close. You've got a lot of the stuff here. I'm guessing it would just be a....

**C. Sinclair:** It would probably be that next step that we didn't take for this.

As far as prioritizing, from what we've heard from the regional consumer council, certainly the advocacy piece is something that's very important. I think that's probably primary.

Second, I would think, is the income support piece, because we know so many people living with mental illness who are struggling to even be able to get proper meals and proper nutrition. I have a son that lives with schizophrenia and diabetes as well. If he weren't living at home, there's no way he could afford a proper diet to cover his diabetes as well.

That's transformed to all people with mental illness that aren't PWD. They just don't have the funds. Even finding proper housing is very, very difficult.

**J. Horgan:** Thank you to the presenters. I'd like to just briefly ask, because I know that we're short on time.... With respect to advocacy, when you're calling for a return of the Mental Health Advocate, are you looking at a model similar to the model that was done away with in 2001, or do you have any hybrid ideas?

Again, my sense is that the advocate up until 2001 was provincially centred and didn't reach out to regions as effectively as it could have. I'm wondering if that's something you might propose as we expanded the advocate.

**A. Swoboda:** I think we'd certainly advocate for that — the enhancement. I don't have a new model or a hybrid to suggest for you, but the key is that it be accessible for British Columbians no matter where they are in the province. So yes, we would like to see that.

[1730]

**C. Sinclair:** Given the funds that were available for the previous office, certainly Nancy Hall tried to encompass the entire province. She had listened to the regional consumer council on a couple of occasions and took into account their issues of concern. I think something that's not too far off from what it was, but just make sure it's broad.

**R. Lee:** My question is on income support. Over the last five years the deduction from the benefit has been increased from \$200 to \$500. What was the number you would suggest so that we can go there to give more support to the people with disabilities?

**A. Swoboda:** The \$70?

**R. Lee:** In terms of the income deduction before it can be considered as income.

**C. Sinclair:** We like the \$500. I think that's reasonable. It could always be increased, but the base amount we're looking at is the same that they have in Ontario for people with disabilities, which is \$959 a month. So that's what we're looking at, as opposed to the \$856 a month that is happening here in B.C.

**R. Lee:** What does it mean to earned income?

**C. Sinclair:** We aren't suggesting any change to that at present.

**R. Lee:** Okay. So \$500 would be sufficient?

**C. Sinclair:** It's a good place to be for now.

**R. Lee:** Okay. Thank you.

**J. Kwan:** I'm interested in actually exploring the third recommendation that you have when you talk about the best practices document. I'm wondering: would you be able to identify for this committee, and for us to understand, which recommendation within

that document has been implemented and which has not, or which was in place and then had been eliminated because of program changes or budget cuts and so on? Just so that we have a fuller understanding of the recommendation, with the notion's intention of implementing them more fully in terms of these recommendations.

**A. Swoboda:** I don't have the best practices with me.

**J. Kwan:** We can receive that at a later time.

**A. Swoboda:** Yeah, okay. I can do that.

**C. Sinclair:** I think peer support is something that the provincial government has tried to work hard for. They've produced a peer support manual and have given funds for peer support programs around the province. I would say that they don't go far enough. I think each region needs to be increased for what they are allowed. I know that, for instance, in Penticton they have a peer support program and that the coordinator works 15 hours a week. That person is supposed to cover peer support for the entire south Okanagan-Similkameen region, which to my way of thinking is next to impossible.

Kelowna's peer support coordinator works 30 hours a week, so that's just the comparison there for that service. I'm sure we could find examples of other services as well.

**B. Lekstrom (Chair):** Possibly, if I could close with a quick question.... You've put together a very good presentation. The comparison with Ontario at \$959 versus \$856.74, or our number.... Their earned income exemption — do they have that? Ours is \$500. Does Ontario have a similar one or an amount?

**C. Sinclair:** They do, and I believe it's \$100.

**B. Lekstrom (Chair):** Just \$100.

**C. Sinclair:** I believe.

**B. Lekstrom (Chair):** Well, I want to thank you both, Amanda and Charly, for your presentation. You've touched on an issue we have heard about before. You've done a wonderful job of presenting it to our committee here this evening. I thank you for the work you do on behalf of all British Columbians.

Our next presentation this evening is from the University of British Columbia Faculty Association. Presenting is Mr. Jim Johnson. Good evening, Jim. Welcome to the committee.

[1735]

**J. Johnson:** My name is Jim Johnson. I'm the chairman of the Okanagan faculty committee of the University of British Columbia Faculty Association. I'm an associate professor of economics here at UBC Okanagan.

The UBC Faculty Association represents in excess of 2,400 professors, instructors, lecturers, librarians, academic workers and program directors across the board, both here at UBC Okanagan and in Vancouver at UBC Vancouver. The role of the association is to promote the interests of our members, to represent members in their employment relationship with the university, and to act as an advocate in promoting the welfare and the importance of universities to the development of society.

The association appreciates the opportunity to come and talk to you today as you prepare your recommendations. We do understand that there are competing calls on the provincial budget. At the end of the day, increasing expenditures in one area may mean reductions in others. We understand that.

If those trade-offs have to be made, the faculty association recognizes that the committee simply has to exercise its judgment and make those recommended trade-offs. What we want to do here is simply emphasize the role and the importance of universities in growth and development in the economy.

We're not convinced that the pie is fixed. It is possible to make investments which will grow the economy, and we like to think that university education is one of those investments.

First of all, I should say that the association appreciates the investment the provincial government has made in universities. In particular, we appreciate the investment to reverse the trend of declining funding per student. The current government spending plan, if maintained, will undo the losses in funding per student that we have suffered since 2001, and those losses should be made up by 2007-2008. That's very good news and very much appreciated.

What I'd like to remind you is that despite this good news, the universities, particularly the University of British Columbia, are facing severe cost pressures. The University of British Columbia, Vancouver, has an unusually high percentage of high-cost programs, particularly medicine and engineering.

For example, between 2001 and 2005, UBCV added 242 full-time-equivalent spaces to medicine — that's an 18-percent increase — and 739 full-time-equivalent spaces in engineering, which is 28 percent. Those areas grew much faster than the across-the-board 9 percent, and those are the particularly high-cost areas of production.

Here in Kelowna the takeover of Okanagan University College by UBC has generated a whole series of cost pressures. There's a need to expand the library. There's a need to expand service for the increasing number of students living in residence. There's a need for equipment in the classrooms and in the laboratories. There is a need to overhaul infrastructure. In reality, the transitional period and transitional costs are not nearly done yet.

These are pressures which are particular to UBC. In addition, we face the kind of pressures that all the universities face. Many of the goods and services that the universities purchase are rising more rapidly than the rate of inflation.

Construction costs are a particular problem. The costs to refurbish old buildings and build new buildings are rising at about four times the rate of inflation. The Auditor General predicts that those costs will be in the 5.5-to-10-percent range per annum for the next four years.

As of a few months ago UBC had about a billion dollars in construction projects ongoing. If you've been up to UBC Okanagan, you'll discover that I actually teach in a construction zone.

[1740]

The vast majority — in fact, I believe all — of those projects in the Okanagan are undertaken by private sector contractors. We face exactly the same pressures that other competing users of the construction industry face.

With a billion-dollar construction budget, even a 1-percent increase is \$10 million. What the university has been doing is essentially paying for the extra unanticipated costs out of contingency funds, and it has become a crisis. I'm sure you know that both UBC Vancouver and UBC Okanagan are currently undergoing budget cut procedures because of these cost pressures that we face.

When you read the written submission, you'll find that we are not asking for anything specific here. We simply say we'd like the government to recognize and consider these extra cost pressures that we face, when you make your recommendations.

Where we do have a more specific recommendation is in the area of graduate-level education. Research and innovation in the economy and the growth of the economy depend heavily on our graduate programs, on masters and doctoral students. Not only are we building the researchers of the future, but in fact they play a fundamental role in the education research process right now. I think it is literally true that without the graduate students at Vancouver, the teaching and research functions would grind to a halt. That is an extremely important aspect of the entire operation.

In 2003, which is the most recent year for which we have data, B.C. was about 16 percent behind the national average in the production of highly qualified people with graduate degrees. We're behind Quebec and Ontario and just slightly ahead of Alberta. It's unlikely that our ranking has improved much since the last set of data in 2003. Both Alberta and Ontario have had large expansion of their graduate programs, and just last week the government of Ontario announced funding for a further 55-percent increase in the number of graduate student spaces.

Over the years successive B.C. governments have not paid enough attention, in our view, to the need to create fully funded graduate spaces. As a consequence, the universities have been funding graduate spaces themselves, creating unfunded spaces. Over the past 12 years UBC has created about 2,200 new unfunded graduate spaces. This is becoming unsustainable. The only way for us to move ahead, really, is if the government will fund some of these spaces.

We're recommending an increase across the university system of 500 funded graduate spaces per year over the next four years. In addition, to assist with our recruitment and retention of graduate students, we are recommending the creation of a graduate student scholarship and fellowship program consisting of at least 500 awards of \$10,000 each beginning in 2007-2008.

We're grateful for the past support from this committee. We recognize the improvements that have been made. We're heading down the right path, but we have some specific concerns. The two specific concerns that we wanted to relate to you today are the increasing cost pressures faced by the universities and the deficit that we have in terms of other provinces in our graduate programs.

That's the end of my prepared comments. I'll answer any questions I can answer. If I can't answer them, I'll arrange for the answers to be provided later.

**B. Lekstrom (Chair):** Well, thank you very much, Jim. I thought you presented quite a comprehensive presentation to our committee. I'll look to members of our committee for questions.

**H. Bloy:** Thank you very much for your presentation. I enjoyed this one. One of your counterparts at another school wanted tuition turned back to the '70s — lots of other things along that line. You didn't mention tuition at all.

**J. Johnson:** The faculty association doesn't have a position on tuition, but I will say — and this is not a secret — that the period of frozen tuition that was not accompanied by corresponding government funding was a very, very difficult period for the universities. It was a very difficult period indeed. That's something that we wouldn't necessarily want to see returned to.

[1745]

The question of whether tuition should be turned back or not is a political question of some importance. From the point of view of the universities, though, freezing tuition without providing corresponding revenue was really disastrous.

**R. Lee:** You have table 1 there, on the operating grant from the B.C. government. You also mentioned that the grant should be returning to the 2001 level, say, next year. Before it was \$10,486, and next year in constant dollars for 2001 it's going to be \$10,714. So those are the numbers. Besides that grant, the university is also getting the tuition increase. So the operating budget for the university, per student, has been increased substantially. Is that correct?

**J. Johnson:** I would say that the operating budget per student had a short but glorious burst when all the universities recaptured, as it were, the lost tuition. That made it very, very difficult on the students.

In answer to your question, yes, there was a period where the student tuition was increasing more rapidly

than inflation, and that helped to make gains. But tuition is actually a relatively small portion of the total expenditure — not so small that you don't notice the difference. Don't get me wrong; you notice the difference.

In terms of the actual total revenue per student from government sources and tuition, we're just looking to break even or do slightly better than that around 2007 and 2008. If you like, I can try and provide data on that specific question.

**R. Lee:** Yeah, okay. It would be helpful.

**B. Lekstrom (Chair):** We're going to try and do, Richard, if we can, one question. I've got a list of speakers here.

**R. Lee:** It's a follow-up question.

**B. Lekstrom (Chair):** I'll try and come back so that we can give everybody a chance.

**B. Simpson:** Just a very specific question. UNBC did an economic impact assessment of putting the university into Prince George and the surrounding areas as a way of rationalizing some of the capital they need to continue to be attractive to students and grow their economic base. Has that been done for UBC either in this area or in Vancouver? What is the economic impact of having a world-class university that offers world-class programs?

**J. Johnson:** That study has been done. At the time of the takeover the government published a backgrounder, and it provided some estimates in there. I simply forgot. In fact, not only UBC but also Okanagan University College had done that type of study, and those data are available.

**B. Simpson:** It is available. Thank you.

**I. Black:** First, let me echo the thanks for your presentation. As my colleague Mr. Bloy mentioned, yours is very strategic in terms of its outlook, and that was very helpful to us.

You've got in many ways a good-news problem in the fact that... Congratulations. You've got growth happening here — investment in libraries, infrastructure. Those are good problems to have, as it were.

You identified that there are capital challenges as well as operating challenges. If you had to prioritize, as indeed anyone has to prioritize the expenditures, would you look to see more money allocated on the capital side for the needs of the local UBC campuses or more on the operating side in terms of buying more books for the library — something that would be more wrapped into an operating budget versus a hard capital budget?

**J. Johnson:** Speaking for myself, there's nothing I hate more than seeing a building go up and then being unable to use it. I've taught here for 17 years. I've seen

good periods and bad periods. Whenever there's a building boom, it's a wonderful thing — increased capacity. We've got a new building going up that's going to have much-needed laboratories and needed lecture theatres. But at the moment we have laboratories without all the equipment we need. We have courses without laboratories they ought to have, because we don't have the operating money.

[1750]

When the transition took place, which is a dramatic event not just emotionally but in a budgetary sense, we found out we didn't have an operating budget for electricity.

For my money, I would really like to be able to run the university in a way which allows us to provide the students with the quality of education that I think they're entitled to. The problem with the capital budget is that we are funding it off the operation side out of contingencies. So the squeeze is always felt in contingencies. The budget cuts that we're facing now are on operations; they're not on capital. That's where the squeeze always is.

**B. Lekstrom (Chair):** We're just past time, but we do have one further question.

**J. Kwan:** A quick question. How do we compare — British Columbia versus other provinces — in terms of the number of students that we're turning out in the post-grad and doctoral programs, and how do we compare in terms of tuition relative to other provinces?

**J. Johnson:** In terms of tuition, I simply don't know.

In terms of the numbers, we're behind. We're significantly behind. We are essentially a net importer of skilled labour in the country. The data presented here shows that we really haven't closed the gap in the last ten years.

**B. Lekstrom (Chair):** Jim, again, I want to thank you. Fifteen minutes is a very short time to get a bunch of information across to a committee and then answer questions. You've done a marvellous job, though, and I thank you.

Just prior to calling our next witness, I would like to recognize and welcome Her Worship Mayor Sharon Shepherd.

Good evening, and welcome to the committee this evening.

**S. Shepherd:** Thank you.

**B. Lekstrom (Chair):** Our next presentation this evening is from the Kelowna Chamber of Commerce, and joining us are Weldon LeBlanc and Kevin Crookes. Good evening, and welcome.

**K. Crookes:** Good evening.

**B. Lekstrom (Chair):** How has your day been?



**K. Crookes:** Our day has been very busy. The ink is about to dry on our presentation, so you will have to forgive me as I read my speaking notes as opposed to doing it in a different manner.

Just briefly, for information purposes, at Kelowna Chamber of Commerce we are a membership-based business organization. In this community we have over 1,550 business members, and we're the second-largest chamber of commerce in British Columbia. We work closely with both the B.C. Chamber of Commerce and the Canadian Chamber of Commerce to reduce burdens to creating an entrepreneurial business climate.

We certainly welcome this opportunity to bring forward the issues relevant to the Kelowna business community. As one of the fastest-growing regions in British Columbia, Kelowna and the Okanagan are faced with significant issues, such as affordable housing, homelessness and the associated issues of addiction and mental illness; transportation infrastructure needs; and the retention and recruitment of employees. This presentation will delve into these issues.

In the area of transportation highway infrastructure. As the heart of the Okanagan, Kelowna is the fastest-growing urban centre in British Columbia. Kelowna has a bustling economy with a high commercial growth, nearly full employment and increased international recognition as a tourist destination. However, traffic flows are higher than anticipated, thus creating significant strains on the region's highway infrastructure.

This increased traffic has become a burden to the increased economic activity, but more importantly, it has become a significant safety concern. Accidents and deaths are occurring with alarming frequency. The Kelowna Chamber of Commerce urges the provincial government to ensure that the Okanagan highway corridor becomes a higher priority and to work closely with the other levels of government to ensure the continued economic prosperity of this region and improve safety for our region's residents.

[1755]

In the area of public transit, the central Okanagan region is expected to continue to grow at approximately 3 percent per annum — from 160,000 people at present to some 225,000 by 2021, a growth of 65,000 people. Transit ridership has been growing from just over one million passengers per year ten years ago to almost three million passengers in 2003, a growth of 10 to 12 percent per annum. More modest growth of 4 to 6 percent per annum is projected over the next ten to 15 years.

A smart transit project has been commissioned to develop a vision for sustainable, or smart, transit for this region. The Kelowna Chamber of Commerce encourages the province of B.C. to support the initiatives of the city of Kelowna to develop a long-term transit vision for the region that will provide frequent, rapid and reliable limited-stop transit service linking the majority of the town centres in Kelowna.

In the area of employment, retention and recruitment, during our most recent membership survey members of the Kelowna Chamber of Commerce indicated

that the most significant obstacle they're facing during 2006 is recruitment and retention of employees. This issue is prominent in Kelowna, the Okanagan region and throughout British Columbia.

To understand the complexities of this issue, we need to be aware of the various contributing factors, such as affordable housing, lack of skilled employees and a limited employment pool. For this reason, there's no quick solution. Rather, a more comprehensive approach is needed to deal with each of these contributing factors.

**Affordable housing.** The affordability of housing has economic as well as social implications. High housing costs are a direct negative impact on the ability of businesses to retain and to recruit employees.

In training, the gap between skills required by businesses and the skill set of those currently seeking employment has been identified. Businesses require assistance to help new employees become productive in the workplace.

In the area of training tax credits, the B.C. Chamber of Commerce was a leading voice calling for the introduction of a training tax credit, which was introduced in Budget 2006. This is a positive development. The B.C. Chambers were recommending that the government introduce a review mechanism of the tax credit and were also recommending that the government create a fund to be used in the event that the program was found to be oversubscribed.

In the area of co-op tax credits, with the co-op infrastructure that exists in our province, many small businesses — the backbone of our economy and likely employer of young workers — find the cost of participating prohibitive. The B.C. Chamber of Commerce is calling for the provincial government to introduce a co-op tax credit to business employers equal to 15 percent of wages to qualified co-op students. This approach would assist businesses to access trained employees and provide valuable hands-on training to students.

In the area of immigration, the Kelowna Chamber of Commerce is working to grow the employment pool by lobbying for amendments to the existing provincial nominee program policy. Specifically, the Kelowna Chamber of Commerce has successfully lobbied the B.C. Chamber of Commerce and the Canadian Chamber of Commerce to adopt resolutions to urge respective governments to streamline current policies to allow businesses to tap into a broader pool of employees.

In the area of homelessness, statistics on Kelowna's homelessness indicate that approximately 400 people are living on the street or in shelters, presenting a distressing portrait of the homelessness in Kelowna. Many are dealing with significant addictions and mental illness challenges. We encourage the province to continue along the path of providing affordable housing to address homelessness in Kelowna and the province.

Now on to some of our more controversial issues. The repeal of the property transfer tax. The property transfer tax affects affordable housing throughout this province. Affordable housing is important to the business community and is a strong selling point for attracting

and retaining employees. Businesses must remain competitive, and the cost of housing is a major source of wage pressure.

The property transfer tax affects the productivity of the economy of British Columbia. The Chamber of Commerce recommends that the provincial government undertake an immediate review of the property transfer tax and eliminate the tax within three years.

[1800]

In the area of provincial sales tax, the province has undertaken two key initiatives to reduce regulatory burdens and high costs of small business to operate in B.C. Two consistent themes have been raised at all of these meetings. They include simplifying or reducing the burden of the PST so that small business can have a more competitive edge with jurisdictions that do not have PST and working with industry to address a shortage of skilled workers, especially the trades.

The Kelowna chamber recommends that the provincial government consider a reduction of the PST by 1 percent and work to minimize the distinct competitive disadvantage for those businesses competing with jurisdictions where no PST exists.

Again on PST is the issue of PST on legal fees. This is something that the Kelowna Chamber of Commerce has been lobbying for, for several years. Legal fees are the only professional fees that are subject to provincial sales tax, which is both discriminatory and unfair. The tax directly impacts the cost of doing business in British Columbia for small and large businesses and affects their competitiveness against similar businesses in other provinces.

The PST on legal fees is also an unnecessary additional cost for British Columbians seeking access to our justice system and is inconsistent with creating a competitive, accessible and equitable environment for B.C. businesses. The Chamber of Commerce recommends that the provincial government amend the Social Service Tax Act to remove PST on legal fees in British Columbia.

In the area of positive business climate is enhanced productivity. We are appearing today before this select standing committee to discuss a number of select issues relating to the fiscal policy of the province. These specific issues can be linked to one common theme: enhanced productivity of our economy.

We believe it is important to maintain a smart fiscal policy agenda with the goal of enhancing the productivity of our economy. In essence, the need to improve productivity is a quality-of-life issue. By increasing the productivity of our workforce, of our economy, we will generate a significant increase in revenue sufficient to enable us to deal with the quality-of-life issues such as health care, education and continued investment in our economy.

It is smart fiscal planning to look at productivity and quality of life as cause and effect. Increased productivity results in improved quality of life for all of us.

In the area of responsible, long-term fiscal policy, it is predicted that the surplus will be \$1.2 billion by the

end of 2006. The government must direct the surplus, along with unused reserves, to debt reduction. The nature of surpluses is such that it is dangerous to direct those to program spending, as they simply increase government spending, thereby removing our ability to cushion the economy against unforeseen challenges.

Economic prosperity is by no means guaranteed. We need to be more competitive and productive. A smart fiscal policy agenda needs to focus on further reducing government debt and to use the savings generated from reduced debt servicing to strategically invest in our economy. This approach will further drive down the debt burden, providing room for tax relief and a positive climate for growth. We believe the provincial government needs to find a responsible fiscal balance between investing in our economy, meeting the social needs of the residents of B.C. and paying the total debt burden.

That concludes our formal comments.

**B. Lekstrom (Chair):** Thank you very much, Kevin and Weldon, for presenting.

I have a couple of members wishing to ask questions.

**D. Hayer:** I have served as the president of the Surrey Chamber of Commerce in the past and as district director of B.C. Chamber of Commerce, so it's good to see somebody from the Chamber of Commerce here. You made an excellent presentation, just like the other presenters have made today. It's very detailed and very balanced.

My question is: have you put together what the cost would be of the recommendations? Do you have a dollar figure? How should we budget for it? How should we finance it? Where should the money come from for those recommendations?

**K. Crookes:** Our provincial affairs committee put most of this brief together. In terms of determining the costs of producing these programs, I think it's one of these things we have to balance.

[1805]

The fact is that we need to ensure that the economic machine that drives our province continues to drive it. That's what's generating the tax revenues that pay for the social programs that we find near and dear. Therefore, if we can get out of the way of business so that we can produce more economic prosperity in this province, that will give us a net revenue gain to the province.

**B. Simpson:** It's a similar question. By my calculations, just on the two major tax breaks that you're asking for, there isn't a \$1.2 billion surplus to put to the debt. It's \$750 million that the government gets from the property transfer tax; \$600 million is a 1-percent PST. You're looking at \$1.35 billion that the government doesn't get in revenue; ergo, there goes the surplus. Ergo, you can't pay it to the debt.

It would be very helpful to us.... This appears balanced on the surface, but without costing, it doesn't really help us. You're asking for infrastructure increases. You're asking for affordable housing, addressing homelessness on the cost side, and you're asking for quite a range of tax credits and tax breaks on the revenue side.

I think the chamber, quite frankly, owes it to British Columbians and owes it to us as a group to do a better job of costing these things out so that, I think, even your own members can see whether or not they can support this thing.

**K. Crookes:** Well, that's a good question.

**B. Simpson:** It was more a statement.

**K. Crookes:** No, but let me respond to the question.

**B. Simpson:** The question is: can it be costed so we can understand it better?

**K. Crookes:** I think the first thing that we need to look at in government is not so much what is the cost but what is the potential opportunity cost that these taxes are creating. They are generating revenue — yes. But how much revenue are we losing in this province because of poor taxes that put a burden on businesses?

In the area of property transfer tax, that tax is a regressive tax. It stands in the way of good financial planning for businesses in terms of succession planning and the transfer of businesses to the next generation, because of the fact that they're going to have a hit on PTT by just going from one company to the next without it even going outside of the corporate group.

In terms of tax credits for businesses, these people are going to employ people who are going to have better jobs, who are going to be paid higher wages, and therefore, they're going to pay more personal income taxes, which will flow into the province's coffers.

In the area of the provincial sales tax, we're decimating our businesses that are bordering on Alberta. We have to remain competitive with Alberta. The economic machine that drives our province is very fragile. If we're not prepared to address that, it will stall. If it stalls, the whole province collapses, and we slip into a time when all the things that we hold near and dear, which define our province and define our country in terms of our social programs.... We will not have the funds to pay for them. We have to address these issues seriously.

The other issue, more specifically, is that the Kelowna Chamber of Commerce does not have the wherewithal to do the kinds of economic studies to determine what the implications are in the area of lost economic opportunity. The provincial government has to look at that. You cannot just simply say: "We're losing so much revenue."

We are business people. We look at it as: spend \$10 to make \$12, and that's the way we base it. I hope I answered the question.

**B. Simpson:** I won't ask for my supplemental.

**B. Lekstrom (Chair):** Yes, there will be no supplemental.

That concludes the 15 minutes, but Kevin, Weldon, I want to thank you. Your presentation — you've laid out a number of your ideas. Certainly, on behalf of your organization, you've put recommendations that are very clear. We will certainly, as with all others, give due consideration to these. I thank you for taking time to come and present.

Our next presenter this evening. I will call Mr. Jim Edgson.

Good evening, Jim.

**J. Edgson:** Good evening. First off, a bit of background about myself. I'm a retired oil patcher who has owned land out in the Okanagan for 36 years. I wanted to speak about what I consider about the past, present and future finances as seen by a retired couple.

I'd like to thank the committee for providing a normal resident of B.C. such good background information so that I could prepare for this submission and for allowing me to make the submission.

[1810]

I come to this committee as a resident of a rural interface community: the northwest side of Okanagan Lake, Killiney Beach subdivision. We are a minimum of 45 minutes from two major centres: Kelowna and Vernon. As expected, roads, fire protection, policing and health care are all high on our list of priorities. That being said, it is my observation that the community as a majority tends to take a different tack on how our government should spend our money on these and other services. It is my hope I'll be able to provide this committee with ideas on how we as residents of northwest side would like government to spend and to save on providing these and other services.

I and my wife have owned land in Killiney Beach for 36 years but only moved here in 1998-1999. Over the years we have observed carefully how governments in B.C. have operated. With great consternation we watched as B.C., quite frankly, became somewhat of a joke in the rest of Canada during the 1990s. I say consternation because I believe a strong and vibrant economy attracts a good tax base from which the government can drive funds to provide for health care, policing, roads and fire protection. We watched as the value of our and others' lands fell so badly, it would take anywhere from three months to three years to sell.

However, we decided to hang on because we wanted to retire here, and we continued to pay our B.C. taxes because we believed B.C. would eventually change things around. After we moved out here in 1998-1999, we actually found the very poor economic climate somewhat beneficial in the short term. We could easily get builders and services for our retirement home. However, these people were just hanging on, and the future looked bleak.

What a change that occurred early in the century. Most people I dealt with in our area became very busy. New homes began building. New developments came in. Services expanded. A general optimism gradually replaced the old doom and gloom. My wife and I have seen B.C. brighten up. We have seen the results, which have come about by people and businesses benefiting from the much better management of our economy. In my and other's opinions, the B.C. government has done a great job.

Mind you, there have been trials. But our observations indicate the current government has learned from these trials and has gone forward and improved. What I personally consider remarkable is that our current government listens, observes, improves and serves. These factors are why I am here today, and I hope I can provide valuable input.

Taking a look at the fiscal and economic forecast, I must say things look prudent and great. Above all, it would be my hope and wish that the debt ratio would continue to decline at an even faster pace, if at all possible. We must continue to decrease what we owe so more money can be spent on things of importance to the citizens of the province. I and my wife are paying off our mortgage in January. After that, we will have money to buy a new car, go on more vacations in B.C. In short, we'll be able to contribute more to the economy through having more money available for things we would like to do. This is what we wish for our government as well.

However, the two of us always look at what we are spending money on, and if we see some areas which dominate our financial picture — like our current mortgage payments — we ask ourselves what we can do about it. Or if we see something in our community which is holding us down, like our fire department's debt was, we will work hard to help the community get rid of that debt, which we helped do over a three-year period. Our fire department is now debt-free and has been able to and will be able to buy fire suppression equipment for cash for the foreseeable future.

I observe three major areas of concern for my community: health care, education and protection of persons and property. First off, I would like to discuss health care.

While I am retired, I believe strongly in personal responsibility for my health. I have to. I'm a minimum of 45 minutes from the hospital if I drive; one to one and a half hours if I use an ambulance. Do not get me wrong: I chose this lifestyle. I should be prepared for it. My doctor told me I was overweight with high cholesterol and high blood pressure at an age of 61 last year. I have lost 57 pounds so far, and my cholesterol is normal, and my blood pressure is way down. This was done without drugs by following the *Canada's Food Guide* and by walking in our great B.C. geography — namely, the hills we've got around Killiney Beach.

It really bothers me and my wife to see an overweight nurse on TV complaining about the B.C. government not providing enough money for health care or seeing a bunch of overweight smokers complaining about how they are shortchanged in health care matters by

the B.C. government. I do understand there are those with medical reasons for being obese that will require something more than diet and exercise, but I do not understand why people should complain if they are capable of improving their health situation. Therefore, I would like to make the following recommendations, and these will be controversial.

[1815]

Figure out how to maintain or decrease health care costs. This may take some time, but I'm in favour of more innovative systems to improve health care delivery while, at the very least, maintaining costs. If it turns out an efficient model is available and applicable from some other country, which expands on the use of private health care so few people in Canada need to go to another country to receive treatment, then I would recommend applying it here in B.C.

Make people more responsible through the health care premium. We currently have a graduated licensing system for driver training. We essentially have a graduated insurance premium for ICBC. I would recommend you develop a graduated health care premium. My wife and I pay \$288 quarterly for our health care premium. We consider this reasonable. I now personally believe it is my responsibility to have a yearly checkup.

Therefore, I'd recommend something like the following. If you do not have an unusual medical condition and are within a certain set of health parameters defined by the medical profession as being healthy, you continue to pay the current health care premium. If you smoke, you pay more — not just through taxes on the cigarettes, which is a tax on the product, but through a personal responsibility tax on health care premiums.

If you're overweight and it is affecting your health — high blood pressure, high cholesterol, etc. — and it can be dealt with through things the overweight person can control or deal with, then you pay a higher premium unless you deal with it.

If you're leading a lifestyle which is going to be a burden on society as evidenced by vehicular collisions which are attributable to you, as evidenced by drunk-driving convictions, I should say, as evidenced by assault convictions, etc., to be determined by health care experts, then you pay a higher premium.

While the system may not be able to be applied immediately, it should be developed over a year or more to be applied in a couple of years. Through a communication the B.C. government could keep the people of B.C. informed this was coming about. All the funds from these higher personal responsibility premiums would go directly to health care.

Education costs. Well, this is a concern. What I'd like to see is our B.C. government make the teaching profession more responsible for the results. For far too long I've heard that proficiency exams are not a true measure of how well children are being educated. Education is a business — the business of preparing the child for the world out there and the business of providing society a useful and productive person to contribute to society through the work that person will do and, I might add, pay taxes for.

Frankly, it is my firm opinion that teachers should be held accountable for the results of their work. If the results of their work do not provide society with people who can contribute useful results, including taxes, then they should be paid accordingly.

While the B.C. government has done an excellent job at keeping labour peace in this province, it is my belief they should monitor the results of all they fund and act according to the results obtained, as they have been doing.

Protection of persons and property. According to your brochure, *What Choices Would You Make?* protection of persons and property is the lowest cost at 4 per cent. Congratulations. While I'm not an advocate of increasing taxes without a clear need, I would like to see better results from this section of our spending. For example — and see my section on health care costs as a reference:

(1) Every collision involving a speeding driver and/or an intoxicated driver should be forwarded to the people who are in charge of health care premiums. Upon conviction, the convicted person's health care premium should automatically be raised to the maximum as defined in the previous section in addition to any other penalties or costs.

(2) If the police attend an assault or a domestic dispute — and whether or not it is a man or woman who is charged and summarily convicted — upon conviction, the convicted person's health care premiums should automatically be raised in addition to any other penalties or costs.

(3) More money should be spent on curing people of their illegal drug addictions and less on encouraging them not to give up these addictions.

(4) People who are a potential danger to themselves and/or society who should be on medication and refuse to do so should be brought under charges before they commit a harmful act, upon the obvious notification of reputable sources which can be verified, and forced to go on medication.

While this last point may not seem to be within the mandate of this committee, if policing resources are tied up with multiple complaints and investigations about such a person, then they are not spending their moneys on things of more importance. It is all about better use of the resources you have.

I have not dealt with roads, because quite frankly, our community has found the Ministry of Transportation has done their job very well. While funds are limited, we have a very clear understanding of what funds are available, how these funds can be accessed, when those funds can be accessed and how the community can work with the Ministry of Transportation to access those funds. In short, MOT communicates very well with our community, and this brings up my last point.

Other than the above, I would encourage this committee and the B.C. government to continue to provide the excellent communication they have regarding the way the government is spending our money. This province stands out clearly in my mind as the best province in Canada. It's obviously improving daily. If you can communicate better, please do so.

Other than that, I thank you for this opportunity to have my say. It is my hope I have provided input which will be of value to the people of B.C.

**B. Lekstrom (Chair):** All right. Well, thank you very much, Jim. You've obviously put a lot of work and a lot of thought into this. I thank you for that.

I'll look to members of the committee if they have any questions.

[1820]

**R. Lee:** It's a very thoughtful presentation. Thank you.

You have some suggestions on saving as well as reducing spending. Do you have any thoughts on how to generate revenue?

**J. Edgson:** How to generate that income? Right now the way I'm looking at generating that income is... This is health care you're referring to?

**R. Lee:** No, just referring to some of the savings as well as spending less — right? — but is there any revenue generation so that we can pay down the debt?

**J. Edgson:** That's correct. Okay, well, what I'm concerned about is this. You can see from the general gist of my report that I would like to see less spent. However, it is becoming obvious to me that the current way... We're kind of on a roll whereby this momentum is going to continue for some time. So what I'm looking for the B.C. government to do is to go out there and say: "Okay, let's take a look at part of the problem, and not only take a look at how we can spend less..."

I have, quite frankly, not any idea how to do that, so that is why I went and suggested the health care premiums as the way to generate more. I would like to see the health care premium stay as it is now except for those who should be paying more.

Do I have any idea how to spend less? Not at the present time. I would encourage you to do so, but in the meanwhile what we've got to do is... I think it's time we started looking at the personal responsibility of those who are causing a problem and put a little bit more burden on their backs.

**B. Lekstrom (Chair):** Jim, I see no further questions. But I do want to thank you, and your comments regarding the opportunity to come and speak, I think, are shared by many. It is the job of government to go out, and this is an all-party committee that is tasked with listening to British Columbians and with presenting our report to the full Legislative Assembly. Again, I thank you for your comments.

Our next presentation this evening is brought to us by the Okanagan College Students Union, and joining us are David Lubbers and David Westmacott.

Interjection.

**B. Lekstrom (Chair):** Oh, okay. So you're on your own, then, David.

**D. Lubbers:** Looks like.

**B. Lekstrom (Chair):** Good evening, and welcome to the committee.

**D. Lubbers:** Thank you. My name is David Lubbers, and I sit on the executive of the Okanagan College Students Union. I'm here today to talk to you about the budget priorities of students and families in the Okanagan-Shuswap region. The Okanagan College Students Union represents over 4,200 students taking courses at five campuses spread throughout the region. I would like to thank you all on behalf of these members for the chance to provide our input into the province's budget priorities.

At Okanagan College we are very concerned about the state of post-secondary education. Students are facing more financial hardship than at any other time in B.C.'s history, and many youth are forgoing education rather than risking massive debt. Poll after poll shows that the public recognizes this and is equally concerned as students.

The 2007 B.C. budget is an opportunity to demonstrate to the people of this province that affordable post-secondary education is a priority. Students at the Okanagan College are eager to work with you, and we have several urgent recommendations today that will help demonstrate to students and their families across the province that accessibility is a priority for the government.

Our first recommendation is that the government allocate funding in the 2007 B.C. budget to reduce tuition fees by 10 percent. Tuition fees at Okanagan College are among the highest at any college in the province. There are students at Okanagan College who are forced to use the food bank to make it through the year. There are students who have to delay their graduation because the money they can earn over the summer is no longer enough to continue their studies.

[1825]

There are students at Okanagan College who are simply dropping out. They're giving up on their dreams, and they're forgetting what could have been for them. Yet British Columbians need these students. They're the ones who are going to fill the shortage of skilled workers in B.C. and the many new jobs that are opening up in B.C. and Canada's knowledge-based economy.

As a province we need to be pulling out the stops and the barriers to ensure that the youth and those needing to upgrade their education are able to do so. Our economy depends on it. Reducing tuition fees by 10 percent in 2007 will cost \$92 million. This investment would immediately reduce the costs to individual students by hundreds of dollars apiece, while staying well within the bounds of the government's surplus. The average student at Okanagan College would save over \$300 as a result of that investment.

A poll conducted in July 2006 by Ipsos-Reid found that 80 percent of British Columbians support reducing tuition fees and that three-quarters of British Columbians

believe that students are taking on an unfair burden to have to pay and put up with that sort of debt for their education. British Columbians know that investing in post-secondary education is the right thing to do and a smart thing to do.

Our second recommendation is that the B.C. government eliminate tuition fees for adult basic education. Adult basic education is vital to ensuring that students who need it the most are able to access courses and education that will help them better themselves and to be more able to fit into the B.C. economy and become productive members of society. These programs serve higher percentages of single parents, women, aboriginal people and immigrants, and these groups have far higher rates of poverty and marginalization. Charging tuition fees for these programs only further entrenches these economic disparities.

A survey conducted by the Ministry of Advanced Education found that 87 percent of ABE students were taking courses in order to get a post-secondary education so that they could better their lives. We shouldn't be punishing these individuals for taking this sort of initiative. We need to encourage them in their pursuit of post-secondary education and their desire to make a meaningful contribution to B.C.'s economy and society. The very best way to do this is to allocate \$17 million to fund an elimination of all tuition fees charged for adult basic education in the province.

Our third recommendation is the creation of an upfront, needs-based grants program to replace the current loan reduction program. This program should be funded at the same level as the previous B.C. grants program or more, considering that tuition and other costs have gone up.

You might know this, if you're travelling across the country. I'm a little bit older than a lot of students who are going to school right now. I've returned. I remember when I graduated from high school in '97. I graduated from Similkameen secondary school. It's not a rich town. Not a lot of people there have a lot of money. I didn't know anything about student loans. I remember filling out the forms the first time, and a lot of my friends did too. When we saw that there was that big grant on there, a lot of people were filled with a lot of confidence that they'd be able to get through, get a good education and get a good job and not be crippled with debt by it. A lot of my friends are through and have done very well for themselves. But I wonder how well they'd be doing if they had the type of debt that a lot of students are having to face right now.

[1830]

Since the termination of the grants program, thousands of affected students from around the province have brought their stories to the B.C. government. This resulted in the creation of the loan reduction program. While this program does offer financial aid to some of the neediest students, it's nowhere near as effective as the former grants program.

The loan reduction program is a back-ended system that reduces loans after the fact. Students with high need require upfront grants to know what their education

will cost and whether or not they can afford it before they go in. Without this basic level of knowledge, low-income and high-needs students will continue to be deterred from a higher education.

In addition, we would also urge the government to include graduate students in this program. Okanagan College has many transfer students who will one day want to go on to graduate studies. Along the way many of these students will acquire large debts before applying for graduate studies.

For many of these students the lack of access to grants may be the difference between carrying on to a graduate study or not. Or it might be the difference between those graduate students staying in B.C. or going to Alberta or Ontario, where they do offer a better system for graduate students.

Our fourth recommendation is that the funding previously announced as a trades training tax credit be allocated instead to core funding for trades training. It's common knowledge that there is a shortage of skilled tradespeople in B.C. For every dollar that the businesses invest in apprentices, they'll see nearly 38 cents in return. It's clear that there's already an incentive for businesses to take on apprentices. Where the system is lacking is in core funding for institutions to provide entry-level training.

Institutions like Okanagan College will play a key role in developing skilled workers who are able to fill the skills gap and provide B.C. with effective and skilled tradespeople in the future. Without providing adequate funding for trades training, we will not be able to address our looming skills shortage.

I'd like to thank you all once again for your time this evening. I hope that I have been able to shed more light on the issues facing post-secondary education in B.C. and on the barriers to access faced by many young people and families.

Our recommendations today will help to address many of these issues. Through these recommendations, students next year will save hundreds of dollars. Others will be able to access post-secondary education for the first time, knowing that the government is committed to making it more affordable for them. Of course, these recommendations will help build the economy into the future through addressing the skills shortage and filling the hundreds of thousands of new jobs emerging over the next several years that will require post-secondary education.

Thank you, and I look forward to your questions.

**B. Lekstrom (Chair):** Thank you, David, for your presentation here this evening.

**D. Hayer:** A good presentation, actually. I can sort of relate to it because I used to be a director at Kwantlen University College, and then I have four kids — 16, 18, 20 and 22 — three of them at post-secondary, including my wife, and taking some classes at SFU and that.

My question is... For students back in the '90s you had to get 90 percent or so to get into universities and colleges for some of the courses. Now when I talk to

universities and colleges, they say that if you get around 70 percent, you can get in. Have you found the same? Was that good to have 25,000 extra spaces created to make studies easily accessible or not?

**D. Lubbers:** I have two comments on that.

First of all, I did not find that it was the case back in the '90s that you needed 90 percent to get into a college or a university. There were some universities, like UBC Vancouver, and some programs that required a 90 percent to get in, but that wasn't for all courses and programs.

Frankly, I don't know how you feel, but I personally feel that a person's brains should be the determining factor as to whether or not they get into university and not the size of their wallet.

**D. Hayer:** My kids sort of worked part-time — all of them — to support their education.

[1835]

**B. Lekstrom (Chair):** Dave, we'll try and keep it to one because 15 minutes is pretty short. I have a couple of other people.

**J. Horgan:** Thank you, David, for a very, very thoughtful presentation. I want also to encourage you to tough it out — 1997 to 2006. Good for you.

Also, if you're looking for some part-time work, perhaps the chamber could use you to cost their programs as you've costed yours.

I want to touch on that for a minute. The \$300 per student in a \$92 million item... Looking at the quarterly report that was recently released with a \$1.2 billion projected surplus, would you suggest, then, that a way to reduce barriers for higher education and, perhaps, increase literacy would be to put more money into adult basic education and to follow through on the 10-percent reduction that you've suggested?

**D. Lubbers:** Absolutely. I think that reducing tuition fees by 10 percent and paying for ABE courses would be a fabulous way to go.

**H. Bloy:** Thanks for your presentation. I just wanted to talk about the apprentices. You know, in the province today there are over 29,000 apprentices. It's about double since 2000. As a matter of fact, there are over 2,000 more employers accepting employees into the ITA apprenticeship training program.

We're spending over \$90 million a year, which is the highest ever. On top of that, we're doing a \$30-million-a-year tax credit for business. ITA is out working with colleges like yours in private enterprise to create more trades training places.

**D. Lubbers:** Okay.

**H. Bloy:** Okay. So do you feel — like, you're talking about your college — that there's not enough done for trades training?

**D. Lubbers:** I see what you're saying. I was missing your question for a moment there, sir. Sorry about that.

I'll tell you what I do know. I do know that at my college there are people being turned away in droves from the trades programs. They want the pre-app program, and the college doesn't have enough money to fund the pre-app program.

It seems to me that if the pre-app program is important — and I think it is.... I think that it is a fantastic way to introduce students into the trades program. I know it sounds like I've been going to university for almost ten years now, but the fact is I took eight years off. I've worked in trades for eight years. The pre-app is important. Having students come in with that sort of knowledge prior to the job really makes a difference, and it makes them better right on the first day. It makes it so that the businesses will have more use for these people.

The fact that so many students at Okanagan College are having to be turned away.... If B.C.'s government is really committed to making things happen in trades — and I think they have to be, considering the commitments they've made to the 2010 Olympics — then allocating money into the institutions for trades is the way to go.

**B. Lekstrom (Chair):** Well, David, I'd like to thank you for making the presentation that you did here this evening. If I could ask you: if you have a written copy that you could leave with us.... If you don't, if you could get that to us. It certainly helps the committee in their deliberations. That would be very much appreciated.

**D. Lubbers:** I'll be able to get you one soon.

**B. Lekstrom (Chair):** Terrific. Thanks very much. David, what trade are you in?

**D. Lubbers:** At university?

**B. Lekstrom (Chair):** Yeah. I was just curious.

**D. Lubbers:** Well, I spent the last few years working in the construction trade. I worked on the highrises down in Yaletown in Vancouver. Currently I'm working on finishing my bachelor of arts with a major in history, and I'm also doubling in a unique major at UBC that focuses on economics, politics and philosophy.

**B. Lekstrom (Chair):** Wow. Good luck.

Our next presentation this evening is from Community Living B.C. Joining us is Joyce Procure.

Good evening, Joyce. Welcome to the committee.

**J. Procure:** Good evening. Thank you for this opportunity. I hope it's not in lieu of a fall session, but nonetheless, I'm glad that you're all able to make it here.

[1840]

I am an overweight nurse, but I'm not here to talk about myself. I'm actually here to talk about persons

with developmental disabilities and, in particular, those people who are served by Community Living B.C.

[1840]

Some of you are probably aware there's been a restructuring in community living in the last several years. It's still taking place. It's just a new model under transition. I'm here to talk about the effect that this restructuring and the new model changes have had on this client group and, in particular, the fiscal decisions that have been made. I'd like to make some recommendations to you about future areas, should these transitions take place again — some recommendations about financial responsibility.

This is a complicated client group, so I think what would make sense to me is if I talked about individual recommendations and then gave you some background with each recommendation.

I can see some areas, also, where there will be significant costs that will be coming forward in the future as a result of some of these cuts and reorganization, not unlike what did happen with health care, if we looked at the restructuring of health care — when you're not sure what effect this is going to have here in the future. You may be continuing to see in health care that you haven't even seen the beginning yet of some of the costs that will be facing us because of some cuts that took place earlier on.

As a nurse in health care it's sometimes fairly easy to see that kind of progression — as a person who works in the area. That's what I'm going to say with this client group too. I've been working with this client group about 25 years. There have been a number of reorganizations of government, a number of different models that this group of adults with developmental disabilities has been managed under. It's certainly an expensive area to individuals to serve. These are vulnerable individuals that depend on society in many, many ways to ensure that they have a good standard of living and quality of life and that their health and safety needs are taken care of. In many cases there is no one else but government services to do that for them.

Some people might refer to them as burdens on society. But in my opinion, our society is judged — as you've probably heard many people say many times — on how well we serve and treat the most vulnerable among us. That is how I would hope that we would want to see services for this client group.

Some of the recommendations that I'd like to make are that the funding that existed for Community Living B.C. or the ministry of child and family services for the adult division, which is what I'm talking about, be restored to its original supports and services that were in existence prior to the restructuring process. My rationale for that comment is that, as I've seen happen in this area with this client group before, changes are planned and initiated whilst cuts to services are being performed upfront and a transition and a new plan are being created at the same time. This is almost always a recipe for chaos for the people who are receiving services.



The new services that are going to take the place of some of the services that are going to be or have been cut haven't been created yet, as happened 15 years ago when we first saw the closing of institutions. Services and programs were cut and closed, but new ones weren't created yet. There was even a lag time of ten years in some cases before those services showed up.

Financially, that may have made some sense to some decision-makers, but it certainly did not serve this client group. And I can see the same thing happening now. I'm also seeing the clients that I'm serving developing significant problems with health and safety. I can see some other costs that are coming forward to government — if you're not seeing them right now, you will be seeing them very soon — as a result of the cuts that have occurred.

The cuts, by the way, to funding and services — these are group homes, 24-hour staffed resources for adults who cannot live alone. These are day programs, vocational programs, life skills training courses, advocacy supports, social programs — things that are required for individuals who cannot make decisions to govern their own lives and who need some assistance in order to live a good, full life.

In the last five to seven years of the restructuring, it's been about 35 to 45 percent of funding cuts to services and programs. It didn't come with one big cut; it came with a cut and then another percentage on top of another percentage of cuts.

[1845]

I'm with the Interior Health Authority. I'm a community nurse. So it isn't me who's being cut; it's the group that I serve and the care providers who try to serve this group. It's those budgets that have been cut. I've been watching the effect on the clients since those cuts, where they don't have the staff ratio in the household anymore, where it means that people in a wheelchair can no longer get out of that house because it means one body per one wheelchair in order to get out of the house.

Those cuts up to the 35 to 45 percent have caused serious problems trying to attract staff in the area. There are staff shortages. There are people not getting the minimum health and safety standard care anymore. There have been changes to regulations in licensing that allow those ratios. Staff ratios that used to be in a contract and clearly written are blurred and no longer exist.

The accountability and the health and safety risks are climbing higher and higher. So the recommendation to restore the funding now whilst the restructuring process still continues is a recommendation for your budget that I think would be extremely appropriate and welcomed in this community. The restructuring process itself is still going on. It means the Community Living B.C. social worker model is changing; the philosophies and the values of service provision are changing. They're excellent values and services, but having worked in government, I have sort of a cynical perspective of what restructuring in programs usually means. It usually means less money and more work to do for fewer dollars to get the work done.

For this particular client group, who cannot get up and go somewhere else or advocate for themselves, to say: "Wait a minute. Did you know that this is what's happened to me?" That's the point I'm trying to make here: that this client group now.... With these cuts to staff and services, it means that health care issues that present.... A non-verbal person, for instance, who can't speak relies on myself as a health care provider or group home staff to say: "Hey, there's something wrong. Something is different about this person. This person needs to access a certain service or procedure."

If these things go undetected and unobserved because they're not getting appropriate health care with skilled persons any longer, then that means that the health care system within the Ministry of Health becomes impacted. It's interesting how these are two different ministries that I'm working within, but with a cut over here, it's going to rebound up on health care's budget over here, and a cut in health care service over here rebounds up in another area. It's fascinating to watch how these things come into play in the real world of where the client lives. I don't envy you your jobs either, trying to decide how you're going to balance budgets.

Restoring the budget was my first recommendation. The second one is to properly fund transitional services so that when you're changing to a different philosophy of service delivery, you actually have the initiative and the commitment to follow through in those things. In other words, let's not take ten years this time to put new services in place that we're saying we're doing when we're cutting over here. Let's not have a lag time of ten years before it actually shows up.

This new model is being implemented now, and in many ways there's vision, but without the steps or the initiative to.... Who's going to do what? The services that have been cut, that don't exist anymore, are holes in the fabric, and they haven't been knitted in with the new model yet. That's what comes with visioning and making new plans, but I'm saying that fiscally they do not have the money to do what they need to do over the next four, five, six, seven years. Even now it means that families will now be served according to a wait-list. We're talking about, let's say, a family who has a child who's just turning 19 now and will qualify for these programs. There's now going to be a wait-list.

It's not an imminent and mandated service that Community Living B.C. must provide certain things. It's: "If we have the dollars, we will do so." That means that a large group of people are coming up here who are a child's age now, who are transitioning into adulthood and who are coming up against something that says: "Sorry, there's nobody here. We have a wait-list. We're busy. Every dollar we have in this ministry is accounted for already, thank you. You'll have to wait until, perhaps, somebody dies and dollars are freed up."

This kind of a system does not work with this particular client group. These are people who have not asked for a developmental disability. They're vulnerable. They have not made the choice to do a certain thing or live in a certain place. Most everyone else has made those

choices for them. We have a group of parents, also, who have cared for that child up until 18 or 19 and who may or may not be able to continue to do so all the way into their 60s and 70s — nor should they, in my opinion. But when they come up against a wait-list, and they have barely held on long enough to make it to adult services with a child that has been a challenging individual to care for, now there's going to be a wait-list that says: "Sorry, we can't help you right now."

[1850]

I'd like your focus on your budget for the new year to be looking at the fact that this dollar-specific budget system that we have within the Ministry of Children and Family Development is not going to work for a whole large group of people unless a whole lot of others die, and I'd hate to see.... In fact, that may start to happen, because this client group is aging, and now that services have been cut significantly with these budget cuts, we are having more and more and more deaths.

You're not hearing about them in the news because they're not children in children's services, and they're not high profile. These are adults who are dying. I can't say: "You died because...." Well, in fact, I can. I've had two deaths this year that I could say that this client died because there was no staff available or people who understood what was going on with this person. They did not have the time and resources to have observed there was something wrong with this person's health care until the individual was in crisis and died.

It's that kind of a simple.... It sounds dramatic, but it's the fact that someone is there every day with you — who has continuity, who can see you and understand you, who will know there is something wrong so that you can get treatment when you need it.

If individuals don't get the treatment when they need it, health care costs burgeon over the hill and above and beyond and down the other side in terms of what it would cost to treat somebody efficiently when you first know a health care condition is in existence.

That's my conclusion. I hope that you will take these recommendations forward and have a look, a fiscal review of this particular group and what is going on within that ministry.

Any questions?

**B. Lekstrom (Chair):** Thank you, Joyce. I do have a number of members wishing to ask questions. We'll get to as many as we can.

**J. Kwan:** In your first recommendation, where you asked the committee to consider making the recommendation to restore the funding prior to the cuts in the Ministry of Children and Family Development in this sector — do you have a list of what those cuts are?

**J. Procure:** Actually, I walked in tonight, and there was a vacancy on the agenda, so I got in. I forgot to mention that. I don't have a prepared report for you that I could hand in, but that information is easily available to anybody within that ministry. I could easily get that to you.

We're also talking geographical area, so the Okanagan and Central Okanagan may not have been treated exactly the same as the lower mainland was, but across the thing we had fairly standard percentages — a 5-percent cut, a 25-percent cut, a 12-percent cut. What those real dollars are, though, I have no idea. I have no access to that kind of fiscal.... What was the budget before the 12-percent cut? I couldn't say that. Would you like it? I could get it for you. Would you like the percentage cut breakdown?

**J. Kwan:** If you can provide us with as much detail as you can — the percentages, the programs, the program areas and so on.... Even if it's not for other regions but just for your region, that could be very helpful.

**J. Procure:** I could do that.

**J. Kwan:** Perhaps on the flip side, we can try and get that information from the ministry as well. Often when people come and ask us to restore funding cuts prior to a certain level in a particular area.... Unless we actually have that kind of detail, it's very difficult to look at it in that context.

**J. Horgan:** Mine, Joyce, is just a comment. Firstly, thank you very much for your presentation, and thank you for reminding the committee.... We think of things in terms of silos — ministry A, ministry B, ministry C — and you've quite graphically reminded us that there's an interdependence of social programs in the community. We often forget that, so thanks for bringing that up.

**R. Lee:** You bring up the need for support for transition — say, from 18-year-old to 19-year-old, and then probably....

**J. Procure:** Sorry; that's not what I meant by transition.

**R. Lee:** Is it transition from the support into adult?

**J. Procure:** Well, that's one area where there is a funding lack. When I said "transition," I meant the transition into the new governance model and the new value system that the ministry is working under. Both are relevant to what I'm saying now.

**R. Lee:** You mentioned a waiting list for 19-year-olds.

**J. Procure:** Yes.

**R. Lee:** Yes, you mentioned that. For getting help to that group of adults, do you have the evolution of how much support is changing over, say, the last 20 years?

**J. Procure:** If I'm referring to a 19-year-old, to what they would be 20 years from now?

**R. Lee:** Yes.

**J. Procure:** So 39 years. Actually, from a nursing perspective I could give you a sense of what that is. Of course, when you're going to 18 to 19....

[1855]

**R. Lee:** No, sorry. My question is: over the last 20 years what kind of changes in support for that group of individuals...?

**J. Procure:** In the last ten years I'd say it's never been better. The services.... This client group used to be the don't-haves. Now they're the haves, compared to some areas that didn't have services. It was coming to the point where our parents felt confident that when their child turned 19, services would be in place for that individual and they could rest easy. That's not the case anymore.

The last five to seven years with this new model, the cuts to the existing adult services, again, I'm going to have to say are around 25 percent to 35 percent. That involves day programs. It involves the fact that there is no housing now for an individual to move into if they need supportive care because there is a wait-list. I don't know how else to answer that question, except to say probably the same.

**B. Lekstrom (Chair):** Richard, I know, as interesting as this is, I have one other question coming from a member, and 15 minutes is very quick time.

**I. Black:** A question of clarification, but I wanted to piggyback briefly on Jenny's question.

In providing the information about where money was, it would be useful to have that in the context of not just the money that was cut but also the net difference from the \$421 million that was put in this area as part of the current year's budget — the additional \$421 million.

My question is one of clarity. I notice that your name card says Community Living B.C. I'm just curious whether you are here tonight as an official representative of Community Living B.C., the Crown corporation, or here as an individual who happens to be employed by them. Just to put this in context a little bit would be useful for the committee.

**J. Procure:** Neither one. I'm not employed by Community Living B.C. I'm employed by the Interior Health Authority. I'm a community nurse. I'm an advocate for persons with disabilities as a personal interest of mine. This is my client group, which is served by Community Living B.C.

**I. Black:** I understand.

**J. Procure:** I'm not an employee of Community Living B.C., and I haven't been identified by that group to speak on their behalf.

**I. Black:** That's just what I wanted to clarify.

**J. Procure:** I'm speaking as a nurse seeing the changes. I have significant concerns about the future of this entire client group.

**B. Lekstrom (Chair):** Joyce, thank you for taking time out of what I'm sure is a busy schedule, like each and every person here, and for coming and presenting your views — firsthand experience in the system. We appreciate it very much.

**J. Procure:** Thank you very much for the opportunity to do that.

**B. Lekstrom (Chair):** Our next presentation this evening is from the B.C. College of Chiropractors as well as the British Columbia Chiropractic Association. Joining us is Dr. Don Nixdorf. Good evening, Don.

**D. Nixdorf:** Good evening, Mr. Chair, committee members. Thank you for the opportunity to meet with you this evening. There is some material being passed around, which is a summary of a PowerPoint which speaks to some of the comments I intend to make and also material which is relevant to the issue of funding.

In preparing the comments that I am going to make tonight, it was interesting to note that unless I read the numbers wrong, the budget consultation paper indicated that the Ministry of Health costs from the government are now 38 percent. But I note that in the presentations that have already been made and discussions that have been occurring, they have already gone up to 42 percent. So from the time of the consultation paper — and if I have misquoted it, I apologize.... It appears that from that publication to now, the health budget is already much greater.

**B. Lekstrom (Chair):** Just for clarification — and that question has arisen — I think that 38 refers to the actual ministry. If you pull in the other health-related costs from the other ministries, it then escalates to 42. I think that's how that number is achieved.

**D. Nixdorf:** Of course, the other thing that was reported.... I attended a conference spoken to by then Deputy Minister of Health Penny Ballem. As this province knows and as most other provinces know, if the status quo continues the way it is today, in anywhere between five and ten years, it is reported, there will be two ministries: Health and Education. Clearly, that is a practicality that cannot happen.

My comments tonight are not going to be so much about how much more money the government of British Columbia should be spending on health but to applaud the government for the work that it is doing in health, particularly in areas of prevention, and to perhaps discuss the issue of choices and the Finance Minister's comment in the consultation paper, which was essentially in "Your Choices, Your Priorities."

[1900]

The minister stated in that consultation paper that the general context of this is: what areas do you want to see increased, and therefore, what areas do you want to see decreased? My comments are, in part, that there is a middle ground in that.

With the health budget being what it is, representing the economy of British Columbia, perhaps there are a number of examples that we should be discussing and identifying that address how much more effective and where the effective spending on health care lies today and using those models to perhaps reallocate and save moneys. Some of these things we'll just touch on briefly in the time.

The statement made by the Ministry of Health in their service plan for 2007-2008, I think, summarizes it quite nicely:

"The greatest untapped resource in health care is the consumer. Well-informed patients get better care and also assist in better prevention. The issue at hand is how to get the right information into the hands of the right person and at the right time. The development of a comprehensive self-care strategy that supports not only individuals but also health care professionals will take advantage of existing resources."

I think that's the main thrust of what I want to say.

With the budget being what it is.... I've dealt with 23 of the last Health Ministers in sequence, and some of their concerns, of course, were always that it is the Ministry of Finance that allocates.

Part of the presentation here tonight — as was mentioned, I think, by Mr. Horgan — is that there is an interdependence, and that interdependence lies across ministries as well. While none of the MLAs or the Premier will ever treat a patient, the decisions you make, however, impact patients' choices for care and also the care that they may ultimately receive.

The regulated professions, of course, are aware the action happens. This is why I say that it's the providers who are providing the care, but it's the public that needs to understand what the care is. That's where information services can be significantly supported within your existing budgets, as opposed to having to necessarily increase a lot of budgets.

A lot of the other presenters have identified needs that deserve funding. That's not the purpose of my comment. If the ministry's budget, if the province's budget — and about health care — is all about spending more money.... If the only solution is spending more money, with respect, there never will be enough money, and the outcomes will be similar to yesterday and today.

The health professions, of course, are the ones that deliver the service. That's where you need to look for information and partnerships that will support not only health outcomes but also the economic growth that comes from health outcomes and reduced costs. These also include education opportunities.

We talk about health care in the context of emergency rooms, hospitals and waiting lists, whether it's cataract surgery, hips, cancer or AIDS. Those are critical, those are crucial, and those are absolutely vital. But they should not be the exclusive way that we characterize health care in British Columbia.

The example that I present and represent here is that at least one-third of all the medicare health care utilization — not costs, because cancer, AIDS and these other things are far more expensive — is directly for

spine and related visits. Some of these will occur in hospitals. Most will occur in private practitioner settings, but these are all some of the parameters around which you have to form your decisions on funding.

The office visits associated with spine and spine-related care in British Columbia, for example, are primarily by people between the ages of 25 and 60 — 55 percent female. When you hear the words that the aging population is going to be a greater burden, I would urge you to look carefully at some of this information, because it may not necessarily represent the area of spine and related conditions.

We don't see the demographics of what are called ICD9 or diagnostic codes captured by the Medical Services Plan of British Columbia, Saskatchewan or any other provinces. It is not the elderly that are using that one-third of the medicare utilization.

Some other examples of the Ministry of Finance's funding and policy impact. You're going to, obviously, impact the Medical Services Plan the most, because that's where the funding directly goes. Health authorities are coming to you with additional funding requests.

The Workers Compensation Board. While not directly handing money to the Ministry of Labour and the compensation board, you are still an employer. Government as an employer pays for the costs of employees, whether it's wage loss or care as well.

Your policies also have direct and indirect effects on ICBC. Through the B.C. Utilities Commission, we've learned that bodily injury in a general context is almost half of the corporation's \$4 billion annual expenditures. As we've heard from Paul Taylor, the bodily injury area remains a chief concern for rising rates. I think you can expect that the corporation will be making a further request of the Utilities Commission this fall for a further rate increase in 2007.

[1905]

That's not on behalf of anybody that I make that comment, please. Otherwise, Mr. Chair, they will be phoning me shortly.

The other thing, of course, is that the choices you have to deal with — and I stress choices — are not just about: if you want more money here, where do you give less there? Government has made some very difficult choices, and we're all moving on. You have to appreciate that if you decide that something will not be funded in health care, that doesn't mean the patient's need isn't going to continue. It doesn't mean the patient isn't going to continue to be treated. It simply transfers or allocates the cost from the public-purse taxpayer to the private sector, which is still the taxpayer.

You see that increasingly in the coverage of extended health benefits programs in British Columbia and other provinces. As you wrestle with the decisions on health care and health funding, you need to be aware that if you reduce the costs through the taxpayer system, you're not reducing the payment from the public. We need to challenge ourselves a little bit more with some of the choices we're making and simply say: "This isn't covered."

The funding and outcomes. This is where, again, we suggest that the Ministry of Finance and the other ministries have the opportunity to save funds. Put simply and somewhat simplistically, primary health care is about basic, everyday health care — treating acute and episodic illnesses, preventing people from becoming ill or injured and managing chronic conditions. The government is doing an excellent job, and it's addressing more forcefully areas of prevention under ActNow, whether it's the smoking programs, fitness programs, obesity programs.

We can all target the specific illnesses that these are attributable to, but the challenge, frankly, is much larger. Improved outcomes from primary care can help support a sustainable system that you're wrestling with as a committee related to finance.

Patients first, prevention and choice. Again, a reminder that one-third of medicare utilization is for the spine and related conditions. Some of the objectives here are to improve public information to respect patient choice — patients do choose non-surgical and non-pharmaceutical care — and support for patient choice and government information systems.

For example, the *B.C. HealthGuide*. I don't think it will cost the Ministry of Finance or the Ministry of Health anything to change the information that you have there and to better promote the use of that in people's daily lifestyles for both care and prevention choices.

One of the areas of education and prevention that I would like to just stress — and I think this sort of fits with what other speakers have said — is the area of education. This covers a broad range of topics, but we need to acknowledge that when it comes to health care, we graduate a health-illiterate population generation after generation, basically because between K and 12 there really is no meaningful health education.

We have some gratuitous programs once in a while which get thrown out for a variety of reasons, but we don't empower, inform, educate or equip our students of tomorrow to become health consumers of tomorrow. They really are health-illiterate, and that's an area that I think the Ministry of Finance, at least, should look at with either the Ministry of Education or Health. Otherwise, the budget requests will continue to grow every single year. They have every year that I worked with 23 Health Ministers. Unless we realize that simply spending more money is not the solution, there never will be enough money, and as I said before, the outcomes will remain the same.

This province, and every other province, has an abundance of quantitative data by which to make its decisions. You have that in the form of the Medical Services Plan since '65, WCB since 1950 and ICBC since 1972. So if someone suggests that the government, the ministries and the various departments do not have the data by which to make these informed choices and priorities, my respectful suggestion is that you do. We're sitting on it, literally.

"Your Choices, Your Priorities" — this was the slogan from the Minister of Finance consultation paper. Just to

recap these choices and priorities that you can deal with, with Finance as well as Health. It's the non-surgical treatment and recovery opportunities. It's been suggested in other presentations that having greater access to generic drugs and having federal and provincial legislation, where applicable, to allow generic pricing.... Well, that will be really important for a number of key conditions. I caution you that we don't want to move down the road of what I might characterize as — others have used the word — "pharma-nation." That also has some inherent risks to it as well.

There's an opportunity for a decrease of government direct costs from time loss and wage cost that is directly related to it and that its policies impact elsewhere. Reduction of ministry health expenditures should not mean exclusively privatization. Please remember that when you privatize or simply remove it from the list of government payments, the public is still having the condition, getting the care and also paying for the care. That all rolls into the economy one way or the other.

[1910]

Choices. Amongst those choices, we would recommend that the Ministry of Finance, not the Ministry of Health this time because we've been through this.... With no criticism to the Ministry of Finance, we think it should begin to directly include the Ministry of Finance and the B.C. Chiropractic Association and the college in joint dialogue to identify opportunities that reduce government costs without loss of outcome or service.

Again, we think there are lots of opportunities to better use the money that the province is spending.

Government partnerships already existing. One example is ActNow. Update the government-based information systems — whether it's the healthy living guide, health files, WCB, Internet- and print-based information. Also, review government regulation that impacts public utilization and access to avoid duplication. It should come as no surprise to anyone that sometimes well-meaning bureaucratic decisions and policies may result in duplication in costs.

**B. Lekstrom (Chair):** Thank you very much, Doctor, for your presentation to our committee. I'll look to members of the committee to see if they have any questions.

**H. Bloy:** Thanks for your presentation. Throughout your presentation you talked about a number of things. You're talking about partnerships. What do you mean by partnerships in health?

**D. Nixdorf:** We've been undertaking a partnership aimed at the youth and, as I said, education, K-through-12. Although it's a small example, I think it's a very good example. We've been advocating the sort of safety and awareness and the utilization of backpacks, primarily in children but as it relates to adults.

This program was so well received by educators the last three years that the Ministry of Health has formally partnered with the B.C. Chiropractic Association. I imagine you won't have time to see television too much, but you may in fact see an ad where the message

on safety and prevention awareness for children is brought by the British Columbia government and the B.C. Chiropractic Association.

We also suggest that there's an example you'll see shortly where the Workers Compensation Board also has formally entered into an agreement with some co-funding to better inform and prevent workplace injuries. I won't give you the statistics on that. I'm sure you're well acquainted with the magnitude of workplace injuries.

Also, all MLAs were sent a publication last year to their constituency offices from Hancock House Publishers in Vancouver. That publication was titled *Squandering Billions: Health Care in Canada*. In it we also identified areas where — examples of the New Brunswick system for long-term care and other opportunities with respect to pharmacy and hospitalization — we think there are opportunities that government can look at as well.

**B. Lekstrom (Chair):** Again, I do want to thank you. As I've indicated to numerous other presenters, 15 minutes is a very tight time frame. You've put forward a great deal of information, and I thank you for the effort you've put into that.

**D. Nixdorf:** Thanks for the committee's time.

**B. Lekstrom (Chair):** Our next presentation this evening is from the B.C. Real Estate Association, Okanagan Mainline Real Estate Board. Joining us are Janet Cunningham and Geri Surinak.

Good evening. Welcome to the committee.

**J. Cunningham:** Thank you, Mr. Chair and members of the committee, for this opportunity to present the British Columbia Real Estate Association's prebudget recommendations.

My name is Janet Cunningham. I'm a lower mainland-based realtor and chair of BCREA's government relations committee. BCREA is the third-largest professional trade association in B.C., representing the 12 real estate boards and approximately 16,500 realtors.

**G. Surinak:** Good evening. My name is Geri Surinak, and I am the president of the Okanagan Mainline Real Estate Board located here in Kelowna. I'd like to help Janet provide you with some local perspective to the recommendations.

**J. Cunningham:** As you know, the real estate sector is one of the key drivers of the provincial economy. According to statistics, the real estate market continues to perform very well. Year-to-date dollar-volume figures are up more than 12 percent from this time last year, although the number of homes sold is down by almost 5 percent.

The contribution that sales make to the local and provincial economies is enormous. The average B.C. home sold on the MLS triggers more than \$28,000 in additional spending, including legal fees, moving expenses,

furniture and appliance purchases, and taxes. Using this figure, B.C. homes sold on the MLS as of August 2006 have generated almost \$2 billion in additional spending across the province.

[1915]

**G. Surinak:** I'd like to draw your attention to three recommendations raised in our submission. They are reducing the property transfer tax, assisting leaky-condo owners and addressing threats to private property.

BCREA and OMREB believe that housing should be a priority in B.C., and we're optimistic that the new provincial housing strategy will help achieve this. A balanced strategy that serves all British Columbians, including people most in need, is long overdue.

The erosion of the affordability of housing is a significant issue that requires action. With a sound fiscal plan in place and surplus budgets rolling in at increasingly unprecedented levels, the government is extremely well positioned to address this issue, beginning with the property transfer tax.

**J. Cunningham:** BCREA recommends that the government develop a phased plan to eliminate or, at the very least, significantly reduce the property transfer tax by 2009.

We're all aware of the enormous contribution this tax makes to the government's general revenue. It helps finance important programs that are in high demand, and it contributes to the province's ongoing balanced budgets. However, year-over-year surplus budgets and forecasted surpluses in the \$1 billion range clearly indicate that there is room for change where the PTT is concerned.

Under this circumstance, the question of what spending government should cut to pay for a reduction in PTT is addressed. With monumental year-over-year surplus budgets, deep cuts in program areas aren't needed. You can reduce the tax through a phased plan that makes good use of these surpluses while maintaining the integrity of current spending commitments and supporting continued balanced budgets.

The PTT continues to add significant cost to the purchase of property in B.C. Although housing sales are robust and record-setting in many areas of the province, the tax is an arbitrary levy. It's not tied to a measurable standard or a household's ability to pay. The impact on consumers is significant as prices for all housing options across the province continue to accelerate.

Over the years the real estate profession has presented to government a variety of options to reduce and eliminate the tax. The government should again consider these options within the context of a three-year plan.

**G. Surinak:** Immediately raising the exemption thresholds for first-time buyers provincewide and adjusting them annually in keeping with the consumer price index would greatly assist in this situation. Since the thresholds were last adjusted in February of 2005, prices have increased well beyond their usefulness.

For example, the median indexed price of a townhouse in Greater Vancouver now stands at \$406,676. In the central Okanagan the median price has soared to \$377,500. In Summerland, a smaller community just south of here, the price hovers around \$350,095. In the capital region the median house prices have jumped to \$460,000.

**J. Cunningham:** The government could also simplify eligibility requirements so that more people can qualify for the exemption. The information that the Real Estate Board of Greater Vancouver submitted to you last year noted several administrative rules that, if modernized, would enable more people to qualify.

**G. Surinak:** Removing the 1-percent tax on the first \$200,000 payable would save every purchaser \$2,000. They would still pay 2 percent on the balance of fair market value. We've previously submitted to you information that describes the economic impact of making this change. Of course, we're pleased to work with government to further model the impact of this or any other approach to reducing the tax.

As you consider alternatives to reducing the tax, please know that our position remains firm. We want to see this tax eliminated and believe that now's a good time to begin.

**J. Cunningham:** BCREA appreciates the government's efforts in recent years to assist owners of leaky condos. However, we believe that the government needs to continue this effort.

Realtors help clients make significant decisions when purchasing homes by helping obtain and interpret important information. Since warranty companies are private companies, we have no information regarding how well buyers are being served and whether there is an appeal process in place for them when their applications are denied.

[1920]

**G. Surinak:** A local example of this is the Discovery Bay project. It's a project of 235 units located on Kelowna's waterfront, of which two-thirds or more are owned by investors from all over the world. National warranty will cover resident owners for \$3,000 a month to relocate their homes during construction to correct major defects rendering this property unsafe for occupancy.

Investors, however, are not eligible for any assistance. Their properties are unusable. They're also unsaleable. They have no income coming in from them anymore, and their strata fees and other expenses have increased. They're not even able to insure their properties at this point or their properties' contents.

Buyers need to know their options, and realtors need to know how to advise their clients. Simply put, we need to have more transparency in the warranty process and be able to provide enough information to help. We don't want to leave anything to chance with consumer confidence at stake.

We recommend that the government look into these questions and assess whether changes are necessary, including public disclosure of information related to the warranties. BCREA also recommends that the provincial government deliver on its 2001 promise and work with the federal government in pursuit of a fair program of relief for owners of leaky condos.

**J. Cunningham:** The Prime Minister has stated that he's committed to reviewing the role of CMHC in this issue and is considering relief for affected owners. The fact that there's court action involving CMHC should not impede the federal government in moving forward with this commitment. We recommend that the provincial government seize this opportunity to work with federal counterparts and deliver results without further delay.

**G. Surinak:** Finally, the government needs to consider and address the following threats to private property owners across our province.

The mountain pine beetle continues to ravage our province at an incredible rate. The government has been very aggressive in battling this infestation. A lot of money and planning has helped to address its impact on Crown land and first nations land and to make the most of the unique economic opportunities.

However, we've received no assurance from the government to suggest that it has considered the infestation's significance and impact on owners of private property. It's critical that the government more fully assess the infestation's impact in this area. It's cost-prohibitive for many owners to eradicate the infestation on their land, and ultimately, this undermines any progress that's being made to eradicate it elsewhere. We don't think that's wise.

BCREA recommends that the provincial government work with it and other organizations to assess the infestation's impact on owners of private land, determine what resources are required to assist remediation and promote the options for dealing with it. Encouraging the federal government to declare the infestation as a natural disaster and provide financial assistance to address it would also help.

**J. Cunningham:** We'll conclude our comments by reporting that BCREA has been alerted by members of the real estate profession to concerns about increasing pressure on the supply of water and on water infrastructure, including the province's diking systems.

Water use restrictions seem to be more prevalent and coming into force earlier each year. Changes to our natural environment, mainly through global warming, are causing levels of domestic potable water to recede. Rapid urbanization is also placing strains on these resources.

From what we've been told by government staff, the province's existing infrastructure is wearing out and needs to be replaced in many areas. BCREA would like to see the government work more closely with the other levels of government and the private sector to examine the strain on water supplies and infrastructure

and to establish a body of information and a plan to address that strain.

We want water stewardship, infrastructure, and groundwater protection and security to be a priority.

**G. Surinak:** You can be certain that our profession will continue to contribute to these efforts. This concludes our presentation. We're happy to answer any questions you may have.

**B. Lekstrom (Chair):** Thank you very much, both Janet and Geri, for your presentation here this evening.

**B. Simpson:** Thanks for the thoughtful overview on the property transfer tax. We've been looking for that kind of information — what it might look like, whether it's targeted or so on.

[1925]

I have a quick comment and then a question for you. On the mountain pine beetle part, is that solely restricted to mountain pine beetle, or is it generally trees on private property that have been killed by various pests and diseases? Fir beetle is on the rise, spruce beetle. There are lots more pests out there that are affecting trees on private property. Is this more expansive than that or just a program for mountain pine beetle?

**J. Cunningham:** It's come from the northern board because it's been so devastating throughout the northern board. So that's what we're focusing on — an infestation that is epidemic.

**B. Simpson:** But you had a neighbourhood down here, for example, that had ponderosa pine. So if you pigeonhole the program only to mountain pine beetle, then you sort of get yourself into a trap. I guess that's all I'm suggesting, because I got phone calls from a Kelowna neighbourhood that was trying to get funding for western pine beetle hitting ponderosa. It's just a comment. I think it may be worth revisiting that as a general program.

With respect to the removal of the property transfer tax, would the association be interested in targeting it if it's not going to be removed? In what you've got here, you've got some substantial underwriting of things specifically for private property owners. So if you couldn't get it removed, would you be happy if they at least got targeted and went into those initiatives that you've got here?

**J. Cunningham:** We discussed that. We lobbied the provincial government last year, talking specifically about using the surplus of the property transfer tax to address the problems with affordability. We want the tax that is pulled out of housing to be brought down, but also, if the surplus is going to be there, one of our suggestions was that it be used to help people who can't afford homes to get into homes. That was a suggestion that we did talk about last year.

**J. Kwan:** I know that last year presentations were made to the government and that work had been

undertaken to persuade the government to do, in the minimum, a review of the property transfer tax. I'm just wondering: what's the outcome of that? Has there been any commitment or indication that government might even just do a review of it?

**J. Cunningham:** No. I know that the government has been looking at it, and we'd had conversations saying that they would like to see something done with it, but we've had no promises or commitments from that.

**R. Lee:** In this proposal of removing the 1 percent payable on the first \$200,000 of a home's purchase price, you have a calculation saying that that would be \$233 million in additional spending by owners. Presumably this is the 1 percent payable to government, so this is a saving for homeowners. But you also mention about \$43 million in tax revenue. How do you get the \$43 million in tax revenue?

**J. Cunningham:** Sorry. Could you repeat what the \$43 million is?

**R. Lee:** In your presentation, the first section, page 3, you've got \$43 million in tax revenue and also \$49 million to the provincial GDP. I just want some clarification from you. How do you get those numbers?

**J. Cunningham:** Is that pulling from the Greater Vancouver...? We had an economist, Helmut Pastrick, do some numbers for us. We asked him to do the figures on that for us.

**R. Lee:** Okay. But my question to you is: how do you estimate the \$43 million in tax revenue and \$49 million in GDP?

**J. Cunningham:** I'd have to get back to you to answer that specifically.

**R. Lee:** Okay. Thank you.

**B. Lekstrom (Chair):** Janet and Geri, I want to thank you for taking the time out of your busy schedules to come before our committee here this evening and present some well-thought-out ideas for our consideration. Thank you so much.

Our next presentation this evening is from the B.C. Chamber of Commerce, and joining us is Dan Albas. Good evening.

**D. Albas:** Good evening. Thank you for having me, Chair and committee, and for allowing this consultation to happen. I am speaking on behalf of the directors of the B.C. Chamber of Commerce. I will keep it fairly short because I know that the night is going to be very long for you.

[1930]

I'd like to start by talking about fiscal responsibility. I'm sure that everyone here feels that's an issue that every government — whether it be municipal, provincial or



federal — is always feeling the push on. Following the release of the provincial government's first quarterly report for 2006 and 2007, the Finance Minister announced a stronger economic outlook for 2006 that will result in the provincial surplus rising to \$1.2 billion, up from an anticipated \$600 million in Budget 2006.

The improved economic performance, which has seen revenues rise by just over \$1 billion, is offset by the identification of significant challenges that lie ahead, many of which are outside the province's ability to control.

[B. Ralston in the chair.]

For instance, natural resource revenues continue to be very volatile, with natural gas alone \$774 million down on forecast. The province also sounded a note of caution regarding B.C.'s forest industry, pending a better understanding of the impact of the softwood lumber deal. While the government recognizes that the certainty that the deal provides to the industry is welcome, the impact of lower lumber prices could also have a significant impact on revenue.

The report also highlights the risks facing the economy from the slowdown of the U.S. market, largely driven by the slowdown in U.S. housing prices.

From the chamber's perspective, the biggest issue of note is that government spending has increased by \$722 million above Budget 2006. While much of this can be attributed to higher forest fire costs and incentive payments for the public sector pay negotiations, the report does indicate that increased spending by school districts, universities and colleges and health authorities — the SUCH sector — was higher than anticipated.

Further to the increase in spending, the government indicated that there are significant further cost pressures on spending being identified by health authorities. From the chamber's perspective, this is worthy of note, as the increased surplus will come with increased pressure on the government to increase spending. As such, a cornerstone of the chamber's comment must focus on the need for prudent fiscal management.

While the government is now legally committed to balancing the budget, we must be clear that that does not mean they cannot increase program spending above the rate of inflation. The government must also direct the surplus, along with all unused reserves, to debt reduction. The nature of surpluses is such that it is dangerous to direct these to program spending, as they simply increase government spending, thereby removing our ability to cushion the economy against unforeseen challenges.

The benefit of debt reduction is that it actually frees up sustainable revenue that government can reinvest without risking the economy. We would recommend that the government take debt repayment out of the normal budget process by introducing legislation that will first ensure that debt repayment is removed from political interference and short-term priorities, overriding the importance of reducing the debt burden we are

leaving our children by laying out a long-term debt reduction strategy.

For my final note, I'd like to talk about health care. This is the key to controlling public spending. As indicated above, health authorities have already set their stall out for increased funding, despite an additional \$2 billion invested since 2001.

Minister Taylor has been clear that if we continue to spend on health care as we have been, by 2017 a full 71 percent of the total provincial budget will be spent on health care, with 27 percent on education. We can all do the math to see where else the government will be able to invest. The chamber calls for public spending on health care to rise by no more than inflation until significant reforms are undertaken.

[B. Lekstrom in the chair.]

My associates at the B.C. Chamber will also be speaking in depth on other issues we've come up with that we'd like to present. I felt that those ones were of importance to bring up with you tonight.

**B. Lekstrom (Chair):** Thank you, Dan. I'm going to look to members of our committee to see if they have any questions.

**J. Kwan:** It twiggged my interest when you mentioned the issue around capping health care spending to the rate of inflation until significant reform takes place. Earlier we had a number of different presentations, and some very strong presentations, around preventative health care and the need, therefore, to invest dollars up front in order to bring health care costs down.

Is the chamber thinking about preventative health care strategies as a form of reform in reducing, ultimately, health care costs down the road?

[1935]

**D. Albas:** I would think the chamber would be supportive of any sustainable commonsense approach to it. So if the dollars and figures are backed up by evidence and the powers that be present a very good argument, I'm sure the B.C. Chamber would be very supportive as long as it's, again, sustainable and does address the need and not be another band-aid solution.

**B. Simpson:** Thank you for the pointed presentation and highlighting points that are important to you.

I have to say that up to this point, we are getting some mixed messages on what is prudent fiscal management relative to the debt — whether you set a long-term debt repatriation plan or whether you do it with every bit of the surplus you get, etc.

I'm curious. We're getting a lot of queries now around other deficits that we're passing on to our children — the infrastructure deficit. We're accumulating a forest health deficit, social deficits. We get students in here each time presenting the concerns about the debt they're accumulating. In terms of a more holistic deficit that we're passing on to future generations, has the

chamber done any work around looking at debt and deficit in a more holistic way?

**D. Albas:** Well, it's funny that the word "holistic" has been used a number of times tonight. I think a long-term solution is something the chamber would like to see in a lot of different areas. We do know we have a lot of resources that are not sustainable in B.C. We also have health care needs that need to be seen. What I think the chamber, like any group, would like to see is a commonsense approach where we are taking actions that are implementable now.

I know that as the chamber we've been very supportive of the current government for staying in touch and making sure that things are happening on a steady basis. But I think that any long-term solutions need to be started by a principled approach.

The term "holistic" is a little bit out of what I think we could explain. I would focus on just working with the debt reduction, having it so that it's taken out of the political process. I think that would be a good sign to people, saying that this government is serious about keeping debt in line. I think curbing the health care costs to inflation would be another sign. I think other ideas like Jenny had said about having a long-term preventative program towards health care....

I think all those things the chamber would be supportive of as long as, again, they are practical, commonsense solutions that can be implemented now rather than put off for tomorrow. As we all know, tomorrow never comes.

**I. Black:** Two billion dollars is an awful lot of money. It currently represents the amount of money we spend on interest, servicing the debt that we have right now. Arguably, if we didn't have one, that money could go elsewhere.

An argument that I've heard presented — and I'd like to find out the degree to which you agree — is that the urgency behind debt reduction, when you've got a red-hot economy that the government's been able to create.... The argument for debt reduction is that all things do change, including interest rates, now at a 40-year low, that can go up. So \$2 billion would obviously go higher if interest rates went up as well.

To what degree does that influence the chamber's view that debt reduction is an important part of the fiscal strategy?

**D. Albas:** Well, if we have the capacity now to pay down our debt, it's just good fiscal management to do that. On the other hand, with these unsustainable resources — mining, oil production, all those kinds of things, and in some cases forestry in certain areas.... It's one of those things that if we can use it now properly and then allow it so that we do not have those extra payments in the future, I think our children will be very happy with us.

**R. Lee:** You mentioned taking the debt payment out of the political process. I believe that right now if you

have anything left at the end of the year and it's not being used for the budget, it would be probably used for debt reduction. Do you think that kind of process is political?

**D. Albas:** Yes.

**R. Lee:** For example, you want to have a schedule so that each year you have a reduction at a certain level. Is that what you're proposing?

[1940]

**D. Albas:** Yes. The idea is very similar to what the federal government did when Paul Martin was Finance Minister. Any moneys that were left over at the end of the year, outside of their regularly scheduled payments, would automatically go to debt reduction. That proved to be a very successful formula for that time. I do believe we could duplicate that here.

**R. Lee:** Essentially, that is what we are doing.

**B. Lekstrom (Chair):** Dan, as I've indicated to many presenters, 15 minutes is a tight time frame. I know that for questions, having only one is difficult, but I want to thank you for coming and presenting here this evening.

Our next presentation this evening is from the British Columbia Fruit Growers Association, and joining us are Glen Lucas and Joe Sardinha.

Good evening, and welcome.

**J. Sardinha:** Good evening. It's a pleasure to be here tonight. The B.C. Fruit Growers Association of course appreciates the opportunity for input into the provincial budget. We've had the privilege of presenting each year since 2002, as a matter of fact. We note in some of the committee's background documentation that presentations from individuals are important, and we agree with this. However, presentations from associations should be equally important if the association is balanced and contributes to the areas of interest to the committee.

Our association represents 1,041 commercial fruit growers in the Okanagan, Similkameen and Creston valleys where over 99 percent of the tree fruit production in B.C. is located. Our members' farms are small businesses. These are businesses that continue to create jobs in times of economic downturn, an important area of concern to the government and the Select Standing Committee on Finance and Government Services.

Farm-gate revenues generated from 2001 to 2003, which averaged 22.3 cents per pound for apples, clearly illustrated that the industry is competitive and viable as long as fair trade principles are practised by our largest trading partners in apples — namely, Washington State.

Last year we noted that 2004 was a very difficult year, with average apple prices dropping from 22.3 cents per pound to 12.4 cents per pound to the grower or farm gate. Given the failure of a government program called the Canadian agriculture income stabilization program,

we asked last year that the Select Standing Committee on Finance and Government Services provide direction for the use of provincial contingency funds for the crippling and unfair trade that the apple industry now faces.

This committee unfortunately did not include this item in its report to government, and our industry is very much the worse for this failure.

The tree fruit industry, including apples, continues to implement strategies that are based on being world leaders in horticultural technology and new varieties. Tree fruits, as with all agriculture, continue to sharpen the saw, so to speak, improving its productivity in a fashion that is unmatched by any industry over the long term.

Thus, our growers — and agriculture in general, with a few exceptions; perhaps the supply management sector — are feeling neglected and in doubt about the future of agriculture in British Columbia.

B.C. funding for agriculture should be relatively high due to the social impact on the agricultural land reserve, but it is in fact the lowest in Canada. For that, we have provided you with a graph that clearly illustrates this, comparing the apple-producing provinces in Canada and the contribution to agriculture, based on agricultural GDP in terms of budget.

Agriculture's competitive weakness at this time is the lack of government budget for agricultural programs. On page 3 you will see that we have provided Stats Canada statistics, illustrating the contribution levels by province to agriculture. The Select Standing Committee on Finance and Government Services seeks to address a balanced approach in the budget review. From our perspective, the budget is not balanced in terms of allocation by ministry.

With this background, the BCFG offers the following suggestions to the questions posed by the Minister of Finance in the 2007 budget consultation paper.

[1945]

We continue to feel strongly that the best way to reduce debt is to ensure a positive business climate, which in turn promotes economic expansion and creates additional tax revenue for government social programs. Clearly, a strong, sustainable economy provides the best resources for health, education and the social programs we desire.

We have, in turn, wanted to address where we thought budget items should be allocated and what direction they should go. I think we need to press for greater efficiencies in the health care system and in education. They are our major budget items and, I guess you might say, consumers of tax dollars. We feel that current allocations need to be reduced through efficiencies and that economic development, transportation and other items need actual higher budget allocations.

We have also shown higher budget allocations for social services, maybe less concentration on debt interest, and increases for protection of persons and property.

The largest difference in the above targets is not where the increases occur but rather that health care and education are reduced substantially. How can

these productivity and efficiency gains be introduced in health and education without negatively impacting the service that is offered?

As we have observed, the agriculture industry has an enviable long-term success story in productivity and quality gains. The implications of these improvements to the health care and education economy are attached as an appendix. I'll not review that. That'll be for your own review. It's at the end of this document. There are possibilities to reform the health care and education systems to take a fair share of the budget.

Productivity, technology, outside competition and specialization are tools which agriculture has brought to bear over the past 200 years or so, which will result in savings and quality gains for health care and education as well. Savings in education and health care will enable a balanced approach which invests in social services, public safety and economic development. Neglecting these areas will adversely affect the economy, and deficits could become a fact of life — or at least until a day of reckoning occurs.

When creating a budget, it is necessary to choose between many worthy and important options. Here's where we have prioritized some of those options.

Strengthening our economy and our living standards. We believe that is the goose that laid the golden egg. That is a given. We have to do that as a province.

Building infrastructure like roads and schools. Roads are in particular need of attention. Schools and hospitals should be built appropriately as well. Some years we have built state-of-the-art schools, where the current approach of value is most appropriate.

New or expanded programs and services. The use of programs allows government to encourage productivity and quality improvements. The tree fruit industry has benefited from a replant program in the past. This type of program encourages growers to make investments to improve the tree fruit economy and the industry itself.

Food safety and traceability programs are topmost in our minds as a result of the recent spinach scare. This has resulted in a million dollars in losses to California spinach growers on a per-day basis, and it has basically shielded the public away from spinach from any source. Had their industry had traceability systems in place, they could have traced the source immediately and arrested the fears of the public.

If we are to have a competitive advantage in the area of food safety, then more investment is needed, and government should encourage this investment with food safety programs. The problem with food safety is that the current programs are vastly underfunded.

Finally, marketing programs are needed. We are coming up to the 2010 Olympics without a clear plan to promote B.C. agriculture or B.C. goods and services. The real marketing opportunity will be from now until two years after the Olympics. Since we have so far failed to launch, opportunity is being squandered.

To some extent, our experience is one of VANOC being disorganized and blocking local opportunity. We know that Coca-Cola can, with its enormous economy

of scale, purchase the rights to the Olympic brand. At this time there is no price for local purchase of the Olympic brand. VANOC seems to be spending more time telling local businesses they cannot have the brand than in helping them attain access to the brand for the good of the B.C. economy. Industries such as our own are just too small to afford purchasing the logo and the rights to be suppliers to the Olympics.

[1950]

We have a number of other points. Better access to social housing — a very important aspect.

I'd like to hit on protecting the environment. Farmers can play a very important role in protecting the environment — farmers and farms. Our participation in the environmental farm planning program is made possible through program funding, and we feel that the success of the EFP program should be replicated for food safety as well — an increasingly important program for those in the agricultural and food processing sectors.

We believe in improving assistance for people in need; of course, protecting people and property; educating our children and young adults — always a challenge; reducing borrowing and debt. Our debt level seems relatively low, and while further reductions are desirable, debt reduction should no longer be a sole priority. Preparing for an eventual downturn through expending funds on economic development and programs is now more important. Finally, with tax reductions, naturally personal and corporate income taxes have come down. Tax reduction is no longer a high-priority item, although in our industry we would like to see the harmonization of the PST and GST occur.

So what choices would we make between investing in infrastructure and managing British Columbia's debt? Because the tree fruit industry is risky — we have a lot of weather-related risks, and many of you have heard stories of that in the media — our experience is to minimize exposure to debt. Thus, we have crop insurance. On the other hand, we see the real benefit of infrastructure programs such as the need for completing upgrades to Highway 97 in the Okanagan. Debt is now relatively inexpensive, and we've just heard that interest rates are a big factor here. Improving the provincial infrastructure is necessary to improve competitiveness and could be funded partially by debt.

In summation, I would like to say that the tree fruit growers are disappointed that government has not compensated for a broken income stabilization and disaster program. In fact, many of our growers are angry, as it says here.

We feel that the health and education sectors should take a page from the agricultural experience and focus on productivity and specialization — specialization meaning we develop medical treatment centres that focus on orthopedics only or cancer only, and be very specific that way for efficiency's sake. This would free government resources for other parts of the economy.

Programs in economic development, especially agriculture, are underfunded. I'll remind this committee that in the early 1990s we had a \$100 million agricultural

budget. Today it is \$67 million. We are going the wrong way with our agricultural budget.

This does not bode well for future downturns in the provincial economy. The rural economy, which we are a part of, is suffering. Debt should be managed with less emphasis on paying down the debt and greater but not exclusive reliance on debt for infrastructure programs.

I would like to thank you, once again, for the opportunity to express our views on these important issues. It's always a pleasure to be here. I know we do concentrate on our industry quite a bit, but there are a lot of parallels to be drawn here. We do have, of course, serious concerns on where Agriculture as a ministry sits in terms of the dollars allocated. We have a lot of producers basically living in an agricultural land reserve that no other province has, and we see that the budgets have just continued to slide in past years. It's becoming much more difficult for the minister and for the ministry to provide for agriculture producers in this province what is needed in light of what is happening in the marketplace, a lot of it largely due to our competitors.

**B. Lekstrom (Chair):** Joe and Glen, I want to thank you for taking the time to come and present. I know there are a couple of questions, but I think your organization — and I'm sure they are — should be very proud of how you represent them.

**J. Sardinha:** And, Mr. Chair, I do have a little magic act to perform after the questions.

**B. Lekstrom (Chair):** We very much like magic.

**J. Sardinha:** I'm going to make something appear. It's a little smoke and mirrors.

**B. Simpson:** Thanks, Joe, for the thoughtful presentation and taking the time to actually answer the questions that have been asked in the budget consultation process. I think at some point it would be interesting to have a glass of apple cider and discuss some of the details, but we can only deal with one or two issues.

[1955]

I want to go to the risk issue. I see in here some of the things that we are going to start dealing with — food security. If you look at peak oil, local production becomes more important — all of those things. In your risk assessment you talk about weather-related risk. Has the association done anything around projecting forward around the implications of climate change, the possibility of increased risk? Has the ministry engaged the association in any way in doing those kinds of projections?

**J. Sardinha:** We have not really looked at the total effect of global warming, and it can be on different levels. Part of our risk, especially here in the Okanagan, is that we can't grow anything without water supply. That's a big risk, especially in some areas where we're not pumping out of the vast resource called Okanagan

Lake and we're having to rely on reservoir and storage water. For where I'm from, in Summerland, that became an issue.

That's one risk — the risk of drought. Drought is a huge risk, especially as the valley expands. We get more urbanization. Urbanization leads to more water use, because if you take a ten-acre parcel out of agriculture — even in tree fruits, where the demand for water is very high because you're growing a product that is basically 90-plus percent water — and you put it all into housing, you are going to realize a substantial increase in water needed for the daily operation of those homes.

It's not a fair trade-off. Taking an orchard out and putting it into homes definitely consumes more water. So that's one issue.

The other issue, in the context of global warming, is that weather is less predictable. You may have longer, hotter, drier summers, but at the same time, things like hail may become more frequent in the future. We do have production insurance programs that, at least at present, aren't penalizing growers because they've gotten hit twice, two years in a row, with hail. You don't get penalized for it. It shouldn't be that way, because otherwise there's no point in taking out that kind of risk insurance.

It is definitely something that I think will affect how insurers and underwriters look at things like production insurance for crops in the future in terms of the frequency of events. It's something that is going to be a challenge. It's like anything else. Insurance went up for everyone as soon as all those homes burned in Kelowna here. Some people couldn't even get insurance in an interface area, and insurance rates climbed. So with frequency comes, probably, a higher cost and more challenge to the producer also to cover the costs of insuring for those perils.

**J. Horgan:** Thank you, gentlemen, for your thoughtful presentation. You put a lot of time into this, and I for one — and, I know, all the other committee members — appreciate that.

I was going to go on the food security–food safety issue. I represent the Cowichan Valley. I have two constituents who grow spinach. They've been rocked, and yet they've got a benefit, because local sellers are now coming to them, saying: "We can't sell this other stuff. Maybe we can sell yours." So it's sort of a double-edged sword, but in the long term, very, very bad news. Your suggestions here are useful in that respect.

I want to go to the GST-PST harmonization, because a couple of witnesses earlier in the day were talking about that. I thought we had kind of spiked that here some time ago. I know my spouse is a small business person, and she has to deal with both sets of bureaucrats. That's the motivation for her for harmonization. Is that the same for you, or are there other issues that directly affect your industry?

**J. Sardinha:** For our industry it's basically that all those items that we purchase for the farm, for production,

carry with them PST exemptions and also carry with them the GST tax credits. We just want to have a more streamlined system, basically, for accounting for the farm inputs that do have those particular advantages for us when we do purchase direct farm materials and pesticides and whatnot.

**G. Lucas:** If I could add, right now with PST we don't have an input tax credit. What we have is a list of products, and it's very tough to manage that list. We go to suppliers to buy a product — fertilizer — and some suppliers say: "I have to collect that PST. I'm not going to give you the exemption that you deserve." It's not applied evenly between suppliers.

[2000]

The other thing is that it's hard to manage that list. Some things are on; some things aren't. If it was an input tax credit along with the GST, it would just simplify our lives a lot. Every year we meet with the Ministry of Finance and ask for more things to be put on this list. It just uses up a lot of time, and it's not very effective.

**J. Sardinha:** This is a comment on the spinach you were just talking about. I just ran across a little caricature in the newspaper, and it was Popeye. And guess what. He didn't have a bag of spinach; he had a bag of broccoli, so he switched.

**B. Lekstrom (Chair):** Well, Joe and Glen, again, I want to thank you and certainly for the work you do. We've had discussions before, but there is no doubt in my mind that agriculture is the most important industry we have. No slight against any of the others, but our food supply and the safety of that food supply for our society is vitally important, and we never want to become dependent for another jurisdiction supplying our food, so thank you for that.

I will now give you a moment for your magic show before we move on.

**J. Sardinha:** Okay. Well, this is part of the fruits of labour here. This is a variety that you've probably heard of before, the Ambrosia apple. I have brought some for you to enjoy tonight after the sessions are over.

**B. Lekstrom (Chair):** All right. Well, thank you very much.

**J. Sardinha:** If I may, I would like to just leave a couple of apples around for the next presenters, because they are from UBC Okanagan — okay?

**B. Lekstrom (Chair):** Definitely.

**J. Sardinha:** I will just put them on the table here so you can enjoy them.

**B. Lekstrom (Chair):** Our next presentation this evening is brought to us by the University of British

Columbia Students Union, Okanagan. Joining us are David Westmacott and Robert Chavarie.

**R. Chavarie:** First off, I just want to thank this gentleman very much for the apples.

My name's Bobby Chavarie, and I am the services coordinator for the University of British Columbia Students Union of the Okanagan. The UBC Students Union, Okanagan, represents more than 3,900 students in programs ranging from arts and sciences to nursing, social work and more. I am here today to speak to you on behalf of those students about what students at UBC Okanagan want to see in the upcoming budget.

I can tell you that first and foremost in the minds of students at UBC Okanagan is the high cost of post-secondary education. At UBC Okanagan we want to know that this cost is being recognized by the B.C. government and that we will see steps to address it in the 2007 budget.

Today we would like to outline some of the major steps that we believe need to be made in order to address the financial hardships of students and the lack of access to post-secondary education for many young people in the Okanagan.

First, we urge the government to use the 2007 budget to reduce tuition fees by 10 percent. Tuition fees have risen from \$1,500 in 2001 at UBCO to \$5,000 this year, a 333-percent increase in just five years. One American study found that for every \$1,000 increase in tuition fees, low-income people were 16 percent to 19 percent less likely to acquire a post-secondary education.

I could stand here and quote you research and facts and percentages for the next ten minutes, but instead I would like to take some time to reflect with you on the actual experience of students at University of British Columbia. More students are having to access the food bank. Many students are forced to drop out in order to get by. In many cases, students forced to work during the school year are seeing their grades suffer as a result.

Many of my friends cannot afford a full course load and are putting off their graduation, which in turn will affect their full contribution to the economy. Many students' needs are not even being met by public student loans, resulting in an alarming trend of students accessing private debt to fund their education.

[2005]

While the high cost of education is harming students, there are those who are unable to get into the system at all. There is also a danger of harming our economy. The skills shortage has been identified as one major issue facing the health of our economy, and there will be many more economic downsides if we do not face the growth of the knowledge economy head on by providing incentives for more students to pursue post-secondary education. Right now there's little incentive for a low-income 18-year-old facing upwards of \$30,000 in debt upon graduation to even attend. Certainly, \$30,000 in debt is not the jump-start a 22-year-old needs in life.

A fully funded 10-percent reduction in tuition fees would cost the B.C. government just \$92 million in 2007. This investment, representing just a quarter of 1 percent of overall public expenditures, would save the average student at UBCO more than \$500. For many students that means not having to go to the food bank or not falling behind in rent payments.

We know from polls released over the last few years that over 80 percent of British Columbians support reducing tuition fees. That is a number we cannot ignore. We are recommending today that the government recognize the concerns of British Columbians and the hardships of students and reduce tuition fees by 10 percent.

Our second recommendation is that the B.C. government allocate funding in the 2007 B.C. budget to eliminate tuition fees for adult basic education. Since the introduction of tuition fees for ABE programs, there has been a decline in enrolment across the province. The decline in enrolment began immediately after tuition fees were introduced and before employment rates began to drop.

You heard earlier tonight from the students at Okanagan College. Many ABE students there will continue their education at UBCO if they are given that initial incentive to get into the system, upgrade their education and participate more fully in the economy. The best way to do this is to allocate just \$17 million to fund the elimination of all tuition fees charged for adult basic education courses in the province.

Our third recommendation is that government allocate funding in the 2007 budget to create an upfront, needs-based B.C. grant program funded at the same level as the former B.C. grants program. This program should include funding for graduate students. In 2004 the \$80 million B.C. grants program was cut. Many students came into our offices after the announcement in tears because they would not be able to continue their education without this source of funding.

While we now have a loan reduction program in B.C., this program exhibits several characteristics not in the best interest of students. First, it does not provide an upfront reduction of the costs of acquiring a post-secondary education. Students are responsible with their money, and they need to be able to budget at the beginning of the year. However, under the loan reduction program students do not know how much of their loans will be reduced at the end of the year, and low-income students will not be able to afford the upfront costs of their education.

For some students the unmet needs section of their student loan notification of assessment can be the end of the road for their post-secondary education. Upfront grants allow students to know exactly how much their education will cost and to budget accordingly.

Second, the loan reduction program does not include assistance for graduate students. Often these students already have significant student debt and are badly in need of assistance to complete their education. Graduate students in Alberta, Ontario and Quebec all have access

to provincial scholarships or grant programs to support their studies.

Alberta provides significant funding packages to graduate students through its arts graduate scholarships and health research scholarships. Graduate students in Ontario have access to Ontario graduate scholarships which provide eligible students with \$5,000 per semester for up to two years at the master's level and up to four years at the doctoral level. In Quebec there is a system of provincial graduate research grants reaching approximately 2,500 graduate students annually.

[2010]

The B.C. government is hoping to expand the number of graduate and applied graduate degree programs in this province and make B.C. a leader in graduate research. This will not be possible if we are behind other provinces in providing access to graduate programs through student grants.

[B. Ralston in the chair.]

Third, the loan reduction program is funded to the tune of \$12 million less than the former grants program. Since that program was cut, tuition fees have nearly doubled, meaning that students are receiving less financial assistance while exhibiting significantly more need.

Our fourth recommendation is that the funding allocated from a training tax credit be reallocated toward direct funding for entry-level trades training and apprentices. It is widely recognized that there is a shortage of skilled tradespeople in B.C., and as we approach 2010, this shortage will only grow.

While the tax credit may go toward providing employers with funding to train employees, that is not where the funding is most needed. Institutions like Okanagan College and communities like Kelowna need investment in trades training at the institutional level in order to graduate more students to fill the gap.

In closing, this government has stated its goal to make B.C. the most educated jurisdiction on the continent. As students, we want to work together to achieve this goal, but we cannot do it without renewed investment from the government.

Our four recommendations today will help target this investment where it is most needed. Reducing tuition fees by 10 percent will help save next year's students hundreds of dollars and open the door for many young people unable to access post-secondary education now. Eliminating tuition fees for adult basic education will ensure that individuals most in need of these courses — aboriginals, single parents and immigrants — will be able to access them.

Providing a new, fully funded system of grants that includes graduate students will reduce upfront barriers to post-secondary education, attract graduate students from inside and outside the province and help ensure that students with large student debt are already able to continue their education into graduate studies.

Allocating funding to B.C.'s colleges and university colleges for trades training and apprenticeship programs

will ensure that we have skilled and capable tradespeople now and into the future.

All four recommendations are well within B.C.'s fiscal bounds. All four recommendations are in urgent need of implementation to secure the long-term economic and social health of our province.

We thank you again for this opportunity to provide input on behalf of students and families on these budget priorities and welcome any questions that members of the committee may have. Thank you.

**B. Ralston (Deputy Chair):** Thanks very much, Bobby. I think there may be time for a couple of quick questions.

**H. Bloy:** When you talk about the 10-percent reduction of \$500 for UBC, how many more students do you believe that will generate next year?

**R. Chavarie:** Well, the next few years we hope to bring the institution up to 7,000 or 8,000 students. I could definitely see it allowing more students to have access to education. We want to make sure that education is a right and fully accessible, not just a privilege.

**R. Lee:** Do you think research assistant and teaching assistant programs for graduate students are helpful in the universities?

**D. Westmacott:** It's certainly helpful to gain further experience outside of the classroom at a more practical, hands-on level — absolutely.

**R. Lee:** Does it also provide financial support for students?

**D. Westmacott:** I would speculate that yes, it is helpful to have opportunities to earn some money.

**B. Ralston (Deputy Chair):** Any other committee members? No?

Well, thanks very much. That's an informative presentation.

The next presentation will be the Motion Picture Production Industry Association of B.C., Peter Leitch and Mark Jiles.

Did you lose Mark?

**P. Leitch:** I'm sure Mark is around, but why don't I get started, because I was going to make the presentation?

[2015]

**B. Ralston (Deputy Chair):** Certainly. Go ahead, and then he can join us.

**P. Leitch:** First of all, I'd like to thank all of you for taking the time to come out and hear our presentations tonight, because I know it's really your own time that you're here for. I think it's an important cause. One of the most important things for the Motion Picture Production Industry Association and the film industry

over the last number of years is the accessibility that we've had to government and allowing them to understand how the industry works in a very globally competitive environment. So thanks for that.

The outline of my presentation is really just a history of what's working in B.C. in terms of competitiveness. This is a business that now generates \$1 billion a year into the B.C. economy. That's a direct spend right into the B.C. economy. One of the unique things about the film industry is that the money gets instantly spread out into hundreds and thousands of different vendors.

[B. Lekstrom in the chair.]

In other words, if a production comes up and spends, let's say, \$50 million up here, that kind of money goes instantly into the economy. I know the government sometimes doesn't like to hear about this multiplier effect, but there is a significant multiplier effect very similar to tourism, where you're getting outside dollars injected into the economy here.

It has also been a great employer over the last number of years. I know the estimates change from time to time, but really, there are about 20,000 people directly employed and another 15,000, say, indirectly employed. The numbers that are picked up by the B.C. Film Commission reports generally include just the number of people that are working on individual productions — the ones that you see out on the street or in the studios filming.

There's a huge post-production sector, and then there are a huge number of support sectors, film studios being an example of one and special effects houses being another one. Actually, we're now working really closely with the new media sector, companies like Electronic Arts, where the games are becoming more and more realistic. They're using real-life actors in these games now. We're really seeing a convergence in this whole sector.

This is a sector that most economies in the world are trying to attract, and we've had a great success record here. When I say we, I'm including not only the people that are involved directly in the industry but, certainly, the general public. We need their cooperation to shoot in their neighbourhoods.

Also, the government is such an important partner to us. The tax credits are credits which are paid out on B.C. labour. In other words, they aren't paid out until somebody's hired and paid. Then the tax credit will kick in.

They're really the universal language of the film industry globally. So now you're seeing, especially in the last number of years, different film centres spring up in places like New Mexico, Louisiana and Illinois. Of course, it's always been in New York and Los Angeles. But in different states now they're introducing very aggressive tax credits.

Lions Gate Entertainment, which is a company that I've worked for since its inception in 1997, recently sold our studio in March of this year. They're now building a facility in New Mexico, which they asked me to come

down and run, but who can leave this great province? After you've been down in New Mexico a few times, you'll understand why. It shows you how the money will move to where the incentive is the greatest sometimes.

I think our tax credits are at a level now that are sustainable for the government and sustainable for the industry. We recognize that the dollar has been increasing dramatically over the last number of years, but we don't expect government to kick in any more than they're doing right now. I think it's working right now, and it's working very well.

Earlier this year the Finance Minister saw fit to renew the tax credits — which we renewed in January of 1995 for a year — for an additional two years to 2008. What that does is give us confidence as an industry, especially when there are sectors of the industry — like the post-production sector which, after a film has been done, is adding the different visual effects, animation, sound and all those things — that have grown dramatically in British Columbia as a result, first of all, of us being able to attract the talent here. We've got a real advantage over some of these other places in that British Columbia is a beautiful place to live in.

[2020]

When we talk about the creative talent that needs to be involved in this industry, they sometimes will look for: where do I want to raise my family? Where do I want to live? British Columbia is certainly one of those places.

I feel the industry is ours almost to lose, and we've done a lot of things along with the government to retain and grow this industry here. Some examples are.... A company like Rainmaker is now doing effects on shows like *The Da Vinci Code*. They created a show called *Garfield*. They're adding special effects and visual effects to shows that were never even shot or produced in British Columbia. Now we're being globally competitive with productions that aren't even being up here, which is creating an environment to hire young people coming out of the schools that have now changed their programs to refocus these students on new sectors of the economy.

The film industry is a great way to diversify the economy away from the resource sector — not to take anything away from the resource sector. But if we're looking to diversify the economy, it's a great way to do it.

I live in North Vancouver, and North Vancouver is going to have difficulty going forward in terms of attracting industries, because I would consider it a high-cost area to do business. The types of businesses that it's going to attract are, I think, intellectual-type work. This whole post-production sector and its visual effects, sound effects, animation and all those things are things where you're generally dealing with fairly highly paid jobs in industries that can go anywhere, and they choose to be in British Columbia because, again, it's a great place to live.

Competitive issues that we're dealing with. When we talk about these tax credits being very competitive and other jurisdictions offering more, there are a couple of things that need to happen. First of all, we need to continue having dialogue with government to



make sure we remain competitive. We're not looking to take the lead on tax credits by any means, but certainly.... The example that we used last time was that we need to match Ontario's tax credit, because if we're both in Canada — and 85 percent of the business that we get in British Columbia is from Los Angeles — they don't care where they go, particularly. Vancouver has got advantages in terms of time zone and probably a bit nicer climate in some ways than Ontario, but other than that, they're going to go where it's the cheapest to go.

All we want is a level playing field in terms of government tax credits, and we welcome the ministers to have intergovernmental discussions on that just to make sure that one province doesn't price itself out of the marketplace and force other ones to kind of raise the bar a little bit.

I think the second thing is that there has been an introduction of a tax credit a few years ago called the DAVE credit, which is the Digital Animation and Visual Effects credit. That has had a tremendously positive effect on the industry here. That has attracted huge productions like *X-Men*, *Fantastic Four*, *Night at the Museum* and a number of these large American productions which we didn't use to get up here, because they have a very expensive visual effects budget.

The *Superman* movie probably would have come up here if the director had been clear enough in terms of all the benefits of that credit. Bryan Singer is the director of that show, and he's now looking to bring his next project up to British Columbia.

What that does is sustain the infrastructure here. It allows us to build more. Nat Bosa, who purchased our company, has now built another facility out in Burnaby called Mammoth Studios, which houses these huge projects. There's someone who can turn that into whatever he wants, depending on the zoning, but he has chosen to.... He likes the film industry. He likes the idea that it's hiring young people, and he thinks it has got a great future in British Columbia. So he has invested an additional \$2 million in improving that infrastructure out there this past year. Then there is a number of these other houses that have done that also.

One of the reasons they're doing that now is because we see a government that's supporting the tax credits. The only real ask that we have today is: first of all, if you get an opportunity to come and see our business, we'd love to have you and to show you around some of these facilities, because I think it's fantastic.

Quite often they're in these nondescript buildings that look like they could do anything inside. Then you walk in there, and you see these young, talented people that are putting together a fantastic product.

[2025]

What we want to do is be able to sustain and grow that. The way to do that is to give the industry confidence by extending the period of the tax credit. That's really our only ask, and we're going to do that formally. We've been invited by the Finance Minister to do that formally early next year. We're going to ask the minister to extend it to a longer period of time so that we can

amortize those costs, which are significant, in terms of building that infrastructure over, instead of a one- or two-year period, maybe a five-year period.

That's really the only ask. I think it's really working well right now. Even with a 90-cent dollar, we've done very well. Toronto's starting to suffer right now because of their proximity to New York and Chicago, so they've really had a bit of a downturn in their industry this past year, but British Columbia has done quite nicely.

We recently lost a show called *Blade: The Series*. That happened last week as a result of the costs just being too high — period. We're not at a level where we're getting every single show that we used to when the dollar was at 60 cents, but the industry is working, as well as government, to be competitive.

One of the things that happened recently is that finally the last issue of the Tysoe report was resolved favourably in terms of what the industry was looking for. That was a report commissioned by the government, where Judge Tysoe made certain recommendations to the film industry. Now we've fulfilled all of those recommendations, I'm happy to say.

The last one was a difficult one. It was the Teamsters losing their seniority clauses, basically, so that was a big hurdle for them. But I think it's going to be better for the industry in terms of competitiveness, and that's very important for us.

Another factor that we'll probably be talking about with the government is: how do we attract some of these companies that other governments are aggressively trying to attract? One of the companies that comes to mind is an animation company. Again, they can locate anywhere in the world and are interested in locating in British Columbia.

If there are any steps that we can take in the interim to try and attract some of these companies.... They create these fantastic jobs. What it does is create this nucleus of talent here, where then the whole sector grows. I think that's another important initiative that we can work on.

The last thing is.... The renewal of the tax credits for a longer period of time is really our most important ask in terms of being able to build the industry. I guess the last thing is that there are a few different things that we can do to create a larger domestic industry. The domestic industry really hasn't grown a great deal, although now we're seeing companies like Insight Films and Brightlight Pictures and Keatley Films start developing and start owning their own product.

We're trying to look at models right now. We're not going to come to government this year because we haven't got it clear in our mind what is the best model — but maybe make some recommendations in the future about trying to attract private capital back into the industry here so that we can develop more equity and have a more sustainable long-term industry if, for whatever reason, we start losing some of the serious work that we're getting from Los Angeles.

That's really about it for today, but I'm more than willing to answer any questions you have.

**B. Lekstrom (Chair):** All right. Peter, you've done a terrific job of presenting. The time....

I note there are questions, members, but we are slightly behind.

I thought it was far more important to listen to your presentation than to cut you off at ten minutes, and we're just past 15 now, Peter. But if members do have questions, I'm sure they can get hold of you directly on that. Thank you very much for taking the time to present here, and keep up the good work.

**P. Leitch:** Thanks very much.

**B. Lekstrom (Chair):** Our next presentation this evening is from the New Car Dealers Association of British Columbia, and joining us is Manse Binkley.

Good evening, and welcome.

**M. Binkley:** Thank you. I'd like to introduce myself. My name is Manse Binkley. I'm a Honda dealer here in Kelowna. I have the Harmony Honda just down the street, so if anybody needs transportation to get home with, I can help you out — okay?

**B. Lekstrom (Chair):** Does it fly?

[2030]

**M. Binkley:** Not yet. They've got some that fly, but we haven't seen them yet. They've just told us today that they've got a diesel engine they're coming out with that will meet the California emission laws that go into effect in 2009. That was a fairly big introduction, and that'll be in our Accord in 2009. They're a very innovative company, but I'm not here to pitch Honda.

I just finished my term as the chairman of the New Car Dealers of B.C., so I'm kind of on the way out here. I'm the past chairman now. I'm here to talk to you tonight about three issues that we would like to put on the table. I think some of these issues have probably been put on the table before.

I'm not going to read this nice presentation that Mr. Ringdal... I think probably most of you know Mr. Ringdal. I'm just going to ad lib here a little bit and maybe get a little dialogue, if we can.

The three issues aren't a surprise. The first one is the luxury tax, the second one is the tax credit on leases, and the third one is the tax credit on what we call shop supplies.

I'd like to start out with the tax credit on leases. Right now in our business about a third of our business is driven by leasing. It's just another way of buying a car and financing it. It's no different. It's just that some people lease; some people finance. It just depends what drives you, really.

Right now in the province if you come in to lease a car from me today and you've got a trade-in, we can't give you any kind of a tax credit, a PST credit, on your trade-in. If you finance your car, you get a tax credit on your trade-in. If you go to Ontario, you get a tax credit on your trade-in on a lease. For GST purposes, you get a tax credit on your trade-in. But we don't allow that.

We think that's unfair to the consumer. Sometimes it drives the transaction one way or the other. Personally, I think the tax thing should be kind of neutral on that.

That's issue number one. This isn't the first time we've brought this up. We brought it up to the Minister of Finance herself one day. I think everybody knows about it, but we just need somebody to take the will here and get it fixed up for the consumers of B.C. It's not a big deal in my mind.

Number two that I'd like to talk about is this sort of tax simplification and administrative stuff. We have worked very diligently with the Ministry of Revenue over the past few years. We've had quite a few things that we've been able to sort of clean up on an administrative level with that department. It's worked out very well.

One of them that we haven't been able to resolve is the tax treatment of shop supplies. Right now you bring your car into my dealership, we do a little repair for you, and we charge you a couple hundred dollars for parts and labour. We use rags, solvents, cleaners and a bunch of stuff that we don't itemize on the bill. Most shops estimate maybe 3 or 4 percent of your labour charge for that. They tack that on, and they show it as a separate item on your bill. They call it shop supplies. It's not just the new car dealers that do it. There are independent repair shops. You can get your appliances fixed the same way — whatever.

Once we show that charge on the bill, then it's subject to PST. In the meantime, we have gone out and bought these items — the can of spray, the rag, whatever it is we're going to use. That rag may get used on five cars, and we have to pay the tax on the items that we buy. The only way the tax department will exempt that is if we can prove that particular item stayed on a particular car. Now, that's easily said, but it's not easy to prove. It becomes a bit of a nightmare.

You know, when the tax auditor shows up in the dealership, one of the first things we're going to have a discussion over is shop supplies. In the end, you end up holding up your hand, and there goes the dough. The consumer, again, is the one who's getting penalized, because we're charging the tax already to them, and we've also included it in the price that we're charging. So there's an element of double taxation in here. It's like a double-dip, I guess.

We think that's unfair. When we've worked with the people from the Ministry of Revenue, they've told us that it's going to take a policy change from Finance to get this thing sorted out. It doesn't just affect the car business. It affects appliance repairs and all kinds of people that do similar things to what we do with cars.

That's number two. Number three is one of our favourites. It's the luxury tax. We'd like to thank the government for raising the threshold up to \$55,000 last year, but we would like to see that tax eliminated. That's really our whole purpose. That tax doesn't affect me. It's not putting anything into my pocket, but it's affecting consumers again.

[2035]

When we look at that tax right now, about 85 percent of the vehicles subject to it are pickup trucks — okay?

It's largely the pickup owners that are paying this tax, and 15 percent of it is people driving what you and I would term "luxury cars." It doesn't affect too many of my cars, but for somebody selling Mercedes or BMWs or that, their consumers are getting hit with the other 15 percent.

I think where we hear about it, especially if you're a dealer who sells a lot of pickup trucks.... We've got some pretty rugged country in this province, so you've got people living up in some northern areas whose pickup truck becomes their vehicle. That's the family car, in a way.

They may drive one unit, and it's probably a four-door extended cab pickup truck with a diesel engine. That's what mom uses and dad uses, and they haul the kids to the hockey games. They do the whole nine yards with this one truck. The guy uses it to run his business — whether he's in forestry or mining or he's Mr. Plumber or Mr. Fix-it or whatever it happens to be.

These trucks are getting pricey. Let me tell you; they're pricey. We've got a truck here today that we picked up. If we get time, I'd like to show you this truck. The truck is \$66,000 — for a three-quarter-ton Chevy diesel 4-by-4, four-door pickup. It's got a few extras on it that I saw, but it's not one of these big honkin' things with wheels and tires and all this stuff on it. It's a pretty standard truck — for 66 grand. That's a lot of dough.

People coming in to buy that are subject to this extra tax. The squawking starts pretty quick when they figure out that they're not paying tax at 7 percent anymore. They're paying tax at 10 percent.

The other thing that happens when this takes place is that people think they can get pretty creative. They try to find ways around it. The next thing is that they're putting pressure on our people to.... You know: "Can we lower the price of this?" "Can we take the wheels off and put them on later?" All this kind of stuff takes place.

It puts our people under a lot of pressure. We want to sell vehicles, obviously, but if you think you're going to lose a sale, you start scratching your head. It isn't a good deal.

Those are our three things. We think that tax should just be eliminated. Apparently, it generates about \$10 million worth of revenue, and it affects.... I don't know how many units it is, but it's getting to be less and less. For all the hassle....

We don't have it on boats. We don't have it on RVs. You can go and buy yourself a \$20,000 watch, and you don't pay it. But when you want to buy yourself a nice vehicle, especially a truck, you're getting jammed for this extra 3 percent.

We've got a truck downstairs, and if you folks would like to come down with me, we can have a quick look at this thing. You can actually see what pickup trucks are fetching these days, and you can have sticker shock, just like I did today.

**B. Lekstrom (Chair):** Manse, I want to thank you for that. I dare not let my committee members rise from their chairs at this point in the evening, or I'll lose them

for the rest of the evening. We have some other presenters.

I do want to thank you for bringing the issues forward. They aren't new issues, as you've indicated, and I think it's quite clear that as we have moved forward and we see the prices of some vehicles, there is a difference between a luxury issue and the issue for day-to-day lives in raising our families.

I'm going to look to members of our committee for questions.

**I. Black:** Most of us were on deck at four o'clock this morning, and to receive an animated, clear and focused presentation like that at 20 to nine was not only a treat; it was most appreciated. Thank you.

My question pertains to the luxury tax. The other elements of your presentation are administrative, and I empathize with the concern on the taxing. Let me ask about the luxury tax. How do we sit relative to other provinces in the country? Do other provinces have a luxury tax? Is it similar in its percentage and in terms of the threshold?

**M. Binkley:** To my knowledge, there's no other province with a luxury tax. I'm not totally versed on that, but I have never heard it brought up by anybody else.

**I. Black:** Could you round out your presentation by submitting that through to the Clerk? Ask your association to find that answer out?

**M. Binkley:** I will.

**I. Black:** Because in terms of the deliberations we do, that frame of reference is important.

**M. Binkley:** I know that our neighbours to the east don't have that tax. We're not asking for that — okay?

[2040]

**B. Simpson:** I live in Quesnel, so for the truck tax, there's no question. I guess that where I struggle is when you go to downtown Vancouver. You've got the big trucks. You've got the big Hummers. You've got all of those things. Your arguments don't necessarily hold about the roughness of the terrain they're driving on or the family protection or whatever. How do you deal with that issue of people making those kinds of choices where you have air quality issues and so on? Do you deal with that through a different venue? How do you get those trucks and vehicles off the road when there's no real justification for them taking up the space on Vancouver streets?

**M. Binkley:** I hear you. I don't think I have an answer to that. Maybe there's some way of capturing this that you would only do it on certain kinds of chassis or that kind of thing. I'm not sure of that. There have been different discussions as to how you try to get your

arms around it. I don't know if there is an answer. I'm not sure of that.

I agree with you to some degree. Those vehicles are probably luxury vehicles. But the guy that lives in your riding has got a different problem — hasn't he? That's the guy.... I'm not sure we should sort of penalize him because we want to make it up with the other person. That's where I wrestle with it.

**B. Simpson:** Yeah, and fair enough. Just the fact that the recognition of that difference.... It's like a lot of government decisions where it's not fully rationalized to get the intent that you want at the end of the day.

**M. Binkley:** I don't think there's a perfect answer, because then you're going to get somebody who's going to get creative, and they're going to put fancy trucks on some other kind of chassis.

**B. Lekstrom (Chair):** Well, Manse, I want to thank you for coming out and presenting before our committee here today. As with all presentations, whether they're before our committee or put in a written submission, it will be given full consideration in the committee's deliberations on developing our report.

**M. Binkley:** Thanks for letting me come tonight. I'll get that back to your office.

**B. Lekstrom (Chair):** If you could get it through the Clerk's office — that way, all the members will get it.

**M. Binkley:** We'll go to work on that right away.

**B. Lekstrom (Chair):** We have now reached the point in our agenda which is the open-mike session. This is for people that had not previously booked but, through sitting through the presentations, thinking about different ideas, have something to contribute to the committee.

Under this format, it is somewhat different. They're not 15-minute presentations; it's a five-minute presentation to the committee, just to allow as many as we can to present.

I will call on Betty Cleland.

Good evening, Betty.

**B. Cleland:** Good evening. Thank you for this opportunity. I think it's fitting at 8:40 in the evening that I represent the population that's tucked in bed, hopefully fast asleep. Those are the children of our province. I'm an early childhood educator and also an early education consultant. I want to thank you for this opportunity. I also want to thank your colleague Minister of State Linda Reid for her tireless effort and enthusiasm for standing up for the children and families in this province.

With the March 31, 2007, date fast approaching, when the federal-provincial bilateral agreement ceases to exist, transferring money into this province to invest in child care, there is sincere worry in this province

among families, among child care providers, as to what impact this will actually have on this province.

We have yet to hear a really clear child care plan in this province, and that is a concern for those of us who work with the children and also for those families who have children. It was good news, however, earlier this month as the minister of state stated that subsidies would be protected during this next fiscal year. We were excited about that. The subsidy rates had increased. I would just urge you, as a recommendation, that those subsidy thresholds and rates would continue to increase so that we can continue to provide child care for these families.

In the Okanagan a child care action team was developed last year to explore what our local community needs are. We're close to completing this project, and I'm sharing a few key points to ask you to invest dollars in B.C. families through investing in child care, both to the families and to the early childhood educators who provide the quality care.

[2045]

The under-six population in the Okanagan, as it is throughout the province, is continuing to grow, and the cost of living continues to rise, forcing many more two-parent families to both be employed in the workforce. This does not include the single-parent family. So then, who is caring for the children? Yes, there are some families who are privileged to have extended family to help or maybe their neighbour. However, we know that many families need to access child care services. This is where the major challenges lie. We do not have enough quality child care spaces in this community, as do many communities in this province.

I emphasize quality because current quality is subsidized by the caregiver — caregivers who are paid \$10 to \$12 an hour. Is that what they deserve? Many of them have ten months to two years, possibly a four-year degree, and they're earning \$10 to \$12 an hour just so that the budgets in the child care centres they're working at can break even.

At the Kelowna Child Care Society, which is a referral service for families, I received 471 calls in the first six months of this year for infant-toddler spaces in Kelowna: 260 calls for three-to-five-year-olds and 186 for eight-to-12-year-olds. We ask: "Do we need spaces?" Yes, we need spaces. But where are the early childhood educators to provide that quality care? With wages as they are and spaces as limited as they are, we have a situation that can't be changed unless we start to get some more investment from the provincial government. Currently child care centres receive operating grants to help pay for the cost of child care. Without this money, centres will close, and families will continue to feel the stress of not having child care.

In closing, my recommendation is, first of all: protect the operating grants that the child care centres currently receive. This is in addition to the child care subsidy announcement that was made earlier this month. Without this we definitely cannot support the profession by being able to pay early childhood educators the wages that they currently are paid, let alone invest further in their

child care profession. We need to begin to stabilize our profession so that families can access quality, affordable child care for their families and for their extended families.

**B. Lekstrom (Chair):** Betty, thank you very much. If you have the opportunity to leave a written submission, or if this one is and if you could get that to us, that would certainly be much appreciated.

**B. Cleland:** I will certainly do that. Great.

**B. Lekstrom (Chair):** Our next presenter this evening is Mr. Robert Whiteley.

Good evening, Robert.

**R. Whiteley:** Actually, it's Dr. Whiteley. I'm a professor in the faculty of education at the University of British Columbia Okanagan.

**B. Lekstrom (Chair):** Right. Welcome to the committee.

**R. Whiteley:** I'd like to just spend a couple of minutes talking mainly about values and the values that this committee takes toward setting priorities and budget priorities. In particular, what I want to look at, or what I'd like to speak about, is the issue of poverty and how poverty is impacting on so much of what's going on in our world today. We know that it's increasing. We know that inequality is increasing, and any policies, anything that the Finance committee can do, should be to reduce that inequality, to reduce poverty.

I can't help but think about what Adam Smith, the great economist, tells us about the rich. He says that for every rich person, there needs to be 500 poor people. That's not the kind of society that we would like to live in, very clearly, and I'd like to see the kinds of policies that the government brings forward and recommends address that kind of issue.

In particular, in the Okanagan here, and indeed in British Columbia... I was just down in Vancouver and had the opportunity to take the bus along Granville Street to see the homelessness, to see the issues that those who have mental disabilities are facing. Indeed, in the Okanagan here 400 people are homeless. That's according to the chamber of commerce. I mean, that's atrocious. That's outrageous for us to even consider occurring.

Now, what can we do about that? One, I think, is that we need to increase welfare rates. They haven't gone up for ages. It's time. How do people live on \$350 or \$425 or \$525 a month? In the Okanagan it's pretty well impossible. If you look in the classifieds for a place to rent, you can't find a place to rent for \$500 in the Okanagan. It forces people to make all sorts of choices, many of which are not good choices, particularly for single women, for single mothers and, again, for those people who really do have a lot of difficulty just surviving in our society.

[2050]

Of course, an indicator of that is the rise in food banks. I think it's absolutely shameful that we can go downtown, right across from the Wine Museum by Prospera Place, and beside this huge new building called the Lofts — which costs \$250,000 just to get into, to buy — there's the food bank.

There are these contradictions. Why is this happening in our society? I think we need to deal with that issue of poverty.

Now, the second piece is around housing. You've heard about housing from a number of different people this evening — the real estate people. You've heard it from students. I think something needs to be done with housing pretty quickly, particularly for those who are disabled, for students, for single parents.

What I would like to suggest is that any multiresidential structure that's built in the province should have a minimum level of social housing — period. That's it. Go with 25 percent. Any buildings that are built, any multifamily or multiresidential structures... Put that in place so that those people who are working for \$8.25 an hour or \$6 an hour or, as the previous speaker just commented, early childhood educators who are working at \$10 or \$12 an hour have a place that they can go, that they can live, so that they're not forced to live three or four people in a room or three or four people in a two-bedroom apartment. Also, the issue, of course, of co-op housing... This is a serious issue for us in the Okanagan, as it is in the province.

The third piece that I'd like to mention is around addiction services. Until last year in the Okanagan there was a place called the Iridian Centre. It was a self-referral or a referral agency for youth who were addicted to drugs. It was becoming the place where kids — homeless kids, kids who were addicted to crystal meth and other drugs — could actually walk to, knock on the door and be admitted and go through a detox system: a short stay with a program in place to lead to long-term planning for those youth — get them back into school, reintegrate back into a home, get them into a foster program. That's gone.

There is no money for youth addiction services. I shouldn't say that. The government has just let a contract here in the Okanagan but at a significantly reduced rate. Rather than taking kids off the street, there's a short-term housing arrangement that's going to allow for four beds in a foster care situation. That's inadequate. You just need to walk down to Leon Street. If you're here tomorrow, go down to the park and see the kids down there. Ask them about this issue. They'll tell you they need a place to go.

The final piece. We need to talk about how we do this. Well, I think taxation is one, and I was pleased to hear a previous speaker here, Manse, make an argument for an increase in the luxury tax and that it should be extended to boats, to RVs, to \$20,000 Rolexes. I'm really pleased to hear that he would come forward with that kind of argument.

I think, also, that we should be looking at that whole issue around the progressive tax. Deal with that. But what I'm particularly interested in is seeing the

corporate tax be reinstated. I'd like to see that billion dollars a year that was taken out of government coffers through the reduction in corporate taxes put back in place. Corporations are doing very well, thank you very much. Now it's their turn to be paying for those people who need it.

Those are my comments. Thank you.

**B. Lekstrom (Chair):** Thank you very much, Doctor. You have put a great deal into a short period of time.

For our last presentation this evening, I will call on Tony DiMaria.

Good evening, Tony. How are you?

**T. DiMaria:** Fine, thanks.

Thank you to the committee for this opportunity. I'm going to take consolation from the fact of being the last speaker tonight. My wife seems to have tremendous success of always getting the last two words in at the end of the day.

**I. Black:** You know you're on the record — right?

**T. DiMaria:** Yes, okay.

I'll make my presentation. I just found out about the committee this afternoon. My presentation isn't going to be as polished as many of the speakers you saw earlier this evening, but I thought it behooved me to come and give you my two bits on one issue that I think is of tremendous importance.

[2055]

You've heard a lot this evening about investing in the future — regardless of what ministry it was, regardless of what the purpose of it was — and I'm really no different. I'm here to ask you to invest in the future — the future of the citizens of British Columbia, particularly the children of British Columbia, in a little bit of a different twist than you've probably heard.

You're probably all familiar with the provincial program, the B.C. school fruit and vegetable snack program, that was instituted last year. It was the first year of a pilot program; 2005 was the first year. It was a pilot program. There was \$300,000 initially put aside by, I believe, the Ministry of Health out of its prevention funding source. They took \$300,000, and they did a pilot program to try to educate and make available to B.C. elementary students, twice weekly, a B.C.-grown vegetable snack treat.

The educational purpose wasn't just to get them to eat a vegetable snack and start developing the habit. There was also an educational component to this. It was the education of healthy eating and healthy food, making healthy choices. We can all see the Ministry of Health has well documented the increasing rise in obesity, type 2 diabetes — costs that they are going to have to health, etc. You're all well aware of that, so I'm not going to harp on that.

The benefits of this program, not only to the agriculture sector, is that this program was targeting strictly B.C.-grown.... Being a fruit producer and processor myself, especially in a part of the province where you don't get

a lot of good-news agriculture stories lately.... It's a tremendous vehicle to help start training and educating our future consumers in B.C. products.

We're all worried about global competition, foreign products coming in. We've got the capacity here to educate the students. Not only is eating healthy good for you, good for the government, good for health, good for everybody, but it's damn good for B.C. agriculture. The amount of product that we could move internally here, within the province, to these students, to future consumers of local B.C.-grown products....

I think it's really been overlooked by the Ministry of Agriculture. I know the program was funded by the Ministry of Health initially. The Ministry of Education also had input into the program and how it was going to be developed. The Ministry of Agriculture had input into the program, and it's a win-win-win.

The pilot program was a tremendous success. It ran from September to June. Teachers loved it. Health professionals loved it. If you're an agriculture commodity in B.C. and your product is being used, you have to love it. It just makes a lot of sense. Again, it's a long-term solution. You're not going to see the results in a year or within one government's administration. We're talking long-term effects.

The program ran for one school year. Everybody loves it. Earlier this spring there were some maybe premature announcements of how the program was going to be expanded, ramped up. Everybody loves it, and it now seems to be in no man's land. I've made inquiries. Where is the program going? Nobody knows. There is squabbling, believe it or not, over where the funding is going to come from. The Ministry of Health doesn't want to pay the whole bill. We all know where the ag budget is. The Ministry of Education: "We'll help promote it, but...."

We seem to be in this state of limbo. My question is: where is the program going? I've been told there is potential for the ActNow B.C. program. I had an opportunity to talk to Minister of State Gordon Hogg last week. He's just in the process of developing his ministry, setting up his office. He couldn't give me any definitive answers. He said: "Send me an e-mail with your concerns and what you know of the program." I did that. I haven't received a response yet.

[2100]

My question is: where do we see this program going? It seems like a no-brainer. I've heard in the range of \$13 million to \$15 million a year to fund this program, and that's when it would be ramped up to all 1,600 elementary schools — total province.

Premier Campbell stated he would like to see, by 2009, every elementary school in B.C. being a part of this program. It would ramp up from the ten pilot schools to the total 1,600 elementary schools just prior to 2009, as we all want to be part of the healthiest jurisdiction ever to host an Olympic Games.

Sounds fantastic. As apple producers and vegetable producers, there was a lot of hope and a lot of insight. We thought this was really going to ramp up and move quickly. It's not dead, but it's not moving forward.

We're already into mid-September, and the school season is well underway. I would urge you to go to Finance and say: "This is a program we need to expand — expand quickly." I'll leave it at that. I could go into a lot more detail on these other issues, but it's getting late.

**B. Lekstrom (Chair):** I can tell you could, but we will investigate the challenges that you've just spoken about as to where this program is at. I think that will be part of our deliberations as a committee in developing our report, so we will pursue that as well.

Again, I want to thank you for taking time. You've put some thought into this, and I think the program as it was initiated was worthwhile. Anytime we can help

promote health to our children and at the same time allow them to move forward is a good day. Thank you so much.

That concludes the presentations for our prebudget consultation hearings in Kelowna. Before adjourning, I would like to thank all of the presenters and the people that came out from Kelowna and surrounding area. Your thoughts and your presentations are valuable to us as a committee. It helps us do the job that we have been tasked to do, and that is to listen to British Columbians and develop a report based on the priorities that have been brought before us. I thank you all again, and with that, we will stand adjourned.

The committee adjourned at 9:02 p.m.





## HANSARD SERVICES

Director  
Jo-Anne Kern

Manager of Print Production  
Robert Sutherland

Editorial Team Leaders  
Janet Brazier, Christine Fedoruk, Antoinette Warren

Senior Editor — Galleys  
Heather Bright

Technical Operations Officers  
Pamela Holmes, Emily Jacques, Dan Kerr

Researchers  
Mike Beninger, Dylan Budd, Sandra Dyer, Sarah Towle

Editors  
Shannon Ash, Laurel Bernard, Andrew Costa,  
Heather Gleboff, Margaret Gracie, Jane Grainger, Iris Gray,  
Linda Guy, Bill Hrick, Paula Lee, Elizabeth Levinson,  
Cristy McLennan, Marg MacQuarrie, Constance Maskery,  
Jill Milkert, Lind Miller, Lou Mitchell, Karol Morris,  
Dorothy Pearson, Erik Pedersen, Janet Pink, Melanie Platz,  
Robin Rohrmoser, Robyn Swanson, Camilla Turner,  
Heather Warren, Arlene Wells, Tara Wells

Published by British Columbia Hansard Services and printed under the authority of the Speaker.

**[www.leg.bc.ca/cmt](http://www.leg.bc.ca/cmt)**

Hansard Services publishes transcripts both in print and on the Internet.  
Chamber debates are broadcast on television and webcast on the Internet.  
Question Period podcasts are available on the Internet.