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REPORT OF PROCEEDINGS  
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SELECT STANDING COMMITTEE ON  
**FINANCE AND  
GOVERNMENT SERVICES**

**Victoria**

**Monday, October 16, 2006**

**Issue No. 36**

BLAIR LEKSTROM, MLA, CHAIR

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

Victoria  
Monday, October 16, 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:* Jonathan Fershau (Committee Research Analyst)  
Dorothy Jones (Committees Assistant)

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*Witnesses:*

- Don Avison (President, University Presidents Council of B.C.)
- Rod Bealing (Private Forest Landowners Association)
- Penny Beames (University of Victoria Students Society)
- Angela Bell (Becon Support Services Ltd.)
- Sandra Bitz (Becon Support Services Ltd.)
- Kathy Bonell (President, College of the Rockies Faculty Association)
- Susan Briggs (President, Douglas College Faculty Association)
- Colin Campbell
- Bruce Carter (CEO, Greater Victoria Chamber of Commerce)
- Ian Case (ProArt Alliance of Greater Victoria; Arts Future B.C.)
- Kyman Chan (Grant Thornton LLP)
- Rhonda Connell (Becon Support Services Ltd.)
- Steve Copp (Canadian Home Builders Association — Victoria)
- Frank Cosco (Vancouver Community College Faculty Association)
- Bob Dawson (Canada's Research-Based Pharmaceutical Companies)
- Casey Edge (Canadian Home Builders Association — Victoria)
- Larry Galbraith
- Monique Gray Smith
- Dennis Gudmundson (Society of Living Intravenous Drug Users)
- Ted Hawryluk
- Lauren Hunter Eberle (Coalition of B.C. Graduate Students)
- Dan Jepsen (President and CEO, Association for Mineral Exploration B.C.)
- Susan Johnston (President, Camosun College Faculty Association)
- Laura Jones (Canadian Federation of Independent Business)
- Scott Kendrew (President, Victoria Real Estate Board)
- Brent Langlois (Nicola Valley Institute of Technology Employees Association)
- Peter Lewis (RESP Dealers Association of Canada)
- Phil Lyons (South Island Health Coalition)
- Summer McFadyen (Canadian Federation of Students, B.C. Office)

Manley McLachlan (President, B.C. Construction Association)  
Craig Meredith (Federation of Child and Family Services of B.C.)  
Cindy Oliver (President, Federation of Post Secondary Educators)  
William Pfaffenberger (President, University of Victoria Faculty  
Association)  
Matthew Price (Conservation Voters of B.C.)  
Shamus Reid (Canadian Federation of Students, B.C. Office)  
Shannon Renault (Greater Victoria Chamber of Commerce)  
Carol Romanow (Society of Living Intravenous Drug Users)  
Jennifer Swan (ProArt Alliance of Greater Victoria; Arts Future B.C.)  
Donovan Startin (B.C. Old Age Pensioners Organization)  
Hal Stovall (Canada's Research-Based Pharmaceutical Companies)  
Terri Van Steinburg (President, Kwantlen Faculty Association)  
John Wilson (Capilano College Faculty Association)

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MINUTES

# SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES



Monday, October 16, 2006  
9:00 a.m.  
Douglas Fir Committee Room  
Parliament Buildings, Victoria

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

**Unavoidably Absent:** Blair Lekstrom, MLA (Chair); Harry Bloy, MLA

1. The Deputy Chair called the Committee to order at 9:07 a.m.
2. Opening statements by Bruce Ralston, MLA (Deputy Chair).
3. The following witnesses appeared before the Committee and answered questions:

- |   |                      |
|---|----------------------|
| (1) Monique Gray Smith  |                      |
| (2) Conservation Voters of BC   | Matthew Price        |
| (3) ProArt Alliance of Greater Victoria; Arts Future BC   | Ian Case             |
|   | Jennifer Swan        |
| (4) RESP Dealers Association of Canada  | Peter Lewis          |
| (5) South Island Health Coalition   | Phil Lyons           |
| (6) Private Forest Landowners Association   | Rod Bealing          |
| (7) Federation of Child and Family Services of BC   | Craig Meredith       |
| (8) Greater Victoria Chamber of Commerce  | Bruce Carter         |
|   | Shannon Renault      |
| (9) Victoria Real Estate Board  | Scott Kendrew        |
| (10) British Columbia Old Age Pensioners Organization   | Donovan Startin      |
| (11) Grant Thornton LLP   | Kyman Chan           |
| (12) University Presidents' Council of British Columbia;<br>Coalition of B.C. Graduate Students | Don Avison           |
| (13) Canadian Federation of Independent Business  | Lauren Hunter Eberle |
| (14) Canadian Federation of Students, BC Office   | Laura Jones          |
|   | Shamus Reid          |
| (15) University of Victoria Students' Society   | Summer McFadyen      |
| (16) Association for Mineral Exploration British Columbia                                       | Penny Beames         |
|   | Dan M. Jepsen        |

4. The Committee recessed from 1:03 p.m. to 2:06 p.m.

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|--|---------------------|
| (17) Canada's Research-Based Pharmaceutical Companies  | Bob Dawson          |
|  | Hal Stovall         |
| (18) Federation of Post Secondary Educators;<br>Camosun College Faculty Association;<br>Vancouver Community College Faculty Association;<br>Nicola Valley Institute of Technology Employees Association;<br>Kwantlen Faculty Association;<br>Capilano College Faculty Association; | Cindy Oliver        |
|  | Susan Johnston      |
|  | Frank Cosco         |
|  | Brent Langlois      |
|  | Terri Van Steinburg |
|  | John Wilson         |

- College of the Rockies Faculty Association;  
Douglas College Faculty Association  
(19) University of Victoria Faculty Association  
(20) Canadian Home Builders' Association — Victoria  
  
(21) British Columbia Construction Association  
(22) Society of Living Intravenous Drug Users  
  
(23) Becon Support Services Ltd.  
  
(24) Colin Campbell  
(25) Ted Hawryluk  
(26) Larry Galbraith

Kathy Bonell  
Susan Briggs  
William Pfaffenberger  
Casey Edge  
Steve Copp  
Manley McLachlan  
Carol Romanow  
Dennis Gudmundson  
Angela Bell  
Sandra Bitz  
Rhonda Connell

5. The Committee adjourned at 5:05 p.m. to the call of the Chair.

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**Blair Lekstrom, MLA**  
**Chair**

**Kate Ryan-Lloyd**  
**Clerk Assistant and**  
**Committee Clerk**



MONDAY, OCTOBER 16, 2006

The committee met at 9:07 a.m.

[B. Ralston in the chair.]

**B. Ralston (Deputy Chair):** Good morning, everyone. I'm Bruce Ralston. I'm the MLA for Surrey-Whalley, and I'm the Deputy Chair of the Select Standing Committee on Finance and Government Services.

I'd like to welcome everyone in the audience. Thank you for taking the time to participate in this important process.

The purpose of our meeting here today 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 issues a budget consultation paper no later than the 15th of September of each year. The Select Standing Committee on Finance and Government Services is charged with carrying out public consultations on the minister's behalf. This all-party committee is required to report back to the Legislative Assembly no later than November 15 of this year.

Today we are going to hear from a number of presenters who have preregistered with the Office of the Clerk of Committees. Presentations are to be no longer than ten minutes, with up to an additional five minutes allotted for members' questions. We may also have time near the end of the hearing for an open-mike session, should time permit. Open-mike presentations are to be no longer than five minutes.

Some members will be joining us shortly, but I'll call upon those members present to introduce themselves now.

**I. Black:** Good morning, ladies and gentlemen. My name is Iain Black. I'm the MLA for Port Moody-Westwood.

**B. Simpson:** Good morning. My name is Bob Simpson, the MLA for Cariboo North.

**B. Ralston (Deputy Chair):** Also joining us today are Kate Ryan-Lloyd, our Committee Clerk, and Dorothy Jones, who's staffing our registration desk. Also, in the glass booth behind us today are the staff of Hansard Services who assist in the preparations of written transcripts, as well as the webcasting of the audio of this meeting over the Internet.

With that, I'd like to call upon our first presenter, who is Monique Gray Smith. Welcome, Monique.

#### Presentations

**M. Gray Smith:** Thank you for the honour of being here. My name is Monique Gray Smith. My traditional name is Mist kish a gohjik, which when translated means little drum. I'm mixed heritage. My mom is Cree and Scottish, and my dad is Lakota from Cedar Rapids, Iowa.

I want to start by thanking the people of Esquimalt and Songhees for allowing me into their territory today. I want to come and share with you some ideas around ensuring this budget takes our future children into strong consideration.

If you just want to quickly turn right to the second page: "An Overview of Aboriginal Children in B.C." Our children currently represent 8 percent of the child population in the province, but we're the fastest-growing population in our province. Forty percent of our kids are in care; 52.1 percent of all aboriginal children live below the poverty line. When you look at Stats Canada, in 2004 our provincial rate was 23.3, which meant that one in four kids in the province was living below the poverty line. In our communities, both on and off reserve and the Métis community, every second child lives below the poverty line.

Over 50 percent of our children live off reserve, 12 percent of aboriginal families are headed by parents under the age of 25, 27 percent of aboriginal families are headed by single parents, and 40 percent of those are mothers who earn less than \$12,000 a year.

[0910]

In regard to disability, our rates are twice the national average, and this includes children. In regard to the needs of our children currently in the province, right now there's a need for an increase in aboriginal child care spaces and cultural preschools.

A second need identified: a need for aboriginal early childhood educators, including those with additional education in working with children with special needs.

A third need: a need for capital expenditures and one-time-only funding grants to support development of new programs and services as well as to increase capacity of existing programs.

Recommendations. The first need: a need for an increase in aboriginal child care spaces and cultural preschools. The first recommendation: increase core funding for aboriginal communities, both on reserve, off reserve and Métis, to create or increase child care spaces. Target funds for communities to develop or expand cultural preschools with a focus on off-reserve communities.

The reason I said "with a focus on off-reserve communities" is because there are federal funding dollars for cultural preschools for on-reserve programs like Head Start. Right now there's very limited funding for cultural preschools in our province. When we talk about closing the gap and all those initiatives that the government is currently pushing forward for aboriginal children and youth.... If we don't begin to close the gap at this stage, from zero to six, then it's not going to matter when they reach 18. So if the government really wants to look at saving dollars down the road, this is where the investment needs to happen.

The third recommendation: funding to ensure that language and culture are integral parts of all aboriginal child care centres and preschools, and funding to support staff and organizational capacity-building within these centres and preschools.

Last bullet: increase and secure funding for aboriginal infant development programs and aboriginal-supported child development programs. These pro-

grams currently are receiving additional funding from early learning and child care from the federal government, but at the end of 2007 that will be gone as a result of a new government in Ottawa.

The second need: a need for aboriginal early childhood educators. Recommendations: develop an aboriginal, early childhood educator recruitment package that would include an increase in funding to make training and education more accessible. Increase funding for education for those who currently have their early childhood education diploma and want to get their training working with children with special needs. Address the low wages of early childhood educators, and take a stand and formally announce funding for increased wages for those working with children.

Capital expenditures recommendations. The first one: work with the Ministry of Children and Families in their early childhood development branch to identify communities ready to expand to a hub model or in need of a hub-like service initiative. Provide funding for expansion of hub models in the province. Provide funding to aboriginal communities and organizations to purchase buildings, equipment and vehicles to increase services to children and families.

The reason I included vehicles in there was because if you look at the stats back at the very second page when I talk about how many families are living in poverty, you realize that most of the families, if there's not transportation provided to either child care centres or preschools, will not be able to access those programs.

The fourth recommendation: one-time-only funding grants to assist aboriginal communities and organizations to purchase playground equipment and unique equipment required to work with children with special needs.

Short and sweet.

**B. Ralston (Deputy Chair):** Thank you very much. Members of the committee may have questions for you.

**I. Black:** Short and sweet indeed. There are three points of clarity, if I may. They are more definition versus question.

I wanted you to define "cultural preschool" for me a little bit more. I also wanted to understand hub models. But the question.... Your second bullet in your first slide says that 40 percent of children in care are aboriginal. What you said was that 40 percent of aboriginal children are in care, which are two very different things. Could you clarify for me, please?

**M. Gray Smith:** Pardon me. Yes. What I meant was that 40 percent of children in care within the Ministry of Children and Families are aboriginal.

**I. Black:** Thank you. I suspected that was what you meant. I wanted to give you a chance to clarify that. Then the other two definitions.... If you have a moment, I'd like to....

**M. Gray Smith:** Sure. So many of the preschools that are currently operating in the province do not hold

any cultural component in them. For example, here in Victoria we have a very large urban population, and there are no preschools that have a cultural component specifically focused for aboriginal children.

[0915]

Now, if you think about our being one of the largest urban centres in British Columbia, why is there not an aboriginal preschool for those children? If you're wanting to close the gap around education and all those social health determinants, would that not be a beautiful place to start? There's discussion around language nests, but when we have almost 120 different languages in our province, we need to begin someplace else.

When I talk about cultural preschools.... They're preschools that are built upon our culture, that have culture throughout. It's not a component. It's a cultural preschool for children from three to five, with a specific component around addressing the children with extra support needs or special needs.

Your second question, Iain Black, was about the hub model. The Minister of State, Linda Reid, is in strong support of this. It's about creating centres within communities. Not neighbourhood centres, but they're actually called hub centres, in which it's a one-stop for families.

There would be parenting programs, child care spaces, preschools and probably hot lunches available — all kinds of services in one place for parents and families to access that program. It has many financial benefits as well as administrative benefits. Probably more importantly for those children and families, it has huge benefits about only one place to go every day.

**B. Simpson:** Thanks for the presentation. Just a quick point of clarification and then a question. With respect to the poverty figures you've given — the 52.1 percent living below the poverty line and over 50 percent of aboriginal children living off reserve — where is the bulk of the child poverty occurring? Is it on or off, or is there no difference between the two?

**M. Gray Smith:** There's no difference.

**B. Simpson:** So there's not a differentiation there. Okay. Thank you.

And then, has there been any experience...? The government has its New Relationship with first nations. Has there been any flow to this level of first nations activity from that New Relationship? Have you seen any additional resources, any discussion of additional resources?

**M. Gray Smith:** There was a million-dollar announcement last year at the Premier's First Citizens Forum, when he announced a million dollars for language and culture, specifically for language. Out of Ministry of Aboriginal Relations and Reconciliation there are dollars being specifically targeted for early childhood literacy for aboriginal children and looking at the language nest model as well.

There have been some initiatives — however, not enough. And not enough that hit the floor right away

— do you know what I mean? — so the issue around child care spaces and preschools can be addressed as quickly as possible.

There are models. The federal model that's currently being operated in British Columbia, Head Start, is a really valuable model on and off reserve, which has proven to be very effective and which could be started quickly in many communities, with funding.

**B. Ralston (Deputy Chair):** Great. Thank you very much, Monique. I don't see any further questions, so thank you very much for your presentation.

The next presenter will be Matthew Price on behalf of the Conservation Voters of British Columbia.

**M. Price:** Good morning. First of all, I'd like to thank you for two things. Thank you for the work of this committee. I know it's a challenge for you to travel around the province of British Columbia on a fairly gruelling schedule to listen to literally hundreds of witnesses.

I also imagine that you get some value out of that, too, because it's such a diverse province and you have all those various viewpoints that you are then responsible for integrating and balancing into your report. I know that's a challenging task. I'd like to thank you for that and acknowledge that it's hard work.

The second thank-you I'd like to convey is.... I came to present to this committee last year about parks funding, in that the parks budget has not kept pace with the creation of parks in British Columbia over the past 20 years really. There's been an opening gap, and the parks budget has actually been dropping.

This committee last year recommended that there be a boost for parks funding, and so I thank you for that. I know that not everything this committee recommends is then acted on, and I note that that particular recommendation was not acted on, so I would recommend, if you could, to re-recommend that same recommendation again to boost the parks budget. That is not the main topic of my conversation today though.

[0920]

I'm here to talk about the relationship of the B.C. budget to global warming and getting a handle on global warming. It's usually perceived that dropping greenhouse gas emissions is a matter of regulation and those kinds of prescriptions, but I wanted to sort of outline today how the budget has implications for B.C.'s greenhouse gas emissions as well. I'm just going to run through three very basic sort of orientation slides, if you will, about global warming in British Columbia, and then we'll talk about the budget after that.

On the first page. First, a quick question. Did anyone see the Al Gore movie *An Inconvenient Truth*? At least a couple of you. If anyone had told me ahead of time that Al Gore giving a slide show in a documentary was going to be interesting, I would have called you crazy, but it is actually very well worth seeing in terms of a very succinct presentation of global warming and the mess we're in. Now that it's on DVD, I would recommend that highly to any of the committee members.

He presented much information in that documentary, including some vignettes on polar bears drowning and those kinds of things. But this graph that is depicted here is actually the one that keeps me up at night, and that might just speak to the fact that I've got an inner nerd inside me, but graphs do tell a story.

This one charts the relationship between carbon dioxide concentrations in the atmosphere and temperature going back 150,000 years. You see from the blue line and yellow line that these are in lockstep. You see by the blue line that human activity is pumping massive amounts — unprecedented amounts — of carbon dioxide into the atmosphere. As we increase the parts per million concentration, the temperature is following in lockstep.

James Hansen of NASA, the foremost climate scientist in the States, believes we have about a decade to turn this around before we lock ourselves into some very serious repercussions for the life support systems of our planet.

Here in B.C. our track record is not very good. Our emissions have increased by over 30 percent since 1990, and with the last year in which figures were collected and compiled, which is 2004, we had the second-biggest jump in Canada that year.

Under the second slide. What does this mean for us? There is a series of maps on page 2 which show a projected average temperature change across the province between now and 2085. This was put out by UBC. The dark blue is minus 18 and the red is plus 11, so that's the variation that you've seen in the past. The baseline year is from '61 to '90. You see there's lots of blue on that map, and then you go through the map to 2085, and there's almost no blue left.

This is the reason that we've had the mountain pine beetle infestation, and that's not all. We are actually just seeing the first impacts on our forests. There's a quote from the president of the Forest Products Association of Canada, who says: "Now it's the beetle; next will be a fungus; next will be a parasite."

The environmental commissioner just estimated that about 30 communities in B.C. are at risk of blowing away, which affects 25,000 families. The beetle infestation is 8.7 million hectares large. This is a major catastrophe. British Columbia is truly the canary in the coalmine.

The next slide depicts a sea level change. Not only are glaciers melting, but scientists are charging that with the melting of both the Arctic and the Antarctic and the Greenland ice cap, should that totally melt and fall into the water, we'll see a 6.5-metre-level increase.

The Sierra Club of B.C. recently charted this on the lower mainland. I'm not sure if some of your ridings are actually depicted in here, but it's big trouble for places like Richmond, Surrey, Delta. I was actually surprised at the impacts on the back of the Fraser Valley as well. I think there's an effort underway to do more of these kinds of maps to show the impacts on other coastal areas in B.C.

Those underwater areas, of course, represent hundreds of thousands of people and probably billions of dollars in real estate. These are impacts which are very

real, and we are going to lock ourselves into this future if we do not change course.

That's the background very briefly. Let's go to the next page and talk about the budget.

I am not here, actually, to recommend any budget increase or decrease in a certain direction. I'm here to talk about the fact that we currently have no analysis about budget items and their impacts on greenhouse gas emissions in British Columbia. That in itself, I think, needs to be fixed.

[0925]

Let's just talk about one in particular that we've heard a lot about in the media. Minister Penner did a very good thing when he passed a \$2,000 tax break for hybrids. If you purchase a hybrid vehicle, which is more fuel efficient, you will get this tax break. However, when you just take that in isolation, it doesn't actually tell the full story.

Twice so far the government has also raised the luxury thresholds on vehicles. This means that there used to be a threshold of, I think it was, \$36,000. You paid an extra tax on a vehicle if it was over that amount. That amount has gone up twice. The estimate has been that the first raising of that threshold cost the treasury \$40 million, and the second cost us \$5 million, which is a total of \$45 million a year. That's sort of a stimulus, if you will, in order to affect the buying patterns of people and cars.

Generally, the rule of thumb is that the more expensive the car, the bigger the car. This has really encouraged people to go from mid-size sedans to SUVs. If there were someone considering a V-8 Jaguar, you might be considering a V-12 Jaguar now.

This is the bottom line. We don't know what the emissions impacts of those different tax changes have been compared to the positive emissions impacts of the hybrid credit, which is only \$1.5 million. The amount of the stimulus for the luxury threshold is 30 times more than we've actually put into the stimulus of the hybrids. So what does that do on emissions? We don't know. You have a minister who's trying to do the right thing by greenhouse gas emissions in passing the credit, whose work might be completely and utterly undermined, and more so, by other kinds of tax measures which have been passed.

The recommendation I would like to make is that we need to understand this. It's not just on this particular example, but it's for the full range of things like oil and gas incentives and coalmining incentives. What are the impacts of all of these budget measures on greenhouse gases? Currently we don't know. I think we should get a handle on that, so I would like to recommend that this committee recommend a system to monitor and track that.

**B. Simpson:** A couple of quick comments. With respect to the president of the Forest Products Association's comment that next it will be a fungus or next it will be a parasite. There already is. We have multiple, simultaneous epidemics out in our forests right now. It's not a next. It's happening immediately.

I'm having a hard time connecting your first slide that keeps you awake with your recommendation to this committee. It seems like a very small step for man-

kind, relative to the large challenge we have in front of us. I'm wondering if you're aware of any group or a coalition of groups that's looking at a more comprehensive agenda for our government to take if in fact we have such a short time to deal with this issue, and if so, could you point us in that direction.

**M. Price:** There are a number of answers to that. I've been in advocacy for ten years, and it's sort of at the intersection between what's needed and what's possible. The odds are that if I came in here and said I would like the committee to recommend following Quebec's example, which just passed a \$200 million a year carbon tax, I don't know what the odds of this committee recommending that to the government are. It seems to me that we do, at the same time, need to have a systematic knowledge of what the budget does to greenhouse gas emissions.

Even if we were to do more aggressive things like that, which I actually would highly recommend, at the same time if we don't know what the impacts of those measures are, then we're probably shooting in the dark. To be systematic is, I think in some ways, a first step. It might be a baby step. It may be one that this committee might recommend, considering that it's quite safe. I'll leave that for your discussions after. I'm not quite sure how you distill recommendations into your report.

Other kinds of measures in terms of promoting more aggressive action by the government on climate change are forthcoming. I call this the Wal-Mart of political issues. It's coming to your town whether you like it or not, and it's going to undercut all of the others. This will be — if I and others do our jobs properly — the next big issue in British Columbia, and hopefully, the issue upon which the next election is fought.

**R. Hawes:** Thanks for the presentation. Your suggestion here about the luxury tax — I take it that that's more of a symbolic suggestion. We should be looking at every measure. This is just an example of one you picked out, I assume. I think it does also demonstrate that there's more complexity than just a simple solution like: let's not raise the luxury tax.

[0930]

The luxury tax was not raised so that people could buy BMWs or Cadillac Escalades. It was raised in recognition that in the more remote parts or the rural parts of the province people often buy vehicles that require.... Pickup trucks, for example, or semi-work trucks — they cost a little bit more money.

Maybe your suggestion would have been better phrased as, "Maybe we should be differentiating in vehicles," because I don't call a family work truck, if you will, a luxury vehicle. It's a necessity in parts of the province, and those often cost more than \$30,000 or \$40,000. It's not quite as simple as what you're putting here, I guess, is my point.

**M. Price:** I fully accept your comment. It's a hugely complex topic. On this one example, the research I've done shows that there are 1.9 million registered pas-

senger vehicles in British Columbia. Probably about 1.2 million or 1.3 million are actually in the urban areas, so that in itself shows that the numbers are overwhelmingly in the urban areas and that the stimulus is overwhelmingly in the urban areas. The results are probably, overwhelmingly, people in cities moving from mid-size sedans into SUVs. So yes, I think a much better job can be done in terms of targeting — if the luxury tax were targeted in some fashion that would actually single out the rural people. Another rationale used was that the people who are disabled need a break on the cars so they can go into vehicles that are often heavier.

Those are smart ways to do it, but the fact is that the luxury tax was raised just across the board in a general way, and so the majority of the stimulus ended up falling on the urban areas in B.C.

**R. Hawes:** I think my point was simply that these things frequently have more complexity than simple solutions.

**J. Horgan:** Thank you, constituent Matt Price, for coming to visit us today. The question I wanted to focus on, Matt... We've had discussions about some of these issues, and I hope to have a broader discussion, without the clock, on the carbon tax in Quebec, so I'll focus instead on your chart on the last page with respect to highway spending versus spending on transit.

As a constituent of mine above the Malahat, you weren't able to take a train here, so I assume you either rode your bike or you car-pooled to get here. Across the lower mainland and throughout B.C. the government is spending enormous amounts of money on road improvements, road construction, mostly focused on the Olympics in the lower mainland. Would you recommend to the committee that we advocate for more transit spending on southern Vancouver Island, particularly light rapid transit or some form of commuter rail from the Cowichan Valley into Victoria so that commuters like yourself have that option to actively reduce carbon, CO<sub>2</sub>, emissions into the atmosphere in southern Vancouver Island?

**M. Price:** Forgive me if you are setting me up to say something that you totally agree with.

**B. Ralston (Deputy Chair):** It would be the first time it ever happened in this committee.

**M. Price:** Clearly, that would be an excellent idea to put more money into removing the bottleneck of the Colwood crawl. Study after study shows that expanding highways will actually put you in a worse situation than before, and so our organization and many others are still waiting for the government's analysis of what the net emissions impacts are going to be, for example, with the Port Mann Bridge twinning. We haven't seen those studies, and we suspect that like everywhere else in North America, if those studies show up, they're going to show that it's actually going to make the situation worse.

This was a very simplistic rendition in the graph of saying that, in general terms, highway expansion will generally always give you more emissions, and public transit, if you take people out of their cars, will reduce emissions. So what are the impacts of that? Again, as Mr. Hawes said, this is a hugely complex issue, but currently, we have no systems to even evaluate it.

**B. Ralston (Deputy Chair):** Thanks very much, Matt. I know this is a debate that will continue, but your time is, unfortunately, finished at this moment.

The next group of presenters are the ProArt Alliance of Greater Victoria, represented by Ian Case and Jennifer Swan.

**I. Case:** Good morning. I know that our time is relatively brief, so I'm going to stick to a script. That's what I'm used to.

[0935]

I'd like to thank the committee for the opportunity to make this presentation this morning. My name is Ian Case. I'm the chair of the ProArt Alliance of Greater Victoria and the general manager for Intrepid Theatre. We're producers of two major theatre festivals in town and also a series of international presentations in our region. I'm a producer, a director, a publicist, a writer, an actor, a costume designer and a set designer. I've consulted for and worked with all three levels of government regarding arts and culture. I'm a member of the Arts Future B.C. Steering Committee, which is a coalition of not-for-profit arts service organizations representing thousands of artists and hundreds of thousands of people who participate in the arts and culture in our communities all over our province.

In B.C. more people participate in arts and cultural events than in professional and amateur sporting events combined. Our sector employs more people than forestry, mining and fishery sectors combined. Arts attendance in B.C. is among the best in Canada — third-highest, in fact.

To represent all those who take part in the arts, Arts Future B.C. has come together to increase understanding and awareness of the essential contribution of arts and culture in our communities, raise the awareness of the need for public investment in the arts and highlight the vital role the B.C. Arts Council plays in supporting the arts sector.

I'd like to take a moment just to thank the members of the arts community and my colleagues the members of the public, who have come to support this presentation, if they'd be so kind as to stand. Thank you for coming this morning.

They are a reminder of the community that arts and culture builds and the importance of what we do in our community.

The arts — they change our lives. In 1984 I sat in a darkened theatre while one man stood onstage, reaching out with the invisible hand of his words and his actions. He touched every person in the audience. For me, it was a life-changing event. I left the theatre, and it was like the clouds parted and some sort of universal

power came down, whispered in my ears and said: "This is what you must do." From that day forward the arts have not just been a career or a job for me, they have been a calling. That's only just one small, personal example of how the arts can change our lives. Arts and culture affect the lives of everyone in our province.

Our government has identified healthy living as one of five major goals. Arts and culture, our creative community, are major contributors to that goal. More and more research published over the last decade has provided evidence that arts and culture improve the health and well-being of individuals in communities.

According to Statistics Canada, people that attend arts and participate in arts and cultural events are more likely to be physically active and engaged in their communities. A survey of research in the United States, Canada, the United Kingdom, Sweden, Australia and Japan indicates that arts and culture contribute to the effectiveness of contemporary medical treatment and to the maintenance of individual and community health in many countries.

Arts-for-health programs are a growing concern. These programs draw artists, musicians, actors, writers, poets and more into health care settings, and increasingly, arts and culture are seen as another tool to improve health care and to better the experience of those who require it.

Where do the artists and the art that fuel these programs come from? Well, this contribution to a new approach to health care comes from the arts community of our province, a community that relies on adequate support from the province through the B.C. Arts Council. Without that support, these programs will not sustain, and the province will lose an innovative and a central contribution to the health of our province.

Beyond the realm of the hospital ward and the care beds, arts and culture contribute to the health of our community and the health of individuals living within it. In 1974 the federal government's White Paper, *A New Perspective on the Health of Canadians*, proposed that changes in lifestyle or social and physical environments would likely lead to more improvements to health than would be achieved by spending more money on existing health care delivery systems.

Arts and culture build communities. It provides mental, physical, social activity — all deterrents to a host of individual and community health concerns, including isolation, drug abuse, depression, other mental illnesses, physical inactivity, violence, antisocial behaviour, destruction of public property, apathy and more. If B.C. communities are to continue to receive the considerable benefits provided by the arts, investment in stable and adequate core funding to the arts is essential. This is why we are requesting a significant increase in investment to the B.C. Arts Council.

I'd like to introduce my colleague and friend, Jennifer Swan, who is going to speak a little bit about what funding through the B.C. Arts Council means — what it means to young and emerging artists and arts group.

**J. Swan:** Good morning. As Ian said, my name is Jennifer Swan. I'm the general manager of Theatre

SKAM and also the resident stage manager at the Bel-fry Theatre. I grew up in Victoria, and I was fortunate to go to a high school that had a very strong arts program. That's where I found the passion for theatre that I still have today.

Over the past ten years I have worked with almost every theatre company in Victoria, large and small, as well as across the country, and I'm very lucky to make my living in the arts.

Theatre SKAM was founded in 1995 by four artists in their early 20s, just out of school. Two the founding members still run the company today, along with myself. As with most young companies, art comes before administration, and for the first three years artists were paid by splitting the box office and often financed shows out of their own pockets.

[0940]

The glamour of being a starving artist soon wore off, and SKAM started applying for grants in 1998. One of the first received was \$350 from the Community Arts Council of Greater Victoria through the B.C. Arts Council. That year our annual budget was \$24,000. We spent \$15,000, or 63 percent, on artist fees.

As with most arts organizations, our priority is always to direct the majority of our revenues to human resources and to improve the working conditions for artists. Ten years ago SKAM artists maybe made \$20 a day. Today we employ an average of 30 artists a year on various projects. The average salary is \$520 a week, and 50 percent of the artists are members of Canadian Actors Equity and receive a professional salary as set out by the association.

Throughout our growth the B.C. Arts Council has been one of our strongest and most stable supporters. We have received project funding for the past eight years and this year received our largest award, at \$13,000. To put this in perspective, with the initial investment of \$350 in 1998 and our budget of \$24,000, our annual budget today is \$100,000.

This year we will spend \$67,000 on artist fees, and the remaining \$33,000 will be spent in the community on production materials and labour, contract employees, venue rentals and publicity materials. Over the past 12 years our one small company has employed over 150 B.C. artists and spent almost half a million dollars in the province. Multiply that by the at least 15 other theatre companies of a similar size operating in B.C. right now, and that's only one section of the arts community.

As part of our mandate we largely employ emerging artists, students and recent graduates. Smaller companies are often the first professional experience for an artist and a crucial step in their lifelong career path.

Increased investment in the B.C. Arts Council will have immeasurable benefit to the wide range of smaller arts organizations and in turn to the B.C. artists that those companies employ.

**I. Case:** Before we conclude, I just wanted to talk a little bit about the B.C. Arts Council and the economics of arts and culture in our province. The B.C. Arts Council was established by the provincial government

under the Arts Council Act to support the arts and cultural community of British Columbia, as an opportunity for people within our province to participate in the arts and for an open, accountable and impartial process for managing provincial arts funding.

In the 2005-2006 fiscal year the B.C. Arts Council distributed just under \$14 million in awards assisting arts and cultural activities in 224 British Columbia communities, funding which also acts as a leveraging tool for B.C. to access a fair share of federal funding. In 2004 B.C. received only 5 percent of \$3 billion that the federal government spent on arts and culture, despite the fact that we have the third-highest performing attendance rate in Canada. Every dollar of increased funding through the province will leverage more dollars coming in from the federal government.

A recent study commissioned by the Victoria Foundation, *Victoria's Vital Signs*, notes that the arts and culture in our community have an economic impact of \$270 million in consumer spending each year in our region. Add to this our sector's economic contribution through wages and production expenses, and our economic impact exceeds \$780 million alone in this region.

The B.C. Arts Council investment in this region is \$3 million. That's quite a return on investment. Provincially the B.C. Arts Council's \$14 million investment in the sector drives \$4.2 billion in provincial domestic economic activity annually. British Columbians spent \$3.1 billion on cultural goods and services, 3.3 percent of total consumer spending.

We are a sector that is environmentally friendly, sustainable, tourism-friendly and that has a huge economic impact, yet we are a sector in which 50 percent of the artists' average annual earnings are less than \$10,000, an earning gap of over 46 percent compared to the overall labour force average.

Arts and culture are the economic future of our province. Between 2000 and 2004 industries in the arts, entertainment and recreation sector were the largest providers of new small business jobs in British Columbia. Employment in this sector and in information and culture industries surged by over 70 percent in four years. Between 1997 and 2003 B.C. residents' spending on cultural goods and services grew by 27 percent, 5 percent higher than the 22-percent rise in spending on all goods and services during the same period.

I say it again. Arts and culture are the economic future of this province. We have had a lot of success with very little, but we can do so much more if we are given adequate support which meets the needs of our sector, meets needs which far outstrip the dollars currently provided by the B.C. Arts Council.

Make us sustainable. Make us grow. Help us grow. Nurture the future of our province economically, socially and artistically. Invest in the future by supporting the B.C. Arts Council.

[0945]

On behalf of the ProArt Alliance of Greater Victoria and Arts Future B.C., I request all-party support for a \$32 million increase to the B.C. arts and cultural sector through the B.C. Arts Council. To that end, I'm pleased

to present you with copies of our presentation today and with the Arts Future B.C. brief called "The Business and Social Case for Sustainable Communities in British Columbia through Investment in Arts and Culture." It's a real catchy title.

On behalf of the organizations I represent, I ask that you ensure that increased funding to the arts through the B.C. Arts Council is highlighted in your report to the Minister of Finance. It is vital to the sustainability and growth of our sector and to our province.

I'd like to thank you once again for the opportunity. Jennifer and I are happy to answer any questions that you have.

**B. Simpson:** Thanks, Ian and Jennifer. We've had quite a few submissions by arts councils wherever we have gone.

**I. Case:** Really?

**B. Simpson:** I'm assuming that the group sitting behind is.... We've had similar groups come in to support the presentation.

One aspect of arts that I think is quite interesting, if you tie it back to the previous submission.... In dealing with complex problems like global warming, creativity is essential. I think it's a given that we need to increase our creativity in order to address those problems.

One of the themes in all of the presentations that have been given — and you emphasized it, Ian — is the health and social benefits of the arts. With respect to the funding lift that you're asking for, should some of that money be actually targeted for that aspect of arts in this province so that we know it's actually going to go to deriving those health and social benefits from arts?

**I. Case:** I think you'll find that the need for those kinds of programs is such that you will not need to earmark that funding. Those programs will arise because the need is there. The arts community has become more and more responsive to the needs within the community, so as you say, it's stepping into the breach where arts education may have fallen by the wayside. The arts community has been there to step forward into that.

In environmental awareness, there are lots of productions and activities in the arts and cultural sector that are geared towards that. I think that you don't actually need to earmark that funding. In fact, that might be stifling in terms of creativity. I think you send it off to the B.C. Arts Council, and the B.C. Arts Council will fund programs that will support that.

**J. Horgan:** Thank you for the presentation. As I go through the figures — and I can't wait to go through the acronym AFBCBSCBCIAC at my leisure — it seems to me an awfully modest amount of an increase relative to a \$30 billion-plus budget.

I'm wondering: has your organization or others considered making a request of the current minister to access some of the surplus dollars that we were told

about in the first quarterly report — somewhere in the neighbourhood of 600 million free dollars?

**I. Case:** We spent the last two years meeting with the minister, outlining this argument. We've seen nothing. There was a \$3 million increase to the minister's budget in the previous fiscal, but that was earmarked for the ministry, not for the B.C. Arts Council.

The B.C. Arts Council is the only funder that supplies funds directly to the arts community throughout the province and, as I say, to 224 communities throughout the province. So we've been trying.

**B. Ralston (Deputy Chair):** Thank you very much, Ian and Jennifer. Time has, unfortunately, fled. I want to thank you for making that presentation and thank those who've come to support you, as indeed they have throughout the province.

Our next presenter is the RESP Dealers Association of Canada, represented by Peter Lewis.

Perhaps you could just let us know your title with the organization, your position.

**P. Lewis:** My name is Peter Lewis. I'm the chair of government relations with the Registered Education Savings Plan Dealers Association of Canada. We recognize the important work of this committee, and we thank you for the opportunity to speak to you here today.

By way of introduction, our association represents firms across Canada that focus on improving access to higher education by encouraging families to plan for and save for higher education for their children. Collectively, our members manage roughly 50 percent of all registered education savings plans in Canada — a total of about \$6 billion in assets under management in our member firms.

[0950]

I'm also a parent. I have six children ranging in ages from four to 15. I'm very well aware of the importance of higher education in enabling them to achieve their full potential, and I'm only about three years away from receiving my first university tuition bill. The good news for my children is that I've been planning for that day for many, many years. The unfortunate reality is that for too many young people that's simply not the case. In fact, for 65 percent of young people in British Columbia today there is no registered education savings plan in place.

We believe that government has a significant role to play in ensuring access to higher education for all young people. As noted on page 5 of the presentation we provided to you, we believe that there are three pillars to funding post-secondary education. First, you need to fund post-secondary institutions directly. That's clear. Second, you need to provide funding directly to students through generous financial aid programs — also clear. Third, we believe it's important that you need to provide incentives to partner with parents and encourage them to plan for and prepare for the future costs of higher education.

I work for a firm known as the Canadian Scholarship Trust Foundation. We launched education savings

plans in 1961. In the 36 years from 1961 until 1997 we saw some success, in that 700,000 children had \$2½ billion set aside for their future education. With a single legislative change in 1998 — the introduction of a savings incentive called the Canada education savings grant — the federal government significantly changed that landscape.

If you look on page 7 of the presentation, you'll see that that change was rather dramatic, as we've grown to \$20 billion in funds set aside for the post-secondary education of 2.2 million Canadian young people. This is clear and compelling evidence, in our view, that with the right incentives families will indeed save for the future costs of higher education.

Even with a matching grant and those incentives, however, still only 33 percent of Canadians have a registered education savings plan. On page 9 of the presentation we note that 35 percent of British Columbia families have these plans, so congratulations on the higher participation in the program here in your province. However, there's clearly more to be done. Close to two-thirds of children in this province are not taking advantage of this important program.

Why does this matter? On page 13 we talk about some of the benefits of having a savings program.

One that's overlooked often is a less tangible benefit, and that is simply this: motivation. Having a savings plan for a child's future education is a powerful communicator to that child about the value that her parents place on higher education and the fact that her parents expect her to go on to university or college or trade school. That expectation increases the probability of a child going on to post-secondary education, because it aligns their vision to higher education from the time that they're very young.

Second, of course, is the financial benefit of having an education savings program. Every dollar that a family sets aside today is a dollar they don't need to find elsewhere when their child is ready to go on to trade school, college or university.

We all know that any savings incentive, of course, has the greatest impact for those who are most able to save. In fact, on page 14 we show the results of a survey done by the federal government asking why families weren't saving, and the number-one reason was because they didn't have sufficient disposable income. Recognizing this, the federal government added a unique twist to the registered education savings plan in 2004 with the introduction of the Canada learning bond and modifications to the savings grants to target lower- and moderate-income families.

I'm here today, though, because I believe that the provincial government has a role to play in reinforcing that third pillar by encouraging families to save. We provided you with a snapshot on pages 16 through 18 of what several other provinces are doing. Most notably, the province of Alberta introduced a program in 2005 which provides families with a \$500 grant for starting a registered education savings plan for every child born in that province and then \$100 grants at the ages of eight, 11 and 14.



Our specific proposal on page 19 is that we believe that the government of British Columbia should choose to create a new incentive to encourage more families to save for the higher education of their children. Specifically, we propose creating a British Columbia learning bond, as described on page 20, that would be available for newborns and would include a \$500 grant in the year of birth and then \$100 increments in ages eight, 11 and 14.

The program could be universal, similar to the program in Alberta. Or it could be targeted, similar to the Canada learning bond, which is targeted to recipients of the national child benefit supplement. That \$800 investment in the family over a period of 18 years would grow to a value of about \$1,500, which could go towards the child's post-secondary education.

[0955]

What would this program cost? On page 22 we've outlined for you what we see as the maximum cost of the program, which assumes a 100-percent participation rate and a universal program. Your maximum cost would, in fact, be about \$20 million in year 1. A targeted program based on national child benefit supplement eligibility rules would lower your cost down to \$8.4 million in year 1. An interesting note is that any program of this nature could, in fact, be delivered by building on the infrastructure that already exists for the federal programs, similar to the way the Alberta program is being delivered.

I understand that what we're proposing is not a short-term solution to the issues related to accessibility and higher education. Nor is it our view that this would eventually eliminate the need for other forms of support in the higher education system. What we're proposing is a long-term, visionary approach to addressing the needs of access to higher education in the province.

What it does is two things. Firstly, it changes the dialogue around the kitchen table in the homes across this province. It encourages families to think about, to talk about, to plan for, to prepare for the time the child is going to go on to higher education from the time they're young. That in turn translates into the greater likelihood that that child will in fact go on. Secondly, it encourages more families to build a pool of assets that will enable them to reduce their reliance on other forms of financial aid over the long term.

We as an association are dedicated to improving access to higher education for all Canadians by encouraging them to plan for the day when their child goes on to trade school, college or university.

Thank you very much for your attention. I'd be more than glad to respond to any questions you might have.

**B. Ralston (Deputy Chair):** Thanks very much, Peter.

Any member of the committee have questions? Apparently not.

Thank you very much for the presentation. I think the position that you put forward is very clear, and we'll definitely consider that in our deliberations.

I think we're going to move forward in the agenda. This is Phil Lyons on behalf of the South Island Health Coalition.

Good morning.

**P. Lyons:** Good morning. We in the South Island Health Coalition are part of the B.C. Health Coalition, which is a fairly large organization with a lot of community representation. We come to this budget process to make some general comments about what the budget should reflect in terms of the increasing services to health care at a time when the services that we're recommending be delivered more fully are actually ways of cutting the costs in the health care system.

As you may have heard, there is a provincial campaign starting next week on the home support issues of the health care system. We are interested in the continuing-care process, right from the very beginning to the very end. However, the majority of the people that are directly affected by the cuts that the government has made in health care are essentially seniors. The critical issue for seniors is not necessarily, in the long-term, home support. What it is, is long-term care beds. You've heard this regularly for the last few years.

The assisted-living options, which the government has developed at the expense of long-term care beds, are not answering to the needs of the seniors. What we're asking you to do in the budget process is increase the spending for home support services. This is different than home care, for those of you who aren't aware of the distinction.

Home care is the professional services that are provided by nurses and therapists to people who need them in their own homes. Home support is a service that should be provided to make absolutely sure that people do not end up in emergency wards, do not end up in acute care beds and do not end up being unable to find someplace to move to where they'll get full support when they have to leave their own homes.

The issues that are developing are very clear here. In the Greater Victoria area, for example, which is our particular concern, the number of seniors that have been involved with home support has decreased in the last five years. Those are the ones who are being served. That is a result of decisions that have been made by government to underfund the home support system and services and to make absolutely sure that people who are going into home support or who have a need for home support are in a complex care category of the health system.

[1000]

Complex care means — and the rule of thumb that is used by the health authorities to filter out people who need home support — that you must require weekly bathing or medical prescription assistance. If you don't have those requirements, you don't get services like meal preparation, like company when you're

isolated for a short period of time and like the situation where somebody needs people to help them with shopping. These things are all out of the system now. You can't get them anymore. You have people sitting in long-term care beds with these kinds of requirements that are finding it very difficult to get home support.

We think it's a cost-effective way of making absolutely sure that the continuum of care has a solid base at this time, until you make a further decision to fund more long-term care beds in the public sector. We do not feel that money filtered out of the public sector into private, for-profit operations is a way to repair and fix the health system. We think that public dollars should be used for public interests, not private profit.

What we're asking you to do in terms of the budget is to halt any further cutbacks and restore home support to 1994 levels. That date is particularly important because the federal government started cutting back on its payments to provinces in 1994. In 1996 what they did was turn health dollars into social dollars and allow provincial governments to take health dollars, which had been dedicated, and turn them into things like housing dollars and call it an assisted-living program.

Ensure that home support for people is a universal program by eliminating all user fees, stemming privatization and ensuring a system that people can access according to their need, whether they have the wealth or not.

Create an appeal board — and this is critical — for people who dispute their home support assessment. Appeal boards must include strong representation from people with disabilities and seniors. Remember, there is no appeal in the system if you cannot get a service from the health system. All you can do is to go, cap in hand, to your caseworker and argue that they should change their decision. But there is no appeal procedure, and there must be in a situation where services are being reduced.

Finally, health authorities, which are your creation as the government — your front-line health providers — are funded by you directly, as you know. They must implement holistic, personal support plans and must not include cost-cutting as part of the home support assessor's job.

Remember that the people on the front line — the home support assessors, as they're called here — are the people who make those decisions as to who gets what services. If they're under pressure from the health authorities and from government funding to cut costs, they will do that. We think that's unfair for the front-line workers. There should be changes to that.

Thank you for your time.

**J. Horgan:** Thank you very much, Phil, for a very provocative presentation. I wanted to go back to your comments with respect to federal funding. I certainly agree with you that from 1994 to 2000 the federal government was reducing transfers for health care to provinces and started increasing that again in 2002-2003. So when you call for a return to 1994 levels, what would the impact be on this year's budget? Do you have that number available?

**P. Lyons:** I don't have an absolute number. I can tell you that if it's a percentage of the cost or the funding, to go back to 1994 levels will be higher than it is now in terms of the health cost. That is not to take into account the money that's saved by bringing in a proper home support program and saving from these other areas of the health system.

[1005]

**I. Black:** My question to you is one of, I suppose, the complexity of our health care system today. You discussed some of the cuts that you've perceived in the area of home support and home care. Given that the raw-dollar expenditure, if you will, in health care has gone up almost 50 percent in the last five years from about \$8.3 billion to about \$12 billion or so, clearly the word "cut" is applying to this particular area of service.

My question for you is this: given that that's the case, based on your perspective and obvious key knowledge in this area, is there an area of our health care system today where we should be spending less? Given that we are spending this large amount....

**P. Lyons:** Funny you should ask that. There are some very clear areas where we could spend less. One is to revisit the Pharmacare program and look at the cost of proprietary drugs. That's the single most rapidly expanding piece of the health care system.

If you go after that process and get into the whole process of generic drugs and the drug listings — those types of issues driven by the industry, not by the needs of the patients particularly — you'll begin to cut a lot of costs. If you put money into home support and take money away from the situation that you're doing by funding assisted care living through shutting down long-term care beds, that will also be a cost saving. There are lots of areas of cost saving that are available in here.

I would also like to comment that you could save \$10 million by not doing a PR conversation on health when you have at least three federal reports which indicate where there should be changes made in the health system and which are not being followed, the latest of which is Romanow. That's the critical thing — to get after those reports and begin to implement these under the Canada Health Act.

**J. Kwan:** I'm wondering, Phil, if you have a list of the home support services that have actually changed over time in terms of the services. I am certainly aware of the fact that, for example, some seniors' hours have been reduced significantly, therefore putting pressure on them in terms of the personal hygiene care versus other supports they need. Do you have a full list of what those changes have been?

**P. Lyons:** The full list of those changes is on the B.C. Health Coalition website. I don't have those figures at my fingertips right now, but if you'd like more information in that direction, I would suggest you go directly to the B.C. Health Coalition website and look at some of the Canadian Centre for Policy Alternatives

research projects that detail where these cuts have come about.

**J. Kwan:** I'm wondering, Mr. Chair, if I could just follow up with one question — if you could submit that list to this committee so that it can become a matter of the public record. I can certainly look it up.

**P. Lyons:** Or your staff could. I'm not expecting you to do all the work, Jenny.

**J. Kwan:** I'm more interested in making sure that information becomes a matter of the public record for this committee.

**P. Lyons:** Okay, we will provide that to this committee. How would we do that, by the way?

**B. Ralston (Deputy Chair):** We can assist you, Mr. Lyons, before you leave.

**R. Hawes:** I don't intend to get into an ideological debate here, but I do find it — and perhaps you can comment on this.... As we reminisce about what health care was in 1994, or perhaps we can go back further, there was a time when families and neighbours kind of looked after each other, where volunteers in the health system were pretty prevalent, where candy-stripers were in every hospital in big numbers.

We have in this province and I guess across Canada, M2W2, a group that visits prisoners in jail on a regular basis and provides them with someone to talk to and some outside stimulus. It seems to me that within our seniors community, within our broad community, there would be an enormous group of volunteers who would want to spend a little time with some seniors. Considering there are a lot of people who want to spend a little time with some prisoners, surely there would be a lot of people who would step up to the plate.

[1010]

I guess my comment is that as we move through the baby-boom generation, and as the costs clearly are going to escalate in health unless we do something.... Would you not think that rather than having 100-percent reliance on a universal home support system — which is going to be there for everyone regardless of their ability to pay, by the way, and I think that's what you're espousing here — it would be wise for us to reach out and try to build back that volunteer base, to try to get some cost pressures off and build community again?

**P. Lyons:** I do not accept that there are cost pressures on the health system. I know the Minister of Finance has claimed that health care is going up, as a piece of the expenditure of the province. The reason is that the government has cut back on the core budget. As the percentage is higher in health because those must be spent.... It doesn't mean that the percentage that currently exists or the amount that currently exists is any higher than a percentage which was previously in the health system when the budgets were larger.

As a result of that, to answer your question about volunteers, there's always room for volunteers. The interesting thing is that there aren't a lot of key volunteers coming out of the baby-boomer generation, and it would be interesting if we could energize some of those people. They will be involved with their seniors, their parents, in the health system as time goes along. If they don't put time and energy into making sure that the public health system is fully servicing people, as opposed to depending on volunteers for critical service, then they're going to be in real bad trouble too. I agree with you there.

**B. Ralston (Deputy Chair):** Thanks very much, Mr. Lyons, for your presentation. The Clerk will assist you in how to provide the information that's been requested by Jenny.

The next presenter is Rod Bealing from the Private Forest Landowners Association.

**R. Bealing:** Good morning, and thank you for the opportunity to meet with you today. My name is Rod Bealing. I'm forestry manager for the Private Forest Landowners Association and a forest owner and logging contractor. I'd like to talk about the private land tree-farming sector and how it operates, consider its present and potential role in the economy, and identify some challenges and opportunities for improvement.

A little insert here. I'm sure throughout this process you're hearing from folks that have ideas on how government can be increasing spending and spending money. What you're going to hear from me this morning is that we believe that with some policy improvements, we could actually generate more money and generate more commerce and economic activity. That's the angle I'm coming from today.

I'm going to attempt to confine my presentation to matters directly related to private forestry, private forest management, but obviously some of the issues apply equally to the business of growing and harvesting trees on public land. I do not profess to have the solutions for what should go on, on Crown land.

The private land tree-farming sector. There are about 20,000 private forest landowners in the province made up of individuals, families, businesses and investors. It's a very diverse ownership pattern. You have small owners with just a few acres right up to large companies with many thousands of hectares.

Like any other farmer, we grow and harvest trees just like any other crop. Where we're different from other farmers is that our crop takes a lot longer to grow. There's a very long rotation, but we are long-term investors in our land. We take risk over the long term. We must provide a return on the investment — the money that we tie up in our land and our crops, roads, bridges and whatnot. We must have a return that competes with other forms of investment.

[1015]

I'll put it into my own context. If I sell some logs and I'm sitting down at the supper table talking to my family about planting more trees, I need to make the case to my family — looking them in the eye — that

we're going to get a return on those trees one day and not put it in the college fund instead. It's a very real thing that we go through every day.

The real point I want to make today.... If only one person in this room comes away with the same opinion.... I want to make a distinction between the tree-growing sector and the tree-processing sector. They're very distinct businesses. They're stand-alone businesses, stand-alone sectors, and each sector needs to be profitable in its own right. I'm sure many of you already understand that it's just a key thing to point out.

What do we do as a sector? We manage forest land for the production of logs. That's pretty much it. In the process of doing that, we protect key public environmental values such as water quality, fish habitat, critical wildlife habitat and reforestation.

As part of my role in the association, I provide education and training support to our members. Non-members, in fact, benefit from our training programs. We aim to help people identify regulatory requirements, things they can do to protect water and fish, and that kind of thing.

We work together as a group. We harvest and sell logs. We plant and tend our timber crops, and we protect those crops, our land and the areas that we've tied up in reserves to protect water and fish and whatnot from fire and forest health issues.

Our contribution to the economy. These are rough numbers, but it gives you a bit of an idea. We are market loggers, so our harvest levels vary, but roughly 10 percent of the annual timber harvest in the province comes off of private land — something like \$1.6 billion annual economic activity and \$400 million tax revenue to all levels of government.

Very importantly, many thousands of highways jobs, often in remote areas where there are few alternative options for employment.... Because we sustain our activity, those jobs are consistent.

Focus on the private land tree-farming business — some points I'd like to make. Over \$2 billion has been invested in private forest land in recent years. Those numbers come from two major transactions on the coast in the last decade or so. One would be TimberWest, and one would be Island Timberlands.

The fact that somewhere in the market there's recognition that there's that much value in the land and that somebody has put that much money down in B.C. — I think it's worth pausing for a moment and just thinking about how significant that is. Those are big numbers. It shows that somebody has really put their money where their mouth is and put some money into the province.

Private forest owners are primarily involved with managing managed forests, not old growth. This is land where we're getting second- or even third-growth timber from these areas.

Logs are the only source of revenue to maintain the land in timber production. I use my words carefully there, because if we want to maintain the land in timber production, we need logs. We need to sell logs. If we want to look at other business models, then we're selling land, I'm afraid. Those are our only two options.

As I'm sure you're aware and you will have heard through this process, the coastal log-processing sector is struggling. It's well known. High costs, aging equipment, lack of investment and poor returns on investment have all contributed.

One document that captures the realities on the coast very well is the *Ready for Change* report by Peter Pearse. It was some years ago. It's an excellent report. I'd encourage you to take a look at it if you haven't already.

There is an undercut of the available log supply from coastal public land exceeding 35 million cubic metres in the past ten years or so. My point is that there is wood available out there. So log supply isn't the problem for the coastal industry. It's cost competitiveness. There are ongoing mill closures as the sector restructures.

[1020]

At the same time, private land management operating costs have risen, and domestic log prices have failed to keep up with international log prices. Ten years ago B.C. was importing lots of wood from as far north as Alaska, as far south as Chile. It's very different now, and it reflects our ability to compete as a processing sector.

It's meant that the export market is increasingly important to sustain the forest management business. It's just the way it's gone. This is a bit of a contrary view, I'm sure, to what you may have heard, but private land log sales to Asia and the U.S. represent a growing business for the coast. If you think about the big picture, we've lost market share in lumber, mainly due to competitiveness. We just can't put wood into those markets and make money, but we are putting logs.

My point is that it's kept people working. It's kept the wheels of commerce turning. It's not something we should be shy about. It's a positive thing.

The Japanese market for B.C. lumber collapsed around ten years ago. The coastal processing industry was previously focused on serving the Japanese market. It's worked hard to find new markets, but it has also happened at a time when our costs were high — in the processing sector, I mean. Our competitors were investing aggressively and finding all kinds of savings and basically beating us out of our traditional markets. So it meant that the logs had nowhere to go, certainly not domestically.

Again, I make the point that selling logs in the U.S. market represents a market gain, not displacement of coastal lumber market share. What I mean there is that the coast was never focused on the U.S. to the extent the interior is. When you sell a log into the U.S. market, you're not necessarily displacing lumber from the coast.

Key policy ingredients for a healthy private land tree-farming sector. We need a competitive marketplace for our product — the ability to sell logs to the highest bidder, just like any other business. We're not looking for subsidies or special treatment. We just want access to competitive log markets.

Looking at public policy, the federal and provincial governments are generally making progress towards a free market economy with less subsidies and government intervention and generally reduced barriers to investment in trade. These are positive things that have been identified as necessary, and they've happened.

However, when we look closer to B.C., there have been some good policy changes closer to home here as well. B.C. is viewed by other provinces, other jurisdictions, as a bit of a model to look at for restructuring in the public land forestry business. Some decisive early steps were made, and they laid the foundation for a better future — not without pain. There is a lot of major change necessary and ongoing. I don't pretend for one minute that it's easy.

My point is that follow-up is necessary to consolidate those earlier efforts. The main reason for that, which directly affects private land.... B.C. still employs policies that restrict access to competitive log markets. It limits private owners' ability to sell products for a competitive price and obtain true value, lowers the value of logs, reduces the value of forests, and generally undermines the viability of the forest management business to the point that it makes certain log species and grades uneconomical to harvest.

When you have those policies in place, restricting market access doesn't mean that you protect a job somewhere in the processing business. You just create no jobs at all, because those trees stay on the hill. If they're dead from mountain pine beetle or some forest health issue, they just rot, and an opportunity is lost.

Furthermore, it reduces harvesting and forest management jobs. It reduces return on investment and undermines confidence. Investor confidence, as we all know, is one of those things that is hard to put your finger on, but it's a very real thing. It's just like me sitting around the supper table with the kids. Do we spend that money on more trees or do something else with it? It's as simple as that.

These restrictions apply only in B.C. The B.C. Competition Council recommends removal of market access restrictions. I've got a copy of that report too. I'm sure you're familiar with it. Enough of that for now.

How government can support the private land tree-farming sector. It's really simple. We just want an opportunity to compete. We don't want a handout. Just give us a chance to sell our logs into an open market.

[1025]

What improved market access for private logs would mean for B.C. Better utilization for private land logs. The right log would go to the right mill. In fact, some of the wood that we have to leave in the bush right now — we'd have a market for it. It would create more commerce, more jobs.

Sustained investment in private land tree farming. Sustained forest management employment in planning, timber harvesting, silviculture — all those things related to growing trees.

Sustained economic activity. So sustained revenue streams to all levels of government — that's another key thing. We heard how important things like health care are. Well, the dollars have to come from somewhere.

A thriving business sector that will be in place and willing to sell logs to a restructured, reinvigorated, strong and competitive B.C. log-processing sector in the future. The key there is that while the coast is going through all this restructuring, attracting investment,

building new mills and retooling for the different profile that it has to deal with now, it's going to need logs. And when it's leaner and meaner and better able to compete, we'll be there to sell them to it.

An overall confidence that B.C. is a good place to invest.

**B. Simpson:** You and I need a catch-up conversation.

Just a couple of points of information and a question. In your presentation one of the things that I think is missing is the fact that on Vancouver Island, you have two major corporations who own the lion's share of the private lands and are responsible for the lion's share of the logs going into the marketplace. When you talk about the investment, I think it's also fair to say that there's been a promise made by those two companies of significant returns for that investment which, as you're well aware, is driving accelerated cut levels on private lands on Vancouver Island and the conversion of private managed forest lands to other — as they say — higher uses.

What you're asking us to do, as you're aware, is engage in removing the federal restriction. I'm assuming that's what you're asking us to do. For the committee's edification, maybe you could let us know the status of the court case on that so we understand where that is in the legal process.

**R. Bealing:** A couple of answers there. In terms of the two large owners on the Island, just like any other business, they need to generate a return. I understand that the land that is sold for other uses in forestry is done with the support of local communities and is part of the zoning process.

The second question. I don't think I am necessarily trying to restrict it to Notice 102. Notice 102 is a policy tool that's pretty odious, as I've made clear in the past. It requires us to offer our logs to domestic buyers before we can obtain an export permit, which essentially enables a domestic buyer to obtain our logs at below world market prices, so we don't like it.

There's a lot more. There are policies and rules that affect other forms of private land that Notice 102 doesn't apply to. They reflect the state of mind in 1906. As I walked over here, I was thinking: you know, there were a lot of other things going on in 1906 that we don't do anymore. I don't think women had the vote at the time, and there were a lot of other things in place that we've changed since for good policy reasons.

I will answer your question. The status of the Federal Court cases is unclear at the moment. It's expected that there will be a verdict delivered sometime between September and Christmas. That's as much as I know on that.

**B. Ralston (Deputy Chair):** Thanks very much, Rod. I know this is a topic that we could discuss in much more detail, but we're obliged to move on.

The next presenter is from the Federation of Child and Family Services of B.C. — Craig Meredith.

[1030]

**C. Meredith:** Good morning, and thank you very much for this opportunity. The federation would like

to express its thanks for this opportunity to provide some input on next year's budget.

The federation, for your information, is a professional community service association that has been promoting excellence in services to children and families for almost 25 years. Our 100-plus aboriginal and non-aboriginal members serve hundreds of communities across B.C. They have a long history of providing essential and cost-effective community services to hundreds of thousands of British Columbians. They are recognized internationally for their innovation and quality of service.

The federation also includes the voices of provincial organizations, such as the Federation of Aboriginal Foster Parents, the B.C. Federation of Foster Parents, the B.C. Council for Families, the B.C. Association of Social Workers, Boys and Girls Clubs of B.C., the B.C. Association of Family Resource Programs and the Federation of B.C. Youth in Care Networks.

Since we were going to make a submission today in Victoria, I thought I should scan the daily newspapers this weekend. Most British Columbians look upon the city of gardens as an idyllic town where the top news stories probably are "Vandals Steal Flowers" or "MLA Gets Parking Fine Again."

Unfortunately, this does not appear to be the case anymore. I found 14 articles, which I have given to you, reflecting the social conditions in this B.C. city. Here are some of the headlines: "Foster Home Site of Tragic Blaze," "Youths Face Stormy Winter Without Help," "Homeless Mom Fears for Daughter," "Forty-Bed Shelter to Close Sunday" — and on and on. The final one is "Cheaper Food Options Available, Says Minister."

More than 6,000 words appeared in the *Times Colonist* this weekend dedicated to the social issues that can only be described as tragic. The banner front page headline today is "Downtown Too Scary, Shops Say."

We provide these articles to you, as we would suspect that the public affairs bureau might not see these stories in the garden city as reflecting government's vision of B.C. being the best place in the world to live. Similar stories like these are also occurring every day in your communities.

Talking about public affairs, on budget day two years ago we told the chief, Andy Orr, that if the government continued to cut spending in the social services area, it was going to become the government's Achilles' heel. Since then we've seen poverty rates for single mothers and children rise, with B.C. reporting the highest child poverty rate in Canada. More than 75,000 British Columbians used food banks in 2005; one-third of those were children.

Although federation members provide a multitude of social services to various ministries, last year we focused our submission on child welfare or child well-being in B.C. We talked about the need for stability. We advised you that there are large gaps in services for youth. We recommended that the government start listening to those on the front lines. We pleaded with you to walk the talk on the aboriginal initiative when it comes to children, and we begged government to

fulfil the government's responsibility to the most vulnerable first.

When this committee's recommendations came out a few weeks later, we were surprised that the words "child welfare" were not even mentioned, and there was no reference to the funding cuts that were plaguing the Ministry of Children and Family Development. As you know now, the issue of child welfare has dominated the media in 2005 and in 2006 — so much so that the Premier called for the Hughes report that chided the government for its budget cuts, and Finance Minister Carole Taylor exerted her independence and saw fit to call the 2006 budget the children, youth and families budget.

This year the federation is going to respectfully advise this committee that unless government starts to reinforce the community social service sector rather than continue to reduce its capacity to serve you, the infrastructure that we call the social safety net in B.C. is going to collapse. It is already crumbling. In my submission I ask you to note page 18.

Most British Columbians do not understand that the majority of social services in this province are provided by community service agencies, not directly by government. Those provided by government are the tip of the iceberg. In the early '80s the Socreds under Bill Bennett privatized many of the essential social services in B.C., especially where it came to services for kids, youth and families. Since then, for example, 70 percent of the Ministry of Children and Family Development's budget is focused on providing these essential services at the community level for government.

[1035]

It should be noted that back in the '80s, when the conservative Social Credit government was in power, it was spending more than 20 percent of the provincial budget on social services. When the NDP left power, it had managed to pare it down to 15 percent of the provincial budget. This government has managed to drive the social investment down to 9 percent of the provincial budget in less than five years.

How has the government managed to reduce the social safety net in the last five years? The most obvious one: welfare rates haven't increased in the past 12 years, and there are more eligibility restrictions. The less obvious one to the general public is the fact that government is reducing funding to those non-profit agencies that are volunteers and staff who keep the social fabric together in our communities.

The majority of those providing community social services in this province have had their contracts reduced or seen their one-year contracts rolled over for up to ten years with no increase to meet their cost pressures. Even gaming, as I note in another story on page 17, is not willing to subsidize government any longer, and, as reported in the story attached, an agency is closing its doors.

In the *Times Colonist* stories that I also submitted today, we note that a 40-bed shelter is closing in Victoria because the churches and agencies supporting it can no longer afford to keep it open. In a major employee health study released last week by the Community

Social Service Employers Association and the unions, in conjunction with WorkSafe B.C., it was stated that more than half the unionized workers in the community service sector have second jobs to support them in their chosen field. They don't have pensions.

If you are a non-union community social service agency, you're even less fortunate. The last time they got a wage increase in their government contracts was in 2001 under the NDP. The non-union folk were supposed to get another increase, but the government quashed that in 2002.

It's not surprising that the second most common problem among British Columbia organizations that are receiving government funding is that of retaining staff. In a national study just recently conducted, 84 percent in British Columbia versus 23 percent nationally reported this as their second major problem.

The biggest problem in Canada for the non-profit voluntary sector is their ability to plan their business and financial future. Social service organizations in B.C. stood out in this study. The national average was 58 percent that were having difficulty planning, while more than 73 percent of the non-profits in the community sector in this province reported this as their major problem.

Our recommendations. You must spend more to spend less on social services. Government has tried the latter, and it's evident that government has failed. Just look at the newspaper articles. The recent Morley-Kendall report on children in care and the Hughes report reinforce this. See page 20 of the submissions I gave you.

To bring the social safety net back to previous percentage levels by former governments would require a \$2 billion annual investment. Are you willing to make that?

Our second recommendation is to establish a \$50 million fund, similar to what you've done for the community living sector or in B.C. agriculture, that invests funds to help the community social service sector meet the government's goals for 2010. The fund would focus on rebuilding the infrastructure, innovation and opportunities that will positively affect essential services that are being marginalized at the present time.

Number 3. The government's plan to hire 100 social workers this year and another 300 over the next three years is a great start. However, to hire social workers without increasing the essential community support is something akin to sending troops to the front lines without the essential tools for their job. A social worker is basically a case manager. It is the community service sector that provides the tools for them to do their work successfully. This cost must be included in the hiring of more government social workers.

Number 4. To spend less, the government should immediately provide funds to ministries in order to treat non-union employees of community social service sector providers with equity and respect. To do otherwise is going to cost the government more as these employees are being forced to unionize in order to receive fair benefits and wages.

[1040]

Number 5. Before more essential services are lost at a community level, ministries should be advised to

include the agencies' real cost of providing service in contracts that have not been revised for up to ten years. Or you could recommend the government change B.C. Gaming's policy to allow their funding to increase for direct service programs for children, youth and families that are presently being underfunded.

Finally, with B.C.'s record of budget surpluses, you have an opportunity to rebuild the social service net in B.C. to keep children, youth and families safe.

Thank you very much.

**B. Ralston (Deputy Chair):** Thank you very much, Craig. I'm looking to see if there are members of the committee with a question.

**J. Horgan:** Thank you, Craig, very much for your presentation.

We've been travelling around the province listening to various groups and organizations, and what we hear quite often from the business community is that debt reduction is a higher priority than dealing with the social deficit that you've outlined for us today. In light of that, I'm wondering, with the multi-hundreds of millions of dollars of found money in this year's first quarter, whether you would advocate putting that money directly into social services or if you would put it toward debt reduction.

**C. Meredith:** Well, there's no question in my mind. I would put it towards social services. Actually, I think the article in today's paper, which is the business community saying that downtown Victoria is too scary, relates to the social problems we have on our streets today. So if the business community says they should put that into debt reduction, they should also look at what they're saying as far as the social problems that are on the streets in every community in this province.

**J. Kwan:** In your presentation the second recommendation actually lists a dollar figure — \$50 million for the sector. That's the only recommendation that you're putting forward with a dollar figure attached to it.

**C. Meredith:** No. As far as specific dollars, I think every one of them has some dollars attached to it. I mean, number 1, if this government wanted to return to the previous levels of former governments, including the Socreds, they would need to invest \$2 billion in the social service net in British Columbia at this time — to bring it up to 15 percent.

As far as number 3 — hiring social workers — that also has a cost attached to it. In government, when they decided to hire 400 social workers, they put nothing in their budget to provide them with the tools that are necessary to do their jobs. I would say in that situation we're looking at a number of millions of dollars in there.

**J. Kwan:** Yes, and that's precisely my question — to see if you could actually give us the dollar figure attached. I know that there are financial implications for each and every one of these recommendations, but for

our consideration, I'm wondering if you could provide us with an actual figure. For example, in terms of the third recommendation, where you call on social workers and the tools, in that range what are we looking at?

**C. Meredith:** Honestly, I can't give you that answer right now.

I will tell you that the federation.... Just to give you an example of trying to get numbers. Government recognizes that the community service sector is under huge pressures. We approached government, and we suggested to them that we'd be more than willing to jointly fund an independent study to look at the cost pressures affecting the community service agencies. They agreed that it was a problem. They recognized that it was a problem. They're telling Treasury Board that it's a problem. However, when it came to putting those numbers together, they didn't have the money to work with an independent person and us to produce those numbers.

At the same time, we have the Premier wanting to spend \$10 million on a dialogue on health care, and they don't have the money — the \$20,000 or \$30,000 — to identify what is occurring financially? Just talking about the Premier's dialogue on health, I mean, it's great that this is occurring. But this is the same amount of money that the government is spending on the crystal meth strategy. I mean, look at the papers. This is the biggest issue on the streets in any city in your communities.

**B. Ralston (Deputy Chair):** This will be the last question.

[1045]

**R. Hawes:** Just a couple of points and a question. Frequently we hear people talking about what used to be. I think the days that you're talking about, where funding levels were perhaps at a different level and the need for services was, I think, at a different level....

If one looks at unemployment figures, if you look at the way the economy was performing ten years ago as compared to today, there have been massive changes. There are many more people working. There are huge numbers of people that are needed in this province. There are far more jobs than there are people looking for jobs.

In fact, in northern British Columbia there is a fast-food outlet that's been sitting completed, waiting to open, for some period of time. They can't open because they can't get employees. They're paying, some of them, over \$15 an hour for food servers in fast-food restaurants.

There have been some big changes. That, of course, makes big changes to the kinds of services that are needed in communities. I won't disagree with you at all that we need to look at what services are being provided and bolster some. At the same time, though....

I guess my question is going to go toward the safety on the streets, etc. I see a lot of that as addictions problems. Unlike a lot of people, I don't see addictions problems as being something that is a product of poverty. I know there are lots of people who are in addictions that come from very affluent families. It can affect

anybody. Once they're into addictions and they're on the street, that's where a lot of the problems come from.

I'm not so sure that it's not more of a health problem and for the Health Ministry to look after than the social service agencies.

**C. Meredith:** Social services provides addictions services for children and youth.

**R. Hawes:** Yes. I'm not so sure, though, that the health authorities and the addictions services are coordinated well enough.

I guess my question would be: with the changes in employment and the economy, do you not think that we need to look then...? Rather than just saying, "Here's how much was paid before, so we'll just re-establish that budget," do you not think that things have changed significantly and for the better?

**C. Meredith:** Oh, I don't question that there have been some fairly major changes, but I don't think the demand for services, whether it's a middle-class or a high-class family, has changed. That is, that they have the same social problems now that they had five or six years ago. In a lot of cases, when you talk about drug addiction, it's much worse.

We are also providing money that we did not provide in the past to areas like child care, to adults with disabilities. That's funding that's only started up in the last ten or 15 years.

I'd just like to make one point as far as safety. This government is making a \$2 billion investment in the infrastructure of the Sea to Sky Highway — which, really, only relates to about 30,000 to 40,000 people — that's making that road more safe for those people that live in those communities. Are you making a similar infrastructure investment to the social service net in British Columbia?

I mean, when you talk about a \$2 billion investment and there's the lack of jobs, why would you spend \$2 billion at the same time when we can't even find people to do the jobs that are there presently? It doesn't seem correct.

**B. Ralston (Deputy Chair):** Okay, thank you very much, Craig. I'm sure that this dialogue will continue in other forums.

The next presenters are Shannon Renault and Bruce Carter on behalf of the Greater Victoria Chamber of Commerce. Good morning and welcome.

**B. Carter:** Good morning, Mr. Chairperson and committee. It's our pleasure to be here this morning. My name is Bruce Carter. I'm the chief executive officer of the Greater Victoria Chamber of Commerce. I'm joined by Shannon Renault this morning, our manager of policy development and communications.

It's great to be here. This is, personally, my third time here, and the chamber has been here for a number of years. It's a great process, and I certainly encourage it continuing.



The Greater Victoria Chamber of Commerce is the voice of business in our region and is pleased to have the opportunity to present our views. The Greater Victoria chamber is one of the oldest business organizations and leading organizations, representing close to 1,500 member businesses in the capital region. Our mission is to ensure that Greater Victoria is a prosperous and vibrant place to carry on business. In 2006 we received many awards, and we think that we're pretty good at what we do.

[1050]

Today we have two groups of recommendations for the committee. Some items are of Victoria-specific interest, and others are general fiscal policies.

I'm going to start with the general fiscal policy recommendations. In particular, the Greater Victoria Chamber of Commerce is pleased with the economic turnaround of the province since 2001. Business confidence is buoyant. Unemployment is down to its lowest rate in years. The economy is strong and shows signs of continuing to remain so.

To continue in this positive direction, the Greater Victoria Chamber of Commerce would like to offer recommendations in four general areas: debt reduction, health care, property transfer tax and consumption taxes. Some of this will be topical, based on the last questions.

Debt reduction. The Greater Victoria Chamber of Commerce is in favour of allocating budget surpluses to debt reduction. This will free up sustainable revenue, and the government can reinvest without risk to the economy. It is vital that we reduce the fiscal responsibility of our past spending on future generations through prudent fiscal management.

Health care. The costs of health care are rising at an almost exponential rate. Without a change in course, the province is facing an impossible financial challenge. The Greater Victoria chamber is in support of exploring new ways of curbing the cost of providing a more efficient and affordable health care system in our province.

Property transfer tax. The property transfer tax is a cost impediment in the real estate market, which for many is becoming unobtainable — that's the real estate. The cost of housing in our region, in particular, including purchased housing, is a competitive disadvantage in our efforts to attract and retain mid- and upper-level workers.

The chamber recognizes the market nature of real estate. However, we argue that the property transfer tax unduly exacerbates a market situation that is challenging at best. The chamber recommends that the government eliminate the property transfer tax through 2010 by a phased-plan reduction, as described here. I won't go through the numbers. Furthermore, a phased-out approach with a regional adjustment would more equitably address the competitive challenges in both Victoria and Vancouver.

Consumption tax. The government has clearly articulated the necessity for fiscal offsets as a means of balancing the budget. Oftentimes when we ask for a tax reduction, where does the additional revenue come from? We find ourselves today on the other side. There have been discussions about consumption taxes, for

instance, on junk food. That's an interesting one. So if there is an additional source of revenue that is created there, it'd be interesting to see where the offset will be as to where a tax reduction could be created and additional investment could be made in the economy to increase productivity.

That ends the section on general fiscal recommendations.

Victoria-specific recommendations. There are detailed policies attached for each of these. The capital region experiences governance and financial challenges due to political dividedness in 13 local municipalities. The governance structure negatively impacts in a number of areas and projects that are of benefit to the region as a whole. Impacts are felt either in a diminished capacity in accessing population-based funding formulas or achieving consensus on projects of regional significance.

The Greater Victoria Chamber of Commerce, as the voice of business for the region as a whole, is focused on ensuring that the entire region is a vibrant and prosperous place to carry on business. One of the keystones of this is the Belleville Street terminal. The Belleville Street terminal is an international gateway to Vancouver Island. It is a key leverage point for tourism circle routes in the Island and Gulf Island regions. As such, it has the capacity to be a significant contributor to the provisional goal of doubling tourism revenue in the province.

The Greater Victoria Chamber strongly encourages the provincial government to focus time, energy and funding resources on the redevelopment of the Belleville international terminal, making it a truly world-class gateway to the capital city.

Community courts. We've heard a series of discussions lately about challenges with regards to our social sector and public safety. We see the community courts as a potential solution to that. The increase in the rate of crime in Victoria is outpacing that of other urban municipalities in the province. This is especially true in property crime. It is this area that has the most detrimental effect to the community at large.

In the 2005 budget the Attorney General committed to piloting a community court project. The Greater Victoria Chamber of Commerce recommends that that pilot project take place in the city of Victoria.

As the city has a concentrated and relatively small downtown core with a significant crime problem, positive outcomes from the pilot project will be readily noticeable and more easily quantified in this setting than in other locations. Full costing of the three-year project has not been completed, but is estimated, on Vancouver's experience with the drug court, to cost \$500,000 per year.

[1055]

We recommend that funding be allocated in the upcoming budget for the community court pilot project in Victoria. We see that this project in particular has a look at addressing root causes associated with the crime, reducing court times from an average of 122 days to one day, so therefore being an efficient way of delivering health services, employment services and deterrents to crime.

Regional transportation authority. As you can imagine in an area with 13 municipalities, transportation planning is a bit of a challenge. The capital region, due to its fractured municipal infrastructure, needs a regional transportation authority in order to accomplish long-term planning and to facilitate an economic development plan beneficial to the whole region.

We expect to see the results soon of the TransLink review and be able to identify best practices for transportation authority structures in locations outside the lower mainland. The chamber recommends that the provincial government allocate funding for the initial set-up costs of regional transportation authorities outside the lower mainland and specifically for the capital region.

Economic development. The provincial government currently encourages economic development with reserve funding committed to economic development councils. The Greater Victoria Chamber of Commerce is working with various cross-sector organizations in the region to develop a regional approach to economic development. Victoria is currently experiencing record-low unemployment and a robust economy. However, these positive indicators should not give a false sense of complacency on assertive economic development activities.

Record-low unemployment, coupled with the region's high cost of housing, limits growth capacity. A strategic approach to economic development is necessary to expand the opportunities for existing businesses and attract new companies with the goal of elevating the average income in the region.

The Greater Victoria Chamber of Commerce will soon make a request to access the existing economic development funds to launch a regional economic development strategy, and we encourage the provincial government to continue supporting regional economic development. So we're not looking for a new allocation there, just continued support.

Cooperative education tax credits — the policy at our blue tab. Greater Victoria has three world-class post-secondary educational institutions. Students from all institutions actively participate in co-op work terms throughout Victoria businesses and the community, gaining valuable workplace experience. With three large institutions in the region of 350,000, Victoria businesses bear an inordinate burden of providing human capital for labour participation across the province.

I think this is an important one. Those many businesses who provide training, particularly base-level training where people move on, are really as a community service providing a lot of that development of that human capital and allowing it to move on to other places.

We recommend that the provincial government introduce a co-op tax credit to the B.C. business employers equal to 15 percent of the wages paid to the qualified co-op students for work placements. The tax credit would be capped at \$1,500 per student for each co-op placement. This is just a new method of encouraging employers to employ co-op students.

Pacific Sport Institute. I think everyone here understands the economic benefits of the business of sport, and we see that the Pacific Sport Institute is a keystone

in the capital region to developing this important business area. The Pacific Sport Institute is projected to have a total economic impact of over \$22 million a year in the Greater Victoria region, generating the equivalent of 370 full-time jobs and tax revenue in excess of \$7 million through institute-related spending.

Construction will generate more than 200 persons of employment and \$49 million in local economic activity. The Greater Victoria Chamber of Commerce recommends the provincial government fund the Pacific Sport Institute and release those funds in a timely manner. That's in concert with the commitment made by the federal government.

In summary, on the provincial front the chamber is in support of continuing debt reduction, innovative approaches to health care, the elimination of property transfer tax and offsets for newly introduced consumption taxes.

In the capital region we strongly encourage the redevelopment of the Belleville Street terminal, a community courts trial pilot project in Victoria, seed funding for regional transportation authorities, continued funding of regional economic development initiatives, the introduction of the co-op education tax credit and funding for the Pacific Sport Institute.

Once again, thank you for the opportunity to present to the group.

**J. Horgan:** Thank you very much, Bruce, for your presentation. You and I have talked about some of these issues in the past. I'd like to focus specifically on your transportation recommendations.

[1100]

I agree with you that a viable and functioning transportation network in the south Island is vital to our continued economic prosperity.

I'm wondering if the chamber could advise the committee.... We heard the previous presenter talk about hundreds of millions of dollars being spent in the lower mainland — billions, in fact, if you count the RAV line. Has the chamber or the various committees within the chamber come up with a dollar figure that they would think appropriate for infrastructure spending in the south Island, particularly on transportation initiatives like transit, light rail and commuter rail?

**B. Carter:** No, we haven't. One of those challenges is in and around coordinating what those objectives are and how to do them on a regional basis. Much of the transportation planning to date has been relatively fractured and has not looked at the larger picture.

Certainly, the chamber understands the economic development component of transportation and how it can be used to shape or support economic activity, so we very much see transportation as an investment, in the long term, in the infrastructure of the economy in the province.

As far as the specific projects for Greater Victoria, we really need the transportation authority to start down that road before we can come up with actual estimates.

**B. Simpson:** Thanks for the presentation. My apologies — I had to step out there for a minute. We've had quite a number of presentations from chambers of commerce, and the content of yours is very similar to what we've seen from others.

As we've travelled the province, one of the things that we've heard loud and clear outside the lower mainland is the need for investment in rural infrastructure, forest health activities. The forest industry is still the major industry in this province, and yet the forest in the interior is under attack from a number of pests and diseases.

I'll ask you a question, as an urban chamber, that we're getting from the rural areas, and that is: is it time for B.C. to try and get out of the boom-bust cycle by looking at something like a sustainable heritage fund of some kind, where we actually put money into reserve to moderate the open economy that we have? Would the chamber of Victoria support such an initiative?

**B. Carter:** I think that if you have the choices between a reserve fund or reducing debt, essentially the debt costs us money, and reducing that is a way of creating that reserve. Once again, looking at it more from a business model, you're better off to pay down the debt than you are to create a large reserve, sort of robbing Peter to pay Paul.

I think the reserve is there. I think that the capacity is there, and the reserve really should be in that economic growth.

**I. Black:** Thank you, Bruce and Shannon, for your presentation. I was interested in your comments on the community courts and your support for the community courts approach. One of the approaches that our government has taken in the last several years, in trying to get better value for the taxpayers' dollars and reinvent the way we do stuff, includes the pilot on the community courts, and I'm encouraged by your support for that. But that reflects the fact that our communities, despite the robust state of the economy, still have very clear needs.

I wanted to touch on the notion of debt payment versus putting money into expanding the taxpayer-provided services in the provinces. Would it be fair to say that the key word in your presentation on this issue is "sustainable"? You did use it right at the very beginning of your presentation: "The sustainable funding of social services is one thing, but it should be put in the context of debt repayment as a priority."

Could you expand on that just a little bit? It's very easy to polarize this into "pay down the debt" versus "expand the social services safety network," and it's much more complex than that. Could you share a little bit more of the chamber's views on that?

**B. Carter:** Sure. It is much more complex than that. Certainly, we are advocating that there does need to be spending on social programs — for instance, looking at core problems around addictions and around providing employment for people who through some unfortunate circumstance find themselves on the streets. Trying to find a way to get them there and off and

making them contributing members of our economy is very important and is a part of the things that the government has to spend on.

We're not advocating one over the other. We're looking at responsible spending, sustainable growth and sustainable spending with surpluses going to debt reduction, not necessarily at the cost of core programs.

**B. Ralston (Deputy Chair):** Thank you very much, Bruce and Shannon. We're out of time for any further discussion, so thanks for making the presentation.

Our next presentation will be from the Victoria Real Estate Board, represented by Scott Kendrew. Good morning.

[1105]

**S. Kendrew:** Good morning, Scott Kendrew. I represent the Victoria Real Estate Board. Mr. Lekstrom and committee members, the Victoria Real Estate Board appreciates the opportunity once again to offer this pre-budget submission for consideration by the committee.

The real estate profession has been a driving force in local, provincial and national economies for a number of years. Realtors in Greater Victoria sold over \$2.6 billion in residential real estate in the first eight months of 2006. In the first eight months of 2005 the total volume of residential sales from our board on MLS system amounted to \$2.3 billion.

We have attached to this year's presentation a summary of our local economy, prepared by Canada Mortgage and Housing Corp. The report offers a very positive future outlook for Greater Victoria, and while this is good news, economic growth will only add to the challenges our community already faces in providing affordable housing for citizens.

Southern Vancouver Island continues to be one of the most desirable locations in the world to visit and, as our current Premier loves to say, one of the best places on the earth to live. As a result, demand for housing stock remains high.

Our presentation today addresses a dilemma of the attendant challenges. Our approach is framed through the five quality-of-life principles adopted by our board of directors to guide all of our community involvement. The five quality-of-life principles are (1) ensuring economic vitality, (2) providing housing opportunities, (3) preserving our environment, (4) protecting property owners and (5) building better communities.

Ensuring economic vitality. We bring for consideration today a visionary idea aimed at increasing the supply of land. We have serious concerns about the future impact on our communities given the current restrictive supply of land as a result of our location on southern Vancouver Island and the increasing demand for housing. In Greater Victoria we heard this year from the Community Council about the difficulties of finding shelter when you're a single mother with a child, earning below what they have worked out to be a living wage.

We've heard university presidents talk of recruiting problems for faculty because the cost of our housing is too high. We've heard lots of talk about skilled trades-

people and military personnel having to move north of the Malahat to find affordable housing.

More recently the capital regional district circulated a draft regional housing affordability strategy in June of this year. It says that in the last decade the housing situation in the capital region has worsened. Affordable housing is essential in attracting and retaining a skilled workforce to our region — one of the prerequisites for a robust economy.

In 2001, before the cost-of-housing surge in our local marketplace that we're experiencing now, a total of 5,455 owner households were in the core housing need. As defined by CMHC, a household in the core housing need is if you do not live in or are not able to access acceptable housing that is affordable, in adequate condition and of suitable size.

In 2001 there were 13,800 rental households in the core housing need. The vacancy rate in rental apartments in Greater Victoria is 0.4 percent. The MLS average sale price for single family homes in Greater Victoria in September of 2006 was \$545,000, while the average-priced condominium was \$279,798.

In this respect, we are not much different than Miami, Florida, surrounded on three sides by water — and in their case, everglades to the north; in our case, the Malahat to the north. We have a limited supply of land and high demand to live here. Nice if you have the money to purchase but not so nice for others.

We accordingly recommend that the Minister of Finance be asked to set aside funding for the establishment of a government land, housing-supply task force to examine how more land and housing can be made available to new and young British Columbians on an attractable, affordable basis.

[1110]

We believe that some of the topics such as the task force would address could include: how to make better use of provincial Crown land in non-metropolitan regions of the province to increase the supply of land for young, first-time homebuyers; how to make new land available on a lease-to-own basis for young families seeking to enter the housing market so they won't have to mortgage-finance the cost of the land; how to best help local governments in urban areas acquire land for public purposes, and whether or not there might be new economies to be had in the construction of new town centres close to Crown lands; and, perhaps, how to offer financial incentives in some part of the province for use of beetle-enhanced wood in new home construction.

The task force would have a big challenge. Land and housing must be available where jobs can be found. The supply side would have to be addressed in such a way so as not to provide a negative impact on the value of existing properties. Local municipalities would also need to be part of the planning process, as some will already have expansion plans in the works and would no doubt not want to add supply at this time.

Another topic under ensuring economic vitality would include some comments on the property transfer tax, which I'll refer to as PTT. We note that you have already heard about this topic from the presentations

you've had in Kelowna from the British Columbia Real Estate Association and from the Fraser Valley Real Estate Board and the Real Estate Board of Greater Vancouver.

Our profession and other industry groups have consistently maintained that the government has been taking too much revenue from the housing sector through the PTT. The first quarterly financial report for this fiscal year, released last month, indicates that \$900 million taken from home purchases through this tax equals the amount taken in for mineral and other non-gas royalties and almost equals the revenue taken from B.C. Lottery Corp.

When questioned on this matter, however, the response from both sides of the Legislature has been to point to the tax as an important revenue source. That's why our profession's Government Liaison Days in Victoria last spring recommended to MLAs that the provincial government revise the PTT to expand housing options, allocating portions of the unanticipated PTT revenue to help people in need find affordable housing options.

Our board continues to support that recommendation, while reiterating the specific request made last year to the committee that thresholds for the capital region be raised annually to considerably enable first-time homebuyers to qualify for the exemption. Our profession was pleased to welcome the initial introduction of thresholds for exemptions for first-time homebuyers in Greater Victoria. We commend the government for recently increasing these thresholds in the budget in 2005.

However, the exemption was only increased to \$325,000 for first-time homebuyers in the capital region. In practical terms, this offer limits relief to many people who are trying to realize a dream of home ownership.

The most recent Multiple Listing Service data available for the month of September of 2006 again shows the average selling price for a single-family home was at \$545,172 and the median price was \$455,000 — both well above the \$325,000 threshold. Condominiums are, of course, generally more affordable. The average price of condominiums sold, again in September 2006, was \$291,798, and the median price was \$259,500.

So it is clear that if the policy is aimed at helping first-time homebuyers by exempting them from this tax and leaving more money in their wallets for the purchase of goods and services for their new home, it is having, at best, only limited success.

Government can argue that the threshold still nicely applies to the condominium market, but we believe the intent of the program was not to assist only in the purchase of condominiums. In addition, realtors and others believe that this onerous tax makes it more difficult for British Columbians to compete with other jurisdictions in investment.

Accordingly, we again recommend the Minister of Finance be advised to find ways of making it easier for first-time buyers to purchase a home by avoiding this tax altogether. Furthermore, we would like the proposal of the Real Estate Board of Greater Vancouver that proposes linking the threshold formula for exemption to the annual median sales price of the region on a region-by-region basis....

Dealing with the issue of how to get rid of the tax altogether, since we are battling clean-up for the real estate profession this year, we'll repeat the advice of our provincial organization about removing the 1-percent PTT on the first \$200,000 for all homebuyers. We believe the Real Estate Board of Greater Vancouver gave similar advice, and you've just heard from the chamber of commerce on that matter.

[1115]

The second area of the five principles or quality of life that we're proposing is providing housing opportunities. The Victoria Real Estate Board would like to congratulate the government for their new housing strategy and for the announcement of the new rental allowance program for low-income renters in British Columbia, which is similar in design to the established Shelter Aid for Elderly Renters program. These steps help support a healthy housing marketplace.

I would also like to emphasize that our profession strongly supports the other announced initiatives aimed at providing more housing opportunities for all British Columbians. We were quick to issue a news release saying so on the same day as the recent announcement.

Again this year we congratulate the Premier for forming the Premier's Task Force on Homelessness. We continue to hope that within the context of the spirit of cooperation in the B.C. Legislature, the government and official opposition will work together more closely to address this issue. We would encourage the Premier to include opposition members on the task force, and as a profession we would be pleased to offer any input that might be helpful.

Since 1995, we believe, fewer than 50 of the new, purpose-built, multifamily rental suites have been constructed in the capital region. The need for more of this kind of affordable housing is clear, and we urge the provincial government to take action to remove some of the barriers that act as disincentives to the private sector to build more rental units.

For example, we suggest that the government remove the PTT from the sale of land to be used between now and 2010 for the construction of affordable rental units. The province could then encourage municipalities to waive development cost charges on properties to be used for the same purpose, especially those that have used pine beetle-infested wood products in their construction.

We also urge the province to strongly encourage the federal government to do the following. Help local municipalities find ways to encourage construction of rental accommodation. The published vacancy rate in the city of Victoria remains at below 0.5.

Find new ways to encourage municipalities to legalize existing stock of secondary suites. Perhaps the federal government could consider waiving income tax on earnings of secondary suites for an introductory period, for at least five years.

Encourage the federal government to remove the GST from building materials used in rental construction.

Immediately, more strongly support the work of the Minister Responsible for Housing by publicly encouraging the Conservative federal government to keep their campaign promise to roll over capital gains

tax at the very least for the sale of like buildings so that new owners and new blood can take over maintenance and upgrading of existing units.

We also include, as an appendix to today's presentation, a paper written by the real estate and construction organizations in Victoria last spring, presented to the city of Victoria mayor and council, on the reasons local developers thought rental construction was not being undertaken in the city.

**B. Ralston (Deputy Chair):** Mr. Kendrew, if I could just interrupt you. We're going to run out of time shortly, so perhaps you could just highlight the three more points you have and maybe conclude.

**S. Kendrew:** Sure. The third point of our quality of life is preserving our environment. We have been involved in the Water in the City conference in Victoria by sending delegates and getting involved. We were at the Quality of Life task force and sent delegates to Gaining Ground for sustainability in urban development, at which there were provincial employees. So we hope to see something out of there.

The fourth principle is protecting property owners. Many of the bylaws that we have are limiting what private property owners can do — archaeological sites, saving a special tree. Then these property owners are not compensated in any way for this. They're keeping it for the good of everybody. So should there not be something coming from somewhere that's for the public good, rather than chastising the individual?

Building better communities — one of the big things that is good for the quality of life. Better communities come when governments provide sufficient funding for roads, water and sewer in the framework of community and quality of life. We congratulate the Minister of Environment on this discussion to force the issue of sewage treatment in our region. We thank the Minister of Community Services for grants to the Greater Victoria water district over the past years, and we thank the Minister of Transportation for launching studies on the possible improvements on the Malahat highway. Further work on these will be required.

To conclude, we look forward to others monitoring the government's effort to achieve its five great goals for the next five years. The more we consult with each other, the more we work together and the more we listen to each other, the more we will be able to look forward to when we see this end of the 21st century.

On behalf of the 1,200 realtors of Greater Victoria, we thank you for this opportunity to make this presentation today.

[1120]

**B. Ralston (Deputy Chair):** Thank you very much, Mr. Kendrew. Since you've used the full 15 minutes, the format doesn't allow any time for questions. We have to move on, but thank you very much for your presentation. It'll be considered by the committee.

The next group is the seniors advocates, Greater Victoria Seniors, Donovan Startin.

**D. Startin:** MLAs, Chairman, I am making my 2007 budget submission on behalf of the British Columbia Old Age Pensioners Organization, which works for the benefit of all elderly citizens of B.C., pertaining to their welfare. In 2004 we set up an advocates section, which is what I'm actually under the label of, with trained advocates to make sure that seniors get what they're entitled to and to advocate for change. Now, that's why I'm here today. It's part of our job to advocate for change.

We are appalled and disgusted by the present state of home care and support in the province. Home care should consist of help with medications, catheterization and changing wound dressings, etc. Home support should include housekeeping, meal preparation, bathing, grooming, emotional and psychological support and some socialization. Also — and absolutely vital — community health workers should care for the same person on a regular basis. The workers can then monitor the client's health and morale and have corrective action taken if any deterioration is observed. This will cut down on trips to emergency and hospital admissions.

In 1996 — and these remarks are addressed particularly to the present government — B.C. was 17 percent above the national average in access to home health services. We are, as of 2003, 24 percent below the national average and 3 percent from the bottom.

By the way, please don't read this at this stage. Just listen, because this isn't my presentation. I've given you that as a backgrounder.

Early in their mandate, the present government encouraged health authorities to hand over home care and support to private contractors, and in 2004 they engineered a 4-percent rollback in the wages of community health workers. Contractors laid off regular staff in favour of casual and part-time workers with fewer benefits and fewer hours.

The way things are run now, health care workers are allowed 15 to 20 minutes with a client, but this includes travel time. Usually, all they have time for is to give their client their medication and bath. This disastrous deterioration in the quality of home support has impacted family members, who have been forced to give up work in order to care for elderly or convalescing relations.

We demand that the provincial government, in the upcoming budget, increase the amount of money allotted to home support and care, so that it is increased all across the province to at least pre-2000 levels, and set up an inquiry to improve matters.

This inquiry should look carefully at the following aspects of this service along the following lines. I'm lifting from your handout, but I'm going to read it here because of *Hansard*.

[1125]

(1) Increasing integration of home support with other health services, including the provision of core funding to home support programs and agencies.

(2) Improving the pay and working conditions for community health workers, improving their education and skills and giving them a voice in how things are run.

(3) Examine successful models in other countries, like Denmark — there the handout will give you some information — and in other jurisdictions.

(4) Examine ways of ensuring that health authorities report their continuing-care expenditure by category. At present residential care and home support are lumped together.

(5) Come up with a comprehensive care and support plan for B.C. But you've got to pump some money in right away. Don't go and have a big inquiry so that you don't have to spend any money. We need some money in there right away.

Complex care. In order to get a snapshot of the situation with regard to complex care, I asked VIHA to let me know how many not-for-profit complex care beds were shut down and created, by year from 2002. All they could give me — and you should check these figures with VIHA, because it was done over the phone — were the total such beds available by year. They were: March 2002, 4,804; 2003 — none created; 2004, 4,862 — 57 created; 2005, 4,961 — 100 created.

Your committee has research facilities. Make sure you have the provincial figures for complex care beds urgently needed, and budget them for 2007. As far as we know, complex care patients are still causing a bottleneck in getting people from emergency into acute care beds.

The next section is the provincial seniors supplement. Not surprisingly, much of my time as a seniors advocate is taken up helping senior ladies living in poverty. In 2003, I think, when the feds raised the GIS, the province, in a shameful gesture of Machiavellian parsimony, reduced the provincial seniors supplement. We can well afford to reinstate and raise this small, monthly benefit to the poor among the poor, many of whom have to choose between food and prescription drugs after the middle of the month.

Seniors on welfare. As seniors advocates we help people between 50 and 65, but I feel I speak for all seniors, rich or poor, when I also demand that the government address its shameful welfare policies, which smack of the Third World.

The keys to getting people off the street are affordable housing and a reasonable welfare benefit. Without a modest income and a home, however humble, a person can't stay presentable and keep fit. Without an address they can't get welfare. Without a bus pass they can't get around to look for work.

Give a bus pass to folks on a job search. Restore welfare rates to their pre-B.C. Benefits level. Restore welfare on demand. Reinstate the \$100 earnings exemption, as recommended by the Fraser Institute, which, as we all know, is an extreme right-wing think tank. Build subsidized housing.

[1130]

In 2004 I recommended to this committee — I was sitting right here — that the province create 251,400 subsidized housing units provincewide. In 2005 the government completed 1,583. In 2006-2007 you began or completed 1,997. In 2007-2008 you project 984, and in addition, upcoming and presumably funded, 450

under the homelessness initiative and 550 assisted-living, subsidized units, for a total of 5,564. This is totally inadequate.

The rent subsidy for low-income workers just allows landlords to up rents. The homeless need real roofs. Plus, don't count beans till budget day. Declare a housing emergency. Set up tent cities. Requisition empty buildings and empty lots. The army has tents. Use them. I'd rather sleep in a Canadian army arctic tent than in a doorway somewhere. I've slept in a Canadian army arctic tent. They're good.

**B. Ralston (Deputy Chair):** You asked for a reminder when your ten minutes were up. You can continue for another five minutes, or you can give it over to questions.

**D. Startin:** Thank you, sir. One minute. Good, I'm nearly finished, sir. With reference to the use of private clinics, the committee should ensure that anybody who jumps the line for surgery in the public system by using a private clinic should be required to pay the full costs of any follow-up treatment.

My next request will only cost you nickels and dimes. We are appalled by the drastic resource grab that Bill 30 allows. We foresee nothing but escalating costs to power users, environmental degradation and the siphoning of power profits out of the province. We demand its immediate repeal and that other legislation be undertaken to return the function of building power projects to B.C. Hydro.

This little pamphlet was put out by the health care folks. I believe the south Island health coalition put this one out. This one, which the members will get a copy of, is a backgrounder on Bill 30. I hope the Liberal folks in committee or in caucus know what they are doing and really understand what they've done. The public can get one in one of those things in the.... Pick up a copy of *Common Ground*. You'll get one for yourself.

Okay. That concludes my presentation.

**B. Ralston (Deputy Chair):** Thank you very much. Are there questions from members of the committee?

**J. Horgan:** I'm sorry. I'd just stepped back in the room when you started talking about Bill 30, so since we have an opportunity for me to ask you a question, you could expand on that. Maybe you could tell me more about your views on that.

**D. Startin:** Yes, sir. I was out doing my stuff as an activist, putting up notices, when I found this at the hospital last night. It's a fairly complex thing, and I'll be quite honest. I'm a seniors advocate enmeshed in poverty issues and that kind of stuff. The government has separated Hydro from building power projects. They are to be built by the private sector.

When the private sector went out to look, *s'il vous plaît*, at what they thought were good places to build stuff, the first one of the prime places they went to,

because it has a beautiful canyon, was the Ashlu Canyon. The local community plan said that the Ashlu Canyon was to be a wild river forever, but then they wanted to put in hydro and have lines going in there, and eventually this was shot down.

[1135]

There was a good deal of toing and froing on the issue, and the government now has made it so that municipalities and the Islands Trust, and people like that, no longer have a land use decision on whether a power plant is built in their area or not. This means that it's open season on the environment for people who want to put in power-production facilities. That's all wrong.

I'll tell you gentlemen something: you're going to have one hell of a battle here at the Empress. Even Mayor Lowe, who is a Liberal supporter, has written to you. There's a letter from him at the back that asks you to forget Bill 30.

**B. Ralston (Deputy Chair):** Thanks very much for your views, Mr. Startin.

That completes the time we have available for questions, so I will move now to the next presenter, Mr. Kyman Chan from Grant Thornton.

Good morning.

**K. Chan:** Good morning. Thank you very much for this opportunity, Mr. Chair. My name is Kyman Chan, with the Victoria office of Grant Thornton, chartered accountants. I am here to speak to this committee on behalf of the Institute of Chartered Accountants of British Columbia and also on behalf of the firm Grant Thornton and our clients.

Most of our clients would describe themselves as small business owners. Though they've been rejuvenated, I would say, by the economic boom that we've experienced in recent years, they are still optimistic that there is still more growth to be had and, therefore, that there is still more that legislators can do to help improve the business climate here in B.C.

While recognizing that there are many factors affecting economic growth that are out of our provincial government's control — such as interest rates, economies of neighbouring trading partners, etc. — it is my own belief that recent policies around tax rate reduction, deficit reduction, debt reduction and red tape elimination have helped to attract and retain investment in this province and to make B.C. a much more attractive place to do business.

At the same time, one only has to look to a recent study undertaken by our Institute of Chartered Accountants itself, which is the 2006 *B.C. Check-Up*, to see that B.C. is still below the national average in such measures as innovation and real disposable income — the former being a factor in capital investment, and the latter being a key determinant in consumer spending.

When talking to clients and business colleagues about economic issues in B.C., there are a couple of categories, I guess, in which most discussions can be summarized: taxes and labour. There is inevitable

comparison with Alberta. There is a recognition, I guess, that disparities still exist between our provinces, albeit to a lesser degree than in past years. I'll start with the area of taxes, because that's what everybody expects accountants to start with.

Provincial sales tax or social service tax. Reducing the PST from 7.5 percent to 7 percent a few years ago was a good step but, obviously, still not comparable to Alberta, where there is no provincial sales tax. Now, perhaps, focus should be on reducing the inefficiency of administration by moving to a harmonized tax — for instance, the harmonized sales tax that the Maritime provinces have.

Inefficiency in administration could be reduced by reduced discrepancies in the application of those taxes, because currently, the application of GST and PST are not harmonious with respect to the same products. There could be less time consumed in separate audit processes for audits performed by CRA with respect to GST versus audits performed by the provincial Ministry of Finance with respect to PST.

Less paperwork in accounting. I'll give you one example. I spent 30 minutes on the phone last week listening to a client complain about his GST and PST process. They are a local business. They have three and a half people in their accounting and administration department, yet he files GST and PST on a monthly basis. He didn't make it to the bank in time to make his PST remittance, by one day, so he had to make it the next day.

[1140]

Although the dollar value of the penalties in this case of late remittance were quite small, basically he lost his PST commission, I guess they call it, and was also charged interest on the entire balance for the month. The interest isn't an issue for him, but the principle involved in this process was, I guess, just so frustrating for him that he decided he needed to tell me about it for 30 minutes on the phone.

At the end of the day, when you think about it, there was really not a lot of harm done in that process, and there wouldn't have been a lot of efficiencies or revenues lost if we had a harmonized tax in place at that time. In fact, there's a lot to be gained. At the same time, a harmonized sales tax could be subject to a rebate, like the current GST rebate, for lower-income citizens, the goal being to create a revenue-neutral situation for the government while still reducing administration costs for the government and for business people alike.

A second tax topic I'd like to talk about is corporate income tax. In 2005 the government lowered the corporate rate from 13½ percent to 12 percent. That rate has actually been lowered by 4½ percent over the last five years, which again, I would applaud this government on.

I remember in the early 1990s when I began my career. I was on the front lines of doing accounting work for clients and, therefore, subject to listening to tirades and whatever frustrations of the day there were. I had many a client threaten to move their business to Alberta because of the discrepancy in tax rates at that time. Nowadays we don't hear that — definitely

not as much and hardly at all. Again, I would credit that to lowering the corporate tax rate.

However, there is talk of Alberta going to 8 percent with their corporate tax rate, and I think B.C. businesses are expecting this government to follow suit, not necessarily with respect to getting to the same rate but at least in that same direction. From experience we've seen how lowering corporate income taxes has resulted in a direct increase in corporate profitability, which we believe allows companies to reinvest in technology and jobs.

This announcement just came out last week. It was encouraging to see last week's announcement on the government's policy on eligible dividends. Effectively, the top personal marginal tax rate on eligible dividends will now be 18.4 percent, which is similar to Alberta's current rate. However, it is also expected that Alberta will drop that rate to as low as 14 percent in the near future. So we would encourage this government, this committee to look to that as another change in policy.

On the issue of labour and jobs, there is a critical and immediate need for more trained workers in B.C. I would say that it almost doesn't matter what industry you're talking about — whether it's retail; hospitality; high-tech; or financial services, such as the industry that I'm in myself — I know for a fact that we are finding it extremely difficult to retain people in B.C., to attract people to come to work in B.C. Not surprisingly, it is Alberta that's really draining the province of qualified accounting people anyway.

Having better-trained workers does lead to better productivity, which is, again, one of the economic indicators where we seem to lag behind Alberta and, in fact, behind the Canadian average. B.C. businesses, I believe, are looking to the government to create programs that will address this shortage.

Increased investment in skills training programs. Perhaps, just to define that a little bit more: more than just post-secondary spots or post-secondary tuition. I think focusing on actual skills training would be a better focus, a better use of funds.

Public-private partnerships in training would be another option. I do have some experience with that. Our firm was involved in a private-public partnership in training for the hospitality industry some time ago. We no longer are. However, we do believe that that program was successful while we were involved in it. It worked for welfare recipients. The same type of model could also work for new immigrants, for instance.

[1145]

Investment in technology. Technology is another solution to increasing productivity from a shrinking workforce. B.C.'s ratio of R-and-D spending to GDP lags behind the Canadian average, again, as does our patent count. There should be incentive to invest in new machinery and equipment and create and adopt new technology. Scientific research credits are a good start, but other jurisdictions do have other incentive programs in place. I understand that in Alberta, for instance, the provincial government offers a piggyback program on western economic diversification grants for specific investments.



Investment in infrastructure. Finally, investment in physical infrastructure, such as roads and highways, does increase productivity by facilitating not only the movement of goods but also the movement of people. Everyone is no doubt aware of the plight of the lower mainland commuter who spends countless hours in traffic going to and from work. On Vancouver Island, as well, we're beginning to face the same challenges, as housing prices have skyrocketed in recent years, making it difficult for many workers to live within the city. Having updated roads and highways and/or alternative transportation to more affordable suburban communities would help alleviate traffic congestion, which in turn would help attract workers to the region.

In summary, I do see opportunities for the government to make some changes that will result in further economic growth for our province. At the same time, it is relatively easy for me to sit here and tell you that increased investment in things like training and infrastructure will, in the end, pay off in economic growth. However, it's also quite another thing to determine where that investment lies on a continuum of competing priorities with other spending needs, such as health care, the environment. That's probably something that I'm not qualified to do.

**J. Horgan:** Thank you very much for your presentation. It was just your last comment that caught my attention, and that was linking affordability to worker retention. We've heard a number of presentations from employer organizations and university and college students and faculty talking about the skills shortage. Your comments about the south Island — I represent some of the suburban areas that you are talking about. The amount of growth in and around the communities that I represent is extraordinary, but it's the result of the lack of affordability in the core.

The result is this transportation deficit that we've been seeing in and around Greater Victoria. So in your recommendations to the committee, what priority would you put on that transportation infrastructure?

**K. Chan:** Priority in relation to other things such as debt management and those sorts of things?

**J. Horgan:** Uh-huh.

**K. Chan:** You know, it's difficult to say. It's hard to say what specific infrastructure spending you would undertake and how much of an effect that will have — not to mention the fact that if you build a new highway up-Island to get through Goldstream up to Shawnigan Lake, for instance, how many workers is that going to attract or how many workers is that actually going to help? I think, arguably, it would help a lot. All you have to do is see that traffic every morning. I personally don't do that commute, but I do have several colleagues who do. It's quite staggering — the efforts that they go to, to get to work every day.

Actually, just last week I had a colleague resign. She lives in Cobble Hill. She's been doing it for ten

years, this commute, and she just can't do it anymore. She found a position in Duncan instead. That still keeps her on the Island, so that's great, but I don't know how many situations like that there might be that might dissuade people from actually even moving to Vancouver Island.

Again, on a relative scale with other things, spending on skills training is probably a higher priority than the transportation itself when you're talking about specifically addressing the skills shortage, I guess.

**R. Lee:** You mentioned the public-private partnerships and skills training. In your experience you mentioned something about the training program in the hospitality industry. Can you say more about that in detail.

**K. Chan:** The specific program that our firm was involved in was helping welfare recipients find employment in the hospitality industry. Like I say, we're no longer involved in that program. However, it was successful in its day in terms of being able to get people out into the workplace very quickly. You didn't have to deal with the administration of setting up a branch of a ministry or something like that. You had experts available right there in the industry, ready to bring partners to the table.

[1150]

What you have now is a situation where you've got very interested employers. All you have to do is walk around downtown to see all the signs in storefront windows advertising for help wanted. You have a very motivated employer force out there willing to, again, come to the table and help train those workers, because it only helps themselves in the end.

**B. Ralston (Deputy Chair):** I think that, then, concludes the questions. Thank you very much.

We'll move now to the next presenter: the University Presidents Council of B.C. — Don Avison and Lauren Hunter Eberle.

Good morning.

**D. Avison:** Good morning, Mr. Chair. Thanks very much for this opportunity. I'm here this morning on behalf of British Columbia's six public universities.

We've placed before you this morning a copy of the joint budget submission that has been prepared on behalf of the universities for the upcoming provincial budget. As you'll see, there are four key priorities that are set out in the document this year. I propose to speak to two of those and focus specifically on those this morning.

I'm joined this morning by Lauren Hunter Eberle, the vice-president for academics and externals of the Graduate Student Society at the University of British Columbia — I should mention that Ms. Hunter Eberle is also a member of the board of governors of the University of British Columbia — and in the gallery by Jessica Broderick, who's also with the Graduate Student Society at the University of British Columbia.

The two issues from the submission that I'm going to focus on briefly this morning are, firstly, pressures associated with capital inflation costs associated with

the construction of facilities at B.C.'s universities, and secondly, the urgent need to address graduate-level funding in British Columbia.

On the capital inflation piece, you'll see in our submission that we've indicated there are two sides to this. The positive side is the very significant level of construction that has been taking place at British Columbia's universities for some period of time, for which we are very much grateful. It represents a tremendous opportunity for our institutions and, more importantly, for our students and, ultimately, for the communities we serve.

However, there have been significant capital inflation pressures that have developed in recent years. My request to you this morning is that you take a serious look at the issue of capital inflation and what's been driving that — the underfunding or the assumptions that drove government's commitments around their share of the capital inflation costs — and most significantly, the availability of the \$132.3 million that the federal government set aside in Budget 2006 to address immediate pressures.

We would submit that this certainly falls into that category, and that the first call against that fund ought to be to cover an equitable share from government of the inflationary costs associated with capital construction.

Permit me now to turn to the issue of graduate students. This is, and has been for quite some time, the most significant issue that we face in British Columbia's universities.

You'll see in our materials on page 5 a graph that really tells the story about what's happened — or not — with graduate-level funding for some significant period of time. In reality, for quite some time now the additional graduate growth that has happened at B.C. universities has happened without the corresponding level of funding commitments on a per-student basis for those additional graduate students, resulting in a situation now where B.C.'s universities are carrying almost 4,000 additional graduate students without funding to support them.

There are three elements of what we would ask you to consider this year.

Firstly, we support and would ask this committee to endorse the recommendation that was made by the B.C. Competition Council — really supported by B.C. Biotech and also by the B.C. Technology Industries Association — that graduate seats be increased by 500 per year for a period of five years and that those be fully funded at \$20,000 per FTE; secondly, that we introduce an internationally competitive graduate scholarship program — this is what Ms. Hunter Eberle is going to speak about this morning; and lastly, the introduction of a robust graduate-level internship program to increase academic and industry linkages and, further, to improve the likelihood of opportunities for the successful commercialization of new knowledge.

With that, I'm going to turn to Ms. Hunter Eberle to speak specifically in relation to the issue of the graduate-level scholarship program.

[1155]

**L. Hunter Eberle:** On behalf of the Coalition of B.C. Graduate Students — I'm here to speak on their behalf

today — we'd like to thank the Standing Committee on Finance for the opportunity to hear our concerns and also to Don Avison from the University Presidents Council. We feel that a joint presentation embodies the very best of education, where students and institutions work together for a greater goal.

I would also like to say that a written submission of today's points will be given by the end of the week, so I won't go into too much detail. I'm sure you've had a lot of detail over the last few hours, so I'll let you look that up on your own at a later date.

We come today to speak to you about two fundamental issues that are of critical concern to graduate students. We are requesting government's assistance in finding solutions to these challenges.

The first core issue is the negative impact of the failure to fund growth in graduate student seats. As a graduate student, I can tell you that we are feeling this very painfully. Considering the long number of years it's been since we've had funded growth across all academic programs, we urge the government to address this quickly.

We would also like to introduce the need for a provincial scholarship program. We introduce these two concerns to you in tandem because we, as students, feel that they are equally critical. Support for academic programs and support for students are a vital combination. One without the other is not effective.

We cannot emphasize strongly enough how B.C. grads are feeling the negative effects of the lack of program support and the lack of student financial support through the absence of a provincial scholarship program.

I'd like to focus predominantly today on the establishment of the provincial scholarship program. But we would still urge the provincial government to expand on the positive precedent set by the Double the Opportunity initiative and to provide a sufficient level of funded growth across all graduate programs with the seats that Don Avison mentioned.

In the interest of time, I'll outline this just very briefly. We don't have a provincial scholarship program in B.C. We, as students, feel this very strongly. There is a program in Alberta. There's a very large program in Ontario. We'd like to see B.C. establish a program parallel to that of Ontario. We have a lot of details about that.

We would like to encourage the province to open 800 funded scholarship places to provide students of top merit with the necessary support to complete their degrees. We have a great deal of respect for the high number of financial commitments the province makes, particularly in relation to health care and education. Out of respect for this, we come today to ask you for the minimum we need. The 800 scholarship placements will allow students in universities to work together to offer initiatives such as guaranteed funding and entrance packages. We come to you today to say that this is what we need. This is not a wish list we desire.

We are also requesting that this scholarship be a 1-to-2 ratio of support between university and provincial funding. We are asking that for every scholarship

placement opened, the provincial government put in \$12,000, with a university match of \$6,000. We have been working very hard to ensure that the universities are in support of this. We, as students, hold our institutions accountable, just as we hold our province accountable, and we'd like to see this scholarship go forward as a match.

Basically, when B.C. fails to adequately fund its graduate students, it risks not only the possibility that the world's brightest will elect universities in other provinces and other countries but also the probability that the citizens of B.C. will miss out on many of the benefits these highly qualified personnel bring to the places they inhabit. When British Columbia sends the message that it's unwilling or unable to adequately fund education at this crucial level of expertise, it deprives the people of this province of the world's most valuable resource: its human capital.

The graduate students of today are among those who will solve the health care crises of tomorrow, who will invent technologies that birth entire new industries and work to solve the environmental challenges that threaten the world. I've heard today in this room just over the past hour people mentioning pine beetle, the need for new patent technologies and the need for health care answers. I'm here today to say that we are the people who will work to solve those problems.

[1200]

Without putting too fine a point on it, B.C. simply cannot afford to turn these future experts, these future leaders, away. While B.C. sits back and rests on the belief that what has been good enough to suffice in the past will be good enough indefinitely, top graduates are taking up opportunities in a vast number of other places that are racing to encourage the world's best and brightest to call their city home. As students and as citizens, we are here to say that B.C. is losing out. We are concerned, and we are here to urge the province to address this widening gap in support before it becomes too late.

A boulder balancing on the crest of a hill can be held in place with a small amount of effort, and yet if the boulder is allowed to begin rolling, it will take a massive force to stop it and even more to reverse it to its original place of balance. The status of B.C. graduate programs is in such a precarious position and is already beginning to roll downhill with increasing force.

We are urging the province to commit the necessary basic support to maintain the graduate programs at B.C. universities before they begin to suffer the kind of degradation that requires substantially more human capital and financial commitment to correct. Neglect is a costly error — one that we cannot afford to make.

In conclusion, I would like to emphasize that when we as students undertake graduate research, we make a promise to contribute to the furthering of knowledge. In medicine we pledge to tackle disease; in science, to invent the technological wonders of the future; in policy and the arts, to become the eyes through which the world sees and remembers itself.

We cannot do these things without support. On behalf of the graduate students of British Columbia, we

say to you today that if you give us the opportunity, we will show you miraculous results. We will, quite literally, change the world. We ask the province to enable us to fulfil our potential and the promise that we as students make to all of you.

With our most sincere gratitude, thank you for today's audience.

**B. Ralston (Deputy Chair):** Great. Thank you very much. There are questions.

**B. Simpson:** Thank you for the presentation. I just wanted to refer to page 9 of the presentation in terms of effective budget development. We've heard the Perrin report mentioned in previous submissions. Are you aware if that document is going to be made public anytime soon?

**D. Avison:** I'm not sure I know the answer to the question of what would be the intentions of the Ministry of Advanced Education. I certainly know that the Perrin document and the Perrin process are referred to quite regularly.

I can tell you that from the perspective of the universities, that process was, for the most part, a very important one for us. It did result in the recognition of a number of the costs that were occasioned by a change in government policy, and those resources were added to the base budgets of the universities — for which we are, indeed, grateful.

If, however, the Perrin process is to work effectively, it will require, on an annual basis, that we consider a number of the issues that are relevant to the needs of British Columbia — of its universities, of its students and a number of the pressures on their budgets. Accordingly, that will mean taking into account a number of the factors like the one we've talked about today with graduate students.

I should point out that we haven't asked government to go back and address the historical imbalance on the funding of graduate students. We'll deal with that. The focus in this and effective budget development processes has to be on the future, and what we're looking for is the recognition of the costs, not only for this year but.... The reality is that in the academic year that started in September of this year, there were further graduate students that came into the system, in respect of whom there's been no funding.

That pressure, then, accumulates from year to year, and that then places pressures on the operating budget — experienced mostly, frankly, by undergraduate students in the resources that are available to them for their programming.

**B. Simpson:** Hon. Chair, if I could, then I'd like to put it on the record again that given the importance of the Perrin report for the budgeting process, I believe that this committee needs to have access to that report before we can do our deliberations. If that could be put forward as a request from the committee to Advanced Education and to the Minister of Finance.

**B. Ralston (Deputy Chair):** Thank you. It's on the record.

**R. Hawes:** Thank you for your thoughtful presentation. Just a quick question with respect to retention of graduate students. Would you think that a process through student loan programs, for example...? Should the actual cost of the program for a graduate student be part of a student loan and then forgiveness of that for X number of years' service within British Columbia? Would that help retain graduate students?

[1205]

**L. Hunter Eberle:** I don't think it would. In fact, I think that would cause a problem for graduate students. Already, the excessive student loans we take on to do six, seven, eight years of higher education, beyond the point when most people have already entered a career, is very financially onerous. To take on additional loans, even if they are forgiven later, opens a dangerous precedent for the government at the later date to say: "You know, you students look like you can afford it. We may be not going to forgive as many loans as we thought we would."

For us, we would really like to see the province move more towards the scholarship packages, which will entice the brightest into British Columbia, because we feel that the province will see the best results from that.

**R. Hawes:** My interest was in retention. After the graduate student enters the workforce, how do we retain them in British Columbia and not see them in California or wherever?

**L. Hunter Eberle:** I think the best way to do that is to make B.C. an attractive place when students initially come here. If students struggle under an onerous cost and are unable to find the support and then spend additional years here taking their degree, the very first thing they're going to do when they finish is bolt towards the highest paycheque — which is going to come from the States, to be perfectly honest — whereas if there's a scholarship opportunity, students are funded, and they're on their feet when they exit the program.

British Columbia is gorgeous. People want to be here. We only leave because we're forced to for financial reasons. I myself would already be in the States if it wasn't for the fact that my husband is in industry.

**R. Hawes:** Okay. Good answer.

**D. Avison:** Mr. Chair, if I may, just in response to the question as well.

I think a very important fact that needs to be placed on the record is: we need to consider and look at all of these options in determining how we can develop the best public policy and address the kinds of issues that Mr. Hawes has mentioned here this morning.

We also need to be mindful of the investments and the aggressive nature of the investments being made by other jurisdictions — Alberta, certainly, with robust

investments in recent times. Quebec has been there for quite some time. Within the last month Premier McGuinty of Ontario has announced that Ontario will fully fund 12,000 additional graduate places within the next two years, ramping up to 14,000 places in the couple of years that follow after that. So we need to be mindful.

We're in a very aggressive environment. That speaks only to the Canadian context without taking into account the numbers of investments that are being made in other international areas, where people are aggressively in search of the best and the brightest.

**B. Ralston (Deputy Chair):** I'm sorry. We're going to have to move on. Time has expired, and I apologize to the further questioners who were going to ask questions. Thank you very much.

The next presenter is on behalf of the Canadian Federation of Independent Business — Laura Jones. Good morning. Well, I guess it's afternoon now — just nudged over.

**L. Jones:** That's right.

Thanks very much, and on behalf of the 10,000 members who belong to the Canadian Federation of Independent Business, I want to thank the committee for taking the time to listen to the priorities of small business owners, who often don't have the time to take out of their own businesses to make presentations themselves, so of course they rely on us to do that.

We rely very heavily on the opinions of our members in determining our prebudget recommendations. We're passing out two pieces, but the one that I'm going to rely on has the title "economic outlook," and this is just some of the graphs from our prebudget submission. The prebudget submission itself has more detail, but I'll be referring to these graphs for your information this morning.

Let me start by making a general comment about why the government should pay attention to the priorities of small- and medium-sized business owners. Of course, these are people who create the jobs, train the workers, provide essential goods and services in this province and contribute very heavily to local charities. In other words, they're really the backbone of healthy communities.

Most businesses in British Columbia are small businesses — 80 percent of businesses in this province employ fewer than five employees, and 98 percent have fewer than 50 employees, which is the uppermost limit traditionally used when talking about small business. They've been creating an average of 17,800 new jobs over the past several years and have really helped turn the British Columbia economy around. So I would encourage you to pay careful attention to their priorities.

[1210]

Let me start with a little bit of an economic outlook. If you look at figure 2 on the first slide, figure 2 shows our quarterly business barometer economic outlook. This is an extremely accurate indicator of economic conditions in the province and across the country. It's

used by many financial institutions, including the Bank of Canada and Bloomberg.

We were one of the first to identify the economic turnaround in British Columbia because we survey our members quarterly on their expectations. And who is better to know what's happening in a business than the business owners ourselves?

British Columbia now has been running ahead of the national average. For 13 consecutive quarters we've been number one or two in the country in terms of optimism for most of those quarters, competing with Alberta for that top spot. So optimism remains among the strongest in the country.

If you look at figure 3, that gives you a little bit more detail on this: 65 percent of business owners are anticipating a stronger performance, with only 4 percent expecting a weaker performance. Again, that's the strongest in the country, and these are very recent results coming from September, last month's survey.

If you look at figure 4, that shows you the outlook for full-time employment plans, with 41 percent anticipating increasing their hiring over the next year with only 1 percent planning to decrease their hiring. This is an important backdrop, I think, to the recommendations that we're going to provide.

If you turn to the next page.... This kind of prosperity, of course, is very welcome, but it does bring about some new challenges. Chief among those challenges — I'm sure no surprise to this committee — is the shortage of qualified labour. In fact, increasingly we're hearing from our members that finding any labour is becoming a challenge.

If you look at figure 5, that just gives you a graphic illustration of how concern over this issue has increased among small business members. If you look over the past five years or so, it's up 55 percent, and now almost two-thirds of our members are citing it as a concern. On a different survey, which I didn't show in the graphs here, 75 percent are saying that they anticipate having increased difficulty hiring in the next five years.

How are small and medium-sized businesses coping with this challenge? If you look at figure 6, you'll see that there are a variety of strategies employed. There's no one silver bullet to this problem, but hiring underqualified labour is being very heavily utilized by small businesses — 65 percent.

I want to emphasize how important this is. This is, of course, a huge opportunity for labour pools that have traditionally had higher unemployment rates than other labour pools, and that's fantastic. But it's also a substantial investment for small businesses in terms of the increased training that they're having to do of this underqualified labour that they're now hiring. Business now spends 190 hours — or 27 working days, on average — training employees, and this is up 43 percent from just three years ago when it was 19 working days.

If you look at figure 7, that shows you some of the factors that are contributing to the hiring difficulty for small and medium-sized businesses. Of course, small and medium-sized businesses often have a challenge

competing with governments who are hiring and, also, with bigger businesses that are hiring. An inability to pay higher salaries and benefits is the number-one challenge.

If we look at figure 8, it should be no surprise, then, that what would encourage firms to provide additional training is a reduced tax burden, and training tax credits are at the top of that list.

I want to make a quick comment on the training tax credit in the last budget. There was \$90 million announced for training tax initiatives. For that initiative to be accessible to small and medium-sized, it has to be administratively simple, and it has to recognize informal training. We've made a separate submission that focuses on that and makes some recommendations, but I just want to be very clear about that. Otherwise, you will shut out this important sector of the economy.

If you turn to the next slide, this will give you our priorities for tax and spending in this budget. Figure 10 gives us the macro picture for business priorities. It's probably not a surprise that the top priorities are debt reduction and tax relief, although some may be surprised that debt reduction actually tops the list and comes before tax relief. That's pretty consistent.

Small and medium-sized businesses feel very strongly that we need to continue to lower the debt. Our debt-to-GDP ratio in British Columbia is in good shape. It's been moving in the right direction, but we just encourage the government to continue the good work on that front.

[1215]

Figure 11 gives you, again, a bit of a more macro view of the priorities. We asked businesses: for B.C. to continue to prosper, what areas should the government focus on? Reducing taxes, reducing red tape and addressing skill shortages are top of the list. Again, it should be no surprise that that's the focus of our recommendations.

In terms of the tax cut priorities, we asked a detailed question on that. My first comment, if you look at figure 12, is that there is a lot of choice when it comes to tax relief for small business, and any one of these measures would be welcome.

My second comment is that many of the top priorities here are very, very affordable tax relief. In the past, reducing the PST has been the top tax cut priority, and as this committee well knows, that's one of the more expensive tax relief asks we could make. That has fallen substantially on the priority list, and I think that's because of what we've seen at the federal level with respect to sales tax.

The parking area tax. Some may feel that's not a provincial issue. I'm here to tell you it very much is a provincial issue. No other issue that I've seen in the past five years has galvanized the small business community the same way that opposition to this tax has.

The provincial government has an important role to play in making sure that this tax, which is regressive and punitive, disappears. That could be done as part of the governance review, it could be done as a review under Bill 9, or it could be done in the way of a transfer of tax revenue to TransLink. They have said that they

will get rid of this tax as soon as they have the revenue and there is a motion on the books — passed.

Twelve percent of businesses in the lower mainland indicate that they would consider leaving the lower mainland as a result of this tax. We've had thousands and thousands of members contact us with their concerns over this tax. So I can't strongly enough say how important that is.

Increasing the small business threshold. This is, again, a very affordable tax reduction. It would be about \$10 million and wouldn't have to be done all in one year. British Columbia, in terms of our threshold, is reasonably competitive with other jurisdictions. However, Alberta is moving to \$500,000 by 2009. New Brunswick is currently at \$475,000. So we think this is affordable, and it's a top priority of the job creators. We also encourage you to look at personal income taxes and reducing the small business rate from 4.5 percent to 3 percent.

Moving on to regulation — again, another priority of businesses. We do hear that both with tax relief and regulatory reductions, those resources would go into training and hiring and increasing salaries and wages for staff, so this relates back to our concern over the shortage of qualified labour.

Figure 17. We want to strongly recommend that the government once again publish the ministerial regulatory counts in the budget. This has been done for the past two years. This is critical to accountability. Incredibly, British Columbia is still the only jurisdiction that actually has some measure of the regulatory burden that it is publicly reporting. We want that to continue.

We know other jurisdictions see this as incredibly important. Newfoundland has recently adopted the B.C. model. The city of Winnipeg has adopted the B.C. model, and the federal government is now looking at this. Measurement, of course, is critical to accountability. For far too long we've had no accountability when it comes to this very important issue for businesses.

Just a quick comment, in summary. One of the top priorities within the regulatory burden is sales tax. It's considered very cumbersome by businesses. It's consistently ranked in the top two, second only to Workers Compensation, in terms of the most burdensome regulations.

We support the review of provincial sales tax, as you can see from the next figure — strongly supported by small business. We would very much encourage that to go forward. We made a separate submission on this as well, but in our larger budget submission the appendix has a number of very specific recommendations with respect to that review.

In summary, our recommendations are on the last page. Increase the small business tax threshold. Reduce the small business tax rate. Eliminate the parking area tax. Make sure any training tax credits are administratively simple to use and also recognize informal training. Make tax relief in general an ongoing priority of this government. Make debt reduction a priority. Continue publishing the regulatory counts by ministry; we'd also like to see that be a legislated requirement. And simplify the PST.

Thank you very much for your time and attention. I'll take any questions.

**I. Black:** Thank you very much, Ms. Jones. That was probably one of the most comprehensive presentations I've seen.

[1220]

With respect to your remarks on the regulatory reform leadership that our province has shown, I found it interesting to get an e-mail from a constituent about an hour and a half ago saying that an application that went through the Ministry of Environment, I believe it was, on 4:30 on Friday afternoon was actually granted at 9:45 this morning — less than two business hours. Just to your point, we seem to making some good progress there.

My question, however, has to do with the TransLink parking tax and the concept of TransLink in general. If you'd told me 18 months ago, which is when I was elected, that the single issue that would get more e-mails, more faxes and more phone calls to my office would have to do with the parking stall tax, I would have taken good odds against that concept. Nevertheless, there is no other issue — all other issues combined — that has come to my attention at the constituency like this issue.

My question to you is this. A lot of that focuses around the model of TransLink that exists. To my surprise, one of the earlier presentations this morning suggested that the TransLink model should be reproduced in other municipalities throughout British Columbia. I would be curious as to what your views are on that.

**L. Jones:** We actually surveyed our members on that, and we have about 60 percent of our members who would like the provincial government to take over the responsibility of transportation from TransLink in the lower mainland. I think you'd have strong opposition from the small business community in extending that model, given how out of touch they have been.

It's really outrageous. What group would go forward with this tax where you have 95 percent of small businesses saying they're opposed, 95 percent saying they weren't consulted about it and 12 percent saying that this tax is destructive enough that they would consider leaving the region as a result?

This is a tax that is not raising a huge amount of revenue. It's \$20 million. I think the TransLink board was completely caught off guard by this, but they shouldn't have been. Why weren't they consulting with this important group of people — who, by the way, at the municipal level are already overtaxed?

Businesses in Vancouver now pay more than five times what equivalent residents pay in property taxes, and they're not using five times the services. You're seeing that across the province, so I think you would have widespread opposition to that from the small business community.

**R. Lee:** In figure 10 you say.... How should the surplus be allocated? You have the number 53 percent.

How did you get that number? You said it's the average of the survey. Do you see any trend over the years?

**L. Jones:** Yes, this is the average. Actually, this is up a little bit, but debt reduction and tax relief are consistently the top priorities. By the way, I should say that this survey was completed by just about 700 respondents. This was conducted just two weeks ago, so it's very fresh data. Many, many businesses took the time to complete this survey, so it's a very accurate indication of where small businesses are at.

**R. Lee:** So it's the average of those numbers — the proposal?

**L. Jones:** Yes.

**B. Ralston (Deputy Chair):** Well, thank you very much. That comes to the end of our time for this presentation.

Our next presentation is from the Canadian Federation of Students, B.C. office, Shamus Reid, if you could come forward, and perhaps your co-presenter could introduce herself. They didn't have that on the list.

**S. McFadyen:** I'm Summer McFadyen of the Canadian Federation of Students.

**S. Reid:** Thanks, everyone, and good afternoon. My name is Shamus Reid, and I'm the B.C. national executive representative of the Canadian Federation of Students. This is my colleague Summer McFadyen.

The Canadian Federation of Students represents nearly 150,000 students across all regions of B.C. On behalf of those members, I would like to thank you all for taking the time today to hear the concerns of students and the opportunities for the B.C. government to address those concerns in the 2007 budget.

With this budget is an opportunity to make post-secondary education a priority at a time when investment is critical. It is universally recognized that B.C. is faced with a massive shortage of skilled-trades workers, and 75 percent of new jobs require some form of post-secondary education, while only about 55 percent of B.C.'s population holds such qualifications.

In the midst of these pressing concerns, the government has stated that it would like to take steps beyond the bare minimum of what the system needs and has set some ambitious goals. There have been commitments to work towards making B.C. the best-educated and most literate jurisdiction in North America and to diversify our economy.

Work on these goals must happen now and must start with investment in British Columbia's post-secondary education system. A high-quality, accessible public post-secondary education system will address many of the concerns that currently face students, the public and, of course, this government.

[1225]

I'm here today to outline students' recommendations for how to create such a system. You'll find that

they're not dissimilar to recommendations made by faculty and other stakeholders in the post-secondary education system. We understand that you have heard from students at post-secondary institutions across B.C. as you have toured the province.

Given that, the recommendations we will make today will not surprise you, as students are facing the same issues from Vancouver to Terrace to Vancouver Island. We would like to take the opportunity today to expand on some of the recommendations you have heard thus far and provide a provincewide outlook for this committee to consider.

Recommendation 1 is that the government allocate funding in the 2007 B.C. budget to reduce tuition fees by 10 percent.

Two years ago the government introduced a tuition fee increase policy that allowed institutions to raise tuition fees by the rate of inflation each year. This policy is certainly a far cry from the deregulated increases of 30 percent per year that students faced three years ago and has added stability to the system, allowing students to budget from year to year.

Unfortunately, in light of those deregulated tuition fee increases, the current cap on increases simply signals to low-income students that they will continue to be unable to get the education they need for the foreseeable future.

According to Statistics Canada, average tuition fees in B.C. have now reached \$4,964 — above the national average by a full 15 percent, \$600. By Ministry of Advanced Education estimates, next year more than a billion dollars in government revenue will be derived from the just over 425,000 students in B.C.'s public post-secondary education system.

The effects of the massive costs of education in this province on individual students are staggering. Five years ago many campuses did not even operate a food bank. Today nearly every campus operates a food bank that sees routine usage. At the University of Victoria the food bank operated by the student society has a \$17,000-a-year budget. Five years ago it operated by donation only.

The quality of education that students are able to attain has been reduced by the need to work many hours throughout the week while taking courses. It's not uncommon for a student to hold two jobs and work more than full-time through the school year. Enrolment rates in rural areas of the province have dropped significantly in recent years, as many students have dropped out of the system or cannot afford to even start. An average student debt upon graduation is now approaching \$30,000 — a tremendous burden to start out with in the workforce.

To say nothing of the economic arguments for reducing tuition fees, it's quite clear, even from these few examples, that the social arguments are overwhelming. The young people of our province deserve the same opportunity to access post-secondary education that previous generations have enjoyed.

From an economic standpoint, though, B.C. must give the young people of our province an even greater

opportunity. These students are the people who are needed to fill the more than 70 percent of all new jobs that now require post-secondary education.

These students are the people that B.C. needs to graduate in order to fill the shortage of skilled-trades workers. More than any previous generation, the young people of our province need a post-secondary education to fulfil the economic needs of B.C.

When elementary- and high school-level education was recognized as necessary for the economic health of Canada, it was made free. As a society, we have not once regretted that decision. Today we are calling on this committee to recommend a 10-percent reduction in tuition fees — a small but vital step in recognizing our province's need to educate more of its citizens.

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 immediately reduce the cost to individual students by hundreds of dollars. Furthermore, it will reopen the door to post-secondary education for many of B.C.'s young people.

In Quebec, college education is free, and enrolment rates are amongst the best in Canada. In Newfoundland, under the provincial Conservative government, tuition fee reductions over successive years have provoked corresponding spikes in enrolment year over year. From all perspectives, funding a 10-percent reduction in tuition fees in 2007 is the right policy choice.

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. Adult basic education courses are vital to ensuring that students who most need the benefit of an education to secure employment and make a meaningful contribution to the economy and society are able to do so.

These programs serve a higher percentage of single parents, women, aboriginal peoples and immigrants, and are an integral piece of an overall strategy to bring those who are often marginalized in society to a more equitable standing.

[1230]

The vast majority of adult basic education participants are below the poverty line. For these students the upwards of \$400 to pay per course represents food on the table, adequate clothing or enough to pay the rent. Regardless of the benefit down the road, it is simply not realistic for someone supporting a family below the poverty line to choose a \$400 course over putting food on the table.

It is no surprise, then, that since tuition fees have been introduced for adult basic education, enrolment has dropped at many institutions. Yet there is a tremendous opportunity presented through the adult basic education system to help address some of the province's pressing concerns, such as adult literacy, high school dropout rates of aboriginal youth, the skilled-trades shortage and so on.

A survey conducted by the Ministry of Advanced Education found that 87 percent of ABE students were taking courses in order to get into a post-secondary program. The same survey found that nearly all ABE students take these courses to qualify for better em-

ployment. Aboriginal participation in adult basic education is proportionally much higher than in the K-to-12 system.

We need to encourage individuals who would take the initiative to upgrade their education in order to meet their needs and the needs of B.C.'s 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 the government allocate funding in the 2007 budget to create an upfront needs-based B.C. grants program funded at the same level as the former B.C. grants program. This program should also include graduate students.

In 2004 the \$80 million B.C. grants program was cut. This program was one of the most successful student financial assistance models in all of Canada, reducing the upfront cost of education for thousands of students with the most need.

With average student debt approaching \$30,000, low-income students are necessarily averse to taking risks. The most efficient and comprehensive form of student financial assistance is upfront needs-based grants, which target the neediest students, reducing their upfront costs and allowing them to budget effectively for the year.

In addition to not effectively reducing financial barriers to post-secondary education, the current loan reduction program does not include graduate students. Graduate students in Alberta, Ontario and Quebec all have access to a provincial scholarship or grant program to support their studies.

Alberta provides significant funding packages to graduate students through its arts graduate scholarships and health research fellowships, and graduate students in Ontario have access to the 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.

The B.C. government is hoping to expand the number of graduate and applied graduate degree programs in British Columbia 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.

Finally, the new grants program must be funded at or above the same amount as the former B.C. grants program, especially in light of the fact that tuition fees are more than double what they were six years ago, when the B.C. grants program was created.

Our fourth recommendation is that the funding allocated for the training tax credit be redirected towards funding for entry-level trades training and apprentices. It's widely recognized that there's a shortage of skilled tradespeople in B.C. While the tax credit may go towards providing employers with funding to train employees, it misses the primary resource for addressing the shortage: B.C.'s college and university college system.

Currently for every dollar invested by businesses in apprentices, there's a 38-cent net return. It is institutions like BCIT, North Island College and Okanagan College that will play a key role in developing skilled-



trades workers who are able to fill this gap and provide B.C. with effective and skilled tradespeople in the future. Without providing adequate funding to these institutions for trades training, we will not address our looming skills shortage.

Finally, our fifth recommendation today is the reinvestment of systemwide funding in the 2007 budget and beyond. While funding increases have been announced over the last few years, with increases in seats, inflationary pressure and the introduction of new technology, per-student funding has dropped in real terms. We support the Federation of Post-Secondary Educators of B.C.'s call for the government to address the funding gap in recognition that students are not worth less than they were ten years ago.

In closing, this government has stated that its goal is to make B.C. the most-educated jurisdiction on the continent. This laudable goal will require investment in our post-secondary education system, from adult basic education through to graduate studies. It will require that governments ensure all people wishing to study in British Columbia have access to education regardless of their income. Our five recommendations today will help move the province towards this goal.

[1235]

Reducing tuition fees by 10 percent will help save students next year 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 — aboriginal people, single parents, 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 and attract graduate students from inside and outside the province to help ensure that students with large debt loads are able to continue their education in graduate studies.

Allocating funding to B.C.'s colleges and universities for trades training and apprenticeship programs will ensure that we have skilled and capable tradespeople now and into the future. Reinvesting in funding will help ensure that the quality of education offered in B.C.'s post-secondary education system is the envy of Canada and of the world.

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

We thank you again for the opportunity to provide input on behalf of students and families on these budget priorities and welcome any questions that the members of the committee may have. Just on a final note, we'll be providing a written submission, which will flesh out in further detail some of the recommendations that we have offered here today and provide more analysis on those recommendations.

**J. Horgan:** Thank you, Shamus, for an outstanding presentation. We've been hearing from students across the province, and I want to commend the Canadian

Federation of Students for the work they've done to participate in this public process to the extent that they have.

The continuum from adult basic education to graduate studies is a linkage that we haven't heard, although it seems patently obviously to all of us, now that you've said it. I'm pleased that you made that comment today.

I wanted to zero in, though, on your comments around the B.C. grant program. Could you elaborate on other jurisdictions who continue to have grant programs, if there are any, that the Canadian Federation of Students would want B.C. to emulate, or do you want us to just return to the funding levels of the past with similar criteria?

**S. Reid:** We would certainly say that the former B.C. grants program was a good program. It was a very comprehensive program. It included students from undergraduate and college students through to graduate studies. There are other jurisdictions that offer targeted grants programs, as well as overarching grants programs for all students. Quebec offers a very comprehensive program for students to eliminate some of the upfront barriers to education.

What we would be looking for is a grants program that is funded upfront, as I said, and is needs-based to ensure that the government is looking to get as many students into the system as possible. Certainly in terms of graduate students, they are students who often already have significant debt loads from their undergraduate programs. So those students are often much more in need of a system of needs-based grants.

**J. Kwan:** I actually want to ask and see whether or not the federation has received any information regarding the Perrin report and whether or not you've been consulted in that process. We received a presentation from the University Presidents Council that talked about the Perrin report, amongst other institutions as well. Don Avison talked about the importance of that consultation. I'm wondering whether or not students have been involved in that.

**S. McFadyen:** No, we haven't been involved or consulted on that.

**J. Kwan:** Oh. Fancy that.

**B. Ralston (Deputy Chair):** Well, thank you very much for the presentation. We've got to move on to our next set of presenters.

The next presenter is the University of Victoria Students Society. I believe it's Penny Beames. Good afternoon.

**P. Beames:** My name is Penny Beames, and I am chairperson of the University of Victoria Students Society. I chose to attend the University of Victoria in 2003 for a number of reasons. The two most important at the time were (1) the quality of the school's programs and facilities, and (2) the relatively low tuition fees that the

school assessed, in comparison to the schools in my home province of Ontario.

As a student from a lower-income background it was really important for me to find a quality school at a price that I could hope to afford. I thought I had found that in British Columbia.

[1240]

Unfortunately, I came into the system during the massive tuition fee hikes, and that is no longer the case. So as a student and as a student representative, I've witnessed firsthand the negative effects that recent changes to the public post-secondary education system have had. I've also had opportunity to hear ideas from students across B.C. on how to improve the system and make it more accessible for everyone. I'd like to put forward four of those to you today.

Tuition fees need to be reduced. A 10-percent reduction in tuition fees would be an excellent step toward increasing financial accessibility to colleges and universities. Skyrocketing tuition fees during the early part of this decade eroded access to B.C. colleges and universities for students from lower-income backgrounds. Even middle-income families are now beginning to feel the squeeze that tuition fees have placed on people's ability to go to school. The tuition fee cap has allowed students and their families to sleep a little easier, knowing that tuition fees won't jump by 30 percent next year, but the cap hasn't addressed the fact that tuition fees still present a tangible financial barrier that average B.C. families just cannot overcome.

To reduce and ultimately remove that barrier, tuition fees must be reduced, and it isn't just students who think so. According to a recent Ipsos-Reid poll, 80 percent of British Columbians support a reduction in tuition fees as a means of increasing access to post-secondary education. A 10-percent reduction in tuition fees must also be accompanied by adequate funding from the provincial government.

An argument I've heard repeatedly as a student representative since tuition jumped is that tuition fees needed to increase in order for the schools to have enough money to increase quality of education. But the University of Victoria's own budget framework tells a different story. According to the framework, the provincial government's per-full-time-equivalent grant to the university was clawed back by almost exactly the same amount of money that tuition fees increased after tuition fees were deregulated. To me, this doesn't represent an increase in quality. It says that tuition fees barely fill the gap left behind by a decrease in government funding.

That's just at the University of Victoria. There are colleges and universities in the province that experienced tuition fee increases of upwards of 300 percent. These increases served only to hurt students and families who were already under enormous financial pressure.

The B.C. financial aid system must be improved. This includes the full reinstatement of all four years of the B.C. grants program and a system of grants for graduate students. Upfront non-repayable grants are the best way to financially assist students attending

colleges, universities and institutes. Many students were drastically affected by the elimination of the grants program in 2004. These students relied on the grants to reduce financial barriers to education.

While the current loan reduction program may reduce a student's loan, it's still an inferior system. Upfront grants reduce the sticker shock associated with high tuition fees and provide students with a way to budget for the year. Students know exactly how much they'll get and when they'll get it, if there's a grants program. They also know that after they've paid their tuition fees and living expenses for the year, they won't have to cross their fingers as they engage in the loan reduction process and wonder if they'll even qualify.

Graduate students aren't exempt from this fear. British Columbia needs a system of provincial grants for graduate students. Government has promised 25,000 new seats by 2010, an increasing number of which are graduate seats. In the emerging knowledge-based economy, it will become more and more important that graduate students are properly funded in order for them to complete their research and contribute much-needed information and intellect to the economy. The best way to financially support these students is through a system of upfront needs-based grants.

Funding for trades training must be increased. The best way to achieve this would be to redirect the funding allocated to the training tax credit into direct funding for entry-level trades training and apprentices. Everyone is aware that we are experiencing a skilled-trades shortage in B.C. Institutions like Selkirk College, College of New Caledonia and Malaspina University College are training the people who will fill this gap. But without providing funding to these institutions, we won't be able to address the fact that the gap is still growing. The tax credit may provide employers with the funding needed to train employees, but it leaves out B.C.'s primary training ground — colleges and university colleges. By redirecting the training tax credit into direct funding, we're providing the necessary dollars to institutions without stretching the budget.

[1245]

Adult basic education must be free. ABE is integral to students who, for a variety of reasons, need to return to the public education system to either complete their high school education or upgrade their skills. Until 2002, ABE was free to all students. Since deregulating tuition fees, some colleges have started charging massive fees for students taking adult basic education courses.

For example, a student taking math 11 at Vancouver Community College will pay almost as much in fees as a student taking calculus at the University of Victoria. Why is it that basic education, a right we've seemingly extended to everyone, is only made free to high school students?

Colleges that have instituted tuition fees for ABE have experienced drastic drops in enrolment in their ABE courses. Some colleges saw drops of 50 percent or more. Because students in ABE are among the most vulnerable in the system, they are also the ones who would be most adversely affected by increases in tui-

tion fees. They are often single parents returning to school in hopes of finding better employment. Many of them also intend to use adult basic education as an entry point into further post-secondary education.

The best way to support these students is to institute a tuition-free system where adult learners can study in an adult learning environment. The upfront grants recently introduced to these students will also assist with living and learning expenses, further supporting these students as they work to improve their skills and their lives.

Government wants B.C. to be the best-educated region in North America. That education must come in many different forms, from adult basic education to post-graduate studies. B.C.'s education system is already strong, in that it provides all of these forms of education, but they must all be supported.

The best way to support the education system in British Columbia is to implement the four recommendations I've just put forward. These recommendations all require an investment on the part of government, but they are investments that the government is capable of implementing. They are also investments that will only serve to benefit students, their families and ultimately the province as a whole.

**B. Ralston (Deputy Chair):** Thank you very much. I don't see any questions from members of the committee. It's probably because we've heard variations of that very forceful presentation throughout the province, but you certainly got the message across to the committee.

The next presenter we have is the Association for Mineral Exploration of British Columbia — Dan Jepsen.

**D. Jepsen:** Good afternoon. A pleasure to be here. Two amazing presentations before me here — the old guy up here talking about stuff.

I'd just like to put in context here, because I've got a theme in my presentation about the beetle-kill. I'm a forester turned miner who still has my foot thinking a lot about the forestry file, so I've brought that over to my new association here.

A few highlights. We have 3,700 individual members and 180 corporate members. We were formerly the British Columbia and Yukon Chamber of Mines. We trace our history back to 1912 in our old office on Hastings Street that many people seem to still recall. We host the largest technical exploration conference in the world, the Mineral Exploration Roundup, each January, which I am very pleased that a large number of MLAs, mayors and first nations people make the effort to get out to.

A lot of what I'm going to be talking about today is based on a report that we used, which we retained PricewaterhouseCoopers Inc. to undertake on behalf of the Mining Association of B.C. and ourselves. Coming here and talking about the financial end of our industry when things for all intents and purposes are very, very positive within our industry....

I think it's fair to say that commodity prices have already started to fall off a bit. We're seeing a little bit, I

feel particularly, of a reduction in exploration activity. I'm not saying that we've reached the peak, but I think it wouldn't take long for the story to begin to turn for us.

A few economic facts. We have 28,000 direct and indirect jobs from the mineral exploration-mining sector in B.C. We are the largest private sector employer of aboriginal people in Canada right now. In B.C. our use of the land base is actually about 0.03 percent, which is about 28,000 hectares in the last 125 years. So our footprint on B.C.'s landscape is relatively small.

The major minerals produced in British Columbia are coal, copper, silver, gold, lead, molybdenum and zinc. The mining sector represents 60 percent of the weight by volume of the exports through the ports of Prince Rupert and Vancouver. While the mines are located in rural areas of the province, both the ports in Vancouver and Prince Rupert are heavily reliant on those products going through.

[1250]

The other thing I don't like to dwell on, but it's an important fact for all Canadians, is that our key commodities that Canada is famous for are at a 25-year low for reserves. I look at that as the going-out-of-business graph. It's not a very good story at all, and it is something we need to keep in mind as we move forward if we hope to have mining continue to be a major economic driver of the Canadian economy.

It's a \$6 billion industry in B.C. Less than three or four years ago we were about \$4 billion. We're the fifth-largest mining centre in the world. Some 850 exploration and mining companies have their offices in Vancouver, and about 750 consulting companies are also based in Vancouver. I find it interesting to note that only about 100 of those are members of my association. That is largely because they are active in other jurisdictions of the world.

Twenty-five percent of the economy of Mongolia, believe it or not, is based on mining and the investment from Canadian companies. Again, our touch is very, very global. Of the equity for mineral exploration globally, \$3.5 billion was raised out of the 604 exchange last year. So again, people come to Vancouver to raise the money to explore around the world.

We do have the highest average wage and benefit package of any of the resource industries at \$94,500 per year, as per the PricewaterhouseCoopers annual report.

Graph 4 there is an absolutely fabulous story. It's showing how mineral exploration investment on the ground has rebounded in British Columbia. One thing I'd emphasize. In 2005, of that \$220 million, \$45 million is one project. It's called Galore Creek. It's the largest mineral exploration program in North America right now. Their investment this year in exploration is probably about \$10 million, so that one project is going to result in about a \$35 million reduction in on-the-ground exploration in British Columbia this year. That's why I'm pretty clear that we're going to see that number start to reduce. We have a hypersensitive industry that starts to look at reductions in investment, and I'm hoping people don't dwell on that too much.

A couple of other things. Less than 12 percent of those dollars are on greenfields exploration. What greenfields is, is looking for new deposits. It's very difficult to raise capital to look for new mines, because the success rate is very, very low — about one in 2,000.

Going back to the positive side, of the 52 mines in the permitting process right now in Canada, I'm very pleased to say that 25 of them are in British Columbia. If we can work through the challenges of the federal government in the permitting process, it would be reasonable to assume that we could see ten to 12 of those projects on line in the next seven to eight years.

The capital investment in those mines ranges from about \$100 million to the Galore Creek project, which is about \$1.3 billion U.S. to construct that project. If everything goes with that project, it will come on line in 2010. And if you've been watching the media lately, one of the largest mining companies in the world is launching a hostile takeover of that company right now.

The other things to mention. I've just travelled to Ottawa with Minister Bennett, trying to push the federal government in regards to the permitting process. The last time we had a metal mine approved in British Columbia was 1998 — not that great of a record. The world is looking at us right now as to whether we can deliver an approved mining project in British Columbia in the near term.

A couple of other facts. I said I would bring up the beetle-kill area. We've been approached by the two beetle coalitions in regards to the substantive challenge that the beetle-kill presents globally and, of course, to Canada and more specifically to British Columbia. With that beetle-kill, about 8.7 million hectares of land are currently impacted. I find it devastating to think that a community such as Quesnel, with six or seven sawmills and two pulp mills, is pretty much dead centre of the dartboard when it comes to the impacts of the beetle-kill. If you look forward ten to 15 years, those communities are going to be very hard-pressed to have any wood coming into those mills.

[1255]

We've been asked, I think largely because I'm a professional forester by training, if there are opportunities that mining might be able to reduce the social and economic impacts of the loss of forestry jobs. We've been looking at that very carefully and have presented some ideas to both the beetle coalitions, the federal government and the provincial government as to how we might move that forward.

Again, geoscience is one of the opportunities. The provincial government invested \$25 million in geoscience just about 18 months ago, and that's a really good start. But the best use of those dollars to get the best chance of finding a new mine is probably not targeting it on the beetle-kill area.

An area very similar to the beetle-kill area that has similar geology is in Western Australia. It has a lot of dirt on top of a rock, and they have an area about the same as the beetle-kill. They also don't have any trees there. It's a desert. But they just invested \$52 million on geoscience over the last four years, and they've got

three major discoveries of new mines in that area. Those are the types of things we're going to have to look at to attract that type of investment into that area.

Attracting new exploration into the mountain pine beetle areas is going to require.... It's got good mineral reserves. There's a good chance that there are new mines under that dirt. We need the geoscience. There is probably going to have to be some need for tax incentives, and that's what they've done in Australia. In many areas there are about 400 metres of dirt before you get to the rock, and you're not going to find anything in the dirt until you get to the rock. Again, you need to encourage the holes to be drilled into the rock.

Education and training. I'm glad we heard a bit about that. There is a lot of talk about how we would transition forestry workers into the mining industry. I don't think it's all that different, and the time line has given us a considerable amount of time to do that transition.

Of course, the aboriginal benefits. Aboriginal unemployment is relatively high within all the rural communities that are represented within the beetle-kill area. Many of those first nations people would be very interested in working at mines in the future.

Looking at enhancing our B.C. competitiveness. One of the things we've looked at in the PricewaterhouseCoopers report is how we could make B.C. the most attractive jurisdiction in Canada for mineral exploration. Most of our community that worked globally.... When I asked them to look at Canada, they would probably say Quebec is number one, and we're probably two or three right now. Part of that is that we've got pretty good geology. The provincial government extended the flow-through tax credits, and the federal government just recently gave a super flow-through extension for one year.

Again, enhanced exploration tax credit, mining development tax incentives, job creation tax credits. Interesting to note in the Canadian context that we feel we need 81,000 skilled and semi-skilled trades within the next ten years and a further 25,000 into the tar sands. Service Canada has just recently given us dollars to do a survey so we can determine what the exact numbers are in British Columbia. But if you looked at 25 of the 52 mines in the permitting process in British Columbia, I've got a pretty strong feeling that you might be thinking 20,000 to 25,000 of those \$94,000-per-year jobs are right here in B.C. There's going to be a lot of pressure on trying to train people to have them ready to go to work on these mines.

The other thing is the resource-revenue-sharing policy. Almost all industry jurisdictions now have a resource-revenue-sharing policy — forestry, the aggregate sector. One of the unique anomalies is that there's no formal resource-revenue-sharing policy or procedure for metal mines. So again, it's something we'd very much like to work with the government on for something that makes sense and gives something in the toolkit to deliver back to aboriginal communities that are anxious for revenue-sharing on these 25 mines coming into the permitting process.

I encourage more investment in grass-roots mineral exploration in B.C., including the targeted mountain pine beetle-infected areas, an enhanced refundable and non-refundable exploration tax credit program for grass-roots exploration. As I've already indicated, we're not unique. In the Canadian context probably only about 10 percent to 12 percent of exploration is real, on-the-ground, new greenfields, looking for new great mines in Canada. It's a challenge that occurs globally. With the risks so high, investors don't want to invest in the discovery of new mines. They'd rather look around old mines or old deposits or old data.

[1300]

Government-industry partnerships for high-risk strategic exploration in the mountain pine beetle area. Again, I think that's something our sector will be very pleased to work on and see if there are opportunities. There are a lot of examples globally where governments work very closely with the exploration sector on looking for opportunities to encourage the discovery of new mines.

Almost wrapped here. Improve B.C.'s competitiveness respecting direct tax costs during the operating life of new mines. Establish a mineral tax credit equal to 50 percent of the preproduction community consultation and environmental impact study costs. That matches the Quebec model right now.

Reduce the effective mineral tax rate by extending the new mine allowance to December 2016, which matches what was done by the Liberal government on the flow-through tax credit. It increased the rate from 33.3 to 50 percent, which again matches what's going on in Quebec right now.

Introduce the processing allowance for the mineral tax holiday. Again, this is a similar policy that's been instituted within the oil and gas sector.

Just looking at the job training and creation tax credit. Look at refundable tax credit for job creation in the targeted regions, and look at opportunities to encourage that training to happen. I think one of the biggest challenges we've got is getting the youth of today interested in jobs in the earth sciences and as master mechanics and electricians.

The pay scale is phenomenal at \$94,500 per year. But I was just at a conference in Mackenzie a few months ago, and most of the industry doesn't want to talk about positions not being filled, because they just try and poach from other places. One of the coal companies said that they spent tens of thousands of dollars on 13 trades. They were looking for a major coalmine in this province. Across Canada they didn't get one application. This wasn't about sifting through resumé to see who's got the best experience or who wrote the best resumé. They did not get one application.

I had another instance just a month ago with one of the larger drill companies in the province. Another drill company drove up to the drill rig with four brand-new all-terrain vehicles valued at \$15,000 each and said: "This is your signing bonus. I'll match your current wages and give you a 10-percent bonus."

That's not going to the root of the sustainability of our industry, but it does reflect how competitive things

are in the job marketplace and how anxious we are to try and get those jobs filled by people who want to work in the earth sciences and make those types of wages.

On that note, I'd be very pleased to take any questions. It's a pleasure being here.

**B. Ralston (Deputy Chair):** Well, we have a full list of questioners, but you did take the full 15 minutes. We're going to adjourn for lunch, so it's with some regret that I say thanks very much.

The committee will adjourn, and we'll reconvene at 2:05.

The committee recessed from 1:03 p.m. to 2:06 p.m.

[B. Ralston in the chair.]

**B. Ralston (Deputy Chair):** We are beginning with our next presentation. On behalf of Canada's Research-Based Pharmaceutical Companies, Hal Stovall and Bob Dawson.

**B. Dawson:** Thank you, Mr. Chair and committee members. It's a pleasure to be here today. I'm Bob Dawson, and with me is Hal Stovall, and we are from Canada's Research-Based Pharmaceutical Companies. The abbreviation for our industry association, so we don't have to say Canada's Research-Based Pharmaceutical Companies every time through our presentation, is Rx&D.

Let me just first begin by providing you with a short background of our industry association. We're the national association for the pharmaceutical research community, representing over 20,000 men and women who work for more than 50 research-based pharmaceutical companies in Canada. Hal and I are based in British Columbia, and we're part of a large community of individuals from our industry who work and live in this province.

Our member companies share one single primary objective: to discover new medicines and vaccines that improve the quality of health care available to every Canadian. If the government of British Columbia addresses the issues necessary to ensure a sound financial direction for this province, consideration must be given to the role our health care system plays in influencing economic development.

Three new approaches that recognize the value of health: innovation, research and development. British Columbia can achieve new levels in economic growth and prosperity. For many years we've tried to demonstrate the value of these linkages to the provincial government, and our submission today to the Finance Committee is a continuation of this commitment.

As a contributing stakeholder that participates in both the health care and the economic agenda for the province, we look towards partnerships and collaborations to focus on improving patient health outcomes and enhancing the knowledge-based economy. We often refer to these opportunities emerging from this synergy as the innovation agenda.

British Columbia is at a critical point in the development of its innovation agenda. This province has world-class research and academic institutions. It is a leader in Canada in medical research capacity and basic research infrastructure. This province has contributed millions of dollars to the life sciences and research community, and many of those investments have led to the growth of a vibrant biotechnology private sector.

Yet, as the biotechnology community in this province has identified, for B.C. to become one of the top ten technology sectors in the world, it needs to address policy development in health care and understand the critical role that government policy plays in unlocking the value of the inputs into the innovation economy. For example, despite B.C.'s well-developed scientific and health research infrastructure, it continues to attract a reduced level of investment compared to Alberta on a per-capita basis. B.C. has the necessary prerequisites to attract new investment from the global pharmaceutical industry but has some very clear barriers that have pushed investment to other jurisdictions.

As part of our presentation to the committee today, we're also submitting a full written report with the evidence and references to back up our statements. I believe those have been circulated already.

**B. Ralston (Deputy Chair):** We have them.

**B. Dawson:** We also cite the barriers in health policy, particularly as they relate to the Pharmacare program, that we believe need to be addressed. We encourage the committee to review our submission report and read through the material that we've collected to support our positions.

[1410]

B.C. needs to present a vision that reflects the importance of both industry investments into research, including alliances with B.C.'s biotechnology sector, and the utilization of the new, innovative medicines that result from that research. Our recommendations to the Finance Committee are designed to be a positive contribution to the province's future.

Now I'm going to pass the microphone over to Hal, who'll outline to you the specific recommendations found in our report.

**H. Stovall:** I would like to add my comments of appreciation and thank the committee for taking the time to consult with groups like ours, to share ideas and recommended solutions.

As Bob mentioned, the information and background material for our recommendations are in the written report you've received, so I will just briefly highlight the main reports, and hopefully, we can address any questions you have afterwards.

We recommend the following: first, more flexibility in Pharmacare funding for medicines that demonstrate savings in other areas of the health care system. Specifically, appropriate use of new pharmaceuticals has been shown to result in fewer hospitalizations, fewer emergency room admissions and fewer physician vis-

its. A Columbia University study recently showed that every dollar invested in new medicines reduced health care costs in other areas by \$7.

Second, we recommend the establishment of semi-annual budget planning meetings with Rx&D members to improve the business planning process, similar to an informal base program that the B.C. Cancer Agency has. As you know, it's recognized as a national model. Pharmacare budget planning can be strengthened if they meet with manufacturers and learn about the upcoming technologies coming to the market.

Third, we recommend transparency and stakeholder consultation, including industry, in Pharmacare's health policy development.

Fourth, we recommend the implementation of recommendations outlined in a 2006 B.C. biotech position paper called *Building World-Class Biotech Businesses in British Columbia*. The biotechnology companies are one of the province's economic growth engines, and they have an important voice in health care and economic development that deserves to be heard.

We urge the government to review the evidence, stakeholder input and recommendations of the 2002 Reference Drug Program Consultation Panel, also called the Morfitt report, and the 2004 Pharmacare Review Implementation report, also called the Corbett report, to assist in the development of health care policy that addresses sustainability issues. For example, both reports cited the value of having a predictable and stable health policy environment that welcomes innovative medicines to the research and development investment agenda.

We recommend that the Ministry of Health be more open to partnerships with industry in initiatives such as appropriate use in disease management programs.

Finally, we recommend that the Ministry of Health implement systemwide, cost-saving solutions such as generic pricing and supply chain efficiencies. Savings can also be made through the aforementioned appropriate use in disease management programs. For example, with regard to generic pricing, a recent Ontario analysis of changes to generic pricing demonstrated potential savings to their drug plan of at least \$130 million.

With regard to a disease management program — one that was done here in B.C., in White Rock — this innovative program yielded health care savings of \$680 per senior patient through reduced hospital admissions and ER visits.

In closing, we believe that some of the answers to the questions we face with regard to the sustainability of health care and enhancement of economic development can be found in new partnerships, new thinking and a new collaborative approach. We hope that you find our submission a guide to some of those solutions.

I'll stop there. Thank you, and we'll take any questions you may have.

**B. Ralston (Deputy Chair):** Thanks very much. If there are any questions....

**R. Hawes:** Just a quick question, and that has to do with.... Someone here mentioned silos. I guess my

question is.... The government is perhaps not that adept at doing full, cross-ministry cost-benefit analysis. I wonder. If we were able to move towards a full cost-benefit analysis on any new edition to the formulary or even the existing medications on the formulary, how would you suggest that we would go about that or develop that kind of expertise? How would we start?

[1415]

**B. Dawson:** It's a very good question. Some of the work has already been done by a ministry-sponsored report called the Corbett report, which we cite in this presentation. That report has not been released publicly, but they did look very closely at that same question: if we're going to put a new medicine onto the Pharmacare system, how can we determine if it's actually going to follow through and make some cost savings somewhere else in the system?

It was an independent model that was developed to look at that cost-effectiveness, so some of that work has been done. But it isn't an easy challenge as it currently exists. We have silos within our own companies, where we try to get that cross-functional decision-making to take place. It requires leadership at the top. I think there are models from other jurisdictions as well that can be looked at. For example, there's a lot of cost benefit for pharmaceuticals and that relationship in jurisdictions like Ireland. That's one that comes to mind.

**D. Hayer:** Thank you very much for making your presentation. It's a good presentation.

My question is.... Currently, we have a health care expense of approximately 44 cents out of a dollar going for health care-related expenses. They seem to be going up and up with a possibility of going to 70 percent. Do you think there are enough funds in health care currently? Or do we have to look at it differently and redistribute it — a different way of looking at it — and that will provide us with the results we're looking for?

The second thing is.... There's a Conversation on Health which the Premier is holding. I hope you also provide input to that — maybe if there's some other suggestion, other than the time that allowed you here.

**H. Stovall:** Let me offer some perspective and then a little more background. First of all, it's a good question, but in perspective, patented prescription medications account for 8 percent of the health care budget. You sometimes hear figures of 17 percent and 18 percent, which is higher than physician costs and so forth, but that includes an awful lot of things, including all pharmacy fees, dispensing fees, all wholesaler distribution fees, generic drugs and a lot of over-the-counter medications.

Patented prescription drugs account for 8 percent of the health care budget. Pharmacare has grown in the last couple of years — about 9 percent, as you well know. The primary drivers of Pharmacare growth are increased utilization due to the growing and aging population and the use of new medications for treatments that we previously didn't have medications for.

We do think that the solution is not to restrict the medications that patients would otherwise need but to work with us on developing appropriate use programs, disease management programs. These have been done in other jurisdictions and are shown to work, so we have models that we can go by. They ensure the medications are prescribed appropriately and can save the health care system money.

**I. Black:** Thank you for the presentation, gentlemen.

In the many times that pharmaceuticals have come up in the presentations given to this committee in the last several weeks across the province, it's fair to say that your industry and companies you represent have been generously characterized as the pinata of the health care system, where most of the criticisms with respect to where money should not be spent are with non-generic pharmaceuticals.

I wanted to give you a chance to respond to the record on that, as organizations who are being accused of absorbing more than your fair share of the health care pie, number one; and two, the characterization that money spent with drugs from your companies as opposed to generic companies do cost the consumer a lot more money than they otherwise would, and it would not have any detriment to the health care system if we went down the path of just generic drugs. Could you comment on that, please?

**B. Dawson:** First of all, I think it's really important to understand that the prices for patented medicines in Canada are regulated through the PMPRB, which is the Patented Medicines Pricing Review Board.

[1420]

When a new medicine comes to market in Canada, it is regulated through the Canadian pricing agency. That has a formula that's established so it's determined that Canadians aren't paying more outside of other international jurisdictions.

The generic pricing model is not regulated. There's no set price one way or the other for generic prices. In Canada — if I was in your shoes, and obviously, I'm biased — I'd be challenging them. Why do we pay more in Canada for generic prices than almost every other jurisdiction? They're artificially high. So one of our recommendations is it's a great place for quick savings that has no impact on patient care.

Our medicines are regulated from one part of the country to the other. There's a formula set for that. I think you see that when you see the cross-border issues for pharmaceuticals between U.S. and Canada. So the Canadian pricing regime for our medicines has safeguards for patients from a safety perspective but also for taxpayers in terms of the prices that they pay.

**B. Ralston (Deputy Chair):** I had a question. The province has what's called reference-based pricing, which is a policy that's existed now for some time and has continued through several governments. I know in your paper you have some comments on it. I haven't had an opportunity to quickly scan them, so perhaps

you could just advise us of the position of your organization on reference-based pricing.

**B. Dawson:** The reference-based pricing only exists in British Columbia and hasn't been expanded anywhere outside of B.C. There have been two ministry-funded reports specifically looking at areas related to reference-based pricing. One is the Morfitt report in 2002, and one is the Chris Corbett report in 2004. We cite those and lift a lot of the examples — which they did on independent evidence, based around reference-based pricing — on page 19 of our report. I'm not going to read to you what's already in that report, but I do draw your attention to the reflections of those two studies already submitted by the government. There's also a real-world example that's taken place since those two reports were commissioned, which is not a positive story.

The short answer is that officially we're very much against reference-based pricing for a number of reasons related to patient access and physician decision-making, but it's not a great cost-saving tool, either, which these reports have identified.

**B. Ralston (Deputy Chair):** That concludes the time allotted for your presentation, so thank you very much. The committee will consider your written report as well.

I'm going to ask the next group of presenters to come forward, and if you could seat yourselves, then we'll ask you to identify yourselves for the purposes of Hansard — given the number of presenters that we'll have in this joint presentation.

Welcome to this group presentation. We've consolidated four presentations into one. The time will be the same. There will be an hour for the total. I'm wondering if I could begin on my left with John Wilson, and you could go round and introduce yourself, just so that Hansard knows who's speaking.

**J. Wilson:** I'm John Wilson, and I'm the president of the Capilano College Faculty Association.

**S. Briggs:** I'm Susan Briggs, and I'm the president of the Douglas College Faculty Association.

**T. Van Steinburg:** Terri Van Steinburg, president of the Kwantlen Faculty Association.

**F. Cosco:** Frank Cosco, president of Vancouver Community College Faculty Association.

**C. Oliver:** Cindy Oliver, president of the Federation of Post Secondary Educators.

**K. Bonell:** I'm Kathy Bonell, president of the College of the Rockies Faculty Association.

[1425]

**B. Langlois:** Hi, I'm Brent Langlois from the Nicola Valley Institute of Technology Employees Association. I'm the VP.

**S. Johnston:** Hi, I'm Susan Johnston. I'm the president of Camosun College Faculty Association.

**B. Ralston (Deputy Chair):** Thanks very much, and welcome, everyone. Who would like to begin? Cindy, go ahead.

**C. Oliver:** Good afternoon, Mr. Chairman, and thank you very much for this opportunity to address you. We have produced a written submission, and I believe it has been distributed to members of the committee. I will be highlighting that, and you'll be hearing from some of my colleagues here.

Mr. Chairman, last week I spoke to a member of your committee, and he indicated that the committee has heard a lot about post-secondary education at its regional hearings over the last month. I'm not surprised by that. Post-secondary education is a vital component to building both a modern economy and an engaged democracy.

Unfortunately, B.C.'s public post-secondary system has struggled with funding and policy choices that have been made over the last five years, which are not helping us reach those important goals. We want to talk to you about how the February 2007 provincial budget can begin to change that situation in a positive way.

In her latest fiscal update, Finance Minister Taylor indicated that B.C. certainly has the fiscal capacity to start taking those positive steps. In our written submission we have detailed very specific ways in which those budget measures could be targeted.

We believe that a reasonable first step towards those outcomes would be to increase the Advanced Education budget by 10 percent, or \$200 million, starting in April 2007. That increase would put per-student funding within the post-secondary system close to where it was in 2001.

I might add that in real dollar terms, not in constant dollars, the post-secondary system has seen per-student operating grants drop by more than 11 percent between 2001 and the current fiscal year.

As you will hear in a few minutes from various post-secondary institution representatives, that drop has created no end of problems at the institution level and, most of all, at the individual student level. It's at the individual student level that we as instructors see the biggest disconnect between policies, funding and outcomes.

Hardly a week goes by that we don't hear more stories about B.C.'s skills shortage. We know it's not just confined to the construction trades as sometimes the media likes to portray, but every sector, every occupational group — whether it's white collar or blue — is affected.

We're told by the B.C. Business Council that 73 percent of all new jobs will require some form of post-secondary education — whether that's a certificate, a diploma, a degree or a completed apprenticeship — but only 59 percent of the workforce currently in B.C. has that education and training. So there's a real gap that we need to close.

But the policy and funding choices by the provincial government are making it much tougher to close



that gap. When real funding per student declines by more than 11 percent and tuition fees double, you undermine the work we need to do as a province to close that skills gap.

Students, as you have heard earlier today, have been penalized the most. Thousands of potential students have been priced out of post-secondary education. Most of them come from middle- and low-income families. Students who remain in post-secondary education are taking on more debt. Many are dropping back to part-time studies to accommodate work.

In our classrooms we see the cumulative effect. Stressed out by debt, by work and school conflicts, and by long wait-lists for critical course options, these students struggle to complete their education in ways that previous generations never had to.

I know this committee has spent many weeks listening to the public, and we have as well. We contracted with Ipsos-Reid, a polling firm that counts the provincial government as one of its clients, to gauge the public's view on post-secondary education issues. The full polling results are included as an appendix to our written submission, and I would like to draw the committee's attention to a few important highlights of that poll.

First, the policy of deregulated tuition fees has lost public support and lost it badly. Two-thirds say tuition fees are simply too high. That number has been climbing steadily over the last two years, and the February 2007 budget needs to address the problem.

[1430]

Second, the vast majority of British Columbians make the connection between investing more in our public post-secondary institutions and solving the skills shortage. Ninety percent — and that's an astounding figure — agreed that those investments are one of the best ways to solve that shortage. That's a huge number, as I said, and one that this committee and the government as a whole need to take very seriously.

I want to make two final points before I pass the microphone over to another speaker. First is the government's current initiative in post-secondary education called Campus 2020. I'm encouraged by any effort within the provincial government to identify ways to improve access and affordability. If Geoff Plant provides some thoughtful ways to achieve these outcomes, his time will have been well-spent. However, 2020 is a long way off.

The problems we are identifying today need to be addressed in a budget document, which will be tabled in four months. Between now and then Treasury Board will have to sign off on the budget. Your committee report has to be completed. There's a lot of work that needs to be done if we want to enable the post-secondary system to address some of the critical problems we now face.

I'm hoping your committee report will reflect both the urgency of solving the funding problems now and the broad public support that exists for investing more in our public post-secondary education system.

This brings me to my last point, and that is what we hope your report will recommend. Let me briefly summarize the six key initiatives that the post-secondary system needs to see in the February budget.

(1) We need to see an increase in post-secondary institution operating grants to ensure the public post-secondary education system has the programs and options necessary to support higher enrolments.

(2) We want the government to ensure that all adult basic education delivered in our post-secondary system is tuition-free for all. As well, we need to use targeted funding to support publicly delivered English-as-a-second-language programs for adult learners.

(3) The government needs to reduce tuition fees. We support a proposal advanced by the Canadian Federation of Students, who are calling for a 10-percent reduction in current tuition fees.

(4) We need to fund and use the capacity of the existing public post-secondary education system to deliver both entry level and apprenticeship training.

(5) We need to improve the student grant program so that students are not forced to take on more debt to access or complete their post-secondary education.

(6) Finally, we need to enable and fund colleges and university colleges to provide lower-cost university transfer programs in their areas.

I want to now turn things over to Frank Cosco.

**F. Cosco:** Good afternoon. Thank you for this opportunity. As was mentioned, I'm the association president at Vancouver Community College. I want to speak a bit about this — to elaborate a bit on some of what Cindy has said — viewed through the window of our students and our programs at VCC.

We have over 10,000 students enrolled in our Broadway and our downtown campuses. We're one of the few colleges that keeps the name "community college." We do that for a reason, because we try to proudly reflect the needs and diversity of Vancouver. Unfortunately, though, over the past few years we have to cross our fingers a bit when we make that claim because of the difficulties that have happened with funding, essentially.

We are well known for our many career and technical programs. Students move into fields such as the hospitality industry, hotels and culinary work; health care, providing key services in the medical and dental fields; and transportation fields, especially automotive and diesel technicians. The entry point for many of those programs is our ESL and ABE programs, our adult basic education and English-as-a-second-language programs. You may be surprised to know how large those programs are at VCC. Just on their own, they could be free-standing colleges in this province.

Unfortunately, we haven't been able to fulfil the great need that's out there in ESL and ABE. In ABE, for example, we have students in their 20s or older — our average age of student is 30 years old at VCC — who may not have completed their high school requirements to get into one of our career programs. So they need to get into the program.

[1435]

Because of funding, our administration has been forced to reduce them by one-third. Even though they're large, they've been reduced by one-third. So those potential students have become invisible. If they

happen, because of their life circumstances, to be on some kind of social assistance, then they're taking a real risk to try to return to school. That just doesn't make sense. That's not a social policy. That's a social obstruction, and it needs to be addressed. We need to support the learning, but we also need to support the learner in those fields.

Of course, in Vancouver everybody knows that diversity and community mean immigrants. Canada justifiably celebrates their contributions, but it's not enough just to celebrate that. We have to honour their commitment to Canada by fulfilling our obligation to them, and we at VCC have tried to do that over the last 40 years. We're the largest ESL institution in western Canada since day one. We can do more. We have 200 of the best-trained ESL people in Canada ready to help with that social need.

Sadly, though, just as with ABE being cut by a third, ESL has been cut by a third over the last few years. Again, administrators tell us it's because of a lack of funding. This is surely misguided. We need the skills of these people. They need English skills. We can deliver it. There's the need; we have the means. Let's just put one and one together and make four.

As Cindy was saying, like other post-secondary institutions, VCC has seen its per-student funding levels diminish. Because of funding problems in the last few years, we've had other head-scratching cases of programs with 80 or 90 percent job placement rates eliminated. Resident care attendant is one of the worst examples. Who amongst us doesn't want their mother or father looked after by well-trained, well-paid people?

Yet VCC said it was forced to eliminate that program and its companion ESL support program as well because of a lack of funding. We obviously could make more of a contribution to solving the skills problems, but we need the province to make an investment. It's not anything but an investment.

I have to make one last point, and that's on tuition fees. The doubling, or more than doubling, of tuition fees in such a short period over the last few years has been really punitive. As I said, our students' average age is 30. They've got family commitments, transportation commitments, day care commitments, job commitments. They can't stretch anymore, but these high fees have forced them to stretch their way out of education. Many just give up and keep working. How can they afford everything?

Here's a little VCC twist on this. We have the paradoxical situation of VCC running the largest surpluses in its 40-year history — \$2 million, \$3 million or \$4 million every year — because of the high fees.

What does the college do with that money? It uses those so-called tuition fees as capital and building funds. Where is the sense in that? People come to college, and they know they have to pay tuition fees. They end up paying special taxes. They didn't ask for that privilege to spend special taxes on buildings for the future. Hundreds of thousands of dollars at VCC have been used this way — student money used to build buildings for my grandchildren. I don't understand it.

The recommendations that Cindy has detailed for funding improvements would go a long way to solving some of these problems.

We really appreciate this opportunity. Post-secondary education is key to the future of this province, and we hope your committee will be able to make telling and appropriate recommendations to the finance people.

**T. Van Steinburg:** Good afternoon, and thank you very much for this opportunity. My name is Terri Van Steinburg, and I represent faculty at Kwantlen University College.

Kwantlen has four campuses in the Langley, Surrey and Richmond corridor. We have close to 12,000 students at Kwantlen. Like many other post-secondary institutions, we see all sorts of evidence that provincial government funding and policy are clearly out of step with need.

[1440]

I could certainly echo many of the comments that Frank made, but I'm going to give an example of what happened to a student that I've come to know of. She is a single mom who moved to B.C. with her three kids to get away from an abusive husband. She moved to Surrey in 1990.

After her kids reached their early teens, she decided to go back to school. She wanted to become a special education teacher assistant or an interpreter of American Sign Language. Her ultimate ambition was to support herself and her kids without having to rely on income assistance.

She also wanted to simply challenge herself to do more, and that's exactly what she did. She challenged herself. She started in academic and career prep, which at Kwantlen is our adult basic education program. She was able to complete what should have taken four years in three years, in large part because she was very motivated and very determined. By 2002 she had all of the prequalifications to enter the special education teacher assistant program.

However, her timing couldn't have been worse. Tuition fees were deregulated, and suddenly she was faced with tuition costs of close to \$6,000. In her own words: "It was the last straw. I had so much anxiety about starting a new program. When I found out I couldn't get financial assistance, I decided to forget about it. It was just too much to cope with."

She and her children are now living on income assistance. Her plans for the future are on hold. I also think it's worth mentioning here that it wasn't simply tuition funding that was the problem, but also a lack of some of the supports that we used to have in place that helped people on income assistance with access to post-secondary, helped them to stay in post-secondary — the retention aspect — and then helped them to exit into good jobs. That piece is also gone.

The frustration she encountered is, unfortunately, not that uncommon. When tuition fees skyrocketed, many of our students got saddled with enormous debt or scaled back to part-time studies so that they could work. What my members are seeing in the classroom is that these financial pressures put middle- and low-

income families in a real bind, effectively cutting off their access to affordable post-secondary education.

Add in the impact of underfunding and the problem gets worse. At Kwantlen we have one- and two-year wait-lists for all our apprenticeship programs. Why? Because we don't have the funding to put on more programs and reduce the wait-lists. Just recently we lost the sheet metal program which was targeted at at-risk youth in Surrey. It had an 80-percent success rate and led to good-paying jobs for graduates, but without proper funding, it couldn't be maintained.

We have an opportunity to do much better, but we need to see the provincial government increase its support of post-secondary education if we want to get those kinds of results. I hope your report to the minister reiterates that message and puts us back on track with proper funding.

**B. Langlois:** Thanks for being able to speak. As mentioned, I represent the faculty and staff of the Nicola Valley Institute of Technology in Merritt, B.C. NVIT, for short, is very unique, as stated in our mission and values and our reason for being. It's an important part of B.C.'s public post-secondary education system.

Over 75 percent of our students are aboriginal. As committee members may already know, first nations students face enormous barriers to achieving success within education. As an example, the most recent statistics do show that for every ten first nations students that enter the K-to-12 system, only three are successful in their grade 12 graduation — on average.

Just to put that number into proper perspective: for the average non-aboriginal B.C. student who enters the K-to-12 system, for every ten that start, we're looking at a success rate of seven to eight.

That stark disparity in education outcomes has a long and unpleasant history in our province. It's a history that has withheld first nations people from full participation within their communities and the economy. It's a history that has contributed to enormous personal hardships, as well, for many first nations families within communities.

[1445]

NVIT was established to begin reversing these inequities. Our focus was to support adult first nations students who had not completed high school but who were prepared to meet the challenge of improving their education and skills.

Others have described how vulnerable students have been adversely affected by funding and policy choices made by the provincial government over the last five years. NVIT has not escaped any of those same problems. Our institution has definitely struggled with less than adequate operating grants from the Ministry of Advanced Education, a struggle that has forced us to reduce many of the key student support services that play such a critical role in keeping our first nations students at school.

I mentioned the low graduation rates that exist within first nations communities. Reversing that trend is a labour-intensive effort that requires more contact

hours, more one-on-one instruction, more counselling time, more individual effort. Funding will certainly help.

For example, increasing student grants would make a huge difference. I personally see students juggling part-time jobs with their classes all the time in order to achieve and realize their academic success. Just last week I saw multiple students missing essential community field days as part of their course curriculum because they had to go to work, which doesn't make sense.

I also discuss needs assessments directly with education coordinators of aboriginal bands. They're concerned — and I hear it loud and clear — about the relevancy of the programs and services. I want to make very clear that when I say programs and services, they are intimately linked. You can't have one without the other, certainly.

There's a relatively silent demographic of aboriginal students, which I hear of from these education coordinators, who definitely want to upgrade their skills through ABE, ESL and other developmental ed programs, but they can't access the programs.

Current funding is typically targeted towards completion of a certificate, diploma or degree and further employment and not towards the upgrading, leaving behind these potential students. NVIT does struggle with prioritizing which courses to offer, rather than feeling comfortable in the commitment to offer all the courses that are needed for the students to achieve success.

The consequence of not overcoming these barriers is significant. The government of B.C. has a keen interest in treaty-making with B.C.'s first nations. Part of that achievement starts with capacity-building within first nations communities.

Core skills that are taken for granted need to be strengthened within first nations communities if we are really serious about achieving fair and honourable treaty settlements. NVIT is one way in which we are building those core skills, but the more we struggle with insufficient funding from Victoria, the less likely you are to make any meaningful headway in building this capacity within the first nations communities.

I speak of capacity-building within communities. One cannot underestimate the essential need for the aboriginal community's involvement in post-secondary education programs and services. Communities continue to express to me and to others need for culturally based programming — one example being language courses — to assist community members to reconnect, not only with their communities but also with the post-secondary system and, further, with the B.C. community.

Cindy has listed six areas that would begin to turn the corner on better funding for the post-secondary system. The challenge for the provincial government, as I'm sure you're well aware, is to recognize that without those investments in post-secondary education, many of the economic forecasts will not be achieved, will not be realized. That will certainly be the case if we continue to ignore the challenge of capacity-building in our first nations communities.

As other members have stated, I hope your report to the Minister of Finance stresses the importance of

these investments and the benefits they will provide to restore greater equality within our province.

[1450]

**J. Wilson:** Good afternoon. Thank you for this opportunity to address the committee. My name is John Wilson, and I represent the Capilano College Faculty Association. We have about 7,000 students at Capilano College. Our main campus is on the North Shore of Vancouver. We also have satellite campuses in Squamish and Sechelt.

As well, we provide course programs access to the Lil'wat First Nation at Mount Currie and to the hospitality and tourism industry in Whistler.

At Capilano we take the principle of community outreach very seriously. We believe that real access to post-secondary education means opening doors to learning in very non-traditional ways. One of the ways Capilano does this is by operating a learning centre at Main and Hastings in Vancouver, in the Carnegie library building.

If we're serious about change in our community, we have to find new ways to help one another. That learning centre is a great example of this principle in action. About two blocks east, on Hastings, Capilano operates another learning centre at First United Church. It's a WISH safe house, and it's there to help sex-trade workers who want to change their lives.

A third example of Capilano's outreach work is at the Hastings Park racetrack, where we operate the Backstretch Learning Centre. It's a collaborative effort, supported by the community, designed to help mostly adult immigrant workers to get a head start in their learning.

I mention all of these examples because they speak to what I believe real access is all about. They are examples of what is at most risk in our institutions because our provincial operating grants are not keeping pace with the needs of our community.

Others have talked about the skills shortage, the increasing diversity of our province and how these factors are going to challenge every post-secondary institution to do more. In that respect, my college is no different. But we are unable to meet the challenge with the current funding policy options that the government is pursuing.

Let me give you a couple of examples of how funding is affecting Capilano. Our media arts program has been vastly reduced because they simply do not have the funding to keep our equipment technologically current. This program graduated people who worked in the production side of the industry — an industry that holds great potential for B.C. However, with outdated equipment, we couldn't provide the relevant and necessary skills.

Another example is the loss of the IBT program, or institutional-based training. This program helped those who were on income assistance or who were unemployed to upgrade their skills. It was a valuable pathway for people who wanted to better themselves, but the IBT fund was completely eliminated in 2002, effectively excluding thousands of potential students.

The funding recommendations that Cindy has talked about are a good first step to getting us there. If I could add one footnote to these points, it would be to say that as part of this funding we also need to target student support services like counselling and assessment to ensure that we are matching the educational services delivered with the exact needs of individual students.

I would also like to leave you with two facts. I just received in my mail yesterday the solicitation for the United Way campaign so that I could make my donation this year. They had, like most organizations soliciting money, five major points that they wanted to draw to my attention. I'll just draw one to yours.

In order to manage the financial costs of being a student, one in five makes the decision to reduce their course load or temporarily discontinue their studies. I submit that that delays citizens making a contribution to our society in a timely manner.

The other I've downloaded from the website. No doubt the Institute of Chartered Accountants has provided you with copies of the *B.C. Check-Up*. I'm a member of that institute, and so I went and got their statistics.

That institute has one of the key factors in the *B.C. Check-Up*, which it has been doing now for... I think this is its sixth year. It's called "educational attainment." That statistic shows that in the most recent checkup, B.C. is the lowest in its compared provinces and below the Canadian average and that in the five years they've been doing the checkup we've had the least growth in education attainment of any of the jurisdictions they look at and the Canadian average.

[1455]

I do not see how in the long term the commitment that this government is currently making to post-secondary education is going to continue the economy growing in the manner that you wish it to continue. Thank you for your time.

**S. Briggs:** Good afternoon. My name is Susan Briggs, and I'd like to thank you for allowing us to address you today.

I'd like to begin by reading a quotation from a well-known politician. These words were recorded in 1970, but their point is as relevant today as it was 36 years ago: "Community colleges are the hope of British Columbia's future. They will raise the standard of living for everyone in B.C. They are neither technical schools nor universities, but they are all things to all people."

The speaker wasn't Tommy Douglas or even Dave Barrett, although I'm sure both would have agreed with what was said. The politician who uttered these words was W.A.C. Bennett, and they reflect a view that is imperative to understanding why governments need to invest in post-secondary education.

As others have said today, post-secondary education is about realizing the potential in all of us to achieve better — better skills, better jobs, better lives. These achievements result in greater confidence, which allows us to be active and engaged citizens in our communities.

I work at Douglas College, where we have approximately 10,000 students enrolled in a range of post-secondary education programs. Those of us who work at Douglas have always seen our institution as a critical contributing force in the community. However, like others who work in the public post-secondary institutions, we recognize that our capacity to make those critical contributions has been derailed over the last five years because funding has been either eliminated or is insufficient to meet the basic needs that we know exist in our community.

I'd like to give you a very specific example of how the funding crunch that Cindy described earlier has devastated a program that really delivered on the sentiments that W.A.C. Bennett felt so strongly about in that quotation I read.

Douglas College was once a partner in an education program for women in B.C. prisons. If there was ever an example of how learning and education were able to transform an individual, this program was it.

Many of these women had not completed grade 12. In fact, many had dropped out even before they reached grade 8. Our program, which had been established for over 23 years, worked with these women to build the confidence, self-esteem, skills, insight and courage they needed to change themselves. It was hard work, but it was rewarding as well. We saw women make a change from living troubled lives of violence, drugs and crime to stable ones with work and positive futures.

That program was shut down in 2003 because the funding needed to keep it in place was cut. I could spend most of this afternoon and certainly well into tomorrow talking about how B.C. as a society is paying more as a result of cutting that program. However, I highlighted this program as just one example of how our institution took its responsibility for servicing the community very seriously. But we couldn't maintain that commitment without proper funding from Victoria.

The same pattern repeated itself when we, like Capilano, lost our institutional-based training, or IBT, program in 2002. Who lost when that funding was cut? The most vulnerable students we had at the college — those from low-income families. These are the students who struggle to complete their post-secondary programs. They struggled even to start them. They need help with access. They need help with retention. We have to have the support funding to keep them at school.

When they do struggle, and when they do complete their programs, they are able to reshape their lives in positive ways. That kind of success should not be measured only in dollars and cents. We have to look at what it means to the families themselves and the people who complete the studies. We're talking about a social responsibility here.

Cindy talks about the economic case for investing more in post-secondary education. Well, we are up against a skills shortage that will derail the economic growth here in British Columbia. Better funding for post-secondary education is the obvious way to fix that problem. But post-secondary education is also about the values that W.A.C. Bennett described 36 years ago.

Post-secondary education is about creating the hope and raising standards for everyone in our province — and everyone in Canada, for that matter.

[1500]

Here in B.C. we are at least fortunate in having a budget surplus sufficient to make the investments necessary to get post-secondary education back on track to achieving what Bennett talked about. The challenge for this committee is to translate that vision and that surplus into specific improvements that will get us there.

I'd like to thank you for allowing me to speak today. I feel honoured, actually.

**S. Johnston:** Thank you for hearing me. My name is Susan Johnston, and I represent Camosun College Faculty Association here in the capital regional district.

Like the other speakers before me have illustrated, our college is feeling pressure at both ends of the system. Our students are reeling from the spike in tuition fees, and inadequate funding from the provincial government means that we have literally run out of space at Camosun to provide the post-secondary education that our community wants and needs.

I'll talk more about those problems in a minute and give you a couple of specific examples, but before I do, I just want to describe a few of the things we do at Camosun. We operate two main campuses in this region, at Interurban and up at Lansdowne. We have an enrolment base of 8,700 full-time students. Some 17,000 people from Greater Victoria take a course at Camosun each year.

We have a cooperative learning arrangement with the Saanich First Nation and with the Songhees First Nation. These programs are in addition to a very extensive first nations program — access programs, community support worker programs and nursing programs within our college, programs that have opened the door to hundreds of first nations students who might otherwise have never considered post-secondary education.

We also have a very extensive trades apprenticeship and technical training division. We're second only to BCIT in the province in terms of training capacity in these areas. We provide a broad range of adult basic education programs. These programs ensure that adult learners have the opportunity and the access to upgrade their skills and meet the entry requirements toward degree, diploma and certificate programs.

I mentioned that funding is creating critical problems at Camosun. Let me be specific here. We don't have the money to build the classroom and lab space to allow our nursing program to expand to meet the critical health care needs both in this region and in the province as a whole. It's a critical situation. We've increased the number of people accessing our nursing program, but to meet that need, we've displaced other programs in terms of time slots for classes for other teachers to teach their programs.

That's what underfunding has done at Camosun. It's forced administrators to engage in lose-lose strategies that are simply frustrating to the students, to the faculty and to the administrators.

Let me also describe how funding, in particular the tuition burden we place on today's students, has affected an individual at my college — someone I taught.

In 2003 I had a very bright young woman in my Canadian history class. She was a single mother, about 30. She'd finished her adult basic education program. She was taking university transfer courses, and she took three courses from me in all. She was registered to take a fourth class the following September. Christine got straight "A's." She managed to juggle two small children, Victoria's incredibly high rents and her education, and she was just making it financially through student loans, her child tax benefit. As a non-status aboriginal woman, she wasn't funded by any band or by the federal government.

The following fall she just didn't show up. Because I'd known her over a year and a half, I decided to call her and find out what was going on, because this was someone who never missed a class. What had happened was that tuition had increased, and she had to choose between going to school and paying the rent. Guess what won. Christine never came back to Camosun, and I have no idea where Christine went from there.

For me, it's really quite personal because I see this all the time. Better funding in the February 2007 budget can produce better outcomes — the outcomes we need at Camosun: better support for our students like Christine, better support for our institutions in general so we can create the space we need for learning and skills development.

[1505]

I sincerely hope that this committee's report will emphasize the priorities needed by our students in British Columbia and that you'll create a budget that works for all of us.

Thank you very much for hearing me.

**K. Bonell:** Good afternoon. My name is Kathy Bonell, and I'm representing the faculty of the College of the Rockies and students in the East Kootenay region.

The college operates six rural campuses in the south-eastern part of British Columbia in traditional Ktunaxa-Kinbasket territory. It serves 2,500 students — small in comparison, but certainly not any less important to our area. The students participate in vocational, trades, career, technical and academic programs, which includes university transfer studies.

The College of the Rockies is mandated to offer and provide access to post-secondary education in the East Kootenays. It's working hard to fulfil this mandate by preparing graduates for our region's growing tourism industry as well as trades certification, education and social services and expanding health care.

I'm here today to share with you how increasingly difficult it is for our college to fulfil its role and associated responsibility with the current levels of funding. I want to focus on three specific things. I know we're limited for time.

First, the Ministry of Advanced Education expects the College of the Rockies to generate an additional 450

FTEs by 2010. To meet this objective, the college literally, at this point, is robbing from one program area by closing programs to offer another program. This approach to coping results in a reduction of programs and courses needed to achieve the long-term economic and social success that Moura Quayle has been speaking about.

The second point is that this expectation of meeting FTE-specific targets is further compromised at our college by the Industry Training Authority and its unwillingness to provide full funding for trades and technical programs, particularly funding for second-year offerings.

The third thing I'd like to speak to in relation to funding is affordability. Affordability for students is a major concern for our region and something I want to talk about in a little bit more detail. We have students — I'm also an instructor at the College of the Rockies — who come to class exhausted after putting in not just part-time but full-time shifts each week. As the semester progresses it becomes increasingly difficult for students to sustain the time and energy needed to be successful.

Of the students I know who dropped courses and programs so far this year, the number-one reason had to do with choosing between work and study. This is also for students who are taking studies on line. It's not that students are not wanting to attend. It's that they cannot attend and financially survive at the same time.

The other day I was reading an article called "The Price of Knowledge" put out by the Canadian Millennium Scholarship Foundation. It was suggesting that students can carry \$25,000 debt in a two-year diploma. That same research was saying that students in western Canada, on average, make \$31,100. That's what they're going to be making when they graduate with that same diploma. So you can see that cost is a barrier for students.

What we're noticing is that fewer students — and I'm making a correlation between the lack of attendance at our college — are willing to carry the burden of this debt and the financial responsibility to address this skill shortage.

I do want to acknowledge that the Liberal government has made a financial commitment and investment in the East Kootenay region, particularly in post-secondary education. But what we're noticing is that the cuts, the costs and the sacrifices that colleges and students are being asked to make are jeopardizing this investment.

The Liberal government has identified its vision, and it has a game plan. What we're hoping is that it's not going to stop in the middle. We live in a province that has the financial capacity to fulfil its commitment to make British Columbia the best-educated, most literate jurisdiction on the continent.

**B. Ralston (Deputy Chair):** Thanks very much for those presentations. I will now turn to members of the committee for questions.

**J. Horgan:** I have to say that when I had to leave the Education Committee to join the Finance Committee, I thought I was going to miss it. Certainly, today is an indication of the importance of post-secondary educa-

tion to our economy and to the finances of British Columbia. I thank you all for your presentations.

[1510]

Actually, Kathy was the last person to raise one of these golden goals that my colleagues on the other side will be talking about, no doubt, in a few moments. I can't help but see a disconnect between that objective and.... Even when we had the chamber of commerce today and the mineral association speaking about the crucial importance of skill upgrading and skills training so that we can meet the needs of the modern economy, we don't seem to be getting that connection between this laudable and appropriate goal for our community and the absence of funding, not just for your programs but for the students that are sitting behind you as well today.

So my question, I guess, is for anyone. I know you're all able to answer, but I'll start with Cindy. That would be in terms of a 10-percent lift: is that sufficient to meet the challenges of the next ten years?

**C. Oliver:** Well, 10 percent or \$200 million would put us back to the funding levels of 2001, and it certainly would go a long way toward starting to address the needs that we have in our system. We think it's a realistic number. We think it's a number that the government can afford. Certainly, we've heard about the surplus. We've had Minister Taylor say that the province is in a good position, is positioned well to help.

I know that you've all been sitting and listening to a variety of groups over the past couple of months telling you various ways to spend that surplus, but we're asking you to invest that surplus. We're asking you to take that money and, initially, put \$200 million in. As I said, it's a start. It certainly will go a ways to addressing some of those issues.

**B. Simpson:** I'm going to cut my preamble off to ask two quick questions. First off, it strikes me that we'll have this debate perpetually about funding for education unless we switch it to the other side of the income statement and the balance sheet, which is seeing it as an investment. So I'm curious if any jurisdictions that you're aware of have actually done some work on switching public investment in education — to see it as an investment, not as a cost?

Second, we've had discussions. We've gone around the province around a funding formula difference for tech and trade programs. Unless we address that issue, if we still go on an FTE basis, then many community colleges and small campuses cannot afford to run those programs. Has any work been done to put some flesh to a proposal on what an alternate funding formula might look like?

**C. Oliver:** I'll answer your second question first. The funding formula, I think, is arcane at best. It's something that when a lot of people, even in government, take a look at it and recognize that it doesn't really serve the needs of the institutions that are on the receiving end of the funding.... There have been, over the years, attempts to take a look at it and to reformu-

late it. Nothing has come about that I'm aware of that's been an accurate assessment — and I think I'm fairly up-to-date on that — of what institutions and students actually need in today's society, in today's dollars, given the technology that is required at colleges, university colleges and universities to actually run programming properly.

We've heard from programs that have had to close because they didn't have the technology available. That kind of thing is important to look at. We look at our trades. I believe Kathy mentioned the trades. Some of those things are getting expensive. It's no longer — for example, in automotive service technicians — the fact that you can just get the student a good set of tools and have them get under the hood of a car. They've got to have diagnostic equipment that involves computers and all of that. You're well aware of that.

That kind of thing we have to keep up with. We can't be the best educated, the most literate province in this country and, indeed, lead the country as we, frankly, want to do. Our system needs to be funded to the extent that we can provide those learning opportunities for everybody that qualifies to get in the doors.

Certainly, in your first question about investments, there are studies out there that suggest that for every dollar that is invested in education, the government gets back at least three. I mean, it's three times the amount of money. You know, in business circles we'd call that triple-net. Investments in what those future workers are going to be paying in income tax....

[1515]

We all know that people who have a post-secondary education earn a lot more money. Also, in terms of social programs that they will never access because they're able to afford good jobs and to live on their own.... They contribute to society. They contribute to the economy. There have been studies shown that make that direct correlation, and I don't think it's anything that we can deny.

**J. Kwan:** Two questions. One is sort of following the lines of what Bob has been asking, and that is looking at education as a form of investment. All too often we'll hear from the other side, where they say that the declining enrolment rate in colleges particularly is a result of the booming economy. I know that in other jurisdictions where they have actually invested in education, they have a strong economy as well. I wonder if you can shed some light in answering that question in terms of declining enrolment relative to the economy. What are other jurisdictions doing with respect to that, and what results are they getting?

My second piece of my question is related to the Perrin report. I'm not sure whether or not any or all of you have been consulted in this report or if you've seen it. If you have, what are your comments around it? It's been sort of touted as "the" report. The committee has not had the opportunity to see it. We've made a request to the Minister of Education for that report to be released to us so that we can fully evaluate it. Earlier today Don Avison was speaking highly of that report. I'd like to know your thoughts on that report as well.

**C. Oliver:** I'll look at answering your first one first. You have mentioned that there are declining enrolment trends in some of the colleges and certainly some of the smaller rural community colleges, and we have seen that over the past few years. But coincidentally, those enrolments have happened and have increased as tuition fees have increased. Certainly, with the anecdotal information that we have around our table and the larger table of the people who sit behind me and form our presidents council, we know that there are students that... I mean, there isn't an instructor in this province who has not had a student drop out of a class because he or she has had to work. We've heard those stories. These are real stories. They happen.

We can say that the economy is probably responsible for some of that but I think a very small amount. We have a booming economy in British Columbia, but I would make the case that our booming economy is felt mostly in the lower mainland. There are many interior communities that aren't doing anywhere near as well. Certainly, as I go around the province, I can see communities that are hurting, frankly. Those are the communities that should be filled to the brim with students. Those are the ones that need to have the community come back to get that retraining they need to fill that skills gap, as I mentioned — the 59 percent who have post-secondary education as opposed to the 73 or 74 percent who are going to need it.

I think we can say that a small part of those declining enrolments may be attributed to the economy, but I believe those declining enrolments can be attributed more to lack of access and lack of affordability.

It's interesting that you mentioned the Perrin report because that report has been.... We were not consulted as an organization, nor have any of my members. But that report has been released to a very few or very select group of people. To be honest with you, I have tried over the past three weeks to get a copy of the Perrin report, and I have been unsuccessful. I have been unsuccessful at the minister's office. It's an esoteric report that I would like to have a look at, but I'm sorry; I can't answer that question. It's been unavailable to us.

**D. Hayer:** Thank you very much. A very good presentation. I want to say a special thank you to Terri, because....

**B. Ralston (Deputy Chair):** Just let me interrupt. Kathy, did you want to add to that answer? Sorry.

**K. Bonell:** I did. I was thinking of your first question that you were asking. I've lived in the East Kootenay region for 25 years and was there when young kids were being solicited out of high school and colleges to work for Cominco. They didn't complete any kind of formalized education. I was also there and a part of Cominco's closure and witnessed those same individuals not having access to employment. Many are my friends, and they are my families. I witness families living apart from one another. I witness adults who are now 40, 45, 50 years old labouring because

they don't have the options that they would have had there been a different arrangement with business.

I take that to heart, particularly when Moura Quayle spoke about long-term economic and social benefits. That's real for our particular region.

[1520]

**B. Ralston (Deputy Chair):** Thanks. Dave, I'll let you get started again.

**D. Hayer:** Thank you very much. A good presentation — a lot of detail there — and I want especially to say thank you to Terri for coming over. I served on the board of governors for Kwantlen University College in 1999, 2000, 2001 — until the election of 2001. I remember, when the tuition fee had a freeze on it, going through what challenges it had and also the fact that it used to come to: "How come we can't have enough classes?" We had to cut back. We could not fund.... Enough funding wasn't coming in.

Also, at the same time, when kids couldn't find jobs unless they moved to Alberta and Ontario.... I have four kids, three of them post-secondary and one in high school. They all work part-time to support themselves.

My question is to you. The government has increased student funding first, I think, from about \$8,000 in the 1990s to about \$9,200 per student now, and then they also created about 25,000 new spaces by 2010. From there, I think we have over 70,000 spaces already created. That is allowing a lot more students to get in. You don't need to have an "A" average. If you have a "B" average, you can get in.

On the other hand, when I talk to students and many of the friends of my kids, they say many of them have decided to work part-time and then go back to school. What there used to be in earlier years, in the 1990s, especially when they couldn't find the jobs....

Do you think that creating the 25,000 extra spaces in post-secondary was a good idea, even though I think what we might have to do is maybe change where there are more vacancies — not enough seats are being filled — to the area where there are some shortages, where the lineups are in?

**C. Oliver:** Any time the government wants to increase the number of spaces available for students, I think it's completely laudable. It's great. The key there is to fund all of those spaces.

What has happened in the last five years is that the Advanced Education budget has increased by a little over 9 percent, but if you look at inflation in that same period, inflation has risen around 13 percent — something like 12.7 percent — so there's a gap there. That means that per-student funding has dropped, and in order to create spaces that are actually accessible and that students can get into, those seats must be funded. I would say that's the one flaw in that.

I encourage the government to continue and develop those spaces throughout the province, but I also encourage the government to fully fund those spaces, whether it's in nursing, trades, university transfer, adult basic education — any of those.



**D. Hayer:** Do you think the funding of \$8,000 per student in the '90s to \$9,200 is the wrong number, or is that now sufficient?

**C. Oliver:** If you look at how much inflation has increased in that time — if you look at it in real dollars — it's considerably less — about 11 percent less.

**R. Hawes:** This morning we got a presentation from — and this isn't my question; I just want to refer you to the University Presidents Council's presentation to us this morning, which I think is probably available on the website.... Some of the things they're saying really aren't quite the same as what you're saying, and their ask certainly is different than yours. These are the people who are charged with running the universities, and I'm wondering if you're on the same page or not on the same page. But that's not my question.

**C. Oliver:** Okay. Well, I'll answer it anyway.

Interjections.

**R. Hawes:** Thank you, Mr. Chair, for being indulgent.

We've heard around the province about a 10-percent cut in tuition fees. If I were to look at that — and I still am scratching my head — for a fairly expensive degree program.... We're talking \$400 to \$500 a year; on a four-year program we're talking \$1,600 to \$2,000, which can be covered in a student loan.

I attribute university and post-secondary students with having an awful lot of initiative and drive, and I'm having difficulty envisioning the student that for the want of \$1,600 over four years would say: "I'm giving up on my university degree or my post-secondary diploma or degree." I just can't picture that, because it would seem to me that that student, perhaps, in the workplace would be lacking initiative and would be difficult to hire.

[1525]

I give a heck of a lot of credit to university and post-secondary students, and I think they are people of initiative. I'm wondering if perhaps our student loan program needs an overhaul. I know for some, it's difficult to access. I wonder about whether or not it's the student loan program we should be looking at, rather than what seems to be a small amount — 10 percent.

**C. Oliver:** First of all, I want to correct that figure. Tuition fees, in many cases, have doubled, and it's not just that \$1,200 or \$1,400 or \$1,600 figure, or whatever you said. Tuition fees used to be around \$1,200 at the time the freeze was on. They're now closer to \$4,000 and \$5,000.

**R. Hawes:** So 10 percent is \$400.

**C. Oliver:** That's a considerable amount when you consider, too, that student grants have been eliminated. The student is not getting any grants in the student loan program.

I would put to you that the student loan program does need to be overhauled, frankly, and students need to be given more of a break. Grants need to be reinstated, for one thing.

I also want to comment on the University Presidents Council. They did make a presentation, I understand. I have not read their presentation yet. However, they represent the universities, and we, for the most part, represent colleges, university colleges and certainly our newest university, Thompson Rivers.

Universities have actually had more money allotted for them in the past five years, much more than the college system has. So their perspective may be somewhat different. If you take a look at the budgets of the five universities and look at the funding that has been provided in the college sector, you'll see quite a difference.

**B. Ralston (Deputy Chair):** The time has flown by, and it's elapsed. Thank you very much, Cindy, for your presentation. For all those who made presentations, it's nice to see some of you for a second time around in this consultation.

The next presenter is the University of Victoria Faculty Association, William Pfaffenberger.

**W. Pfaffenberger:** Good afternoon. My name is Bill Pfaffenberger, and I'm president of the University of Victoria Faculty Association. I'm a professor of mathematics at UVic and have held a variety of posts at the university, including department chair and a member of the board of governors.

The UVic Faculty Association represents 800 professors, senior instructors, academic librarians and other academic staff at the university. The association represents faculty members in their employment relationship with the university and in promoting the importance of universities to the development of our society.

We appreciate the opportunity to speak to the committee today as it prepares its advice to the Legislature on budgetary and fiscal priorities for 2007-2008. We understand that there are many competing claims on the government's purse. However, rather than looking at the provincial budget as a fixed pie to be divided up, we want to emphasize the role of universities in making that pie bigger.

We see investment in universities as the foundation for a growing and sustainable economy, leading to an even stronger economic future in which fewer trade-offs will have to be made. The association appreciates the investment from the provincial government in the 2006 budget to offset the decline in student funding.

[1530]

If the current government spending plan is maintained, the losses in per-student funding since 2001 should be made up by 2008-2009, and we appreciate that. This good news is tempered by the fact that there have been significant increases in student numbers in high-cost programs. For example, between 2001 and 2005, UVic added 1,079 weighted-full-time-equivalent — and I don't want to go through that; that's WFTE — spaces to professional and health science programs, an

increase of 26 percent. This is almost three times the overall growth of WFTes at UVic during the period of 9 percent.

Furthermore, the 26 percent is just an average, with some programs experiencing higher growth. For example, in the health science programs, undergraduate WFTe enrolment grew by 50 percent, and graduate FTE enrolment grew by 138 percent.

UVic also has funding pressures in common with other public universities. First, the costs of many of the goods and services purchased by the university are growing faster than the rate of inflation. This means that unless additional funding is forthcoming from government, students may pay the price through reductions in support services and declining educational quality. Institutional equipment, including computers and lab equipment, are also very quickly becoming obsolete and are very costly to replace.

Second, the construction costs to refurbish old buildings and build new buildings are rising at about four times the rate of inflation. The Auditor General has projected that construction costs will rise between 8 percent and 11 percent annually over the next four years.

Currently, UVic has about \$140 million in construction projects in progress. If construction costs rise by 1 percent, this represents to the university a cost of \$1.4 million. UVic has been dealing with these soaring costs by digging into contingency funds. This is not sustainable. If government doesn't intervene to provide additional funding to offset increasing construction costs, it won't be long until there is a direct effect on the services and education that we provide to our students.

I now come to the matter of graduate-level education. The research and innovation structure of our province depends on master's and doctoral students. Not only will these graduate students become the next generation of researchers, scholars, teachers and innovators, but they also play a role today working with established researchers and scholars as research assistants, teaching assistants and other support to the university. UVic's research laboratories and classrooms would grind to a halt without graduate students.

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 were behind Quebec and Ontario and just ahead of Alberta.

In the intervening three years we have fallen further behind. Just last week the government of Ontario announced funding for a further 55-percent increase in the number of graduate student spaces. This makes it extremely difficult to keep and attract the best and brightest graduate students.

Successive B.C. governments have not paid attention to the need to create fully funded-graduate student spaces. As a consequence, the universities took on the responsibility themselves, with UVic creating 416 new, unfunded, full-time-equivalent graduate student spaces over the last 12 years.

In light of other cost pressures, the universities can no longer increase the number of graduate spaces on

our own. The only way to move ahead is for government to fully fund new graduate student spaces.

We are recommending an increase across the university system of 500 funded spaces per year for the next four years for graduate students. In addition, to assist with our recruitment and retention of graduate students, we are also 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.

[1535]

It's interesting. With respect to this request, just last week I met with a member of my department who is an associate professor. He's been with us for eight years. We have a department of about 30 faculty members, and he has the fourth-largest research grant in the department.

He pointed out to me that in the last three years he has been unsuccessful in getting the best graduate student that he was after in each one of the years for exactly the same reason. That is, in funding graduate students, what we do is basically set a minimum level of \$12,000 a year, where we try to support all of our students at that level, which is actually under the level that it will cost for them to sustain themselves. Then we try to tack on top of that funding which comes from grants and so on. Sometimes we're up to maybe \$15,000 or \$16,000, which is the maximum we offer any student.

The students he was competing for.... All three of them were from outside B.C., and he was unsuccessful with all three because all three took offers from Ontario that were in the range of \$25,000 to \$30,000 a year.

The request here for those 500 is extremely important for our ability to be able to actually attract the very top graduate students. You might wonder why we would want to do that. For example, with those three someone has made a phenomenal investment elsewhere in terms of bringing them to the level that they were at to apply and be willing to come to UVic. As a matter of fact, we were unable to get them here.

The advantage of having them here and getting their higher degrees here is that then you have the advantage of them possibly staying in the province. When you actually look at the investment, it's a really good investment when you think of the fact that they're the very top people.

In looking at this in terms of my own priorities, that last one, which is the 500 at \$10,000 a year, is a really superb recommendation in terms of having a real impact on the system. I'm just throwing that in because, of course.... I'm throwing it in — right?

**B. Ralston (Deputy Chair):** The floor is yours, so it's entirely appropriate.

**W. Pfaffenberger:** We are grateful for the past support of this committee and for the improved financial support from government in key areas. We are heading down the right path, but there are still some significant matters that have to be addressed if British Columbia is to realize the full value of its universities. We hope that you will again support us this year in our recommendations to government.

That's the end of my prepared statements, and I'd be happy to answer any questions that you have.

**R. Hawes:** Thank you very much. That was a good presentation and remarkably similar to the University Presidents Council's presentation on graduate students.

**W. Pfaffenberger:** I expected it would be.

**R. Hawes:** I guess my question is.... Well, I don't know if it's personal or not. The nurses are having trouble with mentoring programs because some of the more experienced nurses are retiring and moving on. I notice that your hair is almost as grey as mine. We're going to have to stock our universities with people who are able to teach. Have we got a problem with an aging professorship?

**W. Pfaffenberger:** Actually, I think that if you look at the nursing school at UVic — I know a number of the faculty members there — I don't think that's really the problem. The problem there is that you have people that.... In that particular program there's a lot of outreach done by those faculty, so it's a pretty high-stress situation for the people there.

I think what they ask for is usually kind of where the rubber meets the road. That is, the types of requests they make in terms of support of their programs are absolutely crucial for them to be able to do exactly what you're saying — train more people, actually expand graduate programs so they can get more interested students in, so they can train people who can then replace them.

I think their recruitment has been quite successful, but the thing I'd worry about more is their burnout rate.

**R. Hawes:** I'm thinking across the broad spectrum at the university level. Are faculties in general aging to the point that we should have some concern here?

**W. Pfaffenberger:** At UVic we've replaced basically 40 percent of our faculty since 2000. So when I look across my department, it's a different place than it was in 2000. I think we've done an extremely good job of recruiting, but it's really the retention issue which is the main one. That's why I was talking about this fellow.

[1540]

His next comment to me, after commenting about these students, was: "If I'm not able to get the best graduate students, I might look for a job elsewhere. It wouldn't be in B.C." It's affecting our ability to actually retain. We've had phenomenal success at recruitment. Retention is really a tricky issue. That is, it's one where you basically have to compete with other jurisdictions, and that's in terms of what kind of workloads they have and so on. I think that's basically where the faculty associations and the administrations are focused in terms of the local problems on campus.

Certainly, when we sit down and negotiate, we negotiate contracts that are interested in recruitment or retention, but I think that now it's more towards retention because we have done a.... We're going to be do-

ing a lot more recruitment, but we have done a lot of recruitment in the last five or six years.

**B. Ralston (Deputy Chair):** When you speak of the graduate program or the funding of graduate spaces, is there any sense of how that would divide up among public universities? Or is that something that would be negotiated?

**W. Pfaffenberger:** My guess is that it would probably fall proportionately in terms of the size of our graduate programs. I think that all the graduate programs have been bootstrapped. UBC, of course, would be in a better position. They've had graduate programs for a lot longer time than the other universities.

In terms of the expansion of graduate programs, you find out that when you increase the quality of your faculty, that's one of the demands: the fact that these people actually want to have graduate students. It's a good thing. I mean, it basically gets you more bang for your buck, because this is what they want to do. They want to train more people, but you've got to give them the wherewithal to do it.

I know that at UVic the history has basically been to cobble things together and get things to work, but eventually it starts to cost you in other places, and then the trade-offs are that finally, you get to where you're making decisions, where it's graduate against undergraduate resources.

It turns out that the graduate one is usually the one that's done without people counting courses they teach and so on. It's kind of the love of the profession in terms that it keeps them going. A lot of times those are the ones that end up being injured more than the undergraduate.

**B. Ralston (Deputy Chair):** Thank you very much, Professor Pfaffenberger. I think that time has finished. We'll move on to the next presentation.

I'm inviting the Canadian Home Builders Association of Victoria, Casey Edge and Steve Copp, to come forward. Good afternoon.

**C. Edge:** Good afternoon. My name is Casey Edge, executive officer for Canadian Home Builders Association of Victoria. With me is Steve Copp of Steve Copp Construction, vice-president of our association. We'd like to thank the Chair and members of the Select Standing Committee on Finance and Government Services for the opportunity to make this presentation.

First, a little background on our organization. We're a national organization of 7,000 builders, trades and suppliers dedicated to education, professionalism, consumer awareness and housing affordability. Our headquarters is in Ottawa, and our provincial office operates from BCIT, delivering education and training programs.

There are ten local associations throughout B.C., including Kamloops, Kelowna and Vancouver. In Victoria we have 180 member companies, including trade suppliers, banks, home warranty companies and a core of Victoria's top builders forming our builders council.

We're an organization of professionals that believes in giving back to the community. Our annual activities include fundraising for B.C.'s Children's Hospital, Goldstream Chums, Young Life and Habitat for Humanity.

We'd first like to congratulate the government on its tremendous success in taking B.C.'s economy from last place in the country five years ago to today's economic powerhouse. In the year 2000 Greater Victoria was at a 40-year low with 872 building starts. Today we have a steady and vibrant industry, building more than double that number — 2,058 starts in 2005.

This success is due in large measure to the government's dedication to a balanced budget, creating confidence in the investment community and resulting in a strong economy. However, success is not without its challenges. Escalating land, material and labour costs have boosted the average price of a home in Greater Victoria at more than half a million dollars. This is a concern, especially when one considers that affordable housing is a critical component of an individual's health and social well-being, which represent 47 percent of the government's annual expenditure.

The government is addressing this, in part, through the recent new funding of rent supplements, supportive housing and assisted-living units. We applaud your initiative in dedicating \$40 million annually towards a rental assistance program for low-income working families.

[1545]

CHBA is also working with B.C. Housing and Habitat for Humanity to create innovative, affordable housing projects, such as the Flex-Plex Housing Project, recently approved at a public hearing in Saanich. This project introduces zoning for the first legal mortgage-helper and caregiver suites in the district and offers future opportunity for housing flexibility. This initiative could not have been accomplished without support from a number of people, but particularly B.C. Housing during the past several years.

The Homeowner Protection Office, working with industry, is in the process of creating education standards for builders. I would like to emphasize the importance of this initiative. Presently all that's required to be a builder in B.C. is warranty, and warranty alone is insufficient to create excellence in the construction of homes, especially energy-efficient homes. An education standard will provide greater consumer confidence and provide a career path for young people.

This is especially important during the next two decades, when we will experience a shortage of skilled trades. To attract young people to the residential construction industry, they must be confident that their career choice is supported by education and professionalism. Besides the fundamentals of house construction, builders must be trained in building envelope science, WCB and lien regulations, warranty issues and other areas. With implementation of education standards B.C. will become a national leader in professional residential construction.

I would like to comment on an issue of economic efficiency and future growth for British Columbia.

One-third of Canada's population, or about ten million people, are set to retire during the next 15 years, and Greater Victoria will be a major destination for this demographic. We will need strong regional facilities to support this influx of retirees.

We will also need more consistent and efficient development and building processes throughout the region and the ability to embark on major infrastructure projects like an LRT system. Better regional planning will enable us to create zoning for the future, protect environmentally sensitive areas, create more housing affordability, identify areas of high and low density and create better infrastructure to support the region.

In 1980 Calgary began building their light rail transit system when they had a population similar to Greater Victoria's today. At the time there was a tremendous debate about whether the population was sufficient to embark on such a project; 25 years later Calgary has a population of about one million people, and they pat themselves on the back for having the foresight to build it.

They were able to accomplish this partly because Calgary has a ward system. Communities similar to Oak Bay exist, but they exist as part of a single-municipality council, where their representatives must work on issues that impact the region. Unified municipalities are simply more effective at addressing regional issues.

Back in the '70s the B.C. government's position was entirely opposite to today's policy. In the mid-'70s the government was convinced that a passive approach was inadequate to deal with growth and change. They employed a directive approach because — and I quote from the B.C. government's own documents: "The province had interests in restructuring that extended beyond its narrow constitutional responsibilities, including local autonomy, financial goals and growth management objectives. A passive approach had failed to induce the desired level of change, and consequently, both the province and local governments were losing out on the benefits created by restructuring local governments."

The province believed it had the greatest interest in restructuring and asserted itself over local governments to achieve its interests. The province's directive approach took the form of either legislating structural change and/or using the persuasive powers of the province to induce change. The province used the first two approaches between '72 and '75, most notably to restructure the fast-growing regional centres of Kamloops, Kelowna, Nanaimo and Prince George.

The directive approach has the advantage of providing a quick and decisive outcome to a restructuring process. As a result, it can overcome a local, political resistance or a lack of local consensus on change. As well, the province can dictate the form of restructuring that it wants.

The ministry shifted from a directive strategy to what they called a facilitative approach in the mid-'80s. They created a formal program of incentives and disincentives to guide local government restructuring without forcing change. This includes a program of equalization grants that, in effect, discourages small communities from giving up their local autonomy.

Our province continues to struggle with the issue of regional planning, particularly in two of our most populated areas, the lower mainland and Vancouver Island. The building policy branch has embarked on a recent program to modernize construction regulations and create more consistency in interpretation of the Building Code. However, the success of this effort will be very much dependent on the provincial government's willingness to assert provincial interests, at least in some instances, over local government autonomy.

**B. Ralston (Deputy Chair):** Thank you. I have a question. This morning the Victoria Chamber of Commerce raised the issue of what it called divisive municipal structure, government structure, here on the lower Island. You seem to be touching on that again. What would you advocate — and I think that maybe it flows from your presentation — in the way of change, if anything, to the municipal structure here on the lower Island?

[1550]

**C. Edge:** I would throw out the possibility of a ward system. A ward system provides local representation at a single municipal council, as it does in Calgary, so that you do have communities represented. But at the same time, it forces them all to meet in a single environment and make decisions that affect the region.

**B. Ralston (Deputy Chair):** From the perspective of your industry, what would be the benefit of that?

**C. Edge:** Our industry doesn't operate separately from the rest of all of the critical issues in the region. So to protect certain environmental assets in this region, you need proper planning. Identify high-density areas versus low-density areas, areas that need to be protected.

There would be consistency with respect to building standards, building regulations and development permits. In one municipality right now it takes two days to get a building permit. In another municipality it can take you three or four weeks. What is the reason for that? What is the logic in that? We deal with 13 different municipalities.

Perhaps, Steve, you'd like to comment on some of the issues regarding permits and different interpretations.

**S. Copp:** Yeah, that's a big part of it.

Each municipality has a different interpretation of a lot of issues, whether it's poly under slabs or whether it's insulation or whatever. There is a standard book we call the Building Code, but not everybody interprets it the same way. If I'm building a house in Oak Bay and another one in Langford, I may have different things I have to do in one area, where I don't have to do it in another. It's expensive, it's confusing, and it's not sort of a common means to what we're trying to do.

**R. Hawes:** I agree with you. I've worked at the municipal level, and I know exactly what happens there. I've also worked in your industry, so I know what

happens when you do it from both sides of the counter. Sometimes it's not very pleasant.

My question, though, is around planning. The regional growth management plans that regional districts do go into do lay out where areas of growth or density are going to be — where industrial, where commercial, where transportation. It's got an environmental plan, etc. But sometimes those plans come into conflict with government regulation. Generally speaking, provincial regulation will rule.

I'll give you an example — and that's what my question is: the agricultural land reserve. For example, right now in the Fraser Valley, in their regional growth plan there are areas planned for growth that would impinge on the agricultural land reserve. So the agricultural land reserve has said no to some of those, which will stop growth of compact communities, etc., in some areas in the Fraser Valley.

Can you comment on how you would see or where you would think that kind of growth planning...? Who should trump the others, if you will? Should it be something like the Land Commission? Or should there be an overall plan that everyone has bought into?

**S. Copp:** Firstly, the agricultural land reserve should probably be reviewed. I know it's sort of been up and down over the years, and there's been talk about it being defanged a little bit and whatnot, but it's as strong as ever. There are areas — and again, I'm not sure on the mainland because I'm just a local builder — sitting there and not producing and not doing things that should be taken out of the land reserve. If it doesn't get done, it doesn't get done.

What you're talking about — sure, it might be an area plan for lots of housing, but because of the agricultural land reserve it can't be done.

**C. Edge:** I'll give you an example. The CRD did a housing and affordability strategy about two years ago, and in that housing and affordability strategy they recommended either waiving or reducing DCCs. About two weeks ago the city of Victoria opted to raise DCCs by 2,000 percent on a single-family home built in Greater Victoria. A DCC for a single-family home at one time was about \$268. Now it's going to be over \$5,000.

What is the impact of the regional strategy with respect to housing affordability? It has no impact. The local government makes a 2,000-percent increase in DCCs, and there are no other options. So we have that increase at the local government level.

[1555]

Then you have the provincial government's building standards branch deciding that all single-family homes should receive rain screen. Their initial cost was \$800. In fact, we've discovered that it'll be about \$10,000. If you're going to build a home in Greater Victoria or in Victoria — for example, a single-family home — this time next year the price of that home has just been increased, through the city of Victoria and the building standards branch, by \$15,000.

Federally the GST rebate, which was introduced in 1989, has eroded. Some 93 percent of Greater Victorians were entitled to that full rebate in 1989; 12 percent of Greater Victorians are entitled to that rebate today as a result of inflation.

Through these three different levels of government, all operating independently, we have significant increases in housing with nobody really overseeing any of it.

**B. Ralston (Deputy Chair):** Thank you very much, gentlemen. The time for your presentation is finished.

**R. Hawes:** I'm not at all familiar with rain screen. Have you got some documents about what rain screen is or something? Can you provide that?

**B. Ralston (Deputy Chair):** If you could provide it to the Clerk. Perhaps they could help you with that. Then it'll be distributed to all members of the committee. I think you've caught the attention of the members of the committee with your figures, in terms of the increase in costs.

The next presentation is the British Columbia Construction Association, Manley McLachlan.

**M. McLachlan:** My name is Manley McLachlan, and I'm president of the B.C. Construction Association. I am here today representing that organization. I want to give you just a very quick overview.

BCCA represents some 1,800 employers here in British Columbia, all active in all areas of the construction industry. Our members are contractors. They build industrial, commercial and institutional structures. We represent general contractors, both large and small, as well as trade contractors.

Our organization is unique in British Columbia because we have representation from across the entire province — through the northern part of the province, the southern interior, Vancouver Island and the Vancouver regional associations. As well, we're unique in that we are not a labour relations organization, so our members are both open-shop contractors as well as those contractors who are working under collective agreements.

We feel that the continued economic upswing in B.C. is a direct result of the excellent fiscal management of this government, and we applaud them for the good work they're doing. Construction is the most important sector, given the fact, first, that nothing happens until something gets built.

In today's environment, where we now have a list of major projects — those projects are valued at \$15 million and up in the regions and \$20 million and up in the lower mainland — that totals over \$102 billion. These projects are either under construction or are in the design phase within the province, and they extend to about 2013.

This is an unprecedented list. It's an unprecedented opportunity here in British Columbia. In 2004 the construction industry accounted for 5.9 percent of the

gross domestic product of the province. That's larger than forestry and logging, mining, and oil and gas extraction.

The industry today employs over 166,000 people. That's an increase of some 50,000 over the last 14 to 16 months. Construction employment has risen steadily, but as you will see in a few moments, we know there are areas around attracting sufficient numbers of workers to meet the requirements to build that \$102 billion in projects.

[1600]

BCCA supports the recent recommendations of the British Columbia Competition Council, particularly the recommendations made by the construction and housing industry advisory committee to that council. There were five key recommendations that were made by that committee, the first one being the creation of a dialogue mechanism through the creation of a ministry of construction by amalgamating all British Columbia construction and housing departments and agencies, except the Ministry of Transportation, which already has created an effective working relationship with its industry sector.

The second recommendation was to speed up the process to establish the new apprenticeship and training system and increase funding to that system to address the labour shortages across the industry.

The third recommendation was to streamline the government procurement process for construction capital expenditures to make it fair, consistent and more cost-effective across all levels of the B.C. government. I'll spend a bit more time on that as I move through my presentation.

Fourth was to explore options to champion innovation and applied research and development to advance the competitiveness of the industry.

Finally, work towards creating industrywide safe work practices and publish safety statistics to show progress that is being made towards the industry's zero-injury goal.

The Construction Sector Council has recently released an analysis of B.C.'s construction market and the demand on a trade-by-trade basis for skilled workers going out to 2013. This is a scientific analysis of the labour market needs in our province, and it points out the huge demand we will face for skilled tradespeople in the next ten years. Above all else, the report states that there will be a demand for nearly 50,000 new workers across the industry within the next six years. Collectively, government and industry must face this challenge.

We commend the government for the introduction of a training tax credit in the last budget. The construction industry is keen to work with government to ensure that this progressive measure has the most impact in addressing skills shortages in B.C.

A recent meeting of industry representatives reached consensus on the following three major points relative to the application of this tax credit. The tax credit should be applicable to all training programs accredited through the Industry Training Authority, with the proviso that industry groups have the oppor-

tunity to make application through the ITA or the pertinent industry training organization to have their particular training program recognized.

Secondly, the tax credit should support completions in apprenticeship and industry training. The key word there is completions.

Third, the tax credit should be tied to payroll information.

Private investment is critical to maintaining a healthy construction industry, and we would ask this government to continue to focus on the investment climate here in B.C. In this matter, we encourage the government to heed the recommendations made by the Competition Council.

This government needs to focus on ensuring that the procurement of public construction is undertaken by its agents in a manner that utilizes existing standard construction policies and procedures. Standard practices and procedures translate into good business. They provide equality for all parties by appropriately apportioning liability and ensure the transparent and accountable use of public funds. The provincial government, as trustee of taxpayers' dollars, must be able to monitor and ensure the use of accepted tendering procedures whenever such dollars are involved in a construction policy. This is simply sound policy.

We encourage the government to entrench the principles of transparency and fairness, including the use of standard tendering documents in all tendering procedures funded through public moneys. We would refer this committee to the issues raised in a recent special report appearing in the *Vancouver Sun* detailing poor business practices and questionable tendering processing revealed by an audit of publicly funded municipal projects.

BCCA predicted problems arising in this area when the provincial government moved towards greater autonomy for local governments. BCCA's concern lay in the loss of established equitable, provincewide standard tendering policies and procedures. Given that many local government projects will be funded in part by provincial tax dollars, it is imperative that local government be in some way bound to comply with standard provincial tendering policies.

The government's move to decentralize in construction procurement left individual ministries and local government agencies facing the need to establish their own construction procurement procedures. Such decentralization has proven to be very problematic for the industry and, as demonstrated by this audit, for public agencies that purchase construction services.

Requiring that standard policies are adhered to guards against the inappropriate inclusion of local preference clauses, hidden preferences, lack of transparency in the contract award, and inequitable and oppressive liability and indemnity clauses. All of these have the potential to lead the parties into conflict and, ultimately, into the courtroom.

[1605]

We would concede that it may difficult to attract bidders in today's environment. The truth is that bad documents, bad schedules, difficult buyers, along with bad business practices, are the main reasons that con-

tractors choose not to bid on a project. The current superheated construction sector has produced many challenges, including skills shortages, that affect the capacity of builders to take on additional work.

The justification for offside tendering practices, such as sole-sourcing multi-million-dollar contracts, as a means of ensuring having a contractor on site makes little sense and is simply bad business. All parties need to be aware of the consequences of this approach. We would suggest that you should ask Chuck Guité about his sole-sourcing rationale.

Government must take care of the public purse, and this government has clearly articulated that it intends to be accountable for how public funds are spent. We strongly support this commitment.

The construction industry is very competitive. Our members work hard not only on the job but to get the job in the first place. They know only too well that efficiency in business is a necessity for survival, and as such, we are in favour of a more efficient government.

In years past we have focused on recommending the outsourcing of construction services. While we are still very much in favour of such action, we'd like to take this opportunity to stress the need for government to be on the alert against creating arm's-length public agencies or government services that look like a good idea initially but end up competing, with unfair advantage, against private industry.

We would suggest that the development of B.C. Bid is an example of such a potential shift. B.C. Bid has existed for a number of years and has provided useful procurement services for public agencies. In recent times, however, the service has expanded dramatically into construction procurement at significant cost to government. It now provides electronic information services on construction opportunities that were already being offered efficiently and at no cost to government by the private sector. Funded by the public purse, it now competes head-to-head with private industry. Tax dollars should not be supporting such an enterprise.

Continued improvement of the infrastructure of our province should remain high on the list of priorities for this government. A strong economy is not possible without a strong backbone of roads, bridges, water supplies and sewage. If we expect to compete with other jurisdictions, we have to have an efficient infrastructure network through which trade and commerce can effectively move. A strong infrastructure should also include proper maintenance of our public schools and hospitals.

Public funds must be spent carefully and effectively and only on those projects where a need has been clearly indicated. Fiscal responsibility is essential. However, care should be taken not to disregard the value of maintaining and strengthening existing infrastructure. At times you must spend to save, and we urge the government to support those capital projects that are necessary for our province to maintain and, where possible, to improve upon our current infrastructure.

In the current economy it is critical that government and its agencies pay particular attention to ensuring that proper, accurate and timely project budgets are

created prior to going to tender. Dollars are needlessly spent by all parties when projects are tendered and then stalled or cancelled due to a lack of timely and accurate cost forecasts. Re-tendering a project because of budget underestimates simply results in added costs when a project eventually moves forward.

The issues around the workforce needs in this province are significant. We're well aware that there is a large segment of our population that has historically been underrepresented in the construction labour force, including women, visible minorities and aboriginals. These groups are of keen interest to the industry. BCCA has a history of working with representatives of underrepresented groups to encourage their participation in the construction workforce and continues to see the need to further develop these non-traditional sources of labour supply.

BCCA is an active partner in a number of major projects dedicated to the development of employment opportunities for aboriginals and new Canadians. We encourage government to include in its review of provincially funded employment programs results-based performance criteria in the evaluation of all program funding. Additionally, direct industry involvement must be a criterion for all employment-related program funding. The combination of these two criteria will ensure that people actually end up with jobs.

[1610]

The demand for construction workers is clearly outstripping the growth and supply of such workers. The labour market information that I provided at the outset did identify that some 50,000 new workers will be required, not only to address the new jobs but also to address the fact that about 20,000 of these jobs will be replacements for an aging workforce.

Although the removal of mandatory retirement requirements may reduce the numbers of workers exiting the industry in the next few years, by far the bulk of these older workers will likely choose to enjoy the retirement for which they've worked so long and hard. Canada's pension income tax policies also contribute to the choice to retire, as they have direct impact on the bottom line for workers.

The Construction Sector Council study also highlights the need for the additional 30,000 workers that I referred to earlier. Our underlying employment immigration policy and process are structured to ensure that any work opportunities in Canada are available to Canadians first and to prevent the hiring of foreign workers from having any adverse impact on work opportunities for Canadians.

Given the current unparalleled levels of growth in the industry and the difficulties being experienced in recruiting a significant number of domestic workers, the B.C. Construction Association believes that temporary and permanent immigration could assist in augmenting the supply of construction labour in Canada. The province, however, should reinforce its commitment to this solution and commit additional resources to bolster the provincial nominee program to ensure that both employers and immigrants have timely access to the provincial nominee program.

In conclusion, we are pleased to have had this opportunity to provide input to the consultations being undertaken by this committee. We believe that the provincial government must take a leadership role to ensure that B.C. is able to maintain its global competitiveness by ensuring that we have an adequately skilled labour force to meet the demographic challenges that we face. To this end, we trust the government will act on our recommendations.

**B. Ralston (Deputy Chair):** We have time for one question.

**R. Hawes:** We heard from the faculty associations of a number of colleges and community colleges earlier today, and in other places, saying that the training tax credit should be scrapped and the funds given to the community colleges directly. Can you comment on that and on what you feel is the effectiveness of the training tax credit.

**M. McLachlan:** First off, we obviously don't agree with that position. One of the basic principles behind the training tax credit was to provide an incentive to employers that not only addresses the costs associated with hiring and maintaining an apprentice at least through the first two years, but there also needs to be an incentive to these smaller companies. Some do engage apprentices, but there are others out there who haven't done that.

We felt from the outset that the training tax credit would be an efficient way of providing another tool, if you will, or an additional incentive to employers to engage in the apprenticeship system. If every company in British Columbia in the construction industry hired one new apprentice, we would be a long way towards meeting the needs of the industry.

Putting the money back into the college system — quite frankly, we don't see how that would relate back to the needed incentives, if you will, and how that money is necessarily going to be effectively used to address the need to attract new apprentices into the system.

**B. Ralston (Deputy Chair):** Thank you very much, Manley. Our time has gone by.

The next presenter is the Society of Living Intravenous Drug Users, Carol Romanow and Dennis Gudmundson presenting.

Welcome, and good afternoon.

**C. Romanow:** Good afternoon, and thank you for giving us the time to speak today.

Somehow, when I began the useless searching for relevant articles and statistics, I thought I would come up with something new to present here. Instead, unfortunately, I found more of what I presented last year and the year before that and the year before that. The numbers have changed, and not in a positive way. Homelessness is higher, treatment beds are harder to get, and people are still dying on the streets, even in Victoria.



We have brought to you before the statistics on the number of homeless. It's gotten worse. We've brought to you the number of those cut off welfare. It not only has gotten worse, but we find that companies are being paid for workers who are deceased. Yet fraud is not a consideration.

[1615]

Our poverty in British Columbia has risen 22 percent, and still we're doing studies. Still we ask why.

I did find population information in B.C. *Quick Facts*, yet no mention of how many are homeless or living in SROs, which many consider to be in the Third World category. We're told how wonderful life is in British Columbia, yet we see constant reminders that it is not and attend funerals for those who have passed — and who have passed not in the most pleasant of ways.

We mention our culturally diverse aboriginal population, yet no mention that these are the people hardest hit by homelessness, addiction, hepatitis C and HIV. Some estimate that 30 percent of the homeless are first nations people.

Cosmopolitan lifestyles in Victoria are part of the allure and the tourist information, but not for the more than 750 homeless in Victoria and those who live in poverty. I wonder how many were not found to be counted last year. Will the number be up for this year when we do the count again in January?

How cosmopolitan is it to be sleeping on the streets or living in one room and sharing a bathroom with ten or 15 other people? How many times do we need to count the homeless instead of doing the right thing and building more supportive and affordable housing?

The shelters and affordable housing B.C. government press release states that a new strategy improves housing for families and the homeless — \$218 million. One of my e-mail buddies figured out that for a family of three it costs \$62,116.05 for shelter beds for three people, versus the current rate of \$620 per month for that same family. The B.C. government spent \$18.2 million for 879 beds paid out to one supplier.

The math works out to be approximately \$21,000 a year per bed. This is not what one gets for shelter if they're on welfare, but reflects the exorbitant costs of providing a shelter bed as opposed to raising the costs of welfare or providing a guaranteed liveable income.

Much of what we know does not come from our readings. Reading information and statistics is not entertaining and is dry at the best of times. Our knowledge comes from the people we see every day, from our e-mail lists and information posted on them, and discussions we have with SOLID members in our outreach and needle exchange. Over the last four years of running an unsupported needle exchange, we have seen the exchange numbers change from 800 new rigs a month to 8,000 new rigs a month.

Our knowledge comes from our peer group, those who are most affected by draconian policies, and those who suffer the consequences of policies that cut back on welfare and make help almost impossible to get, and which has arbitrary rules and regulations that are more designed to deter than assist.

We speak to our friends when we go to the Upper Room for a meal or to Our Place for a coffee, to Streetlink for a change of clothing. We use the Mustard Seed, St. Vincent de Paul and other food banks. However, we also know these are not enough. There is no food bank in Saanich-View Royal and not much outside the central Victoria area. But Langford, Sidney and Sooke do have food banks.

We see and know those who are using drugs and those who live on the streets. In addition, we also know those who live in apartments or nice homes. The diversity, education, socioeconomic status — the differences of those who use drugs is vast. Personally, in my part-time employment with Mobile X, a mobile needle exchange with VARCS, I have been to every community in greater Victoria — Colwood, Langford, Esquimalt, Sidney, Saanich, Oak Bay, View Royal, Fernwood, Fairfield — and not one community is immune.

To this end, the current laws and policing do not work. In fact, there is more money spent on policing than treatment. Many advocate for the laws to be completely changed, with legalization and regulation being the most sensible, cost-effective and practical approach.

Some of our beliefs and knowledge come from speakers such as Norm Stamper, the ex-chief of police of Seattle who now speaks on behalf of LEAP — Law Enforcement Against Prohibition. The opinion is that prohibition does not work and that the war on drugs is really a war on people, many of whom have to commit illegal acts in order to purchase their drugs of choice. There are those who do not commit illegal acts to purchase illegal drugs, and there are those who choose to use and are not under that umbrella of scrutiny that many suffer. The visible population is those on the streets — those who land up getting evicted and those for whom life has become unbearable.

[1620]

In fact, many police officers and our own health officers call for an end to our current drug policy. We have gained nothing by continuing to throw money at policing, drug courts and prohibition. Better we deal with the root causes of addiction, have sufficient treatment for those who want it, and use those funds destined for policing on housing and health supports for those who most need them. It now is impossible to deny that the negative social consequences of maintaining the present prohibition are fuelling crime, addiction, homelessness, terrorism and the spread of diseases such as AIDS and hepatitis C.

Not all persons who are homeless are drug addicts. Some may be simply very poor and unable to find affordable housing. If a family of four needs \$14.88 per hour and 60 hours worth of work per week in order to survive, then would it not follow suit that that same four-person family would need an equivalent amount of welfare in order to survive? There is nothing to rent in Victoria at \$325 a month. There's nothing at \$520. Maybe at \$610, and that's a small one-bedroom — the shelter amount for a family of three.

Many are addicted and need to find supportive housing, and many have mental health issues and need supportive housing. Some are ill and cannot find adequate medical help. Home care has been cut, health

services have been cut, some prescription drugs have been taken off the Pharmacare list, and others have never made it on. Many have HIV, and a larger number of homeless, addicted and others in the community have hepatitis C.

What we bring to you is a discussion of what we know, because we live it every day. We live in poverty, have disabilities, use drugs, deal with addictions and battle to stay fed, clothed and sheltered in dire and debilitating circumstances. At any time, any one of us could land in the street, viewed as another of those whom society can barely tolerate. We know what it is to seek the elusive treatment beds. We know what it is to live with addictions, and we know what it is like to occasionally use drugs that are deemed illegal but that are no more deleterious than alcohol or tobacco — both legal substances.

The harm comes from the lifestyle, the lack of nutritious food and the inability to obtain sufficient treatment for addictions or hepatitis C. The harm comes from society assuming we're all thieves, criminals, sex trade workers and have little skill or education.

While the above are our words and thoughts, the following are the results backed up with the statistics from those whose words matter and sometimes have more of an effect than the poor and marginalized. It has been suggested by the Social Planning Council of Greater Victoria that we have an explosion coming in the Victoria area regarding food, housing, a supply of workers, more people on the streets, and we need to do something to change this trend. We'd like to ask how you as a government intend to take steps to change this trend.

The *Tyee* article calls attention to the recently released B.C. poverty rate that was at 22.5 percent in 2002. It is now a staggering 58 percent. When anti-poverty advocates look around the streets of Vancouver, they see more people in desperate circumstance than a few years ago. That's surprising, given that homelessness in the Greater Vancouver region more than doubled between 2002 and 2005.

There's a direct link between this trend and the provincial welfare policies that were introduced in 2002 that made it harder for people to get assistance even when they are in emergency need. This spring a number of communities, faith and advocacy groups launched the "raise the rates" coalition, which is calling on the province to increase welfare rates by 50 percent, remove the arbitrary barriers to accessing welfare, let people on welfare earn up to \$500 per month and keep \$500 of what they earn, and raise the minimum wage to \$10 per hour and abolish the \$6 starting wage.

[1625]

The province's health officials even say that it's time to take another look at the harmful effects of criminal prohibition against such substances as marijuana and heroin. They say the laws are based on racial and cultural biases, not evidence of harm, and that prohibition causes far more damage to health and to society. It is important to recognize that these classifications are not based on pharmacology, economic analysis or risk-benefit analysis but stem from historical precedent and cultural preference.

I spoke before a little bit about the rising rate of hepatitis C, and I'd like to read from a paper that was

put out by the B.C. hep-C coalition. While B.C. Pharmacare funds pegylated interferon with ribavirin and Pegasys La Roche, individual access is controlled not by training physicians or specialists but through the B.C. Pharmacare special authority program.

Moreover, the treatment guidelines have not been updated from the 1999 standards. Pharmacare criteria for approval require that, first, the patient is treatment-naive and, second, must have ALTs tested at more than 1.5 times the upper limit of norm on two separate occasions at six points apart.

The second criterion is based on an old recommendation from 1999, which has specifically been rejected in the 2003-2004 update that advocates against the use of ALTs as indication of disease progression or likely benefit from treatment. Rather, they stress that some hepatitis patients who have already progressed to fibrosis, indicating the need for treatment, may have normal ALTs.

If possible, I'd like Dennis to speak to treatment.

**D. Gudmundson:** I'd just like to tell you that I, too, have been through the treatment — the pegylated interferon, the ribavirin. I was given six months of it, and I did not receive a sustained bioresponse. I have no options anymore. My life is pretty much gone, because we're not allowed to go through it a second time.

We have a number of people that we could gather.... This is not an isolated incident. It's going on throughout our communities — all of the communities. There are so many rules and regulations. I appreciate the fact that we got the opportunity and that the government allowed us to do that. I had a chance, but there are so many of us out there that do not get a second chance. It helped to a point. But when that treatment at the end of the six months was over, that's it. There is no more funding. There is nothing else. We have no other options. That's why we're here.

**J. Kwan:** Just a quick question. The government just made an announcement around a housing piece — rent subsidies and so on. I wonder if you have any comment about that in terms of it providing any housing options to the group of people you're advocating for.

**C. Romanow:** The one bit I read around the housing subsidy is that it's primarily to people who are working, and I'm not sure what the rest of it was. I believe that mobile subsidies are an excellent way to go and that when you look at people who could move from Victoria to Vancouver or wherever, there are some. There are 250 portable subsidies available to people who have HIV, and I believe there's approximately the same amount for people who suffer from mental illness. It needs to be many more. There are over 17,000 people on the housing list. It's going to take a long time.

I think there should be more portable housing subsidies out there. That's one way to deal with it. I think we need to raise the welfare rates. If anyone in this room can live on \$510 a month, I'd like them to show me how, please. It's even difficult to live on the very high rate of \$846.72, or whatever they have PWDs on at this time.

[1630]

When you talk about a house in Victoria costing \$500,000, you're not going to have people around for very long who work at McDonalds, Zellers, Wal-Mart, the gas station. Where are they going to live? They're going to be triple-bunking them like they do in Whistler. You hot-bed people. One shifts goes out, another one comes in and goes to sleep. They've been doing it for years. Six or eight guys share one little apartment because Whistler is also expensive.

That's not a way people should live. That's not how human beings should survive. It's going to come to that here, or else you're going to have nobody pumping the gas, cleaning the floors, giving the kids McDonald's.

**D. Gudmundson:** That point there is that we have.... Take a look at Alberta up at Fort McMurray. Even a standard restaurant job is paid supremely high because the living conditions are so high. You have no one working under \$15 an hour up there, even at McDonald's. They can't get enough people because they can't afford to live in that area.

We're working our way into that right now.

**B. Ralston (Deputy Chair):** Thank you very much, Carol and Dennis, for your presentation. You bring a lot of passion to what you say, and the committee appreciates that.

Our next presenter is the Becon Support Services — Angela Bell.

**A. Bell:** My name is Angela Bell, and I'm making this submission on behalf of the family council affiliated with Becon Support Services and their friends in Victoria.

Our council is made up of family members of loved ones with developmental disabilities who are receiving support from Becon Support Services in Victoria. Becon provides services to adults, children and youth in eight group homes throughout the Victoria area. Their ages range from 12 to 72.

By developmental disabilities, we would like to clarify that for Becon Support Services the individuals supported have cognitive impairments in addition to any and all of the following: complex behaviour support requirements for behaviours typical of aggressive and violent behaviour; complex health care needs, including seizure disorders, psychosocial disorders, autism and mental health diagnosis.

The challenges facing Becon Support Services are symptomatic of what is happening provincewide due to the major shortfall in funding to Community Living B.C.

We know you have heard from other groups regarding ever-increasing waiting lists, the lack of services for people with developmental disabilities and the impact on them and their families. We have attached copies of newspaper articles and a notice from CLBC on these issues.

In March of this year our group prepared a letter addressed to people concerned about people with developmental disabilities. This letter was circulated provincewide to many groups with like-minded concerns and was forwarded to MLAs and to Premier Gordon Campbell. We are attaching a copy of that let-

ter to our presentation because the issues identified in that letter remain outstanding and meaningfully unaddressed.

Our focus is on the value and importance of community support workers. I've stated in our letter dated March 23 of this year that there is a serious and increasing concern associated with the inability of agencies to recruit and retain qualified and competent staff. The wage entry level for unionized CSWs was decreased to \$13.87 per hour in 2002 from \$16.83. Following contract negotiations this year that rate was increased to \$14.64. While any increase is welcome, it has done nothing to solve this problem.

It requires 2,000 hours of work experience for a CSW to receive an increase of just 86 cents per hour. The highest rate an experienced worker in a unionized setting can receive is \$17.22 after three years of full-time work with the same employer.

The statistics reflect an even dimmer picture in non-unionized settings. Statistics from Becon Support Services' 115 employees indicate that 40 percent of employees have a second or even third job to maintain an acceptable standard of living.

[1635]

In a three-month period 13 new employees have been hired and six employees have resigned. Five of those six employees who resigned were new employees of less than six months, either leaving the field or moving on to higher-paying opportunities in other social service sectors.

We've included in our presentation wage comparisons for both entry-level and experienced CSWs for the period 1996 to 2006. Please note in that chart that the entry level in 2004 was \$2.96 less per hour than 2002.

In order to be on par with similar jobs in the human services sector, such as health, mental health and education, community living would need to be paying at a rate of \$17.33 to \$23.67 per hour for qualified staff.

Ten years ago advertisements for CSW positions were requiring of applicants that they have a minimum of two years college or university education in the social sciences or similar relevant field and/or a community college certificate in human services, plus specific training related to medication dispensing and behaviour management — just to list a few. Now job postings for community support workers are not requiring any previous education or experience.

If you were admitted to hospital, would you feel safe and comfortable with the requirements of your nursing team to be simply: alive, reasonably well and willing to work — no experience required?

The responsibilities of a CSW are many. They dispense medication and health care procedures, including task-delegated duties from community nurses. They perform personal care, including pericare, bathing, feeding, diaper changes, toileting, etc. They implement care plans to ensure continuity of care for the individuals supported.

They respond and intervene during health care emergencies. They respond and intervene during behaviour crises, which may result in physical assaults occurring.

They fulfil all duties involving operating a home, including cooking, cleaning, shopping, laundry, yard

and vehicle maintenance. They complete and maintain records and reports in a manner acceptable to the regulatory bodies.

They train and mentor new staff, students and volunteers. They have to be knowledgeable in all emergency procedures and conduct regular drills. They assist individuals to access their communities, develop social relationships, attend medical and other appointments, attend day and school programs.

They provide day and school supports in the absence of community-based day programs and school replacement support for children and youth whose behaviours prevent them from accessing regular schools. They liaise with family and other community partners and professionals. They have to be a friend and often the only family and advocate a person may have.

The following positions are comparable in both role and responsibility to that of the CSW. A support worker 2 within the health care system is paid \$18.95 to \$20.57. A community health worker within the mental health system is paid \$17.33 to \$18.95. A special student assistant within the education system is paid \$20.22 to \$23.67.

We believe that the lives of our loved ones are as valuable as those served and supported by the health, mental health and education systems. There are many positions with much less responsibility paying approximately the same as the starting rate for a community support employee. For instance, Home Depot, \$10.50; Zellers, \$11.50; and Royal Bank, \$12.25.

Community colleges are reporting that enrolment is low for the community support worker one-year certificate program, and a number of colleges have discontinued their programs due to reduced enrolment and greater opportunities for individuals in this competitive market.

Currently there are 22 individuals involved in a 34-capacity program at Camosun College. This means that community living agencies will be competing with higher-paying employers from other sectors for only 22 qualified people.

What is the incentive for individuals to consider this a viable career choice for such a low-paying rate, and what is the impact of all of this? Staff are having to work 60 to 65 hours per week to either make up the shortfall in available staff or to be able to earn enough money to support themselves and their families. Experienced staff are spending as much time training new hires as they spend with the people they are caring for, only to see them quickly leave for better-paying positions.

[1640]

Fatigue and stress can lead to dangerous situations with regard to medication supervision and handling complex behavioral disorders.

Individuals receiving care require consistency, continuity and stability in their homes if they are to have the best possible quality of life available to them. The constant revolving door of new and untrained staff has a serious impact on our loved ones which can, in many cases, lead to a reversal in the progress they've made. There's less opportunity for community integration and community inclusion.

My son Martin is a 27-year-old man with severe autism and a seizure disorder. He cannot verbally communicate, and he does not handle change very well. When he is under stress, he punches his head with his fists, gouges his arms until they bleed, paces constantly and hardly sleeps. When he has consistency and structure in his environment, his self-abusive behaviours decrease. He is calmer, happier, quite cheeky and can be easily escorted into the community.

I thought that I would always care for my son, but as we grew older, I realized I would not be able to do that forever, that in all likelihood he would outlive me. Finding the best possible care for him was all important so that he would be properly cared for should anything happen to me. The community-based home model works very well for him, and it was gratifying to witness the professional and compassionate care provided by Becon Support Services.

Now when I pick up my son, I am often greeted by a new person, a stranger, who is responsible for his most personal care. I can't help but notice the exhausted faces of the wonderful long-term staff members who have to yet again provide training to an unqualified person. I can only hope that they do not lose heart and change career paths, as this would have a very negative impact on my son.

I would like to quickly read an impact statement from Mr. John Rose, whose daughter is receiving support from Centaine Support Services in Victoria.

"My daughter Kimberlee resides at S.J. Willis group home in Victoria. The initial anxiety I had regarding Kim's transition from a home environment to a community-based group home accommodation very quickly lessened when I saw the professional, loving care she received and responded to so positively. However, my anxiety is again rising as I witness an increasing shortage of community support workers.

"The community support workers deliver a full spectrum of professional care, such as administration of medications, advocacy for community integration, and they create a homelike environment for a person such as my daughter. They are the surrogate family and advocates in the absence of family members.

"Please acknowledge the challenging, multidisciplinary position of community support workers and provide an environment of inspiration for recruitment and retention by funding a wage that is commensurate with the responsibility of the position."

Attached to our presentation we have impact statements from other family members and community support workers. We urge you to please take the time to read them.

Community support workers are everything to those for whom they care. Many of the individuals supported are older people who no longer have family members in their lives. CSWs are their friends. They provide personal care, emotional support, monitor their medical conditions and help them participate in all that the community can offer them.

We believe the group home model works well for our loved ones. We urge you to bring the pay rates for the community support worker in line with other health care professionals. Give the position the respect and recognition it deserves.

This in turn will make this a viable long-term career option for individuals looking to work in this field. It would encourage them to seek the education and training they need. It will reduce the necessity for individuals to work two jobs, sometimes three jobs, and thus reduce safety concerns.

It would increase staff retention. It would provide security and stability for people with disabilities. The growing waiting list for services within community living suggests that there will be an even greater need for people to work in this field in the future.

There isn't anyone in this room who does not understand what it means to be a Canadian. The manner in which a society treats its citizens with disabilities helps define it. Unfortunately for all of us who have loved ones with disabilities, it appears that a significant step backwards has occurred in the last ten years.

[1645]

But the willingness to listen and understand, thankfully, seems to be growing. We're very grateful to be able to bring our concerns to the committee. Hopefully, we've been able to provide some insight into this particular area of concern. This forum has the potential to make a difference in the lives of our loved ones and in the lives of the wonderful people who care for them. Thank you.

**B. Ralston (Deputy Chair):** Thank you very much, Angela. Looking to members of the committee for questions, I don't think there are any questions.

We're now going to move to the open-mike portion of the meeting, which operates under slightly different rules. Each person who is on the list will be entitled to speak for five minutes, and there won't be an opportunity for questions. The first person I have who's registered for this portion of the meeting is Colin Campbell, so perhaps if Colin could come forward. We'll begin once people have had an opportunity to leave the room.

Welcome, Mr. Campbell. Please go ahead.

**C. Campbell:** Thank you, ladies and gentlemen, for doing this. You must have tired ears by now. I appreciate that.

**B. Ralston (Deputy Chair):** It has been a bit of a long day, but we're anxious to hear you.

**C. Campbell:** Well, I appreciate that. It takes a lot of energy.

Good day. My name is Colin Campbell, and I'm here to represent the executive of the Elders Council for Parks in British Columbia. Our members, mostly retired, have collectively invested thousands of person-years in supporting B.C.'s national, provincial and regional park systems. We work on a voluntary basis to recognize those who have built our park systems and support park histories, archives, mentoring, etc. We are a project- and results-focused organization.

We're here today to propose to you that B.C. create and develop a world-class management system for B.C.'s provincial parks for completion by 2010, one year

before the 2011 centenary of the establishment of our first provincial park in British Columbia.

For B.C. to achieve components of the great goals of our society and to realize the potential of our provincial park system, government needs to publicly advance a practical, comprehensive, principled and visionary plan for future stewardship, public recreation services and societal partnerships for the system; put into place within government a reinvigorated, entrepreneurial-based parks organization that has deep connections with society writ large; and provide significant new funds so that they're targeted to achieve the first two steps and address the vision you are proposing. Then, challenge all parts of society to enter partnerships to contribute more resources and become fully engaged to achieve our collective, made-in-B.C., world-class vision.

Each of you on this committee belongs to a political party that has, over the last 15 years, established our new, expanded and improved provincial park system. It is now world-class in the natural diversity and representativeness of its landscapes and species. For this we sincerely congratulate you and thank you.

[1650]

Our provincial park system is now twice the size it was in 1992, and is a treasure house of natural wealth. It includes some of the last remnants of the world's ancient landscapes — landscapes and species already lost in so many other parts of the world.

British Columbians are rightly proud of this outstanding achievement, but — and there's a big "but" — our parks system currently lacks the management, governance framework and resources to allow us as a province to capitalize on it as a world-class asset or to provide the management and protection necessary to retain the value of its natural, cultural and built assets.

We believe that now is the time when we must all work together to implement a new built-in-B.C. vision to make our provincial parks the best-managed in the world. Here is our ten-point vision proposal. We like to think it is socially responsible, environmentally sound, economically prudent, politically smart and timely, but you're the judge.

We envisage a parks system:

(1) with a bold new management model designed to engage all British Columbians in supporting their parks system — the government has gone it alone for too long;

(2) that is enjoyed by all British Columbians through the provision of more accessible recreation and educational opportunities, located appropriately within a well-planned system and in adjacent lands and gateway communities;

(3) where all governments continue to provide the legal and policy framework for parks, make ecological protection and resource it accordingly;

(4) that reaches out to other park systems and the international community to gain support and to reduce inefficiencies and overlap between park systems;

(5) that establishes a new, strong relationship with first nations;

(6) that builds on the "natural" in Super, Natural B.C. to showcase B.C.'s green entrepreneurial expertise and environmental best practices through investments

in park infrastructure replacements and improvements all around B.C.;

(7) that is publicly accountable and performance-focused through the development of a world-class park-by-park monitoring and reporting regime that provides an annual public view of the state of our parks;

(8) that attracts visitors from around the world to enjoy a world-class experience as a result of new trails, educational packages, senior adventures, etc.;

(9) that training engages local communities and youth in park management support roles through the involvement of schools, local politicians, seniors outreach groups, etc; and

(10) that it is ready to welcome visitors to the 2010 Olympics and to attract visitors in 2011 to celebrate the hundredth anniversary of our parks system.

**B. Ralston (Deputy Chair):** I'm wondering if you could just wrap up, because you're just over the five minutes now.

**C. Campbell:** I can conclude quite quickly.

The vision we've outlined will require multiple investments, but we believe that investment in B.C. parks can yield a sevenfold return. We would conclude by saying that we began by congratulating you on expanding the system, and we're all proud of your achievements in this regard. We are now asking you to complete the job, raise the bar and make the provincial park system the best-managed park system in the world.

There are more details in the submission if you'd like to go to it to get a little bit more flavour of some of the concepts we're presenting here.

**B. Ralston (Deputy Chair):** Thank you very much. The next speaker is Ted Hawryluk.

**T. Hawryluk:** It's too bad that Jenny has just left. I have a couple of questions. First, I see an "on-air recording" light on. Will I be able to watch this on the television on Channel 79, Shaw cable?

**A Voice:** It's live on the Internet.

**B. Ralston (Deputy Chair):** Only the audio is live. Unfortunately, there is no video feed of this. So if you were looking forward to a replay or anything like that, unfortunately that won't be the case.

**T. Hawryluk:** Unfortunately, I'm a person with disabilities, so I was not able to sit here all day long and listen to all the other speakers. I have no idea what previous people have talked about or have said. It would be nice to find out, because I don't want to feel too much like a weirdo or something.

[1655]

Again, I want to acknowledge the MLAs for taking the time out to be here. I think that is very special. I really do appreciate the fact that you talk to people like myself, a member of the general public, a real nobody who is on welfare disability.

**B. Ralston (Deputy Chair):** No, I think your opinion is important to us. You don't need to refer to yourself that way.

**T. Hawryluk:** I would hope so, but it seems to me that I sit here and listen year after year to budget surpluses, and sometimes even the opposition says these surpluses don't exist or they're not as big. But every single time a person like myself sticks out our hat and says: "You have not raised the welfare for people with disability...." The rent portion is still \$325 a month. It has been that way since 1994. What's the year? It's 2006 right now — right?

Also, the food basket, the food portion. What they consider to be a nutritional food basket was established some time in 1992, based on incurred prices of people buying beans and lentils and surviving for a full month. The food-basket portion of the welfare for people with disability cheques has not gone up since 1994. And I sit here, and I look at a list of people who have come here.

Am I in the right committee, by the way? This is to talk about what we should do with the extra surplus budget money — right? Am I correct in this?

**B. Ralston (Deputy Chair):** Yes. We're going to be making some recommendations to the Minister of Finance.

**T. Hawryluk:** Right.

I really do hope.... How do I usurp the importance of everybody else that has come here today? I wonder sometimes, when the British Columbia Construction Association, the British Columbia contractors, the private forestry land operators, the Victoria Chamber of Commerce.... These are people who already have jobs and have already been paid very well. I'm kind of wondering why they would have their hands out when the rates of people on welfare disability haven't gone up since 1994. Sure, there was a pre-election \$50 pat on their heads — you know, try to make us feel better.

We listen to this stuff, like the judges getting a 12-percent increase on their salary. You know what that equals in terms of my income? Two-thirds increase just for one individual. We have this surplus, but my income hasn't gone up. I am going to the food bank now, and I talk to the people who are running the food bank — Mustard Seed, Brent Palmer — and he told me that they're up to 5,000 clients a month. That's unbelievable. We have this surplus.

I can read stuff, like this one here. *Living Wage* is sort of an annual review. It says that the average worker is falling behind. When I look at the Canadian government's own studies from HRDC, the federal government's Human Resources Development Canada, they're saying that the lowest waged are....

The most difficulty employees have in just getting by is in Vancouver, and it's all throughout British Columbia too. But Vancouver is being held up as some kind of an example of: "Don't go there to work, because you cannot, on the wages, afford to even live."

Look at me. I am a person with disabilities. Five years ago I used to be able to do some kinds of part-

time jobs and could have maybe fit into that \$400-a-month exemption thing. Now I'm at a point where I cannot be employed unless....

Hey, one of you guys running a business — you want to have a tribute employee? Somebody who promises to show up, but somebody who if he doesn't show up, that's okay, because it's not a big hit or anything, and you're not going to question me: "Are you really sick? Or are you just faking sick?" It is very difficult to find anybody stupid enough in this province to hire me at my \$400-a-month wage exemption.

I'm going to the food bank. I'm panhandling in downtown Victoria. Can you believe that?

Okay. What's the solution here? Should I move out to Shawnigan Lake, where perhaps I can rent a garage for \$200 a month? But when I moved to Shawnigan Lake, it cost more money to transport the groceries there. So the grocery basket grows.

[1700]

What do I do for health care? I need to be here in Victoria, not only to have access to good doctors but to live close to where the grocery stores are and the hospital and my doctors' offices. How can I access doctors' offices if I'm living out in Shawnigan Lake?

I feel at times like those people in Africa — in Darfur and that.... I should pick up all my belongings and flee, run away and go somewhere where it's a little bit easier. But where am I going to go in this province? Sure, I can go to Shawnigan Lake, but how long before the expense of living in Shawnigan Lake equals the expense of living here in Victoria today?

**B. Ralston (Deputy Chair):** I'm just going to ask you to wrap up.

**T. Hawryluk:** I am wrapping it up.

The rent portion of the cheque for people with disabilities.... I'm not saying that we're an elite group. The government has already admitted that we shouldn't have to be forced to look for work — right? That's what the welfare disability thing is.

What good is an exemption when you already know you can't work? Find me somebody stupid enough to hire me. Great. I'll take the money, but I'll tell you that they're not getting a deal.

The other thing: the rent portion is \$325 a month. If I was to live in subsidized housing right now, a third of my income would go into subsidies. But there's a cap on the rent that a landlord can charge. He can only charge \$550 a month.

If I wasn't subsidized, I could move out of subsidy, and that \$550 would follow me. But I'm not in subsidy. How do I get in?

That's one of the things this committee could definitely say: "Do this." That's to raise the rent portion of \$550 to reflect what we're paying here but also to increase the food basket.

The last thing is that somebody I know is on welfare who can work. They haven't found a job yet, but they have a student loan debt. That federal government debt is being collected out of their welfare cheque.

They've just recently received \$40 for extra food and nutrition, because they went to the doctor and pleaded the case. Out of that extra \$40 they get, \$20 a month is being clawed back to pay off the federal government debt.

**B. Ralston (Deputy Chair):** Thank you very much, Ted, for making your views known. I appreciate you sharing your personal experiences with us. That's not a point of view that we always hear here in this building, so I really appreciate you doing that.

**T. Hawryluk:** The last thing is that I'd like to challenge anybody to try to live off \$856 a month in this capital region. Just try it for a month — okay? And then, when you see me downtown begging for change, come up, pat me on the shoulder, and just say, "Yes, I acknowledge you as a human being," and understand it.

**B. Ralston (Deputy Chair):** Thanks very much, Ted. The next speaker is Larry Galbraith.

**L. Galbraith:** Thank you for letting me have five minutes of your time.

I've worked for Becon Support Services here for the last two years as a child care worker, something that I did in Regina, Saskatchewan, for ten years. I made \$20.67 an hour in Regina. My wife transferred out here, so I came out with her. Now I'm making \$15 an hour. It doesn't make sense.

The cost of living out here is a lot higher. I'm working two jobs — doing some construction work as well. Something has to change. You're losing too many good workers that want to work with the people that are challenged.

I work with three young ladies, 22 to 28. They're abusive, so there have to be male workers working with them, except in the morning, when they do their hygiene. We can't do it. We're losing too many good people. People are working two and three jobs.

We can't even afford to take our three kids out into the community to do some of the projects or some of the fun things. Taking the girls out to the Halloween Howl at Galey Farms on the weekend and stuff — I can't afford to do that with my kids. I can't take my kids to hockey on Saturday mornings. The 15-year-old takes my daughter and son to hockey because I'm working all the time.

Something has to change here. The cost of living, the wages aren't acceptable.

Thank you for your time.

**B. Ralston (Deputy Chair):** Thanks very much, Larry.

**L. Galbraith:** Any questions?

**B. Ralston (Deputy Chair):** No, thanks. We're done.

That concludes the speakers list of the open-mike portion. I want to thank everyone who has presented today. We'll stand adjourned. We're meeting tomorrow in Coquitlam.

The committee adjourned at 5:05 p.m.





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