



Second Session, 38th Parliament

REPORT OF PROCEEDINGS
(HANSARD)

SELECT STANDING COMMITTEE ON

**FINANCE AND
GOVERNMENT SERVICES**

Port Coquitlam

Tuesday, October 17, 2006

Issue No. 37

BLAIR LEKSTROM, MLA, CHAIR

ISSN 1499-416X

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

Port Coquitlam
Tuesday, October 17, 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: Anne Stokes

Committee Staff: Jacqueline Quesnel (Committees Assistant)

Witnesses:

- Sherry Carroll (President, ArtsConnect Tri-Cities Arts Council)
- Jock Finlayson (Business Council of British Columbia)
- Linda Forsythe (Chair, Douglas College Faculty Association)
- Dr. Mychael Gleeson (Mychael Gleeson and Co. Ltd.)
- Sabine Jessen (B.C. ENGO Marine Planning Caucus)
- Craig Jones (Executive Director, Richmond Chamber of Commerce)
- Brian McCristall (President, Tri-Cities Chamber of Commerce)
- Dawn McKenna (Executive Director, Down Syndrome Research Foundation)
- Barry Morley (President, Community Business and Professional Association of Canada)
- Michele Patterson (B.C. ENGO Marine Planning Caucus)
- Ken Peacock (Business Council of British Columbia)
- Bruce Rozenhart (Richmond Chamber of Commerce)
- Angela Schira (B.C. Federation of Labour)
- Jim Sinclair (President, B.C. Federation of Labour)
- Mark Startup (President and CEO, Retail B.C.)
- Alice Sundberg (Executive Director, British Columbia Non-Profit Housing Association)
- Barbara Tinson (Chair, Richmond Chamber of Commerce)
- Dr. Naznin Virji-Babul (Down Syndrome Research Foundation)
- Dr. Rory Wallace (President, Emily Carr Institute of Art and Design Faculty Association)

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MINUTES

SELECT STANDING COMMITTEE ON FINANCE AND GOVERNMENT SERVICES



Tuesday, October 17, 2006

9:00 a.m.

POCO Room, Best Western POCO Inn & Suites
1545 Lougheed Hwy, Port Coquitlam

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

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

1. The Chair called the Committee to order at 9:04 a.m.
2. Opening statements by Bruce Ralston, Deputy Chair.
3. The following witnesses appeared before the Committee and answered questions:

(1) Community Business & Professional Association of Canada	Barry Morley
(2) Tri-Cities Chamber of Commerce	Brian McCristall
(3) British Columbia Non-Profit Housing Association	Alice Sundberg
(4) Richmond Chamber of Commerce	Barbara Tinson
	Bruce Rozenhart
	Craig Jones
(5) Retail BC	Mark Startup
(6) Down Syndrome Research Foundation	Dawn McKenna
	Dr. Naznin Virji-Babul
(7) ArtsConnect Tri-Cities Arts Council	Sherry Carroll

4. The Committee recessed from 11:03 a.m. to 11:54 a.m.
5. The Committee recessed from 11:55 a.m. to 1:02 p.m.

(8) Emily Carr Institute of Art and Design Faculty Association	Dr. Rory Wallace
(9) Business Council of British Columbia	Ken Peacock
	Jock Finlayson
(10) Douglas College Faculty Association	Linda Forsythe
(11) Mychael Company	Dr. Mychael Gleeson
(12) BC Federation of Labour	Jim Sinclair
	Angela Schira
(13) B.C. ENGO Marine Planning Caucus	Michele Patterson
	Sabine Jessen

6. The Committee adjourned at 2:57 p.m. to the call of the Chair.

Blair Lekstrom, MLA
Chair

Anne Stokes
Committee Clerk

TUESDAY, OCTOBER 17, 2006

The committee met at 9:04 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 and thank you for taking time to participate in this important process.

This is our 15th and final public hearing in conjunction with the Budget 2007 consultation process. This meeting was arranged to accommodate the presenters in the lower mainland who were unable to book a speaking time at one of our other two Greater Vancouver hearings. The purpose of the meeting here today is to hear from British Columbians about what their priorities are on 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 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.

[0905]

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.

I'll now ask other members of the Finance Committee to introduce themselves.

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

B. Ralston (Deputy Chair): We also have with us Iain Black and Jenny Kwan, who are about to join us. Perhaps, Iain, if you could introduce yourself.

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

J. Kwan: I'm Jenny Kwan, MLA for Vancouver-Mount Pleasant.

B. Ralston (Deputy Chair): Thank you. Also joining us today are Anne Stokes, our Committee Clerk, who's sitting to my left, and Jacqueline Quesnel, who's staffing our registration desk. Also with us are the staff of Hansard Services, Wendy Collisson and Doug Baker, to assist in the preparation of written transcripts as well as the webcasting of the audio of this meeting over the Internet.

With that brief introduction we'll now hear from our first presenter, Barry Morley, representing the

Community Business and Professional Association of Canada.

Good morning, Barry.

Presentations

B. Morley: Good morning, Mr. Chairman. Thank you for having me. It's a real pleasure to be here speaking with you today.

There are a lot of big concerns that the small business community has at this point, which I've summarized very briefly in the three-page summary you have in front of you. I want to just start with that. On the third page of the document that we have written, we have summarized some of our concerns. They're not all by any means.

I'll begin with the fact that community business is such a huge employer in this province. Statistically, we provide over 70 percent of all new jobs in the entire country. Having said that, I want to say that as an integral part of all communities, small business has a vested interest in the communities across Canada. The economic health of communities is reflected in small businesses in terms of return on investment; growth; and ability to put profits back into communities in the form of sports sponsorships, career experience for high school students and many more community-based programs.

Small business owners have seen industry harmed by government policy decisions recently. Decisions have been made solely for the benefit of large businesses, many with head offices in other parts of the country. The sale of B.C. Rail to CNR, contrary to Campbell's solemn promise, has taken profit out of B.C. The figure we've seen is \$18 million in the last year that it's operating as a publicly owned railway. It has reduced services and endangered the environment of many B.C. communities, as you all know from the track record of CNR.

A new law stipulating that B.C. Hydro must buy all new power generation from private companies will eventually raise the cost of power in this province hugely. The sale of raw logs has exported many jobs from forest-based communities. The privatization of many health services will raise the cost to health service users — virtually all of us — at some time or another.

The lack of forthrightness of Premier Gordon Campbell over the cost of the 2010 Olympics is another major economic hurdle. Even those of us who support the Olympics are wondering how deep the deception goes.

Big business lobbyists have done their homework well. They've succeeded in influencing government decisions and the average British Columbian, including small to medium-sized business owners, who will be left paying the debt for decades to come. The question is: who is lobbying for the interests of average British Columbians? We depend on our elected officials to speak for us.

[0910]

Business activities that lead to crime and pollution may yield short-term profit, but some leave a footprint so deep and ugly that they could take centuries to erase. Two prime examples are the Bhopal disaster in

India and the Love Canal disaster in Ontario. We could add to that the *Exxon Valdez* and many others. Responsible business people find these events abhorrent, but because even these disasters add to the GDP, business leaders are tempted to keep quiet about them.

Then we get into what our prime area of discussion is this morning, and that's the GPI. The CBPAC, which is our group, is proposing the use of the GPI, or the genuine progress indicator, as a more realistic method of measuring economic growth. This formula measures the real cost of increased production of goods and expanding services against the backdrop of improvement in well-being of the people who live in this country.

The GPI was developed in the 1980s. It was adopted as NDP policy in B.C. in the early 1990s. It is now used in public policy discussions in Atlantic Canada, parts of the U.S. and several other countries. However, we are unaware of any recent public discussions of it in B.C.

We believe that the GPI is a model that most business people who are interested in the long-term health of their businesses would agree with. It is time to bring it back into the public forum.

I want to add that there is a group in California that uses that formula and very successfully has got Arnold Schwarzenegger, the Governor of California, to move very decisively into some new legislation, which we've all heard about, which has shocked the big business community. But it's recognized as very, very needful.

I've included in this presentation some research — and that should be in front of you as well — about the genuine progress indicator. I want to draw your attention to close to the bottom of the page, where the heading is "Motivations for Developing a Genuine Progress Indicator." I'm going to read to you from that.

"Most economists assess the progress and welfare of the people in a country over time by comparing the gross domestic product over time — that is, by adding up the annual dollar value of all goods and services produced within the country over successive years. However, under the standard application of GDP, ecological disasters such as the *Exxon Valdez* oil spill improve the GDP, because the calculation of GDP adds as a bonus economic activity the lump sum of labour and capital expenditure that's required to mitigate the ecological damage."

In other words, the GDP doesn't look at the long-term damage that may result from some economic activity. It looks only at the capital expenditures that go out during the course of that economic activity.

"Even its inventors argue that the GDP is prone to productivism and consumerism, overvaluing production and the consumption of goods and not reflecting an improvement in human well-being at all. GDP was not intended to be used as a measure of these things and was not supposed to be a measure of the goodness of any government decisions."

I underline this.

"Its use to justify such decisions is a fairly recent phenomenon."

That's my brief presentation. There's also another paper that should be coming to you from your secretary, who's making a copy of it. That is on how it's being applied in public discussion in Atlantic Canada.

That would be in your hands, Mr. Chair and others, later on.

Are there any questions?

B. Ralston (Deputy Chair): Great, thanks very much, Barry.

J. Horgan: Thank you, Barry, for a refreshing change from the presentations we've been hearing to this point in time. Of course, all presenters have a point of view, but this is the first time I've heard the genuine progress indicator.

[0915]

I was wondering: as the representative for the Community Business and Professional Association of Canada, how would you see the transformation from the historic or traditional measurement of economic activity that you so wisely say has been used to justify policy decisions currently? How would we make that transition from GDP, which is widely recognized as the standard, to the GPI?

B. Morley: I think that has to come out through the party's policy, whichever party wants to discuss it. It has to come about through these kinds of hearings. I think it has to be brought out very, very soon by whoever is making these policy decisions, because of the fact that there's been huge damage to our environment. We all know about global warming. I think the vast majority of people now in government recognize it as a true fact.

Public discussion is where it starts, I believe. The people in my association will back me up on that.

If that standard is applied to all economic activity, if that standard becomes the keynote of all economic activity and if it's found that any economic activity doesn't measure up to that standard, then it has to be modified so that it will.

B. Ralston (Deputy Chair): Thanks very much, Barry. We do have the GPI Atlantic document that you were referring to. It was just distributed to us. Thank you for coming forward and letting your views be known.

The next presenter that we have is the Tri-Cities Chamber of Commerce, represented by Brian McCristall.

B. McCristall: Thank you very much for allowing us to come today. We appreciate the opportunity.

The Tri-Cities Chamber of Commerce represents 850 businesses within our geographic area: Coquitlam, Port Coquitlam, Port Moody, Belcarra and Anmore. Many of us are well aware of the complexities of preparing a budget that will actually work, not only for the day but for the future as well.

As business people, we know that spending money can be easy. Setting priorities, too, can be easy, depending on your bias. But after that, the easy button ceases to work. All of the issues that arise from spending money and setting priorities are what make life difficult, whether you're the government, a business or just a citizen.

Yesterday we hosted a luncheon, and our special guest was Finance Minister Carole Taylor. Based on her comments, she is well aware of the challenges and potential pitfalls that face her as she prepares for the next provincial budget.

The next provincial budget is key for a variety of reasons well known to each of you. But what we want to do is tell you our story, outline our needs and ask you, at long last, to give some urgent priority to the transportation infrastructure requirements of the northeast sector. From our perspective, successive provincial and federal governments have been negligent in providing the financial support needed to deal with the unique geography and growth patterns of the sector.

As you know, traffic gridlock is a major concern in all areas of the lower mainland. The northeast sector is currently the fifth-largest and growing community in British Columbia. With our close proximity to many areas of light manufacturing, Highway 1, the interior of B.C. and major port facilities, many businesses are electing to locate in our area and create jobs that generate tax income for all levels of government.

With the influx of these companies and their employees, the movement of goods and services and commuters in and out and around the area continues to be a major concern and only increases the potential for more traffic accidents as private vehicles fight with large trucks for road space.

The northeast sector is estimated to grow by as much as 40,000 new residents in the next ten to 15 years. This situation cannot be allowed to continue without some form of rectification from a transportation perspective.

[0920]

We have been hearing from all levels of government for the last 25 years that implementation of a rapid transit system to the northeast sector is a priority for them, but we continue to be concerned when other priorities from other municipalities seem to be able to leapfrog our needs and move up the ladder to a higher level of importance.

One example of this is not only the speed with which the RAV line was approved and construction commenced, but we were also assured prior to the commencement of this project that the RAV line and the Evergreen line would be started simultaneously. As you know, that did not happen. We are now looking at a significant postponement of even commencing the Evergreen line because of financial constraints.

The general consensus now seems to be that we are looking at the possibility of the Evergreen line not being completed because of a lack of funding from all levels of government or — best-case scenario — a 2011 solution to the major problem that we have lived with for the last 25 years. It is only likely to deteriorate as more people and businesses locate in the northeast sector.

Senior governments at both the provincial and federal levels have shown a willingness to address other jurisdictions' needs while casting what we consider a blind eye to the concerns of the northeast sector. At a time when this region is building at an unprecedented pace in order to meet its livable region commitments

and do its part in reducing greenhouse emissions, not enough emphasis seems to be being placed on the issues in this region and to implementing timely solutions to our ever-growing problems.

What we know. There is a catalogue of necessary expenditures that will be considered at budget time. We want to make our position clear. Transportation infrastructure for the northeast sector deserves, at long last, a higher priority. It is an urgent need that a forward-thinking government should recognize and deal with this problem.

Now is the time to spend money on the future sustainability of the fifth-largest and growing community in B.C. We are experiencing traffic gridlock today. By tomorrow we will be fundamentally inaccessible. We need a guaranteed investment in our future.

Our one key recommendation is infrastructure funding for the transportation rapid transit projects. They're detailed here, and I'm sure you can look through them at your leisure or at your speed. We propose that in the upcoming budget the government recognize the immediate need for infrastructure funds to relieve gridlock problems, which are preventing the efficient flow of goods, services and commuters and that it commit to appropriately funding the construction of an appropriate commuter rapid transit system, to be completed as soon as possible.

I think it's essential that it be understood that the whole issue of productivity per worker is really important. Enhancing the infrastructure in this area will improve that productivity tremendously, because now people are being faced with a significant delay in moving in and out of the area. This costs us productivity.

Without rapid transit accessibility to and from the northeast sector, movement will be substantially limited. This will tremendously reduce the opportunities for our businesses, restaurants, tourist attractions and hotels to benefit by the 2010 Olympics.

I think I'll basically conclude with the real request that you seriously consider the fact that this area has been left behind. I can go back to the 1980s, when we were left behind on SkyTrain. It just continues on after that. We really are feeling frustrated. We seem to be at the back of the bus.

[0925]

B. Ralston (Deputy Chair): And not a rapidly moving one, at that.

J. Horgan: In my constituency just outside of Victoria we're also wondering where all of the 2010 infrastructure money is going. Certainly, your comments on the RAV line.... It strikes me that when you have perfectly usable bus networks that have been in place and are underutilized, it doesn't make a whole lot of sense to put a rapid transit system at a billion-plus dollars over top of that.

With respect to the northeast, could you provide to this committee ridership projections or possibilities that have been developed since the 1980s with respect to SkyTrain or connecting to the Millennium line or the

projects that were promised in 2004 and haven't been realized in 2006.

B. McCristall: Many of those statistics are available, and I'm sure Mr. Black has them in the TransLink proposal that was presented last week for the Evergreen line. The information is there, the ridership numbers are there, and Mr. Black, in his normal, efficient fashion, will make that available to you, I think.

J. Horgan: If I could follow along on that, then, with respect to the capital costs, could you give us a ballpark on that so that the committee can, in its deliberations, have some sense beyond waiting for the efficient Mr. Black to provide the business case?

B. McCristall: I couldn't go into those details. It was a hundred-page report, and there's an awful lot of bureaucratic that's in it, but there are some very hard numbers.

I. Black: I share much of your frustration, Brian, as I was one of the families in this area who were contributing about an average of \$2,800 in the late 1990s for a rapid transit system that never came anywhere near us because it stopped in Burnaby, as you know, at the Millennium line. The frustration there is very clear and shared by most of our community.

My question has to do with whether the chamber has taken a formal position yet — and if not, your own thoughts would be of interest to me — with respect to the current plan on the Evergreen line.

The concept you've put forward is one that is shared, I think, almost unilaterally with every member of our community, which is the importance of rapid transit of some kind coming to this area. The current debate that's occupying most of the papers locally is whether the plan that's in front of us at the moment is the correct one. It is still being debated — SkyTrain versus LRT, north route versus south route, etc.

However, there is a plan in front of us. It's an 86-page document and a PowerPoint presentation put out by TransLink, both of which I will submit to the Clerk of our committee, for the interest of the members.

Has the chamber put out a formal position as to supporting this specific plan as it is being proposed to go forward by TransLink, or is the commentary that you've provided us with this morning more of a general nature? Could you comment a little bit on that for me?

B. McCristall: Surely. The full details of TransLink's plan for the Evergreen line have only been known to the chamber for less than a week. The chamber is officially on record and has not removed from the record its support for the concept of a SkyTrain line that came out. That was short-circuited again and again. You could almost write a cowboy and western song about it — the delays that occur. I chose to wear a wine tie today, just so that it would be consistent with the presentation.

The reality is that there are many people within the chamber who strongly believe that a SkyTrain solution

— a first-class solution, rather than something of a lesser nature — would be the most appropriate way to provide really rapid transit to connect with Vancouver.

I. Black: Is there a route preference?

B. McCristall: I believe that the chamber is on record as to the original route, not the Lougheed Highway route.

I. Black: Sorry. For the record, the original one's the south road?

B. McCristall: The original route would go down Guildford and out through Port Moody. That has been the chamber's position. Now it hasn't changed, and it may change. At this point in time we need to study — and we'll be meeting tomorrow — the real recommendations of the TransLink.

B. Ralston (Deputy Chair): I don't see any other questions. I have one.

In your paper, on page 2, you talk about how "the general consensus now seems to be that we are looking at the possibility of the Evergreen line not being completed at all."

[0930]

On what do you base that conclusion? It seems to be a very pessimistic conclusion, based on some of the announcements that the government seems to be making.

B. McCristall: That conclusion would be premised on comments we've heard from people of influence at both the federal and provincial levels, which seriously question the plan that has been presented by TransLink.

J. Kwan: You mentioned in your presentation that you met with Minister Taylor yesterday with the chamber. I wonder whether or not this issue has been brought to her attention. And what was her response?

B. McCristall: Yes, it was brought to her attention. I would imagine that she has been a very good dancer for much of her life, and she transferred the responsibility to Mr. Falcon on that. She said that she would not wish to intrude on his areas of authority.

J. Kwan: Except that she actually holds the budget...

B. McCristall: I would tell you that that's what she said.

R. Hawes: My understanding is that there was a commitment from the government for funding the provincial share. It lies with TransLink at this point, as far as I know. The North Fraser perimeter road is still in a planning stage, but I know the minister intends to push that ahead. I live in Mission, so I can tell you that the Pitt River Bridge is a huge thing for where I live. All of this stuff is big for my area because we depend on it too, the further out we go in the valley.

I'm pretty happy that there are going to be things like the Pitt River Bridge and that the Golden Ears is moving ahead. There are a number of pretty important infrastructure projects underway now, which are about to get started and are definitely on stream. I don't disagree that it's disappointing that they aren't happening right now. But for the Evergreen line, as far as I know, the government's commitment to funding its share of it has been there ever since the RAV line commenced.

B. McCrystall: The difficulty with the funding of the Evergreen line, to our knowledge, is that the government has agreed to fund to the level that was originally suggested as the cost of the line. That is no longer the anticipated cost of the line. I believe the projections are for a \$400 million shortfall on that. I think the government is in the position where it can very clearly state: "We have agreed to fund the Evergreen line to a certain level." If it goes above that certain level, then that's a different issue.

R. Hawes: Well, I think that's basically what the government has done, is it not? They did agree to fund it to a certain level.

B. McCrystall: To a certain level. The projections are that the actual cost of the line will be in the area of \$400 million more than was originally projected.

B. Ralston (Deputy Chair): Well, thanks very much, Brian and Jill. Our time doesn't permit an ongoing debate, although I'm sure that in your community this debate will doubtlessly continue. Thank you very much for your presentation and your views. They're now known to the committee and will form part of our deliberations.

The next group is the British Columbia Non-Profit Housing Association, represented by Alice Sundberg. Good morning. I think everyone has a copy of your written presentation now, so if you would like to go ahead.

[0935]

A. Sundberg: In spite of the fact that I'm here to talk about housing, I'm a resident of the Grandview-Woodlands area of Vancouver. I couldn't resist saying that I certainly hope the government will spend more money on transit than on bridges, being someone who daily sees cars coming through my neighbourhood that are coming from the suburbs because they don't have any proper transit. Anyway, that's not why I came to talk.

This being your last day of hearing presentations, I'm sure that throughout the province where you've been you've heard presenters speak to you about the need for affordable housing in their communities. I'm here to endorse all of those presentations, I'm sure.

As a provincial organization, B.C. Non-Profit Housing Association was formed in 1993 to represent and support the non-profit housing societies throughout British Columbia. Those are the organizations that manage the social housing in this province. The bulk of 70,000 units of social housing in British Columbia are managed by the non-profit housing sector. It's impor-

tant to point out that government actually is directly involved very little in the building and managing of social housing. The individual community-based non-profit societies are prudent managers, and they offer effective delivery of a necessary public service.

I want to just skip through highlights of my presentation. I'm not going to read the whole thing. I assume that at some point you might get a chance to read it. I want to focus initially on the fact that housing does play a very important role in our economy, and that's what you're interested in — the economy.

The real estate industry generally plays a significant role, and its effects can be clearly seen in local economic conditions. But unlike other commodities, the housing market doesn't always follow the laws of supply and demand. The fact that there's a critical shortage of rental accommodation for low-income households hasn't actually generated a response from the private sector. A vast majority of such accommodation has been produced through partnerships between the non-profit housing sector and various levels of government.

Nevertheless, the activities involved in developing and managing non-profit housing have the same impact on productivity as does private sector development and management. Jobs are created; financing is required. The various ancillary industries of furnishing, equipment and services are all stimulated by housing development in the non-profit sector.

On the other side of that, the negative side is: what happens to the economy when there isn't adequate supply of affordable housing? Many studies have demonstrated the devastating economic impact of homelessness — for example, on the health sector, including physical and mental health. Homeless individuals are more likely to develop drug dependencies and come into conflict with the justice system.

It's been shown that providing permanent, subsidized, affordable housing is less expensive than the alternatives of emergency shelters, hospital beds, psychiatric interventions and prisons. Secure housing is in fact the best place to begin to address inequities and stumbling blocks to participation in the economy. Housing is the basis on which improvements can be made to health, neighbourhood security, children's academic success, job retention, training and retraining, community safety and supporting sustainable communities.

While opponents to government involvement in affordable housing claim it's too expensive, the B.C. Non-Profit Housing Association would encourage the Finance Committee to consider the cost of the alternative in the short term and for our future generations. In terms of solutions, this sector endorses a comprehensive and multifaceted approach to solutions.

Non-profit housing providers actively participate in partnerships, and have for over 30 years, with community health and social service agencies to make sure that the tenants they house can establish healthy lifestyles and maintain ongoing security of tenure. We recognize that healthy communities include a broad range of family composition, household structures, incomes, abilities and resources. We encourage and

promote a variety of tools to address affordable housing, including rent supplements, housing allowances and income programs, along with new supply to meet the growing demand and address the continual depletion of rental housing stock.

[0940]

Dollars spent on developing and delivering affordable rental housing for low-income households will positively affect quality of life, health and well-being, which in turn reduces costs in health care, social services, education and the criminal justice system.

The lack of affordable rental housing is not limited to the homeless, who are only the tip of the iceberg. It affects broader population targets than simply frail seniors or other distinct vulnerable populations. The critical shortage of affordable housing for families and for independent seniors is less visible but should not be ignored in favour of short-term, quick-fix solutions. Those not captured now in the "most vulnerable" definitions may soon become more vulnerable themselves as a result of unmet needs.

What the non-profit housing sector strongly recommends is investing in affordable housing supply. The government is a critical partner in the creation of new affordable housing. Investing in new housing units ensures long-term and sustainable availability of housing for all income groups in every community.

Public expenditure on supply programs can be used to leverage impressive financial contributions to optimize the amount of housing developed. Units developed by non-profit housing societies, with support from government, generate economic activity and employment in the private sector through design, development, financing and construction.

The investments made in social housing assets will pay off for taxpayers well into the future, because non-profit housing delivers rental housing on a permanent basis at cost. By contrast, public benefits from market housing subsidies or incentives always have a limited shelf life once agreements expire. Since affordable housing needs are likely to continue to need public intervention in the future, the pressure on the public purse increases when new investments must be made all over again to replace the affordable housing temporarily rented from the private market.

As well, we need to preserve what does exist now. That is something that is greatly under threat. There are many stories, particularly in the lower mainland, of rental housing that's being torn down and replaced with condominiums. We would really urge the Finance Committee to consider ways to help prevent that loss.

As well, there has recently been a transfer of the federal social housing stock. We would encourage government investment in preserving all of the stock as well as enabling innovation in the non-profit housing sector to build on the assets of these old programs that have been transferred over, and preserve them for affordable housing into the future.

In conclusion, we think the urgent political priority for senior levels of government is to move from announcements to action on new affordable housing.

We strongly recommend a comprehensive, balanced and fully funded affordable housing strategy that includes funding for capital grants for new affordable housing, rehabilitation for abandoned and substandard buildings, rent geared to income assistance for low-income households, support services for those who need help accessing and maintaining their homes, and development assistance for community-based housing providers.

Finally, we want to commend the government and the office of housing and construction standards for developing the 2006 provincial housing strategy, Housing Matters B.C. The plan contains several initiatives that will have a modest impact on the current affordable housing shortage but leaves out a number of key populations who are also in severe need of suitable housing options. Investing adequate provincial dollars in meeting the full range of housing needs in communities will pay off in increased productivity and reduced social and health costs.

B. Ralston (Deputy Chair): Great. Thank you very much. We have a number of questions.

I. Black: Alice, thank you for that presentation this morning. It points to, among other things, the highly complex nature of this issue. You touched on the mental illness and the drug addiction elements of this problem, to be sure. You talked about the need to approach this from a variety of angles, and you talked about not destroying buildings that are currently scheduled for destruction or rehabilitating them where possible.

[0945]

One of the interesting contradictions we're seeing in the media right now — I'd be interested in your views on this — is a pressure, on the one hand, to not shut down buildings that are single-space dwellings which don't necessarily have a full, if you will, apartment or condominium feel to them and the importance being placed on not shutting those down. Those are very important. Those are adequate, very needed housing.

Then a second message seems to contradict that and says that when you're building new housing stock as part of that balanced plan of subsidies and housing stock, etc., they must be of a size that's actually quite a lot larger and, as a result, much more expensive than some of the ones that are being defended against destruction at the moment.

Can you comment on that a little bit — see if you can reconcile that for the committee?

A. Sundberg: A little bit, yes. As you know, there's a continuum of housing. There's also a continuum of occupants in the housing. In many cases single-room accommodation is really aimed at a certain population of people who might not do well in a larger home or something that requires more of their responsibility, more of their input. They need a supportive environment. They don't necessarily need to have a large place. What they need is an adequate home that gives them the support they need to remain in place.

That's not to say that we feel comfortable with some of the single-room accommodation that is being provided. Some of it is certainly not conducive to an individual re-entering the economy. They often find themselves trapped in a cycle there, particularly where some of those places are located. However, as we know, there is a strong community in the downtown east side, for example, where a lot of the single-room accommodation exists. There is a strong community, and it does support the folks that live there.

Part of what we're saying is: don't destroy that community. Yes, we need to expand. We need to broaden where housing is located and recognize that it's not always the healthiest place for an individual to be. But it is also the place where there are a lot of supports there for certain, more vulnerable people.

I guess what we're saying is: definitely do not take away housing if it's not going to be replaced somehow, because that's what's happening. We may not think that the 150-square-foot single-room accommodation is good. Ultimately, I agree that it needs to be replaced with something that's more of a home, that's a more suitable home. But we also need to recognize that if it's not being replaced, then it's simply creating more homelessness. I hope that answered the question.

I. Black: That's very helpful. Thank you.

J. Horgan: I was certainly pleased when Minister Taylor presented her discussion document, and she had included, unlike last year, a category for social housing and allowed the public to comment on that. I'm pleased to hear your presentation today.

Although you are supportive in broad brush strokes of Minister Coleman's recent announcement with respect to housing, I was wondering if you could, with respect to your conclusions.... Bullets 1, 2, 3, 4, 5 that you outlined — of those bullets, how many were hit by the announcement?

A. Sundberg: Well, I guess there is a little bit of money in terms of ongoing rent-geared-to-income assistance. In the area of the most vulnerable, there are 450 units of supportive housing. Perhaps some of it will be shelters. Some of it will be transitional housing aimed at people who are homeless. We have over 2,000 in the Greater Vancouver area alone. Well, 2,200 were counted in March of 2005. So you can see the contrast between what's being proposed over two years — and that's it for the program — and what's needed just in the GVRD. That's not to mention the entire province.

We know that homeless counts grossly undercount, because you can't find people who are homeless. That's part of the thing. They find themselves places, and often they're not out on the street either.

[0950]

The rent-geared-to-income assistance is welcome. Those are not capital grants. The societies will have to enter into mortgages and will receive subsidies over the 30 years of the mortgage.

To my knowledge, there are some dollars that will be capital grants aimed at the aboriginal community, and that is very welcome, very needed. The aboriginal community is much overrepresented in the homeless population. That is excellent, and we're really pleased to see that happening. As well, there are other RGI units that will be available for frail elderly and people with mental illnesses through the Independent Living B.C. program, which is actually an assisted-living program.

We want to point out that both of those programs, provincial homelessness initiative and Independent Living B.C., are aimed at people who have health needs. So what I would argue is that, actually, these are in many cases health programs that are being funded by housing dollars. That is a major concern to us, I guess partly because we think that the Health Ministry already has a nice, big budget. Why would they want to come and take ours?

There's nothing there for rehabilitation or support services. There is part of the provincial homelessness initiative and Independent Living B.C. That's a big part of the component of those programs.

Some of those things are being met. What's really missed is families with children. There's no supply. The rent supplement program is nice, and it's definitely going to be useful for a small population — those people with children who are working and earning less than \$20,000 a year, but not people on income assistance. They don't qualify for it. Anyone earning more than \$20,000 doesn't qualify for it.

Many of you are from the lower mainland. You can well imagine that finding housing that is less than \$875 a month for a family of four is going to be an extremely challenging task.

R. Hawes: Two things. First, I've always hated the words "affordable housing," because it's not affordable housing. It's low-rental housing, and it almost invariably costs way more to construct than standard retail-type housing. The costs of construction are astronomical, and I've looked very hard at this. There are a variety of reasons that I'm not going to go into, but we need to be looking at what kind of standards we're imposing, because they're far in excess of the Canada Building Code that we impose on builders of so-called affordable housing for the non-profit sector.

I don't know if you saw yesterday's paper and the comments from Sam Sullivan and, I think, Kim Capri regarding taking a look at allowing small units, much along what Iain was talking about. We're our own worst enemies at the municipal level often, because most cities have bylaws that restrict the size you can construct. In some cities 700 or 900 square feet is the smallest size that you can build in any unit. I think what they're talking about is building something in the 200- to 250-square-foot range, which some people say is just very cheap, poor housing and we shouldn't be doing that.

But for homeless people, a 250-square-foot unit that has a kitchen and a bathroom and has some security to

it is a heck of a lot better than a single-occupancy hotel room in a hotel that's really degraded and in very bad shape. We all know what those are like. We see them on TV all the time.

I guess I would ask for your comment on whether or not municipalities.... They're the missing partner here in many cases. They're their own worst enemies. They want social housing, but they impose big development cost charges, big building permit fees. There are lots of obstacles to rezoning, and they insist on a size.... Frankly, if you take someone who's homeless, they don't really need to have a 700- or 900-square-foot apartment. It just doesn't seem to make sense to me.

Given what land costs are, if we were to increase density dramatically by allowing some of these smaller units, then they truly might be affordable. I'd just like your comment on that.

[0955]

A. Sundberg: You said a lot there, and I'm sorry, but I can't resist talking just a little bit about the construction cost issue and also just on the comment about affordable housing. Yes, it's a very broad term, because affordable housing for a rich person is a lot more than affordable housing for a low-income person. That's an interesting term.

Construction costs. In many cases the standards are higher for government programs. I think the primary reason that construction standards are higher is to reduce the costs of maintenance over time. That is one of the issues that yes, we certainly struggle with in the non-profit sector — costs or requirements of programs that require higher standards than building code would.

We also appreciate that in order to maintain and sustain these buildings over time, it makes sense to build them really well so that they can be maintained at a lower cost over time. That's what I made reference to earlier. Social housing that is operated by non-profits remains and becomes actually less costly over the years that it's in business.

That's just my rebuttal to what you were saying, and I certainly understand that we are looking for ways to produce efficiencies.

In terms of small units, yes.... We need to be careful in terms of categorizing all homeless people as people who are single with a mental illness or that kind of thing. Homelessness, unfortunately, has really expanded to include people with children — more than just one individual.

I have seen many examples of small suites that are very well-designed for a single individual, particularly in buildings where there is support being offered and there are community rooms and amenity spaces so that people actually come out of their rooms. The idea is not to be isolated in a little, tiny room and spend the rest of your life there, but to have support programs that are associated with that. That's an important component, and I think densification for that population is a solution that we would support.

As well, I'd like to agree with you wholeheartedly that municipalities are a very important link in this.

They are one of the levels of government that absolutely has to be at the table. There are many municipalities that have really been great leaders in demonstrating how to do that. As well, more and more are coming to the table.

My best example is the city of Kelowna, which until this recent municipal election had an absolute "we don't get involved in affordable housing" policy. That has gone completely 180 degrees. The city of Kelowna is there at the table. They're waiting for the province to arrive so that they can meet some of their current and growing needs for affordable housing. We definitely agree that municipalities have an important role to play.

J. Kwan: First a comment, then a question. On the single-room accommodation issue. Of course, many are in my community in Vancouver–Mount Pleasant. Certainly, from what I've heard from the community, people actually say that this is substandard housing. However, it's a roof over somebody's head; it's better than being on the street.

I haven't heard anybody say that this is housing that's adequate. If you really go through the definition of homelessness, shelterlessness and so on, people actually don't count those as homes. I just wanted to be clear about that.

The call for the preservation around it simply means that it's one step away from about 6,000 people being literally on the streets — hence our big problem. Hence the advocacy groups are calling for one-for-one replacement. That is to say, as we see the SROs or SRAs being demolished or converted, you actually replace them with affordable housing units. Therefore, you actually have a housing option for those people who now live in the SRAs.

[1000]

It's a big issue, which does tie into the small-suite issue. The city of Vancouver right now, I believe, actually has a bylaw that speaks to small units on a case-by-case basis — for them to be approved — but in a unit that is no smaller than 320 square feet. If memory serves me correctly, it is around the 300 range. I think a recent proposal from Sam Sullivan, the current mayor, and Kim Capri is 100 square feet. It's a significant difference in terms of the size of these units and the ramification for individuals. Anyway, I'll leave that debate for another day, because it doesn't belong at this table. I'll certainly present my views at city council.

On the question around the 450 units that have been announced by the government over two years, I get from your presentation that this is inadequate to meet the needs. From your point of view, what is the number of units that you think the government should be building immediately to address the issue of increased homelessness, not just in the lower mainland but all throughout British Columbia? What kind of ballpark are we looking at?

A. Sundberg: If we were to look at, say, 400 units a year for the next five years, we might be able to be addressing that. So 450 units over two years — and then

that's the end of it — are not going to meet that need. That's just aimed at the population which is currently either living on the streets or in shelters. That doesn't include the need for other forms of housing supply to meet family housing needs and independent seniors.

B. Ralston (Deputy Chair): Thank you very much for your presentation and for your answers. I think that will be of assistance to the committee.

We're running a little bit ahead of schedule because there was a presenter who didn't come at 9:50, so is the Richmond Chamber of Commerce here? Perhaps we can just start, and maybe we'll get a little bit ahead of our schedule. The chamber is represented by Bruce Rozenhart, Barbara Tinson and Craig Jones.

Welcome. Thank you very much for coming.

B. Tinson: Mr. Chair, members of the committee, I'm Barbara Tinson. I'm chair of the Richmond Chamber of Commerce. It's a pleasure to be here representing the Richmond chamber. We are pleased to be able to provide our input to you today.

Our input is based on Richmond's role as a dominant player in Asia-Pacific trade, commerce and travel, as a key coastal port, as the home to the Vancouver International Airport and as a host venue for the 2010 Olympic and Paralympic Games.

First, we'd like to compliment the government on its bottom-line-oriented approach to B.C.'s overall economic sustainability. We appreciate the chance to present at this forum. Your broad outreach gives all British Columbians an opportunity to be part of the budget process. We look forward to the government being equally diligent in the transparency of this process and in presenting the results of your consultations.

Second, and equally important, we want to congratulate the government on the greatly improved financial status of the province. The province's improved economic performance and the recent move up into a triple-A credit rating by Moody's are true reflections of the fiscal prudence matched with economic opportunities. We appreciate, also, the responsible approach to capital and program spending, with an eye to return on investment.

However, we encourage the government to keep a tight rein on spending. We want to ensure that there is a definable return on investment for increased spending that will not increase our debt load over time. We do not want to see the government entering into an overspending mode, as we've seen from previous governments.

With respect to debt reduction, we acknowledge the government's commitment to debt reduction, and we strongly encourage the government to continue on its path to reduce the legacy of debt to future generations. This must remain as such a commitment to the people of B.C. as balancing the budget.

[1005]

We have a number of other recommendations. A lot of these mirror quite closely what the B.C. chamber has recommended, so I'm not going to belabour some of them. I'm going to skip over — they're in your presen-

tation — education, skills training and health care. As I said, our recommendations are fairly straightforward there.

I'd like to skip to the two issues which are most important to the Richmond chamber. The first of these is transportation infrastructure. The Richmond chamber has been active in supporting government transportation initiatives that will enhance our economy.

We were active with business, labour and tourism organizations in our support for the Canada line, despite minority opposition interests trying to set it aside. We support the development of the gateway program because of the beneficial economic and social impacts it will have on the lower mainland and the province as well as Richmond.

However, it is apparent that the whole picture of the short- and long-term economic and social benefits of large transportation projects is not necessarily being efficiently conveyed to or understood by the general public. Moreover, some of the parties involved are also not taking a broad regional approach to infrastructure issues. This is an area where, in fact, some municipalities have been very reluctant to expand capacity.

There needs to be a compelling case made for why maintaining the status quo is not a viable option, so we'd like to see the government include a risk analysis for what would happen if we maintain the status quo when they budget for transportation needs. We also look for the government to provide guidelines so that projects may be assessed on the basis of regional benefits of these investments.

We recently saw an example where YVR... Kudos to them for trying to come up with some suggestions as to how to handle the congestion to the airport. Because the Arthur Laing Bridge is being used for commuter traffic, it's becoming difficult for people to actually access the airport during rush hour, so they came up with some suggestions as to how to improve that situation.

However, the suggestions they came up with do not meet the needs of the region around it. Richmond and Vancouver would have severe difficulty if there were tolling or dedicated lanes on the Arthur Laing Bridge.

This is an example of where we need to have a regional focus, and we need to discuss with all the concerned parties and not just look at our own transportation issues in isolation. This seems to be a predominant theme in transportation infrastructure projects in the whole of the province.

The other area where we would like to comment is Asia-Pacific. Richmond is Canada's gateway to Asia-Pacific, even though we keep hearing about Vancouver. Our demographic makeup and the number of our Asia-Pacific businesses reflect this. Our roots with Asia-Pacific go back to the early 1900s, when Japanese immigrants helped build B.C.'s commercial fishing industry.

Today we have the good fortune to have hundreds of businesses with direct linkages to China. Many of our members travel frequently to China, Hong Kong, Taiwan and other Asia-Pacific nations to develop business opportunities. We, together with the city of Richmond and Tourism Richmond, regularly

host a number of trade missions from these areas. Therefore, Asia-Pacific is a high priority for our city and for our chamber.

We acknowledge and support many of the recommendations made by the government's Asia-Pacific Trade Council. We believe initiatives such as this will enhance our province's long-term economic and social stability. We recommend, therefore, that the government undertake their recommendations, but we stress the need to ensure that all programs and investments are measured by their quantifiable economic impacts on the province.

We also recommend that business organizations such as ours with links to Asia-Pacific be consulted in building action plans for those recommendations. Additionally, we recommend that the government look to the current business relationships of B.C. businesses with Asia-Pacific so the government can enhance already established positive relationships.

Our city and our chamber are working on programs right now to enhance cultural and business relationships with China. We look forward to the government including us in the recommended initiatives.

To sum up, our two top priorities we would pick are tax reduction and debt reduction. While there are other spending recommendations made in this presentation, there can be no sustainable fiscal management of this province without paying attention to these two priorities first.

[1010]

With respect to infrastructure, we advocate investment, but we advocate limiting our borrowing and keeping the debt affordable. Obviously, if there is less debt to service, there will be more revenue available for other programs.

There is much we haven't said. We support the key recommendations of the B.C. chamber relating to fiscal policy and taxation initiative because they represent the results of considerable discussion of all of the members of the B.C. chamber, including our chamber.

We appreciate the opportunity to make this submission, and we look forward to seeing your report and how you present the recommendations in your budget. We pledge to work toward an enhanced relationship between the government and ourselves, and we look to you and our own MLAs to make that happen. Thank you very much.

B. Ralston (Deputy Chair): I'll look to members of the committee for questions.

I. Black: Thank you for your presentation this morning. There are some common streaks, as you've identified, with some of the presentations that we've had from the various chambers, and there are two in particular from the one that we just had from Tri-Cities that I wanted to touch on for a second. Both you and the Tri-Cities chamber pointed out the importance of your members and your citizens and your area participating in the Premier's conversation on health care. I think the way you phrased it in here is very good: "...to identify fears, concerns, wishes and needs for health care now and in the future."

You also are both focused on the notion that if there's less debt to service, there will be more sustainable revenue available for other programs, which kind of connects the dots that some people miss in that exercise of debating debt repayment versus program spending.

The one thing that I really wanted to focus on was your focus on the transportation infrastructure and a tone of concern around consultation involvement and the regional concerns of transportation. We had a presentation yesterday from an individual who was representing a chamber who talked about re-establishing a TransLink-like structure in all the different municipalities throughout the province. I would be curious, especially with the sensitivity that your own mayor is the chair of the TransLink board.... But notwithstanding, I'd be interested in the chamber's views on TransLink as it might apply to other regions throughout the province as an effective governance model or as an effective body for achieving some of the concerns that you have specifically in the area of Richmond.

B. Rozenhart: The Richmond chamber has been quite active in the lower mainland chamber's transportation panel, and the panel did make a submission to the government based on the TransLink governance model.

In terms of the current TransLink governance model, the Richmond chamber would not advocate that for any region of the province, if that's your question, Mr. Black. We are actually looking for more outside representation rather than municipal government representation, and more fiscal accountability and more longer-term financial planning. Does that answer your question?

I. Black: It does indeed. Thank you.

R. Hawes: Thank you for the presentation. I, too, am going to ask you about transportation and regionality. You seem to be saying that we need to be putting away parochialism and dealing with transportation as a regional issue that all of us, really, should be sharing in. So my question to you would be.... The Abbotsford International Airport is really seeking some expansion as an adjunct to Vancouver, and I don't think they're getting a great deal of support from the management at Vancouver International Airport. Would you be supportive as a Richmond chamber of seeing an expansion of the Abbotsford International Airport as an adjunct to Vancouver?

B. Rozenhart: Actually, the Abbotsford Chamber of Commerce is a very active member of the lower mainland chamber's transportation panel, and we have discussed the expansion of Abbotsford Airport. Generally, we are supportive of that. There is plenty of air transportation to go around. The Abbotsford Chamber of Commerce was quite clear in stating what their market area really was and what their use area really was, so they've given it a lot of study. So yes, we're quite supportive of that.

The one point that I would add to the regionality of transportation is that it's quite common to look at it from the standpoint of an urban issue, and it's not

really an urban issue. As you may have heard in your other meetings, it's really a rural-urban issue.

[1015]

I work with a number of municipal politicians from elsewhere in the province in another role, and certainly they speak of Vancouver Airport and the lower mainland as being quite a part of their transportation infrastructure. This is really easy to forget. We're quite conscious of mayors and business people coming in from not only other countries but coming in to our city, adding to our economic development as well. There's that kind of an urban-rural crossover as well.

J. Horgan: Thank you very much for your presentation. It's interesting. Iain wants an Evergreen line. Randy wants an airport. I want the Malahat fixed, and you want Arthur Laing dealt with. We were in Prince George. They need an extension to the airport there — and on and on.

R. Hawes: Well, some of them would be workable.

J. Horgan: I think the Malahat's the higher priority for all of us. Certainly, we know that.

My point is this. I go back to a sentence in your brief with respect to health care where you call it both a privilege and a right, which in my mind is a contradiction. I think we're privileged to have it, but most of us feel it's a right.

The challenge we have as legislators listening to your arguments and recognizing the value and importance of Richmond and its strategic location for all of us in the province... That's undeniable, and I would agree with you 100 percent. But when I go back to my community and say we're going to do something in Richmond and nothing here, we run into conflict and strife, particularly when we say that on top of that, their highest priority is debt reduction and tax relief. At the same time, we need to do infrastructure developments in every community based on the submissions from every single chamber of commerce that we've had. So my question to you is: how do we do that?

B. Tinson: Well, I think one of the suggestions that's been made — and I think it's an excellent one — is that we have a capital plan. Obviously, we can't do all of the infrastructure at one time. But if we do have a plan in place on how we're going to address them and what the priorities are.... Again, you have to prioritize all the municipal requests, but if we consider infrastructure in itself as a priority and then put the specific projects in a line, I think we can do it.

J. Horgan: Without increasing debt.

B. Tinson: Well, if you have to borrow.... I mean, if there's any kind of debt that's good debt, it's when you're increasing infrastructure. Obviously, we don't like to see debt, and we'd like to see as little debt as possible. But I don't think you can postpone some of these infrastructure issues because they just become

more severe with time. There definitely needs to be a plan in place. Obviously, we wouldn't support *carte blanche* borrowing — want to keep a close eye on that — but if it does require some, we're not objecting to some.

J. Kwan: I note in your presentation that you say you support the Premier's conversation on health care dialogue. As you know, the government is spending \$10 million on this, \$5 million of which is on advertising and the like. I wonder whether or not the chamber has a point of view around that \$5 million spending on advertising. Is that a good place to invest taxpayers' money, or should we redirect it somewhere else?

B. Rozenhart: The question of communications in government is a heavy political question. In order to improve access to information and encourage people to participate, I'm sure there needs to be some advertising in order to get people out and make people aware of the Conversation on Health. There'll probably be more funding required to get the report on that out. Whether \$5 million or \$2 million, I really couldn't comment on that at this point.

B. Ralston (Deputy Chair): Well, thanks very much for your presentation and the exchange of views.

Our next presenter is from Retail B.C. — Mark Startup.

M. Startup: Good morning, all. I have a recommendation that will be beneficial to all British Columbians, no matter what municipality, what riding, what jurisdiction or what region they reside in.

[1020]

It's a pleasure to be here this morning. My name is Mark Startup. I am president and CEO of Retail B.C. Retail B.C. is a provincial retail trade association. We represent primarily B.C.-owned and -operated retail companies.

I have a written submission this morning, and I submit that to you. I will not be reading from the submission. I may refer to it. What I'd like to do is just take a couple of minutes to highlight the retail industry in British Columbia and to talk about many of its strengths. There are three policy issues that are of great importance to the retail industry, which I will recommend. Then I'll be pleased to answer any of your questions.

As you probably know, in just about every region of the province the retail industry is booming. We are second only to Alberta in terms of rate of retail growth. Month after month year-to-date retail sales in British Columbia continue to grow. We are the fourth-largest GDP contributor in the province, which sometimes surprises many. We are the largest private sector employer. The retail industry across the province — full-time and part-time jobs — employs about 250,000 British Columbians.

The light is bright into the next couple of years. According to government forecasts, we expect sales to increase in the 6.3-percent range to the 5.1-percent range through '07 and '08. Our members, according to

the polling that we do, are very optimistic for the future, leading well into 2010.

I'd like to move on to the policy issues that we'd like to recommend, one of which we presented to you last year and was included in the report that went in. That is a reduction in the PST from the current level of 7 percent to 6 percent. We feel that there is fiscal capacity within the province's current financial state to reduce the PST, following on a GST reduction to 6 percent recently and on what we're led to believe will be further cuts at the federal level coming from both the income side and the business tax side.

We feel that the economy is ready for another tax reduction. It's been about five years since the significant cut to personal income tax. Retailers and their customers, primarily, would welcome a reduction of the PST.

According to the surveys that we do every year, the PST and the GST are the number-one tax issues of concern to our membership. When we dove deeper, we found out that it is the rate of the PST that is of greatest concern. So a reduction in the rate, our members feel, would be a benefit to the economy.

There are two other policy issues pertaining to the PST that cause concern for members. One of them is on the regulatory side, or the audit side, of PST. There are a number of very complicated exemptions and compliance regulations pertaining to the PST that many of our members find, after an audit, are almost impossible to keep up to date, which exposes our members to unnecessary fines.

The second issue of concern to our members is the actual exemptions themselves. We would recommend a very close examination of our overall exemption policies in British Columbia. If you add them all together, in terms of the different commodities that we exempt — from children's clothing to bicycles to used clothing and books and so forth — it's about a billion dollars of foregone tax revenue, if you want to put it in that language.

We think that many of our members, not all of them, are now ready to have a very good discussion with government on the notion of perhaps removing some of these exemptions, collecting the PST and, as a result, getting rid of many of these exemption and compliance problems that they face. The final comment I would make is that, while we support a reduction in the PST, we feel that the economy should be strong enough and that government's fiscal flexibility should be such that a reduction in the PST is timely.

[1025]

We support very prudent fiscal management. We support a reduction in debt. We would not want to see the government increase its debt load. That would be a precondition that our members feel is very important before the government would consider reducing the PST.

I'll stop there and address any questions you might have. Thank you.

R. Hawes: Mark, the paper that you hand out talks about harmonization. It says that there is, I gather, considerable support for harmonizing PST and GST. Yet there are some that are opposed.

I'm just wondering: is it the majority that would be in favour? Would there be a minority not wanting harmonization? Where is that?

M. Startup: That's a very troublesome issue for our membership. Our members are primarily single-location B.C.-owned and -operated retail companies. We figure about half of them.... We don't poll every year on this particular issue. The last time we examined it carefully, about half of them demonstrated that they would support the notion of harmonization. The other half would staunchly oppose it.

It tends to be that the single-location B.C. retailers would oppose harmonization and that the multiple-location multiprovincial retailers would support harmonization because it would allow them to streamline their operations from one province to another.

We also hear from our members that while the end result of harmonization would likely be very positive for consumers and for merchants — it would streamline remittance states — it would likely deal with the exemption problem that many retailers are concerned about. By harmonizing, you harmonize on the existing base of the GST.

They also feel that the pain they would go through on the short haul would be very, very onerous for the retail company and for their consumers. All that being said, I guess you could say that we're steadfastly on the fence, as an organization.

J. Horgan: Thank you, Mark, for your presentation. My spouse runs a home-based business, and the time she spends doing GST and PST drives her crazy. She also understands that the exemptions for many consumers are very important, with the PST and so on.

I think it would be nice to have some creativity not just from your organization but from government on how we could look at harmonization in such a way that would start at the provincial baseline, rather than the federal. But that's just a personal bugaboo.

I'll move on to your comment about debt. I'm certain that your members along Cambie Street would have preferred not to see debt incurred to build the RAV line, but it happened. When that's done, perhaps they'll be more enthusiastic about the increase in business. I'm wondering if your members don't see an inherent value in increasing infrastructure so that customers can come and go from one location to another more efficiently and effectively, thereby increasing the bottom line for those businesses.

M. Startup: Between Richmond and downtown we have about 300 members in malls or on the line, which is a considerable number of members. We found that a number of them staunchly opposed the whole notion of what happened along the line.

Another large percentage simply weren't really in tune or aware or connected to the impact that the construction might have in the first phase and the positive impact that the finished product would have. Then there's a segment of our members who would agree

that we're going to go through some pain here to increase the infrastructure and the traffic and the possibility that retailing will be much more vibrant once the line goes in.

The only other point I'd make is that in polling our members along the line, generally there was great concern for what was happening — moreover, from the loss of business that would occur during the construction phase. Many of these merchants are operating so close to the line that a one- to two-year disruption of business is going to be very problematic.

A number of them have shut their doors. A number of them have relocated, which I think is a positive thing. I guess we're just going to have to wait and see, once the line is finished.

[1030]

B. Ralston (Deputy Chair): I had a question that arises out of your suggestion that some of the PST exemptions ought to be closed. I'm sure you appreciate that many of them are almost sacrosanct. I'm thinking of the children's clothing one. We regularly hear at this committee requests for further exemptions in agriculture. I think the mayor of Delta was just in the news this morning, talking about an exemption from provincial PST for municipal construction projects.

What sense do you have, beyond your members, that the public would be prepared to accept the trade-off of a lower rate for closing the exemptions, to some extent, and therefore increasing the administrative efficiency of the tax?

M. Startup: I think that's a very valid concern. Our discussion with consumers and some research we have done would suggest that the consumer would appreciate the exemption now, thank you very much. If they can get it at the point of sale when they purchase clothing for a son or a daughter under 15, that would be their preferred option. That being said, we believe that with a proper dialogue between ourselves, the industry, government....

In sectors or categories like, for example, the school supplies sector where while they enjoy the benefits of exemption, and consumers and kids enjoy the benefits of exemption, it is so horribly difficult to comply with the regulations that they're willing to trade off any political or business problems they might get in removing the exemption and collecting the PST, rather than making it worse by having more exemptions or introducing the notion that you could expand exemptions to other categories in the industry or regional municipalities or what have you.

Retail B.C. itself would be prepared to stand up and take the heat with government in the event that government were to consider a revenue-neutral change in the PST, for example, in exchange for collecting 100 percent of the GST on all product that is currently exempt. Again, we do not have a firm policy on this, because we know that many of our own members would be coming out to complain at our annual meeting, saying: "Wait a second. Don't take away that exemption on

chocolate, because that will be a direct attack on my gross sales."

It is a complicated matter. I grant you that. It's politically difficult to convince a consumer that you can remove the exemption at the point of sale and then perhaps provide a tax credit or some other mechanism to generate a neutral outcome for the consumer. I guess the reason we've referred to it again in our submission this year, and we have referred to it in the last couple of years, is that we think our members now have the appetite to put up with a little bit of pain and discomfort — perhaps along with government on the political front — if we were able to find a way to start making these changes through policy.

B. Ralston (Deputy Chair): Thank you. Any other members of the committee have any questions?

Thanks very much, then, Mark, for your presentation and discussion.

M. Startup: Thank you very much. I guess this is your last day. Congratulations. Well done.

B. Ralston (Deputy Chair): Then we go into meetings to decide what we're going to say.

The next presenter is the Down Syndrome Research Foundation — Dawn McKenna and Naz Virji-Babul.

D. McKenna: I've been told I'm very quiet, so I'll try to be loud. We're not here to talk about sales tax or transportation or any of the large issues that this province faces; we're here to talk about a much softer topic. That's developmental disabilities, and Down syndrome in particular.

My name is Dawn McKenna, and I'm the Down Syndrome Research Foundation executive director. This is Dr. Naznin Virji-Babul. She's our director of clinical research at the centre. I'm not going to go through the submission line by line, but I am going to touch on certain points and welcome your feedback at the end. Thanks very much for this opportunity. We really appreciate it.

The past has been difficult for people with developmental disabilities. It wasn't so long ago that parents were told to institutionalize their children, give them up for adoption. There was no hope. They were never going to amount to anything. They couldn't get services, glasses. Health care was an issue.

Today it's much, much different. We've seen a significant change over the past 20 years, even the last ten years, in awareness and in knowledge.

[1035]

Today children with Down syndrome are almost totally in an inclusive setting in their schools. They're getting the services they need. They're getting intervention at an earlier age. The difference that we're seeing in kids today, as opposed to kids who were born 20 years earlier, is incredible. These kids are living much more productive lives, but there's still a long, long way to go.

The incidence of Down syndrome in B.C. is increasing. Over the last 20 to 25 years it's gone from one in

1,000 births to one in 500. Also, people with Down syndrome are living longer. They're now approaching a mortality of 60, as an average.

This means that health care is an issue. Services in their adulthood are an issue. We've given these kids a brighter future with better education, better communication and better social skills. Then what do they do with that? They're not given the same opportunities once they leave high school.

There are certain programs out there, but they don't continue to provide the education that they need to maintain a literacy level that they would have for a better job. A lot of them can't find a full-time job that would then support them to be able to live an independent lifestyle. So they're very dependent on their families, on their support system. A lot of them become depressed, stay at home, end up watching TV and become a drain on the system rather than productive members of society.

We were conceived in 1995 in response to the demand from professionals and parents in this province to form an organization that was focused on research, information and education for this very neglected population. Since that time we've grown tremendously, partly with some provincial support for a couple of capital campaigns, but on the programs and services side we've largely done it on our own through fundraising, grants and awareness. It's been very, very difficult.

We have developed the framework for an infrastructure — which we've attached to this submission, and Naz is going to talk about it a little bit further — that brings together programs and research — the clinicians, the researchers, the academics and the parents — into a very comfortable setting so that they can talk. The research informs the programs. All of our programs are evidence-based. We know that they work. We can see the anecdotal evidence.

We're doing this on a very small scale right now, and we would like to do that on a larger scale. There's a list of some of the programs and services that we offer, but it's just a start.

Our mission is to maximize the ability of people with Down syndrome to lead independent lives and to become productive members of their communities. We're poised on the brink of so much with the work that we've done so far and the collaborations that we've made. The future is very, very bright.

I'm going to pass it over to Naz.

N. Virji-Babul: If you could just take a quick look at the last page of our submission, you will see that we've outlined a model which we feel is unique. It's unique in the sense that it's an organic model. It's also evidence-based, and it takes a lifespan approach.

I'll just highlight a couple of features of this model. As Dawn mentioned, there have been a lot of services for children with Down syndrome and other developmental disabilities. One of the problems is that when the children hit 18 a lot of those programs and services fall off. There's really very little available for these children as they grow up. Children with Down syndrome

and other developmental disabilities are living longer, and they're living a majority of their lives where they're not getting the kinds of programming that they need.

Our model incorporates a lifespan approach. We look at the individual from birth until late adulthood. That, I think, is quite a unique feature.

The second feature which is really unique is that we're evidence-based. That evidence base comes from two directions. All of our programs have outcome measures in place so that we can continuously monitor what we're doing and see if there has actually been change in the outcome measures that we have in place.

Second of all, we have a MEG brain-imaging facility within our centre. The MEG that we have is the only one west of Toronto. Sick Children's is the only other one that's the closest to where we are. Having that brain-imaging facility has really helped to enhance brain-imaging science and neuroscience in B.C.

[1040]

We now have collaborations with UBC, SFU and UVic, as well as a lot of the children's hospitals on the mainland and in VIHA as well. Together we are building up neuroscience research in B.C. So this evidence is coming from two directions — the outcome measures as well as the new information about brain development that we're feeding into our programs to really try and maximize the development of these children.

Another key aspect of our model is that we've developed some partnerships with government and some with the universities that we'd really like to enhance to make an impact on policy, to look at how services are offered to children across the lifespan. We've started to develop this infrastructure that has incorporated all of these elements to really give a unique model to the way that developmental disabilities are looked at in this province.

There really aren't any other organizations that have incorporated the research aspects, the programming aspects and the policy aspects all together in one place. We've done this on a very small scale, and we'd now like to take it to the next step to really become a leader in the science of developmental disabilities in B.C.

D. McKenna: Moving forward, we would welcome the opportunity to meet with various members of government in various ministries — we cover the Ministries of Children and Family Development, Education, Health, Advanced Education — to set up a dialogue to talk about how our framework can help change policy in this province. It doesn't mean more funds; it means a redistribution of funds. It means refocusing our vision for the future.

We've attached to this submission our latest research report called *Challenging Disability*. It contains a little bit of the history of the organization, plus the research and the programs and services that are going on and our vision of the future. I welcome you to have a look at that when you have a moment.

B. Ralston (Deputy Chair): Questions from members of the committee?

Perhaps I can just begin, then. I'm not entirely clear as to what the source of your funding is, and I'm sure if I had a chance to view the document that would assist. Given the source of your funding, when you say you want to take it to the next stage, what are the financial implications for the budget process? I guess that would be my question.

D. McKenna: Our funding on an annual basis is largely private through our fundraising initiatives. We have a budget of \$1.5 million per year at this point. We get a very small gaming grant — a very, very small percentage — and that's it. The rest is all private donations, fundraising, word of mouth. Knocking on doors — we don't do that, but some direct mail campaigns....

What we're proposing is.... There are funds out there and have been for years that have been given to certain ways of doing things. We think it's time to look at a new way of providing services for people with developmental disabilities and redistributing some of those funds. We would welcome the opportunity to chat with you about that. For us to move forward and effect policy change the way we would like to and have an even brighter future for these individuals, we need some financial support.

J. Kwan: Just to focus my mind in understanding, I guess, your ask of government, am I correct to understand that you would like support in terms of program development for 18 and beyond? That is to say, part of the submission is centred around children or individuals up to the age of 18, but then beyond that there is no support. Therefore, it creates a major gap in the further development of individuals with Down's. So therefore, program development initiatives around that is one component.

The other component is the research piece, in terms of needing to do the multitude of research, which you actually highlighted in this particular flowchart, and to top up that as a significant component of the issues.

Then the last piece — am I understanding correctly? — is that you are requesting the government to just basically sit down with you so you can work out what partnership can be developed in order to move forward.

[1045]

From your document you say: "Right now, for the last several years, developing partnerships, programs and our research mandate largely through fundraising initiatives and private donations without the support of the government."

D. McKenna: Right.

J. Kwan: So you're asking for government financial support as well.

D. McKenna: Yes.

J. Kwan: And do you have a sense of the dollar figure, of what amount? I suppose that might be hard, because you actually don't know what the partnership

might look like, but I wonder if you have a sense of that.

D. McKenna: Well, this is not the first time that we have tried to partner with the government. We've tried various ministries, and it's very easy to get shuffled. "Well, there's money in this," or "There's money in that. Go talk to so-and-so." We have tried, and we will continue to try, but we thought this was a good forum at least to talk to a broader group and maybe get this in the budget process.

There is a gap in the adult age range, and we do have some initial programs in that. There is, as you said, more that we would like to do. To be able to provide support on all of the programs and services that we provide would be of such a help. We had put together quite an intensive budget on all the various programs that are covered by this flow chart. Partly the revenues for the programs would be covered by user fees. Some of the money could come through the Medical Services Plan of B.C. and some would come from other grants.

J. Kwan: Is it possible for you to submit that document to us so that we could actually look at that?

D. McKenna: Absolutely.

J. Kwan: That would assist us greatly.

D. McKenna: We didn't know quite how much information to provide at this point. We didn't want to scare you with the numbers, but it's a fairly large amount. We had estimated probably \$100,000 a year, mainly in support of salaries. To cover the roles within this would be huge for us — not so much for the government, but huge for us.

N. Virji-Babul: I think just to answer your first question about where we see the gaps and the change in our vision, right now the funding is sort of allocated in different areas of development. There may be some money for medical aspects, some money for the health aspects or the education.

What we're really looking at is to change that perspective and look at the person and what their needs are as they're going through their lifespan — whether it's in terms of their educational needs, their health needs, their medical needs. Can all of those be incorporated into a more holistic way of looking at the child as they go into adulthood and not just pieces of it to be funded at one point?

D. McKenna: This would work for more than just kids with Down syndrome — for all developmental disabilities.

R. Hawes: Thank you for your presentation. I wish that every group that came in front of us was asking for only \$100,000. It would be a lot easier to do. I want to compliment you on the book that you've provided.

Certainly, looking at your research, there's a pretty impressive array of talent.

D. McKenna: We've been pretty busy.

R. Hawes: My question is this. I think it's just absolutely alarming that over 20 years the birth rate has gone from one in 1,000 to one in 500 births in British Columbia. Do you have any idea what's causing that? Is there any idea at all or any research that says what would cause that increase?

N. Virji-Babul: I think partly it's that women are having their babies later, so there is a greater chance of getting Down syndrome as the mother ages. That supposedly contributes to the increase. People are also making more choices not to terminate the pregnancies when they find out that they have a child with a disability.

R. Hawes: Do you have a number — the population of British Columbia that has Down syndrome or that has...?

N. Virji-Babul: The numbers that we have from Vital Statistics are from 2000. There are approximately 4,000 people with Down syndrome registered in their registry as of the year 2000, but with the numbers, the rates that I've given you, approximately 200 children with Down syndrome are born in B.C. every year. So you would add that to the total numbers.

B. Ralston (Deputy Chair): Thank you very much for your presentation. We'll consider it, and we'll appreciate receiving the additional documentation that you've spoken of. If that could come to the Clerk's office, it will be circulated to us.

At this point I'm going to ask ArtsConnect and Sherry Carroll to come forward.

[1050]

S. Carroll: My name is Sherry Carroll, and I live in Port Coquitlam. I'm the president of ArtsConnect, which is the tri-cities regional arts council. Our job is to support and advocate for the arts in our region.

Since I just found out about this last night, I'm going to do two things. I'm going to read you a statement from the Assembly of B.C. Arts Councils to add our voice to this request on their behalf. Then I'll make a few comments, and I'll be happy to entertain some questions.

We are a member of the Assembly of B.C. Arts Councils. There are 126 arts councils throughout B.C. They are an important venue for funding for councils and performing artists and artists of all walks of life. The assembly has been working with a coalition of arts organizations under the banner of Arts Future B.C. to lobby the provincial government for increased support for arts and culture delivered through the B.C. Arts Council.

It's Arts Future's belief that the B.C. Arts Council is the best vehicle to deliver investments in arts and culture into the hands of individual artists and arts organizations throughout the province. These are the

people and organizations directly engaged in creation, production, dissemination and community development through the arts.

The arts provide our communities with a heart and soul that must be nurtured. The delivery of core funding through B.C. Arts Council is key to accessing these benefits for all British Columbians. We would like to add our voice to this appeal for increased investments in the arts in B.C., delivered through the programs of B.C. Arts Council. The figure which they are considering is an additional \$32 million in the budget year 2007-2008.

Having said that, I should also like to add that it wasn't until I was actually directly involved with ArtsConnect that I realized just how important gaming funding is to the support of arts and culture. I definitely know that the Gaming Commission hasn't received much in the way of an increase in the last few years. So I would also like to indicate at this time that the Finance Committee consider more money for them so that we can access them. It is an unusual arrangement, in that gaming will allow you to apply as very small groups to very large groups. This is really critical.

Under those two things, I would like to carry on with how this sort of impacts us, just so you know. We get about 40 percent of our income from B.C. Arts Council. The rest of it we raise by fundraising, grant writing and so on and so forth. As everyone knows who has to spend time writing grants, it takes a lot of time away from your program.

Our job is to support and advocate for arts and culture in the region, and the region consists of Port Moody, Port Coquitlam, Coquitlam, Anmore and Belcarra — in other words, the region of school district 43. One of our most important, recent projects was a regional arts and culture survey within the Tri-Cities area. What we wanted to do was establish a baseline for arts and culture information within the region. Quite frankly, we were stunned at the tremendous level of interest and support in arts and culture.

Just for an example, community festivals stand at 75 annual events, many of them seven to ten days long. These don't include the major runs. That's more than the weekends that are available. You're basically looking at two and three events every weekend during the time at which you can actually do this.

This is all community-driven. This activity ties in very nicely with the 2010 Olympics. The level of interest, activity and enthusiasm for participation in that third important leg of the Olympics, which is arts and culture, is really remarkable. It's taken place over the last five or six years. I know when I first moved here in 1992 it was somewhere down here. Now everyone — we're talking 85 percent of our residents — participates in some way in arts and culture. This world-class event should be looked at with review to our request for this support.

[1055]

As a closing remark, participation in arts has been identified by Health Canada as absolutely vital to a healthy community. So we would like you, in your deliberations, to please remember that. Thank you for listening. Do you have any questions?

B. Ralston (Deputy Chair): Great. Thanks.

D. Hayer: A very good presentation. My question is: how many members are in your organization in this area? Also, how many different cultures are reflected that are involved with your organization, because we have very diverse cultures in British Columbia — right? I've been to some of the functions here and celebrated some of the different cultural events. Do you have any idea of approximately how many different cultures are represented — the main ones?

S. Carroll: We have group memberships. In other words, while we have individual memberships, the bulk of our members are actually other organizations. So we're an oversight group. I believe that at last count it was 65 groups. We directly serve all the residents in the area.

Now, your question about multiculturalism is really interesting. One of the things that we found out when we did our survey — which was a big surprise to everybody — was that we really didn't know the interests or needs of our multicultural groups, although we have members who sit on our board and attend our meetings and, basically, participate in our programs. The reason for that was quite simple: the survey was designed for adults. So while the kids could speak English, the parents couldn't, so we couldn't get any direct information from them at all.

Having looked at that as a big hole in our information, we have taken on a number of projects to directly identify various sectors. There are certainly many. The Farsi-speaking sector is really large. We've been very fortunate in having representatives of that sector on our various committees. Of course, the Korean sector — again, very large. The Chinese — not so large. The French Canadian — very spotty. As you know, it's concentrated in Maillardville. The rest of the region — very spotty. We are in the process of identifying those as we proceed. And that was one of the things for the survey to actually help us with.

I can give you a couple of other interesting things. We did ask the question: okay, if you don't participate in arts and culture, how do you see yourself doing that in the next year? For the most part, the entry-level positions had to do with taking the kids to a museum, attending a performance or buying arts and crafts, none of which we expected.

As you can see, these things often come as a surprise to people who think they're in the know. Are there any other questions?

B. Ralston (Deputy Chair): Don't worry. We'll get to them.

I. Black: Good morning, Sherry. Nice to see you again. It's not news to you, of course, but I'm from this area, and you and I have had several conversations.

With the presence that the arts has in this area — Port Moody, of course, being the City of the Arts and the spring Festival of the Arts that's there — and the

disproportionately high number of arts communities in this area.... When you think of the impact of additional funding, what would that mean to the Tri-Cities? If you look ahead five, maybe ten years and you got that sustained funding at the arts council level and it presumably filtered down into the tri-city areas, what would be different about our community five or ten years from now than there is today? Could you talk about that and how that vision manifests itself?

S. Carroll: Well, we actually think in terms of life-time involvement and the overall health of the community. So this trickle-down effect would help us with our direct programming.

As you know, there's tremendous demand for funds from all sectors. Not ours in particular, but ours in general has what I would call a real need to see this involvement happen over time. There's still a tremendous need for children's programs. You are asking about five years down the line; I'm just thinking as far the Olympics. I would like to see us as a region seriously coming together for regional projects. That's starting to happen.

[1100]

Also, what's starting to happen in terms of coalescing is that the various facilities have started to have a really visible presence — Poco's Leigh Square and Port Moody's arts and culture centre. We're starting to look at city halls as venues for arts and culture. We're starting to look out to what else is available.

All of that takes funding, in addition to which, of course, there's still a tremendous demand for theatre. Our capacity is quite small, as you know. As I said before, attending performances — theatre, music, live stuff — is a real key component for people who want to participate.

Thirdly, there's not a lot of museum space here and very little archival space. As far as I can tell, the heritage groups are poor sisters in this whole thing. So we would also like to see some enhanced attention to that part of the arts and culture sector, partly because as everyone is getting older — as we baby-boomers all are — we're starting to take a deep interest in our history. The facilities to manage and support that are not there yet.

Anything else?

B. Ralston (Deputy Chair): Any other members of the committee have questions? No?

Okay. Well, thanks very much, Sherry.

S. Carroll: Can I just add something?

B. Ralston (Deputy Chair): Oh, certainly. We've still got a bit of....

S. Carroll: I don't drive. I get lots of stuff done on the transit. So if anybody wants to talk to me in the break about the foot-on-the-ground experiences with transit and how it operates, I'd be happy to let them know.

B. Ralston (Deputy Chair): How did you find this location in terms of its accessibility to transit?

S. Carroll: It's okay. You only have to plan on an hour. I live on Mary Hill. I can walk faster.

I. Black: Which is a ten-minute drive, for my reference.

B. Ralston (Deputy Chair): Well, thank you very much.

If I could just address the members of the committee. Our 10:50 appointment hasn't appeared, and we don't have anyone else scheduled until 11:50. So I'm suggesting that we come back here at 11:40 and hope that they come early, and then maybe we can leave.

I do note that the name seems familiar, and they may have, in my view, already presented in Surrey. But we'll check that out. So if we could just recess until 11:40.

The committee recessed from 11:03 a.m. to 11:54 a.m.

[B. Ralston in the chair.]

B. Ralston (Deputy Chair): We're waiting for a presenter that was due to present just before 11:50. They're not here, so I'm going to suggest to the committee that we recess until 1:05 this afternoon.

With that, we'll recess. Thank you.

The committee recessed from 11:55 a.m. to 1:02 p.m.

[I. Black in the chair.]

I. Black: Welcome to those in the audience. My name is Iain Black. I'm stepping in as the Chair for the remainder of the day today.

The first presenter we have this afternoon is Dr. Rory Wallace from the Emily Carr Institute of Art and Design Faculty Association.

Dr. Wallace, please feel free to take the seat in front.

Good afternoon. The format here is that we have you give a total of 15 minutes. Typically, we find that presenters take about ten minutes to share their views with us, and we try to leave five minutes for questions. If you go over the ten minutes and consume the 15, we'll have to wrap it up without taking any questions.

The ball's in your court. You're welcome to begin at any time.

R. Wallace: My name is Rory Wallace. I'm here presenting on behalf of the faculty association of the Emily Carr Institute of Art and Design. My background is that I've taught for 20 years in post-secondary education. I want to thank you all very much for giving me the opportunity to present some of the concerns we have about the present situation.

First of all, I'd like to tell you just a little bit about Emily Carr, because some people don't understand exactly what we do and who we are. We offer three different degree programs: visual arts, design and media. We have 1,300 full-time-equivalent students, and we have to turn away three of every four who apply to us. We have a 107.5-percent utilization rate, and we

have a graduate program that attracts students from all around the world. It's small right now, but it's growing.

Although we are a lower mainland-based post-secondary institution, we've got a number of cooperative arrangements with other institutions around the province because of our provincial mandate. We have degree programs with UNBC, which is now focusing on first nations studies. We've got a highly enrolled, very successful second year of the agreement in cooperation with North Island College to offer a joint degree. And we're in the process of offering another one with Northern Lights. We're just developing that right now.

I'm aware that you've heard from a number of post-secondary institutions in the past, but I think that what I'd like to do is show how those problems, those concerns figure for us at Emily Carr. In order to do that, I need to just give you some sense of the kind of skills, commitment, inventiveness and the contributions that Emily Carr and its students make to our provincial economy and life in the province as well.

[1305]

I want to suggest that the cultural industries — and I'm going to try and give you some sense of what I mean by cultural industries — generate an enormous level of economic activity, in addition to, as I say, the qualities of life in the province.

My suggestion is that when you see many of the films that you see on your TV or in the theatres, you can be sure that Emily Carr grads are involved in some way or other. They're either set designers, set painters, behind the cameras or doing the lighting. They're there.

Another example of the kinds of things we do. I won't name him, but the CEO of one of the major gaming companies in Canada goes cruising around our grad show — we have one every year in May — looking for who's doing the best animation in order to second them for his company. It really is true. He literally says that it's because we think outside the box with all of our programs. We're trying to break new territory and get out there.

When your children watch *Shrek*, Emily Carr is involved in that and also *Nemo* — all that kind of animation. That's a growing industry; it's a huge industry.

I just brought along the home and design show.... Some of you may have got to the home and design show at B.C. Place, and I've just picked two adjoining pages. Just the second paragraph: "Sometimes the 28-year-old Emily Carr Institute grad is an industrial designer."

The one on this particular exhibit, which was one of the most popular there, was a self-contained little display module which showed only Canadian design. It was filled with B.C. and Canadian designers, and it's travelling around the world. Down at the bottom here it says: "Jakub Zak, a partner in Teale Merkeley and a recent graduate of Emily Carr Institute, is just one of the recent losses to Italy." He's moving out after having had our education.

Finally, if you have friends here that are coming to town visiting and they go to the Vancouver Art Gallery, one of our faculty members and one of our students are the main show on right now. What I'm

suggesting to you is that not only do we run most of the other secondary galleries in the city and elsewhere in the province; we're very involved at that level of profile.

Anyway, let me just move on to what I consider some of the impact. The film industry, as I suggested, and the animation and the gaming industries are, of course, huge. I don't know that you will know them anymore than I do, but *Need for Speed* is made in Vancouver. It's one of the fastest-growing, most profitable games ever. That same company, EA, is bringing out another. Emily Carr is involved.

Our design grads. We're moving, as I don't need to tell you, from a resource-based to a knowledge-based economy. Those are the kinds of industries that add value. Value is added to materials. The wood design program that we have at Emily Carr is part of that.

I also just want to suggest that we've contributed long term. Emily Carr is the second-oldest, post-secondary institution in the province. People like Jack Shadbolt taught with Emily Carr. Doug Coupland, the man who gave us the term "Generation X", was a student and a former faculty member. I could go on a lot on who has a national and international reputation.

What I want to suggest here is that the three people we have to turn down every year to get into Emily Carr.... It's not that they lack talent. I think that what we need.... We're big. We're on Granville Island, as most of you know, but we also have to rent space off island, and people have to move back and forth between. It doesn't create the kind of creed of nexus, the creed of forum that we're really looking for.

We have other problems. Our faculty are sharing three or even four to an office, which means that students don't have access because there's nowhere for faculty to work, let alone our students.

The Writing Centre. The Writing Centre is not a remedial centre, necessarily. These people are developing high-level literacy skills so that they can participate and compete in an international market. So the Writing Centre is involved in that. I see the lineup right by my office door, and I'm five offices away.

[1310]

I do want to suggest — and as I say, I've been in the business for 20 years, not just at Emily Carr but at the University College of the Fraser Valley as well — that the demographics of our student body are changing. We are getting people who can afford — or their parents can afford to give them — that post-secondary education. We're losing some of the very talented minority groups of people who could be taking our courses and getting the skills to participate more fully in our economy. I don't think the province can afford to continue to do that kind of thing.

Finally, I do want to suggest, really, that we need to make some very concrete, very material steps to improve the post-secondary education system in general. I'm identifying and aligning it with the needs that Emily Carr has in particular. That is, we need to really increase our operating budget. We visibly lack classrooms. We visibly lack equipment.

What is it? There is no second place in some of the businesses with which we are attracting our students and putting them in the world. And operating expenses. That is, to try and take care so people are going to succeed within the environment, not get there and fail.

We need to see reductions in fees. You know, as I know, that fees are going up all the time. Our fees per semester are between approximately \$2,000 and \$2,500. We know that students drop out, and with our programs they have real trouble getting back in because they're consecutive. You know, a course is only offered once every so often, because we don't have the room, because we don't have the resources.

They drop out. We lose them. They try to come back in, but it's very difficult because we have no attrition rate. There's no room for them to re-enter.

Finally, we need to strengthen the student grant or student financing in some ways in order to assist them in that.

I think that's all I have to say. Maybe I can answer your questions now.

I. Black: Thank you very much, Dr. Wallace. I'll entertain questions from the committee. Is that all right?

J. Kwan: On the item where you're proposing that there needs to be an increase in operating grants and also, I guess, to address the space question, could you tell the committee how much we are talking about in terms of the operating grant component and in terms of the number of seats in expansion, with space, equipment and so on? What parameters are we looking at for that aspect?

R. Wallace: For the individual institution, or the system, are you thinking?

J. Kwan: For Emily Carr.

R. Wallace: Our operating grant is approximately \$19 million right now. According to my financial VP, approximately 50 percent of that is paid through tuition fees and almost all of the rest through funding.

That has changed. It used to be that approximately 70 percent was paid by funding. As most of you know, your tuition contributed a lot less to your education, and some of you are younger than I am. Some of you are about my age.

If we were to meet even half the need that we see out there — the number of applicants — we would need to approximately double our operating budget.

Space. We are constrained by the fact that we're on Granville Island. Some of that may well be met through the CMHC, which owns Granville Island, of course. It may also be met by our holdings in the Great Northern Way campus, in which we cooperate with BCIT, UBC and SFU. So the space requirements are a little less. They can probably be met with ingenuity.

[1315]

R. Lee: Thank you for the presentation.

You know that we have a lot of raw material in B.C. — wood, metal — and to be able to utilize those materials to form them into an art product is really productive. Have you done any checking of your graduate students? How many actually remain in the related industries to utilize the knowledge they've learned in the courses in Emily Carr?

R. Wallace: I'm not sure. Is it how much of the resource materials...?

R. Lee: How many graduate students in the college are actually working in the industry and utilizing that knowledge learned?

R. Wallace: Oh, I see. No, it's very difficult for us to track post-graduates consistently. I do know, as you do, that surveys go out on our EPs — the measure of satisfaction with their education and a number of other things, their ability to move into a related field within a very short period of time and so on. I'm also aware that we don't always do extremely well when we ask them six months later, because it usually takes somebody who's an individual designer longer to establish themselves.

We cooperate with BCIT on a wood products program, for example, and we know that approximately 40 percent of those people are employed very shortly afterwards. The other number that I can give you is.... The gaming company that I spoke of earlier hires approximately 50 percent of our.... We graduate about 250 students every May. That particular gaming company hires approximately 50 percent of our animation grads.

I. Black: Just for a point of clarity, when you're referring to gaming, for the benefit of the committee and those listening on the Internet, I'm assuming you're referring to video gaming as opposed to gambling. Am I correct?

R. Wallace: Well, it's a gamble sometimes, but yes, exactly. Games, Warcraft — some of them are more sinister than others.

I. Black: Well, I heard Electronic Arts, so I was pretty certain, but I thought I'd just draw that distinction for those who were wondering.

J. Horgan: That was actually one of my concerns, that gaming isn't gambling, which is a jargon that we in government are using. But I think those of us who are young — and I'm hoping that you are counting me in that number — got it right away.

I want to thank you very much for your presentation. We've heard from a number of post-secondary institutions, as you suggest, but Emily Carr holds a unique position, I think, in the new economy. Your comments with respect to the payback for the public investment is extraordinary for our economy. I wanted to expand on that, but I also have another clarification beyond the gaming/gambling, and that is: do you still

have an affiliation with the Kootenay School of the Arts that you're aware of?

R. Wallace: I'm aware that we have a collaboration in the sense that many of their faculty teach with us and specialize in particular courses, but I'm not sure of a formal relationship at this stage. I know they collaborate with SFU, and I'm just not sure with us.

J. Horgan: Okay. That I can pursue on my own.

Getting back to the payback for the public investment. For the benefit of the committee, I'm wondering: with respect to the reduction in tuition fees, do you have a ballpark on what you would envision that to be? If there was a reduction, could you give us a sense of how many more students you expect we could enrol per year at Emily Carr as a result of those reductions?

R. Wallace: If I understand the question fully, there are two parts to that question. One is: how much should we reduce the fees? The other is: what other kinds of support should we be providing? Because in order to enrol more students, we can reduce the fees, but of course, we need to create the room, the space, the opportunities and the support for it. Even a comparatively modest reduction of 10 percent or 20 percent or something would be enough to encourage greater participation if we have the space.

I. Black: Dr. Wallace, I'd like to thank you for your presentation. The committee will review all the presentations we get in coming up with our summary report for the Minister of Finance. Thank you for taking the time to present to us and have a wonderful afternoon.

Next up we've got the Business Council of British Columbia, with Jock Finlayson and Ken Peacock presenting to us.

[1320]

Gentlemen, good afternoon, and welcome. Just to remind you of our format, you've got a 15-minute time slot, and you can take as much of that as you like to speak. We do recommend that our presenters keep it to about ten to allow us five minutes for some questions. The floor is yours, and the time is yours.

J. Finlayson: We'll be quick. Thank you very much for the invitation. I'm Jock Finlayson, executive vice-president of the Business Council, and Ken is our director of economic research. We completed our submission last night and managed to get it xeroxed this morning for your use today.

We'll very quickly start with a few comments on the economic setting and outlook for the province as we go into the 2007 budget. Ken will speak to that, and then I'll turn to some of our recommendations on both the fiscal and taxation issues for the upcoming budget.

K. Peacock: I'm just going to have to give a very quick overview of the economic setting, touching on the external outlook and then focusing a bit more on B.C.

Overall, B.C. continues to grow at a healthy pace. This year real GDP is expected to grow at 4 percent, which is by any measure a fairly strong showing.

There are, however, some clouds on the horizon that will probably trim growth as we look out to 2007. The global economy, in particular, although it will remain strong, is continuing to downshift. In large part this is due to a slowing in the U.S. economy. This is materializing as we speak, and most economists now think the U.S. economy will grow by an annualized pace of just 2 percent in the fourth quarter of next year.

This sets up a soft start to 2007 so that the outlook for the whole year of 2007 is for the U.S. to grow by about 2.2 percent to maybe 2.4 percent, a weak performance by U.S. standards. Higher energy prices, higher interest rates, consumer debt and now a sharply weaker housing market are underpinning this slowdown.

Of course, the U.S. housing market is the most significant impact for B.C. We're seeing U.S. housing starts drop off sharply. In turn, demand for lumber has fallen off sharply, and now lumber prices are at around \$250 U.S. per thousand board feet, which is a low level. It also is the level that the 15-percent export tax will apply. We expect this will impact the resource-dependent communities around the province.

Undoubtedly, the U.S. housing is the greatest downside risk to the outlook. A lot of economists are concerned that there'll be a sharp drop-off in the U.S. housing market. Others see a more gradual slowing and then a return to more normal levels — which wouldn't, of course, be as bad.

It is instructive, however, to remember that interest rates, in a historical context, do remain relatively low. Balance sheets for U.S. corporations are in good shape. Another thing that is a little bit different this time around is that U.S. payrolls aren't as bloated. Employment growth hasn't been as strong in this up cycle as it has been in past years, suggesting that if there is a need for layoffs and downsizing, it will not be as sharp and steep as it has been in the past. That might temper any downturn on the horizon.

Another positive, of course, for B.C. is the Asia-Pacific. Here we're seeing strong growth, particularly in China. Our second-largest export market, Japan, is now on a more sustainable growth track, so that's also good news that provides more balance to the B.C. outlook.

With the slowdown in the U.S. and a more mixed picture for commodities, the domestic side of the economy will undoubtedly be the strongest driver of growth in 2007. The expansion remains on a solid footing here. However, we do note that there are some indicators of some softening, even on the domestic side of the economy.

Employment, in particular, has levelled off recently. Yes, year-over-year growth is strong in employment, but if you look since about March, there has been a notable levelling off in employment growth.

Similar story for housing starts — a strong year-over-year performance, but actually, housing starts in the province are falling. This is important because it has been a very strong sector and has underpinned growth in the province.

Non-residential construction is going to be the key driver of growth as we look out to 2007 — large infrastructure projects around the province as well as the commercial and industrial buildings. A very, very upbeat outlook for that area. Business investment in machinery and equipment is also strong.

Consumer spending, a very important part of the economy, is healthy in B.C. We're seeing 8-percent year-over-year increases there and actually an acceleration in retail spending in the last quarter that data are available for. This is driven by strong employment gains in the past and now strong income and wage gains.

[1325]

In summary, we expect the B.C. economy will grow a little bit less than the consensus outlook, which is about 3.7 percent. Because of the storm clouds on the horizon, we're calling for a bit more cautious outlook — growth in the range of 3 percent, maybe a little bit higher in light of the external headwinds. Then if you look to 2008, we expect a little bit of pickup from there, due mostly to an easing in interest rates.

J. Finlayson: Thanks, Ken. I should just say that we are actually a bit less optimistic than some of the forecasters in the banking community back in Toronto. One of the reasons for that is forestry. We're of the view that current lumber prices, coupled with additional weakness in U.S. housing starts and the export tax that will be implemented under the new softwood lumber agreement, are going to trigger a lot of pain in the interior forest industry in 2007.

I'm afraid we're likely to see some significant layoffs and shutdowns of mills. We're already seeing that across eastern Canada. We believe it's going to come to B.C. We're not as optimistic as some of the out-of-province forecasters who don't pay too much attention to forestry.

However, having said that, as Ken indicated, there's a good head of steam that's built up in B.C., and certainly we'll be one of the economic growth leaders.

I would draw your attention to an issue that we briefly discuss on pages 7 and 8, which is a source of concern. It is the erosion of the head office base in British Columbia.

A study was done a couple of months ago by Statistics Canada. They looked at 3,600 large- and mid-sized Canadian enterprises, so it wasn't just the biggest companies. There were a lot of mid-sized companies as well. It found quite a significant drop — 29-percent decline — in head office employment in British Columbia from 1999 to 2005. That was by far the worst performance in the country. That's overwhelmingly a Greater Vancouver phenomenon. Greater Vancouver has almost 90 percent of the corporate head offices included within the Stats Canada review of B.C.

We're not sure what's really going on there. Part of it is probably industry consolidation in mining and forestry. But it is something that we should be concerned about because the employment base that's attached to head offices tends to offer well above average-paying jobs.

There are a lot of other multiplier effects that come from head office employment, so we're suggesting the province take the lead in having a look at that. We don't see any leadership at the local government level in Greater Vancouver, any real interest in that matter. We think it's something that we should be working to try and understand better and seeing what we might be able to do to address it.

On the fiscal policy side, everything has turned out quite well for B.C., notwithstanding a dramatic falloff in natural gas revenues. The budget that was brought down in 2006 was based on very conservative forecasts, which I think is the prudent way to go. As a result, the quarterly update that was released in September points to another healthy operating surplus this year and projects a continued pattern of \$1.8 billion-or-so surpluses for the following two fiscal years.

We're not in the Alberta position where there are multi-billion-dollar surpluses, but we're certainly doing well. That gives the government some flexibility on spending as well as taxation measures.

On the debt. It would be nice to pay the debt off like our friends in Alberta have done. That isn't feasible in B.C. It also isn't necessary. We're comfortable with the level of debt as a share of GDP in the province at a little over 15 percent. Over time we'd like to see it gently decline prior to the baby-boomers beginning to retire, but as long as the government remains in an operating surplus, even with off-budget capital spending, the debt-GDP ratio should continue to edge down as it has done over the past couple of years.

We're comfortable with that approach to debt management and so is Moody's, which cited the falling debt-GDP ratio in the upgrade of B.C.'s credit rating that was announced just a few weeks ago.

Expenditure management. Government spending is rising this year by a little over 5 percent, if you look at the total operating budget of the province. Additional areas where we see a case for some outlays are to increase our post-secondary education and research. It is true — trite to say, I suppose — that an advanced economy like ours in the long run really depends on human capital to compete successfully, so we really need to keep investing in that.

We particularly think that B.C. should be increasing provincial funding for research-related activity in the universities so we can further strengthen the infrastructure that we've developed and be more successful in capturing federal and other out-of-province funding. That was recommended by the B.C. Competition Council in its report.

[1330]

Turning to taxation, we did look carefully at the B.C. Competition Council report released in June. We thought there were quite a few good ideas in there with respect to tax measures. We're not calling for massive tax cuts, but we do see some scope over the next one to three years for additional reductions in tax.

On the business side, the government did reduce the corporate income tax rate in September 2005. We're not advocating a further reduction in this budget, but

we do need to keep a close eye on Alberta. If Alberta continues to push down its corporate income tax rate, then B.C. will certainly be under some pressure to ensure the gap doesn't continue to widen.

At the moment we can live with the 2½-or-so-percent gap that we have with Alberta. But if they continue to push it down, we will face some competitive challenges.

We highlight the growing concern over the business property tax structure in British Columbia. We don't have time to go into it here, but suffice to say we have the worst business property tax system in Canada for three reasons. First, there are too many classes of property. We have nine. Some provinces have two or three or four. Second, there are no constraints on the ability of local governments to shift the tax burden onto any particular property class, with really no limit. In other words, there are no provincial constraints on that. Third, there's no municipal board or appeal mechanism in place to ensure fairness — an issue that was highlighted as well by the Competition Council.

We're calling for the province to show some leadership on this and begin instituting some changes to the business property tax regime, particularly to reduce the burden on major industry, which in a number of communities in British Columbia is bearing an overwhelmingly disproportionate share of the property tax burden. There's academic research we cite that validates that assertion.

With respect to sales tax, you may have heard from the retailers earlier today. I assume that they'd like to see the retail sales tax cut. We have a different approach. Our concern is with the impact of the sales tax on business inputs — capital inputs that are reflected in the cost base of business. About 40 percent of our PST revenue is actually derived from the taxation of inputs.

We'd like to see the current machinery and equipment exemption from PST expanded, as fiscal circumstances allow, to encompass some other categories of inputs — notably machinery and equipment used outside of manufacturing as well as energy inputs and some other inputs that are important to the cost structure of business in British Columbia.

Personal taxes were in reasonably good shape in B.C. Again, we can't really hope to match Alberta in terms of the top marginal rate, but we've reduced our rates considerably. People on low to middle incomes face the lowest personal income tax burden in the country as far as the PIT system is concerned. The only recommendation we've made here is listed from the B.C. Competition Council report, which is to reduce the B.C. marginal income tax rates for people with middle to middle-upper incomes to match those in Alberta, to give us a level playing field vis-à-vis our colleagues to the east.

Finally, we have a couple of small suggestions for tax changes in 2007. One is tweaking the research and experimental development tax credit so that it applies to all businesses that undertake qualifying R and D in the province.

The final one is a reduction in aviation fuel taxes to match the 1.5-cent-a-litre rate charged in Alberta for domestic air service and to eliminate the small remain-

ing aviation fuel tax that applies to international flights, in order to strengthen the gateway functions of YVR and other airports in the province.

There's more detail on those in our submission, Mr. Chair. We'll be happy to answer any questions in the time remaining.

I. Black: Thank you, gentlemen. That's a whirlwind tour of economics in B.C., and I thank you for that on behalf of the committee.

I would note for the committee's reference, by the way, that the price tags associated with each of the comments that have been made appear to be in the footnotes at the bottom of each page on which the specific recommendations are. That might curb some of the questions.

We do have a speakers list. I will try to get as many of them as I can.

J. Horgan: I want to thank you both for a balanced presentation from the business community. We've had other presentations that have been less balanced, so I certainly appreciate that. The costing is also a positive, particularly on an overnight project. Well done, both of you.

J. Finlayson: Well, a few other days of work went....

J. Horgan: Plus or minus — I'm sure there's a plus or minus in the footnotes.

The focus of the Competition Council in terms of competitiveness vis-à-vis Alberta seems to be its primary fixation. I wanted to touch a bit on that, but I can't in the absence of our colleague Bob Simpson, who couldn't be with us today. He would want me, or someone, to ask you about the forest sector and the impact of the softwood agreement, particularly on the coast.

[1335]

You focused in your comments on the interior and the potential pain that we can expect there, but could you expand upon that, for the benefit of the committee, with respect to the potential impacts on the coast — if you see them as significant or if we have other problems on that front.

J. Finlayson: Yeah, I think your last phrase there captures it. The coast situation has been difficult for a number of years. The solid wood industry really is in structural decline there due to changing markets in Asia, a high cost of operating and a failure to reach the same kind of understanding with the trade unions that appears to have been done in the interior at different collective agreements — same union, different locals.

Most important, the lack of investment in new plant equipment. It's an old capital stock, and in an economy like ours, we will only be competitive in commodity industries if we've got modern capital stock and equipment. The companies on the coast have not earned sufficient returns to warrant the investment. It's a bit of a chicken-and-egg problem, I suppose. So the softwood thing doesn't help, but they had very serious pre-existing problems.

The interior — world-class industry, world-class cost structure, modern mills, modern equipment, heavy focus on the U.S. market. The decline of lumber prices has been the single biggest hit there, and it has happened rather rapidly. It wasn't predicted by many of the soothsayers.

Because of the deal with the U.S., the export border tax, as you know, is linked to the price of a composite measure of lumber. Well, right now the price is such that the maximum 15-percent tax will apply. That'll be an additional pain, if you will, imposed on the industry and the communities that depend on it.

As I say, it's one of the reasons why we're somewhat more cautious about the outlook — although still positive, not quite as positive as some of the banks and brokerage firms, because we're quite aware of the forestry situation.

I. Black: Thanks.

Just before I go to Richard, for the information of the members of the committee, we do have a little bit of wiggle room here because we've got a blank time slot coming up after the presentation after this one. I will similarly stretch out the time allotted for the B.C. Federation of Labour, who are on at 2:05, so that each member, if he or she would like, can ask a question. And thank you for keeping it to one, by the way.

J. Horgan: I was hopeful, Chair, that if we have extra time, we could go again. This is a wealth of information. It's an opportunity for the committee to fully explore some of....

I. Black: Your hopes I must dash, unfortunately.

R. Lee: I will ask only one question.

In some hearings we also heard that the property tax is.... The number of categories is small — for example, heavy industry and light industry. They actually would like an in-between — to have, say, medium or light-medium, those kinds of categories. You recommended reducing the number of levels of taxation to three or four. Can you help the committee to decide what the business community would like to do?

J. Finlayson: I'm mindful that unpacking this can of worms called property tax is something that's easy for me to say that you should do, but it's got a lot of complexity. The Competition Council suggested a number of ways of dealing with it.

One was to collapse the number of classes. Alberta, for example, has one business class for property tax; we have four or five in British Columbia.

Another way was to legislate maximum ratios. This is what the province of Ontario has said. Municipalities in setting ratios between different classes of property have to follow certain guidelines, so that you can't have, as we have in some places in British Columbia, a ten or 12 or 15 ratio between heavy industry and residential. That, of course, is not the average. The average is much lower than that.

Individual municipalities, in a sense, can do what they want, so you get these capital investments that come into communities. You've got tremendous amounts of capital on the ground, and then this local council has decided they want to.... This is more in some of the resource communities than it is in the urban areas, but they want to rejig the ratios and essentially shift more of the tax burden onto industry and put less on residents. One can see why that might be quite attractive to some people. The effect of it has been to put a number of our industries that are within municipal boundaries — heavy industries, in particular — at quite a significant competitiveness disadvantage.

We're really suggesting that the province of B.C. do what Ontario has done, which is legislate what are called ranges of fairness in the tax ratios between different classes of property. We did not recommend collapsing all the classes into one or two. I think that's quite a complicated thing to do. Maybe in a perfect world it would be great, but we're not in that world.

[1340]

I. Black: There's a huge appetite for your balanced objectivity on this whole thing. I have to encourage you to keep your answers short, if I may, just out of respect to the next presenter.

J. Kwan: There's one area that I'm interested in from your perspective, and that is the notion of a heritage fund, given that we do have a bit of a crisis, if you will, especially in the forestry sector, in the pine beetle area. But overall, the forestry health issue is top of mind.

As we know, the resource sector still contributes significantly to the B.C. economy. Having said that, at a time when the economy is performing well — when we're cutting down the trees a lot to deal with the pine beetle crisis — the concept of a heritage fund.... Do you have a view on it? Should it be set up? Should it be something that the ministers should consider for the upcoming budget for economic diversification for the future, etc.?

J. Finlayson: I think it's a good question. We haven't made our mind up on it, but I think it's a good debate to have. The only caution I would offer is we do have debt, unlike our colleagues to the east. They've paid all their debt off, and they're now building up financial assets through what they call a heritage fund and a variety of other mechanisms.

We still have a fair amount of debt, in dollar terms. It's a small amount relative to our economy, but it's still quite a few billion dollars of debt. One could argue that we should pay the debt off before we start creating a heritage fund, because that debt continues to be a burden on the public purse. It continues to take a certain amount of tax dollars that we all pay every year to serve it.

I'm sort of, of two minds about it. I think it's attractive in some ways, because it would reflect the fact that we are depleting our resource base. On the other hand, as long as we're carrying debt, I think you can make an

argument that paying the debt down might be the first thing to do, and if we ever get there, we could then perhaps look at a heritage fund.

The short answer is that we don't have a firm position on it.

D. Hayer: Thank you very much for your presentation. You have seen the business cycle over the 20 years, going from primarily good to down to the bottom of the ten provinces, and then back up to number one or two. What do you see in the B.C. economy over the next ten years or so?

J. Finlayson: I think the balance of economic dynamism in Canada has shifted west. As long as global commodity markets remain quite strong, forestry being an exception, and if China continues to be an expanding influence in world markets, I think western Canada is going to benefit from that, much more than the rest of the country. British Columbia, Alberta and Saskatchewan, in particular, I think, will continue to outperform.

If commodity markets go down — by that I mean energy and industrial raw materials, metals, coal — then we will see a more traditional kind of economic cycle. I don't know whether we're in a new world or whether we're going to see a traditional kind of global economic cycle. At the moment it's too early to say, but I'm not convinced that the traditional business cycle is dead.

R. Hawes: My question — I want to go back to the forestry part of it. The truck loggers are making the case that there are two separate industries in B.C. There's the logging-forestry side, and then there's the processing side. Of course, on the coast you touched on lack of investment and productivity. They're making the case that the export market should be actually opened wider rather than closed, because by closing it, in their mind, we will destroy an industry and put thousands of people out of work. The production is being undercut, because the mills on the coast are not competitive because of a lack of investment, high wages and other things.

Do you have a comment at all on where we should be going with log exports?

J. Finlayson: Well, I don't think most British Columbians would want to see us essentially exporting raw timber rather than doing some value-added processing at home, but I think you've hit on.... The truck loggers, perhaps, identified some of the economic challenges on the coast, which have led to a recent increase in the last couple of years in the.... We've always had some log exports, but they've gone up recently. There are people whose jobs and economic activity do depend on harvesting logs and selling them outside of the province.

[1345]

It is a controversial question. I think if the coastal industry was in better economic shape fundamentally, then we would probably see a decline over time in log exports. It's not the case that all the logs being exported out of B.C. would simply be processed in our mills if we prohibited log exports. At least, that's the econom-

ics of it, as I understand it, having taken a look at the situation in some of these companies.

It's a tough issue for policy-makers, but it's much more complex, I think, than many have been led to believe.

I. Black: Well, gentlemen, I'd like to thank you on behalf of the committee and the province for taking the time to present to us. Your remarks and the exchange during the question-and-answer have been most valuable and enlightening for our committee members, so thank you for that. Your submissions and answers will be taken into account, as all presentations are, when we prepare our remarks for the Minister of Finance.

J. Finlayson: Thanks for the opportunity.

I. Black: Next up we have the Douglas College Faculty Association. Linda Forsythe is presenting to us.

Good afternoon, Linda. Thank you for your indulgence in the late start to your presentation. I appreciate that. The time is yours. You have 15 minutes. Spend it as you will.

L. Forsythe: I am pleased to hear that the corporate sector is doing well, anyway.

I'm here on behalf of the Douglas College Faculty Association. To give you a bit of background on Douglas College, we have campuses in Coquitlam and New Westminster. We have sites in Surrey, Burnaby and Maple Ridge, but they're not campuses. We serve approximately 10,000 students in a whole range of post-secondary programs, and we include in the post-secondary programs adult upgrading and ESL training.

[D. Hayer in the chair.]

We feel that those of us who work at Douglas College have always seen our institution as a critical contributing force to our community. However, like others who work in post-secondary institutions, our capacity to make those critical contributions has been derailed over the last five years because funding has either been eliminated or it's insufficient to meet the basic needs we know exist in our community.

Let me give you a couple of very specific examples. In 1981 Douglas College joined in partnership with the Ministry of Attorney General — B.C. Corrections anyway — and provided an education program for the women who were incarcerated in, at the time, Lakeside Correctional Centre for Women. Then it became Burnaby Correctional Centre for Women.

We felt that this was an important program — that the college itself reached out into the community and worked with people in the community. Many of the women hadn't completed grade 12; in fact, most had dropped out before grade 8. It was a longstanding program that was set up as a result of Madam Justice Proudfoot's inquiry in 1979.

We ran a program there with a couple of instructors, and we ran that program for 21 years. In 2002 that

program was cut. There weren't sufficient funds to fund it, and as a result of that, Douglas had to withdraw from the program.

That program did a great deal in helping women to bridge themselves back into the community, to learn skills, to get self-confidence, self-esteem, so that they could begin to build a new life for themselves once they left prison. Because I worked in that program for a number of years, I could probably spend the rest of the day talking about that program and the values of it. But anyway, it was cut, and I think that our contribution as a college to the community was lessened as a result of that.

In the same era we had a program that was running, which was called institution-based training. It was kind of modelled on workplace-based training. Institution-based training meant it was in colleges. This program was for people on income assistance. It was a program to help people on income assistance get into the college system, complete their upgrading and get into programs that would lead to jobs.

[1350]

This program was fairly cheap to run, actually. I think at Douglas it was about \$240,000 to run this program. We offered all kinds of supports, career counselling and help with jumping through the barriers to getting into education for people on income assistance.

[I. Black in the chair.]

Income assistance people needed to get permission from the Ministry of Social Services — I can't remember what it's called; Human Resources — to be able to go back to school. We were able to work very effectively with the training consultants in that ministry to get a training plan in place.

The most successful group that we worked with was single parents, and they have great reason to want to be back in school and to get educated. They set good role models for their kids, but they also can earn an income once they're finished the programs, which will allow them to get off the welfare system and become self-sufficient. It sets up a good pattern for their kids.

That program was cut by the government. The government actually targeted it and cut it and said that there wouldn't be any more of that going on. We have a great deal of problems with that, because the students needed some supports from other ministries. It wasn't just Advanced Education; it was Social Services. We needed to have permissions.

People who are on income assistance now cannot go to school. They can go to very short-term training programs, which mainly don't lead anywhere. They lead into jobs that are fairly dead-end.

People need to get back to school, if they haven't got the skills, to complete their high school and get the skills either in trades or in short-term education. I don't talk about short-term as being three years. I talk about short-term as being one- or two-year education programs. We have some very good ones at Douglas.

Throughout the system there are many short-term programs that are two years long, where people can

leave those programs and get fairly good-paying jobs, and can support themselves and their families. How I counsel them is that after a while of working, they may decide to go back to school, and those programs ladder right into university degrees.

One of the statistics we've been given on university degrees is that the higher the education people have, especially those with a bachelor's degree, the greater the attachment to the workforce. The people, even though they're taking four years to go to school, are in the workforce longer, and they earn more money. They're actually paying more in taxes because they've been in the workforce longer.

That kind of investment into the poorer sector of society is worth it. I saw many people go through the program. I had one class of students who did an upgrading for a few months, and then they went into the resident care attendant program. The people who finished — and I think they all finished — got jobs at very good rates and were able to come right off the welfare system. Their attachment to the workforce was greater. The question then became: could we do other kinds of things to help them get even more skills so that their attachment would be even greater?

Anyway, those programs were cut. We think there needs to be a program reinstated so that we're working with that group of people. We have a lot of people in the Maple Ridge–New Westminster areas who need that kind of support. We have a lot of people on income assistance. We'd like to see those reinstated.

The other problem that we have, of course, is the tuition fees being so high. If you compare them to universities or to other places across the country, they might not seem so high. But when people come out of university with a \$30,000 or \$40,000 debt, it's a hard road for people to go for a while.

There has been a suggestion by some people that we should drop tuition fees altogether, because people who complete their education, in fact, earn more money and pay more in taxes over the long run than they would if they'd paid tuition.

[1355]

The tuition fee is prohibitive for many people. The other part of it is that the government has moved to change the granting system so that you get grants with your student loans in years 2 and 3. Well, community colleges traditionally do one- to two-year programs, so people are cut out of at least one of those years of the grant. The grant needs to be reinserted into the first two years of their post-secondary education.

I think that's about it. We would like to be able to serve our community, and we know there're a great number of people in our community that we can't serve and who cannot access our college.

J. Horgan: Thanks very much, Linda, for the work you do in maximizing potential from our citizens in B.C. We've had recurring themes over the past however many days we've been doing this. I know we've been to 15 different places. I just don't know how many days it's taken us to do that.

For the business community — and we just heard it from the Business Council — the biggest obstacle to continued prosperity is the lack of human capital. We've heard from educators like you right across the province that the biggest obstacle to maximizing the potential of our human capital is the lack of investment in public post-secondary education.

You're the first that I can recall who has drawn the line between maximizing the potential of those who are currently on income assistance for whatever reasons life has put before them.... They have as much potential as anyone else, and they're denied access to programs because they don't fit into a traditional box.

I'm wondering if you could expand on the program for income assistance recipients that was reduced or cut, so that I can better understand how we can try and advise the Minister of Finance through this committee work, how we can maximize that potential.

L. Forsythe: Well, what happened was that it was done through the Ministry of Advanced Education, and it was in conjunction with the Ministry of Human Resources, Social Services. It was that ministry. They made an agreement with the colleges that people on income assistance were allowed to go to the colleges. These potential students were given training consultants, and the training consultants would work with them on a realistic and realizable plan to further themselves — what they could do.

When they went to the colleges, the other thing that the ministry did was put money into a couple of areas. One was into what we call ABESAP, or the adult basic ed student assistance program. But we called it TAB money, which was training assistance benefits. They put money in so that when students came....

I just drove here from New Westminster, and it was 21 kilometres or something. It's very hard for students to get there. They were able, within the assistance plan, to pay for their books; tuition; and supplies like pens, backpacks, papers, things like that. Those things are expensive, and people don't have access to them. They were also able to get a bus pass. When you're a full-time student at a college, you get a bus pass for one zone, and you can use it for three. So for our area it really worked well.

There was money put in for actually supporting the student once they came to the college. There was agreement by welfare that they would not cut people off because they were going to school full-time. That was another important part because they would see that yes, you're on welfare, and we're going to continue with your living benefits, but we will also allow you to go to school at the same time. So that's what people did.

[1400]

When people were there, then we had a number of supports in place, particularly for women, to ensure that they were able to cope with things that came up for them. Going to school — maybe you know — is a

very personal and sometimes very intense experience for people. A lot of people had to relive a lot of very difficult parts of their lives that got them out of school early.

Then the other part of it in terms of the ministry was that money was put into providing — because there was some so-called displacement of other students — extra classes so that the students would be integrated with all other students. There was a kind of normalizing idea there, but we knew that this number of students.... I don't know how many we had. We had about 8,000 students at the time. We had 500 welfare recipients there. It was a big number.

There was money put in to provide extra sections of courses. We devised some new courses in terms of people learning how to use computers. I have a student in one of my classes now who hasn't a clue, who asked me if I could just show her how to open up a Word file.

I. Black: Linda, sorry for interrupting, but you're almost out of time. There's one more question. You can continue, but you're going to miss your chance to answer another question.

L. Forsythe: As I said, I could go on all day today and probably tomorrow.

I. Black: I thought you'd rather hear the question, which is why I interrupted you.

Jenny, last question's yours. Please keep it really tight.

J. Kwan: It actually touches on the program that you're describing. I think I heard from the answer that that program supported about 500 students. How long is that support for? In other words, how long does it take for a student to get through the program? Is it for one year or for two years?

L. Forsythe: No. The students came in, and they would come in with.... Their training consultant would be checking every semester. There were a lot of checks on it in terms of.... You have one semester you're going to do this — okay? Now, if you're going into a one-year program, fine. We'll give you permission for that. If you're going into a two-year, then you have to come check back with us on things.

If you're going into a two-year program.... A lot of students were allowed to go in and do all of their upgrading. Once they went into a two-year program, then they had to take out student loans, which they did.

I. Black: Linda, I want to take the opportunity to thank you for taking the time to come talk to us. Douglas College is a huge part of this community locally. The local campus is actually in my riding, where I was pleased to help open the new wing there and get the groundbreaking going on it. It's wonderful to see you here. Thank you for taking the time.

Our next presenters are from the B.C. Federation of Labour, who I understand are not here yet.

J. Horgan: Yes, they're here.

I. Black: I don't think Jim is here. Jim's not here, and I think Angela wants to wait for Jim. I understand Mychael Gleeson is here. What I'll do, if they are so willing....

We'd like to bump you up and take you now, if we could. That way we can keep on schedule a wee bit. Thank you for being wonderfully prompt. Before you start, we do have a submission from you that is in the process of being photocopied. That will be distributed as you are speaking. Just so you know, we don't have it yet. But we will probably have it before you finish your remarks.

M. Gleeson: It will also roll up nicely to be a Presto-Log. Given that I have done every inquiry since the royal commission in '91 and never yet been heard.... Somewhere there are many, many of my submissions.

I. Black: Why don't we start. If you could introduce yourself for the record, and let me welcome you.

M. Gleeson: I am Dr. Mychael Gleeson. I am a medical anthropologist by trade, and a psychologist by practice, and a lawyer.

I practise legal aid. This year, you may or may not know, we lost Dugald Christie, who was the major campaigner for legal aid. As much as I love and respect Dugald Christie and have remarkable affection for him and his work, the one thing that he never dealt with was the fact that we do not support children in family law. There's no way to get a custody and access report. There's no way to take a child who is autistic and present to the bench what we need for that child.

Of the unions that are defined by the notion of marriage, 50 percent come apart; 80 percent of those have children. Those unions that come apart match the number of non-unions — which are non-marriages, common-law unions — that end up in court.

[1405]

These are damaged kids. These are kids who need help. They are the kids who at age seven and nine are burning down schools. These are the kids that I outline in my paper.

This year we had to send away 27 files. I was able to con several lawyers into doing probably 150 files for me at reduced rates, but that's wearing thin. I'm able to beat on associates and like-minded people to help me with free services. We literally can't afford to photocopy this paper. Mine is not the BMW in the parking lot; mine is the 1984 Subaru with charming rust.

When legal aid cut funding to family law, our decision was to build a company called Urban Child. It is the Urban Child counselling project, where we take all — any kid who comes through the door. The problem is that children were referring other children.

Not too long ago I had a small boy explain to me that his friend was so poor that even the Indian kids thought he was poor. So I said: "Bring your friend along." The kid came over and ate many, many cookies and drank many, many glasses of milk and said: "Can I come back again?" I said: "Sure. Why would you like to come back again?" He says: "You have really, really good cookies."

We have three office dogs. I have kids who come and say to me: "I've been to every doctor in this city, and I'm not going to talk to you." I go: "Hey, it's your 15 minutes. Do what you like. I'm just going to play with my dog." They say: "Which one?" I said: "The baby is two. Rhys is six, and Alexandra is eight." They go, "I want that one," and off they go to the chesterfield, and they snuggle and cuddle, and they tell the dog the things that they can't tell their doctor.

We don't have the money to get kids involved in programs. The lady who spoke about Douglas College.... I won't be able to get my kids there because my kids won't make it through grade 12.

I currently have a ten-year-old who is a runaway, who is sexually active, who offered to sell me crack cocaine. I said, "Are you kidding? I don't even drink beer," and she said: "But you have to do this." I go: "Why do I have to buy crack cocaine from you?" She said: "I don't have enough money to get my sister a Brownie uniform." This is in the middle of New Westminster, 21 kilometres away — I heard a few minutes ago — from where we are here. But it's miles away. It is another planet.

We end up with these kids, and there's nothing we can do. I probably had 50 properly funded files in my calendar year, which is Labour Day till June 30. I probably had 50 pro bono files — so absolutely free — and I probably had 27 serious files that there was nothing I could do with because I didn't have the money. Legal aid doesn't exist. I can't apply for it. I can't ask lawyers to apply for legal aid to get me the money to do the reports so that I can tell the judge.

What happens in my work is that the children I deal with become a poker chip. I used to say to my husband: "The first one out the door has to take the kids." This was a guarantee that no one would ever leave until the kids had gone. Kids are a poker chip.

If I were to divorce the husband, I would make sure that I got the kids because I'd get child support. So I go to the lawyer; I tell him whatever. The husband will be at his lawyer's, telling him whatever: "The wife's a nut. She has these dogs, etc." And the war begins.

But who pays for that war? The kids. And we don't have an independent system in place, which would be legal aid, to take those kids aside and say: "What's happening at home?" That's what my paper is about.

[1410]

I don't know how we're.... Did I run well?

I. Black: You're doing fine. You're doing just fine.

M. Gleeson: Any questions?

I. Black: I'll take questions from the committee, if there are any.

R. Hawes: Do you have a rough cost attached to what that side of it will be?

M. Gleeson: It's a really interesting question. I phoned my lawyer last night because he's a family friend. Every time I speak to him on the phone, he goes: "Well, you know, in the real world that would cost you \$175." I go to lunch with him, and he goes: "In the real world that would have been \$450." I always take him to Wendy's — right? — and try to kind of point out the difference between what he does.... His annual coffee budget looks like our income tax.

The money that we want replaced is not so much an increase but a shifting. I don't know if you remember — and I don't know the date — the people who were the boat people. Immigration swept in and said: "You know, we're going to have to service all of these people. We're going to have to do all of this, and we're happy to do all of this. Yes, we'll do it at legal aid rates, but we want to be guaranteed our fees."

What did they do? They took the money out of family law and juvenile criminal law. Therefore, my bills from 1982 are still not paid. The backup keeps on going.

I have a lawyer, a gentleman in Surrey, who phones me frequently. Because he's about three times my size, I usually do whatever he wants. He says: "It'll be on legal aid, and I'll submit it. You're not to worry; I'll have a tariff number." Well, I have bills that go back to the year that he articulated, which is 1989, because they aren't reconciled. They aren't through the system yet.

Those kids are grown and gone and having kids, and I know them again. I'm old enough to be able to say: "Don't I know you from somewhere?" They just look at me, and they go: "Yes, actually."

There used to be a system in place in New Westminster called the detached youth program. It was run by a friend of mine named David Burroughs. David would get the youngster, and then I'd get a file from a lawyer. This kid was in the middle of a horrible custody access battle. I'd see notes that David had written. Five years later my lawyer in Maple Ridge would ring up and say: "Do you remember the so-and-so child?" I'd go: "Vaguely." "There are notes from you about that child's family and notes from Burroughs when that child was small."

We saw the problems then, we couldn't intervene. There was no money. That kid won't get to the Douglas College program that doesn't exist. That's a whole other session. That kid will not enter the workforce. That kid will be transferred from the Ministry of Children and Family Development to the justice system.

There's also a wonderful, wonderful thing happening. I deal with many patients who are crazy — howl-at-the-moon, card-carrying crazy. And I love them to death. They are wonderful, wonderful people. I adore them, and I take very good care of them. But what has happened with them without Riverview is that we have simply transferred them from the Ministry of Health at \$2,750 a head, to the Ministry of Attorney General because they're now in the forensic....

Instead of taking a left to go to Riverview, I take the right and go to Colony Farm. These are people whose

troubles and difficulties go as far back as family breakdown when they were preschoolers, and no one intervened.

[1415]

I don't have numbers for you. What I know is that we have to make legal aid available. It's not even a lawyer-friendly service. I'll ring up a lawyer, and I'll say, "Look, I have this really horrible, horrible case. You have to do it for me. I'll wash your car for the next three years" — his Bimmer.

They go: "Okay, look, my office will fund it because I don't want to screw around with legal aid. It's going to take my secretary three hours to make the applications, and then we're going to have to fax your CV. Then they're going to want this. My office will fund it, if you promise not to come back to me this calendar year." And I go: "Well, that doesn't match my fiscal year. So actually, I've got about a week before I can ask you again." These are the problems.

Legal aid is an interesting thing. If I do legal aid, I get paid \$88. For the same service, an MD — with less education by the way — gets \$225. For the same service by a lawyer, who's driving a BMW, he gets \$450. Now, is there a problem here? A lot of dog chow between 88 bucks and \$450 for exactly the same service. If I get an MD to write a letter for a child — that a child has been abused — he gets paid \$250 by MSP. If I write it, I get \$88 from legal aid. Therefore, I have to con my MD friends into doing things for free, but that's another story.

I. Black: Dr. Gleeson, we are approaching the end of the time that we have allotted for you. I want to make a couple of remarks, in closing, if I may.

First of all, your sense of humour, I suspect, is one of things that gets you through some of the challenging work that you do.

M. Gleeson: Either that, or I cry.

I. Black: Well, I was going to say, it does not, however, mask the critical nature of the work that you do. On behalf of the committee, I not only want to thank you for your submission and give you the assurance that your remarks will be considered by this committee as we prepare our report for the Minister of Finance, but I also want to encourage you to keep up the critical work that you do as well.

M. Gleeson: Thank you, and we are available at Mychael Company if people need to know other things about what's going on with kids. I'm sure there will be another committee next year — because there was one last year, and I was here — and I'll be back.

I. Black: Wonderful. Thank you, Dr. Gleeson.

The committee would now like to call the B.C. Federation of Labour, please. We welcome from the B.C. Federation of Labour Jim Sinclair and Angela Schira.

Welcome to you both. It's good to see you. We traditionally have 15 minutes put aside — typically, ten minutes for the presentation and five for questions. We

do have the ability to extend your time somewhat so that if there are members who didn't get a chance to ask a question, we will actually extend it a little bit, just so you know. I would encourage you, however, to try to keep to that ten minutes, because all the good stuff comes out in the questions.

J. Sinclair: I've got my watch right here. We're good.

I. Black: There you go. The floor is yours.

J. Sinclair: Okay. I'm going to say a few words, and so is Angie. We've made our submission. You've got it all. Basically, we've made a number of recommendations. But, I think, really for the purposes of this conversation, I want to focus in on one thing, which is that British Columbians need a raise.

I want to talk today about the role that government has in making sure that the poor kids that the last person was talking about... I've always said to myself that there are poor kids in the world because there are poor parents. So I want to talk today about why we need a raise in the minimum wage and in the welfare rates in this province.

First of all, you can't pick up a paper without hearing prosperity everywhere you look, except that the minimum wage has not been increased for five years. Everything else has increased — including your taxes, in many cases; your user fees; your cost of living; your energy costs; everything else. But the minimum wage hasn't increased for five years.

In fact, five years ago this government actually brought in a training wage of \$6 an hour. So the cost of minimum wage went down by 20 percent — the first time, really, in history that somebody has actually lowered the minimum starting wage for that place.

If in a simple mathematical equation — an inflation rate of about 14.6 percent over the last five years — the minimum wage today, to purchase what you had in 2001, would be \$9.12 an hour. When you think about that, that's \$1.12 increase on the minimum wage simply to purchase what you had in 2001. So when you talk about prosperity in British Columbia, you can't talk about people earning \$8 an hour as being prosperous, because they're actually farther behind than they were before.

[1420]

If the minimum wage had risen at the same rate of CEO wages in British Columbia, the minimum wage would be \$23 an hour. I only make that point, because, obviously, those folks are doing fine. You don't have to worry them in this budget. They're going to be rich under any government. In fact they've done really, really well. Your challenge is: what are you going to do for the majority of the people here?

You know we always talk about records. You folks like those records; I do too. Here's one for you. We're second place. In other words, besides Newfoundland, we have the highest number of workers at the minimum wage. Almost 60 percent of our workers in the province are at the minimum wage. So we actually

have a large group of people at the minimum wage. Newfoundland is the highest. In Newfoundland they have a very big strategy for dealing with poverty, including raising the minimum wage, but the cost of living in Newfoundland is slightly less than it is here.

The share of people who get the minimum wage since 2000 has risen from 4.5 percent to 5.6 percent. We see the line going up. The other thing is that it's not just the people on the minimum wage. By lowering the wage to \$6 an hour, you open the door to a bunch of people who are earning less than \$6 an hour. Again, your own stats point out that 20,000 people earn less than \$8 an hour. That's a lot of people who earn less than \$8 an hour.

I debated Jerry Lampert the other day. He says all the time: "Look, no one is using the \$6-an-hour minimum wage." Well I would put it to you, according to your own figures: 20,000 people are using it. Many of them are young people working at fast-food restaurants which are paying \$6 and \$6.50 an hour for starting wages. You spend a whole year before you get to \$8 an hour.

Had you lowered the tuition rates and done a whole lot of other things, you might have a case here, but you didn't. You raised them. These are the same people we expect to get an education, who are getting paid less than \$8 an hour to work in places that, frankly, aren't about to pack up and move to China. The fact is that we can afford to pay them more money.

There are 115,000 people earning \$8 or less, and 245,000 people — a quarter of a million people working in this province — earn \$10 or less. That's a lot of people. A lot of those people are working two jobs, by the way. I run into this all the time: people — \$10, \$11 — working two jobs.

I was talking to one of the people where we're negotiating at the airport. He got up at 4:30 in the morning, went to work, started at 5:30. He had a key to one of the terminals, opened up one of the terminals. He went to work until 2:30 in the afternoon, and then he went home and had a nap. He got up at five o'clock and had dinner, and then he went to work again. He went to work until one o'clock in the morning, when he went home and went to sleep for three hours before he opened up the terminal again the next day.

That's about an experience a lot of people are having in this province. Frankly, I think that would be unacceptable, given his responsibilities and his job at the airport, but also: what kind of life is this? This wasn't what we worked hard for. We didn't work hard to work like this at all.

We've got a quarter of a million people who are below \$10 an hour. Alberta raised their minimum wage by 19 percent, to \$7 an hour, in 2005. The Yukon is at \$8.25 — 15 percent, and Washington State is \$9.02. People have raised them around us. Plus, Washington State's at \$9.02 and pegged to inflation. That's that particular part.

The other piece is, of course, that a million workers in this province haven't kept up with inflation in their wages. Their median income.... Half the workers in this province are still earning less than they were five years ago. Those are problems.

Really what we're suggesting here today, amongst other things, is that we raise the minimum wage to \$10 an hour. Now, I know some people are going to fall off their chair and scream, "We can't afford \$10 an hour," but actually I think we can. I think it's good for the economy. I think that if everybody has to pay it, it's fair. If we are so wealthy, then \$10 an hour is certainly not out of line.

It's not a living wage, but it's a whole lot better than \$8. And it brings us back so that the minimum wage is the same wage that it was in 1976. When we talk about progress in this province, let's talk about progress for everybody. This means: you're the government; you set the minimum wage. We don't; you do. We will support you to raise it to \$10, put the cost-of-living index to it, and let's make sure that, as a matter of course, the people at the bottom who are struggling to survive get the benefit of that.

Will it cost jobs? No. We have low unemployment right now, as you know. Now is the time to do it. Let's boost that up. As some folks said: "If you can't raise the minimum wage now and you can't share the economy with those folks...." If people can't make a living paying their workers \$10 an hour, then maybe they should think about what they're doing.

The other things, of course, are cancelling the P3 projects; B.C. Hydro — I could talk all day on it, but I won't; and the tax credit for apprenticeship training and the whole apprenticeship crisis in the province, which is a whole other topic. Since we have ten minutes to talk to you, it's over to you, Angie.

[1425]

A. Schira: I'm Angie Schira. I'm secretary-treasurer to the B.C. Federation of Labour. Before I deal with the main issue in our report about funding for women's centres, I want to touch on two areas just really, really briefly. I'm sure you — hopefully — have heard from others on these two issues.

In terms of affordable housing, we're very concerned about the crisis that I think we're facing about homelessness in our province. If you've watched over the last week or so, a number of people have been raising that issue.

The latest homeless count showed that twice as many people were homeless in 2005 than there were in 2002. We're urging the provincial government to do two things: (1) we need to restore funding in the budget to build affordable housing units, and (2) the provincial government needs to develop a strategy with the federal and municipal governments to build more affordable housing in British Columbia.

The other area that I want to mention briefly is the welfare rate. We go into more detail in the report, you'll see, on this issue, but I want to stress that the current rates only cover approximately 48 percent of single parents living on minimum wage. This is a horrible, horrible situation for our citizens and the children in this situation, as Jim mentioned earlier. You don't just have poor children; you have poor parents. We are urging the government to increase the welfare rates in the next budget.

I'd like to talk for a moment about a section of our submission that deals specifically with the funding of women's centres. In 2001 services were provided to approximately 300,000 women across this province, or one of every six women and girls in British Columbia. These services included direct services and advocacy on everything from social assistance, housing, violence prevention, legal assistance and human rights.

In 2004 all 37 women's centres in the province lost core funding from the provincial government. This left women in many communities without services and advocacy, as women's centres were forced to cut back and some of them even had to close. I know that at the end of this month the one in Kamloops is closing its doors, as will a few others.

However, this is not the only price women have paid under this government's policies. Child care funding was slashed, welfare rates were slashed, and more than 20,000 women lost their jobs as a result of government health, education and social service cuts.

Jim already spoke about the absolute need to raise minimum wage, and I agree it would be a step in the right direction if this committee were to recommend to the Finance Minister that they raise the minimum wage. After all, 63 percent — and you'll see that in our submission — of the people who are earning minimum wage are women, and it's time they get a raise in this province.

I think another step in the right direction would be to restore the core funding to women's centres in British Columbia. We're talking about \$1.7 million per year. To put this in context, the Premier announced a \$10 million campaign to talk about health care around the province. When direct services to women are being cut to the bone, this inequality does not make any sense. On behalf of the Federation of Labour, I would urge your committee to recommend to Finance Minister Carole Taylor to restore that funding.

Also included in our submission, we attached a couple of other documents. Hopefully the committee will have time to read some of those. They are the pre-budget consultation, which you have; the report on inequality for women; and the tax credit program. We'd be willing to answer any questions you have.

[1430]

I. Black: We do have a couple of minutes. Any questions?

J. Horgan: Thank you very much for your thoughtful and informative presentation. I wouldn't want to let an opportunity go by to not have a discussion about B.C. Hydro, however. As I read your submission, Jim, I see reference to the restriction that the current administration has put on the acquisition of new power having to be private sector power. Some have argued, and you might be one of them, that this is in essence taking our crown jewel and making it a clearinghouse for private power. I'm wondering if you could offer some suggestions to the committee as to how we could reverse that trend.

J. Sinclair: Well, it's not complicated. You just have to let Hydro do it too. Under both the Social Credit government and the NDP government we had private power and we had public power.

As you're probably aware, I was on the board of directors of B.C. Hydro for four years...

A. Schira: As was I.

J. Sinclair: ...as was Angie previous to that. At Hydro, from all the political spectrums, the basic take was.... I remember one of the vice-presidents coming to me and saying: "Stop making the government force us to go to the private sector, because we're getting ripped off." There was a letter sent from the board of directors — from all the directors, including the business people, everybody — saying: "Don't make us go to the private sector, because we have no leverage to negotiate a good deal for the public."

It costs more money. It's more expensive. And at the end of it, the fundamental flaw, of course, is that you don't own it, so you're renting your power forever. You're paying for their facility by guaranteeing the money upfront. It's a licence to print money, really, because Hydro would sign the deal, and no one would get the money from the bank unless we agreed to buy the power. So we've done this incredible job.

Now, if your job is simply to encourage private investment, then you've done it very well. If your job is to get cheap electricity for British Columbians, then that's the wrong way to go. I think that when you look at the, I believe now, \$3.6 billion that we've committed to for the next 30 years, had we spent that money ourselves, we would own them. All those facilities would be owned by all of you and me. Instead, it's like paying rent instead of having a mortgage.

It's going to have implications for our economy. It's going to have implications for our ability to compete in the world. And it is gutting the capacity of Hydro to develop our power as a public institution. Our engineering department is shrinking. Our infrastructure is shrinking. We're getting less and less able, within the British Columbia context, to develop our own power resources.

I think that whatever political stripe you come from, we understand the importance of what that power has been for British Columbia in terms of developing our industries. It will remain of fundamental importance in the future, as many of the other competitive factors are removed by foreign countries. If you could recommend that.... Just simply allowing them to be in the market, to build the stuff themselves, gives them some leverage with the private sector. That's what you need. Right now they have no leverage with the private sector at all.

We need power. There are a certain small number of companies that can do it, and they have the power. That's why we're paying huge amounts of money per megawatt for this power.

J. Kwan: Two questions, if I may.

I. Black: One, because we're going to go over. That was the deal.

J. Kwan: Okay, one question — an A and B part. On the apprenticeship piece, I just wonder if you could very quickly summarize what your ask is for the committee to consider with the apprenticeship. I know the submission is before us, but just to get that on the record. What sort of funding allocation are we looking at with respect to that?

Then, second, on the piece around the income assistance rate and the call for an increase, do you have a ballpark of the areas that you think that government should focus in on in terms of supports for people on income assistance?

J. Sinclair: We didn't put a price tag on the actual apprenticeship. We spoke specifically to \$90 million, but we did have four points here that we thought should be really considered.

You've got to bring labour back to the table — fundamental. In this province, unlike any other province, we were blacklisted from the apprenticeship committees — taken off all of them, sent packing. I think it's a huge mistake. If we really want to get out of this crisis then we're going to have to have everybody pull the oar in the same direction. That means the employers. That means the government. That means the unions.

We are the biggest trainers, actually, of apprentices in the province, yet we're not part of it. They are setting up committees now to oversee it. You probably don't know any of this. They're setting up committees with government money to oversee training within industries, and there is no union participation. There are at least six training schools in the construction trades for apprenticeships. There's a new training body for the construction industry in British Columbia, and there's not one union person on that committee. Big industries are setting one up, almost all unionized. No place for them, and that's coming right from the top: "You don't have to have unions there." If the NDP ever did that, business would blow their brains out.

[1435]

The bottom line is that it's not functioning. So our first point is you've got to re-establish those working relationships in order to make it work. Without that, it's not going to function for the people of this province.

Secondly, you've got to re-establish ITAC as a resource for training. What we're going to try and do now is take.... It's a complicated piece. We're trying to take the industries and say: "You set up all your own infrastructure for apprentices. Here's a cheque. Go out and do it." They're going to have to hire people in all the communities to go and do this. Construction is going to do that. So is heavy industry. So is agriculture.

Now we're creating this large group, like in New Zealand — a much bigger bureaucracy — in order to service the people, when all you really need is a couple of people in Kamloops to worry about all the apprentices. You're creating this structure that's actually going to be more expensive and less efficient than what we

used to do, which was to have one group — which was business, labour and government — provide 125 people in the communities who did all the support for the apprentices.

I think that's really a problem for us, and in the future it's not going to work. It's simply not going to get to where we need to be.

The third thing is that we have to get our head around businesses. Businesses stole from each other for years. They didn't have apprentices. At the end of the day, the problem with that is that there's no one to steal from anymore. We got to the end.

Now we're going and looking for foreign workers, which has all of its own dynamics and problems, and we've got kids that can't get apprenticeships in British Columbia right now. You walk into the training school in Prince George and say to all those people at college, the first-year machinists: "How are you feeling? Great. Wonderful." Then you say: "Where are you going to get your apprenticeship?"

There are 25 kids in the class, and I say: "How many of you are going to get an apprenticeship in Prince George?" Two hands go up. "Well, where's yours?" "Oh, my dad owns the plant," or "My dad owns the fabricating shop," or "My uncle owns the fabricating shop," or "Oh, I've got a friend." The rest of them are all going to Alberta.

Yet when you walk out the door and go to the pulp mill in town — there are two of them, and there are about five sawmills — you go in there and talk to the workers in the company. They've got more grey hair there in the apprenticeship rooms, in the trades rooms, than in the old folks' home. They've got a handful of trades, and you've got to have ten years of seniority to get it.

We have this disconnect — okay? If you want a system where the university is going to be the worksite, then we have to have incentives for companies to turn it into a university, a training place, which means that the unions have to suck it up and say: "You can have somebody trained here that doesn't have to have a job when they're done."

The company can realize real benefits from having apprentices, but there's also got to be a carrot-and-stick approach here so that you can actually get them to agree — "We're going to use our worksite to train young people" — so we don't pack them all off to Alberta and hope they come back someday and work for us.

Those are the kind of problems we're dealing with. Until you get labour at the table with business and with government — banging our heads together and having our disagreements but being told by the government, "We'll do it, or you'll do it, but we're going to do it" — then we won't solve this problem. I think that's a shame on all of us.

I. Black: I have two more questions lined up. Dave first, then Randy.

D. Hayer: Back in about 2001 I used to talk to many of the business people. The restaurants were saying that to get the kids involved and for the schools to get

some training wages.... It would be good to have training wages. I've been talking to some of the same businesses in the last couple of years, even earlier this year. One is the Pantry Restaurant in Guildford mall there. This was probably just before the election in January.

I said: "How is everything going? Are you still having a lot of people, at six bucks an hour for students, coming in?" He said: "We can't find people at the minimum wage. We're paying around \$10 or \$12 an hour to hire the students."

I was at that same restaurant about three weeks ago. I asked them what time they close. They said: "We had to close earlier because we don't have enough employees. We can't find them." At most of the places that I talk to, I can't find anybody making even minimum wage, never mind the six bucks an hour.

Where do you get your figures from? It's hard for me to find them in Surrey, whichever restaurant I go to, whichever business I go to.

J. Sinclair: We phoned the government in Victoria and got the figures from your government. That's where they came from. They came from the B.C. statistics department. They're a combination of federal Canadian stats from Statistics Canada and the stats from British Columbia. I have a chart, actually, in my bag back there that shows all the wage rates and what everybody is in earnings. It came from the B.C. Stats. I got it from them yesterday, actually.

D. Hayer: Maybe you can give us a copy of that.

J. Sinclair: Yeah. We can give you a copy of that. We've got the numbers in here, and we can give it to you.

Let me make the case. You make the case eloquently for getting rid of the \$6 minimum wage, because obviously, it's only the most vulnerable people in the most vulnerable spots that can be forced to take \$6 an hour. Why not just get rid of it?

For the first three years after we did the \$6 minimum wage, youth unemployment continued to rise. Graham Bruce, the Labour Minister, said categorically: "You're right. It failed." It didn't provide more employment for young people. People didn't get extra employees.

[1440]

I mean, put yourselves.... Some of you are employers. Just because the wage goes down doesn't mean you hire more people. This is just a ludicrous thought. You need a certain number of people to pay to do the job properly, and you don't hire extra people.

I think you made the argument very well. The \$6 an hour is an irrelevant wage right now. I have the head of the restaurant association saying: "Oh, I don't think anybody's paying that now." Except we do know there are restaurants paying it. If you go to McDonald's right now and talk to the young people working there, they're getting paid \$6.50 an hour for 500 hours. Many of them work a year.

We can go up — \$8? You're right. There are 95,000 earning \$8 an hour. I don't know who they are. There are over 200,000 people earning between \$8 and \$10 an

hour. We know there are a lot of people out there that aren't quite where we want them to be.

To move the wage up to \$10 — this would be the time to do it, no question about it. And to lead, to say to British Columbians: "This prosperity that they're enjoying at the top"— and there's no question that the top and some of the middle parts are enjoying a lot of prosperity in this province — "we're going to make sure everybody gets a piece of the action." Freezing the minimum wage is not the way to do that.

I. Black: I want to squeeze in this last question, if I may.

J. Sinclair: I know there are masses lined up behind us to present now.

I. Black: There is somebody who is now waiting for you.

R. Hawes: Jim, my question is back to the Hydro thing. Governments — and I'll put a plural on that — in the past have dined out on every dime they could milk out of Hydro, leaving Hydro no money — or little money — to maintain itself, to properly maintain all the infrastructure that Hydro has. This is what's been said.

J. Sinclair: Yes. That's been said, I agree.

R. Hawes: At this point, I don't see, in your recommendation anyway, that we should actually be allowing Hydro to keep funding to complete a massive upgrading, a repair and maintenance program. Do you accept what's being said, that Hydro's basically been milked over the years?

J. Sinclair: No, I don't. It was always a debate on the board about what the dividend would be. I'm sure Angie could say the same thing. It was always a debate, and there was always pressure from governments to increase the dividend. That was part of the thing you had to deal with.

But here's the problem. There was an ideology that got caught in here too. That was the ideological management, which wanted us to turn us into a competitive model. We invited people from Australia to come to British Columbia, who were the most premier hydro people in Australia and New Zealand, to do an analysis of our maintenance program and to say to us if we're spending enough money to maintain the maintenance program here.

What they said to us was very interesting. They said: "You're starting to move down the road we did. Our first job used to be to provide the electricity on the most secure basis to customers. That's what it used to be in Australia. Now that's number 6 on the list, behind making a dollar, turning a profit, making a dividend, doing all those things. You're facing the same pressures we are, which are to cut costs and do just-in-time maintenance."

When they did the review, they found that we were basically sound — that we hadn't not done maintenance and that we were actually maintaining the facilities to maintain our security. Where we didn't get the money and what we weren't doing was developing new power sources. In part that was, to be honest... Their math at the time said: "It's cheaper to buy it at 12 midnight from the United States than it is to build it here." So you had all those debates going on.

We should have been developing more power. That's what we should have been doing. We didn't do that, because we believed it was cheaper to buy it than invest British Columbians' capital. That was a mistake. We should have invested more of our capital in power.

I think there's some truth that we have to maintain the maintenance. We have to make sure it's being done. I don't buy that it's a basket case. It's not. It's a very well-run company in many respects.

I. Black: We will have to end the question-and-answer there. I would welcome the opportunity to continue this conversation, as one who has signed the front of a paycheque for many years and knows all about youth employment programs. It would be a wonderful glass-of-beverage conversation to have at a future time with a valued constituent.

Thank you to the B.C. Federation of Labour for your presentation and your remarks and the many answers to the questions. It's very provocative stuff that will be taken into account, as all presentations are, as we prepare our summary remarks for the Minister of Finance. Thank you so much for coming.

Our final presentation of the day is from ENGO Marine Planning Caucus — Michele Patterson and Sabine Jessen.

[1445]

M. Patterson: Good afternoon, committee members. My name is Michele Patterson, and I'm the director of Pacific conservation programs for World Wildlife Fund Canada, in Vancouver. We're speaking to you today on behalf of the B.C. ENGO Marine Planning Caucus, which is made up of a number of B.C. marine environmental groups: the Canadian Parks and Wilderness Society, the David Suzuki Foundation, Living Oceans Society, the Nature Conservancy of Canada, the Sierra Club and WWF.

We're here today to discuss the need for provincial government capacity to engage in critical oceans issues in B.C., including a new marine planning process that's currently underway, and to make a 2007 budget recommendation to the Standing Committee on Finance and Government Services.

The integrated land management bureau within the Ministry of Agriculture and Lands and the oceans and marine fisheries division within the B.C. Ministry of Environment are currently the two relevant ministries for oceans policy and management within the province of B.C. Through these ministries the province is exercising its interests in oceans issues, including both areas of exclusive and shared jurisdiction with the fed-

eral government. For example, the Environment Ministry is partnering with the federal government on a network of marine protection areas on the B.C. coast and supporting the work of the West Coast Vancouver Island Aquatic Management Board.

Sufficient funding is needed in 2007 and future budgets to enable these ministries to lead and participate effectively in current and upcoming coastal planning processes and marine protection area development.

We recognize that with the establishment of the strategic initiatives division within the ILMB and the new oceans and marine fisheries division in the Ministry of Environment, the province has committed to oceans planning and management. However, these branches, particularly the strategic initiatives division, are underfunded and lack staff capacity to fully engage in marine issues.

We recommend that \$6 million be committed over the next three years between the Ministry of Agriculture and Lands and the Ministry of Environment for project work, information management, representation on committee, working with first nations and increasing staff capacity to fully engage in marine policy and planning. We believe this is a modest financial commitment that will allow the province to work as an effective partner with the federal government and first nations in B.C. on ocean issues.

We would now like to provide a more detailed rationale for this recommendation. The government of Canada is currently preparing to engage British Columbians in a major coastal and marine planning process enabled through Canada's Oceans Act legislation. This process is called PNCIMA — the Pacific north coast integrated management area — and involves a large geographic area of the coast that covers approximately two-thirds of the B.C. coast in the central coast, north coast and Queen Charlotte Islands–Haida Gwaii area.

This marine planning process will involve the federal and provincial governments and first nations working with stakeholders to identify strategies to ensure the health of the ocean is protected and to provide directives for sustainable economic development. The federal, first nations and provincial governments have had initial discussions already on how to move forward together, and we would like to thank your government for showing this leadership.

If the PNCIMA marine planning process moves forward, British Columbia will be considered to be a global leader in oceans management.

S. Jessen: I'm taking over from here. Hello, and thank you very much for allowing us to appear before you. My name is Sabine Jessen. I am the conservation director of the Canadian Parks and Wilderness Society, British Columbia chapter. I'm going to continue on from here.

We believe that the B.C. government has a co-management role to play in this PNCIMA process, along with the federal government and first nations, to represent provincial interests and to ensure that economic, social and ecological benefits result for all British Co-

lumbians. The B.C. government also has significant expertise and experience to offer in planning and coastal management that is critical to the success of this process.

Although the province is currently engaged in several coastal and marine projects and programs, comprehensive oceans and marine management is a fairly new area for government involvement. However, we do think that the time has come for oceans to be a permanent part of government activity. We believe in the need to protect the value of these coastal resources for ecological, social and economic reasons, and that we need to plan for multiple uses and values as we continue to diversify economically into coastal and marine environments.

The Pacific north coast integrated management area planning process is a great opportunity for British Columbia. Globally, marine and coastal resources are threatened from loss of habitat to decreases in fish stocks to impacts on the stability of coastal communities. While these issues also exist within B.C., we have not yet reached the point of no return. B.C.'s waters are some of the most biologically diverse areas on the planet and support a host of local communities, first nations and industries. The oceans not only provide several benefits for B.C., but they also have the potential to be our legacy for generations to come.

The time has come for us to ensure the sustainability of marine and coastal resources by planning for the future of our coast and its communities — as we've already done, for example, in the forestry sector in B.C.

[1450]

B.C. needs capacity for oceans management and planning, especially as the economy grows and ocean uses and needs increase. We believe that we really must invest in the oceans and coast, or we are putting the precious resources we have there at risk.

Another argument in favour of more provincial engagement is that if the province isn't fully resourced to participate, a made-in-Ottawa plan might be developed which does not fully meet the needs and interests of British Columbians. By providing much-needed support, the province will have the internal capacity to act as a major player alongside the government of Canada in planning for marine and coastal resources on the Pacific coast.

As a federal strategy for PNCIMA goes forward, it will be critically important that the province has matching capacity. The result will be substantial long-term social, economic and ecological benefits for British Columbians.

Our community, the B.C. marine conservation community, has been successful at building capacity and resources to participate in this process. We're very interested in working with the B.C. government towards common goals of sustainable coastal communities and the protection of critical marine and coastal resources. However, in order for us to engage effectively, the provincial government must also have the resources and capacity to be involved.

The province of B.C. has much to bring to ocean planning and management issues, including this planning process, but can only do so effectively if adequate funding is allocated. As your committee has estimated, there are approximately \$900 million in new funds to spend in the next year. Since many of those new funds are being generated from the use of our natural resources, the Ministry of Agriculture and Lands and the Ministry of Environment must be funded in a significant way. This will allow them to engage in ocean planning and management, including this PNCIMA process, and have an active role in decision-making to plan for the future of our coastal marine resources.

That's the end of our brief for you today, and we're happy to take questions. We've attached another document to our brief, which is a vision that our organizations have put together — our vision for what the coastal marine environment should be and how we can achieve this vision.

J. Horgan: Thank you very much for your presentation. I have responsibilities in the Legislature to be the opposition critic for Energy. The marine environment is going to be a hotly contested issue in the years ahead with respect to either offshore drilling or, more pressing perhaps, tanker traffic as a result of the multiple pipeline proposals that are being brought forward. Those pipeline proposals number in the area of \$5 billion worth of economic activity. That's a significant amount of money, all predicated at arriving at tidewater and shipping that product somewhere else.

I'm wondering if you could comment, from your perspective and based on the importance of the integrated planning, on how you would address that if you were in government.

M. Patterson: From my perspective, it's a really good example of why we need do planning. How are we going to accommodate those kind of values with the values of communities like first nations, who would like a subsistence lifestyle, or the commercial fishing industry that we have here already, which we want to keep around?

If we do all these things one-off without planning, then we're going to be in trouble. It's a really good example of exactly what we're talking about, which is taking a strategic approach to planning and protecting critical areas before we get too far along so we have a conservation track that parallels our development track.

J. Horgan: You'd start at the tidewater and work back, rather than start at the tar sands and work towards the coast.

M. Patterson: Tar sands is a bit hard to stop, I think.

J. Horgan: Yeah, exactly, but if you start at tidewater, you might stop....

M. Patterson: There is the issue of integration across the realms — forestry and coastal and marine.

There is that issue. Our organization specifically is looking at marine as the biggest driver for what we do, but we do recognize that there are things that have to be integrated to do conservation well.

[1455]

We are very concerned about the impacts of some of this development on the Great Bear rain forest, which has already been protected. Yet a lot of this infrastructure could be going right through some of the area that has been protected.

Yes, we need to harmonize the coastal planning with the land use planning, but we're really just beginning on the marine side. We don't want to end up with the same kind of development conflicts that we've had over the years on the forestry side. The way to do that is to get ahead of the curve and plan for the future now.

R. Lee: My question is: to plan a similar process, what was the time line for the process? Also, is it restricted to the 20-mile zone?

S. Jessen: I don't think we've seen a clear time line. We were expecting it to be a fairly lengthy process, but it will actually extend offshore of Haida Gwaii. It takes in the marine area in Hecate Strait, partway down along the north end of Vancouver Island and then offshore of Haida Gwaii, off the Queen Charlotte Islands. It's quite a large area that's encompassed within the boundaries of the PNCIMA process.

R. Lee: So it's not restricted to 20 miles with....

S. Jessen: No.

I. Black: Well, I don't see any more questions, so let me take this opportunity to thank both of you, Sabine and Michele, for taking the time and coming to present to our committee. Let me give you the assurance that your remarks and the answers to your questions will be taken into account as we prepare our summary submission to the Minister of Finance for the upcoming budget in 2007.

Members of the committee, that is our last scheduled presentation, and this is our last hearing of this particular part of the exercise. On behalf of the Chair, Blair Lekstrom, let me offer my thanks for the 15-city tour that was taken over the last three weeks or so.

A very notable thanks to our very able legislative team from both Hansard and Jacq at the back of the room there — and, of course, Anne Stokes and Kate. Thank you very much for your remarkable support over the last few weeks. We'll look forward to working together some more as we move into the report-writing phase of this exercise.

In the absence of other business, this meeting stands adjourned.

The committee adjourned at 2:57 p.m.

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