

Open Cabinet

Open Cabinet Transcripts



TRANSCRIPT OF THE OPEN CABINET MEETING December 10, 2003

Province of British Columbia
EXECUTIVE COUNCIL

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Hon. Rich Coleman
Hon. Graham P. Bruce
Hon. Stan Hagen
Hon. Judith Reid
Hon. Joyce Murray

WEDNESDAY, DECEMBER 10, 2003

The cabinet met at 9:06 a.m.

Premier's Opening Remarks

Hon. G. Campbell: I just wanted to give you a quick update on the ferry situation. As you know, throughout this process we have said that we were going to ensure the interests of the

public - the public interests - and the interests of coastal communities up and down the coast of British Columbia. We also believed and continue to believe that the place to resolve this dispute is at the bargaining table.

Graham has been working with both parties throughout this exercise. In early November he offered to appoint a fact-finder. Both sides said that wasn't needed. He offered again two weeks later, and the answer from both parties was that they wanted to achieve a collective agreement. Instead, what we saw, starting on Sunday and particularly on Monday and Tuesday mornings, were significant disruptions to the travelling public.

The public, I think, had a right to expect that the essential service levels that had been set by the Labour Relations Board would be met. They were told there would be schedules in place. They were told those schedules would be met, and they clearly weren't. Sailings were not occurring at scheduled times. Powell River had no ferry service on the Powell River to Comox run on Monday. The Horseshoe Bay to Nanaimo run - there were only two sailings on Monday. There were supposed to be three. There were none after 3 p.m. People were unanimously saying they were concerned about loss of businesses, loss of jobs. There were concerns from patients about needing to reach their doctors' offices for appointments.

Yesterday I think it was pretty clear that the situation was growing far too hot, and it was time to cool things down. Emotions were clearly rising. For the sake of ferry workers and the travelling public alike, Graham felt - and I certainly concurred with him, and we consulted prior to this - that this was what called for a cooling-down period - a time for people to stand back and to think about what they were trying to accomplish. Both sides of the table want to resolve this situation. Frankly, we weren't willing to continue to watch as ferry workers were put at risk and as the public was potentially put at risk.

What we didn't do yesterday - and I think this is important - is impose a settlement. What we did do yesterday was implement an 80-day cooling-off period during which services will resume. We have appointed a mediator to work with both parties to resolve this issue. Clearly, we hope both parties will respect the needs of the public, the needs of travellers. We hope they'll respect the safety and interests of each other, and certainly, we should be respecting the safety and the interests of our ferry workers.

We understand that the union has said some pretty tough words in the aftermath of the decision to have a cooling-off period. We hope they'll respect the members enough to respect the law. The law is there to protect the public. It's frankly there in this case to protect their members. So I would hope that they will respect each other, that they will respect the mediation process that's been established and that they'll respect the law. Hopefully, we'll be able to move through this.

I've asked Graham to say a few words this morning to you. Then we'll get on with the agenda.

Graham.

Hon. G. Bruce: Thanks, Premier.

As a result, when the cooling-off came in.... Perhaps you were aware that at that point at some of the terminals, people were attempting or starting to take the situation into their own hands. Virtually immediately, once the cooling-off was made known, ferries started to run, traffic started to move, and things cooled down. From that standpoint, right at that moment

it worked exactly as what we were hoping for - to cool the situation.

[9:10]

It's not surprising that there has been some rhetoric from the union around the fact that we took that step, and they've asked for a meeting. I was a little concerned, because after that public comment I hadn't had any call from anybody about a meeting, and there were different things taking place on all of this. So this morning, just to make sure our communication lines were wide open, I had one of my officials get in touch with Jackie Miller, who is the president of the union, to make sure that if indeed she wanted a meeting, I was available for a meeting. We'll be meeting this morning just to see where things are at.

I've made it clear to everybody that the cooling-off period is there to allow the parties to get to the table and negotiate a settlement. It's not a question of backing off or anything else. This isn't a question of winners or losers. It's just a question of how you can get people to the table to talk through a process and to allow for a negotiation to take place.

I think the other thing, too, is that it's not useful to speculate about what-ifs and what may be happening and so on, because the events change as we go fairly quickly here. I would expect - and I know the Premier would as well - that people will abide by the law. The law of the land is that the Ferry Corporation will be running full steam. The opportunity to negotiate a settlement is at the table, and they also have one of the best mediators in the province to sit with them to try and work that out.

That's sort of where we're at right at this very moment. Let's hope everybody takes a deep breath and cools down and understands that all we're talking about is just trying to negotiate a settlement - not us - in respect to the Ferry Corporation and the union about sailing ferries back and forth between the islands. It's not complicated. It is challenging, but it's not complicated.

Hon. G. Campbell: Thanks, Graham.

For the agenda today, Jack Blaney is with us to ask for a decision with regard to the Citizens' Assembly. I'm going to just outline what I hope will be the legislative initiative that we should take with regard to the northern development initiative. Geoff is going to talk about the B.C. Rail first nations benefits trust and the direction we'd like to take on that. We're going to get an update from Kevin on the B.C. resort strategy. Gary is going to give us a fiscal update.

Colin is going to tell us about Health. Dr. Brett Finlay is here, who is the head of our SAVI project, which has really been an exceptional success. British Columbia should take real pride in that. Christy is going to ask us for a decision with regard to the B.C. College of Teachers.

Let's start with Dr. Jack Blaney. Jack is here to talk to us about the Citizens' Assembly.

Geoff, do you want to introduce it?

For Decision: Citizens' Assembly

Hon. G. Plant: Maybe I'll just very briefly introduce the subject by saying that as you all know, Dr. Blaney, who is the chair of the Citizens' Assembly, has been working hard over the past few months to identify the members of the assembly in accordance with the procedures established under the terms of reference for the Citizens' Assembly.

Dr. Blaney contacted me a couple of weeks ago to give me a bit of a progress report on how that work was going and to identify an issue he thought was important. I encouraged him to take the issue to the legislative committee which has responsibility for acting as a sort of official liaison for the Citizens' Assembly. It's an all-party committee. I think it's important that Dr. Blaney continue to work with and report to that committee, and he's done that. As a result of that, he's here now to talk a bit about the work he's been doing and the issue he wants us to have a look at.

Hon. G. Campbell: Jack.

J. Blaney: Thank you very much, Mr. Premier, Mr. Attorney General, the members of cabinet. It really is my pleasure and honour to be here with you today. The Citizens' Assembly on Electoral Reform is indeed a very bold and important innovation not only in British Columbia but in Canada and, indeed, the world. There is no democracy in the world that we have discovered that has invented anything like what we have invented here in B.C. - that is, the Citizens' Assembly on Electoral Reform.

A Voice: Okay, calm down everybody.

J. Blaney: Well, the citizens of B.C., as I gather....

Hon. G. Campbell: I just knew what they were thinking there, Jack.

J. Blaney: ...with presentations such as this, get very excited about their opportunity to participate in this assembly.

[9:15]

There are a number of organizations.... A number of provinces, by the way, are looking at electoral reform: Prince Edward Island, Quebec, New Brunswick. Ontario is now talking about it. They are setting up various mechanisms by which they're looking at or reviewing the electoral, the voting system. They give it to experts. They give it to politicians. They give it to their deputy ministers. We're the only province - indeed, we're the only place anywhere in the world that we have discovered - that is actually giving this to the people. We are reviewing the voting system, and we are giving this responsibility to voters. Nobody has ever done that before.

What makes this doubly remarkable is that we're not only asking the voters of B.C. and the citizens of B.C. to review the voting system, but we are also giving them power. That is, at the end of an 11- or 12-month period they may decide that on balance the voting system we have is fine. It's the best that we will have for B.C. That will be the end of it for some time. They may indeed, however, recommend that there is a new system, and their recommendation, in essence, will form a referendum which will go to the people in May 2005.

It is quite remarkable that we have asked and pulled together an assembly of British Columbia citizens who will review this and who will report not only to the Attorney General by December 15, but to the people of B.C. Now, they will, over the course of the next year, learn about different voting systems. They will go to the public themselves. They will have 41 or more public hearings throughout the province, and they will then come together in September and make a decision and deliberate. They'll first of all learn how to make a decision among themselves - 158 people - because this has got to be a fairly major challenge, and then they will come to some recommendation.

Members of cabinet, people of British Columbia, this has gone very well, more or less. Ever since our first meeting in Fort St. John, where we selected the first six members of the Citizens' Assembly, all the way through to the northwest, the Kootenays, the Cariboo, Vancouver Island to the lower mainland, we now have 158 citizens. One thing I would like to report to you about that is that, of this 158, they're all enthusiastic. Ten, perhaps, are fairly excited about dealing with electoral reform. Most of them are enthusiastic in being members of the Citizens' Assembly not because of the subject matter of electoral reform, as important as it is and they know it. It's because it's the first time that they have an opportunity to be fully engaged in the democratic process in a very, very meaningful way. I think what we're doing is a terribly important experiment which could very well be copied.

So now we have 158 persons and this very important assembly. It is fairly representative of the people of B.C. in terms of occupation and age and everything else. More or less, it's fairly representative of the people of B.C. - with one exception. It is not fairly representative of the aboriginal community in B.C. When we had 158 persons, it was not known to us that any members were aboriginal, so the only way we could find out was to phone them. We phoned every member and asked them whether or not they belonged to an aboriginal community. We learned, by the way, that one person has just recently discovered her Métis roots. Up until five months ago, she did not consider herself aboriginal or Métis. Now she does. She belongs to a Métis association and is very proud of it.

It is my feeling that we need stronger representation from the aboriginal community. At this time in the history of this province, in terms of the relationships and the new partnerships that we are trying to establish with our aboriginal and our first nations community, it seems to many people whom I've consulted that we need to ensure that the composition of the Citizens' Assembly does have representatives from the first nations and the aboriginal community - not necessarily proportional, but clear. Therefore, I did communicate with the Attorney General's office. I have consulted with the Special Committee on the Citizens' Assembly, and we had very good discussions in that committee. The committee, by the way, on a number of occasions has been very, very helpful to our work in the assembly.

The proposal which I put to them and the proposal which we put to you today is to ask for an amendment to the order-in-council terms of reference, allowing the chair of the assembly to use the system of random selection - to maintain the integrity of random selection - to select two additional members to the assembly from that pool of persons who are aboriginal.

[9:20]

Just briefly about that. We randomly selected.... We randomly invited about 200 persons per electoral district, and Elections B.C. gave us these names. It was a random invitation to meetings, and then it was self-selection as to whether or not they would attend - like a big jury, except that you don't have the same obligation to show up if you don't want to. We have randomly selected a number of people to 79 different constituencies. There were aboriginals in the audience, but when it came down to actually pulling names out of a hat - and that's indeed what we did - the names were not chosen, in large part because the aboriginals, like youth, are not represented on the voters list to the extent that they are represented in the population as a whole.

The proposal is that we will ask all those people who attended these selection meetings whether they are aboriginal and, because they did declare their interest before, whether they're still interested in being a member of the assembly. From that pool we will randomly select two. That's the proposal, Mr. Premier.

Hon. G. Campbell: Thanks, Jack.

Geoff?

Hon. G. Plant: Thanks, Premier. I want to maybe begin by asking a question of clarification. One of the things that was important to us as a government, in looking at Gordon Gibson's recommendations with respect to how the assembly should be established, was to make sure that the principle of random selection was sort of the first principle. In fact, as a cabinet we felt strongly enough about that principle that we decided not to accept a recommendation that Mr. Gibson made with respect to appointing some additional members, topping up the assembly. Instead, we doubled the size of the assembly to increase the chance that the assembly as a whole would be broadly representative of the diversity of British Columbia.

As I understand it, Jack, what you're proposing is that in order to increase the size of the assembly from 158 plus you to 160 plus you, you're going to canvass only those people who made it through, if you will, the first cut of the random selection that you described earlier. The people that you're going to canvass to determine whether or not there are some aboriginal people out there are the people who were, if you will, the survivors of the first random selection process. If you find people who are willing to say, first of all, that they are aboriginal - members of first nations communities in British Columbia - and they are still interested in serving, then your intention, as I understand it from the proposal, is to effectively conduct a second random selection of that pool. Is that right?

J. Blaney: Correct.

Hon. G. Plant: I think what that does, from my perspective, is that it, first of all, preserves the principle of random selection, which I think is important, but it also addresses an issue that Jack believes is important. I think we should respect both Jack's views and the select committee's views. I hope that as a cabinet we'll be able to support this recommendation.

Hon. G. Campbell: Any questions of Jack? Any concerns?

Do you know yet how many people you'll be selecting the additional two from?

J. Blaney: Well, again, it's hard to tell whether or not those members are aboriginal. My hunch is that we'll have ten to 12 persons who will indicate that they are still willing to become a member of the assembly. It could be slightly larger than that, but it could be ten or 12.

Hon. G. Campbell: Haven't you called everyone?

J. Blaney: No. We have called all the members - 158 - to see whether there are any aboriginals. The letters, I'll tell you, Mr. Premier, are ready to be mailed if you make your decision. They're going to be in the mail within an hour of your decision, and we expect that...

Hon. G. Campbell: So we'll only be making one decision here. We won't be able to second-guess it.

J. Blaney: That's right.

Hon. G. Plant: As I understand it, the letters are going to be sent to all the people who came

to those first meetings - all of them - and they'll be asked this question.

Hon. G. Campbell: They will self-select. They will tell Jack whether or not.... Then there will be a random selection.

J. Blaney: That's about 800 people, and we asked them two questions: are you aboriginal and, secondly, are you still interested in being a member of the assembly? If the answer is yes, get in touch with us right away, and we will make that selection by December 22.

Hon. G. Campbell: Okay, everybody?

I will say this, Jack: I think this has gone extremely well. I want to thank you for your leadership with regard to this. I agree; I think the select committee has also done a good job. I'm glad you feel they've been supportive of this as we've gone through. It's hard to believe, but a year from today we'll know what the report says.

[9:25]

J. Blaney: That's right.

Hon. G. Campbell: Good luck.

J. Blaney: Thank you.

Hon. G. Campbell: This morning we'll do that - okay?

The next item on the agenda is just a review of the northern development initiative.

For Decision: Northern Development Initiative

Hon. G. Campbell: We have to, as I'm sure you're aware, establish sort of the framework for the legislation that will be required to establish the northern development initiative. It was part of the B.C. Rail investment partnership agreement with CN. That will generate, as you know, a billion dollars virtually immediately, and \$135 million of that will directly be used to establish the northern development initiative. That much we've decided in the past.

Today I am asking for approval of the framework of a draft legislation aimed at establishing and funding the northern development initiative. It will require introduction of legislation, obviously. We want that to be prepared for when the final agreements are done, and it is pending the finalization of the B.C. Rail investment partnership, which we expect to be this fiscal year.

What we've already said is that in terms of control this is going to be run by northern communities - by northerners for the north. The funding will be given directly. The northern development initiative funding will go directly to them. They will have the opportunity of controlling and pursuing their own opportunities for economic growth and job creation in their regions of the province.

Specifically, we hope these resources will support strategic investment initiatives in forestry, pine beetle recovery, transportation, tourism, mining, energy, Olympic opportunities, small businesses and sustainable economic development. That is the framework within which the northern development initiative will take place - that the advisory committee will be required to act within. It's important to note that that framework creates a fair amount of flexibility,

and it responds, indeed, directly to a number of issues that have been raised by northern communities in the past.

This \$135 million initiative will be governed, I am suggesting to you, by a board of directors, and they will have three specific operating accounts. The first is a \$25 million operating endowment that will be protected in perpetuity with the interest used to support the operations of the northern development initiative, including its head office in Prince George.

The second will be a \$50 million northern development account that will be cross-regional. It will be for cross-regional economic investments as authorized by the board on behalf of four regional advisory committees.

Finally, there will be \$60 million in regional development accounts comprised of \$15 million each for four specific regions. The regions that have been identified are the Peace, the Prince George region, the northwest and the Cariboo-Chilcotin-Lillooet regions.

We've gone through that, and I just wanted to now.... That's what we've already announced, and cabinet was aware of that. I think we now have to put some meat on those bones as we go ahead and direct legislative draftspeople to put this together.

Let me talk about a number of specifics that are in the report. First is accountability. On page 2 of the report, you'll note that the legislation will reflect generally accepted accounting principles. You'll know that as a government we are reflecting generally accepted accounting principles that will be in place as of next year. It will, in fact, require provincial interests of accountability and reporting and auditing provisions. That's important, and I've asked the Ministry of Finance to lead that team. People do deserve to know what's happening with their resource and what's happening in terms of the decisions.

The second point, though, having established that accountability framework, is that we want to be sure that this is independent. It's important that the northern development initiative be run independently by northern residents for northern development. In the past, as you know, there's often been announcements like this and then all of the decision-making has been kept in Victoria. This is an effort to move beyond that model to a new model that, we hope, will be far more effective and certainly more responsive to the needs of northern communities.

[9:30]

Because it will be established with one-time funding, the recommendation you see on page 3 is that these funds be specifically excluded under the Balanced Budget and Ministerial Accountability Act. There's a simple reason for that: the government won't be directing the spending decisions. Northern communities will, through an independent board. That is critical to us. It's been critical as we've gone through and looked at how this could be set up.

The board that we're establishing will have powers to invest as they see most appropriate under the framework that I mentioned earlier. In addition to the one-time funding, the board will have the power, as noted on page 4 of the report, to authorize expenditures, to incur debt as appropriate, to generate and reinvest income, and to enter into contractual relationships and partnerships.

We are really trying to establish this board with the opportunity to make the kinds of decisions that are flexible and directly responsive to the needs of their communities. They may well want to leverage their investments, for example, by working in concert with the

private sector or other public entities. They might want to develop matching fund initiatives. They might want to invest in for-profit endeavours. That will be the decision of the northern development initiative board. We want to assure that they have that ability and authority to maximize the initial proceeds that are being provided by this agreement and this legislation.

On page 4 you also will see the recommendations with regard to board membership. We are recommending a 13-member board. All of the governance literature suggests that if you get boards that are much too large, it gets much too difficult to manage them. This is a 13-member board that will be responsible. I want to be clear about this point: what I'm suggesting is that MLAs not be eligible to serve on that board. That board will select its own chair. The government will not be appointing the chair; the board will select its own chair.

The board will be comprised in this manner. There'll be five local community representatives who will be appointed by the province initially from qualified residents within northern regions to sit for three-year terms. The province will not have authority, once they've been appointed, to remove or replace board members. The initial board will be established with five provincial appointments.

What I'm recommending is that eight regional representatives will be elected by regional advisory councils - two from each of the four regions. There are four regions. Each region, it's been recommended, will have an advisory council, and each of those regional advisory councils will appoint two people to the board. Again, that maintains the independence of the northern development initiative board, and it assures that these decisions are made on behalf of the north.

I think we should be clear about this: these will not be easy decisions that are made. There is a fairly long list of initiatives that people will get excited about and would like to have happen, and as this board sits in deliberation on this, they're going to have to make some of their own choices. Candidly, again, I think it's better for them to make them in these cases than it is for the provincial government to control those, so that's what we've tried to set up here.

The regional advisory councils are an important component of this as well. They will determine the spending priorities and the timing of their investments for their regions. Again, there's \$60 million that we're recommending be set aside for those regions. Each of the four regions will have \$15 million in the account.

As noted on page 5 of the report, you'll see it's intended that those councils will be broadly representative of the communities in their region. All of the regional councils will be made up of elected representatives. Specifically, it's being recommended that the representatives include mayors, MLAs and one regional district representative within each region. Obviously, the size of the regional advisory panels will vary slightly, depending on how many mayors they've got and how many MLAs they have, but it is important that these all be elected representatives. They will sit on the regional advisory councils because they are elected representatives.

[9:35]

These advisory panels are going to be, by definition.... The makeup is, hopefully, going to be non-partisan. Whoever is elected as an MLA, whoever is elected as a mayor, whoever the regional district appoints are going to sit on those regional advisory panels. I think that's important.

Mayors will be entitled to serve for as long as they remain in office. In other words, only currently elected officials will be eligible to serve. Each regional district will also be entitled to select one representative from its members to serve on advisory councils. The reason for that, again, is that as we travel around the province there are a number of areas that are not incorporated, that aren't municipal but are, in fact, represented at the regional level. We want to ensure that the unincorporated communities have a voice in guiding the priorities for their investment programs as well.

The regions I have mentioned in the past, but I will again. We're thinking all of these regions will be defined by their provincial electoral districts. What does that mean? It means the Peace region will be Peace River North and Peace River South. The Prince George region will be Prince George North, Prince George-Omineca and Prince George-Mount Robson. The northwest region will be North Coast, Skeena and Bulkley Valley-Stikine. The Cariboo-Chilcotin-Lillooet region will be Cariboo North, Cariboo South and Yale-Lillooet. What I'm recommending here and what's reflected in the report is that Yale-Lillooet will be from its northern boundary, south to Lytton and east to Logan Lake.

We need to have cabinet approval of these recommendations. I'm glad to have any discussion you'd like with regard to them, but we need to have cabinet approval of this so we can give legislative direction, so we can draft the legislation for when we have the new session in February. We'll want to act quickly upon completion of the partnership agreement so that we can establish this.

Today's submission, I can tell you, will be put up on the website. There will be opportunities for mayors and community representatives to have their comments. It's important, I think, that the thrust of these recommendations is to try and leave these decisions in the communities that will be directly affected by them. I believe this is a broad and sensible way of approaching this.

When we've completed our discussions on this, I'm going to ask Geoff to take us through the B.C. Rail-first nations benefit trust and how we can proceed on that on the same basis. I think prior to going to Geoff, we should deal with this particular initiative.

Rick.

Hon. R. Thorpe: On page 1 we talk about the strategic investments, and you've mentioned them. The question is: is this fund exclusively for economic activity?

Hon. G. Campbell: Yes. These funds are there for economic development. We have tried to lay out, as I mentioned earlier, the specific areas that it's open for. They include forestry, pine beetle recovery, transportation, tourism, mining, energy, Olympic opportunities, small business and sustainable economic development.

Let me just give you a quick example. When we were at the pine beetle forum, a number of people who were directly impacted said that they were wondering how they could build sort of a sustainable long-term future. That may involve being sure that they've got wireless access, Internet access, communication technologies. Those are things that I'd think would be particularly up to those regional advisory committees. As you look at the cross-jurisdictional issues... If you go and you talk to people in the north, they'll often talk to you about the Yellowhead Highway and what's taking place there. Well, if you go from Alberta to the coast, there are a lot of jurisdictions that are involved in that. If you talk about Highway 97 from Fort Nelson down to the U.S. border, there are a lot of jurisdictions that are covered

in that. That's the kind of cross-regional initiative we're looking at, but I do think we want this to be focused on economic development.

Hon. R. Thorpe: Just one other point. On page 4 you talked about them having the ability to incur debt. Is it fair for me to conclude it is debt based on their own financial capacity, not the capacity of the province to guarantee it?

Hon. G. Campbell: No. The province will not be guaranteeing any of their debt or any of their decisions. I think, again, that's important. The consequences of their decisions will be visited on their funding sources.

Hon. R. Thorpe: Thank you, Premier.

Hon. G. Campbell: Shirley and then John.

Hon. S. Bond: Thank you, Premier. Just for clarity, in terms of the regional advisory council membership it's in essence, then, by position, the makeup. Using Prince George-Mount Robson as the example, all of the mayors that reside within Prince George-Mount Robson would automatically be members of the advisory committee?

Hon. G. Campbell: Correct.

Hon. S. Bond: So the size of them would differ depending upon the number of villages or municipalities?

Hon. G. Campbell: Correct.

[9:40]

Hon. S. Bond: In essence, they would then choose two people from that advisory committee to move up to the bigger board. In essence, government would not hold the majority there. It would be.... Okay.

The questions that we're getting at home - and people are very excited about this initiative in terms of opportunities for us.... I'm assuming we're going to have a storefront, kind of, or an office that will be in Prince George. The day-to-day management of it, the hiring of staff and all of those kinds of things - that would be a board decision? Once we have the northern development board in place, they would then choose staff, find a location and do all of those things?

Hon. G. Campbell: Correct.

Hon. S. Bond: Okay. Thank you.

Hon. G. Campbell: John and then Mike.

Hon. J. van Dongen: Following up on Rick's question, would the board of this initiative be bound by government policy such as the policy of no subsidies to business?

Hon. G. Campbell: The government is not going to be restricting the board and the decisions that they make, but I mean, clearly, the government is going to be bound by those policies. But the whole point of this is to make the board independent of the government. So they'll make their own choices with regard to that. I wouldn't recommend they do that, but

frankly, by the time this is established, they won't care much about what I'm recommending or not.

Mike.

Hon. M. de Jong: Have we given any thought to the process by which an idea becomes a reality through this process? For example, the final decision, presumably, is by the main board. But are we suggesting that an initiative must start with one of the advisory bodies, emerge from there and go to the full board? Or can it start with the board and be floated out? Or are we just going to leave that to them?

Hon. G. Campbell: Well, I think we would leave that to them, but certainly, the structure does not prohibit the board from initiating their own decisions. In fact, the structure is suggesting the board will be responsible for \$75 million of the decision - right? There's \$50 million cross-culture and the \$25 million endowment. The board will establish that. The board will establish where they want to... The head office will be in Prince George, but do they want to have a storefront? Do they want to have a street front? Do they want to be on the second floor? Or do they want to be in an industrial area that's redeveloping? That will be entirely up to the board. The staffing decisions will be up to the board. The province will effectively be out of this. When we've appointed the five initial representatives, then we're gone.

Okay, if we're comfortable with this, we'll move forward with this then, and we'll get that legislation shaped up.

The next issue that we're going to deal with, which is pretty directly connected to this, is the first nations benefits trust. Geoff's going to take us through the process with regard to that. Geoff.

For Decision: BC Rail First Nations

Benefits Trust

Hon. G. Plant: Thanks, Premier. What I'm going to talk about is the proposed structure and process to establish the B.C. Rail first nations benefits trust. I'm asking cabinet to authorize the approval to draft legislation aimed at establishing and funding the B.C. Rail first nations benefits trust, pursuant to consultation with the affected first nations. That's really the main point of difference, I think, between the trust that the Premier spoke about and the B.C. Rail first nations benefits trust. Government is directing the way in which the first trust will be established, but before we establish the second trust - this B.C. Rail first nations benefits trust - we want to consult with first nations to get their advice and recommendation for how we can do this as effectively as possible.

The first nations benefits trust is intended to be a \$15 million trust. It is one of the major components of the B.C. Rail investment partnership. The goal is to establish the trust through legislation in the spring of 2004. It's a one-time funding opportunity from the proceeds of the rail partnership. As is the case with the northern incentive development trust, this trust is intended to be independent of government. It is intended to address and respond to the unique needs of the 25 first nations situated along the B.C. Rail corridor.

[9:45]

Perhaps I should say something about those 25 first nations. We'd asked B.C. Rail to identify the first nations who have reserve lands that are either crossed or immediately adjacent to

the railway corridor. There are 25 of those first nations. Those are the first nations this trust is intended to benefit. They stretch across the province from the northeast to the southwest, and I can identify them here, with the usual apologies for the fact that I'll mispronounce a few.

Starting in the northeast those 25 first nations are the Fort Nelson; the Blueberry River; the Bear Lake people of the Gitksan; the Takla Lake and Tl'azt'en first nations; Saulteau; West Moberly first nations; McLeod Lake and the Nak'azdli; Lheidli-T'enneh; the Red Bluff; Alexandria; the Soda Creek band, which is the Xats'ull first nation; Williams Lake; Canim Lake; Ts'kw'aylaxw; Bridge River; T'it'q'et; the Xaxli'p; Cayoose Creek; Seton Lake; N'Quat'Qua; Mount Currie; Squamish and the Tsawwassen. Those are the 25 first nations that this trust is intended to benefit.

The basic structure of the trust in most of its important respects is similar to the other trust in that it will be completely independent of government. What we want to do is, as I said earlier, begin a consultation process with representatives of those 25 first nations to get their help in designing the structure in a way that will help us accomplish its objectives.

The announcement made back in November about this trust talked about three broad themes, and those continue to be the three broad themes: the first being economic development, the second being educational advancement, and the third being cultural renewal. We certainly have the ability as government to define those objects in a way that ensures that the funds are spent to achieve the best possible results in relation to those three areas of activity and endeavour. Again, some of the work we want to do with first nations is to hear a little bit from them about what might be their priorities under those three broad themes.

As of yesterday and this morning, I have written to each of the 25 first nations to introduce them in a more formal way to the announcement and the intention of government. If cabinet approves the submission I have before you, then we will get to work quickly to establish a process for consulting more directly with these first nations to make sure we have the benefit of the input we need in a way that allows us to meet a timetable of having this thing up and running by the end of March.

I should say that while I speak about consultation in this context, this trust is not set up in a way that is intended to respond to or deal with issues concerning aboriginal rights or title. This trust is set up to achieve social and economic purposes. It's not necessarily intended for government to say that we are honouring any particular obligation in respect of consultation and accommodation. The fact is that these 25 first nations have lived with the railway as a reality for a very long time, and this trust will provide some benefit to them that will respect that reality as the partnership moves forward in the future.

[9:50]

I can tell you that I expect that the composition of the board will respect some basic principles which are pretty similar to the principles you heard from the Premier in the context of the other trust. That is, the size of the board should be manageable enough to ensure that there is workable decision-making and proper accountability. We expect that a majority of board members will be appointed by the participating first nations so as to ensure that they will have the ongoing control of the trust in the board. There will be a minority of board members appointed by the province from among qualified candidates. We believe that no single first nation and/or any particular regional grouping of first nations represented on the

board should have any disproportionate control over the board. That is, there needs to be equity in representation and equity in decision-making. I suppose in this respect, the last principle is different from the other trust. If we are obliged to appoint an initial board in the event that the first nations who are affected by this are unable to reach a timely consensus on the structure or membership of the board, then a majority of board members will be selected from individuals nominated by its participating first nations.

We are, in short, in the earlier stages of a process to help us create this board with a relatively short time line. I hope cabinet will support this recommendation so that we can get on with the work of formalizing the contact with the 25 first nations and getting together with them to set this thing up in a way that will achieve your objectives, Mr. Premier.

Hon. G. Campbell: So this is to authorize the approval of the legislation with the same basic fundamental principles in terms of framework that we had - that Geoff has identified there - and to approve the consultation with first nations, which will get back. Any questions? Gord?

Hon. G. Hogg: Thank you, Premier. It's similar to Rick's question with respect to the previous item with respect to economic development. This one is a little broader because there's reference to educational advancement and cultural renewal. Is that designed to be prescriptive, and is it limiting with respect to what the fund may be utilized for?

Hon. G. Plant: Well, I think we need to have some conversation with the first nations affected about these three broad themes. I think also that the Premier's pretty clear, and I'm pretty clear, about the importance of those three broad themes. They are not intended to be straightjackets, however. They're intended to encourage thinking that will result in the design of particular initiatives that will be useful. Cultural renewal, for example, can include issues around language preservation and enhancement; economic development can include everything from tourism to Olympics-based projects. I think there's a pretty wide range of potential ideas there.

Educational advancement certainly could include some of the kinds of work that government has been helping with around apprenticeship for jobs that are particularly relevant in the first nations communities that are going to be the beneficiaries of this trust. At the end of the day, though, the decisions about how to spend this money will be made by the trust, not by government, and they will be made by a trust that will have a majority of first nations as its members.

Hon. G. Hogg: So in that sense, it's not limiting, but it is expected to address those three themes.

Hon. G. Plant: Yeah. We could discuss about whether or not that's limiting or not limiting. I suspect that very little of this money will be dedicated to examining this structure of national banking in Canada or checking out whether Sable Island is being properly preserved by the government of Canada. These three themes are intended to be quite strong guiding themes, but I think there's all kinds of opportunity for creative ideas within those themes.

Hon. G. Hogg: Thank you.

Hon. G. Campbell: I think, like with the northern development initiative, we've tried to respond with a framework that allows action to take place, but it assures that these dollars are being focused where people have identified that they need them.

Okay, I've got Greg, Joyce and Murray.

Hon. G. Halsey-Brandt: In the northern development initiative, there was an endowment - some funds that were set aside to run the operations. I didn't see this in this proposal here. Is it expected they would just use some of those trust funds, then, to have a small secretariat or small staff to operate this trust?

[9:55]

Hon. G. Plant: There is no portion of this fund that is expressly dedicated to the idea of an endowment or to funding a secretariat. As I said at the outset, this fund is intended to be spent, I guess, within a relatively short period of time as opposed to create an enduring endowment. It's like most of the northern development fund in that respect. There will be projects identified, and the funds will be spent on those projects.

It's not the intention here to establish a long-term bureaucracy to invest money and then from the interest on that money fund particular projects. I think we're hoping that this \$15 million could be spent on a variety of projects that will result in both some kind of immediate- and long-term benefit but may also mean that within a relatively short period of time, the fund will exhaust itself.

Hon. G. Halsey-Brandt: So if the fund went into partnerships.... When you talked about leverage and things like this, the idea is that the profits or whatever investments would come back to that particular project rather than to the fund as a perpetual body. Is that the scenario?

Hon. G. Plant: I think that's right.

Hon. G. Halsey-Brandt: Just one final one. I was a little surprised, and it's probably just my geography and knowledge of railroads.... You mentioned the Tsawwassen was one of the bands on there. Is that the little strip of B.C. Rail from the coal port and container port to tie that in?

Hon. G. Plant: I believe so.

Hon. G. Halsey-Brandt: I was a little surprised. Good. Thank you.

Hon. G. Plant: I should say that that information has come from B.C. Rail. They are the people who have identified the 25 first nations who have reserves that the railway either crosses over or immediately abuts.

Hon. G. Halsey-Brandt: I think most of us sort of thought from North Vancouver to Fort Nelson. I was just a little surprised.

Hon. G. Campbell: I think if you characterize this \$15 million fund, it's very similar to the regional funds. There is only one part of the northern development initiative that is held in endowment. That's a \$25 million endowment. One of the purposes of that is not just to provide for the ongoing operation. Hopefully, over time the north will develop a framework for decision-making and economic initiatives that are cross-regional. I think the endowment fund gives them the chance to generate their own studies, their own information, their own agendas for the long-term future.

There are, as you know, many programs like that already in place for first nations. One of the

things we do expect is that those regional funds particularly and the first nations benefits trust will actually be invested relatively quickly. Their choice may be over ten years. That will be their choice. Clearly, they'll wait until.... They're not going to invest just for the sake of investing. They're going to wait until they get the right kinds of investments to move forward with.

Joyce.

Hon. J. Murray: Premier, I had a similar question to Greg's, and it's been answered.

Hon. G. Campbell: Thanks.

Murray.

Hon. M. Coell: Premier, I just wanted to give it a little bit different perspective - with Geoff's as well as the northern initiative. My ministry has a caseload of about 115,000. Both of these initiatives are going to create jobs and opportunities where there aren't any right now. I think there are some real opportunities for the Ministry of Human Resources, through our contractors, to be involved in this and actually create some real benefit to people who are on our caseload who are able to work. I think that there are some real good opportunities, especially with the aboriginal initiative for employment as well.

Hon. G. Campbell: Great. Okay.

So, Geoff, move forward with that. I want to be clear what we're saying is move forward with the consultation, and we will draft up the legislation. We haven't started drafting yet. If that's all right with everyone, we'll move on.

Kevin, an update on the B.C. Resort Task Force.

Update on B.C. Resort Strategy

Hon. K. Falcon: Thanks, Premier.

Back in the June open cabinet meeting, I spoke about the direction of the B.C. Resort Task Force, and I committed to coming back to open cabinet in December to provide you an update on our progress. I outlined back in June the task force's primary objective, which is to review the barriers that we as government put in place for existing resorts that are looking to expand to all-season resorts and also for new resorts that are considering opening up - the kind of barriers that government puts in place and how we can review those and streamline the process.

Today what I'd like to do is just give kind of a high-level overview of the progress we've made and the opportunities we've identified. It's important, I think, to recognize that resorts are not just accommodations that invite the traveller to stay along the way to wherever they happen to be going. B.C. resorts are increasingly part of a larger integrated tourism network that, frankly, acts as an anchor to many communities. B.C. all-season resorts are an enormous economic asset.

[10:00]

This was becoming so clear to me as I travelled throughout the province, and they're particularly important in the heartlands of British Columbia. We've got new resorts on the

horizon. The B.C. Resort Task Force recommendations will hopefully make it easier for our existing resorts to grow and for new resorts to develop.

It's worth understanding, I think, just the scope of the kinds of resorts we have across British Columbia. What this slide shows you, and demonstrates so clearly, is that we've got over 700 resorts and lodges across B.C. - each of those dots representing one of those resorts.

The bottom line here is that virtually every single part of the province is touched by a resort or lodge opportunity. There's a reason. The reason is that British Columbia has some unique strengths and attributes. We're uniquely positioned given our scenery and the diversity of activities and opportunities that we have available - whether it's ski hills or wilderness adventures, fishing resorts, guest ranches or health resorts. Our province can and does accommodate all seasons and all types of resorts. Our world-class ski hills, waterfront marinas and adventure tourism opportunities are just outstanding. We have significant untapped markets and enormous product development potential, and the resort industry is an integral part of our tourism dollar in British Columbia. They are magnets that attract the tourism dollar and tourism visitor to British Columbia.

The slide you see here.... I will just comment on it briefly. Essentially, what it does is speak to the multiplier effect. What I'd leave you with is this: the tourism spend that takes place at a resort doesn't just end at that resort. There's a huge multiplier effect that takes place. The multiplier effect impacts communities through the provision of supplies to the different resorts, the workers that work at the resorts and the families they support, the restaurants they support and the mortgages they pay as a result of the wages they receive.

It's also a huge benefit for governments, candidly, and all levels of government - federal, provincial and local. Just to give you an idea, the Whistler resort community brings in a million dollars a day in government revenues, for all levels of government. That's a million dollars a day from one resort community. If you can imagine, as we're seeing now the growth of other resort opportunities like Big White, Sun Peaks, Hill's Health Ranch, Mount Washington.... All of those are growing like crazy. Although they may not achieve that same level as Whistler, they do offer enormous opportunities for youth, for first nations, for employment and, increasingly importantly, for the province to provide the revenues we need to fund our health and education system.

So we've got new and expanding resorts on the horizon. Kicking Horse in Golden is one example of a resort that's undergoing some significant expansion. Canoe Mountain in Valemount, which I'll talk about in a moment, is an example of a new resort opportunity. The potential is really quite incredible.

What else did we find out? Well, over the past five months I've personally met with over 100 stakeholders from right across the province. I've travelled to 25 resort communities. I've met with seven first nations, 14 local governments, developers, investors and all kinds of stakeholders from right across the spectrum, seeking their input. I've written to those 700 resort lodges you saw across British Columbia seeking their input into what we as government can do better to improve the lives and the opportunities in their particular resorts.

We've also consulted with other jurisdictions to make sure that we take the best ideas and best practices that we're seeing in other jurisdictions. We looked at Alberta, Colorado, Europe and Australia, trying to see what they're doing right there and seeing how we could take some of those ideas here in British Columbia.

We also wanted to hear from the investor's point of view, because the investor is the one that makes those big decisions early on and makes the financial commitment to get these opportunities underway. What I found out is that - and you've heard me say this before, so this won't come as a surprise - British Columbia still has a pretty complicated maze out there. This slide I think kind of demonstrates what I'm talking about. Investors face a daunting experience of process and approvals that too often can drain their energy, their resources, and ultimately, their commitment. The application process is long, cumbersome and full of duplication from different levels of government asking for the same thing but having you spend limited resources providing the same kind of information.

[10:05]

We are making some progress. Stan has made, I think, very significant progress in Land and Water B.C., cutting the two-year backlog we inherited. He has cut the land tenure application processing time by 50 percent. You've now got guaranteed turnaround times. I am hearing some very positive feedback on that, but I think there's more to do, particularly in terms of having ministries speak to one another and coordinate their activities to the corporate objective of government.

We've also identified some common themes we've heard - six of them, to be exact. Certainty is always a big one. Certainty in terms of timeliness but also certainty in the sense that you're going to get through the process in a reasonable frame of time. I know the work that Geoff is doing with first nations in terms of the treaty negotiations and in terms of the economic measures fund is helpful. The work that Stan has done over at Land and Water B.C. and Sustainable Resource Management lays out some of the steps we need to develop certainty. All the work we're collectively trying to do to cut red tape is a big part of sending the signal and delivering on the ground to providing timeliness when folks are making a decision to expand or to open up a new resort.

Local government is a really important piece of the puzzle. We're working with George's ministry to develop some best practices - in other words, to look at the resort communities that have been successful, like Whistler-Blackcomb, and say: "What has worked in your community? What challenges did you face that other potential resort communities ought to be aware of?" That's something the task force is currently working on.

Infrastructure and transportation are absolutely vital to a successful resort strategy. Whether it's expanding the Cranbrook Airport so we can fly 737s full of Americans and Europeans into the Kootenays or whether it's expanding passenger rail opportunities, that is absolutely critical to ensure that our resorts have every possible advantage they can have in terms of bringing the tourists to their doorsteps.

Marketing is increasingly important. Understanding what market we're trying to go after and making sure our marketing message is clear and understandable and really speaks to what British Columbia is all about.

Regulatory is a big issue. Just a couple of examples. On the changes that Graham made to employment standards and that we made as a government, I heard very positive feedback on that while I was touring around. We forget sometimes around this table, but the changes we make really make important differences in the lives of small business people that are working in the lounges, in the restaurants, etc., at these resorts. So that was something that was really well received.

The regulatory change that Rich made regarding liquor.... We forget that 25 percent of the tourists that visit our alpine resorts, for example, are from Europe. When they would come to British Columbia, finish a day of skiing and go into the lounge to have a sandwich with their kids, the liquor laws wouldn't allow their children to come in with them to have a sandwich. It created a huge problem for resorts that were trying to deal with satisfying their customers. Rich brought in a change that expanded that and allowed the kids to be brought in up to 7 o'clock at night. That has made a huge impact on the lives of resort operators. Again, it's seemingly a very minor issue to us but has a major impact in terms of their ability to deal with their resort customers.

Human resources is always an issue. That's why there's really a drive to move toward all-seasons resorts. It's challenging for seasonal resorts to hire the staff and train the staff. At the end of the season they're gone, and the next season, you're having to do the same thing all over again, so that is something that is helpful.

Our vision is pretty straightforward. We want to support our existing resorts, and we want to create an environment to grow future resort investment and development. When you look at what's at stake.... This slide demonstrates Whistler as it was back, I guess, in the early sixties and what it is today. You can see the unbelievable reality of the difference. Before Whistler Village was built, the town centre you see right there actually used to be a landfill. Today it is one of the absolutely top world-class resorts we have in the world.

Another example is the Big White Ski Resort. Back then, and you can see a picture from the sixties, it was really just a tiny little ski shack. I was up there just a couple of months ago, and it is now a bustling resort community. I was frankly staggered at the amount of activity, the amount of growth that's taking place, the construction workers that were at work. I mean, it was really very, very exciting to see.

[10:10]

Just to give you an idea, just the two ski resorts of Big White in Kelowna and Sun Peaks in Kamloops together have invested \$168 million in capital expenditures, which creates almost a thousand construction jobs. It gives you some sense.... That doesn't even begin to speak to all the jobs that are created there year-round working in the resorts. It really is quite amazing.

On the weekend I attended a great event with Minister Hagen and Minister Shirley Bond. We were up in Valemount for the announcement of the Canoe Mountain Resort. You'll see a picture there of Stan in the middle. He's the good-looking bald guy that was signing the master development agreement. On Stan's right there is the mayor of Valemount, Jeannette Townsend, who was extremely excited. I felt like we had half the community packed into that room that were very excited. On Stan's left - our left - you see Gerry Levasseur, who is the president of Sunrise International, which is a major Canadian resort investor and developer. That's myself and Shirley behind.

This resort, when fully developed, will result in an investment of up to \$100 million. It's going to create hundreds of jobs in an area that is resource-dependent and, frankly, was hard hit when the only mill they had shut down. It's now re-opened but only on a part-time basis. The community was very, very excited about this going ahead. It was really a pleasure to be there.

Stan, you and Shirley did a great job in moving that along, because it was a good example,

Premier, of a project that had started years before we got elected and had been caught in a lot of process. We were able to move that along, finally, to where they can get some shovels in the ground.

You know, whether it's Canoe Mountain.... I'm always struck by the fact that we've got hundreds of thousands of tourists that bypass British Columbia and go visit Banff and Jasper. Yet I think we've got some of the most beautiful parks in the world here in British Columbia. That's why the changes that Joyce made to the parks legislation, I think, are very, very important, because they will allow for limited - but responsible - development of some lodges in our parks. I think that's going to be very important in capturing some of that market that's bypassing British Columbia and going straight to Banff and Jasper, because we have spectacular park settings.

I think that, properly done, we can also have the kind of facilities that will speak to the fact that we have an aging demographic in North America. You know, people aren't just camping in tents any more. It's a lot tougher when you get older to spend your evenings in tents, so - that wasn't a direct reference to you, actually - they're looking for facilities where they can spend overnight. That's also increasingly important for folks that are dealing with disabilities - that they've got the ability to stay in places that provide decent accommodation.

Critical, as I alluded to earlier, to any resort strategy is transportation. One of the great advantages of the CN-B.C. Rail partnership is the fact that they're going to restore passenger rail service. They've already put out the request for proposals for a new tourist train service. That is going to be hugely important to creating jobs and opening up the north to tourism visitors.

The blue line on the map that you'll see appear there represents future passenger rail service from Vancouver to Prince George. The red line illustrates future passenger rail service from Prince George over to the northwest in Prince Rupert, which will act as a huge kick-start to that community in terms of bringing, potentially, tens of thousands of tourists into Prince Rupert. Finally, the green line on the map illustrates future passenger rail service from Prince George to Jasper, so it ties in across a big portion of this province and opens up enormous possibilities.

At the recent joint cabinet meeting in Alberta, Rick Thorpe signed a British Columbia-Alberta tourism initiative agreement that will see our two provinces jointly promote and market an Olympic travel corridor between Calgary and Whistler, site of the 2010 Olympic Games. In addition, Rick's ministry is looking at providing self-guided travel routes, which will be introduced throughout British Columbia to allow visitors to pick and choose what kind of visits they want to make while they're touring throughout British Columbia.

[10:15]

The anchors to all of this vision are our resorts and our resort communities. They are the accommodations that invite the travellers to stay along the way. They're the ones that make sure they enjoy their visits to British Columbia and that they want to return and that they'll spread the word when they go back home.

Just as an aside, Premier, one of the stories that really struck me is when Rick and I actually met with the folks that control over 90 percent of the cruise ship passenger visits to British Columbia. These are the millions of people that come into our airport in Vancouver. They get on a bus. They bus them down to the Pan Pacific. They might spend an afternoon shopping in

Gastown, but they're literally put right on the cruise ships and off they go to Alaska to spend their dollars. The cruise ship sector is saying to us that, look, with the advent of passenger rail, they've got the opportunity to book packages where they can spend the first week prior to going on their cruise ship touring up into Whistler, up into Prince George or Prince Rupert, over to Jasper - whatever the case may be - and spending that money in British Columbia and discovering how great British Columbia is.

One of the things that really struck me when they told me this story was that when these passengers are coming off the plane in the airport and they're getting on a bus going through Vancouver, they're literally looking out the window saying: "Gee, this is a great city. Wouldn't it have been nice if we could have spent some time here?" Instead, we're putting them on a cruise ship and firing them off to Alaska to spend their dollars. There are tremendous opportunities that avail themselves once we get all the pieces of the puzzle in place.

Expanded airports are critical to the vision. Passenger rail is going to be really important as we expand that. Our cruise ships are an important linchpin to how we build an integrated tourism network. All of that will tie into the opportunities that are going to increasingly avail themselves as we get closer to 2010 and people start looking at the opportunities in British Columbia for resorts and for visits.

What I've found, Premier and colleagues, as I've gone across the province, as I've spoken to all these different groups, as I've met with over 100 stakeholders, is that there is a real sense of excitement building in the resort sector - and the resource sector there, Dick. The B.C. Resort Task Force is attempting to respond to that call. We're looking at making a number of recommendations that will improve our ability to compete for that tourist dollar and to expand the opportunities available.

We've already seen some progress with the proposed Crystal Mountain expansion in Westbank; with the Canoe Mountain announcement that Stan made on the weekend with Shirley and myself; with the Bear Mountain development, the golf course residential development here on southern Vancouver Island; and with Grouse Mountain's opening of a new Olympic quad chair that the Premier opened a few months ago. There's more to come. Imminent announcements will be coming shortly.

All of them, I believe, demonstrate that government decision-making can be efficient and effective, and the changes we make can have a positive impact in the resort sector. We can do this and still meet the highest environmental standards, which I believe are increasingly important. It's part of our competitive advantage, frankly, as a tourist destination, that we in British Columbia can boast having the highest environmental standards.

We are an all-season destination without equal, and the potential is there, I believe, for significant expansion and the possibility of new resort investment. The world is waiting to visit, and we are working to make it easier to invite them. Thank you.

Hon. G. Campbell: Questions? Judith.

Hon. J. Reid: You showed the slide of the maze, and that can be awfully daunting to people who want to invest. What do we do to help someone through that maze? I know we've certainly done a lot to streamline the processes ourselves while maintaining the standards. Do we assign an individual to them to help them walk through that? Certainly, you had on there some federal regulators as well. How do we help these people who are serious about investing in B.C. to actually navigate that maze?

Hon. K. Falcon: That's a point well taken, because one of the things we've heard as we've gone through this is exactly that. What we're leaning towards.... I'm not going to preclude what the task force would recommend, but certainly, the emerging consensus is to follow the successes we've made in the oil and gas sector, where you've got a single window for these folks to go to. They've got an individual assigned to them, and that individual can make sure we've got the cooperation from the different ministries.

We've set up an interministerial group of assistant deputy ministers, primarily from each of the ministries that touch on the resort sector, so that first of all we can build accountabilities by knowing who we can talk to when there's a problem in a respective ministry but also starting that process of cooperation and staying involved and trying to get ministries to think about the larger, broader picture that we're trying to achieve. That's always the biggest challenge in government. You've got ministries operating in silos, and we have to continually work to try and break that down.

[10:20]

I think you'll see some recommendations speaking to single window. You'll see some changes being recommended in terms of regulatory and perhaps even some legislative changes to ensure that we're not allowing process the government puts in place to get in the way of expedited answers. Bill 75, frankly, speaks to a lot of this. It's an important signal to investors that we are serious about making sure that we're not letting red tape get in the way of getting quick answers to people that are looking at making significant financial investments in British Columbia. All of those pieces of the puzzle, hopefully, will address exactly what you've raised.

Hon. G. Campbell: Isn't there also an effort to fast-track some of these major projects? I mean, if you look at things like Saddle Mountain project and Eight Peaks, that's probably half a billion dollars of private sector investment. But clearly, there are major cross-functional challenges that we face, and it's not setting them aside as much as it is let's coordinate them, let's make them occur simultaneously and all those sorts of things. That's part of what I think, Rick, you're working on...

Hon. R. Thorpe: Yes.

Hon. G. Campbell: ...with fast-tracking at CSE. You can't do it with every project. You have to do it with major projects, and you have to recognize it, but you know.... Well, I'll mention this at the end.

I've got Dick, Shirley and Rich. Dick.

Hon. R. Neufeld: A couple of questions, or one question and a comment. I'm glad to hear that there's talk about one window. When I looked at the maze, it came to me right away the process we use with the Oil and Gas Commission. Also, I think we have to look at a lot of other economic activities that happen in the province as one-window operations so that we can start moving forward on all kinds of fronts, so I'm glad to hear that that's part of it.

The one question I have, though, is that you have listed 700 resorts and lodges. How was that determined, Kevin? Are they registered as a lodge and that's how you came up with the number 700? The reason I ask is because in the real north, you see, there are not very many dots. I know that there are more dots than that, simply because I live there. I don't know. Maybe they're just not registered right. If that's the case, then I have some homework to do,

Kevin, to make sure that those people are aware of those kinds of things - that this is happening. Maybe you can help me out a little bit there.

Hon. K. Falcon: Sure I can, Dick.

Interjection.

Hon. K. Falcon: As Mike pointed out to me, I think the dot in the top left corner is your house.

Interjections.

Hon. K. Falcon: With a nice paved road. Yeah. [Laughter.]

Hon. R. Neufeld: The only paved road in B.C. is my driveway.

Hon. K. Falcon: The way the determination was made, Dick, is whether they provide accommodation. It's whether they have a place where you can actually spend an evening there. When I say resorts and lodges, the reason we added the word "lodges" is that when we say resorts, some of them are very, very tiny. You wouldn't think of it as a traditional resort. You might think of it maybe as a lodge but not as a resort, so typically, having accommodation - the ability to provide accommodation - would be one. The other is it's very possible that some could be missed - that there are some up there we're not aware of. I'd be happy to work with you in trying to get that.

Hon. R. Neufeld: Just to follow that quickly, Premier, and I know we're pressed for time, guides and outfitters that actually do ecotourism along with guide and outfitting. I don't see them on here.

Hon. K. Falcon: No, they wouldn't be.

Hon. R. Neufeld: They wouldn't be part? They provide accommodation.

Hon. K. Falcon: Well, they do. I think most of their accommodation is.... Well, I know a lot of it is in tents, but they also provide little outpost lodges where people will stay. Is that what you're thinking of?

Hon. R. Neufeld: Actually, some are pretty significant lodges.

Hon. K. Falcon: Okay. They might be there, Dick, but it's possible they were missed. That is possible.

Hon. R. Neufeld: All right. Thanks.

Hon. G. Campbell: Shirley.

Hon. S. Bond: Following up on Judith's comments and others that have been made, and having personal experience with the Canoe Mountain development, I think one of the significant issues was in interministerial cooperation. I'm glad to hear that as you move forward in terms of the recommendations you might be making finally.... That was really an issue for us. It wasn't that it was, as the Premier suggested.... We're not suggesting setting aside issues. It's a matter of being collaborative and cooperative.

From our perspective, as we tried to get the project moving, there would be issues with land management, and the next thing is that there would be a permitting issue. I know that work that was done helped to streamline that process, but it took a long time. I'm encouraged by the fact that you will, I'm assuming, be bringing forward some recommendations that would certainly insist that ministries work collaboratively on these projects in order to speed them up.

Hon. K. Falcon: Absolutely.

[10:25]

Hon. G. Campbell: Rich.

Hon. R. Coleman: Thanks, Kevin. As you were going through this, there's one thing that never seems to come out when we talk about a resort strategy. We talk about cruise ships. We talk about rail. We talk about other things with regard to resorts, accommodation. You know, after 9/11, the fastest-growing industry in North America was the recreational vehicle industry, because people are actually staying at home in North America and travelling from place to place. As you develop this strategy, don't forget about that huge industry, because there are actually planeloads of people that come over from Germany, for instance, who get into rental RVs and head up through the Cariboo and into the north. One of the biggest challenges they have is actually finding a place to park, whether it be in one of our parks or whether it be somewhere else.

As you develop it, there's a multimillion-dollar industry there that is actually quite active. It's growing in the U.S. I think we should be thinking, as we build this strategy, to attract those guys here too.

Hon. K. Falcon: Rich, I mean, point well taken. The rubber-tire traffic, as the tourism industry likes to refer to it, is a huge component of the tourism spend. The transportation improvements that Judith is doing - the \$600 million, I think at least - that we're doing in the heartlands of British Columbia.... Kicking Horse Pass, for example. The Kicking Horse Canyon. All of those kind of investments speak to trying to encourage that rubber-tire traffic to get in and get across British Columbia.

I will actually look into the whole question of RV availability in terms of the parking, because I know you do a lot of that. But is that something you found - that there's a challenge?

Hon. R. Coleman: I didn't last summer, actually, because the engine dropped out of the motor home, but....

Hon. K. Falcon: I'll try and find you some good parking.

Hon. R. Coleman: I have a new engine, though, and I'm looking forward to giving it a challenge.

Hon. K. Falcon: Anyway, we'll talk about that some more.

Hon. G. Campbell: It is important, though, because rubber-tire traffic is.... What is it - about 60 percent, Rick?

The thing that I think is really important about this is.... For me, it goes back to the labyrinth picture that you had earlier. It's one of the biggest challenges I think we face. We have a

number of ministries, and they're all trying to do the right stuff. It's how you coordinate that right stuff to make sure it's done in a timely manner.

You hear all the time from people that this is, you know.... This is not meant to be offensive to you, John. "I just get everything done through Agriculture, Fisheries and Food, and the next thing I do, I have to come to Transportation, and then before I know it I'm dealing with the Forests ministry, and then the next thing I know I've got to deal with...." You know, there's just a whole list of things. Then the feds come in and say, "Well, what about us?" and put up their hands and do things.

The thing that I think is.... It's easy to sort of look back at Whistler and say: "Look how successful it is." One of the challenges for Kevin, I think, is to try and learn all those lessons so everyone doesn't have to learn them every single time they go through this. Whistler was the fastest-growing economy in the province in the last five years. If you go to Kamloops today, the largest single private sector employer in the Kamloops economic region is Sun Peaks. If you go to Kelowna and you look at the opportunities that Big White provides, not just in terms of the wintertime but the summertime, they're really pretty incredible.

I think, Sandy, at Red Mountain they've just announced a major expansion there, haven't they? That's going to be a big thing for Trail and for Rossland. Shoulder Mountain and Eight Peaks, which is up in the Kamloops and Blue River area - that's going to have a major economic benefit and literally.... Well, not to oversell it, at least hundreds of jobs are going to be available there - not just in construction, but long-term, ongoing jobs. I think that if we can come up with a way that we can send the message to people that if you really want to do this and you really want to invest your dollars, we'll try and coordinate our processes to facilitate that for you. I do think you've made some good progress here, but there are huge, huge opportunities out there.

Hon. K. Falcon: There are.

Hon. G. Campbell: Literally, I think that your initial comment, Kev, is actually very important. When we talked with the Canadian Association for Petroleum Producers, we said: "What do you need us to do?" We didn't; Dick said: "What do you need us to do?" They gave us their list. Then Dick says: "Give us your top five." We've been able to deal with their top five, and then we're able to deal with their next five. We've seen some real benefits from that.

I don't think we'll ever succeed in getting all of the challenges out of dealing between government and the private sector. But I certainly think we can send the message that we want to be sure that they're successful. I'm looking forward to getting that final report because it will mean a lot to lots of communities in British Columbia.

Joyce.

[10:30]

Hon. J. Murray: Thanks, Premier. Well, Kevin, I was glad to hear your comments about the importance of environmental standards. I think what you touched on, too, is that the tourism customers, particularly from Europe, are increasingly wanting to know that the places they go to have low impact on the environment and manage those impacts carefully. So one of the questions I had.... When you were going around and meeting with people in the lodge-and-resort industry, was there talk about responsible tourism or sustainable tourism as a kind of

industry self-certification or code of ethics? I know I've heard some of that in my discussions with resort owners.

Hon. K. Falcon: Joyce, I was struck by the fact that on their own, especially the ski resorts.... One of the things they said which really struck me was: "Look, a big chunk of our visitors are from Europe." You know, they don't need government to tell them how important the environment is. They already know that. Everything they do is driven to make sure that the human imprint on the area they're responsible for is minimized as much as possible, and they really go out of their way to try and have the highest possible standards. I was struck by that. That's something that they brought up.

Even in Whistler, where they've got operations.... There's a whole bunch of little businesses that develop that actually become big businesses around these resorts. In Whistler you've got something called zip trekking, where you essentially hook up to a cable and go shooting across canyons, which I enjoyed tremendously. Part of what they do is educate....

Hon. G. Campbell: You haven't forgotten that experience.

Hon. K. Falcon: Yeah.

What they did really well is.... Part of it is the experience of zip trekking, but the other part of it is that they're educating you. The whole purpose, by the fellow that set it up, is it's an ecotourism experience. While you're waiting to be hooked up and people are going ahead of you, they're giving you a little talk about old-growth forests, and they're talking about this and that. I just found that really interesting.

I think you're going to see that the ecotourism element is going to become increasingly important. Tourists - especially the boomers, as they get older - are looking for a little more than just the fun experience of visiting resorts. They want to also be assured that they're holding high environmental standards. I was really struck by the fact that that's a message long received by a lot of these resort operators. They are very clued in to that. Everything they do is driven towards making sure they focus on environmental protection and have the highest possible standards.

I think that's a real plus for us as a province, because we have a beautiful province. We've got spectacular scenery. We have the opportunity to make sure that our resort operators adhere to the highest standards, and they're happy to do that.

Hon. G. Campbell: Thanks, Kevin.

Next we're going to have a fiscal update from Gary.

For Information: Fiscal Update

Hon. G. Collins: Thank you, Premier. You'll know that last week we released the second quarterly report, which essentially said we were on track - at the bottom line virtually unchanged from where we were in September at the first quarterly report. We're now over halfway through the fiscal year.

What I want to do today is just.... It's not a long presentation. I want to touch on the highlights of that just to give greater context to what I really want to talk about, which is the progress we've made to date on public sector bargaining and our zero-zero-and-zero mandate and to just reinforce why it is so important that we maintain that track.

You'll remember, in 2002, our first three-year fiscal plan that we put in place. At that time we fixed the bargaining mandate at zero-zero-and-zero, and we did that because British Columbia already had among the highest-paid public sector in the country, across almost every category. I'll highlight a couple of those in a few minutes. We knew that we needed to keep our costs under control, obviously, and that dealing with wage pressures was going to be a key component of that.

But everybody had to come to the table and be part of keeping our costs under control. Government MLAs - not the opposition, but government MLAs - voluntarily decided to lead by example and took a three-year pay reduction of 5 percent. We've been trying to maintain the zero-zero-and-zero mandate ever since, and it's actually gone relatively well.

As we get towards next year, to balancing our budget, that target is very, very tight. There are endless pressures to try and make us go over - there's no question about that - but we've managed so far to stay on track. We intend to stay on track, and keeping our wage costs under control is obviously a key component to that.

[10:35]

If you look at where we were as of the second quarter, you can see last year that we did substantially better than forecast at the beginning of the year. We had forecast a \$4.4 billion deficit. We actually came in at just under \$3.2 billion. The year previous, our first partial year in government, we came in under budget as well. In the year we're in right now, the forecast deficit was \$2.3 billion. That number was based on the \$1.8 billion that we set over a year ago, combined with the forecast allowance of \$500 million, and we remain on track.

But you can see that razor-thin surplus in '04-05. There is no room to move there; it's very, very tight. Those of you who are managing ministries and who sit on Treasury Board will know just how tough it is to keep everybody on budget and on target. Despite the pressures that we have, we continue to work hard to keep that target in mind and see if we can improve it. But it is a struggle, a daily struggle, and wage pressures are a key component of that.

If you look at this chart - I always like to throw this up and show it to you again - this is where we started at the beginning. The next slide shows where we are now into the cycle. We came in, as I mentioned, better - well under budget last year. We are on track this year to hit our target and are expecting a small surplus in '04-05 and '05-06. You'll recall that the law requires us to balance the budget next year. It also requires us to maintain a balanced budget in the years ahead. Needless to say, that task is not easy.

We have made significant progress, though, in hitting those targets and getting our costs under control, in getting our debt under control as well. You'll know that one of the areas where we've seen some big success - and this slide, I think, reflects it - is the area where... It's a measure that the credit rating agencies use, but it's also good to gauge the health of your economy and the health of your fiscal plan, and that's your taxpayer-supported debt-to-GDP. What that is, is the debt that we carry that taxpayers have to service through interest payments every year, related to the size of our economy. Obviously, when the economy grows, the debt load becomes more manageable; and obviously, when the debt load either doesn't grow as fast as forecast or actually starts to decline, then the burden on the taxpayers in paying those interest payments starts to decline as well.

The top dotted line, the black line, is the one that we set out at the beginning of our first three-year fiscal plan, which we tabled in the House in February of 2002 - almost two years ago. It showed that our debt-to-GDP ratio would cap out at 25 percent in the year we're in right now. When we brought the budget in this February - just past, in 2003 - we had revised that number downwards and updated it. It was now going to be 23 percent, which is a major improvement. Certainly the credit rating agencies and others took note of that. You'll recall last year we actually were able to save about \$120 million on interest costs that were lower than forecast, and we were able to use those for other purposes or other initiatives in keeping our deficit lower.

You can see at the first quarter in September - so one-quarter of the way through the fiscal year - that that number had come down even further to 21.9 percent, and just last week, with our second-quarter report, that number had come down a little bit again to 21.6 percent. If we don't need to use the forecast allowance in the rest of the year, that number would come down even further to 21.3 percent, which would mean that we had actually capped out, in our debt-to-GDP ratio - the increase last year, not this year. So we would have done that a year ahead of schedule. Then that number starts to trail off in a downward direction as we start to balance our budgets and pay down our debt and as the economy grows.

Those are all very good, positive indicators. You'll know that we're already forecasting this year that interest costs to the taxpayers will be down substantially, and that's one of the areas of improvement in the budget. That's just a really good, positive indicator and a good, positive thing for British Columbians.

You'll know that in September we put out an updated three-year economic forecast. Since September we've seen very strong growth in the United States, which is our largest trading partner - 70 percent of our exports go across the border to the United States. They had a third-quarter annualized growth rate of over 8 percent, which was pretty substantial. People are now forecasting consensus numbers for U.S. growth above 4 percent for next year, and that is very positive. It's almost universal that people expect the recovery to take in the U.S. and continue. There are very few economists at this point forecasting a stumble or big risks in that growth next year, although it can always happen, as we know.

[10:40]

I met in December - just earlier this week, actually, on Monday - in Vancouver with our Economic Forecast Council, which is made up of private sector economists from around Canada. They come out, and we sit down and spend a day going through the economic forecasts globally and locally. The numbers they've been putting in as forecasts and the later ones that came in were ramping upwards, so the trend is upwards. You can see that our forecast in September is the blue lines in this chart. We were forecasting 1.5 percent this year, 2.6 percent next year and 3 percent for the years beyond. The Economic Forecast Council's numbers have come up in the last little while. Their numbers are now 1.7 percent for this year; 2.9 percent for next year, 2004; and then 3.2 percent sustained growth beyond. That 3.2 percent is a pretty good long-run growth rate number for British Columbia, and certainly, we're going to hope to improve upon that as well.

There are some key assumptions, though, in making sure we balance the budget next year and maintain that balance in the years ahead. We need to make sure the economy grows. We've put a competitive tax structure in place to do that. Some of the deregulation we've all been working on and that Kevin has been grinding us on is coming to fruition. I think we're

now up over 80,000 regulations that have been eliminated in the last, I guess, two years, and that's major progress to the point where we're starting to hear positive anecdotal feedback from people out there in the community who are dealing with government. They're seeing improvements.

We have specific sector strategies to grow the economy. Oil and gas was very well received, and we've seen immediate feedback from that. Kevin just talked about the resort strategy and tourism. We're starting to see the impact and optimism from the 2010 Olympic bid win as well. People are pretty excited about that.

We also said that if we could keep our spending on track, we would focus new dollars, if we had them as the economy grew, into patients and students - our real priorities. We did that in last year's budget. In February we added \$143 million more to the education budget.

Health care budget. We've received additional funding from the federal government. Every penny of that has gone back into the health care system. We are also awaiting the federal books closing for the year we're in. You'll know there was a commitment there from the previous administration that - and now the new administration, which we'll see soon - if they're able to, to fund \$2 billion of additional funding into the provinces for health care. Our component of that is about \$230 million. Again, every penny of that will go back into the health care system.

The one key item at the top of the slide that you have in front of you is making sure we keep our costs under control. We've got to grow the economy. We've done some things. We've got to make sure we focus our resources on our priorities, but we've also got to keep our costs under control.

A big component of that is making sure that we maintain a zero-zero-zero mandate. There's lots of flexibility within that mandate to move money around within the envelope. We've seen some pretty creative ideas coming from the unions - coming from employees and employers as well - to improve the working conditions and flexibility and, at the same time, make sure there are some benefits there for the workers. We've been successful in that.

Just to give you an idea of the challenge that we face as a government in keeping your costs under control, about 60 percent of the provincial budget is made up of wage costs - 60 percent. The rest is program delivery or other things, but 60 percent is just the wages and benefits that we pay to the people who work in the public sector. I know all of them work hard. They're all pretty well-paid when you compare to the rest of the country, and we've got to make sure we keep those costs under control.

Just to look at this, you can see that in the health care sector itself, \$4.7 billion goes to pay people who work in the health care sector, and that doesn't include doctors. If you look at physicians, there are about 7,000 doctors, physicians, in British Columbia. They receive about \$2.5 billion a year. It's about 10 cents out of every dollar that the government collects. If you put all the taxes together - taxes on business, income tax, PST, tobacco tax, gas tax.... If you take everything that we collect - fees, licenses, etc. - and put it in a big pile, 10 cents out of every dollar goes to pay those 7,000 physicians.

As we enter into bargaining and negotiations with physicians, it's important to note just how big a cost driver that one is. You'll know that last time, when we went through a process that started under the previous government, we ended up paying \$392 million of new money into the physicians over the period of time. We simply can't afford to do that this time. Doctors

are now the highest- - or second-highest, I think, Colin - paid in the country, and certainly, there is no room to jack that up another 10, 11, 20 percent. I'm not sure what the latest offer is from the BCMA, but I know it's huge.

K-to-12, as well, post-secondary institutions you can see, public service, Crown corporations: all of those add up to about \$16 billion that goes out of the taxpayers' pockets to pay for wages. What we have to do is make sure we're competitive but also make sure that we keep our costs under control.

[10:45]

The mandate going forward is.... From our last budget, you'll recall, it was zero-zero-and-zero. There have been a few cases where we've had to.... The market has been telling us that we need to deal with particular problems. We've been able to do that for particularly highly skilled employees and do that within the envelope that's there and target some resources there to make sure we're not losing our highly skilled workers to other jurisdictions or, in some cases, to the private sector. For the most part, our pay and benefits are higher than what people would receive, generally, in the private sector.

I know we said we were going to have a mandate of zero-zero-and-zero. A lot of people wondered how you could do that and how you would actually get negotiated settlements when there is no money on the table. I've talked a little bit about that. We've been very creative in working with employers and employees and the unions. Many of the unions have been very cooperative and very interested in finding ways to fix problems they see in their collective agreements to create better efficiency. We can flow some of that efficiency back to the workers as well as to the public sector and to the taxpayers. We've actually had some very positive discussions and negotiations.

We signed an agreement with the BCGEU of zero-zero-and-zero. That's the largest public sector union in government. That was negotiated. There was no work disruption. I must say they were very creative and flexible in coming to the government with some alternatives, and we tried to be so, as well, in an effort to make sure that deal came in at zero-zero-and-zero.

There were 11 agreements within the university sector: the support workers in the universities, all zero-zero-and-zero; the UVic faculty, zero-zero-and-zero. Two college faculty and support bargaining units came in at zero-zero-and-zero. The midwives and seven Crown corporations have already negotiated settlements at zero-zero-and-zero and have found some very creative ways to deal with challenges that both their employees and employers were facing. Lots of people - literally tens of thousands of people in the public sector, employees as well as employers - have worked very hard to try and do their part to live within the mandate to help us keep our costs under control and reduce them, if possible, and still be fair to employees and get better flexibility for government.

Just to give you a bit of a sense of where we are as an employer and where our employees are at, you can see how we've just sort of polled three samples here. I would say that probably two of them are in high demand and difficult to replace. That would be full professors at a university and nurses, who are in high demand and difficult to replace should they ever leave. We do know from our nursing strategy that Sindi's been working on that we've actually been able to attract and retain more nurses. The vacancy rates are down. We're getting those skilled people back into the sector, and we've done very well in retaining those that we've been training as well.

You can see where we rank relative to Alberta and Ontario. We're all about the same. The rest of Canada is substantially lower than that, but certainly, we're right at the top of the range for nurses across Canada. Professors are a little higher at the University of Toronto, but for the University of Alberta, for example, and some of the other places, you can see that we're certainly in the ballpark there to be able to attract and retain the people we need to make sure our education system operates on all cylinders.

We tend to be very high at some of the lower-income-level positions in the public sector. We tend to be significantly higher than the rest of the country. I know Colin's talked about that - cooks in the health care sector - and that's why government has tried to find efficiencies and flexibility there if we can. If we're unable to do that through discussions with the unions and the public sector and employees, then government has to look for alternative ways of getting its costs under control. We're not shy about contracting out those positions if we need to, to keep those costs under control.

This gives you a sense of the success we've had to date. There is more work yet to be done. You'll know, as we saw earlier, that the ferries are in a bit of a labour cycle. We certainly are starting discussions with doctors, and the message is really clear to doctors: there's no more money. It's zero-zero-and-zero. They all got a huge increase last time - \$392 million. There is no new money this time. It's just not there.

We are required by law to balance the budget next year. We'll do that. We're required by law to maintain its balance in the future. Tens of thousands of people working in the public sector have done their part in order to keep us on track, and we expect them and others that are at the negotiating table now to do their part as well. We intend to hit those targets. We made a commitment to the people of the province. We intend to live up to it. Keeping our costs under control is a key component of that, and we're going to make sure that happens.

Hon. G. Campbell: Thanks, Gary.

Questions? Colin.

[10:50]

Hon. C. Hansen: Thanks very much, Premier. I just want to follow up on some of Gary's comments and to underscore some of the messages he's made.

As he points out, the health sector is obviously a big chunk of the budget and a big chunk of the compensation costs that government incurs. We've got collective agreements that are coming up for expiry on March 31 of next year that include our nurses, technicians, all of our non-physician professionals and all of our support staff in the health sector. We expect negotiations to be commencing very early in the new year for each of these unions.

To date, even though the agreements have not expired yet, we have actually seen some significant rollbacks in wages and benefits among support staff. We've seen those in, I think, pretty well every region of the province to date. We've had wages and benefits that have been significantly above the Canadian average - and significantly above any other province, for that matter - and we have been able to negotiate some adjustments to that collective agreement in certain areas to bring those wage rates and the benefit structure down to make it more affordable for our health care system.

Also, as I think everybody knows, we are facing expiry of the working agreement with the

B.C. Medical Association next March 31 as well, and negotiations have already started on that. We began on October 16, but so far there has not been any progress at the negotiating table beyond the simple tabling of the positions by the B.C. Medical Association and government.

The Finance Minister has, I think, been very clear that our negotiating mandate for all health care professionals, including the doctors, is going to be zero for next year and zero for the year after. In other words, that zero-zero is not just an opening offer; that is the mandate. I think that really has to be underscored.

The fiscal realities of the province have dictated that there are simply no funds available to increase compensation rates within the health sector or the other sectors. It's important, I think, for everybody to bear in mind that the increases the government already provided our health professionals in the last go-round were significant, and the result of that has put them at the very high end of the scale in Canada, in particular if you look not just at the wage component but the benefits side of it as well.

To speak specifically about doctors, our doctors received a significant increase in that last go-round. It was a 20.6 percent increase in the budget for physician services. As Gary mentioned, that was \$392 million. That was the result of the working agreement, which was in fact signed off on by government and the BCMA only a year ago last month. That worked out to an increase for physicians in the province of about \$50,000 on average, and that makes our doctors the highest compensated with the richest benefits and the most generous on-call program in the whole country.

I think it's also important to add that in B.C. we have the highest per-capita budget for physician services of any province in Canada - even Alberta, which just gave their physicians an increase. If you incorporate that increase - which will flow over a three-year period, I believe it is - at the end of that, they still will not have a physician budget that, on a per-capita basis, is greater than this province. I think as Gary mentioned, about 10 cents of all our revenues that come into the province flow out to our physicians.

We are asking our dedicated health care professionals to recognize the economic circumstances we're facing and, in particular, the financial circumstances of the people who actually pay for our health care system. That's the families and individuals in this province who pay for that system through their taxes and through their MSP premiums. We must ask health care professionals to hold the line, especially in view of how much higher their compensation is compared to the Canadian average.

Compensation for physicians, nurses and all other staff in the health care system makes up 70 percent of the total costs. By holding the line on compensation, we're going to be able to deal with some of the other big challenges we're facing in the health care sector. As you know, there's never enough money in the health care system to do everything that certainly the public would like us to do. We have to meet those needs as a priority, rather than simply increasing compensation rates.

[10:55]

The agreements that were reached last time on physician compensation.... As a result of that agreement, the BCMA has already agreed that there will be no increase in fees for the 2004-05 fiscal year, which is the first year of what we propose will be a two-year agreement. What the Finance minister is saying today - and I think he's said it on many occasions prior to

today as well - is that there would be no increase in year 2 as well.

As you know, the BCMA has recently requested the appointment of a mediator as a condition of further negotiations. Under the current wording of the agreement, the BCMA or the government has the right to request a mediator. That was a result of the memorandum of agreement that was signed on May 29, 2002, at the end of the last set of negotiations.

In the dispute resolution process that is in those agreements, the BCMA and the government will jointly appoint a mediator who will chair a conciliation panel if an agreement is not reached during mediation. As of yesterday I'm pleased to report that both sides have now mutually agreed to a mediator. The individual is Mr. John Hunter, and he is taking up that job as mediator effective today.

At any time during the mediation, after the current working agreement expires on March 31 - or sooner, if both parties agree - the BCMA or the government can ask the mediator to discontinue mediation and to take on the role of a chair of a conciliation panel. The panel would be made up of a BCMA representative and a government representative, and the mediator would be the chair of that three-person panel. The panel will conduct conciliation in accordance with procedures agreed to by the parties.

Section 12(e) of the memorandum of agreement says in part:

"The terms of reference of the panel will include the need to reflect the government's fiscal situation, including its ability to pay; the need to provide reasonable compensation to physicians; and the operation and medical resource needs of the health authorities. The panel will publish a report which will contain recommended terms of settlement on all of the outstanding issues and must set out reasons and estimated costs."

Section 12(f) then stipulates: "The recommended terms of settlement will be binding upon the parties unless, within ten days of its receipt of the report, the government refuses to accept the recommendations in their entirety."

Throughout this mediation-conciliation process, government will be firm. There will be no overall increase in physician compensation, although we are prepared to be flexible and to discuss whether some individual rates should be changed through negotiation to address inequities or particular needs. We believe this approach is reasonable because of the high compensation rates that are now in place for physicians in view of the huge compensation increase they received last time and, quite frankly, the economic realities that families in B.C. who actually pay for the health care system are facing.

I know there are lots of issues other than compensation that are of concern to B.C. doctors, so while compensation issues rightfully belong at the negotiating table, I am prepared to personally oversee discussions with B.C. doctors to get their ideas regarding how to improve patient care. Since system reform and management issues are very important to the future of our health care system and they deserve a thorough consultative process - parts of which will require input from other health professionals, those in the health care system and the general public - I think it's important that we take the time to do that process properly.

A few weeks back I met with Dr. John Turner, the president of the B.C. Medical Association, and we discussed this consultative process we want to embark on. Also, Dr. John Turner subsequently sent a letter to me a few weeks back that the BCMA released to the media. We are now drafting a formal response to the BCMA along the lines of our discussions here at

cabinet today. As soon as that letter is finalized and sent to Dr. Turner, I will make sure it is posted on our ministry website. Thank you.

Hon. G. Campbell: Questions? Bill, Greg, Kevin.

Hon. B. Barisoff: Thank you, Premier.

My first question, Gary - and Colin's touched on it a little bit - was the comparison between the benefit packages some of the other provinces have. The other concern I've heard from some people is with the zero-zero-and-zero. If some of the unions or groups decide they'd like to take things out of the benefit package and add it to wages, is the overall projection to make it zero increase so they could move things around as long as it stays within that cap?

[11:00]

Hon. G. Collins: Yeah. That, I think, in a number of ways is how we've been able to be creative with the unions and employees and employers in coming to negotiated settlements. Really, it's an envelope. It's: "This is how much money is available to pay for payment in that sector." What we've asked unions to do.... Some of them have been quite creative and quite innovative. They've talked to their members, and they've said: "This is more important to us than that. Perhaps we can make our benefits system more efficient and use the proceeds of that to help with a salary increase, or perhaps we want to give up a bit of a salary increase and put some money into benefits."

Within that, there is almost an infinite number of varieties of ways of structuring that, because obviously, the employees and the unions would have a better read on that. We've asked them if they have ideas or suggestions, and that can relate to pensions and everything. We've asked them to do that. We've had some very good agreements that I think employees look at, and because they're voting to ratify those negotiations, sometimes with big numbers, they obviously think it's a benefit to them. Employers look at it and say: "Gee, we're a little more flexible now. We're more efficient. We can flow some of the benefit of that to the employees, but we also are able to manage better, keep our costs down and, more importantly, provide better service to the general public." I think in almost every category you'll look at in B.C., our benefits packages tend to be a lot richer than other provinces and other jurisdictions and are certainly richer than the private sector by far.

Hon. B. Barisoff: Do we have an actual percentage of the amount the benefit package actually contributes to the overall package? Is it 20, 25, 30?

Hon. G. Collins: It would vary from agreement to agreement, but those numbers aren't wildly out of the range. They're in the ballpark.

Hon. G. Campbell: Greg and then Kevin.

Hon. G. Halsey-Brandt: Thank you very much, Premier.

Gary, just looking at the balanced budget plan and the forecast allowance, it's my understanding you'll be reducing that as we get a little closer to '04-05. Some years.... We made some changes in Energy and Mines and through Dick's ministry. We had some good revenue, but then we had some forest fires, and we seemed to lose it on the other side. I know having a forecast allowance is really to try to mitigate those unexpected, unpresumed circumstances. My question really is if you can give us perhaps a wee bit of an update around the federal transfer payments.

I know they've been - how shall I put it? - playing with two different aspects of it. One is trying to change the measures in the equalization payments. I think they were talking about the amount of mortgages in British Columbia, the cost of real state. They were going to take that into account, and therefore, we weren't going to get as much money - something to the effect that they were going back two or three years and perhaps we and some of the provinces may owe them some back payments.

I just wondered if you could perhaps comment on that. It must be very difficult in terms of trying to hit that budget target when you've really got something that is, I would say, 90 percent, if not 100 percent, out of our hands in terms of determining that income.

Hon. G. Collins: Sure. If you're ever having trouble getting to sleep at night, you might want to take the second quarterly report. We've put in there what we call a topic box. We often put topic boxes in our reports to focus on particular issues. We have about a five-page one in there which is designed to give an overview, a sort of one-on-one equalization course on how equalization works and why the volatility. It actually is interesting. It's just us pointy-headed guys in Finance who find it interesting, but if you....

A Voice: It's not interesting at all. [Laughter.]

Hon. G. Collins: It's not interesting at all. It's important - whether it's interesting or not.

We're sort of new to this. We became a have-not province, we now know, in 1999-2000, a couple of years before the election. It's a very complicated formula. There are over 30 different types of taxes that are measured in this formula. Even within those tax bases or types of taxes, there are all sorts of variables. It's this very long formula. What we do is try and plug in all our numbers. Then you have to track what all the other numbers are doing in the other ten provinces, essentially, and compare yourself to the other ten provinces. It's a fairly complicated process. Once you get the hang of it, it's not too difficult to do. The challenge is comparing our forecast with what the federal government's forecast is, as well, and how different our accounting policies are from the federal government's accounting policies.

[11:05]

We now will be running our books or presenting our financial statements according to generally accepted accounting principles on April 1. We will be the first jurisdiction to do that. We use accrual accounting. The federal government is just coming on to accrual accounting, and that creates some problems. What we try and do is we try and say: "What will the final number be for equalization for British Columbia in any one year?" We always sort of forecast to that final number.

The federal government does eight different corrections or measures of any one year. They correct, they update, that forecast eight different times before the final number comes in. At any one time there are three previous years that are still what we call open - subject to correction. Our challenge is that the federal government can correct that up and down, and they'll say: "Well, it's okay. You can take ten years to pay us back if we paid you too much in those past years." The problem we have is that with our accounting system, our structure, being as transparent and as open as we are about this and using GAAP - generally accepted accounting principles - when we close our books, our public accounts, for the year, we do it at about the end of June for the previous fiscal year. That's it. We have to lock in whatever

the numbers were at that time.

Now, they're still three years behind, and those numbers are going to go up and down before you get to the final closing of those years. In the year we're in, we have to keep correcting for what the federal government's numbers are doing up and down. That's why the numbers tend to be so volatile.

As I said earlier, it's not just what happens in British Columbia; it's what happens in Ontario. For example, Ontario probably got whacked by SARS much harder than we did last year - or the year we just went through. They had the blackout. We didn't. Ontario, in the equalization formula, is the largest chunk. It's a huge number, a huge province and a huge economy. When they move up and down, it really.... You know, it's like getting into the bathtub with an elephant - right? If he's in or out, it makes a big difference how high the water is. We have to take that into consideration as well. It's not just what happens in B.C.; it's what happens in other provinces also.

It's very volatile. I think we do a very good job of forecasting with the data we have, but we're trying to sort of join two systems as well. It's very challenging, and it does create volatility. Just to put it in context, with the reduction in our entitlement for this year, according to the federal government, as well as the money they've overpaid us for previous years, we essentially have to pay them back \$468 million. That happens to be exactly equal to the amount we're receiving from the federal government this year, for which the latest forecast is \$468 million. There's still an entitlement there for us, but we have this big repayment we're obliged to make as well.

It gets to be very challenging, very tricky. This year we've had, as you mentioned, some big ups and downs. We had the forest fires on the downside; we had the gas sale on the upside. We had BSE. We've had the pine beetle. We've had all these sorts of things, but we've also seen better personal income tax revenues. The ups and downs have generally balanced themselves out this year, to the point where we're pretty much where we were when we started the year.

Hon. G. Campbell: But another thing.... What's it called? What do you call it? A topic box?

A Voice: Uh-huh.

Hon. G. Campbell: There are two issues they are dealing with right now. One is the potential to change how the equalization formula is dealt with. That has not happened yet. We're suggesting to the government that not happen right now.

The second thing, though, is that the sooner we get out of this, the better. This is a horrible way to budget anything. I can tell you, you cannot count on the fed numbers for anything. I mean, imagine trying to plan what we're supposedly going to get. "Oh, gee, we made a mistake three or four years ago. Please pay us that money back," and da-da-da-da.

The sooner we're off, the better. To be candid, I think the fact that there are some provinces that are just used to this is kind of like.... Well, it's just not healthy. It's not a healthy way to run any government, any province, so let's get off.

Hon. G. Collins: I agree, Premier. If I can just put some context around what you said, as well, on dealing with the federal government's forecast. At the beginning of the year, when we put the budget together, the federal government was forecasting we'd receive \$862

million. We now figure it's about \$468 million. We didn't put the \$862 million number in our budget, because we thought it was too high. We had our own forecast, but it just gives you a sense of how big that can swing in one year.

Hon. G. Campbell: Kevin.

[11:10]

Hon. K. Falcon: Thank you.

Gary, my question kind of takes off on where Bill was probing a little bit on benefits. I do think it is very, very important that... These wage comparisons are great, but the fact of the matter is that my understanding is that our benefit packages can represent up to 50 percent of the hourly wage cost for a lot of these deals, and they're far more generous than any other province. I think it's important that this information be out there too.

I'm just really appealing to you to get that out, because every time we get into this situation... I recall the doctors got 20.6 percent, I think it was; the nurses we gave 23 percent to. We inherited those offers, mind you, but it was tough swallowing at the time. I think, frankly, it was probably the right decision, given the challenges they were facing in terms of people wanting that kind of skilled labour in their different markets, etc. It was the right call. But at the end of the day, people say that government pays for it. Well, the people who actually pay for it are the people who work in our ridings - the single parents and the fellow I was speaking to the other day, the small business person that's working 16 or 17 hours a day - who don't enjoy anywhere near the kind of benefits we pay all these public sector employees. I don't want to sound like I resent paying it, but I just want to make sure the information is out there so that people understand what the real comparison is.

We've got extremely generous wages, which is good, and we've got extremely generous benefit packages. I just hope you'll get that out there so the public, at least, understands the kind of decisions that we're making and that we all have to make together to get us through some tough times for British Columbia and on to better times.

Hon. G. Campbell: Gary, you can respond to this.

I do think one of the critical parts of Gary's update is the fact that there are 23 different negotiated settlements which are zero-zero-zero - at least. We've had, actually, a pretty constructive relationship as we've tried to build through this and get people to recognize this. Everyone is part of the solution in the long term, and everyone benefits in the long term. I think that certainly most people understand this. I think it's possible to get there. I just think it takes a lot of hard work and some thoughtfulness to get there.

For Information: SARS Vaccine Update

Hon. G. Campbell: Okay, we have had, waiting for us and participating in the audience for a while, someone who I think has really done an exceptional job for British Columbia. I've asked Brett Finlay to come and give us an update on the SAVI response to SARS. SAVI is the SARS Accelerated Vaccine Initiative. Dr. Brett Finlay is here with us today. He's a real treasure for us here in British Columbia.

Brett, we're glad you've been able to join us. Would you like to come and just take us through this?

Do you want to say something first, Colin? Go ahead.

Hon. C. Hansen: Perhaps just to introduce Dr. Finlay properly and to give a bit of context around this particular presentation.

A Voice: I think that was pretty proper. [Laughter.]

Interjections.

Hon. C. Hansen: Sorry. That wasn't meant to be a criticism of the introduction.

At the last open cabinet in November, you'll recall that the Premier had just arrived back from China, and he was speaking about the SARS Accelerated Vaccine Initiative or what we call - by its pet name, the acronym - SAVI. He filled us in on some of the discussions he had with officials in China about possible collaboration with Guangdong Public Health and the Guangzhou Centre for Disease Control. Indeed, the work that is being done right here in B.C. is really receiving tremendous international recognition, and it's happening right here in this province.

Dr. Brett Finlay has agreed to come over today to give us a bit of an update on this project. Dr. Finlay is the scientific director for the SAVI project. He is also a professor in the department of biochemistry and molecular biology and the department of microbiology and immunology at UBC, not to mention the fact that he's internationally recognized as a scientist in this field.

At the height of the SARS crisis last spring it was our scientists right here in B.C. who were the first to determine the genetic makeup of the virus. That was done under the direction of Dr. Marco Marra and his team at the B.C. Cancer Agency. I'm sure everybody remembers how tremendously proud we were as British Columbians that this discovery in fact took place right here in this province, made by our scientists.

[11:15]

It didn't stop there. It was actually our Premier who recognized that this discovery also brought with it a huge opportunity. It's because of his leadership that we are here today to talk about a possible new vaccine for SARS. As a result of the Premier's leadership, government announced in April that it would dedicate \$2.6 million to fund a new initiative to accelerate the development of a vaccine against SARS, and indeed the SAVI project was born.

The B.C. Centre for Disease Control, which is part of the provincial health services authority, has played a key role in the management of the SARS outbreak last spring and also in leading this SAVI project. The idea of SAVI was to expedite development of a vaccine but also to do so by coordinating and working collaboratively with scientists not only in B.C. and across Canada but, indeed, around the world. The scientist leading this initiative, as I mentioned, is Dr. Brett Finlay, and he is here today to give us an update on the progress, which is significant.

B. Finlay: Now, that's an introduction. [Laughter.]

Mr. Premier, it's a delight to be here. I know time is short, but I want to just give you a brief update on where we stand and where we've come from, because it's really something, I think, to be proud of for all of B.C.

Take yourselves back to a year ago, back in November. For those of us in the field, we were hearing this first, but the public soon found out that there was this weird sort of flu-like illness that seemed to be coming out of China. Really, we didn't know what it was. We rapidly realized that it was spread by hopping on a plane going to Vancouver, Toronto or wherever around the world - international travel. Those in the field... Our biggest fear is a pandemic influenza, like in 1918, that killed more people than World War I did, for example. That's our biggest concern. We didn't know what it was at that time, and as you know, it had major consequences in this world. The economic estimates are up to a hundred billion dollars total cost and just phenomenal costs to society. It really disrupted, frankly, the world.

Canada itself was the hardest-hit country outside of Asia. We had 438 potential cases, and we actually had 44 deaths. This is an interesting disease because, really, Canada prides itself on its health care system. This was actually a disease of the health care system, and health professionals were really hardest hit. Most countries... In Asia, for example, about 20 percent of health care workers made up the cases. In Canada, it was very high. It was 42 percent. This is kind of an interesting disease of the health care system, in a sense, which caused a lot of problems. You know that the WHO placed an international travel advisory on Toronto, and this also had huge economic implications for all of Canada and B.C.

We are sort of faced with... There is no real obvious cause of this thing; there is really no way of diagnosing what it is. It looks just like the flu. It is very difficult for physicians, and if you do have it, there's no way of potentially treating it. All these things combined really led to the real uncertainty that, last spring, was floating around everywhere - the fear, and what do we do?

Now, B.C. itself actually got off on the easy end of this, shall we say. We had four probable cases, and we had no deaths. We can take heart from the fact that much of this was due to the B.C. Centre for Disease Control. B.C. is the only province that actually has a provincial CDC. This was set up in, I think, 1996. Basically it was because they heard about this flu thing - they already had advisories out to physicians to beware of flu-like symptoms coming out of Asia - that, ironically, Vancouver and Toronto got the same infectious dose. We both got patients coming in, landing in these places. The B.C. person went immediately into isolation; the Toronto person sat in an emergency room for 13 hours and, really, the genie was out of the box in Toronto. I think that's, really ironically, the major difference as to why we didn't turn into Toronto. Again, the BCCDC really oversaw all that.

Then came: "Well, what is this thing?" It was identified as a virus, and there's a little picture of that funny-looking thing. It's called a coronavirus. Those little dots are on the outside. They look like a crown, so that's why it is called corona, just for your information. Then the B.C. genome sequencing centre, which was set up by Mike Smith a few years ago, already had a kind of emergency management plan in place. Should something major like this come along, they could throw all their resources and work 24-7 and actually sequence this thing.

This plan was in place. They threw it into place with SARS and coordinated with the National Microbiology Lab, got some SARS virus and began sequencing it. In six days and nights they basically sequenced this thing. It's 30,000 bases of RNA, and they put it all in order. They were the first in the world to do this. It went on the Web. They scooped the U.S. CDC by about 12 hours, I think, and Asia by about 24 hours. That had major implications around the world. Really it was the first, and it was really a proud moment for all of B.C.

Then, of course, building on that excitement, as the statement goes: "Well, what do we do?"

Having a genome sequence is not going to cure this thing. It's not going to make it go away, and what do we do as a province?" BCCDC called me up, and we got into deep discussions about what we could do. Could we make a drug? No. Could we somehow prevent it?

[11:20]

We really felt the best way was to develop a vaccine, and we began discussing this with the government. On April 29, basically, we launched SAVI with the funding of the provincial government. That's when we really decided to do this. I worked closely with Bob Brunham, who is head of it. I'm a researcher at UBC. He runs the BCCDC and felt that it was really key to have research and CDC-type intermeshed. Really, we then sort of said: "Can we actually do this? Can we get a vaccine out in place?" The general response was that we're nuts.

I'll show you what we're actually trying to undertake. To develop a vaccine is a really long-term and expensive process. It goes through all these different phases of two to three years each. You've got to do all these different tests and things. The bottom line is it takes about \$200 million and a minimum of ten years to get a vaccine to market. We needed the vaccine by the next flu season. That's what we were faced with. We're faced with doing something different, and the question is: how do we actually do something different?

We really felt we needed to, as I say, redo the scientific process. I know you don't live in the science world, but the way it works is you normally spend about three months writing a grant. You send it in; they spend six to eight months reviewing it; you get the comments back. In about another six months or so your funding starts to flow. We have to have it by next flu season. That was what we were facing. We decided to use a rapid-response-type mechanism, which is unprecedented in science - really, set up all things at once. This will be a parallel research strategy - all the different things we need in place actually being in place so that when we need them, they're there. For example, there's the downstream animal testing, the immunology, etc., as well as all the basic upfront stuff. We sort of set up this parallel research strategy instead of one thing then leading to the next and the next. That was one of the ways we were going to end-run the time.

The other thing we did is the Michael Smith Foundation for Health Research, which is B.C.'s health research foundation, served as the banker for these funds. They were very good and creative at allowing us to actually get these funds out fast. When I say fast... What we did is we formed a management committee. Overnight we will review potential proposals, and by the next day we can make a funding decision that money goes out and that money can go out to that lab that day. We're talking a one-day turnaround. This is unheard of in science, but we had to do this to get things going, and they worked with us to do it. We still follow the rules and regulations about accountability, etc.

Hon. G. Campbell: Hear that, Kev?

Interjection.

Hon. G. Campbell: So, now, Mr. Smarty, what are you going to do next?

Interjection.

B. Finlay: We had to do that. We actually do have accounting rules and stuff. We're not bypassing those things. These are taxpayers' dollars, and the reporting is all there, but we had to get it out faster. I want to emphasize that this is an unprecedented way of doing it

around the world, but we felt we should try it with this and see how we'd do it.

Where are we? This is really where I think the pride comes in. We're doing terrifically, and it's actually working very nicely. We're really on the leading edge internationally. We are with the best in the world. I was just at a WHO meeting in Geneva which was on the world SARS vaccine. I presented SAVI. NIH up until that time had really said they figured they controlled the world, and their jaw just dropped, because what we presented was a complete, comprehensive program. We have all aspects done. We're really leading the world in all these things. It was a neat moment because it...

Interjection.

B. Finlay: I'm sorry. National Institute of Health. They are the big U.S. guns, and they really control most of the U.S., etc. They're at least 18 months behind us right now, and they were quite surprised when we came up with this program. We're in animals already. Remember, it's only seven months since we started this. That's ludicrous in terms of science, but we're there already, and we're doing it. Primates are lined up. We can do these. Really, it depends on what SARS does this year. Right now there is no SARS in the world. If there is SARS, we want to be ready to be in humans by next year. To actually test this thing in humans, you have test in a place where there is SARS, which is why we were discussing with China and stuff. We've got an international scene going. It's just racing along.

In conclusion, what I think I've shown you is that this rapid-response approach really works where appropriate. I'm not saying all science should be done this way, but when we really need something done in a hurry, I think it's very important. We're on schedule. We're doing what we said we'd do. Even I was a skeptic that we could pull this off, but we're doing it. We're on budget. We have enough money to get us through the primate sort of thing, which I think is really important.

We didn't just choose one vaccine, because we don't know what vaccine is going to work. We're actually doing three kind of different vaccines in parallel, and they're going to be compared head to head. No one else in the world is taking this tack. They're just taking one and placing their bets on it. We have a really comprehensive program in place for that.

[11:25]

We're working towards the human trials as fast as we can get there - and commercialization. No matter what happens with SARS, I think we've learned a really excellent lesson. This is really a paradigm for rapid-response research mechanisms to emerging infectious diseases. I watched The National last year, I remember, when SARS was on. There was SARS. There was dysentery in Iraq and all of these others - BSE in Canada and stuff. You know, in Canada we've had the Walkerton E. coli, and we've had the cryptococcosis outbreak on Vancouver Island that's ongoing, the Norwalk virus on the cruise ships, the BSE in the beef industry. West Nile is creeping westward and will be here very shortly, if not already, and we had SARS. In Canada it's like one-disease-a-year minimum. We need these kinds of mechanisms in place.

SARS has been a really good lesson for us. I think what it's done is allow us to cut our teeth on these mechanisms as a way of actually responding, from really rapid-response research right out to public health initiatives to bring in something that I think can counter these types of things as they come along.

The golden rule on infectious diseases is that there will always be some. There will be some long after there are people. I'm in a great field to work in because there will always be more. UBC is a powerhouse of infectious disease research, and we've been looking at forming sort of an emerging infectious disease institute where the basic research and even the social scientists, the historians and the philosophers are all integrated in this thing, working on things so that when things come along, we can actually pull the pipe. Then we're wed to the BCCDC, so we actually get the epidemiology right from the rapid-response research out to the field and then back again. We can access clinical samples and stuff like that.

Of course, that begs the question - and I know there's a lot of this floating around - about a national centre for disease control and where that should be located. Maybe we can discuss that.

That's where we stand now. I think funds have been extremely well spent. It's been a heck of a ride, but I think it's been a really good ride. We've learned just so much in doing this, so thank you.

Hon. G. Campbell: Thanks, Brett.

Any questions? Judith. Kevin.

Hon. J. Reid: With SARS right now, is it actually active still in China? Are there still cases?

B. Finlay: No, there is no SARS in the world as we stand. The last case was a few months ago, which was a lab worker in Singapore. Right now there is no SARS. The question is: what is SARS going to do? Nobody knows. Based on history, my guess is there will be flare-ups. We've learned a heck of a lot about how to contain it, so I doubt if we will see a repeat of last time, but we want to make sure we're ready.

Hon. J. Reid: With something like West Nile, which you mentioned, that is a disease that is ongoing, that hasn't been stopped and that is increasing. Where do we stand in the world with being able to have something to treat that? Haven't there been far more people affected by West Nile? Isn't it a far greater health concern?

B. Finlay: It's a health concern. As I understand it now, there is none in B.C., but it's appearing in Alberta and will be in B.C. probably by next year. There is a horse vaccine. It's transmitted by horses as well. It's not the health concern that SARS is, the sort of pandemic outbreak that drives the SARS and the fear associated with SARS. When you put SARS in perspective, there are over 8,000 cases worldwide and about 800 deaths. That's small on the world scale, given that 17 million people a year die in this world.

West Nile is not the fatal type. Not that many people die due to West Nile. It's debilitating and is a problem. I don't know of any response to West Nile like we're doing with SARS.

Hon. J. Reid: You have mentioned West Nile. With SARS being able to be transmitted from human to human, with West Nile it's passed...

B. Finlay: West Nile is mosquito-borne.

Hon. J. Reid: ...through mosquitoes.

B. Finlay: It's through feeding on birds and people.

Hon. J. Reid: Is it still possible to have a vaccine against something like that?

B. Finlay: Absolutely. Very much so. It would take an initiative to do it, and researchers are doing the more traditional research on West Nile on how to develop a human vaccine and stuff. There's nothing that I know of in place yet. This kind of a strategy has not been applied to West Nile.

Hon. J. Reid: Okay.

Hon. G. Campbell: Kevin?

Hon. K. Falcon: Dr. Finlay, let me first of all congratulate you, because when I had read, whenever it happened, that we were the first jurisdiction to sequence the genome virus, I wasn't even sure what that meant, but I knew it meant something important scientifically.

Interjection.

Hon. K. Falcon: I'm very candid about my lack and gaps of some knowledge, especially medical, but I do think congratulations are in order. One of the things you touched on was the international reaction. At Geneva you were at this conference, and the National Institute of Health was surprised at how far along British Columbia has moved in this. First of all, I think the international reaction is interesting. I don't know if you want to expand on that. Also, does that result in any flow of dollars? Would the National Institute of Health say: "Gee, since these folks in British Columbia are so far ahead, we will help fund part of this"? Or is that not how it works?

[11:30]

B. Finlay: The international aspect has been interesting. What NIH has done is they really want to do it themselves. We're working hard with collaborating, and some international people we've collaborated very well with, and with others we haven't. What NIH did, basically, is throw \$10 million each to biotech companies to start to do this vaccine at National Institutes of Health, and in 18 months they will have samples that are then ready for testing.

The other thing to talk about is national. Because of B.C.'s success here, the national Canadian Institutes of Health Research really was almost shamed into getting their act together with respect to that. That's been a very interesting thing, but it's not been very good. I mean, the attitude of this is: "Leave your ego at the door. Leave your monetary gains at the door. Get on with it, and get it done." That's very difficult to do once you get a lot of different people - well, especially people not in B.C. - interacting with this.

I should add that this is B.C.-led but that doesn't mean this is only done in B.C. We have researchers across the country and around the world doing this and have learned all sorts of lessons about international collaboration, cooperation and stuff.

Hon. G. Campbell: Aren't three of the vaccines...? One is from the U of T - isn't it?

B. Finlay: Yeah. Well, these are people that are contracted through us - one at U of T, one at McMaster and then one out of here sort of thing. I just grabbed the best virologists in the nation that I knew could do what we needed to do and were willing to do it.

Hon. G. Campbell: We really shouldn't underestimate how foolishly institutions react to this,

because they immediately, I think, move to their egos instead of to the result we're looking for. One of the things Brett and the team said when they started was: "This is about collaboration."

We can't find an accelerated vaccine by ourselves. If the B.C. Centre for Disease Control sat here and said, "It will all be us," we'd never be here. We actually did open it up, I think, across the country. We've been in close contact with the national labs in Winnipeg. We've been in contact with researchers across British Columbia. We've gone across the ocean to Guangzhou, because we know that's going to be a potentially important part of what's going on.

I think we shouldn't underestimate how hard the work is to erase those institutional barriers that keep us back. It isn't just internationally; it's also nationally. I really do take my hat off to Brett and his team, because they've done a great job of moving that forward.

Gary, and then Rick.

Hon. G. Collins: I also wanted to congratulate you. I think it's a great initiative. I happened to be back east speaking to investors at the time you had sequenced the genome, and I pulled no punches in pointing that out to them as part of talking about the research that's being done here and the diversification of our economy and biotechnology, etc. That kind of a banner item really does grab people's attention. So congratulations on doing it and more power to you.

The question I had.... I looked at your slide where you had all the two to three years. I think it's important. You do that step, and that takes two to three years; and you do the next step, and that takes two to three years; and then you take the next step. That's got to be not just time-consuming but expensive. I know that generally, when you speed things up, it's a little more expensive, but it seems to me that in this case, where you've taken eight years at least out of the cycle, that's got to save a lot of money as well. Not only do you get it faster, not only do you avoid the massive health care costs....

Ontario was a billion dollars, wasn't it, Colin? How much was Ontario spending, did they figure?

Hon. C. Hansen: About a billion.

Hon. G. Collins: About a billion dollars in health care costs. You only put \$2.6 million into an expedited process, and look at the benefits we get from that.

B. Finlay: Singapore Airlines lost \$3 million a day in this thing. People are quite willing to throw money at this. I haven't let them, because I've said, "Let us make sure this is going to work," but we're going to need money when we get to clinical trials.

Generally speaking, it's about half a billion dollars and about 12 to 15 years to get a drug to market. That's what you're dealing with to get it through. One of the reasons you can economize is that Health Canada has been very good about regulatory issues and streamlining it. They really have to do a risk-benefit ratio. If everyone is dropping like flies due to SARS, you can actually cut corners in how you get this thing into people, and they're quite willing to do that. If there's no SARS in the world, it's going to have these things in place. Most of it is regulatory issues, but you can save a lot of money by doing it that way.

Hon. G. Campbell: Rick.

Hon. R. Thorpe: Thank you, doctor. Can you just expand a little bit on the commercialization, what time frames we're looking at and what benefits you see accruing to British Columbia?

B. Finlay: That's a good one. It's obviously sticky, because no vaccine company in their right mind would want to develop this, because there's no SARS. So where is the market going to come from, and how do you recoup your half a billion dollars out of it? That's where this gets interesting as a public health directive.

[11:35]

By sequencing the vaccine first, they basically have the intellectual property for those sequences in the vaccine. That was huge. They didn't want to patent it originally, because they thought it was sort of for the good of the world, but other people started to make noise about patenting it for their own use, so they went back and then patented it. That exists, and there's the IP there.

We are working with corporate partners on this. I'm not sure how this is all going to play out, to be honest, because really we need the good manufacturing process and all these other clean areas to actually make this. We're working hard, and we have corporate partners involved in this. Really, I'm not sure how it's going to all play out. Our mandate was to have something that we can test in humans, and we will have that. We've also made some doses so that should SARS come roaring back, we can actually do something here, just as a backup. They haven't been approved yet, but those are in place.

What we're trying to do is harness the biotechnology in B.C., and we're working with B.C. companies to actually push this forward. I think that in the future, having those kinds of things in place... Like, there's no level 3 - which is a high containment level - GMP, or good manufacturing place, in Canada where you can actually make vaccines like this, so we're working in the States and Europe and stuff. We're doing our primate studies in the U.S., because Canada originally said we could use it, but then they said, talking to people about doing the primates: "No, we're using the monkeys for ebola." There has never been an ebola case in Canada, so we're actually doing it in the Department of Homeland Security in the United States. They're great, but again, that's contract research, and they can actually do this. There are all these things swirling around this.

Hon. R. Thorpe: Thank you.

Hon. G. Campbell: Colin.

Hon. C. Hansen: I think that given Dr. Finlay's presentation, you probably get the impression he has spent every waking hour and then some on this SAVI initiative. I think one of the things I should add is that in the process, he has also been instrumental in the development of another vaccine. That's a vaccine for cattle to prevent the spread of E. coli, which, as we also know, is a critical issue. This is another tremendous success that B.C. has to take some credit for.

B. Finlay: Some? Some credit? [Laughter.]

Hon. G. Campbell: Colin, let me be a little more proper about that - okay?

Hon. C. Hansen: I want to touch on the issue of the establishment of a national centre for

disease control in Canada. At the health ministers conference in Halifax in September it was agreed that the initiative toward a national centre for disease control would build on existing strengths in Canada. I think the Naylor report that was done that looked at the SARS experience in Ontario and in B.C. really underscored the strengths we have in B.C.

The work that Dr. Finlay is leading really emphasizes, I think, that we have a tremendous base right here in this province to be the real cornerstone for the establishment of that national centre for disease control. If the federal government follows through on their commitment to build on existing strengths, I think what this underscores today is that the strength is right here in this province.

B. Finlay: I would echo that. I would also say that no matter what happens federally, we could do this as a province in B.C. We're already doing it as a province, and we should keep doing it and do it better as a province, because we can.

Hon. G. Campbell: I want to say thanks on behalf of all of us and, more importantly, on behalf of the people of the province, the country and the world, for the work you're doing. You're doing great work, Brett. Thank you very much. [Applause.]

That was totally uncabinetlike. That's the first time that's happened in 2½ years.

We now have Christy, B.C. Teachers College.

BC College of Teachers

Hon. C. Clark: Thanks, Premier.

I'm seeking approval today to draft legislation for the spring to amend the Teaching Profession Act. That's the legislation, as you know, that governs the College of Teachers of B.C. That's the body that's responsible for setting standards of practice and conduct for educators and for protecting the public interest by regulating the teaching profession.

I'm proposing we introduce amendments to the act that will accomplish the three following objectives: first, to ensure the independence of the college; second, to ensure that clear standards of teacher competence are met and made; and third, to ensure that the College of Teachers is responsive to the public. Those were our goals last May when we introduced Bill 51, and we made a number of changes to the act then that we thought would improve public confidence in the education system.

One of those changes at the time provided for a majority - that's 12 out of 20 - of the college's governing council to be people who would be appointed by order-in-council. I want to note that the majority.... Out of the board currently, which is a transitional board, 14 of those are educators. Five represent the public interest. Three of them are parents. One is a trustee. One is a community leader, and there's one vacancy at the moment.

[11:40]

The change was intended to ensure that the college council placed the public interest first, right alongside protecting the professional interests of teachers. Since we've made those changes, we've heard a number of suggestions from a variety of groups, including parents and teachers in the community, about the changes we made. All of them have told us that in order to ensure quality teaching, it is important that the college be independent from both government and stakeholder groups.

Parents, individual teachers, administrators and trustees all told us that if the college is going to serve the public interest, it must not only be perceived to be independent of government and the union but it must indeed be independent itself. In particular, teachers said to us that it was really very important to them personally to be considered professionals.

We heard the issues that were raised, and we've listened. I spoke to parents in Cranbrook last month at the BCCPAC conference. They were concerned that the disagreement we've had over the payment of fees with the BCTF could keep their kids out of classrooms. I met with the B.C. School Trustees Association last week. That included nine individual meetings with board chairs. They, like parents, supported the three goals we set out for ourselves, but they were also concerned about disruptions to schools.

In November I asked my deputy to start meeting with the teachers union representatives in Victoria here to see if there was a way we could start trying to resolve this dispute so the kids wouldn't be affected. The union presented us with a list of demands. Among those demands, they certainly did reflect what I've also heard from their membership - that is that elected representation on the college council is important to teachers. Most importantly, I have also heard from individual teachers wherever I've gone who value their role as professionals - teachers who see the college as something that is integral to ensuring that their profession is respected. I certainly agree with those teachers that this is the profession that is, I think, amongst the highest callings of public service that anyone could aspire to serve.

I want to be clear, though. Our government's intention in passing Bill 51 was never to start a debate about just the representation on the college. Our goal was to talk about standards of professionalism. Our goal was to talk about responsiveness to parents and to talk about the independence of the college. I believe the proposal I'm placing before you today will allow us to meet those goals we set for ourselves.

We propose to change the composition of the college governing council from 12 appointed and eight elected members to 12 elected and eight appointed members. I think that is at the heart of the complaints we've heard from individual front-line teachers. The 12 elected members will be elected democratically by all members of the college, including independent and public school teachers, principals, vice-principals and superintendents. That's the way elections have been conducted in the past for the college.

It will mean that members are able to elect a majority of teachers or whatever representatives they choose for the board. We will ensure that all of the other perspectives in the teaching profession and in the college interests, including parents, are represented on that board by reserving eight appointments for the government. Those will make sure that principals and vice-principals, superintendents and parents are always represented on that board.

I think these changes will address the central concerns we've heard from teachers. They included the fact that membership in the college is mandatory in order to teach in public schools and that the college is responsible for establishing standards for admission into the profession. At the same time, members told me they were concerned that they didn't get to elect a majority of the college council.

Our three goals were to make sure the college was independent. That's why I'm asking you today to approve changes to the Teaching Profession Act that will help increase the college's independence. The act currently doesn't require that elected members formerly acknowledge

that they must act in the public interest. There are no means by which action can be taken against elected members to the board who do not act in the public interest. We intend to change that by requiring all board members to take an oath of office, providing the college with the authority to take action against council members who breach their oath. The oath will underscore the individual's role as a college council member while stressing the importance of the college's independence from all stakeholder groups.

[11:45]

Second, there must be standards of competence for teachers. Like other regulatory bodies, such as the Registered Nurses Association, developing strong standards of competence is one of the primary responsibilities of any professional college. They help to ensure public confidence in our education system, and they ensure that everyone who's teaching in a classroom is qualified to do so. In the past 15 years the previous college didn't develop standards of competence, and that was one of the reasons why we introduced the amendments that we did to the Teaching Profession Act in the spring. Now, in the last six months the transitional college council has, for the first time, adopted standards, and they're now consulting with the education community on what those final standards will look like. I intend to encourage the college to include those standards, after they've been reviewed by teachers and the public, in the college bylaws.

Third, there must be a formal complaint process, just like there is for doctors, nurses, lawyers and other professions, but the process must, of course, respect existing processes that are established by local schools and districts. I intend to encourage the college to formalize their public complaint process and again entrench that in their bylaws.

Before closing, I just want to emphasize that the changes we made to the College of Teachers were never intended to turn into a public debate about just representation. Our intent was never to take the college away from the front-line working teachers out there. Our goals were always to ensure that there were standards of competence developed for this profession, like there are for almost all others; to make sure there's an avenue for public complaints for this profession, like there also is for other professions; and to ensure that the public perceives there is an appropriate level of independence on the college board from all stakeholder groups, including government. Changing the makeup of the college board was just a means to reach those goals, but in choosing a path that wasn't supported by many teachers, we would never have been able to reach our destination. So we recognize we need to find another way to reach the goals we set out for ourselves, one that doesn't jeopardize the right of kids to be in their classrooms.

The college is the body that protects the public interest. It promotes professional practice amongst teachers, it establishes and enhances standards, it has to be responsive to the public, and it has to be independent. I believe that the proposal we are considering today will allow us to achieve those goals. It will ensure that members of the college know that the college belongs to them. It will help ensure that kids and parents have the certainty they need to know, going into the spring, that their classrooms will be open for them to get the education they all have a right to.

Thanks, Premier.

Hon. G. Campbell: Okay. Geoff, Rick, Judith, Greg.

Hon. G. Plant: Thanks, Premier.

I put my hand up early in this discussion because this is an issue I've thought about for a while. I want to speak in support of the recommendation, although I have to say I do so with some reluctance. But I suspect, Christy, you've probably come forward with a certain amount of reluctance to agree to put forward this change.

I'm going to focus my comments on one particular issue, and that is this issue of independence and the question of the extent to which the profession can be considered to be, in fact, self-regulating if its members - the members of the council, in particular - are not truly independent. It seems to me to be fundamentally antithetical to the idea of independence in this sense if members of this council are either nominees of the union or officially endorsed by the union. It seems to me that if this college is going to work and achieve the goals that I believe teachers have for it, it has to be independent from the B.C. Teachers Federation.

I'm not for a moment suggesting that it is appropriate for us as legislators to legislatively take action in this respect, but I am saying, I think, that if public confidence is to develop in this institution, to put it bluntly, the BCTF has to get its hands off it. It has to step back away from it. In the state of Queensland in Australia, lawyers lost the right to govern themselves as a profession because they confused advocacy for the interests of their members with self-regulation. They confused representing the interests of members with the independence of mind required in order to sit in judgment on the public interest.

[11:50]

The oath, I think, represents a step forward, and it may be as far as government can go forward in order to help make sure council members recognize that their duty is not to any particular stakeholder group. Once they become members of this council, they have to be independent. I think that the BCTF, whatever its rules say about accountability for council members, has to get out of the business of supporting, endorsing or nominating candidates for this college.

This is a significant shift of direction on the part of government: to respect the wishes of teachers that they have control over their profession. They will not have control over the profession in the way the public requires if the profession is captive to a union that puts forward a slate of officers and says: "These are the people you should vote for." Personally, as a member of the government, as a member of the community I live in, and as a parent, I'm looking forward to the response of the BCTF to this pretty significant initiative.

I really strongly encourage the federation to recognize that if they care about the public interest in education and this institution, they've got to back off and get their hands off it. I don't ordinarily speak so strongly, but I do feel pretty strongly about this one. Good work, Christy, and good luck in making this happen. But frankly, it's not about us. It's also about some other important people out there in terms of what they have to do here.

Hon. C. Clark: Can I say something about that, Premier?

Hon. G. Campbell: Sure.

Hon. C. Clark: We will be asking the BCTF, in the spirit of compromise in this dispute, to drop the parts of their bylaws or guide - you know, however they refer to it - that refer to influence and interference in college elections. Right now it talks about endorsing candidates, funding candidates for election, up to \$2,000 per candidate, and then continuing to support

them with education that's provided by the BCTF throughout the year. We'll be asking the union to put aside those rules they have so that we and the public can know the college is indeed independent.

I mean, it's critically important that this happen - that the college really be truly independent - because the union has a very legitimate role to play in defending its members' interests. That's what unions do, but the college's role is not to defend members' interests, teachers' interests. It's to defend the profession, and those are two different things.

Hon. G. Plant: Public....

Hon. C. Clark: The profession is the public interest. Sometimes teachers' interests and the public interest are the same thing, but they often are not, so it's vitally important that the college be independent.

Hon. G. Campbell: Rick, Judith, Greg and Bill.

Hon. R. Thorpe: Thank you, Premier.

In making this move, Christy, are there going to be some efforts made to make sure that teachers throughout the entire province of British Columbia have a fair and equitable opportunity to be elected to this college?

Hon. C. Clark: I think making some of the changes we are proposing, like an oath of office, will be helping to make a statement that the college should be independent - that anyone, any voice, is welcome to be heard on the board. If the BCTF steps up to the spirit of compromise we've presented here and drops their requirement that they be involved and fund elections for people, I think that will go a long way.

I think, though, that most importantly, we need to make the college relevant to members so that more of them participate in elections not just as candidates but as voters. There's very low voter turnout in elections. Often, candidates aren't even contested. I think it's tremendously important that more people participate, and I'm sure that's going to be a focus for the college council as the election process starts in April.

Hon. R. Thorpe: Thank you for that. Just following up on that, I hear from teachers in the area of British Columbia I represent that they often don't hear from government what's going on or what the position is. What's being proposed so that communications directly to individual teachers can take place about this positive change?

[11:55]

Hon. C. Clark: If this proposal is approved today by cabinet, we will be sending out a letter that will be in every school - posted, we hope, by every principal in every staff room by 1 o'clock today - telling teachers about the changes we've made and talking to them about the importance of the teaching profession and the esteem in which we hold it as a government.

Also, though, I think the college is going to have to step up to the plate and really start communicating with its members. They have been talking about modelling some of their regional communications on the way the RNABC - the nurses association - does it, setting up regional reps who are representatives of the college and who will communicate in their local communities about college initiatives. The college belongs to its members, and it should be out there communicating through its own processes and not relying on government or union

or parents or whoever to try and communicate for them. They should be doing it themselves.

Hon. R. Thorpe: My last point is that you talked a little bit about encouraging - I think the words were - the college to get a public complaint process in place, but I notice on the changes here it's not mentioned at the end. Are you looking at establishing a timetable that it can be in? That's another thing I hear from parents. Are we looking at getting a commitment from the college to get something in place on that?

Hon. C. Clark: Ultimately, that will be up to the college.

I should say that the transitional board that's been there, with the 14 majority educators on the board, has just done an absolutely tremendous job in moving forward some of these issues the college really hasn't looked at for the last 15 years, including a public complaint process. I think they will be looking at making sure that timeliness is respected as a part of the process and that parents or the public, when they make a complaint, don't feel like they're getting the runaround.

It's important, though, that we recognize in the complaint process that anyone who has an issue should first go and try to resolve it locally - right? I mean, there's no point in trying to take it to the college first. Certainly, you try and resolve it with your school or your school board before that. Absolutely, I think the college needs to respond in a very timely way so that people don't walk away feeling frustrated, because that's at the heart of public confidence.

Hon. R. Thorpe: Thank you.

Hon. G. Campbell: Judith.

Hon. J. Reid: I certainly do believe that teachers have great pride in their profession. I'm wondering, with other governing agencies of professions with regard to the oath of office, whether those boards also have an oath of office for those board members in other professions.

Hon. C. Clark: Other professions have similar things. The Law Society has a similar undertaking that members of the board are required to take - and CGAs. Many of these public colleges have an undertaking of confidentiality or some kind of commitment that their overarching loyalty is to the board they're serving and to the public interest. We want to make sure that's true for this college as well.

Hon. G. Campbell: Greg.

Hon. G. Halsey-Brandt: Christy, I share a lot of Geoff's concerns. I know it's a big issue in my community, and I'm sure it is around the province in all of our constituencies. I just want to clearly understand. On the bottom of your first page there, when you talk about the groups who must be members of the College of Teachers, you've got all teachers, principals, vice-principals, directors of instruction, superintendents of schools or assistant superintendents.

Were all those groups able to elect the 15 under the previous legislation? Are all those groups now eligible to elect the 12 members under this proposal? Are independent school teachers also eligible to vote in this college? Do principals get two out of the 12, or are they just - I'm just using that example - lumped in with all the teachers, in which case you could end up with 12 teachers and no principals? Do you know what I mean?

Hon. C. Clark: The answer to both those questions is yes. This proposal contemplates having the 12 elected by all the members, and those members include the people that you've listed. That's the way it was done in the past with the 15 members.

We want to make sure, though, that those other professions or those other perspectives are represented so that principals and the superintendents and independent school teachers continue to be represented on the board, even if they don't get elected in that group of 12 that are elected. That's what we'll achieve by making sure that in the eight appointments government will reserve, those perspectives are represented.

[12:00]

Hon. G. Halsey-Brandt: Formerly, when there were the 15 elected, were there any informal arrangements, I guess you would call them, during the elections that principals or superintendents would get any representation? Or was it strictly BCTF members?

Hon. C. Clark: No. Previously, in reality, members who were endorsed and funded by the Teachers Federation were the members who got elected. The Teachers Federation, in their rules, only allow teachers and members of the union to be endorsed.

Hon. G. Halsey-Brandt: I guess you could say the same thing about the principals and the superintendents. They could run their own people and endorse.... I assume it's just a matter of numbers. They just don't have the numbers that would get them elected.

Hon. C. Clark: That's right. We've always made sure the superintendent and a principal, for example, are represented on the board in the remaining government appointments that were there. The fact was, though, that with five appointments open for government appointment, it only left room for one parent, for example, on the board. Now we've got three parents. We had four, but one passed away in the last year. That's been a significant improvement in parental involvement in the board, and we would never have been able to do that under the old structure of the college.

Hon. G. Halsey-Brandt: I certainly appreciate your bringing this forward. As I say, it's been quite contentious out there. I hope the spirit you brought it forward in is matched by the BCTF. Thanks.

Hon. G. Campbell: Bill, Linda, Gordie and Rich.

Hon. B. Barisoff: Thank you, Premier. I just want to say that I do share Geoff's concerns wholeheartedly. Making sure that when we're getting into this, whether it's the government that has to stay out of it but also BCTF is not putting their hands into it the same way.... I think it's so important that the independence of the college has to be there.

The concern I have is with the fact that the Lieutenant-Governor will make the oath of office, but the oath of office then is administered by the college that's elected. I'm just wondering whether that's kind of - if you have the same people administering that oath of office - contradicting something or whatever else.

Hon. G. Campbell: No, the oath's the oath. They've got to take the oath and sign the oath.

Hon. C. Clark: Yeah, it'll be a signed, personal undertaking for people. Remember, though, too, this shouldn't be just a debate about representation. One of the things we want to

achieve here is to make sure we start talking about standards and we're able to start talking about parental access. Independence is an issue, but there are all those three issues that we want to start being able to debate publicly. I think that by settling this issue of representation, we can set that part of the debate aside and get on to the debate about the really important three goals we set for ourselves when we first initiated Bill 51.

Hon. B. Barisoff: I think that's the important part of it. As long as the standards are set, I guess the representation isn't as great an issue - and the fact that we're looking at the broader scope, like Rick was saying, about having people from within different areas of the province being part of it. I think the most important part is the standards and that those standards are actually being administered by the college in the direction they probably want to set out.

Hon. G. Campbell: Linda.

Hon. L. Reid: Thanks, Premier.

Christy, I think your notion of bringing this forward today is all about mitigating the current dispute in terms of payment of fees. What's the clarity you can bring to teachers today who are in the midst of paying or not paying? How will this affect them in the immediate future?

Hon. C. Clark: Well, 54 percent of the members of the college have paid their dues. The number of individual payments that the college has received is up this year over last, so more teachers have put their cheque in the envelope and sent it in directly.

Some districts have chosen.... In Surrey, for example, they chose not to deduct from anybody. Actually, it's the only district that chose to do that. Some districts have decided they wanted to deduct from everybody, whether or not they'd received forms. Then there are some districts where they deducted from some and not from others. There's a real mix in the automatic deduction side of school boards' approaches. There's a mix amongst the individuals too. Some people have not paid at all. Some people have written a cheque and sent it off to the B.C. Teachers Federation. Some people have written a cheque and sent it off to the college.

My advice would be for individual teachers who have not yet paid to pay to the college. Now that the majority is going back to the hands of members, I'd expect that they'd want to do that. Those who've written off a cheque and sent it to the BCTF should be contacting their union and making sure their union sends that cheque in on their behalf.

[12:05]

Hon. L. Reid: This in no way extends the time line. This simply says that given the changes anticipated in the spring, deadlines for payment are still the end of this month.

Hon. C. Clark: Absolutely - yeah.

Hon. G. Campbell: Rich.

Hon. R. Coleman: Thanks, Premier.

Christy, during this process, there has been lots of pressure put on teachers by the union within the schools to not pay these dues and what have you. I'd like to know today what preliminary discussions have taken place with the BCTF with regards to this model - whether

we're actually dealing with a model today that is not going to be received in a manner that is actually going to mitigate the issue we're dealing with, whether those discussions have taken place and this has actually come with some cooperation or consultation with them, or whether it's us coming with another one. Then are we going to wait and see what the reaction of the BCTF is?

Hon. C. Clark: We have met with the BCTF a few times, and they have a list of concerns or demands that they've put on the table, including essentially getting rid of the public complaint process and changing the whole approach to standards very, very substantially. At the heart of their concern was this issue of what they call "democratic representation." That central concern is something that's been echoed by individual teachers that I've spoken to across the province.

It's important to recognize that this isn't a labour negotiation here. We're not sitting down across the table from the union and bargaining back and forth about the makeup of the college. What we're doing in this proposal is, I think, proposing a way to resolve the central concern that we've heard from teachers, which has been, overwhelmingly, an issue of representation.

I mean, remember that the money the teachers' union is holding in trust is for the Democratic College Fund, not for anything else. At the heart of the fee dispute, I think, is this issue of democracy. What we're trying to do is address that central concern that teachers have and make sure we find a way to reach the three goals that we set for ourselves of independence, ensuring standards are in place, ensuring that there's a public complaint process but, most importantly, making sure that kids don't get left out in the cold because there's a dispute between adults. Disputes between adults in a democracy are just fine to have, but we should remember that those shouldn't be allowed to affect kids, because education is the most important right that any child has.

Hon. R. Coleman: My concern still is there, because I think the people that communicate with teachers with regard to the college and how this should be accepted have been the BCTF - by direct mail, on a regular basis, to their members. They're going to continue that process no matter how the teachers make this decision. My concern is that we have actually done something, at least, to have them have an understanding of what it is we're trying to accomplish so that it just doesn't create a second level of the next level of the concerns that have been raised by people like Geoff and other people with regard to the BCTF and the college.

Hon. C. Clark: I think it is important that we communicate with teachers directly, and we'll be doing that today, this afternoon, in every staff room in the province. It's important that the college step up its communications with its own members and make sure they know what's happening.

I do think, though, in this dispute, that it's important to recognize that this issue of representation on the college board has been one that has spoken to the hearts of individual front-line teachers. No matter what their representatives at the provincial level say, they've been concerned about that. I think that putting this proposal forward and being prepared to compromise and make sure that a majority of the board is again controlled by its members.... I think individual teachers will respond to that. They want to be professionals. Individual teachers are very attached to the fact that teaching is an important profession that needs to be respected. I think they want to find a way to be members of their own professional college.

Hon. G. Campbell: One last question. John.

Hon. J. van Dongen: The election process. What is the actual election process, and do you have any intent to change it? Like, is it a mail ballot? How is it conducted?

[12:10]

Hon. C. Clark: The election process is a prerogative of the college board. They conduct the election process. I know they've been considering ways to make sure that the election process is a formal one and engages the highest possible number of their members. Again, if we want the college board to not just be perceived to be independent but to indeed be independent, they are going to have to design, monitor and implement their own election process. It won't be a role of government to do that.

Hon. G. Campbell: Okay. Let's proceed with this, and let's get it done and ready to go. Thank you very much.

We're running late here, so we're now adjourned.

The cabinet adjourned at 12:11 p.m.