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## TRANSCRIPT OF THE OPEN CABINET MEETING

March 14, 2003

### Province of British Columbia

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Hon. Stan Hagen  
Hon. Judith Reid  
Hon. Joyce Murray

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## **FRIDAY, MARCH 14, 2003**

The cabinet met at 9:03 a.m.

### **Opening Remarks**

**Hon. G. Campbell:** We have a number of items on the agenda today for information.

We're going to start with a discussion from Dick and some recommendations on coalbed methane in the province, a major opportunity for British Columbia in the years ahead. We've got an update on fish farms from Stan. We're going to have a report from Murray on employment and assistance. We're going to have a regulatory review update from Kevin; we've got a couple of things to deal with there. Then Sindi is going to give us an update on the immunization program.

So we'll get right to it, and we'll start with Dick.

### **For Information: Coalbed Methane Gas as Part of the Heartlands Economic Strategy**

**Hon. R. Neufeld:** Thank you, Premier.

British Columbia is endowed with a wealth of energy and mineral resources. These resources have the potential to help revitalize our economy and usher in prosperity that

all British Columbians can enjoy.

Developing coalbed methane is an integral component of the government's heartlands economic strategy and fulfils our throne speech commitment to open up coalbed gas resources in B.C. Its development is also a critical part of our new energy plan that we rolled out at the end of November last year.

**[9:05]**

The northeast part of B.C. has benefited economically from an active traditional oil and gas industry, and developing coalbed methane could open up non-traditional areas of the province, from Vancouver Island to the southeast heartlands, to similar economic benefits. Developing this resource will expand business opportunities, increase trade and create well-paying jobs for British Columbians living in the heartlands.

For those of you not familiar with coalbed methane, it is similar to the natural gas we use and consume in the province today. While it's a new energy source for Canada, today it makes up 8 percent of the total production in the U.S.A. Energy demand is rising, and new opportunities like coalbed gas have the potential to diversify British Columbia's energy supply. It is the cleanest-burning fossil fuel, composed mainly of methane. It does not contain hydrogen sulphide, H<sub>2</sub>S, or sour gas, as it's referred to.

The way coalbed methane is produced differs somewhat from our current conventional natural gas production in the northeast. Coalbed methane is found deep in coal seams. First, a company, after getting the right to do the drilling and all the work that goes around the consultation process, will drill into the coal seam. That could be anywhere from 200 to 1,500 metres. The well is then cased with casing. There is a procedure called fracking that will send sand down the well at high pressure to break the formation and allow the gas and the water to come to the casing. The water is then removed, and the gas is released. It will, in time, go into a pipeline.

Produced water is disposed of under strict guidelines set out in the Waste Management Act. In some cases, this water is potable. In fact, we have some of that in B.C. today. It can be used for communities and for irrigation or livestock, but the appropriate disposal method is determined after an exhaustive study and review.

As you can see from the map, coalbed methane can be found throughout the province. Experts estimate about 90 trillion cubic feet of coalbed methane resource could exist, and we're committed to allowing industry to evaluate that potential. To put this in perspective, Premier, we produce about 1.1 trillion cubic feet of conventional natural

gas every year in British Columbia, and we have 115 trillion cubic feet of conventional natural gas. This is an additional 90 trillion cubic feet on top of that. We have a lot of coalbed methane for our future.

No coalbed methane is being produced in the province yet. However, 12 industry projects are underway in our heartlands, and they are drilling and testing production characteristics. A project is not just one well. A project could be a number of wells - ten, 12, 16, whatever. Industry has shown a strong interest in the southeast, in the Kootenays, in the interior, the northeast and on Vancouver Island. The outlook for coalbed methane is promising with increased activity and new opportunity.

We have heard clearly from communities that they want information about this gas resource, and we are committed to providing this through information sessions, open houses and workshops. My ministry has been holding a series of open houses and public meetings across the province to discuss the benefits and impacts of energy and mineral development and to provide a question-and-answer session for residents. I believe they've been well received to date.

We've been meeting with local governments, first nations, landowners, businesses and residents. For example, we have held open houses in Hudson's Hope in the northeast part of the province, in Smithers and in Princeton this past week. Next week we'll hold some in Courtenay, Fernie and Sparwood and then in Williams Lake in the last week of March.

The economic opportunities for the heartlands are vast. In meetings with local governments, they have told us they want to see new economic opportunities, and we have told them that coalbed methane development is part of our plan to see those new opportunities happen. Direct and indirect jobs and spinoff industries for local communities are just some of the benefits. Coalbed methane gas represents a local source of energy for British Columbia that can support local markets as well as provide employment and economic development for the people of this province.

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**[9:10]**

So where are the opportunities to be found? Direct jobs in drilling, transportation, environment, technical and construction are the primary areas. Service industries like our catering companies, local businesses, restaurants and hotels will benefit also. In addition, potential job opportunities exist through training and business skills

development.

The Ministry of Energy and Mines has taken steps, through its coalbed methane strategy, to unleash the potential of our vast coalbed gas resources by creating the stability and certainty needed for investment. This strategy includes a new royalty and fiscal regime. Because there's a huge upfront cost to get a field into production, we have given a royalty credit of the first \$50,000 for each well drilled up until February 2004. A comprehensive regulatory process - that's ongoing. We have been drilling for conventional natural gas in the province for some 50 years. Coalbed methane will fall under those same rules and regulations with maybe some changes as we move forward.

I want to stress that all environmental protection measures apply. We have also benefited from an active industry in the U.S. The people from the Ministry of Energy and Mines have gone down to those coalbed fields in the U.S. to find out what's been done right and what's been done wrong. In British Columbia we want to do it right, and that's why we're taking our time to make sure that we do it right.

For the past 18 months officials from the Oil and Gas Commission and the Ministries of Energy and Mines and of Water, Land and Air Protection formed a working group to develop strict coalbed methane water disposal guidelines. These guidelines will be applied under the Waste Management Act. As I said before, we will continue our community relations so that people feel comfortable about what's going on in their back yard.

A legal question exists as to who owns the coalbed methane. Is it owned by the natural gas owner because it is a gas, or is it owned by the coal owner because it is part of coal? Since 1985 and similar to other jurisdictions, British Columbia's formal policy is that coalbed methane is a gas owned by the natural gas owner. In Nova Scotia coalbed methane is legislated to be natural gas owned by the Crown. In Alberta, Crown gas tenure includes coalbed methane. In Australia the state is taking steps to legally define coalbed methane to be the gas owned by the gas owner. In the United States the issue has been considered by both federal and some state courts. Federally, coalbed methane has been determined to be a gas owned by the natural gas owner. This session I will be introducing legislation that will define coalbed methane to be a gas owned by the gas owner, removing the uncertainty over the ownership of coalbed gas and creating economic opportunities in British Columbia's heartlands.

To develop this legislation we've consulted extensively - in fact for a year - with freehold coal owners Teck Cominco, Fording Coal, Hillsborough, TimberWest, Weldwood and

Tembec. We've also had discussions with the Canadian Association of Petroleum Producers and some of the companies that are interested in developing coalbed methane in British Columbia like EnCana, Talisman and Anadarko. We have also had extensive presentations made on the coalbed gas act to all interested stakeholders.

To summarize, Premier, developing coalbed methane is an integral component of our government's heartlands economic strategy. Coalbed methane development in British Columbia could generate significant job opportunities. We are committed to developing the resource in an environmentally responsible manner to mitigate any impacts. Working together with communities is the key. Coalbed methane is clean, an environmentally safe energy source that holds tremendous promise for the province. We will continue to pursue developing this exciting resource with excitement and vigour, to take action to open up new economic opportunities across the province and to create a thriving private sector economy that supports high-paying jobs for British Columbians.

**Hon. G. Campbell:** Thanks, Dick.

I got Bill, Judith, Stan, Graham and Rick. Bill?

**Hon. B. Barisoff:** Thank you, Premier.

I guess, Richard, some of the questions I got asked... I've got a couple. The first one is that in my travels up through the Peace River, a lot of oil and gas is taken off farmland or is underneath the farmland. The question I have is: are the oil and gas companies going to mitigate the farmers, and what's going to happen there? Are they going to be compensated for the fact, and is there going to be a reclamation program to go with that?

**[9:15]**

Hon. R. Neufeld: Yes, they are. There is a lot of consultation that has to go on between the person that buys the right to drill for CBM or natural gas. They have to consult with the landowner, farmer or first nations - anyone that would be involved in the land. There are strict rules around reclamation when they're done and also compensation for taking some of their land out of production if it happens to be a farm.

**Hon. B. Barisoff:** My second question, Premier, is, of course, to do with money. I guess my question would be: how much money do you anticipate the province would receive from land sales and from other benefits that would accrue back to government, giving us money, of course, for health care and education?

**Hon. R. Neufeld:** I would expect the Minister of Revenue to ask me about money.

In the last couple of years the province has acquired about \$50 million in the sale of rights for drilling for coalbed methane. Since they started drilling for coalbed methane in the province, both in the northeast and the southeast, there's probably been another \$50 million or \$60 million investment in the activity - in the drilling of the wells. It is substantial, and that's just the start of what will come in the future as we move forward with this project.

**Hon. G. Campbell:** Thanks, Bill.

Judith.

**Hon. J. Reid:** I have a number of questions about this. My understanding is that this is an ongoing activity - these wells. It's fairly slow. I don't know too much about it. I think I have about three questions. The noise, the activity - once a well is established, is this a noisy activity? Is it quiet? How large is it? What would it look like?

**Hon. R. Neufeld:** It's not very large. During the drilling there would be a certain amount of noise, but probably not much more than you would hear on the Vancouver Island Highway. The rigs that drill wells today are completely different than they used to be. Once in production they're just... They would be small. It's on a small lease, probably three acres or something like that. It's a small building with probably an electric pump if they're close to electricity. If not, they would use the fuel they're producing to run the process to pump the water. It's quiet.

**Hon. J. Reid:** Okay. You said that in some cases the water doesn't need to be treated. But with the water that would need to be treated, what would be the problems with that water? You said that looking at best practices elsewhere... Can we show that there is absolutely successful treatment of this water? What's wrong with the water, and what does the treatment look like? Can we be guaranteed that, indeed, we can treat this water?

**Hon. R. Neufeld:** Well, we can treat the water. In the Kootenays, with minor treatment, it's potable, so it's spread on the land, as I understand. In the northeast the wells that have been drilled... It's got a lot more salt in it. Usually salt water is what you find, and that water is re-injected into a natural gas well that's already dry. That's how they treat the water. It's rigorous control.

Maybe Joyce would like to explain a little bit more about the Waste Management Act and how her ministry will deal with the water being tested and all that. It's done outside of my ministry in the Ministry of Water, Land and Air Protection. Maybe, Joyce, you would like to expand on the testing procedure a bit.

**Hon. J. Murray:** I think these are important environmental issues. What Dick said, I agree with. We can learn from the 20 years of this industry's development in the United States.

Water, Land and Air Protection has been working with Energy and Mines and the Oil and Gas Commission for the past 15 months. We have several staff people that have been dedicated full-time to looking at how we can avoid environmental problems. I think we all agree that doing this industry development in an environmentally sustainable way is critical to its success.

In Water, Land and Air Protection we've had input on the environmental protection side, which is our waste discharge groups under the Waste Management Act. Also, our environmental stewardship staff have been involved, so we're bringing the expertise around habitat, animals, fish and vegetation into our development of these guidelines. The ministry already has what's called a produced water guideline, which talks about how to deal with the water that's produced. A code of practice is under development, and it will be part of the Waste Management Act.

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As Dick mentioned, this water can be discharged either into the ground or on the surface. Some of it is quite clean, and some of it is not. It has compounds in it.

The kinds of things that will be in this code of practice include analyzing the quantity of water from a particular set of wells, the quality of water, the location to which that water would be discharged and the part of permitting that the Oil and Gas Commission will do. We'll review and analyze those issues and follow the code of practice so that we do prevent and mitigate impacts on the environment.

Water, Land and Air Protection will be setting standards. Oil and Gas Commission is the one-window administrator of the permits and the administration of the industry.

**Hon. J. Reid:** Just one more question. Can you mine coal and extract the gas at the



same time? Are they compatible activities, or are they not compatible activities?

**Hon. R. Neufeld:** I guess it depends on the mine, whether it's open pit or it's underground in the proximity. They would be compatible, but you wouldn't drill a coalbed methane well in an open-pit coalmine because they're constantly digging it out.

There are huge coalfields in British Columbia. We have an estimated 23 billion tonnes of coal in British Columbia spread all over the province, including Vancouver Island. It's the largest amount of coal of any province or territory in Canada. There's lots of room to grow this without one interfering with the other.

**Hon. J. Reid:** Okay. Thanks.

**Hon. G. Campbell:** Stan.

**Hon. S. Hagen:** Thank you, Premier.

In the Comox Valley there's a great deal of interest in CBM. I was going to ask a question with regard to the water quality issue as well, but Judith has already canvassed that. The other question I have with regard to water is: have any studies been done to show whether or not there's an effect on the water table?

**Hon. R. Neufeld:** Actually, those studies would be done in the scope of practice. But if you think about drilling, and most of it's from 200 metres - 600 or 700 feet - to 3,000 feet, it wouldn't have an effect on ground water or on water for wells for individuals.

But that should be monitored closely, and that's part of the Oil and Gas Commission's job - to make sure that those items are taken care of. If someone has a deep-water well that they use for their own domestic use, the Oil and Gas Commission would require the proponent to actually contact that person and make sure they're looked after if something goes wrong.

**Hon. G. Campbell:** Graham.

**Hon. G. Bruce:** Continuing along with the regional, parochial view of Vancouver Island, you mention the vastness in respect to what's throughout the province and that there's a fair amount on Vancouver Island. What about the seriousness, though, of this actually occurring on Vancouver Island? We hear numbers, and I often wonder how it is that they're developed. Are these just general estimates, and what does Vancouver Island look like as a potential?

**Hon. R. Neufeld:** There are two sets of numbers, Graham. If you hear the term "in place," that means they know it's there. That means they have done the exploration, and they know almost exactly what they've got. I don't mean "exactly" by 1,000 cubic feet, but that they have a pretty good idea.

If it's an estimate of 90 trillion cubic feet, it's done on best practices on an averaging basis because there has been no actual testing. On Vancouver Island there's been one well drilled by priority, and to my knowledge it's capped off and nothing else has taken place. That's because of some issues around ownership of coalbed methane and those kinds of issues.

**Hon. G. Bruce:** Apart from those issues there is, through those that would know, pretty strong potential for this to be able to be developed on Vancouver Island. It's not just one of the many regions. There's a good opportunity here for us to proceed with that if you can get the other issues resolved.

**Hon. R. Neufeld:** Yes. There's lots of coal on Vancouver Island, and almost all coal holds coalbed methane.

**Hon. G. Campbell:** Rick.

[9:25]

**Hon. R. Thorpe:** Thank you, Premier.

Dick, I understand that earlier this week there was a public community open house in Princeton. I understand that one of the issues raised there was over the notification of land posting. For those of us that aren't familiar with what land posting is and how that process works, could you explain that to us?

**Hon. R. Neufeld:** Sure. First off, what happens is that it's done by an auction basis on a per-hectare. A proponent or a number of proponents that would like to explore in some area of the province they feel holds potential will approach the ministry, and the ministry would do all the necessary work that has to be done to find out where it's at and to make sure it's not in the middle of some city or something - those kinds of things. They will then put that up for sale. It goes up on a closed-bid auction sale per hectare, and whoever obviously is the highest bidder has the right to drill.

But through that process, there's a consultation that goes on prior to it going up for sale.

That consultation is with first nations. That consultation is with regional districts. If it's in a community's boundary, a city or a town or a village, that particular city or town would be contacted also. So the communities know and the first nations know.

In fact, we've been doing that extensively for the last 20 months or so, actually, to make sure that everybody is aware of what's going on so that people feel comfortable. Also, when a company bids on it, there are different categories of land. If it's right close to a community, it would be a category A. It's laid out in the proposals of what kind of consultation must be undertaken before they can start doing work.

**Hon. R. Thorpe:** If I can just follow up on that. When we have the consultation process, is there sort of a time frame that we're striving to, to get answers to people - yes, no - so that there is some certainty with people making investments and creating jobs in some of these parts of British Columbia?

**Hon. R. Neufeld:** Yes, and that is part of the Oil and Gas Commission's job - the consultation - along with the proponent. It's not just the government that has to do it. The proponent also has to consult, as I said to Bill, with the landowner or farmer. There the proponent must make a deal with the farmer. If they can't, there's a mediation arbitration board that will come in and deal with the issue. In most cases, those things are settled.

There is a fair amount of consultation that the OGC, the Oil and Gas Commission, goes through. We've brought the time frame of that down through the good work of the Oil and Gas Commission, from around 20 days from the time a proponent makes an application until they could actually get their permit to about 17 days. We want to actually target less than that if we could - 15 days. But in today's world, with the consultation that takes place with first nations, with communities, with everyone involved... There's an extensive environmental review that's done by the Oil and Gas Commission and a safety review. They look at the animals, habitat, wildlife, birds - all those kind of things - so there's a fair amount of consultation and information-gathering before someone gets the right to drill. You just don't buy it and run out there and drill. There is a long process.

**Hon. R. Thorpe:** Thank you.

**Hon. G. Campbell:** Gordie.

**Hon. G. Hogg:** Dick, is it correct to assume that the definitional issue in the United States, whether it goes to the permitter of coal or of natural gas, is simply a definition of

political will rather than a set of criteria that it's measured against?

**Hon. R. Neufeld:** No, it would be a set of criteria - at least what I understand it is in the cases that have gone on in the U.S.

**Hon. G. Hogg:** Secondly, with respect to distribution, is this capped at the wellhead and then taken to distribution centres? And will that get into the northwest grid, or how will that be marketed?

**Hon. R. Neufeld:** Actually, it will be marketed through pipelines. As they get a project done... They have to drill a number of wells before they can start a project, because they flow very little gas and under low pressure compared to a conventional natural gas well that may flow ten million cubic feet a day. Coalbed methane would be way under that. That's why we gave the royalty break for the first \$50,000 - so they can get a project on stream. Then it would be pipelined into the system. There would have to be compressors to compress it into the system, and it goes right in with natural gas.

**Hon. G. Hogg:** So from wherever the finding is, it has to then develop. There has to be a pipeline to the grid rather than trucked or any other method.

**Hon. R. Neufeld:** Yeah, that's right.

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**Hon. G. Campbell:** About 7 percent of the United States' energy is produced by coalbed methane today, and there is a growing market for stable and secure energy. So there's a real opportunity, I think, for us to do something.

Any further questions? Linda?

**Hon. L. Reid:** You indicated that the royalty break extends through 2004 - \$50,000. Is there any anticipation to graduate that, or does it come to an end at the end of 2004?

**Hon. R. Neufeld:** It comes to an end in 2004. If it were to be extended, that would have to be with the willingness of the Finance minister - reviewing why we did it to start with and whether it really worked or whether there's something else we should be doing. At that point in time, we'll be reviewing it and deciding what would be best for the province and the proponents so we can actually get the process going and developed and

producing.

**Hon. L. Reid:** What's your target in terms of wells or projects underway by the end of 2004?

**Hon. R. Neufeld:** Again, Linda, that's hard for government to decide because it's a proponent that decides to spend their private capital on investing. We have a fair amount of interest. There are quite a few companies, mostly headquartered in Calgary but also out of the U.S., that are quite interested in developing our coalbed methane and investing their money in British Columbia to do that.

The idea is to be environmentally responsible - we have to make sure it's done that way - to be done as safely as we possibly can; to make sure, as Joyce mentioned, that we look after the water, because the biggest part of it is the release of the water; and to make that all into something where someone's going to say: "Yes, I can come to British Columbia, drill those wells, produce that gas, make a dollar." That's what it's all about - and, in turn, help job growth and economic growth in our province.

**Hon. L. Reid:** Thank you.

**Hon. G. Campbell:** You're expecting legislation to come this session - right?

**Hon. R. Neufeld:** Yes. We'll be bringing it forward, in fact, Premier, next week. I believe it's scheduled to be on the agenda.

**Hon. G. Campbell:** Okay. Thank you very much.

The next item on the agenda is Stan - an update on fish farms.

### **For Information: Update on Fish Farms**

**Hon. S. Hagen:** Thank you, Premier. I'm really pleased this morning to provide cabinet and the viewers an update on salmon aquaculture in the province of British Columbia. First of all, I want to say, Premier, that I know the coast, I know salmon, and I know the people of the coast.

I'll tell you how that happened, because it happened quite a few years ago. I grew up, like my colleague did, in the meat and grocery business. My parents owned a grocery store. When I turned 16, my father said to me, "It's time you worked for somebody else," which was... [Laughter.]

I knew that would get a very supportive response from my cabinet colleagues.

Anyway, it was quite a shock to me, because I was quite comfortable working weekends. You know, I knew exactly what I was going to do. Anyway, I had to start thinking about what I was going to do for a summer job.

Richie Nelson, who was one of the owners of Nelson Bros. Fisheries, went to the same church that I did. I thought: well, nothing ventured, nothing gained. So I went to Richie after church one Sunday, and I said: "I need a job." He looked at me, and he said: "Okay. Rivers Inlet." I had no idea where Rivers Inlet was, but I spent seven summers working in the fishing industry in Rivers Inlet, Smith Inlet, Johnstone Strait, Bella Bella, Bella Coola, Namu and Klemtu - all of those communities in the central coast. Little did I know then that I would be using that experience now to do the jobs you've asked me to do.

My other experience with regard to salmon... I can actually tell the five species of salmon apart - together with steelhead and Atlantic salmon. In 1985 the Hon. John Fraser, who was then the Minister of Fisheries and Oceans for Canada, asked me and a couple of others to spearhead a salmon enhancement project on the west coast. It actually turned out to be the largest and most successful salmon enhancement project ever on the west coast of Canada. It was called MILAP. Only the federal government could think of something called modified industry labour adjustment program, which was actually about raising wild salmon.

**[9:35]**

We worked together with first nations people, volunteer enhancement societies, communities, Forestry people and environmentalists. We did 63 projects from Sooke to the Queen Charlottes, and most of those projects are still operating today. They're still churning out wild salmon, coho, springs, some pinks and chum up and down the coast. So I have a love and respect for coastal British Columbia and for the people who live and work there.

I also support salmon farming because I believe that by doing it properly, it can create good year-round jobs for our coastal communities, especially for women and first nations in those communities. Thinking back to the wild salmon industry, when people worked in that industry, they only worked three or four months a year because that's when the salmon run. The rest of the time they were either collecting unemployment insurance or having to find other work.

So British Columbia benefits greatly from the salmon aquaculture industry. Farmed salmon is in demand in the world marketplace. If we can't supply it, those jobs will be exported somewhere else. British Columbia farmed salmon has a lot of competitive advantages - in price, market location and year-round supply - and it's highly regulated and inspected. But let me state this up front. I believe that the wild salmon must come first in British Columbia. Their protection is an absolute priority.

The approach I'm taking, Premier, is to find a balance. We can have salmon aquaculture in British Columbia based on environmental sustainability, economic development, shared responsibility, strong regulations, managed expansion, continuous improvement and diversity. We as a government have acknowledged our responsibility and have enacted good public policy to reduce risks by putting in place tough regulations, monitoring and enforcement to make sure that the public interest is protected.

As much as I support salmon farming, I won't put up with anybody who breaks the rules or ignores our tough regulations to protect the environment and our wild salmon. Fish farmers have to take their share of responsibility. They must defend their industry; that's not government's job. Fish farmers have to restore public confidence.

Last weekend I had the opportunity to go to the Broughton Archipelago. I invited the Hon. John Fraser to come with me. We had been invited to go there by the first nations who live and work in the Broughton Archipelago.

When we got out of the plane in Port McNeill and before we got on the boat to go over to the Broughton, we were met by Mayor Gerry Furney and a group of concerned citizens who live and work in the Port McNeill area. They were concerned because they're concerned about their jobs. They've seen the news reports and the articles, and they've heard some things on the radio. They're concerned because that's what they do for a living 12 months a year. That's where they work.

I toured with the first nations. I looked at the fish farms. I heard the first nations' concerns about the environment and fish health. I travelled with scientists, a veterinarian and environmentalists. I asked many questions, and I appreciated their candid answers. Now I understand even better all the complexities of making sure that this industry is sustainable and accountable. The industry does provide jobs for British Columbians.

The physical footprint of the industry is tiny. I wanted to show you a pie chart that would show you the amount of land taken up by fish farms on the coast of British Columbia in

proportion to the entire coast of British Columbia, but we couldn't draw a piece of the pie that small. It's a tiny, tiny footprint.

Despite the small footprint, salmon aquaculture contributes enormously to our British Columbia economy -more than 3,500 direct and indirect jobs. Ninety percent of those jobs are in coastal communities, and 50 percent of those jobs are for women and first nations. These are full-time, year-round jobs.

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Eight first nations on the coast of British Columbia, Premier, are involved in salmon aquaculture. I had an opportunity last fall to go up to Klemtu, which is about halfway from the northern tip of Vancouver Island to Prince Rupert. It's a small first nations village - about 300 people. I was invited up there to help open up their new big house they had built. Chief Percy Starr, with whom I worked in Rivers Inlet in 1958 for the same company, welcomed me there and couldn't wait to tell me that because of salmon farming, the unemployment rate in Klemtu has been reduced from 90 percent to 30 percent. The first thing that came to my mind was: how many non-first nations communities do we have that would be satisfied with a 30 percent unemployment rate? I suspect not very many. He was so proud to say to me: "Stan, I now have a job in every house in Klemtu."

The Kitasoo band is the band that used to travel down to Namu and run the cannery every summer. But again, they only had about three months' work. The rest of the time they would have to find something else to do. Maybe it was logging or shellfish - that sort of thing.

Again, I want to stress that if we can't supply farmed salmon to the marketplace, these jobs will be exported elsewhere. It's a major economic contributor. Salmon farming is one-third of a billion-dollar seafood industry in British Columbia. The broad-based seafood industry in British Columbia is now a billion-dollar industry - every year. Salmon farming contributes \$391 million in value-added exports. That was in the year 2002.

Farmed salmon is the largest of all of British Columbia's agricultural commodities. We grouped them under agricultural commodities. It's the largest export that we have, and 90 percent of the supplies and services used by the aquaculture industry are purchased locally. Two hundred and fifty British Columbia companies supply the industry. I want to impress upon you that with the temporary downturn of forestry on the coast for places



like Campbell River, Nanaimo, Port McNeill and Port Hardy, this is a huge big deal. Those companies that supply the forest industry saw their sales go down as the forest industry declined, and I know it's a temporary decline. They picked their businesses up by supplying the aquaculture industry.

I want to put this in context with regard to other places in the world that raise farmed salmon. Norway and the United Kingdom, including Scotland and Ireland, have huge industries many times the size of the industry in British Columbia. In Norway alone, there are more than 800 farms, compared to 80 farms in British Columbia. In Norway a semi-trailer truck filled with farmed salmon leaves Norway every 20 minutes to go to the European community to supply the people who live in Europe with farmed salmon - a semi-trailer truck every 20 minutes.

Here in B.C. we do have a competitive advantage because we are perfectly positioned for the North American market. The jobs and supplies purchased and the taxes paid by B.C. farms are all local benefits. A perfect example is the farm fish processing plant in Port Hardy that recently burned down. It was the town's largest private sector employer, with 230 workers and a monthly payroll or injection into the economy of about \$1 million.

I want to read an article from the paper, because this talks about the resilience of small communities in the province of British Columbia: "Unprecedented cooperation between the wild and farmed salmon sectors has allowed this northern Vancouver Island community to avoid economic disaster after its biggest employer burned down last month. Here's a quote from Mayor Harry Mose: 'The difficulties were overcome by the spirit of a community that needed those jobs. It was a matter of economic survival for the community, and people worked to make it happen.'"

**[9:45]**

As many of you know, the plant burned down one night. I think it was on February 7. Alpha, the company that owns it, announced that it would rebuild, but the employees faced long layoffs and the community, a bleak and uncertain year. But two weeks later Keltic Seafoods, which is an employee-owned custom processor for wild salmon in Port Hardy, agreed to share its facility right down to the lunch room and washrooms, so that Alpha's employees could continue processing the firm's farmed Atlantic salmon.

Here's another quote from Brian Welchman, a director:

"The employees who owned Keltic recognized the community's need to work through this problem and decided to cooperate to help the community's largest industry stay in

## Port Hardy.

"'With cooperation from Keltic and the municipality, Alpha has increased its Port Hardy workforce to 300 people, who will be capable of handling 180,000 kilograms of Atlantic salmon per day,' says the Alpha general manager, who was the first to approach Keltic. 'We wanted to get our Port Hardy people back to work as quickly as possible. They only missed ten days.'

"The good news is that Alpha is calling for tenders for the demolition of its burned-out plant and plans to build an even better facility by October, but in the meantime those jobs are ongoing."

I want to talk a bit about B.C.'s competitive advantage. Consumers want fresh salmon year-round; that includes the fine dining establishments. The farmed salmon was recently endorsed by the United States National Restaurant Association. Consumers want salmon that is good value. B.C. sells three times more farmed salmon than wild salmon every year, and both farmed salmon and wild salmon are nutritious and delicious. Like wild salmon and like all such products, farmed salmon is inspected by the Canadian Food Inspection Agency under standards set by Health Canada. These jobs stay here in B.C.; they're not exported to Atlantic provinces or overseas to Chile or other countries.

Our wild commercial fishery is vitally important, as are the sport and shellfish sectors - make no mistake. That's why we're working with the Department of Fisheries and Oceans to improve management of our wild fishery and to create new opportunities for the commercial and sport sector.

Salmon farming in B.C. started in the seventies. There was rapid development of the industry through the eighties. The previous government okayed 34 new salmon farms in the 1990s and then slapped on a moratorium. The previous government began the salmon aquaculture review in 1995 and completed it in '97, but didn't accept their own review until 1999. The delays created pressure on the environment because following - in other words, the moving of farms - couldn't proceed, and the farms couldn't move to better locations. In 2001 we inherited a situation where we were left to clean up the unfinished business of the previous government.

That meant that a number of pieces had to be put in place before lifting the moratorium. These pieces include the escape prevention regulation, waste management regulation, fish health management, siting and relocations, alternate technologies and R and D, and compliance and enforcement strategy. Existing companies can't apply for new

farms until their existing poorly sited farms are moved. There are still no new fish farms under our government.

I want to talk a bit about environmental improvements. If you look at the slide, escapes from salmon farms have plummeted from around 200,000 salmon per year in the 1990s to just over 9,000 Atlantics last year. One of the reasons for that is technology has been developed in British Columbia, and the products are produced in the province. One of the challenges is the attacks by sea lions and seals on the net pens. So the companies developed stronger net pen material and also built cages around the net pens which prevent the sea lions from getting to the pens.

British Columbia has approved 17 new farms for relocation, and we're now awaiting federal government approval. We've also got a new fish health database developed by this government, which tracks fish diseases on farms and their treatment. New waste management regulations are in place and monitored.

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**[9:50]**

Our government did not just lift the moratorium and simply walk away. Unlike the previous government who just made a big show of stopping everything, our government put in place a comprehensive regulatory framework. Our government supports research and development. Our government is making changes as it gets new information. We're using adaptive management, and I want to talk about that a bit.

Wild salmon and B.C.'s coast are absolute priorities to our government. That's why we put in place the Broughton Archipelago action plan. It's part of our commitment to adaptive management. Last year, as you can see by the graph, there was a dramatic drop in pink salmon returns in the Broughton, but in 2000 there was a record return - four times the long-term average.

If you look at the slide and look at the years '54 to '60, up until '70 there were very low returns in those years because of overfishing. Because of conservation practices brought in, you could see the runs starting to build up. These are done every two years, because it's a two-year cycle. Where the colour changes from orange to green is where fish farms were introduced into the Broughton, and you can see that even after fish farms were introduced, the salmon runs increased. I believe the year 2000 was a bit of an anomaly, and I believe 2002 was a bit of an anomaly.

I just want to give you a few other facts here. I talked about the steady rise. There are five years in that period of time that had lower returns than the year in question, which is 2002, and those years are 1953, 1960, 1969, 1987 and 1991. For four of those years, there were no salmon farms in the area. The Department of Fisheries and Oceans has put \$700,000 into an aggressive monitoring program in the Broughton. Our provincial biologists are working with the Department of Fisheries and Oceans on their boat as they monitor the smolts coming down the river to the sea.

On Wednesday of this week, Department of Fisheries and Oceans announced the results of the first week's count. They're counting sea lice on the salmon. It showed that 207 pink salmon were examined, and it found that only 15 percent had sea lice. That's a very low number. There was an average of slightly more than one louse per fish, which is also very low. Those results will be posted on our website and will continue to be posted.

The DFO coordinator is not drawing any conclusions yet. He says there is still a lot of work left to be done, and they will likely be in that area testing and monitoring for three months. We have asked for and are getting numbers of affected fish from the fish farms themselves, and we will be posting those numbers shortly on our website.

Our commitment is to continuous improvement. Our plan for the Broughton is just one more of those continuous improvements, and we're providing for a fallow corridor so that we can get those smolts out to the sea. It also includes increased monitoring and veterinarian-prescribed treatments in cooperation with the Department of Fisheries and Oceans, first nations and local groups.

As a government, we've provided \$3.75 million to fund research into aquaculture and the environment, and another \$1.25 million for an independent chair in aquaculture and the environment at the University of British Columbia. We've also held fish health forums with international scientists on IHN, which is a sockeye disease, in January and on sea lice in February. The research that flows from those workshops will be funded by the province. That's local research for local improvement.

We have a strict regulatory regime. Inspectors are in the Broughton Archipelago right now and have been for the past three weeks during the run-out of the smolts. The conditions of licence were amended to ensure that companies are following British Columbia's interim sea lice monitoring program, and if they don't follow due process, they will be charged. If the science indicates that we need to do more, we will do more.

We've made a commitment to the future, Premier. We will continue to enhance

compliance and enforcement of salmon farms in coastal communities, especially in the Broughton. We'll increase fines so that the penalty sends a very clear message to those who may flout the rules. We're working with the federal government to set up a salmon aquaculture forum to get all sides in this debate at the table. We'll support new directions and new research as identified by the two workshops, research funded from the trust we set up last fall.

**[9:55]**

We'll work with the Department of Fisheries and Oceans. They, of course, are responsible for B.C.'s wild stocks. They are responsible for protecting the wild stocks as well as allocating the resource. DFO is responsible for final environmental approval for relocation of poorly sited farms. We want to work with them in a closer partnership. A great example is the Broughton Archipelago action plan. We're working closely with them in other areas of interest to British Columbians, such as the Fraser River and the sockeye review.

One letter that I've received recently said: "Does salmon farming involve some inherent risk?" The answer is: probably, as do commercial fishing, logging and urban development. We'll continue to manage that risk, not run away from it.

So what are the benefits for the future? We've put in strict regulations and policies. We're backing it up with strong compliance and enforcement strategy. We're supporting research such as closed containment and fish health, and we're addressing emerging issues like sea lice in the Broughton.

Mr. Premier, in conclusion, I think it's time to acknowledge that there is room for both wild and farmed salmon on the coast of British Columbia. It's time to cut the rhetoric on both sides of the debate. It's time to build public confidence, and I want to work with first nations and others to create jobs and build strong coastal communities - because it's time.

Thank you.

**Hon. G. Campbell:** Thanks, Stan.

Questions? I've got one from Kevin, one from Rick and one from Bill.

**Hon. K. Falcon:** Thank you, Premier.

Stan, one of the things that's always bothered me, as we have these discussions about important issues like environmental impacts, is that a lot of criticism gets levelled against our government biologists and our government scientists, which I think is just really misplaced. These folks are doing the best they can, working with the best possible available science to try and make the best decisions.

One of the good examples of that recently was that Joyce had appointed a committee of internationally respected scientists - the best in the world having to do with grizzly bear populations - which actually confirmed that we have, in fact, a population of over 13,000 grizzly bears in this province by the soundest science possible, which is DNA samples based on grizzly bear hair samples that they find. That confirmed - I believe, Joyce, if I'm correct - what our scientists had been saying internally and was very much contradicted by what a lot of environmental groups had been saying - I think, frankly, irresponsibly - about how we were near extinction.

So when I come to the issue of salmon farms, I have to tell you, Stan, that I do have some very thoughtful folks in my riding who are concerned about this. They raised this issue to me in a very thoughtful manner, concerned about the impacts, particularly about sea lice. I've tried to do my best to learn as much as I can about this issue, to make sure we're making the right decisions.

I guess the nub of my question is this. First of all, I only started hearing about this sea lice thing, I believe, within the last couple of years. I don't believe I've ever heard this topic before, and maybe it's just because I hadn't been as focused on this. We hear a lot of talk about the Broughton Archipelago and the sea lice issue there. Have there been any other times that we've had sea lice on salmon in the Broughton Archipelago, or is this something new that's just happened?

**Hon. S. Hagen:** Well, I'm not an expert on sea lice yet. My doctorate is in law, not... I can tell you this. When I worked in the fishing industry - I actually gill-netted, I worked in the grocery store up there, and I worked on fish packers - there were a lot of sea lice around in the fifties and sixties. Sea lice have probably been around... They were probably invented by God when He invented salmon, I guess.

The public debate that's going on is the connection between farmed salmon and sea lice, or wild salmon and sea lice. We use information from a large group of scientists. We probably have a group of at least 40 scientists that we draw information from. Many of those we brought together to the seminar in Vancouver. Many of those were from Norway, Scotland, Ireland and the United States.

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**[10:00]**

It's amazing to me, in the year 2003, how little we know about sea lice. There was no agreement at that forum that the sea lice come from farm salmon. I think everybody understands that the sea lice come from the wild salmon and are spread to the farm salmon. The benefit is that you can control the sea lice in the farm pens by treating them. You can't treat the wild salmon unless you were to catch them all individually.

I appreciate your comment about some negative things that get said by some people against government biologists and also private sector biologists. That's unfortunate, because it lowers the level of the debate. It's totally unproductive and doesn't help the debate at all. We're going to continue to work on this. There are a lot of partnerships now that have developed between scientists in British Columbia and scientists in those other countries, who are comparing notes. I didn't realize, for instance, until that seminar - and I attended part of it - that there are ten different kinds of sea lice on the coast. I always thought there was one, but there are ten.

The other thing that makes it suspicious to me that there isn't a link between farm salmon and sea lice is that there have been numerous outbreaks of sea lice on other parts of the coast. I can name you Fitz Hugh Sound in 1962, Alberni Inlet and the Fraser River. At the time there were no fish farms in those areas.

It's a huge question. It's a very emotional question. People have become very emotionally tied to these things, to the debate. What I'm trying to do is raise the level of debate to a scientific level. The Premier has said often - we've said as government - that we're going to base our decisions on good science. That's, in fact, what we're going to do.

**Hon. G. Campbell:** Rick.

**Hon. R. Thorpe:** Thank you, Premier, and thanks, Stan.

The part of your presentation that caught me, Stan, was how the community in Port Hardy and the families and the workers came together to solve the situation and to give the community and workers an opportunity. From that experience and the other things you're doing, can you just expand a little bit more on how you see groups, from wild salmon to farm salmon, working together for the benefit of their communities, for the benefit of the workers so that we actually have employment and strong communities

along the coast?

**Hon. S. Hagen:** Yeah, I think one of the examples is where you can make joint use of facilities, like they did in Port Hardy. When I was in Prince Rupert a couple of weeks ago and met with all of the groups up there, including first nations, what we talked about was the fact that they have a large cannery or processing plant in Prince Rupert, and they actually process fish from the Rupert area as well as from Alaska. Some of that fish comes down for processing. But again, the plant is only used two or three months a year. They already have a facility there that could process farmed salmon, and there's a great deal of interest in the Prince Rupert area about salmon farming. They're really excited about it.

As a matter of fact, they're probably ahead of any other place in the province, because the regional district up there hired a biologist to do baseline testing of water in the Prince Rupert area. I don't think that's been done anywhere else in the province. When the industry expands into Prince Rupert, not only do they have a processing plant there already, but they have good baseline data from which we will be able to compare scientific testing that's done. To me that's another really great example where the community already sees this potential. It wasn't my bright idea. The community saw this right away; they figured it out right away.

There are still a lot of discussions that have to take place on this issue with regard to first nations. We have first nations who are really in favour and are benefiting, and there are other first nations who have zero tolerance. We have to work through that.

I believe that in some cases the anger that's directed at salmon farming is really directed at government because of the way the previous government imposed things on an area. On one hand the politicians would say, "Well, of course we're going to consult with you," but then they didn't. People wake up one morning, and there are a bunch of pens being towed into an area that they didn't know was going to be towed into. I think if we can solve some of those complaints, we can then start building the relationships in support of the industry.

**Hon. G. Campbell:** Thank you, Stan.

We've got Bill, Richard, Colin and Graham.

**[10:05]**

**Hon. B. Barisoff:** Thank you, Premier.



Stan, you were talking about exporting jobs and that jobs would be going to other places in the world. Yet, every time constituents call me or talk to me about it, they are hearing on the radio that, particularly in Norway, they're getting out of the fish-farming business. I know you expanded on what was happening there, but I guess that seems to be a concern amongst the general public - that if somebody's getting out of it, why are we getting into it? Particularly Norway, which seems to be the leader in this... I won't mention names, but some people on the radio seem to say that Norway's getting out of this kind of business. Maybe you want to comment on that.

**Hon. S. Hagen:** Well, as some of you know, Norway is the homeland of my ancestors, and I would only be too pleased, Premier, to go over to Norway and look at this firsthand.

Interjections.

**Hon. S. Hagen:** I have lots of people who want to help me do that.

The reality is that B.C. produces 5 percent of the total farmed salmon produced around the world - 5 percent. As I mentioned, in Norway they have 800 farms compared to the 80 that we have in B.C. It's the second-largest industry in Norway, second only to oil and gas. The government - although I'm not sure, the way they're putting money aside to their fund, whether they're even going to need an economy after oil and gas - is looking at aquaculture to replace oil and gas as it winds down as an industry.

I've heard the same things, Bill, and I just wonder how people can say things that aren't true. The fact of the matter is that it's huge - a \$2.3 billion (Canadian) industry in Norway. The industry in Scotland... There are 320 sites in Scotland. That's almost half of Norway's, over \$600 million (Canadian), which is about a third again higher than ours. It's a good industry over there.

I mean, they've had their problems, too, with sea trout and everything else, and the scientists are trying to come to grips with that. But the charts that I've seen show the decline in sea trout started and occurred before salmon farming started. You know, when something happens that you don't quite understand, it's nice to have something to blame it on, but I don't think it's based on a lot of science.

**Hon. G. Campbell:** Richard, Colin, Graham.

**Hon. R. Neufeld:** Stan, I'm not as familiar with salmon farming as you are, but I noticed

on one of your slides that you said you're relocating, I think it said, 17 farms. Can you tell me: relocation - what you mean? Do you move them quite a ways away, and what's the reason for it?

**Hon. S. Hagen:** The biggest reason for it is that they are unsuitable sites because of tidal action - not enough tidal action or not enough current. The area doesn't have an opportunity to cleanse itself, which of course we know the environment does in the ocean.

Once you locate a farm and you find out that it isn't cleansing itself, and they find out they can't meet the environmental standards that we've set, then we look for opportunities for them to move that farm somewhere else where there is better flushing action or there is better tidal action. There's an environmental reason for moving those sites.

**Hon. R. Neufeld:** So they probably move constantly then. Or you get a farm in one place, and it stays there for years.

**Hon. S. Hagen:** Well, if it's a good site, it can stay there.

**Hon. R. Neufeld:** Okay.

**Hon. S. Hagen:** My guess is that at some point, they're going to have to fallow that site. They move it somewhere else, just like a farmer's field gets fallowed. But it's not as easy as just picking them up and moving them because we need the approval of the CEAA process, which is a federal process.

I met with the federal minister last Thursday, and I said to him, very nicely, that it takes longer to get an approval to move one fish farm in British Columbia than it did to get the approval to build the Confederation Bridge - and that's the truth. He made a commitment to me that he would try, because that's a year or two to get one CEAA approval... He made a commitment to me that he would reduce that to six months. Six months is better than two years.

**Hon. R. Neufeld:** It's pretty fast for the feds.

**Hon. S. Hagen:** It's still a long time when you consider the progress we've made with Land and Water B.C.

**Hon. G. Campbell:** Colin, Graham.

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**[10:10]**

**Hon. C. Hansen:** Thanks very much. Actually, Richard asked exactly the question I was going to ask about, so I won't ask the question.

I'll just make a comment that I had heard the moratorium that was put in place by the previous government didn't in fact prevent environmental consequences from fish farms. It, in fact, caused them because of the very fact that they were not able to relocate from inappropriate sites to sites that were more appropriate.

I'm pleased to hear that we're making some progress in that regard. I certainly agree with you that six months is still too long if you look at the environmental benefits that would result from relocating to more desirable sites.

**Hon. G. Campbell:** Graham, Greg, Gordie.

**Hon. G. Bruce:** Dr. Hagen - or is it Eric of Norway? A couple of things, just coming back to Dick and the relocation of farms. We all want to be sure of the messaging out there. There have been no new farms approved in British Columbia. But where people may see new farms or see farms in new areas, those would be existing farms relocated. Is that what's happening?

**Hon. S. Hagen:** We do have applications in for new farms as well, but they're waiting for the CEAA process federally. I think what we'll see is a combination of new sites and the relocation of... I think there are 17 that have applications in.

**Hon. G. Bruce:** For relocation?

**Hon. S. Hagen:** For relocation.

**Hon. G. Bruce:** But they haven't been approved to relocate.

**Hon. S. Hagen:** No.

**Hon. G. Bruce:** There aren't actually farms being relocated to new areas that people would think were new farms?

**Hon. S. Hagen:** Not today.

**Hon. G. Bruce:** Not today.

**Hon. G. Campbell:** Not since June 6, 2001.

**Hon. G. Bruce:** The other thing is the escapement. You were mentioning it. It's down considerably. What's the impact of escapement? What I hear from some of my folks... The concern being expressed is that impact on the wild stock - virtually wiping out wild salmon. Then you hear different stories that the Atlantic salmon have a very difficult time surviving in the natural habitat of... Can you comment on that?

**Hon. S. Hagen:** Atlantic salmon don't have the built-in immunities that our Pacific salmon have for the diseases. That's why when the sockeye disease that comes from wild sockeye gets transferred to a fish farm, it usually means that they have to kill the fish on the farm.

There has been no evidence of colonization of Atlantic salmon in British Columbia. As a matter of fact, ironically, through the thirties, forties and fifties and right up until 1991, there have been attempts to actually colonize Atlantic salmon on the Pacific coast. They have been unable to do that. There is no example of them colonizing. There is certainly no example of them crossbreeding. They don't have the immune systems that our Pacific salmon have.

But I think there's one other point that the public doesn't always understand. That is that the survival rate of wild salmon is really, really low. If you get a survival rate of 2 to 3 percent with wild salmon, that's what you're going to get. The smolts will run out, which they're doing now. Two years later, when the pink salmon come back, the survival rate will probably be about 2 to 3 percent.

**Hon. G. Campbell:** Greg and Gordie.

**Hon. G. Halsey-Brandt:** Thank you, Premier. As you know, I had the opportunity to visit Alaska a couple of weeks ago with your deputy. We had a very good meeting with the public, the media, state Senators and state legislators.

One of their major concerns was around escapement. I appreciate the chart that you gave us. Their salmon industry is in dire straits, if I can use that term, because of the world price and the fact that people are demanding salmon year-round, so they're going to farmed salmon. They're losing a lot of businesses in their local communities. They're

sort of where we were about ten years ago.

The question they raised was around escapement. You certainly addressed the part about colonization. Who actually does the monitoring? Do we rely on the fish farmers themselves to report that to us? I'm impressed by the figures. They're very small, and they are going down. Obviously, no one is going to deliberately let fish out.

To assure them that these figures are accurate, what sort of guidelines do we have in place to make sure that these are accurate in terms of what's taking place in escapement?

**[10:15]**

**Hon. S. Hagen:** It is the responsibility of the farms to report escapes. The farmers actually have encouragement programs in place with their employees to report escapes. Obviously, they don't want to see any escapes, because every fish that leaves the net is fewer dollars to them. That's one thing that's driven them to do the research and development and to produce the better products or to have the better products produced. They would rather see a zero escapement.

**Hon. G. Halsey-Brandt:** Right. That certainly sounds logical to me. In the technology, would the fishermen who are fishing for wild salmon, if there were farmed salmon out there, catch a certain percentage of them? They would also provide information in terms of the catch?

**Hon. S. Hagen:** Yeah, they have to report that, and of course that gets reported to DFO and then gets reported back to us. Yes, and you know the commercial fishermen have caught Atlantic salmon in their nets. That's not an area of concern to me. I'm pretty assured that they are reporting those escapements.

**Hon. G. Halsey-Brandt:** I'm sure they would.

Thank you.

**Hon. G. Campbell:** Gordie.

**Hon. G. Hogg:** Thank you.

This issue has also caused a lot of phone calls, letters and appearances at my constituency office. As I listen to you describe it, Stan, it seems like there are three

issues that come out of it. One is the amount of misinformation that exists out there. Second is the whole process of consultation and involvement of people as new farms are being relocated or developed, and third is the issue of the federal approvals and how that has slowed us down.

You listed in your handout a number of the benefits. Then you said risks, and you equated the risks to some other industries. Then you talked about the issue of good science and making decisions around good science. Is it possible that these things could be integrated into a couple of pages - something that we could use in our offices to help correct the misinformation in a consistent fashion that outlines the risk? I assume when we talk about good science, we go to the balance of probabilities or best-case scenarios to make decisions because, with respect, for every PhD there seems to be an equal and opposite PhD in terms of the issues that come forward. So as we develop the good science model and the tests around that, that we show what we're doing around that...

It seems to me that the common theme, in terms of what I hear in my office and what you're now presenting us with, is the inconsistency of the information and, more importantly probably, the misinformation. It would be important for us to be able to integrate that into a couple of pages saying: "Here is the issue or the problem, and here is our response to that. Here's what the good science tells us." If we're able to distil that into something we can get our head around, then we can become better and stronger advocates for what sounds like the very best way that we can approach the whole issue of fish farming within this province.

**Hon. S. Hagen:** Yeah, and that's not a problem. We've actually done that, and I can make sure that you get it. There's something else we're waiting for, and that is the White Paper that's going to come out of the conference that we held in February. That should be out any day, which I think also will provide or at least dispel some of the information that's out there.

I want to repeat again that on one side of the issue you have about three scientists - maybe four or five - and on the other side of the issue we draw upon about 40 scientists to try and get the information that we need. Again, it was amazing to me to find out the lack of scientific information that we actually have in the year 2003. We're trying to fix that.

**Hon. G. Campbell:** Okay. Thank you, Stan. Thank you, all.

The next item is Murray. Murray's going to give us just a quick update on the

employment assistance program.

## **For Information: B.C. Employment and Assistance**

**Hon. M. Coell:** Thank you, Premier, and good morning, everyone.

Six months ago I made a presentation to open cabinet about how many people were leaving income assistance for jobs. Today I'd like to confirm these results. More people are finding jobs. Overall, the ministry caseload is down, and we are doing more than ever before for British Columbians most in need.

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I would like to say more about the success in a moment, but I would first like to put our current situation in some sort of historical context for you. There are two major influences on the income assistance caseload: general economic conditions and government policy. This graph shows the ministry's caseload from 1981 until now. The green line shows the unemployment rate. You'll notice that when the previous government came to power, the unemployment rate was trending down - meaning there were more jobs - yet the welfare caseload was going up. That's because the NDP loosened eligibility and increased assistance and made welfare a more attractive place to be and to stay.

Look at the peak: a caseload of 200,000. That's one in ten British Columbians on temporary income assistance, six in ten single mothers and one out of every seven children, with \$2 billion a year in cost to the taxpayer. That's a total of \$12 billion spent on temporary income assistance during the NDP's term and a caseload that was clearly out of control while unemployment was going down. Success for that government was simply putting more people on welfare. Success for our government is and will be providing people with an opportunity to move off welfare into the workforce.

This chart indicates how well we're doing. This is the total caseload since we came into office in June 2001. Today the caseload is down by 34,000. That's 66,000 fewer people on income assistance. It reflects a B.C. economy that is turning around. It reflects the significant shift we made last year in B.C.'s income assistance system. It is a shift away from a culture of entitlement that was formed during the NDP years. It is a shift toward employment for those who are able to work and for continuing assistance for those who are most in need. As you can see, our efforts are paying off in the declining caseload.

It is clear that more people are leaving income assistance. But why are they leaving, and are they better off? We're now conducting quarterly exit surveys of clients who have left income assistance. As you can see, the vast majority, 67 percent, leave for employment. These surveys are also telling us that employment is providing these former clients with an income that is three times what they were receiving on income assistance. That means a higher standard of living, greater independence and more opportunity.

Now, one of the problems with all surveys like this is the issue of response rates. Our latest survey is based on more than 1,500 completed interviews with former clients. That's about 30 percent of the total files the survey-takers worked with, and that response rate is average for surveys like this. You may have heard some criticism that many of the remaining clients could not be reached by telephone, and this somehow implies they cannot afford a phone or must be in desperate straits.

Again, this is a survey of former clients six months after they left income assistance. Former clients are not obliged to contact the ministry with their new phone numbers when they move, and former clients move a lot. They move where they want to be and where the jobs are, so the fact they can't be reached at their old telephone numbers doesn't indicate they can't afford a phone. What we do know about all of these former income assistance recipients is that they're not on income assistance now, and that's good. That's good for them as individuals, and it's good for the communities they live in.

We also know that the number of people employed in British Columbia is rising. Look at the improvement since 2001. There are 89,000 more British Columbians employed this year than there were in December 2001. This is good news for all of us, particularly those on income assistance who are looking to get back into the workforce. We're determined to give them the help they need through their individual employment plans and through our \$330 million investment in employment programs.

These programs have placed more than 15,000 clients in jobs since June 2001. Right now there are more than 8,000 job vacancies. I'll repeat that. Right now our ministry has 8,000 jobs available for ministry clients. Temporary assistance is called that for a reason. It is for people who are expected to work but find themselves in difficult circumstances. I am pleased that our efforts to assist such clients are working, and there's a payoff.

**[10:25]**

We're now able to provide more for clients who need our assistance the most - that is,



clients with disabilities. This chart shows you how big a proportion of the caseload is taken up by a particular category of assistance. You can see from the top two graphs that the "expected to work" category takes up a smaller portion of the caseload today than it did in June 2001. Today less than half of the caseload consists of clients who are expected to work. The bottom two bars show how the proportion of disability cases has grown during the same period. Today disability cases make up nearly 40 percent of the overall caseload. That proportion is expected to grow even more during the coming years.

We are now providing assistance to more people with disabilities than ever before. They receive the highest rate available through the ministry and indeed the third-highest rate in Canada. Eligibility criteria under the new legislation are based on functional limitations and for the first time now specifically include mental illness. Anyone who meets the criteria for continuing assistance will receive it. But once they've got it, we're not going to forget about them.

People with disabilities have told me they're tired of having an unemployment rate that is significantly higher than the provincial average. That's why last year we increased funding for employment programs for people with disabilities by more than \$7 million, to \$20 million. This year we'll increase it even more, by nearly \$4 million, bringing it now to \$24 million. A newly formed minister's council will be bringing together public and private sector leaders to look at innovative ways to create more opportunities for the people with disabilities in the workplace.

In just over two weeks we'll be raising the earning exemption for people with disabilities to \$400 a month. That's double what it was when we took office. It will help people who are able to work to maintain their skills, to participate in the workplace to the best of their ability and to find greater financial independence.

To sum up, the changes we've made to B.C.'s income assistance system are working. Thousands upon thousands of former clients have found work. Current clients are focused on finding a job with our partners. Most people in need are getting the assistance they require, and the system is being made sustainable for British Columbians now and into the future.

Premier, thank you for the opportunity to update cabinet on our progress. I look forward to cabinet's questions.

**Hon. G. Campbell:** Gulzar.

**Hon. G. Cheema:** Murray, can you tell me from the 40 percent of your clients who are on permanent disability, how many of those clients have a permanent disability because of a mental illness?

**Hon. M. Coell:** That's actually a good question. The former program allowed people with mental illness under the disability caseload. We changed the criteria to put that actually in legislation. We'll probably know better the numbers, but we're seeing more people with mental illness applying under the new guidelines and criteria. But we'll probably be a year away before we could look at that exact number.

**Hon. G. Cheema:** Also, can you explain to me... ? We hear from the community about the 23-page forms. There's a lot of misinformation out there about the person who is disabled and has a chronic mental illness and how they can't fill out those forms. Can you explain to me: out of those 23 pages, how many pages do they have to fill out, and what's being done to ensure that they have some help from the mental health community?

**Hon. M. Coell:** Yeah. The form we're using now for an application form and then the review form is 23 pages. The applicant only need fill out the first three pages - really only two, if they wish. The rest of the form is filled out by doctors and health professionals. We worked with the medical community and health professionals to make sure the form fit the needs we were looking for, as well as their having good input into it.

The review process is well underway and nearing completion, really. We've had advocates helping us. Our staff have done an excellent job of contacting people. We made a commitment to contact everyone who hadn't been able to get their form in as of a week or so ago. We were down to about 500 people yesterday, and I suspect that within a week or so, we'll have everyone contacted. One of the purposes of the review was to get more information and to make sure that people met the criteria. So we're doing that.

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**[10:30]**

**Hon. G. Cheema:** The final question is on how, for anybody who has a mental illness who has been on disability for the last - for example - five or ten years, we don't expect them to fully function. If they want to work, for example, for three or four months, are we designing special programs to make sure they can function? And if they're not fully functional for a year or so, they can always come back. So they don't have to fill out

those forms again?

I think that is one concern. They feel that somehow, when they go and ask for work, if they are depressed or have chronic mental illness, they may or may not be hired. If we can encourage the industry to have special programs and if your department can help them to design those programs, then after one year we can assess if those programs are functioning or not. Can you give me some update? Are we going to explore those possibilities?

**Hon. M. Coell:** Yes, we definitely are. I think one of the processes we used is raising the income to \$400 that someone can earn so that someone can work part-time. As you know, many mental illnesses are cyclical, so someone is able to work. What we've done, too, with the legislation is made the designation so that someone can come back on and have rapid reinstatement. If they find they can work for a year, but then they find they can't work because of the illness, they can come back into the system on rapid reinstatement.

**Hon. G. Cheema:** I think my question was: are we looking at developing special programs? For example, if I have a problem, if I want to work for three months, can I go and find a job in the area where I can fully function?

**Hon. M. Coell:** Yes. Well, I guess the answer to that is yes, we are. The minister's council that I have been putting together is having people who are in the public sector and private sector look at ways we can accommodate people with disabilities - mental illness being one of those disabilities - to get back into the workforce as best they can and where and when they can.

**Hon. G. Cheema:** Thank you.

**Hon. G. Campbell:** Linda, Joyce and Lynn.

**Hon. L. Reid:** Thanks, Premier.

Murray, my question and the comments and phone calls I receive at my constituent office are from individuals in the fetal alcohol syndrome community and the autism community. We have a pretty clear idea, as a province, of the number of folks in those categories that are school-aged. We don't beyond that. So it doesn't have to be today, but at some point a sense of the number of individuals the ministry has in those categories and how you track them... What percentage, in fact, would have completed those forms? That's the concerns of families - that folks are, in fact, being missed.

The second part of my question is about opportunities for part-time employment. Individuals in the fetal alcohol community and in the autism community, in some instances, could in fact work four hours a day. Are there mechanisms in place in your ministry to allow them to engage in seeking part-time employment as opposed to full-time employment?

**Hon. M. Coell:** There are people on the disability caseload with fetal alcohol syndrome and autism, and that's why we've expanded the amount of money that people can earn from \$200 to \$400, so they can earn some more and work part-time. We'll see how that goes. If that works well for people, we can expand that in the future.

One of the things with fetal alcohol syndrome, you would know, is that once someone has it, there isn't a way of reversing that. There really isn't treatment. Our criminal justice system faces the fact every day of people in the prison system with fetal alcohol syndrome. So prevention is the best, and I know your ministry, as well as ours, is working on programs for prevention of fetal alcohol syndrome.

**Hon. G. Campbell:** I made a mistake the last time. Sandy, you're next. Sorry. Then you'll be followed by Joyce and Lynn.

**Hon. S. Santori:** Thank you, Premier. Just a couple of questions.

One that I'm asked quite regularly in the constituency is the issue regarding relocation assistance. We're encouraged that the province is moving in the right direction and that a considerable number of new jobs have been created in the province. Having said that, I don't think it's any secret that some communities have been harder hit by issues like softwood lumber and the decline in the mining industry, etc., and it's going to take some time before those communities are restored economically again.

Without getting too technical, is there provision for relocation assistance for people who say: "Well, it's great that we've got 89,000 new jobs, but we don't have those opportunities locally"? Is there a program in place that will help, and are there limits to the relocation assistance for some of these individuals?

**[10:35]**

**Hon. M. Coell:** Yes, we have the ability to do that through our contractors as well. That's not something that comes up a lot. When you look around the province, a lot of people who are looking for work move long before they need income assistance, and I

think that's been a trend in British Columbia for many years. But we do on occasion, and have done in the past as well, have some sort of ability to help people purchase tools if they need tools to work, and we do transportation as well.

**Hon. S. Santori:** Just one other question, and that's regarding the new requirement of a two-year waiting period - that you had to have been actively employed for the two years prior.

**Hon. M. Coell:** Yes, and that, specifically, is for people who are employable. It doesn't apply to people with disabilities, single mothers, single parents or families with children. What we're looking for is to say to someone: "If you're able to work, we're going to work with you for two years. We're going to spend \$330 million on training and employment programs. We believe you'll be successful in British Columbia, and we want to work with people to make sure they're successful."

**Hon. S. Santori:** The question was going to be: is there a provision for unusual circumstances or non-preventable circumstances where an 18- or 19-year-old happens to be living in the home, and a parent either dies or leaves? The child is there and hasn't worked - doesn't meet the criteria. What situation is that individual in? It was not a matter of choice; it was something that was not preventable.

**Hon. M. Coell:** There are a number of people that the ministry does work with, and it works with the Ministry of Children and Family Development as well. So if there are children in care, there is the ability for those people to stay in care and receive assistance.

**Hon. S. Santori:** Thanks.

**Hon. G. Campbell:** Joyce.

**Hon. J. Murray:** Murray, the Health minister has brought two films about drug addiction here to the House, and a number of MLAs attended those films. One was called, I think, From Grief to Action, and the other one was called FIX. Those gave a pretty distressing and honest view of the challenges that face people with chronic and debilitating drug addictions - addictions particularly to illegal drugs - and of the human tragedy and some of the potential for dealing with it. I'm just wondering how your disability criteria support people in that situation who have a chronic, severe drug addiction problem.

**Hon. M. Coell:** I agree with you. Addiction in British Columbia is a real problem not only for the Health ministers but for us and for the criminal justice system as well. I think the

best thing we can do as a province is prevention at this point. The treatment programs - there's a whole range they're looking at with the Vancouver agreement that will need to be unfolded in the next couple of years. But we do have on the caseload, as in the general population, people who use and abuse illegal drugs. The problem with abuse of drugs, too, is the health risks: hepatitis, AIDS, all of the diseases that come with that.

There needs to be a coordinated approach, and not just in British Columbia. There needs to be a coordinated approach for drug addiction in the criminal justice system and the health system nationwide. So I agree with your comments.

**Hon. G. Campbell:** Lynn.

**Hon. L. Stephens:** Thank you, Premier.

On page 6 of your presentation, Murray, you talk about disabilities with the bigger share expected to work, temporarily excused and persons with disabilities.

I do a lot of work with women with disabilities, and most of them want to work. I think it's probably fair to say that people with disabilities who feel they can work want to be able to work. There used to be some community programs - I know we had a number of them in Langley - that were like work experience programs for disabled people to allow them to get some experience to go out into the workforce. In terms of those people you have here that are expected to work, what is happening there to encourage workplace accommodation or to help those people get that employment? That's the first question.

The second one is around the temporarily excused. What does that mean? What are some examples of temporarily excused, and what would be expected of them?

**Hon. M. Coell:** Temporarily excused has been a part of the Canadian income assistance system for years. It's someone who might have a medical emergency. You might have had a gallbladder out; you might have been in a car accident. There's a lot of medical reasons for the temporarily excused.

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**[10:40]**

The programs that I mentioned - we're going to spend \$24 million on training and employment programs for people with disabilities this year. What we're looking at now and over the next few months is trying to put together some programs that would

actually have supports at and on the workplace for people with disabilities, so they would be able to work. One of the problems is that people with disabilities have a 50 percent higher unemployment rate than people without disabilities, and we want to level that playing field. You have to do that with a number of things. You have to get the business community involved. You have to get the government community involved, as well, to try and find out what it is that would help alleviate that problem, because it's unfair and it's something that we want to correct.

**Hon. L. Stephens:** Thank you.

**Hon. G. Campbell:** Shirley, Katherine.

**Hon. S. Bond:** Thank you, Premier.

Just to comment on the work placement. As the business community and others have looked at the skill shortages that are facing not just British Columbia but Canada, certainly one of the work pools that we look forward to being able to utilize is, in fact, disabled workers. We need to be progressive and thoughtful about how we work with industry to capitalize on that prospect.

The question I have, Murray, is related to the upcoming deadline in terms of applications around the disability benefits. Initially, there was a significant degree of concern about the deadline. The ministry responded - and you did - very well, in terms of initially extending that deadline. In my community certainly, advocates and non-profits have worked very hard to assist those people who had challenges in getting their forms completed. We still, as you've pointed out, have a number of people who have not actually had the opportunity to file their forms. Is there some sort of reassurance that we can give our constituents about the process from here on out - to reassure those people that benefits are not going to simply disappear when the deadline does come, which is very shortly?

**Hon. M. Coell:** Thanks, Shirley. That's one of the reasons we left three months after the deadline before any changes would be made. We figured there would be people that may have difficulties, and we'd have some that we would need to contact. We made a commitment to contact all those people who haven't got their review forms in the mail. We're down to about 500 now. As I said, I think we'll have them contacted in the next week or so. That leaves plenty of time for them to have their forms in and to be adjudicated. If they're eligible, there would be no change in rates.

The other thing that I'm very impressed with... We said we expected, especially when

we put the mental illness category in legislation, that we would have an increase of applications. We have had. As of yesterday we've had 6,600 new applications for the status of a person with a disability and the support that goes with that. So they're in the mix as well, and our staff are working diligently to make sure that those applications are reviewed as quickly as possible.

**Hon. G. Campbell:** Thanks, Murray. Katherine, followed by Gordie.

**Hon. K. Whittred:** Murray, I think I heard you say there were 8,000 jobs in your ministry. I wonder if you could tell us a little bit about the work that your ministry does in terms of trying to connect income assistance recipients with the labour market.

**Hon. M. Coell:** That's been, I think, tremendously successful. What we've done is contract with a number of organizations - business, tourism and community organizations - to actually go out and find jobs, and at the same time help evaluate someone who may have been on income assistance for two or three years as to what their needs are, what they need to do to upgrade and then to sort of connect them with that job as well. That's how they're paid. If they don't find jobs - don't connect our clients to jobs - they don't get paid.

As I've said, we have over 15,000 success stories out there right now. The other thing is that many people who are on income assistance do find their own jobs. As I think Sandy was saying, some people move to areas where there are more jobs. Our contractors are throughout the whole province. There isn't an area of the province that isn't covered.

**Hon. G. Campbell:** Gordie.

**Hon. G. Hogg:** Earlier this week there was an unsubstantiated suggestion that while we're seeing a decline in the number of people on income assistance, in some particular age groups there were perhaps increases. I think they were referencing the under-19 group. I would be interested in having your ministry actually be able to take a look at that to find out if there are some age gradations in which there may be some increases or declines. Certainly, there is nothing that I've been able to find within our ministry that would suggest that, in fact, that has been the case.

**Hon. M. Coell:** I don't believe that is the case, Gordie, but I can get that information for you. I don't have it at my fingertips now.

**[10:45]**



**Hon. G. Hogg:** Thank you.

**Hon. G. Campbell:** Any other questions? Thanks a lot, Murray. That's great.

**Hon. M. Coell:** Thank you, Premier.

**Hon. G. Campbell:** Next is Kevin, the regulatory review update.

### **For Information: Regulatory and Red Tape Update**

**Hon. K. Falcon:** Thank you, Premier.

My colleagues will recall that prior to the last election, our government made a new-era commitment to British Columbians that we would cut the red tape and regulatory burden in this province by one-third within our first three years in government. We did that because under the previous NDP government over the last decade, we saw an explosion in the growth of regulation in this province. In fact, this province had the unfortunate title of leading the country in regulatory growth. What that means for regular folks out there is that a study was done that demonstrated that that growth, the regulation in this province, represented over \$5 billion in compliance costs alone that we've put onto British Columbia businesses and individuals.

The first thing we wanted to do was determine how big a problem we had, and so we undertook a rather revolutionary approach to measuring regulation. No other government has ever done it that I'm aware of. We actually took the time to count, in every single ministry of government and in every Crown corporation, the number of regulatory requirements that we impose on British Columbians. As you'll all recollect, we came to a number of almost 400,000 regulations right across this government.

We then set out a target for our '02-03 fiscal year, which actually ends this month in March, of a 12 percent net reduction in regulations right across government. Now, why did we do this? Well, the best way to probably illustrate why we did it is to give you a couple of examples, because I think the examples can shed light on why the government needs to think about how it regulates.

In the oil and gas sector, for example, we had companies approach us and demonstrate how we had four different ministries of government telling oil and gas exploration companies four different right-of-way pipeline widths that they had to have in this province. How those companies dealt with these competing width requirements from four different ministries, how they made their decision on whom to listen to was based

upon who had the biggest fine. That clearly makes no sense.

We also have even silly examples of... In Water, Land and Air Protection we had an example where the permitting regime under the previous government was so extensive that it actually resulted in a school district in the lower mainland cancelling their elementary school show-and-tell classes, because under our permitting requirements we actually required a permit for children to bring a tadpole or a garter snake or a bullfrog into a classroom for show and tell. That makes no sense, because that wastes scarce resources on things that don't make a lot of clear public policy sense.

We've always been clear in our minds that unnecessary regulation wastes time and resources for people, and it actually wastes time and scarce resources in government. We wanted to put together a framework. In that framework, of course, we had the regulatory count. We put into place a regulatory reform policy that established criteria on how we would assess existing regulations and also how we would assess any new regulations that we bring in, in British Columbia. Those criteria - and I won't go through all of them, but I'll just touch on a few of the key points - included things like making sure that our regulations were results-based, where we focus on the outcome we're trying to achieve as government and get away from that very prescriptive, process-driven approach of telling you exactly how you have to meet that outcome.

We also wanted to make sure that we had timeliness, so that people dealing with government could know that they would get an answer in a reasonable period of time. Premier, you've always been fond of saying it's better to have a "no" in six days than an "I don't know" in six months. It's better to tell someone up front what the situation is, because they'll feel a lot better about that even if they don't like the answer. We also had a...

Interjections.

**Hon. K. Falcon:** We also had a target. That's right. We're very good at saying no, evidently, aren't we?

Interjections.

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**[10:50]**

**Hon. K. Falcon:** Thank you.

We also had a two-for-one replacement target, where we established a target that we wanted to meet as government, where we would try and eliminate at least two existing regulations for every new one we introduced. That was a way to try and keep us aware of the cumulative impact of regulation in this province. Finally, we wanted to make sure that regulation was written in plain language so that regular folks can actually understand what government is asking of them.

We then asked each ministry to put together three-year deregulation plans, plans that would lay out what regulations and what legislation each ministry would be examining and when. That was because we wanted to have a very thoughtful process of understanding and making sure we had the consultations taking place that were necessary with stakeholders, but also making sure that as we went through this process, we did it in a manner that would ensure that we protect our important values of public health, safety and the environment.

Finally, we wanted to make sure we did this in a way that was as transparent as possible so that we could also be held accountable for results. That's why we embedded these targets into each individual ministry's service plans so that the public would be able to measure whether we were achieving our targets. It's also why our deregulation ministry reports out every quarter to the public and demonstrates what progress or lack of progress we're making. It shows how many regulations we've added, how many we've taken away and why we've made the changes we have.

Now, we've seen some important advances in some key areas I want to touch on. One of them is in the oil and gas sector under the Ministry of Energy and Mines. The Oil and Gas Commission has actually reduced the average application time by over 15 percent, and they've also replaced a whole bunch of operational applications that they used to require into notifications, which was much more straightforward and much more consistent with the professionalism and high standards we already see in that sector.

We've also increasingly been trying to make the Oil and Gas Commission the single window of approach so that when industry is dealing with government, they can do so increasingly through the Oil and Gas Commission window as opposed to having to try and deal with multiple different ministries and agencies in government. I'm pleased to say we are actually seeing some of the benefits coming out of that.

In fact, a recent article was talking about why, in British Columbia in the last couple of months, the number of new wells we've seen breaks all previous records. Premier, with your forbearance, I just want to quote from a National Post article last week that was headlined "B.C. Liberals Fuel Oil and Gas Boom." I just want to quote a section of this

where one of the senior partners at an international energy consulting firm that has offices around the world commented on things having to do with the B.C. Liberal government's efforts to strip away unnecessary red tape in the oil and gas sector.

Here's what he said: "The situation has improved dramatically. The old regime put up so many roadblocks that it just about became impossible for companies to go in there to explore. There were too many constraints and too much red tape. Right now British Columbia is miles ahead in terms of its legislation governing the oil and gas industry than many other provinces." As I say, that was quoted from the March 6 edition of the National Post. I think a lot of credit really should go to the staff members in Energy and Mines and at the Oil and Gas Commission for the work they're doing and continue to do.

In the mining sector, of course, we've also streamlined a number of regulatory duplications - for example, with contaminated sites. We've streamlined approval systems for small, low-risk projects, and we've also streamlined paperwork requirements for mine closures and having to do with coal reserve cancellations.

In the Sustainable Resource Management ministry we've now tailored environmental assessments on specific projects. Instead of a one-size-fits-all approach, we tailor the assessment to the actual project. To the credit of that ministry, we've cut the Crown land tenure application processing time by 50 percent, and we've entirely eliminated the backlog at the Land and Water B.C. offices.

All of you will remember that under the previous government, we had over a billion dollars in stranded capital that was waiting to get onto the ground and access the great natural resources of this province. That is an important advancement, because that creates jobs, it creates investment, and it creates opportunity, particularly in the heartlands of this province.

**[10:55]**

The Ministry of Skills Development and Labour changed the employment standards regulations. This was important, because what we did was simplified regulations to introduce much more flexibility into the workplace so that our workplaces actually represent the twenty-first century reality of a workplace in this province. It's much different than what it was 30 years ago or even, frankly, a decade ago. That has important impacts in terms of the regulations governing overtime, governing hours of work and governing things like calculation of statutory holidays. That has provided important flexibility for both employees and employers. But we've also coupled that flexibility with tough penalties for those who are silly enough to actually break those

provisions or who don't comply, particularly repeat offenders.

Where are we? We're making progress. As of March 14 we've eliminated over 52,000 unnecessary regulations. At the same time, of course, we've added about 10,000. That's a net reduction of just over 42,000. That represents a 5-to-1 replacement ratio. For every new regulation we've introduced, we've eliminated about five regulations. That, I think, really goes to the hard work of not just the folks in my ministry but civil servants right across government who have really worked hard to help us start to make some progress.

On the following chart you'll see the progress we've made, in the diagram here. In June 2001 you'll see that we started out with our baseline of almost 400,000 regulations. In '02-03, which is the next bar, we anticipate and are confident that we will meet our 12 percent net reduction this year, which ends at the end of this month. We will continue to make progress so that by '04-05 we do get to our 33 percent net reduction.

Even as we speak, we're making progress. Just yesterday Sandy introduced a bill called the Procurement Services Act, which will replace the outdated and prescriptive model we used to have in place in this province. Earlier this week Rich Coleman introduced legislation to streamline commercial vehicle compliance, which will also enhance public safety.

We just gave third reading to Bill 11, the Miscellaneous Statutes Amendment Act, 2003, which will streamline a whole bunch of different areas of regulatory reform. It also repeals outright some statutes and regulations that are no longer required.

We also have a bunch of major reforms underway that will have significant impact. We've got some results-based forest regulations that are being drafted as we speak. The Securities Commission is undertaking a far-reaching deregulation initiative. We've got the overhaul of the Waste Management Act, the trades and post-secondary education initiatives, and the oil and gas sector competitiveness initiatives. All of this is starting to cause a shift in the way we do business in this province.

It's not, candidly, a perfect process. But what we are seeing is a shift in culture where government starts to think about the impact of regulation on the public and starts to think about what outcomes we are actually wanting to see. Our goal is fairly straightforward: we want British Columbia to be a leader in North America when it comes to regulatory reform.

In summary, I just want to say that I think we've made some good strides toward

meeting our new-era commitment of reducing red tape and regulation by one-third. The key in all of this is that we want to send out a signal to attract private sector investment so that we can create jobs and opportunity right across this great province of ours. As I said at the beginning, as we do this we're going to do it thoughtfully and go through this whole process carefully. We want to make sure that we do protect the environment and that we do protect public health and safety. We're going to do that.

At the end of the day our success depends, frankly, less on the numbers we achieve and more on the fact of the impact it will have on British Columbians' ability to work with their own government, to be able to do it in a way that is timely and makes sense. We're already starting to see some positive feedback. Premier, we still have a lot more work to do, but we're going to do it.

I thank you for the opportunity to update everyone.

**Hon. G. Campbell:** Thanks, Kev.

Graham?

**Hon. G. Bruce:** Kev, perhaps more a comment than a question. I just want to be sure on this. You mentioned 400,000 regulations. Those are only provincial regulations.

**Hon. K. Falcon:** That's correct.

**Hon. G. Bruce:** On the back of those regulations would be municipal, federal and a whole pile of others.

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[11:00]

**Hon. K. Falcon:** That is a very good question. In fact, that's right. We're just counting our own provincial regulations. I have to tell you that I do get a lot of concern about local government regulations and about federal government regulations. One of the things that we've tried to do - that I certainly have tried to do and that I think all of us would agree with - is that before we even begin to consider lecturing other levels of government about what they should do - and frankly, there's a lot of room for improvement... Prior to doing that, I think it's important that we demonstrate by leadership exactly what governments ought to be doing when it comes to regulation. We are actually starting to get a lot of interest not just from within Canada but actually from

other countries, particularly the U.S., that are interested in the direction we're moving in.

**Hon. G. Campbell:** I just want to say thanks to all of the public service for the work they've done on this. These targets are much more difficult to meet than people initially thought. They're often difficult to meet because it seems like just a little thing, and we won't pay much attention to it. I think we have to keep focused on this as we go through it. I think if we do keep focused, we'll have a much better, much more economically viable regulatory regime, and we'll get the results we want.

I talk with small businesses - I'm sure, Graham, you've talked to the same ones - who are still very concerned about the WCB and the absolute avalanche of regulatory requirements that are placed on them for no benefit, with no accountability to any worker or any employer. That will be on Graham's list for 2003-04.

We have lots and lots we have to do. I think we've made some good progress, but we shouldn't kid ourselves. We've dealt with some of the low-hanging fruit. We've now got to do a real job of digging into this and getting to the fundamentals of it.

The other thing you mentioned, Graham, which is important both from the local perspective and from the federal perspective - something that doesn't get much attention - is how we've actually been working with the federal Ministry of Environment on trying to coordinate our processes with them so that there's one process as opposed to two lineal processes - one happens and then another happens. We're making some progress there.

I think we have to look for ways that we can create incentives for local governments to consider regulatory reform as well. I do think it's critical that they be incentives that are put in place. If we try to impose from outside on local governments all over the province, with all their different circumstances, I think we'll be in some difficulty. But I think the incentive program is something we should look forward to as we go through 2003-04 as well. We've made good progress, and I want to thank you all for the work you've done. It's a good start.

Finally, today we're going to hear, from Sindi, a quick update on the immunization program.

Sindi.

### **For Information: Update on Immunization**

**Hon. S. Hawkins:** Thank you, Premier.

I wanted to take an opportunity to update cabinet on a recent addition to our provincial immunization program. Those are the enhancements we made by covering two brand-new vaccines. I think we all recognize that protecting children is one of the top priorities of our government, and we all recognize the importance of protecting our population - our kids, our teens and our adults - from serious disease.

Just as a background, you should know that in B.C. our kids are routinely vaccinated for nine diseases. They include diphtheria, whooping cough, tetanus, polio, Haemophilus influenzae type B, measles, mumps, rubella and hepatitis B. Historically, the cost of covering all of these has been about \$15 million a year. According to the B.C. Centre for Disease Control, B.C. has one of the best immunization programs in the whole world. In fact, in the past ten years 93 percent of all B.C. children have had their shots by the time they started school. I checked the B.C. Centre for Disease Control webpage, and they are hoping to get that up to 95 percent. We are way ahead of other places in the world. We have one of the best programs, and we're still reaching for a higher target.

Well, in the past couple of years I think you've all heard about three brand-new vaccines that were approved by Health Canada: the chicken pox vaccine, called varicella; the meningitis C vaccine; and a vaccine against pneumococcal infections. I can tell you that every province and every territory has been grappling with how we can add these new vaccines into our public health care system. They're new, emerging technologies, and they're very expensive.

The National Advisory Committee on Immunization, which our provincial health officer sits on, has been pushing the federal government - as have we when we go to our tables - and it was really hoped that the federal government would provide funding for a national childhood immunization and vaccine purchase program. I can tell you that we were all pretty disappointed when the federal government didn't have that as part of their programs when they announced their budget this year.

**[11:05]**

My ministry has been working with the provincial health officer over the last year or so on how to incorporate these new and expensive vaccines into our comprehensive provincial immunization program. Last month we did decide to move ahead and increase funding to protect children and others at risk from two very serious diseases, and those are the meningococcal group C and pneumococcal infections. These two diseases are the major causes of bacterial meningitis in B.C. I think many of you have



heard of the cases in recent years.

We were able to direct these new dollars to do this because of the health accord funding secured by the Premiers from the federal government just last month. On February 21 and 27 we did move forward with introducing the new vaccines in response to advice from our provincial health officer. He recommended that we use a phased-in approach to introduce these new vaccines, so the implementation of the new vaccine program will occur in two stages. It will be carried out by the B.C. Centre for Disease Control, the regional health authorities, doctors' offices, local public health units and the like.

The first stage will target high-risk populations, with vaccines being available in April, so British Columbians of all ages at high risk for meningitis C can get the vaccine. By high risk, we mean those with underlying medical conditions that compromise their immune systems. The pneumococcal vaccine will be given to high-risk children under five and aboriginal infants, who are at higher risk for disease. That's stage 1, and as I said, that will begin in April. The second stage will see the two vaccines introduced into our wider global childhood immunization program in B.C. That stage will begin in the fall, although the meningitis C vaccine will be available as early as July for one-year-olds.

As the program unfolds, you'll see that the meningitis C vaccine will be given to children at one year and to children in grade 6. That means that over the next ten years everybody under the age of 20 in British Columbia will be immunized against meningococcal type C meningitis. That's the type of meningitis that strikes suddenly and has been responsible for major outbreaks in B.C., Canada and the United Kingdom. Our provincial health officer estimates that the new program will prevent, on average, one death and five cases of severe infection every year as well as lessening the likelihood of outbreaks associated with this.

The pneumococcal vaccine will be given to children as a series - that's the way it's delivered - and it will be given at two months, four months, six months and again when the child reaches 18 months of age. Although that vaccine won't immunize against all strains of pneumococcal infections, it does cover a large percentage. The Centre for Disease Control advises us that every year this vaccine will possibly prevent seven cases of meningitis. Thousands of childhood ear and throat infections could be prevented and, I'm sure, thousands of doctors visits and hundreds of hospitalizations as well, so there is a savings in providing this program.

The vaccination programs are anticipated to cost about \$15 million in 2003-04, which is this budget year coming up, and \$18.3 million in the following year. The addition of the

two vaccines, as you can see, is almost going to more than double our current immunization budget for protecting kids in our province. The health officer also informs me, because I needed to know what other places were doing and where we were at, that we are definitely in the top three provinces in Canada in providing coverage for these new vaccines. There are varying amounts of coverage in other provinces, and some provinces and territories at this time are not providing any coverage at all with any of these new vaccines.

I want to comment that in the case of outbreaks, the new vaccines have been available. On the advice of our medical officers and provincial health officers, we've always funded in outbreaks and provided immunizations to groups at risk.

I do want to say, Premier, if I can at this time, that a few weeks ago there was a case of meningitis C in Abbotsford. I know I speak for everyone here in saying that our hearts go out to the Coleman family and to the community. The loss of a child is tragic, and I know everyone here has them in their thoughts and prayers. I can tell you that the Fraser health authority, with their medical health officer, has worked with the community to ensure that those at risk were informed and were offered immunizations.

I want to end by saying that we're going to continue to work with our provincial health officer to find ways to protect and improve the health and wellness of our children and, certainly, all our citizens.

**Hon. G. Campbell:** Thanks, Sindi.

Questions? Okay, we'll adjourn.

The cabinet adjourned at 11:10 a.m.