



**TRANSCRIPT OF THE
OPEN CABINET MEETING**

THURSDAY, MARCH 15, 2002

Province of British Columbia

EXECUTIVE COUNCIL

Premier and President of the Executive Council
Minister of State for Intergovernmental Relations
Deputy Premier and Minister of Education
Minister of Advanced Education
Minister of Agriculture, Food and Fisheries
Attorney General and Minister Responsible for Treaty
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Hon. Shirley Bond
Hon. John van Dongen
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Hon. Linda Reid
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Hon. Ted Nebbeling
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Hon. Bill Barisoff
Hon. Rich Coleman
Hon. Graham P. Bruce
Hon. Stan Hagen
Hon. Judith Reid
Hon. Joyce Murray

THURSDAY, MARCH 15, 2002

The cabinet met at 9:05 a.m.

Opening Remarks.

Hon. G. Campbell: Welcome to yet another open cabinet meeting. I just want to outline what we have on the agenda today, a number of important issues.

First, we will have an update on advanced education from Shirley. She'll outline what's taking place with regard to our universities, colleges and institutes.

We will also be dealing with the presentation with regard to the life sciences centre. That will be followed by an update from Gulzar on the adult mental health plan. Then we have the Solicitor General dealing with changes in liquor licence classes. We will also have the Solicitor General and the Minister of Competition, Science and Enterprise dealing with the sale of spirits in cold beer and wine stores. Finally, we will have some recommendations from Rick on the proposed changes to the rural agency store locations. So there's lots on the agenda for today.

We will also have, at the end of the agenda, a quick update from Mike on the softwood lumber negotiations so that we're all in the loop with regard to that as we move through the last week of those negotiations toward March 21.

With those comments, we'll start with Shirley. Shirley?

For Decision: Advanced Education Capital Funding

Hon. S. Bond: Thank you, Premier. I was asked this morning to bring to you and to cabinet a brief update in terms of the post-secondary funding that we provided as government to institutions earlier this week.

On Monday - it seems like a long time ago - I think for virtually just about the first time in the province, we brought together the presidents from all of the colleges, university colleges, institutes and universities in this province to talk to them about the future directions for my ministry and also for the post-secondary sector in general.

It was a great meeting. I was very pleased to see all of the presidents together. We had a sense of common purpose as we look to create a top-notch education system for students in British Columbia.

On a more practical note, it also gave me the opportunity to provide the presidents with their very specific institution budget letters for 2002-03, as well as some planning estimates for the following two years. I'm very pleased to tell you - and I continue to be very proud of the fact - that this government said that post-secondary education was a priority, and it is. The funding envelope, as you know, for post-secondary education has been protected for the three-year period. In fact, because of some of the decisions we've made and the ways that we're looking at organizing the ministry, public post-secondary institutions in the province will in fact receive \$32.18 million more in direct funding this year.

What that means is we've been able to look at the envelope we've been provided with and look at ways to try to adjust that so we can send more dollars directly to institutions to help them with the situations that they face and to provide service to students in the province.

For the first time, also, colleges, institutes and university colleges received their funding in a block grant, as universities do, to try to give them as much flexibility and autonomy to make the budget decisions that are in the best interests of their students and communities.

While institutions certainly have greater autonomy as a result of the change, we are also going to be looking at an accountability framework which will hold them accountable for outputs and results. For example, in the letters that we gave to institutions, we anticipate and expect that access for students will increase by approximately 2,700 spaces in this academic year.

We've looked at giving as much flexibility and as many resources as we possibly can, so I simply wanted to have the opportunity to point out that particular process. The fact is that we've protected not only the envelope, but we've managed this year to send more dollars directly to institutions around the province.

In the letters we also indicated that we wanted and expected to see increased choice for students - in particular, in the areas of health, social work - and we targeted high-technology areas in addition to an on-line learning strategy across the province.

[9:10]

The budget letters detailed very specific provisions to increase the number of graduates in computer science, electrical and computer engineering, and the ability to graduate more nurses, care aides, health professionals and social workers. We also restated our commitment to maintain support to trades and technical training at last year's levels and to consult, obviously, about a closer alignment between entry-level trades training and labour market needs. As you know, we're in the process of looking at the whole future of that type of training in the province. There was also an increase in the letter. We included funding - the increases of \$8 million - to compensate institutions for the Medical Services Plan premiums.

Premier, I just wanted to take this opportunity to update cabinet on that particular information and to let cabinet know that the detailed budget letters that were received by the institutions will be posted on our website later today.

Hon. G. Campbell: Thank you, Shirley.

Any questions from anyone?

Moving right ahead, then, Shirley.

Hon. S. Bond: Thank you.

This morning, very shortly after I provide some very general overview comments about an incredible initiative, I will come back to you at the end of our presentation and also that of the guests we have in the cabinet chamber today to ask for your approval, the approval of cabinet. I will make some very general overview comments about the challenges we're trying to address with a particular initiative. I know we're also going to have some very specific programmatic detail provided by our guests this morning.

Today, helping me outline for you the very exciting initiative of this government, are presidents of three universities in British Columbia. I'm pleased to introduce to you and welcome to cabinet this morning UBC president Martha Piper, University of Victoria president David Turpin and University of Northern British Columbia president Charles Jago. Also, we're pleased to have the dean of medicine of UBC, John Cairns, with us this morning.

We are very excited to be bringing forward an initiative that will increase the physician supply in the province. This project will allow the University of British Columbia, in partnership with the University of Northern British Columbia and the University of Victoria, to significantly increase the capacity for medical school enrolment beginning in September 2004.

We want very much to point out to you - and I know the presidents will do an excellent job of explaining it to you - how incredibly unique this program is not only in British Columbia but, it's been suggested, even in North America. It is a collaborative model that will work well not only for our urban areas but for our rural communities as well.

Before we give you some sense of the project, I want very much to thank the staff in my ministry and the staff at Treasury Board. They have worked incredibly long hours to make sure this proposal has been well prepared and well thought out. I also want to thank two of my colleagues, who have been quite tireless as we've thought about the planning and the implementation of this. That's, obviously, Sindi Hawkins, who has given much of the leadership and direction as we've looked at what we need in British Columbia in her critical role as we look at planning. I very much appreciate that. Also, there's the Minister of Finance, who has pushed very hard to make sure this is well within our envelope.

We wanted to, basically, set up for you the scenario. What is the challenge we're facing in British Columbia? In fact, I think we're all aware that there is a looming skills shortage in the province. We're finding that we have a great deal of difficulty in recruiting and retaining health care professionals. The facilities we are currently using for physician training are inadequate and aging. There is also increased competition from other jurisdictions and a very serious shortage, in particular in rural and remote communities in the province, in terms of the needs of physician supply.

In British Columbia we have only one medical school. Interestingly enough and quite critically, if you'll note, there has been no increase in the number of spaces for physician training in the province between the years of 1980 and 2001, while the population increased by 50 percent. Surprisingly, British Columbia has the lowest number of first-year medical student spaces per

capita in the country. In addition, 300 doctors leave or retire yearly, while we are graduating only 128.

[9:15]

As you can see it quite graphically, British Columbia, sadly, until today ranks dead last when you look at the per-capita number of first-year medical school spaces in the country. I want to point out that if you look at New Brunswick, Nova Scotia and PEI, while we've displayed them graphically separately, they actually only share a medical school.

We certainly recognize competition not only from elsewhere within Canada but from around the world. There is a known shortage of physicians globally. Traditionally, for over two decades we've been hiring new doctors or in essence issuing billing numbers in British Columbia at the rate of 300 to 400 per year while training only 120 physicians annually at UBC.

Add to this what's happening in British Columbia demographically. The population of the province in the year 2000 was just over four million people, but we're expected to grow to 4.7 million people by 2010 and 5.4 million by 2020. By the year 2020, one in five British Columbians will be over the age of 65 years. The implications of that for our health care system are of course staggering. The Canadian Medical Forum task force on physician supply in Canada in November 1999 reported that the ratio of physicians to population will drop by 30 percent over the next 20 years. By 2020 B.C.'s population will have close to one million people, or 18.4 percent, who are over the age of 65 years.

That's a particular concern in rural communities in this province with their high proportion of elderly or retired population. This medical school expansion is going to provide real help. The number of rural physicians in British Columbia has dropped from 576 in 1994 to 490 in 1998. Added to that, B.C. graduates are not staying. Of the 415 total new doctors in 2001, only 72 of them were B.C. graduates. The proposal in front of you, which I will be requesting at the end of the presidents' presentation, will allow us to deliver on a commitment to provide a major addition to the University of British Columbia medical school existing site but also to add a further facility on the campuses of the University of Victoria and the University of Northern British Columbia, which will create additional opportunities for new medical students to undertake training at regional locations.

We have a significant problem in the province. What's our solution? The solution is the life sciences initiative: \$134 million of total capital expansion to create new medical school spaces at UBC, UNBC and UVic. It is a remarkable and unique program. It is a multi-region and multi-university collaborative model that is unique. In terms of what it actually means in the province, it means we will increase the student intake for training physicians to 224 by the year 2005. From our perspective, the most important part of the program is in fact that students will be trained where they live. We believe it will help them to stay and serve where they're trained. Residency programs, which we're working on with Health Services and Health Planning, will also be provided in those rural and regional areas.

The collaborative nature of this project - it links three universities across three distinct regions of the province - is such an amazing and exciting concept. There will be new space at all three institutions, which will provide for classrooms, teaching, research laboratories, communications networks, study space and faculty space. One of the most exciting features of this initiative, as I've mentioned, is the regional training and residency components. This will encourage medical graduates to remain in their communities and the regions where they receive their education.

The slide demonstrates for you the increase in the size of the program and how the proposed medical spaces at UNBC and UVic will eventually add to the total picture. You'll see that by the year 2004-05, when the buildings are open and ready for intake, we will be adding 24 spaces at UBC to the current 128 spaces. We will be adding 24 at the University of Victoria and 24 at the University of Northern British Columbia. In 2005-06 we'll be adding an additional 24 seats at UBC, for a total increase in intake to 224 students by 2005-06.

[9:20]

The new model of medical education will build on the existing UBC curriculum, while adapting it to employ extensive use of distributed learning or telemedicine. All students will begin their program at UBC but then will move in their second semester into one of three medical streams at UNBC, UVic or UBC.

The northern medical program at UNBC will address issues of particular relevance to northern communities, including first nations and environmental health and injury management. The Island medical program at UVic will add expertise in biomedicine, nursing and neuropsychology, as well as in specific population areas such as aging and youth.

The startup or operational funding of \$5 million by my ministry will be provided in 2002-03 to allow for planning, curriculum development and library acquisitions.

We identified the problem, and we're proposing a solution. What are the benefits? The benefits are more physicians for the province of British Columbia. We want to reduce the shortages that occur in rural regions. We are placing a new emphasis on retaining the skills in this province. We are going to create new leading-edge facilities.

This is amazing and a great new story, one that I know pleased the Finance minister: the institutions have guaranteed the delivery of the buildings on time and on budget, while assuming any risk of overrun.

I want to make a couple of points here. First of all, there is a great track record in terms of the building programs that have been taken on by these institutions. They intend to have the buildings ready on time. In the very unlikely event that they are not, facilities and space would be ready by 2004 so that we can ensure that those students will be taken in on time. If - we are sure that it will not occur - there any cost overruns, they will be assumed by the institutions, outside of any public dollars or revenue generated from tuition. They will have to come from elsewhere.

The bottom line is better patient care for the province of British Columbia. This plan puts students and patients first. It will offer more choice for learners in British Columbia. It will offer students on Vancouver Island and in the north a chance to get professional education for the first time close to home. It addresses critical skill shortages. It helps meet the needs of rural communities. In fact, it will help increase access to medical care for all British Columbians. We promised the citizens of this province that we would do it.

Before I ask for the approval and for any questions that you might have, I am very pleased to ask the presidents who are representing each of the component parts of this program to provide some specific details about the program. I think we're going to start with Dr. Piper.

Hon. G. Campbell: Hi, Martha. Go ahead.

M. Piper: Thank you very much, Minister Bond, Mr. Premier, members of cabinet.

It is a real pleasure to be here this morning to share with you our excitement for and support of the life sciences initiative before you. This initiative responds to the new-era commitment to expand medical education in this province. We believe this initiative is both bold and extremely positive for all British Columbians.

The collaborative approach to medical education which this initiative embraces is truly unique in Canada. In my opinion, it will permit British Columbia to become the leader - the leader - in this country in the preparation of health professionals. Never before have three universities come together in a collaborative way to work so that students will benefit from the universities involved and the strengths of those universities.

I think more importantly, however, this program will permit British Columbia students to reside in British Columbia to pursue their desire to become physicians. Currently, British Columbia students have only half the opportunity of other Canadian students to pursue their choice of becoming a physician in their province. Hence, many students in British Columbia, if they desire to become physicians, have to leave the province in order to pursue that, and we know they are unlikely to return. We can no longer depend on other countries and other provinces to provide the physicians we need here in British Columbia.

[9:25]

All students who enrol in this program will receive a UBC degree. UBC has a national and international reputation for excellence in medical education. While they'll receive a UBC degree, they will also receive the benefits and strengths of the other two universities involved. It truly is a remarkable program.

The UBC medical program will be further enriched by the world-class - and I say world-class - new life sciences building that will be built on our campus, as well as the other two facilities to be built at UNBC and UVic. I believe the collaborative approach provides, therefore, a very cost-effective solution that meets the needs of all British Columbians.

Finally, we see this expansion of medical education as allowing British Columbia to greatly increase the research funding that is attracted to this province. This is important not only for the knowledge discovery that comes from research funding but also for the enhancement of health care that comes from research discoveries. The life sciences centre will be a focal point for biomedical and health research in Canada, consolidating interdisciplinary research teams and networks of centres of excellence. The faculty of medicine at the University of British Columbia currently receives about \$90 million annually in research funds, 85 percent of those coming from outside the province. We believe that this initiative will significantly enhance our ability to attract external research funding to this province.

Hence, we support this collaborative approach. We believe it's unique. We believe it will position British Columbia as a leader in the country and potentially in the world. We also believe that it will provide British Columbians with enhanced health care over the next decade or two.

I would now like to introduce Dr. David Turpin, the president of the University of Victoria.

D. Turpin: Thank you, Martha.

Mr. Premier, Madam Minister, members of cabinet, this is really a very exciting day for the province. This is a bold and exciting initiative that is going to serve the needs of the citizens of this province for decades to come.

We've heard about the problems with the provision of adequate physicians. We've heard about the problems of providing physicians in rural and remote communities. This initiative will help to address that.

If we look at the capital region, where the University of Victoria is located, we have the second-largest concentration of health care professionals and specialists in the province. If we look at the interaction and the support from the broader community that we've been able to develop for this initiative, it bodes very, very well for success. We've been interacting with the new Vancouver Island health authority and been interacting with the other Island health authorities over the preceding 18 months, and what we have is a great deal of enthusiasm to make this initiative work.

The Island medical program will take advantage of that community support, and it will take advantage of the existing strength in medical education within this region to serve rural communities and smaller centres not only on Vancouver Island and in coastal communities but across the province, in the north and in the interior.

The University of Victoria has some very specific areas of expertise and strength that it will bring to this initiative - for example, gerontology. Our Centre on Aging is regarded as the leading centre in Canada. We have expertise in biomedical research, and one of the key areas that we're going to be able to bring to this exciting initiative is the whole area of interdisciplinary health research and practice. If we look at the way health care services are evolving, it requires professions to interact. Our expertise in the interdisciplinary approach to education is going to be something that we will bring to the table in terms of educating the doctors of tomorrow.

If we look at the population in this region in particular, the capital region, what we see is that over 20 percent of the population is over the age of 65. That number will not be reached nationally until the year 2020. What better environment to educate the health care professionals and the doctors of tomorrow than in an environment that reflects that changing population? It will serve not only British Columbia but Canada.

One of the things that we will be doing together is developing tele-learning and on-line programs that will allow students at UNBC and the University of Victoria to participate in activities at UBC. In addition, the unique programs developed at UNBC and UVic will be available to the students at UBC.

[9:30]

This initiative will provide a whole series of new opportunities for interdisciplinary education of doctors, nurses and other health care professionals. The exciting thing about having three

universities working together is that it provides us an opportunity to bring those shared strengths together and to serve the education needs of our students.

The UBC life sciences centre will bring together health professions at UBC under a single roof. The development of the physical facilities at UNBC and UVic will provide similar opportunities at those institutions. Our combined strength at UVic and UNBC in interdisciplinary education as well as this new environment for developing and creating an innovative approach to health care education are going to serve the needs of this province well in the years ahead. Our graduates, enriched by this interdisciplinary experience, are going to be able to work together more effectively in the interdisciplinary health care teams that we're going to need in the future.

This is a very, very exciting initiative not only for this region but for the entire province. With the partner institutions, we're looking forward to being able to deliver on the future health care needs of this province. Thank you.

I'd now like to introduce Charles Jago, the president of the University of Northern British Columbia.

Hon. G. Campbell: Thank you, David.

Welcome, Charles.

C. Jago: Mr. Premier, Madam Minister, I have to say that this is an extremely proud moment for me personally and also for my colleagues. From the Prince George perspective, it has been 21 eventful months since 7,000 people attended a health rally in that city to express their concern about adequate health services. There were similar rallies in other parts of northern British Columbia. The rally highlighted a growing anxiety about security of health care in the north. You can see from the slide that 83 percent of B.C.'s rural physicians are trained outside of B.C., so the exposure is very significant.

At the time of the rally, UNBC offered to respond by seeking to expand the university's role in the education of health professionals in the north. A small team of senior administrators conducted global research to determine what we could do. Our research proved that there are examples which show that physicians can be trained successfully for rural practice and that this very intentional approach provides enduring benefits for rural and northern communities. Hence was born the concept of the northern medical program, a northern solution to a northern problem.

At this point, I do want to thank, particularly, the support we had from communities throughout northern British Columbia. We know what is required to make the northern medical program succeed in terms of the types of students you recruit into the program, in terms of the kind of education you provide, in terms of the community settings in which you provide that education. We also know that through the northern medical program, we will be able to address many of the first nations health needs in the north.

We also know that medical education produces economic spinoff benefits. For example, UBC has produced 60 to 70 life sciences companies from its medical program. Those companies employ over 1,500 people in the province. From the northern perspective, we also know that reliable health care - security of a supply of health professionals - is key to sustainable communities and is key to developing strong northern and rural economies.

We have made our commitments to government. The minister outlined those commitments regarding the capital plans for this program, regarding the expansion of physician training, relating to the interdisciplinary nature of the programs that we will provide and relating to the fact that we are developing a distributed educational model based on inter-university collaboration - a very bold initiative not only in this province but in Canada and throughout North America.

[9:35]

I have to say, Mr. Premier, that we appreciate the responsiveness of this government to the issue we all faced in this province, and we appreciate the leadership shown by yourself, by the members of the cabinet and by the minister in taking this bold step to expand medical education as a new-era commitment.

This is a very bold initiative. It's based on a partnership of three universities. It's based on a partnership between the universities and government, and it's based on partnerships across several ministries within the government. We think this initiative marks a very great day in the history of this province, and again, we thank you for your responsiveness.

Hon. G. Campbell: Thank you.

Shirley?

Hon. S. Bond: Thank you, Premier. With those comments, I'm sure there may be questions, but I would ask and seek cabinet approval for a Treasury Board decision that would bring a funding authority of \$134 million to construct a life sciences centre at the University of British Columbia and accompanying satellite facilities at the University of Northern British Columbia and the University of Victoria.

Hon. G. Campbell: Okay. Questions?

Sindi?

Hon. S. Hawkins: Thank you.

Shirley, I'm so pleased that you got this off the ground. I want to congratulate you and Gary and certainly the presidents for working so hard on this and making it a reality. For years, we talked about how we were going to get students and doctors out into communities, and we never really asked the question of how we were going to get training out there so they'd actually stay.

I think this is more than just building buildings. This is about building communities and stabilizing communities by giving them the continuity of care. Certainly, it helps us meet our new-era commitment of making sure patients receive the care they need where they live. I'm very proud of all the work that has been done. This is just a beginning. As the president has pointed out, this gives us a great opportunity to expand residency, to build new residencies, to expand on research opportunities we probably never, ever imagined and on community partnerships across the province.

I'm interested in the focus on aboriginal health that UNBC is taking. I'm just wondering if there have been discussions initiated with the first nations. Have we embarked on that already? Are we starting to build those partnerships?

Hon. G. Campbell: Shirley.

Hon. S. Bond: Dr. Jago, actually, is going to speak to that.

C. Jago: Yes, we have received funding to begin that dialogue with first nations communities. UNBC already has very strong involvement with first nations communities through community-based educational programs and through community-based research, so there's already a foundation we can build upon. Currently, we're focused very much on developing health research programs in connection with those first nations communities.

Sindi, I think we have an enormous challenge to develop medical education in a way that will deal with the cultural issues you find in working with first nations communities. We are committed to making an enormous effort not only to address those issues but to establish a program that will be inviting first nations students to come in and participate in the educational programs, to become physicians and to provide that service back to their own communities. So yes, the discussion is well underway, and it has been a very positive discussion.

Hon. S. Hawkins: That's excellent.

Premier, if I can say, I wish them all success, because I can see that this is a model we can perhaps expand around the province. Shirley probably doesn't want to hear that right now. She probably knows where I'm coming from.

Also, I see Dean Cairns, our dean of medicine at UBC, is here. We've had some good discussions about the kinds of curriculums we need for our medical students. We're going to keep challenging the UBC department of medicine, because I think this is a great and absolutely unique and innovative way to deliver medical education. Our need is great in this province. What we've asked you to do, and hopefully you will consider it, is to continue working on a curriculum that is probably more intensive and a little bit shorter so that we can get the resources out to the communities that need them in this province. Thank you for all your hard work. I'm very excited about this.

[9:40]

Hon. G. Campbell: Rick.

Hon. R. Thorpe: Thank you, Premier.

First of all, Shirley, I'd like to thank you very much for your determination and your hard work in making this into a reality.

I'd also like to express my thanks to the presidents. Your enthusiasm and your leadership on this very bold initiative are very, very exciting, and I'm sure all British Columbians are excited by your enthusiasm and, of course, Minister Bond's work.

My question to you, Shirley, is: how does this program and these three universities link into facilities in the interior, the Okanagan, the Kootenays, the Thompson? How does that link together for patients in those regions of the province?

Hon. S. Bond: Most importantly, I think we need physicians to stay in British Columbia. I know that we and the presidents have had these discussions. We are committed to looking at ways, as Sindi has also suggested, of making this the very beginning of those kinds of projects. As you can imagine, as we begin to deliver education via telemedicine, on line or those kinds of things, the potential to link with other institutions across the province increases exponentially.

I think the whole concept of looking at how to integrate, how to work with other institutions, is the very premise that this project is founded on. I know there is incredible interest, particularly in the interior and other places in the province. I can assure you that we will be pushing very hard to look at how to maximize the resources that are being put together through this collaborative approach.

I see John nodding, in terms of he knows we're going to push very hard to make sure this is a benefit to students right across the province.

Hon. G. Campbell: Rick?

Hon. R. Thorpe: If I could have just one more follow-up, Premier.

What role does the federal government have in working together with you and the universities on this issue?

Hon. S. Bond: Well, at this point, this is our initiative in British Columbia, but as Dr. Piper would be happy to tell you, one of the things we're excited about is that this is an opportunity for us to leverage dollars in research in particular. We are going to continue to be bold and lead the way and indicate by our leadership to the federal government that we're very interested particularly in the rural and remote aspects of health care. We think there's opportunity for us to have those kinds of discussions. We'll certainly be taking advantage of this particular initiative to leverage partnerships and dollars wherever we can do that.

Hon. R. Thorpe: Thanks, Shirley.

Hon. G. Campbell: Gary?

Hon. G. Collins: Thank you, Premier. I have one issue I want to raise for the members of cabinet, and then I have a couple of questions for the team of university presidents we have here today.

First of all, I just want to draw to the attention of cabinet members who aren't on Treasury Board, weren't involved or haven't seen this come through once before that there is an existing capital construction approval process in government, which is an ongoing process, which has reporting functions back to government for these major projects. Both UVic and UNBC will be following that normal process.

UBC is requesting to use a somewhat different system which will involve the hiring of a construction management firm, and they'll be following through a somewhat more expedited or streamlined process. There are fewer requirements for UBC to come back to Treasury Board and to the capital division for various sign-off steps in the preparation, planning and design portion of the construction phase, but there is still monthly reporting to the board of UBC. At the same time, those reports will be sent to the capital division in the Ministry of Finance, so we do get to keep an eye on it.

It is a little more streamlined, but given the track record that UBC has and the success they've had in major capital projects in the past - although perhaps nothing quite this size but pretty close - we feel pretty comfortable with this. Treasury Board is comfortable with that somewhat streamlined

process as well. UBC is also taking the risk for the eventuality that something takes longer than anticipated or that it goes over budget.

I want to make cabinet colleagues aware of that. This is a major capital project approval, and I just want to make sure people understand that. If people have any questions, I'm glad to answer those. I'm sure that Martha will be glad to answer them as well.

[9:45]

I have a couple of questions. Shirley sort of has alluded to it a couple of times, but I wanted to ask specifically. This is a \$130 million investment by the taxpayers in three facilities across the province. I think it's bold. I think it's a major undertaking. It was part of what the Premier put in our package of announcements during the election campaign, and our commitment was made at that time. I think it is a visionary move to try to do something quite different across the province and take advantage of the strengths we have in the different regions, but it's \$130 million of all-public money.

I know that UBC in the past - and some of the other institutions have been, perhaps, probably not as successful as UBC, but certainly have some success at leveraging other dollars, private sector dollars or federal dollars, into this type of a project to expand the benefit that the public gets from their investment.... I'm wondering if you have specific plans that you can tell us about and you're comfortable telling us about. I don't know what they might be.

Also, are the three institutions going to work together to maximize some of the skill sets and experience that I know UBC has in attracting those dollars to make sure that we can attract some of them into the University of Victoria and UNBC, as well, where perhaps there isn't the same level of skill and experience and track record of the same size that UBC has?

Hon. G. Campbell: Martha, the question is: are you willing to tell the other people your secrets?

Oh, David's going to answer this.

D. Turpin: Yes, Martha's sharing all her secrets with the University of Victoria.

That's a very important question. I think one of the things we see in terms of private sector support for initiatives is that the whole area of health is a very, very attractive area for individuals to support in terms of their gifts to institutions. What we're seeing is that by moving into medical education, by expanding our capacity for health education broadly at the University of Northern British Columbia and the University of Victoria, that in and of itself is going to have a huge influence on the ability of our institutions to garner private sector support for these types of initiatives.

We're currently in the process of searching for a new VP external. A major element of that portfolio is the whole development component and our interest in health, broadly defined, which are going to be key in that recruitment. It's a very important question, and it's going to serve both UNBC and UVic very, very well as we move forward looking for additional private support.

Hon. G. Campbell: Martha.

M. Piper: I don't think there are any secrets. This project really is the....

A Voice: It's open cabinet here, Martha.

M. Piper: No, there are no secrets on how you....

A Voice: We've noticed there are no secrets in this government. That's right. [Laughter.]

M. Piper: There are no secrets on how you attract financial support. This project will enhance our ability collectively, as a province, to attract investment by industry, individuals and other governments. What this project will allow us to do is attract and keep the best minds here, both the minds that are coming up and the minds that will be mentoring those minds. That's what people invest in - whether it's a private donor, whether it's the federal government for their research excellence, whether it's a company, pharmaceutical or otherwise, whether it's another university in Singapore or the Singapore government. There are no free cheques here. It's about excellence, and it's about investing in people.

What this life sciences initiative will allow us as a province to do - UVic, UNBC, UBC, the interior, the university colleges, all of the programs that will be associated with this program - is to have the

best minds who will then attract the investment. That's what people are investing in. They aren't investing just because they want to be good citizens. They're investing because they believe that the minds there will be able to discover, will be able to train, will be able to create the best in the world. That's what this program will allow us to do.

I would suggest we track that. I believe that with this investment, we will enhance all of the other investment that's coming into this province. It will be marked, and it will be absolutely demonstrable. We'll be able to demonstrate that we've done that.

[9:50]

Hon. G. Campbell: Gary?

Hon. G. Collins: Before you run away, I just had a little follow-up on that. I don't know to what extent there are opportunities for naming these facilities, that type of fund development. Are you looking at all those options?

M. Piper: This particular facility, as it's construed, is being funded by the \$110 million, but there will be other facilities within the campus that will be associated with this - whether it's the CFI projects, the research projects, other laboratories, other lecture halls or whatever is needed.

Of course, we always look at potential naming opportunities. It depends on the cost, it depends on the individual, and it depends on the opportunity that's available.

I have found that in general, that has not been the reason that people or groups give. They give because they believe that what is being done in those buildings and in those facilities is truly world-class.

Hon. G. Collins: Great. Thanks.

Hon. G. Campbell: I've got Dick and then Colin.

Hon. R. Neufeld: Thank you, Premier.

Actually, my question was going to be around some of the answers that already have been given.

I would like to make a statement and to thank Shirley for the hard work that she's done in trying to facilitate training specifically in the north. I come from the north, and I know the difficulty that is experienced in retaining professionals in rural and northern British Columbia regardless of what professionals they are. That's a great move to be able to do that.

I reflect a bit on the college system in working with training teachers in a different way than had been done for many years and the benefits of that program - having northerners actually being able to upgrade at colleges to get teaching degrees. They actually then stay in the north and provide those services to the people.

Working with UNBC and with Charles.... I know Charles quite well, and his heart's very much in UNBC. I think he should be commended for the hard work that he's done through the years.

As a northerner, my communities that I represent and in fact in all the north, they're pretty proud of the University of Northern British Columbia and what it's done for British Columbia and for those people that live in the north.

The funding questions that I had or other access to funding, I think, have been quite well addressed.

Again, thank you to you, Shirley, and to the presidents of the universities for their hard work, and especially to my good friend, Charles.

Hon. G. Campbell: Thank you.

Colin?

Hon. C. Hansen: Thank you very much.

Shirley, I share your enthusiasm. I think this is an exciting initiative. I was particularly pleased to hear your comments around telemedicine, because clearly there are some huge opportunities in

the future.

Sindi and I went to a demonstration at Vancouver General Hospital - it's a pilot project at this stage - where they had the top tertiary specialists in the province based at Vancouver Hospital on line using telemedicine technologies to link up with - in this case the operating emergency room was in Cranbrook - a GP who was trying to stabilize a patient relying on the advice of the top medical experts we have in the province. That is particularly exciting.

As we have opportunity to roll out that technology around the province, it really will, I think, be able to show British Columbians that they can get the health care they need when they need it and where they live. I think every community would love to have the whole range of specialists in their community, which isn't practical. Now, using telemedicine technologies, they will be able to be on line with those experts from anywhere in the province. I'm pleased to see that's being incorporated into the med school program.

The question I had was around the issue of forgivable student loans, which is something that we've talked about. I'm wondering if you could give an update on where we're at with that initiative.

Hon. S. Bond: I should have mentioned that, and I was remiss in not doing that.

This is really part of a bigger strategy, as you and Sindi both know. We are now providing the training where students live so that we can keep them there. We are seeing the beginnings of the takeup on the program that we started. I don't have the numbers with me today, but I can certainly get them for you. I haven't done as good a job as I should have in terms of the information around the forgivable loan program. I'm working on that.

[9:55]

Sindi and I did announce in the summer, I believe it was, a forgivable loan program that will link very nicely to this particular initiative. We will forgive the loans of students who choose to serve in underserved communities in the province at 20 percent a year for a five-year period, so they can actually have their loans for training forgiven.

I think it's just the beginning. It's the concept of how we create the kinds of incentives that we need to keep health care professionals and, potentially in the future, other professionals in British Columbia. I really appreciated Richard's comments about teaching, because I think the same thing does apply ? for example, Northern Lights with their programs.

So the forgivable loan program is up and running. Students are taking advantage of it, and this program will benefit them very nicely, and it will help us link them even more tightly to the province. We're working on a better information package around that, but certainly students are taking advantage of it now, and we expect that to increase with this program.

Hon. G. Campbell: Gordie?

Hon. G. Hogg: As we move from this centralized to more decentralized model of service delivery or of educational delivery, and using some of the things Colin has referenced with respect to using the new technologies, do we have some sense of the per-student cost as it compares to a centralized model versus a decentralized model, or the per-student cost as it compares to other practices in other parts of the country where they have everyone on one campus and...?

My second question. We've had a lot of discussion lately around the notions of public-private partnerships, and I wondered if that had also been considered and/or looked at as you've looked at ways to fund this and put it into operation.

Hon. S. Bond: I don't know if the presidents have more specific information about per-student costs, but the thing we realized as we began to explore the potential for this project is that initially everyone wants their own freestanding medical school. When you look at it, in this day of resources the way they are, that didn't make a lot of sense to us.

This is an efficient program in the sense that we are going to maximize the use of one particular facility, but because of things like telemedicine and on-line learning we can actually do that much, much more efficiently. The great thing is that we can link to other institutions, as we've already suggested. I loved hearing the suggestion, for example, about university colleges that are perfectly positioned to take advantage of this.

We think this is not only incredibly effective in terms of the type of learning and the choice it provides, but it is extraordinarily efficient. It is still very expensive to train physicians on a per-student cost. It is expensive, but we believe this is an efficient and very innovative way to look at reducing those costs.

And the second question was...? I'm sorry.

Hon. G. Hogg: The discussions we've been having about public-private partnerships and what of it.

Hon. S. Bond: Well, yes, we did explore that. As you can imagine, because of the type of building and the fast track that we're on, we did explore it. We discussed this at length with Treasury Board. In this particular case, because of the fast track that we were on, it wasn't possible at this point to do a public-private partnership.

However, as you've heard the presidents this morning, they're going to be continuing to look for ways to partner not only on parts of this building but obviously on other facilities and other things that we can link together to maximize these dollars. We certainly did consider that.

Hon. G. Campbell: I'm going to ask Dr. John Cairns to stand up and give us a review of what this interdisciplinary life sciences centre is all about. John was one of the leaders of this.

I want to congratulate you, John, for reaching out to both UNBC and UVic.

The leadership has been excellent from the institutions, but this is much bigger than just a medical school ? not that a medical school isn't important. We do want to have, obviously, more doctors and physicians graduating. I think the overall vision and concept that John has articulated in the past is one that's worth cabinet hearing.

John, can you give us a brief summary of all that will be involved in this life sciences centre?

[10:00]

J. Cairns: Thank you, Mr. Premier. It's a pleasure to be here this morning.

In the old days, it was simple. The health care workers were essentially physicians and nurses. Life has become more complicated. We have enormously more knowledge, and many, many disciplines have developed in the last 50 years. We have physiotherapists, occupational therapists, pharmacists, dentists ? all sorts of areas of expertise that need to be brought to the care of patients.

We haven't done a particularly good job, though, of creating the teams that we require to deliver services effectively in teams. People work together, but we have considerable evidence that when people do significant parts of their training together, particularly the latter parts of their training, they're much more comfortable in sharing roles, working together and developing the modern sort of care.

As we think about this new building, we want to make sure that physicians, nurses, physiotherapists, occupational therapists, audiologists, speech therapists, pharmacists - people from a wide range of medical and allied health disciplines - are learning together.

There are efficiencies in this as well. A lot of the material is specialized for individual groups, but much of it is common. There's much that we can do. We actually have some good examples at UNBC and UVic about some ways to do this, and we have some good examples at UBC, as well, through our health sciences college.

This is very much a part of the concept of that building. It's also an integration of science and medicine. We call it life sciences, because both areas of research will be in there. Modern research can't be compartmentalized, perhaps, in the way it was in the past. We know that teams and collaborative groups integrating the research with the education is a very, very powerful model. This is actually a most visionary concept, and we're absolutely delighted to see the provincial government taking a leadership role and addressing this issue and taking us forward.

Thank you.

Hon. G. Campbell: Thank you very much.

Greg, you have a question?

Hon. G. Halsey-Brandt: One quick one, Premier, on behalf of a lot of undergraduates out there who are looking forward to, I guess, the fall of 2004. Generally, when there is - and I'm not sure whether this is Advanced Education or a university policy - one medical school in each province, they probably reserve about 80 to 90 percent of the positions for students from that particular province. I think maybe Ontario has three or four medical schools, and some of them are open to everybody.

I'm wondering: has there been any consideration of the policy around this one, of approximately 100 new spots - a policy position either from the universities or from Advanced Ed in terms of what that ratio might be for students from British Columbia vis-à-vis the rest of the world?

Hon. G. Campbell: John?

J. Cairns: It's an interesting question. We've been pretty focused on our own country's needs. Canada has not done a good job of educating health professionals. We've been very dependent on other countries. In B.C. it's been an even more severe problem, as the president has pointed out this morning.

The value of students from other countries, trainees from other environments, to our own setting is seen in our residency programs and certainly in our science-based programs.

I think it's early days, but in a healthy world where we're contributing as a wealthy nation and province, I think we have tremendous scope for a lot more interchange. It's a global world we live in. The more our students and scientists come to understand problems of other communities around the world, the stronger we will be, and of course we have much to contribute as well. I think this is in the future, but it's not a major component at the present time except when we move to our residency programs and our investigators.

Hon. G. Halsey-Brandt: Thank you.

Hon. G. Campbell: I think, generally speaking, we have to recognize that we've actually been the net beneficiary of the educational institutions across the country over the last number of years.

The important thing, it seems to me, about the life sciences centre is not just that it brings together what we've thought of as traditional medical education but also that it recognizes that health sciences is much broader based than it used to be. I believe this will have an enormous impact on our ability to do major research. Biomedical research is something that's very important to us. Biotechnology is something that's building significantly in British Columbia. I think both Charles and David pointed out something that we often forget, particularly those of us who live in the lower mainland. Our students have easy access to those facilities at UBC. They may be difficult to get into, but at least they know it's there. I think putting the education for physicians in Prince George and in Victoria helps to spread that, and I think that will create more access and more opportunity for people.

Do we have any idea what the waiting lists are for medical schools right now, John?

J. Cairns: Right now, as we've said, we'd take in 128 students. We have close to 1,000 applications from eligible students. You're not considered eligible unless you have a very high grade point average and you have a number of other attributes, and most of these students have undergraduate degrees.

There's a huge pool of qualified students available in British Columbia. We certainly have no concerns about filling the new spaces with outstanding applicants.

[10:05]

Hon. G. Campbell: Well, we have an opportunity to do something here today in cabinet. Martha mentioned that there will be a number of measures that we look at to see whether this \$134 million, if you approve it, actually works the way we hope it will. That will be an important part of the ongoing progress of this project.

I want to echo the cabinet's words earlier and congratulate the presidents and you, John, for the initiative that you've undertaken. I think it's one that should be exciting to everyone. It's something that we can respond to positively, I think, and we're looking forward to working with you for the successful completion of this.

Cabinet, without any questions.... Shirley has asked for approval of \$134 million. Any disagreement? It's \$134 million for the B.C. life sciences centre. Thank you very much. That's approved.

The next item on the agenda is the mental health plan. Gulzar, that's over to you.

For Decision: Adult Mental Health Plan

Hon. G. Cheema: Thank you, Mr. Premier and hon. colleagues.

I am pleased to announce that we will be fulfilling another new-era commitment if cabinet approves the mental health plan.

On June 5, 2002, our Premier sent a strong message to British Columbians. By appointing a Minister of State for Mental Health, he showed this government how committed we are to improving the lives of people who have a mental illness. By fulfilling our commitment to fully fund and implement the mental health plan, we are reinforcing that message through a meaningful change.

One in four British Columbians will experience a mental illness at some point in their lives. Mental illness does not discriminate. No one is immune. It affects all ages, genders, races and socioeconomic classes. Approximately four out of five people with a serious mental illness are unemployed. The estimated economic burden is \$1.7 billion per year in British Columbia. Mental illness is second only to circulatory diseases in utilization of hospital resources.

Our government will spend an additional \$263 million on mental health over the next six years. We've made a commitment to fully fund and implement the \$125 million mental health plan. We have made that commitment, and we are fulfilling that commitment. This is good news for all British Columbians.

Through the mental health plan, we will encourage and enable a cultural shift in the way services are delivered from a system with little focus on patient involvement and outcomes to a system that's responsive to patients' needs. This will give our patients the dignity and respect they deserve. We will move from a historically fragmented management structure to a system that's characterized by vision and long-term planning.

Finally, through the mental health plan, we will see a shift from a system lacking accountability and measurable performance outcomes to a system that holds health authorities and ultimately our government to account.

Our commitment is to increase the annualized funding for community mental health services, which will be directed to health authorities. Over the next six years we will increase the annual operational funding for mental health services by almost \$100 million.

The previous government made a commitment to fund this plan in 1998, but they only invested \$10 million over a three-year period. This year alone our government has committed \$15 million, and we will invest a further \$100 million over the next six years. This will fulfil our new-era commitment to fully fund and implement the \$125 million mental health plan.

Another purpose of the mental health plan is to further this government's desire to move away from the institutional treatment of the mentally ill. This government is committed to a model of care that treats patients in their communities with the respect and the dignity they deserve.

To this end, throughout British Columbia the government will spend \$138 million on new capital projects as a part of the mental health plan. These capital projects will create the placement needed for the continued downsizing of Riverview Hospital. This \$138 million will provide the facilities required to continue the shift from an institutional system of treatment to one in which the patients receive the care they require in a community setting.

[10:10]

Approximately three-quarters of these placements will be specialized beds for rehabilitation. These will be in home-like settings where patients can receive the appropriate level of care for their individual needs. About one-quarter of these placements will be in a community setting that promotes integration of people with mental illness as full participants in our society.

Included in this commitment is \$20 million to the Kamloops psych facilities. This will provide for 44 acute care beds and 40 rehabilitation beds. These facilities have been promised to the people of Kamloops for over six years, but nothing was ever built. We intend to see the two 20-bed projects completed in the spring of 2003. The 44-bed facility at Royal Inland Hospital is expected to be completed by the spring of 2004. We promised these facilities to the people of Kamloops, and we are following through on that promise.

Our total commitment for capital projects as a part of the mental health plan will be \$138 million. This is a total commitment of \$263 million for mental health. The benefits of the mental health plan will be an improved mental health care system for British Columbians, better care for British Columbians where and when they need it, and a well-managed and accountable system that will meet the needs of the patients.

Finally, this mental health plan will correct many of the mistakes made in the past. We are moving towards a continuum of mental health care in which patients flow from acute care to rehabilitative care and from rehabilitative care to where they belong: in their communities with their loved ones.

Hon. members, we made a commitment to improve mental health care. Today we are fulfilling that commitment. I'm requesting my cabinet colleagues to approve this meaningful change for mental health in this province.

Hon. G. Campbell: Questions? John, Greg, Bill, Rick, Gordie.

Hon. J. van Dongen: Thank you, Premier.

Gulzar, just a couple of questions. The \$125 million in operating dollars - that's additional new money over the next six years. Is that what you're proposing?

Hon. G. Cheema: Yes. Let me just explain it to you. In 1998 the NDP promised to fund the mental health plan. They only funded \$10 million. Last year we funded \$15 million. Over the next six years we will be funding the balance. That will be approximately \$100 million. That will be annualized money. By the end of six years there will be an additional \$125 million per year for mental health.

Hon. J. van Dongen: That's in addition to an existing budget already in each of those years? That's what I'm seeking clarification on.

Hon. G. Cheema: Yes, that will be new money for mental health.

Hon. J. van Dongen: Can you tell us how much is already in the budget for mental health provincially?

Hon. G. Cheema: The total money for mental health for this year is \$440 million. Last year it was \$404 million. That's not the only money we spend on mental health. We spend through the hospitals also; we spend through the physicians also. This is for community-based mental health. Part of that is money spent on Riverview Hospital as well as on the forensic facility. We are moving towards a new model, away from institutions, so that we can provide the best possible care in the communities where the patients live and where their families are.

For mental health it's not about one person; it's about the whole family. You have to ensure that the patient will move to the best possible location, close to their family, so that they can be a part of the care. That was our promise, and the Premier made it very clear during the campaign. We are moving towards that model.

Hon. J. van Dongen: Thanks.

Hon. G. Campbell: The \$10.4 billion budget that we currently have for health care.

Greg?

Hon. G. Halsey-Brandt: Gulzar, you were mentioning about the downsize at Riverview, and I know it's been a concern in a number of communities that we may not have the facilities locally to be able to deal with that situation. You were talking about the example of Kamloops, of \$20 million, so I assume that would leave about \$118 million then - capital that will be going into different areas of the province to provide some of those community beds and specialized provincial beds. Is that the plan?

[10:15]

Hon. G. Cheema: Yes, that's correct. This \$138 million is a part of the mental health plan for new projects. Out of that, \$20 million is going to be spent for facilities in Kamloops. We're having two types of facilities in Kamloops. One is 44 acute-care beds, and then 40 beds that are for rehabilitation. We are also opening a facility next month in Prince George. That's a prototype facility. That will be a part of the mental health plan. Those facilities are a home-like environment. I think it is so crucial for us to give them the proper care, because for mental health it does not change overnight. We have to ensure that they have the facilities, they have the community support and they have the other parts of the health care system.

This mental health plan is only one of the things we are doing. We will be doing many more things, but this was a specific commitment to implement and fund the mental health plan. The mental health plan cannot exist on its own unless we have the capital projects. That's why this \$138 million is a part of the capital projects to complement the mental health plan.

Hon. G. Halsey-Brandt: Thank you.

Hon. G. Campbell: One of the issues that was always raised when they were "downsizing" Riverview was that there were supposed to be community facilities put in place so it could happen. Unfortunately, the community facilities never followed, so for almost a decade we've had a real backlog of facilities. It's backed up into the hospitals, where we're trying to take care of patients with mental illnesses in inappropriate facilities. It's \$138 million that's going to try and create those community facilities across the province.

Bill, followed by Rick, followed by Gordie, followed by Lynn.

Hon. B. Barisoff: Thank you, Premier.

Gulzar, with the facility that's being built in Kamloops and now with the diverse thing of the six new regions, would the Kamloops facility be facilitating the entire interior region of health for the Okanagan, for the Kootenays? For the time being, is that the facility that would be taking care of all of that area?

Hon. G. Cheema: I think that's a part of the plan. The main component of the mental health plan is to ensure that the patients are provided care as close as possible to their community. Kamloops will be able to cover that part of the province. These 44 beds are acute care beds, and 40 beds are rehabilitation beds. Those beds are prototype beds. They are a very important part of our mental health plan. People from all over that part of the province will be able to have access to that facility. That will keep them close to their homes.

Hon. B. Barisoff: Gulzar, would there be further expansion in Kamloops, or would you take those facilities and start moving them throughout the entire province?

Hon. G. Cheema: At this time our plan is to just follow what I said. We will be spending \$138 million over a period of five years. At this time we are only committing to have 84 beds in Kamloops.

Hon. G. Campbell: There is an important point, though, Bill, and that is that every health authority will have responsibility for delivery of mental health services. Whether it's the interior health authority or the Vancouver Island health authority or the northern health authority, mental health services will not be able to slip off the agenda. They will be actually in the middle of the agenda. They will have goals and objectives that have to be met. They will have standards they're supposed to be striving for, and the authority will be given the responsibility of making sure the community facilities that are required are part of their plan.

As we developed the regional health authority plans and we set those standards, I think one of the things that's significantly different than what has happened in the past is that not only is there a capital resource there to build community facilities, but there's also a requirement that the health authority actually provide for mental health to people throughout the province on a regional basis.

Hon. B. Barisoff: That's excellent.

Hon. G. Campbell: Rick.

Hon. R. Thorpe: Thank you, Premier.

My colleague from Penticton asked my question, but let me just, if I could, Mr. Premier, thank Gulzar so very, very much. I think this is great news. I think you've worked very, very hard not only

from an interior perspective but from a provincial perspective. I just want to congratulate you for your efforts in being a mental health advocate on behalf of the patients and the families of British Columbia. Good work.

Hon. G. Cheema: Well, thank you.

Hon. G. Campbell: Gordie.

Hon. G. Hogg: I understand the service delivery model you're referring to, Gulzar, which I think is more community-based, moving away from the institutional models and into the communities. Can you talk a little bit about what that looks like, how that's configured within the context of a community? Are those group homes? What are the actual functional service delivery models that will provide the services at the community level?

[10:20]

Hon. G. Cheema: Thank you for the question. This is a new model. This model will have three main components. One is the acute care. The second part is rehabilitation care. The third part is community-based care.

The community-based care will deal with the physicians, the mental health workers and other parts of the health care sector. It will ensure that the patient... For example, a patient with a chronic mental illness. If that patient can be served better in the community, we will be providing them the service. We will also be providing day hospitals. What that means is that some patients don't have to stay full-time in the hospital. They can come during the daytime and stay in the hospital. That will provide them quality care, and it will also save money. That money can be used for the patients.

This is the model that should have been there a long time ago. We are somewhat behind in this province, but we are making a meaningful change. This is away from institutions. This is a mixed model. The model is that some patients will always need acute care. Some patients will always require chronic care. Some patients will just need crisis intervention.

I think part of the plan is also to provide respite care for families. It's very difficult for families to take care of their loved ones 24 hours a day, so part of the mental health plan funding is going to be for the families so the families can have some rest. I think it's about patients and their families. That's our model. I think this has been proven in many parts of this country and many parts of the world.

We have to move in a way that is more compassionate and that is caring. As the Premier has said, this is the first time that we will have specific performance outcomes. They must be met. The mental health funding will be spent on patients and their families. I think that will give us some sense of how we are doing next year. This is a work in progress.

I don't want to raise the expectation that mental health will improve overnight. Mental health is something that takes a long time. It's not like hips and hearts - that you can go to a hospital and be fine the next day. This is a long-term goal. The good effects of mental health will probably show up in a few years' time.

We want the public to know that this is a meaningful change. We need their help so that we can all move collectively.

Hon. G. Campbell: Lynn?

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

Gulzar, I'd also like to congratulate you for all the hard work you've done in finally getting a comprehensive mental health plan in the province not just for services but for a capital plan too. I want to make sure that you know how supported you are in that endeavour.

The questions that I'd like to ask you are specifically in services for women - two in particular. One is prescription drug misuse; the other is dual diagnoses.

The first one is prescription drug misuse. What we're finding in transition houses, of course, is that a lot of the women who are coming are presenting with depression and anxiety, which I understand are two of the most common mental health disorders. Many of them are trying to self-medicate. I wonder if you have in your community plans any specific plans that would deal with prescription drug misuse, specifically for women in the communities. Do you have beds? I understand you've got some specialized provincial beds. Would those include services for women?

Hon. G. Cheema: Let me just answer the first question, which was about dual diagnoses. This is the first time we'll be able to put mental health and addiction services under one umbrella. Mr. Hansen and myself will be working together to ensure that we have a comprehensive plan for addiction and dual diagnoses.

As you are aware, about 40 to 60 percent of patients who have a mental illness also have a substance abuse problem. We will be coming up with a policy.

As far as the specialized beds are concerned, we are only dealing with one component of mental health. That's only one part of the mental health plan. My presentation today is only for chronic and persistent mental illness. We are not dealing with the whole of mental health today.

Over the next few months we will be coming up with many more initiatives that will be helpful to deal with your issues and many more issues that I have been talking to various ministers.... We will be coming up with a depression initiative and an anxiety disorder initiative.

We are working with many other organizations to develop a comprehensive policy. I just want to underline the fact that this plan will only deal with chronic and persistent mental illness. As far as the other issues are concerned, I will work with you.

[10:25]

Hon. L. Stephens: Great. Thank you.

Hon. G. Campbell: Rich.

Hon. R. Coleman: Thank you, Premier.

Gulzar, the Premier stated that when they closed Riverview, they didn't have anything back in the communities for people. That was a concern many years back, when most of us weren't in politics at all. The comment that you made about the family and the community being part of the infrastructure of the treatment of mental health, I think, is actually a shift that we have to make communities understand.

The fact of the matter is that I've been touring and have toured almost all of the correctional facilities in this province, and if there's one thing that has disturbed me, it is the level of incarceration of severely mentally handicapped people in our prisons. I know that we measure our success in some of our prisons in the recidivism rate, not in the amount of years before they come back into our institution but in actual weeks and days. They leave our care, go back into a community where there isn't a program to greet them or a family to work with them. That support hasn't been there in the communities. They just come back to us in this vicious circle.

I really am glad you're rolling this out. I've worked with your ministry up to now on this. I'm looking forward to that whole integrated approach so that we can actually deal with that side of mental health as well, because I think it's such a tragedy. It is a tragedy that I see on a regular basis with my institutions. This shift will help us, I believe, in conjunction with our corrections branch back through to you, to move to alleviate some of that problem. I appreciate it.

Hon. G. Cheema: Thank you.

Hon. G. Campbell: Gulzar.

Hon. G. Cheema: As I told you earlier, there are many difficulties we are facing. Part of this mental health plan will be dealing with some of the issues that you have raised. That's why I think having the forensic facility and Riverview Hospital under the provincial health authority will be very helpful. There'll be one person in charge who will be taking care of both aspects of the health care. I think that will be very, very positive. We have done that.

As far as the community services, we will be making sure that they are in place and that the patients will move. They will have these services in place as of June 5. Not a single patient has been released from Riverview Hospital without a proper community placement. We have a protocol. They have to follow those protocols. I think this is something so positive that there is not a single patient who has been released without a proper protocol. That's part of the mental health plan. I will work with you to ensure that those things are put in place.

Hon. G. Campbell: Any questions?

I just want to say that I think this is a good first step, Gulzar, but I think we should all recognize that it's a first step. There are substantial mental illness problems in communities throughout the province. Too often, in the past, we've tried to hide mental illness, because we all have some difficulty understanding it. The important thing that we are trying to do is raise people's understanding of mental illness, the perception of it, the recognition that it's amongst us all in our workplaces, in our communities, in our families. We all have to try and deal with it.

I think we've very fortunate in British Columbia. We have a number of front-line workers, a number of professionals, who have constantly tried to push the province forward to embrace a strategy that will make a difference in people's lives. I want to congratulate them for their persistence.

Our job is to respond to those things in a constructive way. For example, we've heard of independent living for some time. The facility that's been proposed for Prince George is a prototype facility that will allow for independent living and that recognizes that people with mental illnesses, yes, in many cases need support, but in fact their quality of life is substantially increased by the fact that they can live in independent facilities close to where they live, close to their support groups, close to where their families are, etc.

This is a good start. It will be, again, as in other areas in government, not just a place where we stop with the announcement. We're going to be watching how these various facilities work out for the patients, how we can build new relationships between care providers across the province and communities across the province, how we can develop new relationships and strengthen relationships between families and those who are mentally ill, and between communities and those who are mentally ill.

[10:30]

The \$138 million is long overdue. I think the cabinet will endorse that, and we can move forward.

Gulzar?

Hon. G. Cheema: Mr. Premier, I just want to mention that I got a lot of support from my colleagues. We have worked very hard - four of us - on this plan, and many, many organizations were also very supportive of our initiatives. As you have said, we are taking small but firm steps. For mental health, I think that's the only approach. I want to say thank you to you for giving me this opportunity to work on behalf of the patients with mental illness.

Hon. G. Campbell: Thank you. That's approved.

The next item on the agenda is the Solicitor General and your proposal for a liquor licensing policy.

For Decision: Two Liquor Licence Classes

Hon. R. Coleman: Thank you, Premier.

This cabinet submission asks for your approval to implement a two-licence class system based on eight key policies. The first licence type is for food-primary businesses, otherwise known as restaurants. The second licence type is for liquor-primary businesses, otherwise known as bars, pubs and cabarets.

The shift to the licence classes will support a clear public safety focus. My presentation will cover the background on liquor control issues, provide you with an understanding of the eight key policies I'm asking you to approve and describe the implications of these changes. There is substantial support for these initiatives from consumers, communities and industry alike.

The current liquor regulations are very complex and technical, the result of many years of incremental change. My presentation will take a step back from the detail and ask cabinet to approve eight key policies that will provide a framework for rewriting these regulations. There's a shift in my presentation today to public safety. There are four key public safety issues that I wish to come out of this presentation as the focus to deal with liquor in the province.

One deals with minors. Another is intoxication, then overcrowding and illegal liquor. First of all, minors. Under-age drinkers are being served alcohol. Fraudulent identification is being used, and bars are not checking the proper level of identification. Minors must not be served alcohol in our bars in British Columbia. It is completely unacceptable. One of our shifts as we move away from the regulatory process will be enforcement to ensure that this type of activity stops.

The second is intoxication. Bars overserving clients is not acceptable. This leads to assaults after the bars close and impaired driving leading to injury and death. Intoxication of young people is linked to other risky behaviours, including unwanted pregnancies and smoking.

Overcrowding. Bars that operate beyond the fire code pose enormous risk to public safety when coupled with the consumption of liquor. Overcrowded bars also cause community disturbances.

Illegal liquor. The loss of revenue to government is approximately \$30 million to \$40 million a year from the sale of illegal liquor in our liquor establishments. This supports cheap drinks, which often lead to overconsumption especially by youth, and that leads to problematic behaviours such as drunk driving, smoking, fights, etc.

The message today should be this, as we move away from overregulation to shifting to public safety. If you want to be in the business of serving alcohol in British Columbia, know this: we will be vigilant in these four areas of public safety. Our enforcement will not be compromised. Our policing will be improved, and our enforcement will be of paramount importance to all of us.

Why do we control liquor? First of all, it's to improve public safety. From 1991 to 1998, there were 1,509 deaths due to alcohol in B.C. Second is to minimize provincial costs. Alcohol misuse in B.C. costs \$939 million annually. Third is to protect government revenues. In 1997 it was estimated and indicated that illegal alcohol results in an annual revenue loss to government of \$35 million to \$40 million. Revenue loss comes from smuggling and illegal liquor manufacturing and to address justice and health costs.

Ministry of Health studies show that tobacco, alcohol and illicit drugs combined account for almost 25 percent of the burden of disease. Some 4,700 annual spousal assaults involve alcohol. There are 58,080 annual drink-drive incidents, including 9,200 impaired driving charges, 42,186 roadside suspensions and 6,604 administrative driving prohibitions.

[10:35]

What are the problems with the current system? The current system is the result of 80 years of gradual change. The scheme is the result of years of microchanges, adding layer upon layer to licence classes. It is time to rethink the overall scheme in the context of today's world and eliminate those rules not clearly focused on public safety or community standards.

The complex rules deflect enforcement from public safety. Inspectors have to enforce all rules, including the number of rooms a hotel must have in order to operate a bar, the colour of the furniture, the height of the walls, the size of televisions, etc. We need to be focusing liquor inspections and policing on matters that are critical to safe communities.

There are too many regulations: 5,866 regulatory requirements in legislation, regulation and policies. This proposal will reduce at least 25 percent of this amount of regulation, and we believe it will be much more.

It invites public ridicule of complex regulations. The public won't support compliance with rules they don't see as logical; neither does industry, which causes people to slide away from the fact that they'll pay attention to the rules in liquor. For instance, we prevent a cabaret from taking out their dance floor because they want to become a comedy club. We require a boat cruise to last a minimum of three hours on Okanagan Lake before a glass of wine can be served. The negative impacts on the hospitality industry....

The primary reason to change the liquor control scheme is to improve public safety, but the changes will also benefit the hospitality and tourism industries. Currently, businesses that want to sell liquor must fit their business concept into one of 19 establishment types to be eligible for one of seven licence types. Each of the 19 boxes has a set of prescriptive criteria that distinguishes one type from the other, and each has a different list of privileges. To illustrate the problem, in a province where quality wine is one of the outstanding achievements, the limited list of eligibility establishments does not include a wine bar.

The complex rules also increase business costs in a number of ways: the cost of applying for a licence; the cost of designing a building - that the branch can actually tell you the colours and the layout you should have that comply with the rules; and the cost of delay, being able to respond to changing markets.

The restrictions of the current system result in the constant request for one-off changes. Constantly, since I became the minister in June of last year, I have had requests from different areas of industry asking me to make changes to their little area of liquor licensing, so they can compete. A classic example was one we did for ski hills as we were moving through this process as a cabinet just before Christmas.

A simplified scheme based on the key principles of public safety will provide more flexibility for business and will avoid the need to constantly tinker with regulations. Many rules are needed in this industry to tell one class of establishment from another. For instance, a cabaret has late-night opening hours, plus a dance floor, plus seating for a minimum of 100 persons before it qualifies to be a cabaret. Hotels require 40 overnight rooms, plus a restaurant, plus heated indoor hallways to qualify for a licence under the hotel for 125 seats.

One of the classic examples is that in British Columbia on a golf course you can have a licence where you can have somebody have a drink after they've played a round of golf. The exception is if you have a par-3 golf course. In the Okanagan there's a retirement community located around a par-3 golf course, but the rules state that in order to qualify for a liquor licence, you must have four Canadian Professional Golf Association-certified par-4 holes on your golf course before you would be qualified.

Hon. G. Campbell: Do we know who thought that rule up?

Hon. R. Coleman: Actually, Premier, when you go through these rules, you wonder who thought up most of the rules.

[10:40]

As a result, inspectors spend in excess of 40 percent of their time processing licensing paperwork, and much of their enforcement time is not spent on the four key issues of public safety. Their time is spent checking compliance and licensing rules. These changes will allow the bulk of an inspector's time...and our police to be better trained on important aspects of liquor enforcement. Their time can be spent protecting public safety by ensuring licences are keeping minors out of bars, stopping intoxication, preventing overcrowding and eliminating illegal liquor. The changes to the licence classes alone are the equivalent of adding 14 inspectors to government.

Industry and the public will have a greater respect for liquor regulations that are there for public safety. Our industry will actually start to focus on the job that they should be doing in protecting public safety, rather than saying: "All your rules are silly, so we don't want to follow any of them." More sensible regulations will lead to an increased voluntary compliance by our licensees.

I am seeking your approval to implement a two-licence class system based on eight key policies which will shift the liquor control program to a clear public safety focus. Five of the policies are fundamental to the two-licence class system, and three policies will further modernize the system. The regulations themselves will be brought back to cabinet for approval later this spring. I will be asking you to decide when these changes will come into force when I come back to cabinet for approval of the regulations.

There are five out of eight policies that are fundamental to a two-class system. New licensing process. There will be two licence processes, one for food-primary and one for liquor-primary, instead of a multitude of different processes. Food-primary processes need local government input for late hours and patron participation and entertainment. Liquor-primary licences require input from local government as to the desirability of another liquor-primary facility and the specific size, hours of operation, etc.

The licensing process will be centralized to increase consistency and reduce processing time. Improvements in liquor control computer systems will make this possible.

No maximum patron capacity set in regulation. Currently, liquor regulations restrict the size of establishments by limiting the number of patrons allowed per each licence class. For example, the patron limit for a neighbourhood pub is 65 and for hotel pubs, 125. Liquor regulations also set a maximum physical size for the building.

The recommendation is that regulations will not set a fixed maximum patron capacity. Local government input and community need will dictate this. Applications will be considered on a case-by-case basis with local government input. The physical size of the building will be equal to the space required by the Building Code for the approved person-capacity. This is pretty critical to the

overcrowding definition within liquor. One of the biggest problems we've had in enforcing overcrowding in our liquor establishments is that we have a fire code for one number and a licensing category for another. That leads to grey areas in enforcement.

Broader grouping of businesses eligible. Currently, only 19 types of establishments are eligible. In most of the 19 types, liquor service is a complement to another business - for example, hotels, airports and recreation centres.

We are recommending that any business primarily engaged in hospitality, entertainment, food or beverage business be eligible to apply. Youth-focused venues like video arcades would not be eligible. It must be emphasized that for a liquor-primary licensee to be eligible does not mean a licence will be granted. The number of licensed establishments will still be limited by public input, by consultation with police and by us controlling the licensing provincially.

The ability to relocate a licence. Currently, many of the 19 establishment types must have non-licensed services or facilities to be eligible for a liquor licence. For example, hotels must have rooms and a restaurant. Because new businesses will not be required to provide these facilities, existing businesses will be able to vary their business under the new rules and will not be bound by the requirement to maintain the original non-liquor-related establishment.

[10:45]

Licensees will be able to apply to move to a new location. This policy will allow owners to apply to relocate their operations. The approval of relocation applications will be subject to a number of considerations, including local government input and the views of residents at the new location. Relocation to an undesirable location can be prevented, because a new location must meet a public interest test, not just a business interest test.

This policy change will allow the relocation of businesses from an area that is no longer suited for a licensed establishment or is overserved. This is expected to reduce the community disturbances and complaints and to address some of the issues that you may find in areas like the downtown eastside of Vancouver. Moving the bars out of areas where there are too many is important, because that will allow us to address our policing.

This policy will also ensure a level playing field between old establishments and new establishments.

Policy for transition of existing licensees. Existing establishments will be reclassified into liquor- or food-primary. Any changes to the conditions of these licences, such as extended hours or increased person capacity, will be subject to local government input, a public interest assessment and approval by our licensing branch. Those restaurants that currently can only serve beer and wine will be able to serve liquor.

The remaining three policies are intended to further the modernization of the system. Extended operating hours for all establishments. Currently, most bars may serve liquor for a maximum of 14 hours between 9 a.m. and 2 a.m. Cabaret operations are limited to seven hours between 7 p.m. and 2 a.m.

We are recommending extending liquor service to 4 a.m. and removing the maximum of 14 hours of service between 9 a.m. and 4 a.m.

Later closing hours, when used in appropriate circumstances, are expected to help reduce the noise problems for communities caused when most patrons all leave at the same time. Later hours won't work in every community or every neighbourhood. Approval will be granted only on a case-by-case basis and only if supported by local government and police.

If late hours become a problem for a community, the general manager of liquor control and licensing will roll back the hours of the licensee if the licensee does not immediately fix the problem.

Dual restaurant and bar licensing. Under the current rules, a restaurant cannot become a liquor-primary establishment at midnight and serve liquor without food, and a cabaret cannot operate as a restaurant during the day. A few exceptions exist.

We are recommending that dual licensing be permitted. This will allow businesses to respond to market demands when the community is in support. This policy change will benefit restaurants that

want to operate as a food-primary in the day and liquor-primary at night, and benefit neighbourhood pubs and cabarets that want to operate as a food-primary in the day to allow families and children in to eat.

Not every restaurant will be eligible for a liquor-primary licence. Applications will be processed in the same way as any application for a new liquor-primary licence and will require local government, police and residents' input and the consideration of a number of factors, including the number of bars or liquor establishments in any given area.

Clubs retain the current privileges and restrictions. Private clubs such as legions and some golf courses have special privileges coupled with restrictions. Their access is limited to members and their guests, and in some cases members can store private liquor stock on site.

We recommend that these conditions be retained. It is not in the public interest to convert approximately 350 private clubs into public bars.

Local government will have a stronger role. Local government will have a greater role in licensing decisions and input. The province will still be responsible for the final decision to protect against overlicensing and the issues around public safety.

New bar licences will be granted where there is a demonstrated community need, taking into account the number of licensed establishments and socioeconomic factors including the rate of population growth, number of assaults related to alcohol, and tourism and economic potential. Local governments will be provided with statistical information to assist them in determining community need. Local governments will determine how to notify residents of the pending application and how to gather their views. We are working with UBCM on a format for that.

If local governments opt out, the liquor control and licensing branch will conduct the public process in the absence of that. In any case, a public process and community input will take place on any liquor-primary licence in B.C.

The implications of the change. Licence classes will be liquor-primary or food-primary. The only exception is that private clubs will remain a subset of the liquor-primary. Subclasses will not be used to reintroduce distinctions between types of establishments. It's a very important distinction, because today we have 19 subclasses within our liquor licensing, and we're not going to do that again.

[10:50]

Eligibility will no longer be restricted to specific types of establishments such as hotels, pubs and cabarets. Business must be primarily engaged in food, beverage, entertainment or hospitality industry. Youth-focused venues such as video arcades, mall food courts, etc., will not be eligible for licensing. Size capacities will no longer be set down in regulation. Community support will determine the appropriate size for particular types of businesses, depending on their location. This will allow a greater variety of establishments based on community need.

Local governments will consider and provide input on community need and views of residents prior to licensing consideration by the general manager of the liquor control and licensing branch. The final licensing decision will remain a provincial responsibility through the general manager. The general manager will have more complete and better input from local government, and better information means better licensing decisions.

Liquor-primary licences will be based on a demonstrated community need. Licences will not be granted where there is evidence that the market is already saturated. These changes will provide greater flexibility, but the regulations will continue to limit the number of bars. Too many bars in one area or bars that are too large can lead to public safety issues when the competition becomes destructive. Community need and public interest will continue to determine whether a liquor licence is granted.

I want to discuss some of the risks and controls. The risks: greater accessibility of liquor, greater potential for misuse. The control: licence limited by community need.

Licence applications will continue to be closely reviewed by both local government and the province to guard against overlicensing. In 2001 B.C. implemented a revamped, more effective compliance and enforcement program to support voluntary compliance. The fact that we will

remove a number of the issues in and around this industry will now focus us on the compliance that we want, which were the four key public safety issues I outlined earlier.

The new program is more visible, has more certain penalties for ignoring the rules, and penalties, if necessary, are imposed more quickly, deterring non-compliance. We intend to ratchet that up even more so, relative to the penalties for non-compliance in our four key areas.

The risk. Existing licensees are concerned about the potential loss to their investment. The fact is that existing licensees are already in the business. Licensees already in the business will retain their existing privileges, and new rules such as dual licensing for neighbourhood pubs, cabarets and restaurants will allow them to apply to expand their business. Over the past eight years the growth in the number of licensed establishments has been equal to or less than population growth. There is no reason to believe that a large increase in licences will occur. In other jurisdictions in this country where they've reduced their licence classes to either one or two, they actually saw either an averaging out or a lowering of the number of licences in their province.

There has been a longstanding debate over liquor regulations for many years. Several studies have been undertaken on how to address the concerns, and the last study that was completed recommended a two-licence class system and strengthening the role of local government. It is understandable that some of the current licensees are concerned about the proposed changes, but after considering all the factors and the need to focus on public safety, I am convinced that this is the right decision.

We will bring the focus on public safety to the forefront and police the key areas of safety for our youth by removing the massive regulatory burden that makes it impossible for our people to concentrate on enforcement. We will bring innovation, investment and vibrancy back to the hospitality industry as a result of the fact that we'll get out of their way and let them do their business. I am asking that you support the policy changes recommended and allow my ministry to get on with the business of drafting the regulations for your approval.

Hon. G. Campbell: Thanks, Rich.

Questions? Sandy, John, Ted.

Hon. S. Santori: A couple of questions, Premier.

I need some clarification on changing from a restaurant in the day to a bar at night. That becomes automatic in the choice of the establishment?

Hon. R. Coleman: No, it is not an automatic choice of the establishment. Dual licensing is going to a liquor-primary after you shut down for an hour and then open back up. That would be in regulation, but that cannot be done without local input and commitment from the community by a public process and a recommendation back to the liquor licensing branch.

[10:55]

Hon. S. Santori: The other question is the extending of hours to 4 a.m. I appreciate the rationale in terms of why the pubs would want to be open. Have we considered the social cost of being open till four in the morning? I'm thinking of people - parents - abusing it, getting home at four in the morning. What impact will that have on productivity in the workplace when the bars are open till 4 o'clock in the morning?

I'm just wondering if there's any evidence to show that has been destructive.

Hon. R. Coleman: Let me answer your question this way, Sandy. First of all, it's a local community standard where the 4 a.m. opening would be allowed within the business licence, and we wouldn't approve a licence to open till 4 a.m. unless the local community wanted that.

You must recognize that in the province today, in our major centres, we have what we call booze cans. Booze cans open up around 1 a.m. in the morning and go to 4 or 5 a.m. selling illegal liquor in illegal locations across the lower mainland of British Columbia. They are operating because there are people that go to those when the bars close. We would like to be able to have the people that we license legally in those marketplaces have the innovation in their market to be able to help us control the illegal sale of liquor, so we can concentrate on the booze cans that we want to shut down.

Hon. S. Santori: The only other question that I had is: have you any evidence that policing costs, especially in smaller communities where they don't have the numbers...? Does it in fact use resources for longer periods of time during the wee hours of the night? Now bars are shut at midnight or at 1 o'clock. They disperse, and they're gone at 1 o'clock. Will this put more strain on policing?

Hon. R. Coleman: Again, Sandy, that is a community-by-community situation and choice. If you speak to the law enforcement agencies that patrol some of the more serious areas of the lower mainland, they'll tell you that they would like to have a more legal environment for people to be in rather than them all coming out at 2 a.m. and heading in the same direction. The scenario is taking place where 15 minutes before closing, everybody is chugging down the last bunch of drinks they ordered 45 minutes before because somebody made last call, and they're all pounding it back. It's unfortunate, but it does happen. In actual fact, that movement out into the street, particularly in the nightclub business, is more disruptive to police than having a gradual flux of people coming out of the establishments. The policing costs.... The police feel that they can actually manager better in those circumstances.

Again, this isn't something that's applicable in every community. It may be applicable in a community like Penticton during the summertime, when there's a large influx of tourists who want the flexibility to be at a nightclub later. It would also give the police more effective control of the environment that exists, because in Penticton in the tourism season those people come out at that time, and they're still not ready to stop, so that's when a lot of the difficulties start.

The reason we've done it this way is that by focusing on public safety, taking the community input and the input of our law enforcement agencies, we can do this right. The next step, of course, is that we will get very specialized in the enforcement in and around liquor, as a result of the changes we make, because we're going to incorporate the entire policing aspect of liquor into our five-year plan in policing.

Hon. G. Campbell: I think it's fair to say that this is a reflection of the one-size-fits-all that doesn't work, so you create a framework that enables people to help the government make those choices. What I'm hearing is that communities and community police departments are going to be a critical part, and the public is going to be a critical part of the approval process.

I do think it would be pretty difficult to go out and say to the public: "How many of us really think it's important that we tell liquor establishments what colour they can paint their facilities?" There is an effort to create both some standards and then some flexibility within those standards.

We've got John, followed by Ted, followed by Rick, Katherine and Christy.

Hon. J. van Dongen: Thank you, Premier.

I want to first of all speak in support of this proposal. I know that Rich has done a lot of work on this. I think he has a very good working knowledge of the issues. That's my first comment.

I think the focus on the key public safety issues is critical, and taking all of the compliance and enforcement energy off some of the very prescriptive and really quite useless regulation is one of the directions that I think is good.

I have a question about that, and then I have one other question. The change in focus onto key public safety issues, Rich - is that going to mean retraining or some other form of transition for your inspectors in the licensing branch?

Hon. R. Coleman: Over time, John, I think some of our skill sets will change relative to the ability to do more enforcement rather than regulatory reviews and paperwork. I think we're well positioned actually, looking at our personnel today, to be able to do that.

[11:00]

I've also had ongoing discussions with both the deputy commissioner of the RCMP and the B.C. chiefs of police with regard to us getting more specialized in our liquor enforcement in our five-year plan so that we will actually create a team of people that are interacting with them on liquor from the police side, which will concentrate on that side of the enforcement. I think that's very, very critical, because, frankly, there are some very tough bars in this province that we ask liquor inspectors to go in and inspect. They're not armed; they're not backed up. Frankly, they're not police officers. I think we have to give more strength to that.

At the same time, we have to recognize that even on the other side of the coin - as we're looking at the silly rules the Premier mentioned, like telling you what colour to paint - we also have a situation where a liquor inspector in this province today can't in fact walk into a bar and ask you for identification. He has to go to the bar owner or the bartender and say, "I want identification from the people at that table," unless he's already accompanied by a police officer, who can ask for identification.

We're going to integrate this system so our law enforcement.... Make no mistake about the fact: law enforcement and public safety enforcement will become the important criteria as we go through this. People who operate in this industry are going to find out that there will be punitive action for people who think that they can work outside of those rules.

Hon. J. van Dongen: My second question: is the commitment to consult with local communities and local governments going to be written into legislation?

Hon. R. Coleman: No, we're not doing legislation; we're doing regulation. The process will be in regulation, and you'll have a chance to look at that. Frankly, the liquor-primary area, the neighbourhood pub and that for some time has had a public process, and we're just going to make that public process for all liquor-primary licences in B.C.

Hon. J. van Dongen: Thanks.

Hon. G. Campbell: Ted?

Hon. T. Nebbeling: Thank you, Premier.

If you'd permit me, I would like to, first of all, recognize that I think this is a tremendous step forward for British Columbia.

I arrived in British Columbia on May 2, 25 years ago. I came to British Columbia to become part of the tourism industry. The first business I opened, Premier, was indeed a restaurant. So I experienced firsthand the incredible hurdles that an operator had to overcome to get a licence, and that after coming from a country like Holland, where we have very liberal rules. It was the first bad experience that I remember. [Laughter.]

I truly recognize how frustrating and undermining and paralyzing the rules pertaining to liquor licensing have been in this province. It is really sad to say that what I as a new businessman in this province experienced, many other operators still experience today. It is not only in applying for licences and in trying your very best to comply with licences. Often as an operator you fail, because they are so complicated.

The impact of the strict, unfair and unrealistic rules on our tourism industry.... I, as the mayor of Whistler, had on a very regular basis people complaining to us as council members or just people in the village about rules and regulations that the foreign visitors experienced. They didn't understand why indeed they couldn't get a drink at a certain time or under certain circumstances. This led to terrible frustration amongst the hospitality workers who faced these angry visitors and owners and who dealt with the consequences of somebody saying: "Well, I'm not going to have that drink. I'm not going to have that meal. I'll leave."

I think this is a great step forward. It is more than time, and I think that sentiment will be shared by many in this province. The fact that the relaxation of the rules still has the safeguard of the local community's input in the issuing of licences and the exercising of the conditions, to me, is just another aspect why liberalizing liquor licences is just the right thing to do at this time.

I strongly support what you have done.

Hon. G. Campbell: Rick?

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

Rich, thanks for all your hard work in this field. Being the critic for a number of years and having a little bit of a history with the industry, I know that it's a very complex sector, to say the least.

I really applaud your moves with respect to the hours issue and the flexibility. I think that's good for the hospitality industry. I think it's good for the tourism industry. I think it's good for the communities. I'm so pleased that you're going to rely on a significant portion of local input.

[11:05]

To me, the most important thing that you're doing here.... Having some experience with the industry and having met over the years with suppliers, various licensees and public groups.... The shift that you're making toward enforcement and the focus on public safety - I think you and your staff are to be applauded for that. I think that's where the focus should be - on those serious public safety issues: under-age, intoxication, illegal liquor and of course overcrowding, which can be so dangerous. I'm very pleased to support you. Thank you for all your hard work.

Hon. G. Campbell: Katherine.

Hon. K. Whittred: Thank you, Premier. I wanted to ask a little bit about the public process.

First of all, Rich, I do think that this initiative makes good sense. However, I do come from a community that very much illustrates an expression the Premier often uses - that it's not over until the public hearing. My community is one of those communities where we have a very heavily urbanized core in the lower Lonsdale area. Also, there's a lot of tourism in that area and a lot of businesses that really fall into that category. The stuff around public process has been ongoing for a number of years. I wondered what your expectation is around who is consulted, how they are consulted and who pays for that consultation.

Hon. R. Coleman: First of all, Katherine, the public input process in some communities is already established. That's a process they're comfortable with. We will, with our regulations, outline the basic public input process that has to be undertaken in order to have somebody receive a liquor-primary licence. Having said that, if a community wants to go beyond that, they will have that option to go to a further public input process.

The fact of the matter is that in most cases, it's the applicant who pays for the process. In our case, if a community decides that they are not going to do the public input process, the branch will step in and do the process by the guidelines we set out in the regulation that we will be bringing back to you. But there will be a public input process. It will be standardized. Communities will have the opportunity to buy into that standardization.

Hon. K. Whittred: Thank you.

Hon. G. Campbell: Christy.

Hon. C. Clark: Thanks.

Following on that, I'm interested in a similar issue. In my community we've got a couple of bars and a lot of restaurants who have liquor licences and who might be looking to expand. In a family-oriented community, people will want to know they have input. I wonder if, say, the city of Port Moody or a local jurisdiction wanted to demand a referendum or wanted to set up any kind of local input process, they would be able to do that. Or would they be relying on some guidelines, ultimately, from the province?

Hon. R. Coleman: The work that we're doing in UBCM.... We hope they'd rely on the guidelines. But the fact of the matter is that today, communities can do what you describe. They can decide that their process is that they're having a referendum in an area of the community that wants a liquor-primary licence. Restaurants won't just expand tomorrow. If they want to have dual licensing, they will have to go through the same community process as if they were a liquor-primary. We will give the basics of that input, but if a community, as we've always allowed in the past by government.... We've always said that we think that local communities should have to have input into this. If they wish to have a more detailed process than we outline, they're welcome to do that, because that's how the community sets their standards for their council and their local government.

Hon. C. Clark: Okay. Thanks.

Hon. G. Campbell: I think there is an important point.... There are two things that I want to mention here before we wrap this up.

First, we have a recommendation that we move forward with this policy framework. There are five specific policies that are fundamental, plus three other policies for further modernizing the operation of liquor regulation. There is, implicit in that - let's make it explicit - that we're recognizing the importance of the shift to focus on public safety issues: minors, intoxication, overcrowding and illegal liquor.

[11:10]

Next, let me point out that in creating the framework, in fact, the public input is going to require local communities to become literate about the issues that are in front of them. You'll hear from a number of enterprises of whatever shape or whatever licence that they have about the positive benefits they can give to communities. Obviously, they're going to have to go into communities and talk about those positive benefits as well as look at the social obligations and the potential social costs. I think that by focusing on these public safety issues, we're in a position where we can mitigate those and in fact, hopefully, help drive them down.

The recommendations are before you: the focus on the four specific areas of minors, intoxication, overcrowding and illegal liquor; the policy framework based on the five fundamental policies and the three modernizing policies; and the recommendation that the Solicitor General come back to us with specifics later this spring. Any problems with that?

Thank you, Rich.

Hon. R. Coleman: Thank you, Premier.

Hon. G. Campbell: The next item on the agenda is the sale of spirits in cold beer and wine stores.

For Decision: Sale of Spirits in Cold Beer and Wine Stores

Hon. R. Coleman: I have before you today another recommendation. That is to the spirit sales and lifting of the moratorium for cold beer and wine stores in British Columbia. I am seeking cabinet support for two changes to government policies regarding the operation of licensee retail stores - what we call LRSs but are otherwise known by most of the public as cold beer and wine stores. These changes support the core review shifts being made to the liquor distribution system by my cabinet colleague, Rick Thorpe.

The first change is the sale of spirits. The first change requested is for your approval of an amendment to the Liquor Control and Licensing Act regulations to permit the sale of spirits in cold beer and wine stores effective April 2, 2002. I believe this change will be received positively by the public and by the industry. Consumers who shop in cold beer and wine stores will no longer be limited to the purchase of wine, beer, cider or coolers.

Studies have clearly shown that in terms of intoxication effects from a public safety perspective, a drink is a drink regardless of whether it is a bottle of beer, a glass of wine or a shot of spirits, so it's difficult to justify not making these products equally available. The sale of spirits in cold beer and wine stores will also provide an economic opportunity for store operators and distillers by allowing them to expand their product offerings. Making the proposed changes will give B.C. residents and tourists the ability to purchase spirits, if they want to, seven days a week. Currently, only seven government liquor stores across the province are open on Sundays. This is often confusing to tourists who are used to being able to make these purchases at home.

In B.C. today there are 290 cold beer and wine stores attached to hotels and pubs. They are currently limited to selling packaged beer, wine, cider and coolers that they purchase from the liquor distribution branch at a 10 percent discount. Stores are allowed to sell the product at any price above that, and most sell at 10 to 15 percent higher than the liquor distribution branch outlets. Packaged liquor is sold in a variety of places in the province, including 222 government-licensed liquor stores; 103 private stores, such as winery stores; 144 rural agency stores; and off-sales from bars in 946 neighbourhood pubs and hotels, which is limited to beer, wine and cider.

Allowing cold beer and wine stores to sell spirits will put them on equal footing in terms of product selection with the government liquor stores and rural agency stores. Proposed amendments will permit cold beer and wine stores to purchase spirits at a discount and will allow them to advertise that they will sell spirits, but they will not be permitted to advertise particular brands. The proposed amendments will also allow stores the opportunity to apply to increase their maximum store size from 1,000 square feet to 2,000 square feet to give them additional room to stock the product.

If approved, the changes will take effect April 2, 2002, allowing the liquor distribution branch time to make the necessary contractual changes with the stores and to stock sufficient inventory to respond to orders. Approving these amendments will demonstrate our government's continuing commitment to reduce unnecessary regulation and to create opportunities for businesses that operate in our province.

The second decision I am seeking your support for is an approval to the future lifting of the moratorium on cold beer and wine stores. A positive decision in support of lifting the moratorium will not result in an immediate flow of applications. As many of my colleagues know, there is a great deal of interest in the business community for expanded opportunities for the private retailing of liquor.

[11:15]

It is not my intention to propose changes that will result in hundreds of applications from communities that may already have a sufficient number of liquor outlets, nor is it my intention to lift the moratorium in such a manner that it leads to disputes within the business community as to whose application is first in line for consideration. My intention is that if you support the general direction of lifting the moratorium, I will direct the development of regulations that set out a fair application process and establish eligibility criteria.

I expect these regulations will be prepared in conjunction with the regulations for the two licence classes and that the process for reviewing these applications will be much like the process for considering liquor-primary licences that I described in my earlier presentation - that is, they will include input from local government and a consideration of community need.

The regulations will address eligibility criteria, which will include the requirement that the applicant hold a valid licence for a liquor-primary establishment and has a good record of compliance with the four key public safety issues I outlined earlier - which are service to minors, intoxication, overcrowding and illegal sale of liquor. The reality of this is that by tying it to a valid licence for liquor-primary establishments, it will take out the misconception of the public that's there today that we're going to start to build independent freestanding liquor stores across the province. This is tied back into the system I described earlier.

Hon. G. Campbell: Rick.

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

I would just like to point out to everyone that the LDB, the liquor distribution branch, core service review is not completed. In fact, we've just started that process. But I support this recommendation by the minister, because in my opinion there's absolutely no public policy reason to differentiate between the different types of beverage alcohol that are allowed to be sold in these stores across British Columbia.

I believe this will benefit consumers. It will give consumers choice, and in many communities throughout British Columbia, I believe, it will enhance our tourism business and our hospitality industry. I'm very, very supportive of this change, Rich.

Hon. G. Campbell: Judith.

Hon. J. Reid: My question is for clarification. With cold beer and wine stores.... I'm not sure if this is the last issue or this one. It's my understanding that there's been a certain distance between the locations of these. Does that change, then, to be community approval? How does that get resolved?

Hon. R. Coleman: No, it's the same. It's the processes I outlined earlier. There's community input. The general manager will look at whether there's an overlicensing of the number of establishments in a given area. That criteria will still be held by the licensing branch as far as taking a look at it from that perspective. A local community will have input just like when they did the original beer and wine stores.

Hon. J. Reid: It's not an absolute rule that there's got to be this distance between them, then.

Hon. R. Coleman: No.

Hon. J. Reid: It will become more flexible.

Hon. R. Coleman: It becomes basically community input and our assessment of the need based on oversupply or undersupply.

Hon. G. Campbell: Sindi.

Hon. S. Hawkins: Thank you.

Rich, have we done any work around how this might affect provincial revenue in the short term or long term?

Hon. R. Coleman: We have done some work. We anticipate this change would increase the revenues to government by between \$10 million and \$15 million a year.

Hon. G. Campbell: Any other questions?

Gordie.

Hon. G. Hogg: I don't know whether the parallel fits, but I know that as we were looking at gambling and discussions around expansions of gambling, there were some concerns about the social impacts that occurred with respect to that. As you're describing the two changes here and the previous one around liquor licensing, you were talking about some of the social impacts and the consultation processes you've gone through with UBCM, policing and other organizations. I'm wondering whether or not the experience in other jurisdictions is that it lessens the social impact or exacerbates it, or whether or not we've had a chance to look at some of those social impacts we might expect to see as a result of the proposed changes.

Hon. R. Coleman: I've reviewed that, Gordie, from the perspective of what other jurisdictions have done, but the beer and wine stores are somewhat unique to British Columbia, except if you look at Brewers Retail in Ontario and what have you. The access, in actual fact.... To date we haven't seen any difference in whether it increases or decreases. It basically averages it out the same as it was before.

Hon. G. Campbell: Christy.

Hon. C. Clark: Rich, thanks for the presentation.

I'm concerned, like Gordie, about some of the social impacts of this, and I'm particularly concerned about the availability of alcohol to minors. You know, I think that's something we should I appreciate the fact that you've put some focus on that in your presentation. In the current regulatory regime, have you recognized any difference in enforcement of the availability of liquor to minors between government-operated stores and the privately operated stores?

[11:20]

Hon. R. Coleman: Actually, interestingly, no. When I've spoken to police agencies, they haven't had that feeling either. I guess if somebody looks old enough and they have ID, they can go into any one of the establishments in B.C. I don't know how we'll ever completely, obviously, stop that situation from taking place.

The difference is that what you're doing is that you're introducing a product into the stores that are already selling a legal product and are already required to take the ID and what have you and make that decision. On the other side, you're not opening the market to flood it full of additional opportunities. What you're saying is that community input will identify the needs. For instance, I had somebody from your riding, up in Westwood Plateau, in my office saying that they think there's a need in Westwood Plateau for an opportunity for that community to have better access rather than having to drive down a hill to the community to get access to the products they'd like to have in their own community. This really comes down to community input and us making sure that we're not overlicensing in any particular area.

Hon. G. Campbell: Greg.

Hon. G. Halsey-Brandt: A quick question, Premier. It's further to what Rick was asking. The core review for the liquor distribution branch vis-à-vis your request here for the lifting of the moratorium. Are those going to come together at about the same time, or do you see the moratorium being lifted fairly shortly and the core review being some time off? I'm just looking at the future of liquor distribution in British Columbia and trying to make some sense of that.

Hon. R. Coleman: The minister and I have had that discussion, and that's why we're recommending that outside the establishment of what we already have, which is just introducing an additional product, we would go through the process to come back to you with the regulation for the balance. That would run in parallel to the core review on the LDB.

Hon. G. Halsey-Brandt: Good. Thank you very much.

Hon. G. Campbell: Okay. We have two recommendations. One is to allow for the sale of spirits effective as of April 2002, and the other is to approve the lifting of the moratorium, subject to the regulations being brought back later this spring. Is everyone okay with that? Okay, that's approved. Thank you very much.

The next item on the agenda is a decision re the proposed rural agency store locations.

Rick.

For Decision: Proposed Changes to the Rural Agency Store Location Criteria

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

I'm seeking your approval today to make changes to the rural agency store program, which is administered by the liquor distribution branch of the province. Rural agency stores are intended to make beverage alcohol available in rural communities where it is not viable to operate a government liquor store. As the minister responsible for the liquor distribution branch, I appoint rural agency stores under the authority granted me under the Liquor Distribution Act. There are currently 144 rural agency stores located in rural communities throughout British Columbia. They are required to sell beverage alcohol at government liquor store prices.

Rural agency stores are located in such communities as Parsons, which most of you know is located halfway between Radium Hot Springs and Golden; 150 Mile House on Highway 97, east of Williams Lake; Wells, east of Quesnel; Bowen Island, an island community a short ferry ride from West Vancouver; and Big White Mountain, a ski resort located outside of Kelowna - as well as 139 other locations throughout the province.

Today in British Columbia beverage alcohol sales amount to \$1.7 billion. Total sales by rural agency stores on an annualized basis are just under \$52 million, at \$51.8 million. Rural agency stores therefore count for about 3 percent of beverage alcohol sales in British Columbia. On average the sales are approximately \$360,000, and they range from a low of \$26,000 at Telegraph Cove, near Port McNeill at the northern tip of Vancouver Island, to a high of \$2.1 million at Black Creek, located between Courtenay and Campbell River on the Island.

[11:25]

The existing location criteria for RAS appointments were established following a review by the government in 1987. The current criteria are as follows. A location must be at least 20 kilometres from another liquor retail outlet, meaning a government liquor store, a cold beer and wine store, a wine store or an establishment providing off-sales. There must also be evidence of a self-contained community such as a church, post office, school, etc., and there must be at least one existing business eligible for an RAS appointment in the community. An example of an eligible business would be a grocery store, but it must have been in operation for at least two years. The process to decide an RAS location includes consultations with the residents, police, local government and first nations.

Only 14 new rural agency stores have been appointed since the current criteria were established in 1987. Most locations throughout British Columbia fail to meet the distance criteria or do not meet the definition of a community. The definition of a community is vague and needs to be clarified.

A number of these decisions are appealed to my office each year by people interested in operating a rural agency store in their community. I have the discretion to waive the requirements. Although that has happened in the past, this has not happened since I have been the minister responsible. However, past experiences and discretion and the existence of some stores that were approved prior to 1987 caused confusion since they did not meet the current criteria.

The distance criterion is the main factor preventing the establishment of rural agency stores in a number of small communities throughout British Columbia. Shortly after forming government in July of 2001, I asked the LDB to conduct a review of this process. They retained an outside consultant, Mr. Charles Ruddick, an independent consultant businessman and a former general manager of the liquor distribution branch, to undertake this review.

Mr. Ruddick examined the rural agency store program as well as similar programs in some other provincial jurisdictions. As some of you know, in Alberta, although they have a rural agency program, they now have an open liquor retailing system throughout the province. He met with several unsuccessful applicants for rural agency stores; he also met with the British Columbia

Liquor Licensees and Retailers Association and the B.C. and Yukon Hotels Association and, in the end, made recommendations about location requirements and approval powers for rural agency stores.

I have reviewed his recommendations. I've had discussions with the liquor distribution branch on those recommendations. I have met with the government caucus committee on communities and safety, and they have provided me with counsel and advice. I therefore recommend to cabinet today that we have two categories for the location criteria for rural agency stores - namely, rural communities and tourist destination resorts: that there be no distance criteria, that the delegation of authority be made by myself and that it be administered by the general manager at the liquor distribution branch.

The one area that we do need to do some further work on, and I would like to publicly thank the chair of the government caucus committee on communities and safety and the committee members for their inputs... The chair has committed to working with the LDB to finalize the definitions of communities with the inputs from the government caucus committee.

Again, we're seeking your approval that there be two definitions: rural communities, minimum population 300; tourist destination resorts, no distance criteria, delegation of authority from my office to the general manager of the liquor distribution branch.

Thank you, Mr. Premier.

Hon. G. Campbell: Thank you.

Bill, Judith and Christy.

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

Rick, I was just wondering... When you were saying "a minimum population of 300," would that limit the amounts in a small community where there were 500 or 600 or 1,000? Would it limit it to one rural agency store, or if there were two small community stores there, would they both be entitled to sell spirits?

[11:30]

Hon. R. Thorpe: Well, first of all, they sell all the products ? beer, wine and spirits ? at the liquor distribution branch's prices. Yes, they would be able to, but we do seek input from the local community, local police, first nations and residents of the community. So if there was a need, I don't want to say that... I don't want to prejudge, because there is a process. I don't think there is any occasion, at this point in time, that a community of 500 has two rural agency stores. There's not one in place today in British Columbia.

Hon. B. Barisoff: I don't think, Rick, I'm thinking of the need as much as the monopoly of somebody actually having a store and creating the monopoly of having the only one in a community. I was thinking more of the monopoly side rather than the need.

Hon. R. Thorpe: I think that's an interesting point. I guess that we - and the general manager, if you approve these recommendations - would make that assessment in talking with local residents and communities. Remember, though, rural agency stores do have to sell their products at liquor distribution store prices, which are constant throughout the province of British Columbia.

Hon. G. Campbell: Judith.

Hon. J. Reid: I live in a community where there's one of these rural agency stores, where you buy your liquor in a grocery store. My question is: why is it all right, in that community, to buy liquor in a grocery store, and yet in other communities we don't sell liquor in grocery stores?

Hon. R. Thorpe: That's sure an easy question, isn't it? First of all, if this is approved, there will be the opportunity for other communities to be able to offer a product similar to your situation in your community. A vast number of the rural agency stores, in fact, are at - what I would call, anyhow; I don't know what you'd call it - your local community grocery store. That does take place. We would think that if this is approved, there would be other communities where that would happen.

With respect to where products are going to be retailed other than through rural agency stores, liquor distribution stores and cold beer and wine stores, that is part of the core services review that we currently are working through on the liquor distribution branch. We just started that last week.

We expect to have that finished late this spring. I'd be pleased to talk about it and hear your views on that matter.

Hon. G. Campbell: Let's just be clear about this. These rural-area stores are because there isn't access.

Hon. R. Thorpe: That's correct.

Hon. G. Campbell: Grocery stores... In most communities there is access. That's a major policy shift. We are not making that policy shift today at all.

Hon. R. Thorpe: No.

Hon. G. Campbell: We're talking about rural stores where there is not availability and where you may well want to provide some availability.

Hon. R. Thorpe: That's correct.

Hon. G. Campbell: Sandy.

Hon. S. Santori: It's answered.

Hon. G. Campbell: Good.

Christy.

Hon. C. Clark: Thanks.

Rick, the LDB is in the business of selling liquor. Certainly, in that business they benefit from having fewer competitors. I wonder if you're confident that they're not going to find themselves in any conflict of interest when it comes to approving competitors entering their market.

Hon. R. Thorpe: I have every confidence that they will have an open process. They will be following the policies that our government establishes. Our government, if this is approved, is saying that rural communities deserve to have the choice and access that all other communities in British Columbia have. I have every confidence that the general manager at the liquor distribution branch will discharge that policy.

Hon. G. Campbell: We have a recommendation before us to change the location criteria to two categories: one for rural communities, minimum population of 300; and another for tourist destination resorts - for example, ski resorts, residence and guest accommodations. We're being asked for the minister to authorize the LDB general manager to make RAS appointments.

All in favour? It's approved. Thank you very much.

Next, we are going to have a quick update from Mike with regard to softwood lumber. As I mentioned, we have less than a week until March 21, which is the deadline date for something to happen.

Mike.

Update: Softwood Lumber Dispute

[11:35]

Hon. M. de Jong: Thanks, Premier.

There has been a degree of activity and, I guess it's fair to say, a degree of progress. I should just say this as we talk about March 21, Premier. The talks we're having now, we probably should have been having in January and February. I think it's valid to point out that British Columbia and Canada were prepared to have those talks in January and February. That delay is in no way attributable to our respective teams. We were ready to go, but that's water under the bridge, I guess, and here we are with March 21 looming.

There are different interpretations on the significance of that date. It is clear, however, that if the temporary order - that is, a preliminary determination that's in place now - crystallizes into a final

order, the universe changes. The sun will still come up on March 22, but for some it will be a little less bright. It has serious implications.

A recurring theme through this is that we are doing what we can and are admittedly interested in doing everything we can to avoid a situation where the issuance of that final determination becomes necessary. That is not an excuse, we think, for signing on to something that's not in our best interests. Keep in the back of your minds the possibility that we don't get a deal and that final order is made.

Very quickly, let me alert you to the chronology. Back in November-December we made a fairly comprehensive proposal around achieving a policy-based solution, something that hasn't been attempted and certainly hasn't been achieved in the past. It's been much discussed and debated, and people have their views. For us, of course, it's about revitalizing our domestic industry.

When we finally did get down to it with the Americans at the end of February and in March, that document largely became the basis for a proposed framework agreement. I'll just quickly take you through what that framework agreement includes. Let me emphasize this. There is not sign-off on the framework agreement. There are still negotiations taking place around the details, though I should say this: there does seem to be a degree of acceptance around the structure of the framework agreement.

The first point of five is market access. That's the prize for us. We want our wood from Canada to be able to flow down south and not be held hostage to these recurring disputes.

Secondly, the policy reform. They are divided, broadly speaking, into three categories: timber pricing, mandatory requirements and tenure reform. They track almost specifically the terms of the proposal you are familiar with, which we tabled in November-December. I should say the framework agreement contemplates separate annexes for separate provinces, recognizing that circumstances are different in the different provinces.

The framework agreement contemplates, thirdly, the transitional measure, recognizing that it takes us some time to implement the policy shifts we have identified in our paper. It does contemplate a temporary border provision, a border tax, but it also - and this is important - sets out a process and procedure for the elimination of that border tax on a province-specific basis.

We have pushed hard and are continuing to push hard for exemptions to that transitional measure for value-added products and for higher-priced products like Western Red Cedar. Again, my emphasis: we are still talking about this. We are still negotiating the terms of this. There is not sign-off from the parties.

Fourthly, the framework agreement contemplates a binational commission responsible for the implementation, oversight and interpretation of the terms of the agreement. There has been a fair bit of work done on that, and conceptually there is agreement that this is a fair way to try and manage the issue. Again, there has not been absolute sign-off on every single detail.

[11:40]

We have also talked, fifthly and finally, on the framework agreement about working cooperatively and jointly with the Americans on market development, both in terms of promoting the use of wood and expanding the markets. We think that's logical because, to be blunt, our collective share of the North American market is decreasing as we continue to throw stones at one another every three or four years. If we can work together, we can go on the offensive a little bit worldwide.

Negotiations are taking place. The amount of a temporary border tax is just one example of the tough negotiations that lie ahead in advance of March 21. For B.C. it's a \$5 billion question: are we going to get a deal? I don't know if we're going to get a deal. We're doing everything possible. We had a pretty intensive week in Ottawa.

Premier, if I could just take a moment to comment on the performance of what we came to call Team B.C. - a group of MLAs and stakeholders, community leaders, eight mayors, first nations representatives and labour representatives who met with everyone from the Prime Minister on down. They participated in stakeholder meetings and meetings with Ministers Pettigrew and Martin. I think British Columbia can be pretty proud of the job they did in terms of speaking with one voice and emphasizing yet again the importance of this issue to British Columbia and the communities and people they represent.

I think there is that understanding. I can tell you that they made for an impressive group, particularly when they were able to sit around even the cabinet table and tell the Prime Minister, notwithstanding some pretty longstanding differences between some of them, how committed they are as British Columbians to working as a group to help Canada and the other provinces find a solution to this problem, this dispute.

I don't think it is an overstatement, Premier, to say that it's rather remarkable at this stage of the game, with barely a week to go to a significant date, that the province and the country stand fairly united. That has stood us in good stead. I think it's a testament to the work the Premiers have done and in part, I think, to federal Minister Pettigrew for keeping all of the disparate groups in this country informed and involved. We are going to continue to do that over the next few critical days.

Some of you heard the comments from the Prime Minister and the President. They are hopeful words, but the trick, of course, is to translate that optimism at the highest level into a result at the negotiating table. We're rolling up our sleeves, starting today and through the rest of the week in Washington. The next time we meet, perhaps we will have something to analyze and critique or, as Ricky used to say, I'm going to have lots of explainin' to do. We won't sign a deal at any cost. It'll have to be in B.C.'s best interests before we sign off on anything.

That's my report.

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

The meeting's adjourned.

The cabinet adjourned at 11:44 a.m.

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