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# Open Cabinet

## Open Cabinet Transcripts



### TRANSCRIPT OF THE OPEN CABINET MEETING November 14, 2003

Province of British Columbia  
EXECUTIVE COUNCIL

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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 Negotiations  
Minister of Children and Family Development  
Minister of State for Early Childhood Development  
Minister of Community, Aboriginal and Women's Services  
Minister of State for Community Charter  
Minister of State for Women's Equality  
Minister of Competition, Science and Enterprise  
Minister of State for Deregulation  
Minister of Energy and Mines  
Minister of Finance  
Minister of Forests  
Minister of Health Planning  
Minister of Health Services  
Minister of State for Mental Health  
Minister of State for Intermediate, Long Term and Home Care  
Minister of Human Resources  
Minister of Management Services  
Minister of Provincial Revenue  
Minister of Public Safety and Solicitor General  
Minister of Skills Development and Labour  
Minister of Sustainable Resource Management  
Minister of Transportation  
Minister of Water, Land and Air Protection

Hon. Gordon Campbell  
Hon. Greg Halsey-Brandt  
Hon. Christy Clark  
Hon. Shirley Bond  
Hon. John van Dongen  
Hon. Geoff Plant  
Hon. Gordon Hogg  
Hon. Linda Reid  
Hon. George Abbott  
Hon. Ted Nebbeling  
Hon. Lynn Stephens  
Hon. Rick Thorpe  
Hon. Kevin Falcon  
Hon. Richard Neufeld  
Hon. Gary Collins  
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Hon. Sindi Hawkins  
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Hon. Gulzar S. Cheema  
Hon. Katherine Whittred  
Hon. Murray Coell  
Hon. Sandy Santori  
Hon. Bill Barisoff  
Hon. Rich Coleman  
Hon. Graham P. Bruce  
Hon. Stan Hagen  
Hon. Judith Reid  
Hon. Joyce Murray

**FRIDAY, NOVEMBER 14, 2003**

**The cabinet met at 2:05 p.m.**

### Opening Remarks

**Hon. G. Campbell:** We have a number of items on the agenda today. Let me just quickly bring you up to date on the trip I've just come from back from. I visited both China and India. That's approximately two billion people that I had a chance to meet with personally, every single one of them. It's fair to say that the trip exceeded my expectations in terms of both what the opportunities are and how we're moving to build on those.

The first country I was in was China. I visited Shanghai, Guangzhou and Beijing. I did meet with the mayor of Shanghai and the governor of Guangdong province, which is a sister province for British Columbia. Both of them are very interested in the development of wood products, which I think is important for us. I don't want to suggest that that means tomorrow there are going to be new boatloads of wood going over there. There's some work to be done, which is

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both technical work and design work. We are very close to having the building codes and fire codes approved centrally, which are critical to the ongoing opportunities that may be existing there.

China's economy is growing at about 8 percent a year. It is very vibrant. There's an awful lot going on. We have to take it in this context that the three cities I was visiting are incredibly busy cities. The last time I was in Guangzhou, which was about ten years ago, it was growing at a rate of 100,000 people a month. They still have significant challenges with people coming in and moving into Guangzhou. There are ten million housing starts a year in China - ten million. Less than 1 percent use wood in construction today. There are only about 500 wood frame homes built every year, so you can see there's a fair amount of room for growth there.

We were at the groundbreaking for the Dream Home China project, which we approved earlier on. It was actually both well attended and well received. We have a very good partner there. The forest innovation investment program is working with the Jin Qiao Group, which is a well-known group - well connected in terms of its developments in Shanghai particularly. But what I thought was beyond, again, what I was really anticipating was that there was a special agreement signed for 205 wood homes to be built in the next year with the Jin Qiao Group. I know that 205 may not sound like a lot to us, but we should remember that that's 40 percent of the total number of wood homes that are built in China. That was a big jump for us, and that was a positive thing. There are five restaurants which they are now looking at building with wood frame housing - same group, same partnership in Shanghai. I think that bodes well for us.

I also met with the Chinese Academy of Forestry. We've signed an agreement, basically a letter of intent, to look at how we can use naturally damaged woods and fire-damaged woods in construction. They want to do some research with us on that. That's particularly important to us on pine beetle, as you know. There's a lot of wood left in the pine beetle-affected forest that's available. About 4.2 million hectares right now have been affected, so there are 160 million cubic metres of pine beetle-affected wood that's available. Again, working with the Academy of Forestry, I think we've got a real opportunity to establish with the Chinese marketplace both the credibility of the building product and what we can do with it.

There are two other things I want to mention. The first is that I met with the Minister of Education in China, Zhou Ji. He was very enthusiastic about the agreements that had been made between British Columbia's education institutions and communities in China. There are 40 partnership agreements already in place. As you know, the Dalian school in China started initially with 53 students in 1997. It's now got 1,300 students. That is a very important model for us, and there are many new schools. There are about four new schools right now that we're looking at - potential for adding that. I think that will be very important.

The University of British Columbia has a very strong tie with the international MBA program at the university in Shanghai. They also have very strong training programs with Guangdong province. In fact, they have an advanced training program for a number of people in the public service there, and they've found that their people are constantly being promoted. It's a very strong program, and I think they should take a lot of pride in the contributions that they're making.

## **[2:10]**

There is one other thing I should mention. Every community that we were in.... In Shanghai they're having a 2010 Expo. In Guangdong they've had an awful lot of economic growth, so they're concerned about the environment as well. In Beijing, obviously, they're having the 2008 Winter Olympics.

They were all very interested in fuel cell development and in the potential for hydrogen energy. As you know, one of the things we're thinking of for 2010 here in our Olympics is the potential for a hydrogen highway between Vancouver and Whistler to show off that technology and, hopefully, to move it to a next stage. Both the mayor of Shanghai and the Olympic committee head, who was in Beijing, are interested in looking at what we might be able to do for prototype projects with them.

The governor of Guangdong province was interested in whether or not we could create opportunities there - even for the production of fuel cell if we move to that stage of development. They are all very concerned about the environmental quality, so wood, being the most environmentally friendly building material, was very important to them - something we can do a lot with. I think the fuel cell opportunity is another thing we can do a lot with there.

You may also know - to skip to another country - that Delhi was just awarded the 2010 Commonwealth Games. If you can, imagine an international project where we have a hydrogen highway in 2010 at Vancouver-Whistler, and a hydrogen highway of sorts in 2008 at the Beijing Olympics, in 2010 in the Expo at Shanghai and in 2010 at the Commonwealth Games in Delhi. That would be a fairly substantial marketplace we had entered and exposed to that technology, which they were all interested in, I think. So there are possibilities there.

I should tell you that when meeting in India, we were very graciously received in Amritsar at the Golden Temple. That's an experience I would recommend to anyone. It's a phenomenal site. It's an incredible building. People were exceptionally friendly there throughout that experience.

We went to Chandigarh, which is the capital of the Punjab state as well as the capital of Haryana province. As you know, the vast majority of our South Asian community, or Indian community, comes from the Punjab state. They, too, are very interested in the work we're doing in the environment and educational exchange. They, too, are interested in how we may be able to use wood products to meet some of their growing demand. It's kind of an urban design challenge that they face right now. So there are opportunities there.

We visited in Delhi and we visited in Mumbai. Mumbai is what used to be called Bombay. It's on the west coast of India. It is really the heart of India's economy; 40 percent of all India's income tax comes out of the region of Mumbai. It has a very strong film industry there. It produces more films than any other industry in the world. It is looking for

possibilities for connections and partnerships, particularly with new media. Capilano College is working with their animation department there to establish a special partnership with what's called IIT in Mumbai. That would be very beneficial to us.

One of the things that was raised was... You may know there is now a non-stop flight from Delhi to Toronto. The first thing I thought is: why would anyone pick Toronto when they have an opportunity to pick Vancouver? The first thing they thought in Mumbai was: why would anyone pick Delhi when they have an opportunity to use Mumbai? We decided it would be a good idea to have a direct flight from Mumbai to Vancouver, and let the other one carry on as well. That's something we will try and pursue with the federal government and with interested parties.

In terms of the trip, there were memorandums of understanding signed. As you know, we had Kwantlen University College, University College of the Fraser Valley and Simon Fraser University with us. We had a number of people who were involved in technologies. I met with a couple of pharmaceutical concerns that are looking at the potential for joint collaborations there.

If I jump back for a sec, I should tell you that in terms of Guangzhou, the work that our B.C. Centre for Disease Control has done is well recognized and is highly regarded. I was there while we were talking about the SAVI project, which is the SARS accelerated vaccine initiative. That is going to be an international collaboration, and it is going to make a difference. They were very, very impressed by the work that we've done. As you know, our B.C. Centre for Disease Control is also now working directly with Hong Kong, because of the applicability of the models we've established here, as to how they will deal with that in Hong Kong. We said when we launched this that we hoped it would create a new collaboration.

I don't know if you're all aware, but we are potentially going to find a vaccine for SARS in less than half the time it would normally take to develop a vaccine. There are four separate potential vaccines that are already through the first phase, which are now looking towards going to clinical tests. One is created by Western, one is University of Toronto, one is McMaster, and the other is B.C. Centre for Disease Control. Now we have both Guangdong Public Health and the Guangzhou Centre for Disease Control looking to work with them and create a collaboration there. That's very positive.

Just to give you also a brief update, to bring us home for a minute. Next Friday on November 21, we will be having the pine beetle symposium in Quesnel. As I mentioned, there are 4.2 million hectares that are now infested. About 160 million cubic metres of potential wood or forest are now infested with pine beetle. The conference will bring together community leaders, industry, environmental groups, forest managers, forest health experts, etc. The media will be invited to that. This is as much for everyone to find out exactly what the state of this is. It's easy for us to say: "Well, let's pretend it's not a problem." We can probably get through it this year and next year, but I can tell you that right now, with the trends in pine beetle, we're looking at a real problem 15 and 20 years out if we don't start acting on it now. People expect us to think a little bit longer-term than next week or next month, and we're going to do that. I think there's an opportunity for us to come up with some pretty aggressive and sensible policies that will help not just create work in the woods but also create products that we can sell internationally.

Finally, just to give you a quick update on myself. It's great to be back, but I'm going to Saskatchewan tomorrow. I'll be meeting with Paul Martin on Sunday. I think it's a hopeful sign for us, as Mr. Martin has asked to meet with us. I think it's important to note that he's not the Prime Minister yet, and he'd be the first to tell you that. But it's important that we open the dialogue. The Premiers will all be there. We will be encouraging Mr. Martin to continue with regular meetings of first ministers. We will be encouraging him to work with us directly with regard to the health care file, which is still a long way from sustainability. We still are sort of holding our breath and hoping from one year to the next, and there's a lot of work we've got to do with that both provincially and federally. I think there's a will to try and deal with that.

We're also going to recommend that we meet annually around a number of issues. Both internal and external trade are on the agenda every year when we meet. Health care is on the agenda every year when we meet. Justice is on the agenda every year, and what the feds do in justice has a direct impact on us provincially. We're going to try and see if we can convince Mr. Martin that it would be good to have a regular first ministers' meeting and that regular first ministers' meeting would include some set agenda items and also other things we have to deal with this year.

For example, this year if we were having a first ministers' meeting, there's probably little doubt we would have ended up dealing with SARS, we would have ended up dealing with BSE, and we would have ended up dealing with forest fires or natural disasters. We were hit with fires in British Columbia, floods in British Columbia and hurricanes in Nova Scotia. There was lots there, and there's lots we've learned from that, which we could translate to a sensible kind of program in response. So we're hoping that Mr. Martin will be willing to do that.

I think there is a natural worry about it, at times, that it just becomes another meeting. We would like to try and move away from that. We will be meeting as Premiers on December 5 in Charlottetown to finalize the Council of the Federation, which will aim directly at us specifically assuming pan-provincial responsibilities in trying to make progress ourselves without always asking the federal government to do something. I think we'll have a fairly active time over the next number of weeks.

With that quick update - and I apologize for the length of that, but it's a chance to give you all the same message once, as opposed to 18 or however many times we have today - we have a number of items on the agenda today. First, we have a fire compensation update from Rich.

**[2:20]**

We'll deal with Dick's oil and gas, stage two. As you know, we undertook a number of things in the spring to try and encourage investment in oil and gas, to try and make sure that our shallow wells and our deep wells were dealt with. That's had some immediate benefits to us as a province, and Dick is coming with the second stage of that. Colin is going to give us a health update with Sindi on a number of areas that are critical as we move ahead, and Geoff has an

agreement-in-principle with the Sliammon first nation that he is asking us to consider and make a decision on today. Then we'll be done.

We'll start with Rich.

### **For Information: Wildfire Damage Compensation Update**

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

This is just a quick update on the fire compensation to date and what we see going forward. First of all, I want to give you a quick scope of what the disaster was. In actual fact, we had 27 significant interface fires last summer. We had a state of emergency that lasted six weeks, and we evacuated more than 50,000 people throughout the province.

With regard to the federal cost-sharing, the cost of the fires is set at somewhere around \$550 million as our total cost of last summer's impact on us as a province. There are a number of those costs that are eligible for federal cost-sharing: emergency operations centres; shelter for evacuees; support for volunteers and other emergency costs, which amounts to about \$92 million; watershed restoration for drinking water; public infrastructure for things like bridges and roads; and, we believe, the Okanagan trestles.

We are asking for more than \$200 million with regard to the response and recovery we've had that we think is eligible under the disaster financial assistance at the federal-provincial relationship level. We've had an advance payment of \$100 million that was announced by the Premier and the Minister of National Defence a few weeks ago. We have a fairly cooperative relationship on the balance of the file, so we're pretty optimistic that we're going to get where we need to.

In addition to all the other issues in and around the \$92 million we spent in disaster financial assistance with regard to shelters and all the issues around food and accommodation, we felt that one particular area, which was the North Thompson region, also needed a little more impetus with regard to some of the things. We've actually put together some compensation that will have some impact on that region and other regions of the province - basically, extraordinary additional compensation for individuals and small businesses affected by the fire, especially those in the North Thompson region.

Fire is an insurable loss and is not eligible for disaster financial assistance, which causes a number of difficulties with regard to these types of events. Therefore, we've actually proposed and agreed to put forward \$1 million to the North Thompson Community Skills Centre in Clearwater. That's to help provide skills, development and training, career assistance and job placement for the people in the region. North Thompson Community Skills Centre exists today, and this funding will actually make it stable for job training for that particular area of the province.

One million dollars will be used for the provincial emergency hardship fund. That's to provide grants for up to \$10,000 for individuals who have experienced significant hardships. The first priority will be homeowners and tenants who lost their homes. Small businesses that have lost property will also be eligible. The hardship grant is available provincewide, and it will be administered by the North Thompson Relief Fund and the province.

One million dollars will be given in trust to the Thompson-Nicola regional district for an economic development and revitalization fund, which will provide economic development assistance to the North Thompson Valley. A steering committee composed of the local MLA, regional district directors and small business representatives will provide the advice on the expenditures. They will set it up and run it through the Thompson-Nicola regional district. An additional million dollars will be given to the North Thompson Relief Fund for economic development priorities to match contributions raised through donations - just something that is an extra enhancement, if necessary.

As you know, there has been a bit of controversy this week with the fact that the Filmon wildfire review is taking place. There are public meetings taking place in Barriere, Kamloops, Osoyoos, Penticton, Kelowna, Chase, Cranbrook and Nelson. We're also accepting written submissions, and we expect a report with regard to this review by February 15.

The review is pretty important to make sure we know what we did well and what we need to improve on. We need to hear from people. The terms of reference for the review include prevention strategies used for reducing the risk of interface fires; command structure for responding to provincial emergencies at all levels of government, including decisions around deployment of personnel and equipment; provincial processes for ensuring full, adequate and timely communication; public information during emergencies and how it can be improved; the role of volunteers and how it can be supported and enhanced; and the applications of the rules for federal assistance to the province.

**[2:25]**

Two meetings have already occurred in Barriere on November 12 and in Kamloops on the 13th. The next meetings are scheduled on November 24 in Osoyoos, the 25th in Penticton, the 26th and 27th in Kelowna, the 28th in Chase, December 1 in Cranbrook and December 2 in Nelson.

Something we should understand about this is that it's really important that we go out after the fact and have a look at what we did well and what we can improve on. It is by no means meant to be an opportunity to criticize our professional public servants, who did an incredible job during a tremendous amount of pressure and who actually had to - because of the size and scope of this event - make decisions in a split second, which a number of people are prepared to criticize for months afterwards.

I think it's an opportunity for us to see what we did well, what we can improve on and also, at the same time, remember that our staff, our volunteers and everybody else that worked on this thing did some pretty incredible work. I

don't think it's unhealthy to have that criticism. I think it's good, but let's always take it in the context that we also did some incredible things by actually evacuating over 50,000 without injury or loss of life.

As we move forward, we'll find ways to improve how we did this, but certainly this is a healthy exercise that we and the Premier committed to as we went through this process at the beginning. It will only improve our ability to respond in the future.

**Hon. G. Campbell:** Any questions? Rick.

**Hon. R. Thorpe:** Rich, you mentioned the emergency hardship fund - a million dollars. You mentioned that it's available provincially. I've had a number of inquiries from small business, tourism operators. How would people get more information about that and pursue possible assistance through that fund?

**Hon. R. Coleman:** There are two ways, Rick. They can phone the provincial emergency office or actually contact an MLA's office, because they've had that information sent to them. Or they can just go on the PEP website. All the forms and information are there if they follow the directions.

There are two areas of possible compensation for small business. One is the hardship fund; the other is disaster financial assistance, which doesn't cover where insurance is not readily available. There are some provisions for small business within that. Each application is handled on an individual basis and is basically assessed individually, so I would encourage anybody that has those questions for an MLA or for yourself to make the application. Then they can find out what's available.

**Hon. G. Campbell:** Greg.

**Hon. G. Halsey-Brandt:** Rich, I just wonder.... You used a term. I think it was "insurable" or "uninsured" or something like that. There's been quite a bit of controversy in terms of fundraising and where the money's going and who's eligible for it. You mentioned those two things that Rick just asked about: the emergency hardship fund and the North Thompson Relief Fund, which are quite different vehicles, I take it.

People who are fundraising and the money.... Where does that go, particularly the difference between what we mean by uninsured as opposed to insurable but may not have insurance for individuals?

**Hon. R. Coleman:** Well, first of all, for instance, flooding which is a normal flood but not a backup of a sewer is not an insurable loss. So that's something where disaster financial assistance can kick in. But you shouldn't mix the two. The North Thompson Relief Fund, the Red Cross and the Salvation Army have raised funds for relief. They can actually make decisions as to how that relief applies, and they're not governed by the fact of whether it was an insurable or an uninsurable loss. It's our legislation with regard to emergency funding that governs whether we can pay out on an insurable or uninsurable loss when it's readily available. We're governed by the fact that if insurance is readily available, it does not apply to emergency disaster financial assistance.

**Hon. G. Halsey-Brandt:** The federal contribution, as I take it, is only for infrastructure and things like this. It is not for personal losses. Is that...?

**Hon. R. Coleman:** No. Disaster financial assistance from the federal government, when you deal with these, can go personal if a person applies and actually qualifies under the disaster financial assistance for assistance. That's part of the funding that we would get under the Emergency Program Act.

**Hon. G. Halsey-Brandt:** Thank you.

**Hon. G. Campbell:** You should note, though, that disaster financial assistance is different for different situations - right? There is a program in place, but we will get a disaster financial assistance package, for example, for the Pemberton Valley that is different than the one we're doing with the fires and that may be different than the one we end up asking for, for Fort Nelson. It is a framework program. It's not a final sort of slam dunk: "These are the boxes you tick off, and you get a certain amount of money." That's one of the reasons it takes so long to put together the package and the impacts.

Rich, I have one question with regard to Mr. Filmon. I've read just some of the comments about it. It is important that we hear what people think - how the province may have fallen short, where that may have happened and what we could have done. We heard some of that as we went through the first experience with the McLure fire, with regard to communication. I see that it's one of the things that's there again.

There's another side to this, though, and that's the regional side and the local side. Are we giving our Forest Service people and our emergency protection people...? Are they going to be meeting with Mr. Filmon and saying that these are the things they ran into that they felt we should improve on as well?

[2:30]

**Hon. R. Coleman:** Yes. As a matter of fact, we gave about an eight-hour presentation to Mr. Filmon at the beginning of this from the provincial emergency program that was developed in cooperation with Forestry. We do have somebody attending each meeting so that there can be clarification if necessary.

**Hon. G. Campbell:** Great. Okay. Thank you for that, Rich.

The next item on the agenda is Dick and the oil and gas initiative.

**For Decision: Oil and Gas Initiative 2**

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

In May cabinet approved the oil and gas development strategy. At the time, approval was granted with the stipulation that I return with a report on progress. I am pleased to say that under Premier Campbell's leadership, British Columbia is becoming the most competitive oil and gas jurisdiction in North America.

I want to talk to cabinet about four things today related to our competitiveness. I'll point to some indicators of oil and gas activity to date and specifically since the launch of the oil and gas development strategy in May. I'm returning today to seek approval for further initiatives in our oil and gas development strategy in the areas of roads, royalties, regulations and B.C. competitiveness. I want to highlight our environmental performance in this growing industry and briefly discuss directional drilling technology used to minimize the footprint. Finally, I am sharing with you some important recommendations received from B.C.'s oil and gas service sector together with first nations communities, and the sector is seizing new business opportunities.

Let me say first that we have a lot of positive things happening in our province today in the energy industry. As you know, oil and gas exploration activity levels correlate with the price of the commodity. North America has had strong natural gas prices. That said, government is taking aggressive action to ensure that we have the most competitive business environment to encourage companies to invest in B.C. despite price fluctuation.

Since our Canadian record-setting petroleum and natural gas tenure sale in September, there has been some speculation in the media about the reasons behind the energy industry's phenomenal investor confidence in British Columbia. Lots of people have stepped forward to take credit. I would like to address that now for the record.

First, British Columbia has a legacy of entrepreneurship, and nowhere is that more true than in northeastern British Columbia. The commitment of the men and women workers and their families, the educators, the municipalities, the service sector firms, the Treaty 8 first nations and industry itself has catapulted oil and gas in this province. It was these individuals and groups who forced change on past governments. This government has chosen to embrace their entrepreneurial energy and use their ideas on how best to grow the industry.

Second, this government looks at the oil and gas industry differently than previous governments. Under the last administration, we watched as head offices moved from northeastern British Columbia to Grande Prairie. While Grande Prairie grew and prospered, northeastern British Columbia languished. Our number one goal is to create well-paying family jobs for communities across the province. That's why we are pursuing innovative initiatives to encourage oil and gas growth in all regions of British Columbia.

Let me highlight some of the new things we're doing. Our government is working with industry to develop unexplored energy plays. We're encouraging new basin development in areas such as the Bowser and Nechako basins, and we're launching a comprehensive resource road strategy to open up new areas. We're working collaboratively with Treaty 8 first nations and, for the first time ever, examining revenue-sharing. We are offering royalty incentives to encourage enhanced environmental technology exploration and looking at the linkages between oil and gas development and the emergence of our world-class hydrogen economy.

Clearly, this government's approach is having a positive impact. The indicators point to the successes we're having. We are forecasting approximately 1,200 wells to be drilled in the '03-04 fiscal year. This will represent an increase of more than 50 percent since the '02-03 fiscal year. Summer drilling activity in the province has more than doubled compared with last year.

Another example of success is in the increase in petroleum and natural gas tenure sales. At this time last year sales totalled \$242 million. So far this year we have sales of \$641 million. In September we had a one-month Canadian record sale - \$418 million - and \$360 million of this sale is directly attributable to changes we made in the deep gas royalty structure as part of our oil and gas development strategy 1 in May.

**[2:35]**

There are direct benefits from increased exploration and development not just in government revenues but, equally important, in increased summer and year-round activity in our northeast communities. It expands the stability of communities; it stabilizes the social impact in those communities. Instead of just working 100 days, people can expect to work year-round.

A couple of examples of how the thriving oil and gas industry is affecting one company in Fort Nelson. Streeper Construction hired an additional 20 full-time workers this summer and spent \$2.2 million on equipment to handle their increased workload. Another quick example of local benefit is the Ekwan Pipeline contract awarded to Sierra's pipeline of Fort St. John. More than 270 people - including truckers, welders and pipefitters - will work on the \$55 million, 82-kilometre pipeline project near Fort Nelson. The \$20 million construction contract is one of the largest service sector contracts to be awarded to a B.C. company.

These successes are a result of a cooperative approach between government, industry and the B.C. service sector. This government's goal is to examine ways to build a thriving energy industry with jobs and economic benefits for British

Columbians.

At the Premier's Energy Summit in Fort St. John last January, government listened to what industry was telling us: they needed to invest more of their dollars in B.C. We responded on all fronts with the oil and gas development strategy 1, and today I'm asking for approval to expand the strategy further, based on our successful results to date.

To recap, B.C.'s oil and gas development strategy has four main pillars: roads and infrastructure, fiscal environment and royalties, regulatory best practices and service sector competitiveness.

Let's begin with roads. In June we notified industry that we were providing \$10 million per year for three years in royalty credits for construction, maintenance and upgrading of resource road infrastructure. Industry is required to provide matching capital investment, doubling the value of infrastructure investment. By September our initial call for proposals was oversubscribed. In fact, \$77 million worth of proposals were received. Today we are proposing to increase the annual royalty credit for resource road infrastructure improvements to \$30 million from \$10 million.

We also have a successful P3 project moving forward, the Sierra-Yoyo-Desan project. We will have an operator in place by July '04 for a 15-year period.

One of the other significant initiatives of our strategy was to review and adjust provincial resource royalties to attract energy investment in new basins and deeper plays. Royalty credits were introduced for summer drilling in order to expand the drilling season, creating year-round employment. We lowered royalty rates for low-productivity natural gas to extend the production life of marginal wells. This enables industry and government to more fully capture the value of the existing resource. Royalty credits were introduced to encourage the exploration of new deep sources of natural gas using vertical drilling below the 2,500-metre level.

Today we are proposing the introduction of a number of things to enhance our royalty program. We want to introduce a new royalty regime for developing unconventional gas resources such as tight gas, shale gas, enhanced gas recovery, large-scale coalbed methane gas, and to support the development of new basins. A new net profit mechanism would see low royalties apply until a project pays out, with full royalties to apply after. Our goal is to encourage development of resources in unexplored areas like the Bowser and Nechako basins, creating oil and gas economic opportunities for more heartlands communities. Additionally, we would like to expand that royalty credit to projects with 2,300 metres vertical and amend the credit to encourage directional and horizontal drilling from that depth. We recognize that these types of projects require more intensive capital investment and pose a higher risk for industry.

**[2:40]**

Directional drilling optimizes resource recovery by entering the reservoir rock at an angle. This type of drilling actually reduces the amount of land required to develop an oil and gas pool compared to conventional or vertical drilling - less road, less pipeline, fewer well sites per program - and the gas is better utilized. You can see on the slide, Premier, that on the left-hand side is the conventional vertical drilling. There would be 11 sites to actually produce that field, which is a township - that is, 36 sections, or 36 miles by 36 miles. On the right is the directional drilling program that would have six sites actually accessing that same resource, and that's where you have a lot less footprint on the land base than with the straight vertical drilling. For this reason, it is a more environmentally friendly and less intrusive method of resource development.

There are a number of sites in the province where technology is currently being used to maximize the full potential of gas pools. In fact, since 1997 the province has permitted the limited use of directional drilling to access resources situated deep beneath the surface of our protected areas system. Ministry geologists and engineers estimate that as much as one trillion cubic feet of natural gas is currently under our protected areas and park system, which is actually one full year of production for the province.

With these advanced technologies, it is possible to access known gas pools that straddle protected areas boundaries without disturbing the surface of a protected area. These resources would otherwise remain stranded, providing no economic benefit and poor resource conservation. I'd like to ask my colleague Joyce Murray to maybe add her perspective on the use of directional drilling.

**Hon. J. Murray:** Thanks, Dick.

As we develop this industry, I'm very encouraged that we have the regulatory best practices, and those will include regulation with respect to environmental protection. At the same time, what we have is the industry doing the innovation to come up with technologies that reduce the footprint on the environment.

What you describe with directional drilling is clear. It's a more environmentally advanced process. It provides more precise access to the oil and gas deposits that are deep underground and minimizes the environmental footprint associated with roads and pipelines. That way we have less of that kind of disturbance in the wilderness, so that's a real positive, and I think it's useful that we're encouraging that.

What the people around the table here may not know is that as the result of the land use planning tables and the agreements reached in the Fort St. John, Dawson Creek and Fort Nelson LRMPs, 15 of our protected areas currently do authorize directional drilling beneath the protected areas. Those changes happened in about 1997. We currently do directional drilling in Maxhamish Lake protected area safely and successfully, and because of the technology, there's no access or surface disturbance of any kind at the surface of the protected area.

The other point I wanted to make, actually, is that several other jurisdictions do permit directional drilling under their

parks. It takes place in Alberta, Saskatchewan, California and Texas. As Dick noted earlier, this is a way we are able to access the pools that are deep underneath a protected area without affecting any of the environmental, recreational or aesthetic values of that protected area. I think it does provide benefits to the public of British Columbia of being able to access those pools in an environmentally safe way.

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

Now, moving on to the regulatory front. We are delivering on this commitment through an advisory group made up of industry, the Oil and Gas Commission, the Ministry of Energy and Mines and stakeholder representatives. The advisory group has recommended that a single piece of legislation be developed to govern the activities of the B.C. Oil and Gas Commission, making it truly a single-window agency. This, in turn, will improve turnaround times and allow the commission to focus its energies on compliance and enforcement, environmental initiatives, and community relationship-building and education.

Briefly, I'll share with you some of the facts about our environmental management of the oil and gas industry from the compliance, permitting and research perspectives. An audit of oil and gas industry regulatory compliance has been conducted annually from 2001 onward, and industry compliance with major provincial regulations has improved from 79 percent in 2001 to 86 percent to date in 2003.

**[2:45]**

Every application received by the Oil and Gas Commission has a public involvement requirement. On the research front, the Oil and Gas Commission has funded 25 projects over two years as part of the \$5 million environment fund. These research envelopes include health and safety, ecosystems and cumulative impact management, engineering and technology, and education extension.

Treaty 8 first nations are playing an important role in protecting our environment as the oil and gas industry grows in the province. I also want to acknowledge how the increased economic activity in industry can have a positive impact on their communities. The government is committed to expanding opportunities and benefits for first nations people in the oil and gas sector while protecting the environment. Our Premier has been clear about this commitment and has met with Treaty 8 first nations three times since 2001. This is more than any other Premier in B.C.'s history.

In February 2003 government provided Treaty 8 with \$250,000 for a Treaty 8 community education project to get direction from all Treaty 8 members, including elders and youth, regarding these important issues. It is also worth noting that since 2001, more than \$19 million has been disbursed through the MOU - memorandum of understanding - consultation agreements related to oil and gas with first nations.

In October the chiefs came together and presented a resolution at the oil and gas conference in Dawson Creek, indicating their determination to expedite this process with government. I also met with the chiefs in October to reaffirm our intention to negotiate in good faith. The province has appointed Catherine Panter from the treaty negotiations office as chief negotiator to respond to the issues raised by Treaty 8. We are prepared to discuss co-management processes, meaningful consultation and cumulative impact management. We're also prepared to negotiate revenue-sharing models from oil and gas revenue.

It is important that both our aboriginal and non-aboriginal communities realize the benefits of this growing industry. No question, there is more that needs to be done to ensure that our communities and our workers are able to take full advantage of expanding opportunities in the oil and gas sector.

On the screen, you will see a shot of a pumpjack located near Fort St. John. We are working with communities like Fort St. John and Dawson Creek to ensure that the local infrastructure supports a rapidly expanding oil and gas industry. To put this in perspective, the oil and gas activity now covers one-quarter of the province. For those communities in the region, it is impossible to access the industrial tax base spanning such a huge area. Together with the communities, we are examining what can be done to ensure that the municipalities have the capacity to manage the growth and to encourage the recruitment of workers and the professionals required.

The last topic I want to discuss today is B.C.'s service sector. British Columbia's goal is to become the service provider of choice for our oil and gas industry. I recently met with representation of B.C.'s service sector and northern municipalities. In May the Premier directed me to establish the service sector strategy committee. The committee is made up of representatives from the Northern Society of Oilfield Contractors and Service Firms, the Northeast Aboriginal Business Centre Society, the Canadian Association of Petroleum Producers and the Fort Nelson Chamber of Commerce. The committee was asked to closely examine the business environment of our oil and gas sector and identify elements that support or challenge continued business growth. I recently received their initial report and recommendations. I am requesting approval to proceed on the strategy, which has four key tactics: procurement, business competitiveness, education and training, and regulation.

First, we examined procurement. The study indicated the immediate need for enhanced procurement processes between industry and B.C.'s service sector companies. The committee recommends that government undertake a comprehensive analysis of the amount and value of goods and services and labour sourced within and outside the province.

The second element of the strategy is business competitiveness. The committee calls for a multi-faceted marketing campaign targeting Calgary and Houston. The campaign needs to focus on B.C.'s growing competitive advantage and emphasize dramatic reductions in the province's corporate and personal income tax, new initiatives to expand and build resource roads and infrastructure, and royalty reductions and action to reduce red tape.



The third tactic recommended by the committee involves training. We have been working with the Ministry of Advanced Education on the development of these initiatives. More resources are being allocated to Northern Lights College to establish it as a centre for excellence for oil and gas training.

**[2:50]**

The final area of recommendation is related to continuing work in regulatory streamlining. With your endorsement, we are proposing an investment of \$500,000 per year to be matched by industry to invest in post-secondary education and training.

Premier, you are a great promoter of B.C.'s rich oil and gas resources. Something that I think we often forget is how much we rely on oil and gas in our daily lives. We are fortunate. Let me give you some statistics. B.C. produces 17 million barrels of oil every year. We consume 50 million barrels of oil every year. British Columbians consume about five billion litres of refined petroleum products such as gasoline, diesel, jet fuel, kerosene and asphalt. If we want to grow our industries and our communities, we should remember, for example, that Vancouver airport consumes approximately 3.5 million litres of jet fuel every day. The port of Vancouver uses approximately 2.6 million litres of bunker fuel every day. This has to come from somewhere, and we have the resources in this province. We want to actually develop those resources for the benefit of all.

British Columbia is also Canada's second-largest supplier of natural gas. We produce annually 1.1 trillion cubic feet. We use about half of that domestically for heating our homes, for heating our water and for fuelling our industries. Oil and gas is also a very vital feedstock to our hydrogen economy for the future.

Today I am requesting approval, Premier, to proceed with the new initiatives to improve and expand on our existing oil and gas development strategy for the heartlands - to increase the road and infrastructure funding from \$10 million to \$30 million a year for the next three years, to advance the royalty structure from just vertical deep drill to actually encompass the horizontal and directional drilling, to move to regulatory best practice to move the Oil and Gas Commission to a single-window agency, and to implement the four service sector strategy goals of procurement, business competitiveness, employment training and deregulation. Thank you very much.

**Hon. G. Campbell:** Questions? Judith.

Hon. J. Reid: I know from working with people in the northeast how proactive they are. It's been very impressive to work with them on transportation issues. In looking at the possible expansion - you talk about the Bowser basin and, I think, the Nechako basin - are there other communities or areas that haven't been involved that we're now looking at involving or are eager to be involved? If so, how are you approaching working with those communities?

**Hon. R. Neufeld:** Well, of course, offshore oil and gas is a large initiative of this government and my ministry, and we're working with the federal government on developing the offshore potential in this province, which is huge. We're also looking at developing coalbed methane across the whole province. That's on Vancouver Island. It's in the southeast part of the province. It's in the interior, in the Hat Creek region and in the South Okanagan region. We have that available across the whole province. We're working to develop those resources and are actually working with the communities, as we can through the ministry, to do some educational training about what it is.

For instance, on coalbed methane, we would do some studies on air and water prior to any drilling so that we have some baseline studies to work from. That makes good environmental sense. We visited the U.S. to find out where coalbed methane started and some of the mistakes they made. We think we have some of the best regulations in place to develop that industry in a safe, efficient manner for all British Columbians.

**Hon. G. Campbell:** Rick and then Joyce.

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

Dick, in adding to the portfolio the ability for horizontal directional drilling, what kind of revenue increase do you anticipate over time, and what kind of additional job creation do you expect?

**[2:55]**

**Hon. R. Neufeld:** Well, the jobs will obviously be in the hundreds to the thousands over a period of time. The deep royalty we just received - about \$360 million more than we expected - in September was two things. It relates to the price of natural gas - no doubt about that. Also, we recognize that drilling 2,500 metres and below is more expensive. I think industry says they'll spend about \$4 billion or \$5 billion developing that play on which they just spent \$400 million buying the rights to be able to develop it. That means huge benefits for British Columbia and for the communities.

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

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

**Hon. J. Murray:** Dick, can you describe a bit more what you mean by the changes to the Oil and Gas Commission to develop regulatory best practices? That's somewhat what that organization is intended to do now - be a one-window approach for industry. What changes are you contemplating?

**Hon. R. Neufeld:** It is probably one of the.... Well, it is the only, best one-window approach we have in the province of British Columbia. What we want to do is expand that so that the Oil and Gas Commission encompasses all the people that are needed to look from the environment to the geology to the development - how we do that over the long term and how we affect the land base, regardless of where the drilling would take place. Right now, most of it is in northeastern British Columbia.

So there are some things.... As you mentioned to me earlier, the Oil and Gas Commission utilizes some of your people in Victoria more than maybe they should. What we want to do is make sure it's a single-window agency so that it's funded correctly by industry and so that we can have those people that are needed to look after those issues.

**Hon. G. Campbell:** Shirley and then John.

Hon. S. Bond: Thank you, Premier. I just wanted to comment on Richard's comments about skilled workers and the need that we have to work on that particular agenda. We're finding that there's unprecedented cooperation with industry in terms of the oil and gas sector in particular. As we move forward, we are looking forward to partnerships, and we're working with Dick and his ministry.

The good news is that industry has already stepped up to the plate, and we're offering B.C.'s first service rig worker program. It's a pilot project that's being offered, and in fact it's a five-day course which actually allows people.... We've had people come from all around the province to take the program and work immediately with a fairly lucrative salary. From my perspective, one of the most encouraging signs is that the rig was actually donated by industry. It's valued at over \$350,000.

We're working directly with industry but also working with the petroleum industry training association in Alberta to develop curriculum that we can use in both provinces. That was certainly some of the discussion generated at the joint cabinet meeting that we had, Premier, in Alberta. So we're taking a pretty aggressive approach in how we train workers in British Columbia to meet the needs that Richard has outlined.

**Hon. G. Campbell:** John.

Hon. J. van Dongen: Richard, you had a slide showing some pretty good-looking Peace River farmland. I think it might be useful for you to make cabinet aware of some of the discussions we've had to help minimize impact on farmers from the expansion of the industry, which certainly we support. We've worked on the landowner liaison person to help mitigate that impact. Maybe you could just make a few comments about that.

**Hon. R. Neufeld:** Sure. Thanks, John. Actually, I do believe we have some pretty good-looking country up north, in northeastern British Columbia. That's why I'll continue to live there.

**A Voice:** Beautiful roads. Those roads are great. [Laughter.]

**Hon. R. Neufeld:** And we have a bit of asphalt. It's coming. That's all good.

We have in the Oil and Gas Commission.... Some of the drilling takes place on agricultural land, on farmland. There's lots of agricultural land that isn't farmed, but on the farmland, in the Oil and Gas Commission, I had Derek Doyle develop a position that was a landowner advocate - the regional district people were involved, and the communities there were involved in how we developed that program - so that we can actually have a person that landowners could go to, to find out what they should do and what they shouldn't do.

At the very end, you have mediation arbitration which people really don't want to use if you don't have to, but that actually settles it at the end of the day. I think it's a very good position. It's one we're going to try for a year. We've talked to you. In fact, you and I have had quite a few discussions about it. I think it's something that's excellent for the landowners in northeastern British Columbia or wherever we happen to be drilling in the province, because we want to increase drilling across British Columbia - not just do it in northeastern B.C. We want to do it in some other basins that have some great opportunities to develop oil and gas.

**Hon. G. Campbell:** Okay. We've got recommendations here. The first one is with regard to resource roads. I assume you've taken that to Treasury Board and that's been approved by Treasury Board?

**Hon. R. Neufeld:** Yes.

[3:00]

**Hon. G. Campbell:** Okay. Any comment on that with regard to royalties - royalty changes for horizontal and directional drilling?

**Hon. R. Neufeld:** That's gone through Treasury Board.

**Hon. G. Campbell:** The service strategy? That's in place. Is everyone comfortable with that? Did we miss anything?

**Hon. R. Neufeld:** No. Actually, the regulatory best practice, and that's also gone to Treasury Board for approval.

**Hon. G. Campbell:** Okay. It's done, then. Good job, Dick. Thank you very much.

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

**Hon. G. Campbell:** Next on the agenda is Colin.

**For Information: Health Update**

**Hon. C. Hansen:** Thank you very much, Premier.

I think, as everybody in this room knows, there's a great appetite on the part of British Columbians for good and timely factual information about the health care system. One of the organizations we rely on a lot is called the Canadian Institute for Health Information. It's an independent body. Where they offer such a service to Canadians is that they go in and compare provinces to provinces on a truly comparative basis so that when they report on statistics out of one province, they're in fact directly comparable to the numbers being used by another province. They put great effort into that.

Last week CIHI, as we call it, published their most recent report, which is Preliminary Provincial and Territorial Government Health Expenditure Estimates, and they go back for the last 30 years. Every year they will update it to the most recent year, including the forecasted expenditures from provinces and territories going forward a couple of years.

I think there's been a lot of misinformation floating around on health care. When data like this comes out, it gives us an opportunity to focus in on it and make sure there's some good factual information available for residents of this province.

The fact is that we are spending more on health care today, and that has been increasing every single year. I'm going to show you some slides which show the ramifications of that expenditure, where some of that money is being directed and how we stack up compared to other provinces across Canada.

We now spend \$10.7 billion on health care in B.C., and that is the highest amount ever. Health spending has increased by 23 percent over the last three years. It now represents 42 percent of the entire provincial budget. I think what's really important to individual British Columbians is not just how much money is being spent but also how it is being spent, because we have to make sure that every dollar is used to its maximum effectiveness when it comes to actually meeting the needs of patients in this province.

What isn't reflected in this particular slide is the fact that not only are we spending more, but we are getting better value for the dollars we do spend. Just as an example, the health authorities across the province have saved \$80 million over the last couple of years by reducing administrative and support costs, and every penny of that gets redirected into patient care in the province.

On a per-capita basis, you can really see that spending has increased quite a bit over the last few years compared to the mid-nineties, for example. This year we will spend \$2,716 for every man, woman and child in British Columbia. That's an increase of more than 50 percent over the last ten years. If you look at health spending on a per-capita basis and look at it in constant 1997 dollars, you will see that in the mid-1990s, there was actually a decrease in the per-capita spending in this province, and it has increased significantly over just these last couple of years.

In fact, health care spending in B.C. has grown at twice the rate of the growth in our economy. Clearly, that is not sustainable. We must get our cost pressures under control if our cherished public health care system is, in fact, going to survive into the future for our children and generations to come.

In terms of per-capita spending, B.C. is still very close to the top, and this is consistent year after year. If you go back to the most recent year, 2001-02, the Canadian average is about \$2,213 per capita, and you can see that B.C. is well above that at \$2,515. As I mentioned earlier, B.C. is now coming in at \$2,716. That's the third highest behind only Manitoba and Newfoundland, which have slightly higher per-capita spending on health than British Columbia does, but clearly we're well ahead of the Canadian average.

**[3:05]**

One of the fastest-growing parts of our budget is in Pharmacare. It's what we spend to subsidize the drug costs for medications for British Columbians. If you look at the cost of that program, it's grown by 109 percent over the last ten years. Every year that budget for Pharmacare has increased, and we'll obviously project it to increase significantly in the years to come if we don't manage it carefully.

According to these latest Canadian Institute for Health Information numbers that were released earlier this year, B.C. provides the highest amount of provincial subsidy for people's drug costs as a percentage of total drug expenditures. That means that if we subsidize the prescription drug purchases in our province, we do so to a greater extent than any other province in Canada. The data that's before you here is from 2002, which was actually prior to our introduction of the Fair Pharmacare program in this province. But when you see these numbers come out from CIHI in the next year, they will show that B.C. is still paying the highest percentage of drug expenditures compared to other jurisdictions.

One of the things that I'm very concerned about is some very recent media reports indicating that drug prices in Canada could go up by up to 8 percent. As you know, there's been lots of media focus in North America over the last number of weeks concerning the interest that Americans have in buying cheaper drugs from Canada.

I wanted to just point to a report that came out of the federal agency that is known as the Patent Medicine Prices Review Board. In their latest annual report they talk about a survey they do annually, where they compare patented drug prices in seven different countries: the United Kingdom, Switzerland, Italy, France, Germany, Sweden and the United States. They've been tracking this for a number of years, and what this report notes is that in the 1990s Canadian prices for patent drugs remained about 5 percent to 12 percent below the mean price for those seven countries. Interestingly, in the year 2002 the prices of patent medicines in Canada came in at about 1 percent higher than the median price for those seven countries. So as we hear Americans asking why they are paying higher than the world median price for their patented medicines in the United States, I believe that Canadians should be asking the exact same question.

The next set of slides I want to point out to you focus in on what is the biggest single component in our health budget, and that is what we pay out for wages, benefits and other remuneration. Rising salaries, fees and benefits for health care providers and support staff now make up about 70 percent of our total health care budget. The cost of this remuneration has grown from about \$5.4 billion to about \$7.1 billion in the last five years. Like our health care budget, the amount of funding provided to doctors has increased over the last ten years. In fact, it has almost doubled in that period of time.

I think this is very much a testament to how much we value doctors in this province and the importance of having remuneration that will in fact recruit and retain the numbers of physicians that we need to meet the patients' needs around the province. We've implemented a number of programs that are aimed at exactly that. For example, through Advanced Education we are almost doubling the number of medical school spaces - those where our young British Columbians can be trained to become our doctors of the future. That number will increase. An annual intake of 120 will go up to 224 by the year 2005.

**[3:10]**

We've put in place a \$58.5 million package of benefits and financial incentives to attract doctors into the rural parts of this province. Our budget for physician compensation went up by 20.6 percent last year, making our doctors among the highest paid in all of Canada with average billings of about \$302,000 a year. British Columbia has the highest per-capita cost for doctors of any province in Canada. In fact, if you look at the data from 2002-03, the last fiscal year, we were 20 percent higher than Ontario - which is the number two province - and we were 40 percent higher than Alberta.

As many of you will know, there was a recent settlement in Alberta with their doctors. In fact, even with that settlement for the doctors in Alberta, B.C. will still be by far the leader when it comes to the per-capita budget that we have to remunerate our doctors in this province.

When we look at nursing, which is also a very important component of providing health care for British Columbians, we are beginning to address some of the very serious problems we inherited as a government. In fact, you have to go back to the second or third open cabinet meeting we ever had in this room, when Sindi outlined the \$59 million strategy to address some of those problems in nursing. Last year we saw a net increase of 538 nurses as a result of that.

Also, again through Advanced Education, there is now funding in place for an additional 1,813 nursing seats at our universities and colleges around the province. Last year we provided funding support for over 3,000 nurses to get additional education in areas such as intensive care, mental health, emergency room, community health and other areas of nursing practice.

One of our most impressive statistics, I think, was highlighted in another recent CIHI report that came out, which looked at nursing in Canada. It showed that last year 91 percent of the nursing students graduating from universities and colleges stayed to work in British Columbia. You only have to go back about three years prior to that, when it was quite a different story in terms of nurses that were leaving the province in droves.

We have significantly increased the wages for nurses. They went up by 23 percent over three years, which has also had a very positive impact on the ability to attract nurses to this province. You will see from this chart that we currently provide the highest starting wage for a nurse of any province in Canada and that we are near the top in terms of the top wages we provide. Our competitive wages, plus the changes we have made to reorganize our system so that it better meets the needs of patients, have made B.C. a very attractive place for nurses to practise.

As I travel around the province, I hear many of the same questions regardless of where you are in the province. I think what I hear from British Columbians is that they want more information about their health care system. They want it available in one easily accessible place. We will be doing more over the coming months to make sure British Columbians get access to the factual information they need to understand some of the changes that are being implemented in the health care system, why those changes are being made and - I think more importantly - the positive outcomes we're starting to realize that really make an impact on how patients can get access to care and that are resulting from those changes.

I've shared with you today some of those hard numbers about our system. I just want to close by emphasizing that it's not about numbers; it's not about the statistics. Behind every one of those slides and every piece of information there are hundreds of thousands of patients that are counting on our health care system being there for them. They're counting on the doctors being there. They're counting on the nurses being there - and the other health professionals and the support staff. I just want to point out that we are investing a lot in the health care system to make sure that British Columbians can, in fact, get better access to care in the future as we go forward.

**Hon. G. Campbell:** Thanks, Colin. Kevin.

**Hon. K. Falcon:** Question for you, Colin. The wages that you have in there are just that - wages. Right? It doesn't include benefit packages. I understand that the benefit packages in British Columbia are also pretty hefty packages that we can certainly be proud of. They represent something like a third to 40 percent of the wage costs. Is that in line with what I've heard anecdotally?

**Hon. C. Hansen:** Yeah. I think the slide I put up was around wages for nurses. That's just the actual wages, not the benefit package. B.C. does have the best benefit package for any of our health care workers - whether it's the nurses, support staff or the physicians. Actually, the benefit package we have for physicians is, in fact, the best in all of Canada.

**Hon. K. Falcon:** Okay. I do think that's an important point too. It's an important point for people to understand that there is a very generous benefit package there, too, in terms of vacation entitlement, sick day entitlement, etc. Thank you.

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

[3:15]

**Hon. J. Murray:** Thanks, Premier.

Colin, the health system has made a lot of gains and improvements. At the same time, in my community there has been a change to the intended array of services provided at one of the hospitals, St. Mary's Hospital. Some people in the community are concerned that that's going to mean worsened service or longer wait-lists. Can you comment on that?

**Hon. C. Hansen:** In fact, it will be enhanced service. This is certainly a development that has happened since our last cabinet meeting. I had to break the news to the board of St. Mary's Hospital that we were really faced with no other choice than to build capacity elsewhere in the system to provide the services they had previously agreed to provide. What triggered that was that St. Mary's board had indicated to us that they were going to run out of working capital as of January and that the agreement they had agreed to was, in fact, not going to be adequate for them to continue their operations.

The risk to patients in that was that you got thousands of individuals who were scheduled for surgery in the new year, and the very real prospect there was that the facility would not be able to meet their payroll come January. We really had no other choice than to make sure capacity was built elsewhere in the system so those patients could continue to get access to the care they need.

**Hon. G. Campbell:** Greg.

**Hon. G. Halsey-Brandt:** Thank you, Premier.

Colin, when you were going through that chart - it's somewhat the same as Kevin's question, I guess - which was per-capita spending on health care in British Columbia, we were right up there with Manitoba and Newfoundland. When I look at a couple of the other more populous provinces - let's say Quebec and Ontario - they were significantly less than we are. I think we were up around \$2,700, you mentioned, and they were down around \$2,200 per capita. Is it because we are providing a lot more services for people, or is it that we're paying the wages to attract the nurses and doctors, or a bit of a combination? When I talk to people out there about how much we spend on health care.... Do you know what I mean? It's a judgment thing in terms of what they're getting out of it. Is it just a higher cost of doing business, or are we providing more services to people?

**Hon. C. Hansen:** I think it's a very excellent point you make. It is driven by wages. If we had the Canadian average, for example, of wages for support staff or wages for nurses, and if we had the Canadian average when it came to the fees we compensated doctors in this province, we would be able to do a lot more with our \$10.7 billion. As I pointed out, 70 percent of our whole budget goes into that wage structure now - remuneration generally.

We are limited in terms of the kinds of new equipment we can put in place. We're limited in terms of the numbers of hip and knee replacements we can do every year. Even though last year we did 14 percent more hip replacements than we did the year before, clearly the demand is still there. That's a very expensive procedure and a very expensive piece of hardware that gets put into the person's body. Given that we are paying so much higher than the Canadian average for remuneration, it does limit the amount of resources we can dedicate to the other aspects of health care.

**Hon. G. Halsey-Brandt:** By and large, the health care is the same in terms of the quality of the health care or the things we cover in Ontario, Quebec and B.C. Probably the big difference, as you were saying, is the cost of labour.

**Hon. C. Hansen:** Well, I'm certainly very proud of what we do in the health care sector in B.C. when you compare it to other provinces. We have some of the best health outcomes across Canada. There's a report that Sindi released a number of months back on the indicators, which actually compared provinces, province to province. It showed that B.C. really had some very good outcomes compared to other provinces as well.

**Hon. G. Halsey-Brandt:** Thank you.

**Hon. G. Campbell:** One of the things about these statistics is that we tend to look at the whole province. That's good. We should have the whole province. But there has been, and I think there probably still is, a significant difference between urban British Columbia and rural and remote British Columbia. Do we have figures broken down to show, for

example, physicians per rural population in B.C. versus, maybe, in Quebec or Ontario? Do we have standards we can break out like that?

**Hon. C. Hansen:** We do. In fact, B.C. has the best ratio of physicians to population in rural parts of the province of any province. In other words, the number of patients for every rural physician in this province is the lowest compared to any of the other provinces in Canada.

**Hon. G. Campbell:** Is there a comparison between rural and urban here? Do we look at those ratios? Are they the same here, or are they different here? Do you get what I'm talking about?

[3:20]

**Hon. C. Hansen:** Again, if you look at urban populations, we actually rank No. 3. We have the third lowest when it comes to the number of citizens for each physician working in urban British Columbia. We've actually got a study that's being developed on that now, so I expect we'll be able to produce some really hard numbers around that in the very near future.

**Hon. G. Campbell:** It might be something for everyone to remember as we're developing a lot of the statistics we look at to look, basically, at the heartlands statistics as well as the aggregate statistics. That's certainly one of the issues we deal with when we're dealing with employment or unemployment, job creation or whatever. People will often look and say: "Yeah, that might be true because there's all this activity in one part of the province and not in the other." Now, it turns out with job creation that we actually hit just about all the province recently, but it's an important thing for us to remember as we go through these discussions.

**Hon. G. Campbell:** Graham, do you have something?

**Hon. G. Bruce:** Colin, on workload, British Columbians in the Canadian average are thought to be the healthiest - aren't we? I mean, look at us.

**Hon. G. Campbell:** Maybe we should look outside this room, but yes, generally speaking, that's right.

**Hon. G. Bruce:** I wonder. As we concentrate on trying to improve our own health, is there any correlation to the workload that we find? I know demand is great and always going up, but is there any correlation in workload, patients per physician, as a per-capita occupancy in facilities or anything like that? Do we have any data that goes along that way?

**Hon. C. Hansen:** I don't have that at my fingertips right now, but I know that kind of analysis has been done. It's certainly something I could try to dig out for you.

One of the things you mentioned is the healthier population. Interesting. If an objective look is taken at the health status of British Columbians, we are the healthiest. We are the most engaged in physical exercise and things like that, but in fact, when you ask British Columbians whether they think they're healthy, most British Columbians actually tend to not give themselves enough credit. In other provinces citizens will actually consider themselves to be healthier than an objective look at it actually indicates.

**Hon. G. Campbell:** Okay. Sindi.

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

You might recall that as part of our government's goal to create a patient-centred health care system, we made a commitment to get input from the public and to get feedback from patients who actually use the public health care system. In an open cabinet meeting back in 2001 - which I know you won't remember, but I'll forgive you for that - I did speak to you about getting direct input from patients. Today I am pleased to let you know we're ready to start implementing some strategies to do just that.

I can't emphasize enough how important it really is for us to hear from the public, to listen to patients about their personal experiences in the health care system. It really is their experiences - their thoughts and opinions and suggestions and ideas - that help us and guide us in shaping the kind of changes we need to make that are going to help us renew our health care system and provide the kind of quality health services that so many people across the province rely on.

In my ministry service plan we are committed to delivering sustainable health services that meet patients' needs. That's what we said, and to get to that goal, we said we would monitor and report on patient experience and public satisfaction. We believe it's absolutely critical that we get the perspective of the health care system through the patients' eyes or from the patients' points of view, because they really are the actual consumers. They're the customers of the thousands of health care services that are delivered across the province every day.

We know that feedback from patients is going to help us. It's going to help us identify what works well in the health care system, like where our strengths are, and it's also going to help us identify the areas where changes and improvements are needed so that we can continue to improve the quality of the health care services in our system.

We're now at the stage where we're ready to launch our first patient satisfaction surveys in B.C., and my ministry is

going to be working with the health authorities on these surveys. You should know that these kinds of surveys have been done in other provinces, in other jurisdictions. Alberta, Quebec and Ontario do them regularly. They survey and report regularly and publicly on patient satisfaction. You'll recall that Ontario has the hospital reports where they compare services hospital to hospital, and I know Alberta did a provincewide survey last year.

**[3:25]**

We have learned from those kinds of surveys that the public really is eager to be involved in them, and they really do appreciate being given the chance to share their opinions on issues like health care. We did a small, random telephone survey where a small sample of 502 people were asked if they would support a patient satisfaction survey in British Columbia. The results were quite promising; 83 percent of the people asked were either very supportive or supportive of the government conducting these surveys.

For quite a while now patient surveys have been done in different areas of health authorities by various hospitals, program areas, providers and other health care groups. We decided to build on that work and carry it forward in a more coordinated and cooperative way with our health authorities. As government, you'll recall we made a very conscious decision to redesign and renew our health care system so that it was more patient-centred, so that we actually put patients first. For us to have a health care system that is actually responsive to patients and remains patient-centred, we think it's really important to hear from patients directly about their experiences and their perceptions of the health care system and to let them know we will be using the information they give us in a constructive way to improve the quality of health services they rely on.

By responding to the patient and public satisfaction surveys, I think patients and the public will have a great opportunity to help affect decisions in health care. The patient satisfaction surveys are one way that we are demonstrating, or we can demonstrate, our commitment to listen to patients and the public and to be accountable for those health services we're delivering. We know that by listening to patients and the public and by responding to their suggestions for improvement, we can and we will continue to build on the public confidence that we need patients to have in our health care system.

One important issue that we recognized right from the start and wanted to make sure that we addressed right upfront, and addressed appropriately, was the protection of patient privacy. We did extensive work to make sure that our patient satisfaction surveys meet the provisions of the Freedom of Information and Protection of Privacy Act. To make sure we did that, a privacy impact assessment was done by ministry staff. The assessment was then reviewed and accepted by the privacy commissioner's office. In addition to that, we are very aware that we are bound by strict legislative and professional conduct guidelines that also ensure privacy. I think we did our due diligence with the privacy commissioner's office because I do want to make sure British Columbians are assured that if they participate in the surveys, confidentiality and patient privacy will be rigorously protected.

Now, B.C. Stats will be managing the public satisfaction survey. This survey will have only contact information that the surveyor will need to contact the individual, such as their name, their phone number and the address of the individual who is being contacted. Once that appropriate person has been contacted and surveyed, their contact information is separated from the form so that the reports we get from B.C. Stats will be totally anonymous. At no point in time will any of the surveyors have access to personal health information in front of them. This process, again, was reviewed and okayed by the privacy commissioner's office.

My ministry will monitor the results of these surveys. We will report the results to British Columbians in the annual report of the Ministry of Health Planning. That way, everyone will have access to the feedback we receive from our public and our patients on how they feel our health care system is performing. We are also looking to find ways to report how we use that important patient feedback to shape our decisions and improve the quality of health care. Certainly, the information that the health authorities collect.... I'm sure they'll find ways to post on websites the feedback they get from patients to improve services in their areas.

We want to get a really good picture of what the public and the patient perception of public health care is across the entire population and across the wide range of health services that are provided throughout our health care system. My ministry is working with the health authorities to cover all bases to make sure the surveys are fair and non-biased, and that the information we collect will be of benefit and can be used to improve health services across the province.

**[3:30]**

By working with the health authorities, we'll be able to conduct two types of surveys. The first one will give us information about the public's general perception of health care in our province. This kind of survey gauges the public's perception, and they don't necessarily have to have had contact with the health care system in the last three months. It's what they get, I guess, from media or friends they've talked to, so it's their general overall perception.

The next one is more specific. The next one will give us information on a patient's actual experience with specific areas or sectors in our health care system. These patient-specific surveys will be done on a more frequent basis so we can find out more about where patients feel we are doing well, where our strengths are in the things we do and, more importantly, find out where patients have concerns so we can address the areas we need to improve in.

Again, the first kind of survey I referred to is referred to as a public satisfaction survey. It will be directed by my ministry, and it will give us information on the public's overall satisfaction. To get that kind of information, we're going to access a random sample of 1,000 people. They'll be drawn from the MSP beneficiary registry every month, and those people will be interviewed in a ten-minute telephone survey. They will be asked questions about their overall satisfaction with their most recent health experience. Again, it could be a year ago or two years ago. They'll be asked questions like how long they had to wait to see a doctor and about the knowledge and competence of the staff they interacted with - whether or not they felt the staff went the extra mile. They'll be asked if they received necessary information, if their questions were answered and if they felt they were treated fairly.

The second type of survey is known as the patient satisfaction survey. That's going to be managed by the health authorities. These surveys will include questions related to specific areas of health care, such as acute in-patient services, emergency services, mental health, rehab, long-term care, home care and pediatrics. The health authorities will be managing which sectors they're going to be measuring in.

You should know that the approach we're taking is the most comprehensive in Canada. We really believe it's worth all the effort and investment we're putting into it, because by coordinating and collaborating with our health authorities, we know we're going to get the best and probably the most direct information from our public and patients.

As we do our surveys here in B.C. to get the kind of information we feel we need to improve our services, we're also working with other provinces to develop some reliable tools and to establish some Canadian benchmarks. We want to make sure we're comparing apples to apples and oranges to oranges, and we want to make sure the results we get here at home can be compared fairly across the board with all the other provinces.

I know there were questions earlier - because someone stopped and asked me - about the costs of these surveys, so I'm going to outline those for you. For my ministry's part we're going to provide B.C. Stats with approximately \$225,000 for infrastructure development and surveying costs. We'll spend about another \$47,000 on development of the actual survey tool and validation. Once the public satisfaction survey is up and running, we estimate it's going to be costing us \$168,000 a year for the survey, the analysis and the reporting out.

The health authorities, on their side, will be altogether spending a total of approximately \$1 million per year on their patient satisfaction surveys. The amount spent in each health authority is obviously going to be based on their service volumes in the area or sector of the health care system they're going to be surveying. With the six health authorities, they will be spending approximately \$1 million a year.

Again, I do want to say we think and truly believe these dollars will be well spent on getting feedback from our public and our patients. We committed to doing that, and that information, in turn, will help us improve patient care and improve the quality of the health services we provide. I should further note that these two surveys are consistent with the direction we received from the auditor general's office to improve our stewardship role with respect to governance, accountability and performance measures.

Now, in front of you are the time lines. We've identified when we're starting these surveys. As you can see, the health authorities have already.... I don't know if they've already started, but they are ready to roll out and launch their patient satisfaction surveys so that they can get feedback on two specific areas. They'll be surveying with respect to patient satisfaction in emergency departments and long-term care. Those are the two sectors or areas that they've identified they'll be measuring in first. Then the overall public satisfaction survey, those 1,000 people a month that we're going to survey as part of my ministry's responsibility, will begin in December. Then coming up next year the plan is for the health authorities to survey patients for feedback on ambulatory oncology care, which is out-patient cancer care, and in-patient acute care.

**[3:35]**

In closing, we said we wanted to get direct feedback from patients about their perceptions and their experiences in our health care system, and that's exactly what we're doing with these surveys. Our approach is going to be well coordinated. It's going to be in partnership with the health authorities. I think we've gone the extra mile. We've taken extra measures to make sure the approach is scientifically rigorous. We want to make sure the strongest safeguards are in place to protect patient confidentiality, and we're going to make sure everyone has access to the results every single year through the Ministry of Health Planning's annual report so that the public can see where our strengths are and where we're improving.

Certainly, by doing these surveys, we're making sure all British Columbians have the opportunity to be more involved, to share their knowledge and to share their experience in the health care system.

**Hon. G. Campbell:** Questions? Katherine.

**Hon. K. Whittred:** Thanks, Sindi. In my area and in Gulzar's area - people in long-term care and mental health - I think there are probably many patients who would be unable to respond to a questionnaire or a survey. I just wondered what kinds of things you have done to make sure that group can in fact be polled.

**Hon. S. Hawkins:** Yeah. This, again, is the area that the health authorities will be testing in, and they've obviously got a plan to do that. Residents and families who reside in those areas of long-term care will be included in that target population, and they will be doing interviews. The interviews will take place with residents, and the surveys will be mailed to families or the most frequent visitors. That's how they're going to gauge the satisfaction in those areas.

**Hon. K. Whittred:** Good. Thank you.

**Hon. G. Campbell:** I'm not quite sure what the reason, the rationale, is behind the sort of general public survey of: what do you remember about health care? What's different in that from the quarterly survey that's done by four or five different public companies?

**Hon. S. Hawkins:** I think in order to gauge the confidence the public has in health care, we do an overall public satisfaction. The public is influenced, obviously, by other factors, and we test both just to see where we're at as far as public confidence and patient confidence. As a measure, the patients' satisfaction rate is much, much higher than the



public satisfaction rate. I think it tells us we have to do a better job in getting our message out and, as well, in letting the public know that services are high quality, that they are available and that the system does work and does a good job. Those are the measures that are standard, and we do test both.

**Hon. G. Campbell:** That wasn't a convincing answer for me. I mean....

**Hon. S. Hawkins:** No? I'll get you a better answer.

**Hon. G. Campbell:** Will we be surprised if we get that result?

**Hon. S. Hawkins:** We won't be surprised. The public satisfaction rate is always lower than the patient satisfaction rate. What we find is that patients actually in the system find that they get great service, they have access to good care, and the system works for them. The public satisfaction.... It isn't direct contact with the system, but it is around what they hear and what they see. That's what we find: what experiences they hear from other people that may or may not be true. It is a measure we do use.

**Hon. G. Campbell:** So will these surveys be looking to try and discover why people have those beliefs? Again, I actually don't need to have a survey to know that. I mean, you know that now.

**Hon. S. Hawkins:** Yeah. We've looked at surveys from across Canada, and other provinces do that, and they do measure both. We know that the public versus the patient is always a lower rate than patient satisfaction.

**Hon. G. Campbell:** Okay.

Gary.

[3:40]

**Hon. G. Collins:** Thanks, Premier. I think that's an interesting question. If other provinces do this, it's worthwhile comparing and seeing what their data is. I know we always see surveys in the paper, general ones, and they are generally perceptions of what people have of the health care system - whether it's here, across the country or internationally. Sometimes those are commissioned by people with specific interests that want a poll to say certain things - whether it be people who work in the system or people who operate the system or people who have businesses in the system or who sell specific products into the system.

Is there any sort of research that's done by independent bodies? I mean, CIHI collects data on health care numbers. Do they collect any data on public perceptions around health care? They're viewed as reputable. If they do, do we need to do that again here, or do we just sort of use their data? Are there other reputable think tanks or public policy places that don't have a specific agenda to drive that do that kind of baseline research?

I think we know that people's general perception of health care is that they don't get everything they want exactly when they want it for free in their community. That's sort of what people would like. Your dream health care system would be that. So you do, probably, get a lot more negative perception of what's out there as opposed to the people that actually go through the system and utilize it. Do we have to go out and replicate data that's already available?

**Hon. S. Hawkins:** Well, I think you make a good point. Some of that data is collected by special interests. It depends on how they're asking the questions and what kind of questions they're asking. The tool we're using is actually developed by the Public Sector Service Delivery Council. We are going to be the independent body that is going to go and solicit that data.

A lot of polls that come out report the data. We don't know what kind of questions were asked or who they were targeted to. We're trying to make it specific to our province. We might be very pleasantly surprised to find out that our public satisfaction is actually higher than some of the general polls that were done in other provinces. We don't have a baseline for our province. What we're using is a tool that has been prepared by a public sector council and used in other provinces. We're going to use it to gauge what that satisfaction rate is in our province.

**Hon. G. Campbell:** Okay. So you're saying we don't have a baseline survey -right?

**Hon. S. Hawkins:** We don't have one here.

**Hon. G. Campbell:** Can I just make a suggestion?

**Hon. G. Collins:** Of course. Yeah.

**Hon. G. Campbell:** I suggest that what we do is approve this for December, so you start your baseline survey. I think you're going to have to come back and tell us why we need to do it monthly - you know, what the costs and the benefits are to do it monthly, quarterly and annually - because there's no sense in just having a bunch of surveys out there, frankly.

I'd like to know what the survey is there for and what actions we're going to generate out of getting the information from the survey. If everyone can agree, we'll agree to the patient-directed survey, but the general public one.... We'll go

for the first, so we'll get a baseline survey for December, and then we'll come back with a report on quarterly versus annual versus monthly. We can then decide that.

**Hon. G. Collins:** Just to maybe offer a different suggestion too, I agree that most of the information out there probably comes from people with specific agendas, but I think it's worthwhile, before you go and do even the December survey, trying to determine if there is.... I mean, maybe there isn't any. Maybe the ministry's already done this analysis - I don't know that - but it would be worthwhile, I think, going out and actually seeing what is publicly available and gauging its independence and how it's done. You or Colin might know more about what's there or what isn't there.

If something's there that's reasonable, that's publicly available, then I don't think we need to go spend money to tell us something that we already sort of know what we're going to get. I mean, if you look across the country, it's probably not going to be dramatically different. If not, if there is no sort of independent or reasonably independent data out there, then fine, but I'd rather we didn't spend money on something if it's not going to give us anything interesting or of use to us or that can be easily replicated.

**Hon. G. Campbell:** I think there's a pretty good chance that it's not independent. Let's do this, then. We'll agree that you can go ahead. You should look to see if there is independent information. If there is, then you can always cancel it. It's now November 14. Can you do that review? If you find the independent material, that's fine. If not, you can go ahead with December and then come back with a report for the quarterly and the annual versus the monthly.

Is everybody okay on that?

**Some Voices:** Yeah.

**Hon. G. Campbell:** Okay. Geoff.

[3:45]

#### **For Decision: Sliammon Agreement-in-Principle Ratification**

**Hon. G. Plant:** Thanks, Premier.

I am here to seek cabinet approval for an agreement-in-principle with the Sliammon first nation and Canada and also to seek cabinet's approval to proceed to final agreement negotiations at this table.

I want, first of all, on your behalf, to welcome some important people who have come from some distance to be with us here in this cabinet meeting room as representatives of the Sliammon first nation, including Chief Maynard Harry; Joe Gallagher, who is chief negotiator, and Roy Francis, negotiator - Premier, I think you've met both of those people a couple of years ago; Elsie Paul, an elder; Les Adams, an elder; Denise Smith, a negotiator and Sliammon councillor; three other Sliammon councillors - Stephen Galligos, Kevin Blaney and Walter Paul; and Henry Vivier, who is the president of the Sliammon treaty society board. They're all here to watch us hopefully make a decision that will allow us to move forward to final agreement negotiations at this table.

This represents the third time this year that I have been here to seek cabinet approval for something we call an agreement-in-principle. That's stage 4 in the six-stage treaty process that we are a part of under the auspices of the B.C. Treaty Commission. In this case, as I've said, I'm seeking approval for the AIP that was ratified by the Sliammon first nation membership a month ago on October 4.

I'm pleased to report that when the Sliammon conducted their ratification process, over 60 percent of the members of their community endorsed the AIP. They, like other first nations, have been in the treaty process for a long time - since May 1994. There was a proposed AIP on the table two years ago, in November 2001, which did not meet with the support of a majority of the community. After that vote failed, there was a commitment by the band council to continue negotiations.

After some hard work on everybody's part, on June 6 the chief negotiators for all three parties recommended approval of a renegotiated AIP. That's the document that's before us. I should say that the document, when it was recommended to each of the three parties, became public, so what I'm asking us to support here is a document that people have had a chance to look at since early June.

I do want to say a word or two about the progress we've been making in the treaty process. As you'll remember, we earlier approved two other AIPs, and at those tables we are already in final agreement negotiations. One of those is the Lheidli-T'enneh table in Prince George, and the other was the Maa-Nulth first nations table, where we approved the AIP just a few weeks ago but the parties are actually already hard at work. I know that because I met with the chiefs and the chief negotiators of the Maa-Nulth in Nanaimo last week, and we had a good discussion about the hard work they're already doing. If we can approve the Sliammon AIP today, I'm confident we can get underway with final agreement negotiations here very soon.

To have three sets of final agreement negotiations underway at one time represents an unprecedented level of activity in the treaty process and, I might say, an unprecedented level of success. AIP, agreement-in-principle, is not final agreement. There is a lot of work that you have to do between AIP and final agreement, but I think we are within 18 to 24 months away, or maybe less, from achieving final agreement at these tables and thereby bringing certainty to lands and resources and hopefully helping to stimulate the economy in each of the regions where these negotiations are taking place.

I'm hopeful, if you give me the approval to go forward today, Premier, that 18 months or two years, or maybe less, from now, I would be back here seeking approval of a final agreement that we would then take to the Legislature for debate.

**[3:50]**

I wanted, as a last preliminary note, to say thanks to everybody who has made this particular part of the development possible and in particular to the people in the Sliammon first nation negotiating team who have worked awfully hard to get us all to this point, including to get their own community to this point.

Let me just say a little bit about the Sliammon and this AIP. The next slide shows a map which is intended to illustrate something called the statement-of-intent area, which you all remember is the area defined by the first nation when they say they would like to participate in the treaty process. It's the area that they say represents their traditional territory. In this case, you'll see that pretty much the centre point of the Sliammon statement-of-intent area is Powell River, and in fact the main community of the Sliammon first nation is just north of Powell River. There is about 610,000 hectares of land and water in that statement-of-intent area - a little bit more than that. Half of that is land.

One of the things that is characteristic of the Sliammon first nation is their commitment to expanding economic opportunities for their members and contributing to the local economy not just for their people but for all the people of the Sunshine Coast. I think it's fair to say that a critically important part of the negotiations at this table has been the search to find a package of potential treaty benefits that will represent a platform for the Sliammon to build economic opportunity for their community.

They are already actively involved in tourism, in forestry, in fishing and in shellfish aquaculture. I believe they may have or be about to have shellfish aquaculture tenures granted by Land and Water B.C. A part of what we have been working with as government with the Sliammon is a commitment to award a forest tenure of some 50,000 cubic metres to that first nation in the very near future.

The population of the first nation is just over 900. There are six reserves, with a total existing land quantum of about 1,900 hectares. About two-thirds of the community of the first nation live in the community, which is about ten kilometres north of Powell River, and the other members of the community are spread in Powell River, Campbell River, Nanaimo, Victoria and Vancouver. So, in a pretty brief summary, that's who we are talking about.

The AIP that you have before you today is broadly similar in its basic structure to the AIPs, the agreements-in-principle, that I have come here with before, for the other two first nations. They are not, as I say, final agreements. They set out the foundation for the negotiation, broadly speaking, of two documents. One is a constitutionally protected treaty that will address land, cash, resource and cultural issues for the Sliammon first nation. The second is a government's agreement which will be negotiated outside of the treaty and, therefore, will not have constitutional protection but will allow the Sliammon first nation lawmaking authority over matters such as fire protection, emergency preparedness, public works and traffic regulations on treaty lands.

The AIP has a land component. It's 5,121 hectares of treaty land that will be held in fee simple. Approximately just under 900 hectares more will be negotiated prior to final agreement, to get up to about 6,000 hectares of Crown land. There's a capital transfer of \$26 million. To achieve legal certainty, the final agreement will provide for the full and final settlement of Sliammon aboriginal rights related to land and resources.

**[3:55]**

The AIP provides for what is called a concurrent law model, which means that federal and provincial laws will continue to apply on Sliammon first nation lands. The first nation will have taxation authority over first nation members on treaty lands, and if an appropriate agreement can be entered into between Sliammon and Canada and British Columbia, the first nation will also have taxation authority over non-first nation members who reside on treaty land.

This AIP contains provisions for coordinating local government issues so that the Sliammon first nation will have the opportunity to work with the district of Powell River and the regional district of Powell River in land use planning and servicing and other arrangements.

I might say that in June of this year - I think it was - I had the opportunity to attend a ceremony in Powell River that represented the beginning of a new relationship between the Sliammon first nation and the district of Powell River, a sort of community-to-community protocol that I think is an example of real leadership and something that I have been encouraging other communities around the province to look to as a way of building good relationships between first nations and municipal governments. I'm hoping we'll be able to continue to build on that work as we deal with the local government and self-government issues that are going to arise in the final agreement negotiations here.

The AIP contains a comprehensive set of provisions to ensure that wildlife and fisheries are managed effectively. It's a regime, basically, that sets out the way in which those resources will be managed, and it ensures that the treaty rights to harvest wildlife and fish will be subject to measures necessary for conservation, public health and safety. There are domestic fish allocations for salmon. They will vary every year, depending on how many fish there are and what the requirements for conservation are. There will also be some provisions in the final agreement allocating some non-salmon fish species.

We have committed that after the effective date of the final agreement, we will establish a reservation of 25 years on existing Sliammon shellfish aquaculture areas. We also have provisions in the agreement that talk about negotiating commercial fishing opportunities that will reside outside the treaty. That commercial allocation would be managed on

the same priority as other commercial fisheries.

Talking about fish, for a moment I want to remind us that John van Dongen and I have worked hard, starting about a year ago, to engage the federal government in a discussion about the management of fish resources. As a result of that work, there was a joint federal-provincial task group appointed recently, led by Dr. Peter Pearse as our representative and Dr. Donald McRae as the federal representative. They are busy at work consulting with first nations, with all users of fish resources, to look for ways that are going to allow us to move forward to negotiate fisheries issues in the treaty process but also ensure that there will be equitable fishing opportunities for all participants in the fishery and make sure that is implemented in a way that doesn't create an unwieldy or impossible management regime so that the resource can be managed in a way that generates economic opportunity and also makes sure that the fishery resources are sustainable.

I already talked about the forest tenure. We've committed as a province to make a direct award to the Sliammon of a forest tenure of some 50,000 cubic metres. That tenure will be outside the treaty. It will be operated according to ordinary provincial legislation. There is also a commitment to negotiate revenue-sharing arrangements, and we've committed to negotiate those prior to final agreement. We don't have the detailed work of that done yet, but we are positioned to start, and we will undertake that work within the general framework and the mandate that's been given to my ministry by cabinet and by Treasury Board for revenue sharing.

**[4:00]**

Having summarized what admittedly are pretty high-level terms, I wanted to tell you that this agreement, along with the other two that I brought here, upholds the negotiating principles which the people of British Columbia have told us they want us to achieve on their behalf in the treaty process in the referendum. No private land will be expropriated for this treaty settlement. We will respect existing third-party tenures. If it turns out that is not possible, if there is disruption that is unavoidable, then we will ensure fair compensation for that disruption. The public will still be able to hunt and fish and undertake recreational activities in this part of British Columbia. We will continue to maintain a system of parks and protected areas that will be there for the benefit of all British Columbians. Provincial standards for resource management and environmental protection will be respected through this concurrent law model.

The Sliammon will have lawmaking authority, but in many respects it will be lawmaking authority that is similar to local government lawmaking authority. Those authorities will eventually be put into effect through provincial and federal legislation. We, I think, are going to be able to achieve good progress at this table in ensuring that land use planning will be harmonized between the Sliammon and the local and regional governments. Over time, and in a way that respects the needs of all three parties to ensure that we've got the right fiscal arrangements in place so services can be provided, we will phase out the tax exemptions that exist under the Indian Act of Canada.

I think this is a pretty good deal for the people of British Columbia. I think it's a pretty good deal for the Sliammon first nation. I think it does what we hope the treaty process can do for us. It helps provide certainty regarding aboriginal rights and title. It creates economic development opportunities for the Sliammon first nation. I think it will encourage their integration into the regional economy. I think it shows we can make this treaty process work, provided everyone's willing to come forward and make the tough decisions that are sometimes necessary to reach agreement when you've got three parties at a table, each working hard to advance their own interests.

There we are. That's the pretty high-level overview. The last point, I guess, is to return to the beginning. What I'm asking cabinet to do is approve this AIP with the Sliammon first nation and Canada and to approve, thereafter, proceeding to final agreement negotiations.

**Hon. G. Campbell:** Any questions?

Yes, Greg.

**Hon. G. Halsey-Brandt:** Geoff, just one question. In terms of economic opportunities, you mentioned shellfish and fishing and forest tenure and that. I notice the land base is going from 1,900 hectares - I think it is - to about 6,000. Is part of that land base the expanded land base for economic opportunities? There's no map we have that says where that is. Is it adjacent to the existing primary reserve just north of Powell River, or is it in several different locations?

**Hon. G. Plant:** What the parties have done over time is look at the traditional territory, the statement-of-intent area. They have identified, first of all, lands that are available in the sense that they're Crown land. They're not owned privately. The Sliammon, I think, have done an awful lot of work trying to match land that's available with their sense of what they want to do over time to develop that land. That may include developing it for forest purposes. It may include developing it for tourism and related purposes. In some cases it includes identifying land that's important to the Sliammon for traditional purposes. It may have on it traditional medicines or maybe places that are traditionally important to the community for spiritual purposes.

There's kind of a mix and match of land that is intended to achieve a variety of purposes. Frankly, one of the reasons why the treaty process takes a little time is because there's a lot of time spent with maps.

**Hon. G. Halsey-Brandt:** In reflecting, the traditional territory, obviously, is a very beautiful part of the province up at Texada and Desolation Sound. As a boater, I guess there's lots of economic opportunities up there. I just wondered if they'd sort of looked at that in terms of developing sites, perhaps, for more tourism and things like that.

**[4:05]**

**Hon. G. Plant:** I believe they have. It's been a while since I had the detailed map in front of me, but I remember spending time looking at.... Some of these parcels are actually fairly small, and they're spread out in a way that is intended to recognize what you're talking about, which is that this is a special part of the province.

Little bits and pieces of land sometimes contain great opportunity for tourism development. It may not be an opportunity that can be exploited tomorrow or next year, but it may be something that's there ten, 20 or 30 years from now. What we're trying to do is create the platform for that opportunity.

**Hon. G. Halsey-Brandt:** Thank you.

#### **Premier's Closing Remarks**

**Hon. G. Campbell:** Well, we have the recommendations. Consider those recommendations approved.

I just want to say thanks to the chiefs, the elders and the councillors. Let me just say that today we'll be putting up on the website this progress report on first nations activities we've done as a government. As Geoff just said, this is the third agreement-in-principle that we have approved. I think it's fair to say, with the Sliammon particularly, that we have shown that it's not just persistence and commitment from the government, but it is persistence and commitment from the chiefs and the councillors and the negotiators from the first nations, as well, that get us to this stage.

This is yet another stage, another step, but we haven't reached a conclusion yet. We do have the Lheidli-T'enneh agreement-in-principle. We have the Maa-multh agreement-in-principle. That's three. We have two more that we're working on: the Snuneymuxw and the Tsawwassen ones. Sometimes when we're doing this on a day-to-day basis, we lose track of what's actually taking place. It is pretty phenomenal that we actually have three agreements-in-principle. That's more agreements-in-principle than have been reached in the last 150 years. You know, we're making some progress here.

I want to congratulate the ministry - the treaty negotiations office and Community, Aboriginal and Women's Services - and the first nations who have been part of this. We said initially that we thought we had to try and build a sense of trust between the government and the first nations communities that we serve.

We now have over 260 different economic, land and resource agreements in place that have been signed since June of 2001. Again, that's not a one-sided kind of activity. That's a lot of work that's been done by the ministry, and I think it shows great commitment on the part of everyone that's involved. That's 113 economic measures. There are 38 treaty-related measures. There are 90 land and resource management agreements. There are 14 direct awards offered in forestry and seven consultation agreements in oil and gas. There's also the MOU that we've signed with regard to child protection so that we can start the transfer of child protection services. There's \$10 million that's been provided to health authorities to support aboriginal health programs. There's \$44 million through the Ministry of Education. That's \$950 for every aboriginal student in B.C. to improve aboriginal learning outcomes. There's a number of revenue-sharing agreements as well.

All of that, I think, simply reflects that we are.... Again, I want to outline this. We're making progress. I think that when you see how much work it takes to get as little progress as we've made.... As much as that is, we've still got an awfully long way to go. I do want to say that I think that both the ministry, the officials we have that work for us.... There are ten ministries across government that are trying to provide services that are dedicated to first nations people.

Again, I want to say thanks to the leadership of the Sliammon first nation for their commitment to this process. With luck, we'll keep working and fighting it through, and we'll get something resolved so we actually have treaties as well as agreements-in-principle.

Thank you very much. We are adjourned.

The cabinet adjourned at 4:09 p.m.

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