



TRANSCRIPT OF THE OPEN CABINET MEETING

September 10, 2003

Province of British Columbia

EXECUTIVE COUNCIL

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Deputy Premier and Minister of Education
Minister of Advanced Education
Minister of Agriculture, Food and Fisheries
Attorney General and Minister Responsible for Treaty
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Hon. Bill Barisoff
Hon. Rich Coleman
Hon. Graham P. Bruce
Hon. Stan Hagen
Hon. Judith Reid
Hon. Joyce Murray

WEDNESDAY, September 10, 2003

The cabinet met at 9:32 a.m.

Opening Remarks

Hon. G. Campbell: Okay, we're going to begin here. We have a number of items on the agenda today. We're going to get a wildfire status report. I'm going to give you a little bit of a briefing on the drought conditions. I can tell you that Stan was going to do this, but Stan has a detached retina, so

he's going to be getting that taken care of today. Gary's going to give the fiscal update, Geoff is going to talk about the Maa-nulth agreement, and we'll get a health update from Colin Hansen.

The month of August was not exactly one of the sort of good-news months that we've had in the province, as I'm sure you're aware. It's important, I think, to notice what actually has taken place in the last few weeks. We just were at the front of the Legislature paying tribute to the 343 New York firefighters who lost their lives two years ago tomorrow at the World Trade Center. We raised a flag in memory of their service and in memory of what they've done.

It's also in recognition of what our firefighters do for us all the time. We often take that safety for granted, but this year, in British Columbia, we certainly can't do that. We have had over 7,600 firefighters from across our country and from south of the border who have joined to do battle with more than 2,200 wildfires across the province.

One of the things, I think, for all of us to remember - and I don't think we can ever say this enough - is that almost 900 of those fires were caused by human interaction with the natural environment. The McLure fire was caused by human interaction. McGillivray Creek fire was caused by human interaction. The Cedar Hill fire was caused by human interaction. It is constantly important for us to remind the public that they have to be particularly careful in the summer. We should always be careful.

As we have gone through the summer, unfortunately, three people have died helping us with this. Ian MacKay and Eric Ebert died on July 16 just south of Cranbrook as they tried to help us fight those fires. Ben von Hardenberg died on August 17 just east of 100 Mile House in a helicopter crash. Three Kelowna firefighters have lost their homes while saving the homes of others. In fact, they discovered they lost their homes, and within hours they were back out on the lines trying to protect the homes of other people.

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I think it's a tribute to all of our property protection firefighters. It's a tribute to all of our forest fire fighters, the first nations firefighters that have been working with us, the armed services that have been working across the province and responding literally to every call that the Solicitor General has made. They have saved ten times more homes than have been lost in British Columbia through this summer of incredible conflagration across the province. This has happened as a result of a whole series of things coming together.

As I've said in the past, we will be reviewing all of this. I've got our staff looking at ways we can do this so that it's constructive. We all have an opportunity to learn from this experience. The one thing we have learned, unquestionably, is that our provincial emergency preparedness program does a phenomenal job. The people of the province are all willing to volunteer to help. We've had people from literally every corner of British Columbia helping with fires in one way or another, whether it's through billeting or whether it's through providing support and comfort to people who are in a very traumatic time. I think we've learned that that's in place. We've learned that we have the best forest fire fighters in the world here. We've learned that first nations firefighters are ready to be there at a moment's notice, and we've learned that we can work very cooperatively and constructively together. We're going to pick up on how we can do that even more as we move forward.

We have been facing.... This was identified, when we started this season, by the Forest Service for British Columbia, but it really comes home when these things all come together at one time. We have had one of the driest summers on record. I just want to give you a quick update on that. The snowpack on the mountains.... We've always talked about snowpack. Normally when we talk about snowpack, it's the Minister of Finance mentioning what's going on with snowpack, because it has a direct impact on B.C. Hydro and what takes place with regard to them and in our budget. The snowpack on the mountains this year was 50 percent to 85 percent of normal last winter. We should be aware that we're all hoping not just for a lot of rain through the month of September but also for a lot of snow this winter. We want this to be a very snowy winter. We should all be aware of that.

As you look at the summer precipitation here on this map, you will see that the entire southern half of the province has had below-average precipitation this summer. When you say below average, it sounds like it might be just a little bit below the line. In Kelowna they're having the driest summer we've ever had since records started to be kept in 1899. In Victoria we're having the driest summer since records began in 1941. In Cranbrook the summer rainfall level of 8.7 millimetres compares to a ten-year average of 63.6 - about an eighth. In Kamloops the summer rainfall level was 3.4 millimetres. The average over ten years is 54 millimetres. In Vancouver the summer rainfall level

was 36.7 millimetres. That compares to a ten-year average of 132.4. River levels are far below normal. Here's just an example of three rivers: the Tulameen River in the Okanagan, 28 percent of its normal flow; the Horsefly River in the Cariboo, 28 percent of its normal flow; Mission Creek in Kelowna, 21 percent of its normal flow.

Today I think the first measure we should put into effect in cabinet is to immediately mandate that there will be lots and lots of rain in September. October, November, December and January would also be helpful. We need a full precipitation winter, as I said, if we're going to prevent this from happening next year - prevent the drought from carrying on through next year.

This has been happening over the last number of years. We have got drier and drier and drier through the years. The Forest Service, again, was out talking to regional districts about this earlier in the springtime as we tried to prepare for the summer that was coming up.

The drought is impacting a number of things. I want to highlight four of them. Drinking water supplies. Agriculture has been directly impacted; fish habitat is being directly impacted. Overall that means that there are significant economic impacts. The district of Summerland has declared a state of emergency and is in stage 4 water restrictions, and 100 Mile House has a significant challenge ahead of them.

As we look at the forest fires and we look at how we've had to deal with those, I think you are probably aware that in many circumstances, we've had to remove the chlorine storage units for some of the water supplies. We've had warmer-than-average temperatures; we've had less-than-average water. We are being extremely vigilant in terms of public health with our water supply. We're asking our water districts to do that, and we want water suppliers to do that, because it is a time when we risk other situations confronting us.

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In the agriculture industry, you'll know that BSE has had an enormous impact on our ranchers throughout the province. We are facing significant challenges in our vineyards and in our agricultural community across the province. Already we have worked with the feds on a \$5 million relief program for people in the ranching industry.

I'm going to Montana this weekend to meet with western Governors, urging them to push for full and open border access for our beef. Our beef is safe; our beef is excellent. In fact, we have very high quality standards when it comes to the ranching industry in this province and this country. We're going to continue to push for that and work with other provinces and the federal government to do that.

But clearly, we should know this: the drought is compounding our ranchers' problems. We have done a number of things and taken a number of steps, and I want to outline some of them for you today. Land and Water B.C. has issued stop-diversion orders on all vulnerable streams and is urging all customers to voluntarily reduce water use.

I should say this: when we ask people, they normally have been very good about reducing their water use. I'm asking people again. Each of you should ask folks when you're around the province, as any of your duties.... Remind them that limiting their use of water is going to be critical not just through the short term but through the long term. Again, we're asking local communities to do that. I'll have much more to say about that over the next few weeks.

The Ministry of Water, Land and Air Protection has negotiated flow agreements with water licensees to ensure that river levels are not overdrawn. The Ministry of Agriculture, Food and Fisheries is actively lobbying the federal government for further assistance to farmers and ranchers, and they are providing specific advice to farmers on how to make better, more effective and efficient use of their water supplies to make sure that their water goes further. Finally, again, we're saying to the public that we need their help.

I should clear one thing up. There has been a story around that I was not taking any showers. I am taking showers; they're just much shorter showers. I'm not taking them for as long a period of time.

Of home water, 65 percent is used in our bathrooms. Steps like turning off the tap when you brush your teeth or shave can save 12 litres of water a minute. Low-volume toilets save 20 litres each

time they're used, compared to the older models. Detailed conservation tips are going to be available on the government website. I urge people to go to that if they would like to be helpful.

We have a deputy ministers committee that's been appointed to develop a drought action plan to monitor all impacts across British Columbia and to work with people to identify further solutions. We're working with municipalities and water districts and our regional health authorities to ensure that we're closely monitoring the health standards in our water supply and that we're protecting public health. Finally, we'll continue to put out public information.

I think it is important to note that these are things that happen over a period of time. But clearly we are at a time when each of us is going to have to act. We'll have to do things personally. We are certainly going to do things with industry and with communities across the province to make sure that we try to get this in shape.

We need rain, as I mentioned. We need lots of rain. We have enough rain for maybe five or six weeks, but we need to have rain to refortify our water supplies. The aquifers are down; the rivers are down. All of that is going to have an impact.

I thought it was important to highlight that now. As you know, there will be a meeting of the Union of B.C. Municipalities at the end of this month. We will do more to make sure that all 179 municipal governments are aware of the impacts of water usage. It means we're all going to have to change the way we do things. I thought it was important to lay that out for you.

I certainly hope Stan gets better quickly. I'm sure he will.

I want the public to know that they are a very important part of this effort to conserve our water and to protect our water supplies.

The next item on the agenda, which I think is important in order to give everyone a sense of where we stand today.... I do think it's critical. It was just a week ago that I can recall saying to people that unfortunately, the forest fire season is not over. It will be some time. It is important for us to remember that actually it is very seldom, with large fires, that people are able to put them out. No matter how much equipment, it's Mother Nature that puts them out.

We've had, as I mentioned, thousands of people from across this province trying to contain those fires, and they have generally done an exceptional job.

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Last week I think people sort of thought: "Well, we've had Labour Day, so maybe this will now be over." It's not over. We found that out on the weekend, when we lost the Kettle Valley trestles and we had thousands of people evacuated from their homes again. I should say, too, that one of the challenges for each of us, as we deal with this, is that there are a number of communities that have been affected. Effectively, all of the people of Louis Creek lost their homes. People in Barriere are going through substantial challenges, both in terms of their businesses and what they're doing.

The social networks that people have, have been exceptional. People have been incredibly resilient. I don't want people to think that when we've contained a fire in one area, we've forgotten about what their challenges are or the trauma they've gone through - the real emotional pain they've felt. We have not done that. But we have fires that are still raging. We have people and property we still have to protect. We have limited resources in terms of the talented professionals we've got. So everyone in the province should know that the people of British Columbia have been very clear. All of the people who have lost homes, all of the people who have suffered through this summer directly and personally will have our support. We will be there for them.

We have to make sure that we're protecting as many of the people in the province as we can and doing the best job we can to manage the resources we've got. Again I should say that both the emergency preparedness teams we've had around the province, the regional districts, the local governments, the first nations and the Forest Service particularly have done just an exceptional job. I want to say thank you to all of them for doing that.

I'd now like to ask Mike and Rich to take you through a detailed presentation on the wildfire status report. Mike.

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For Information: Wildfire Status Report

Hon. M. de Jong: Thanks, Premier, and obviously, thank you to all those people that have gotten us this far. You're right: it's not over.

Yesterday we had ten new fires. I'm sorry to tell you that two of them were human-caused, so all of us have to be cognizant of those drought conditions in many parts of the province. It's raining here in Victoria today. A lot of the parts of the province that are suffering the worst of this drought have not seen any rain yet. The conditions are as bad as, if not worse than, they were three or four weeks ago. In fact, yesterday was a pretty good day on the fire lines in most quarters, but the forecast is for some moderate winds to return and for a high-pressure ridge to build and for it to get hot again this weekend.

People have got to be careful. They have got to be careful no matter what they're doing or where they are. Someone told me that the other day they were driving along the Hope-Princeton Highway when someone threw a cigarette out the window. I hope people think about the implications of that.

In any event, we've heard all the adjectives about this being unprecedented and historical and record-breaking. Some of the numbers you've heard from the Premier around things like rainfall bear that out. The graph that people see in front of them speaks to the issue of rainfall. Obviously, in virtually all of the southern part of the province it's been the driest summer on record, and that has complicated an already difficult situation insofar as snowpacks and drought conditions are concerned.

If we go to the next slide, though, it really tells the story about an unprecedented year so far in the world of fires. Ironically, the only record that has not been broken this year with respect to wildfires is the number of fires. You can see we're well above average, but in '98 we actually had 4,000 fires. But that's the only one. The rest of this is off the scale.

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I should say this as well, and I know many of us have spoken about this. You see almost 25 fires, and we continue to get them every day. At any given moment our attention is focused on probably a half-dozen. But when the Premier and others talk about the job that our various agencies have done - the Forest Service and others - we should be mindful of the fact that the vast majority of those fires are controlled within moments of their being detected. The initial attack and reattack people are highly trained, and it's why the vast majority of those fires don't make it on to the nightly news. It's a tribute to the work they do.

The area burned - you can see on the right-hand side column where the ten-year average is - is ten times.... It is, again, a record-breaking year from the point of view of area burned. Yeah, there's a lot of value there in terms of people's property, in terms of Crown resources and in terms of impact on parks. All of that is contained in that hectareage - 250,000 hectares. We'll hear more about this in a few moments, I expect, but fighting these fires does not come cheap.

I must say this. I think it's a credit to the Premier and the Finance minister that that has never been a question, moving through this difficult time through the summer. The instructions from the top on down have been to do what it takes to protect people and property.

It has taken thus far a significant amount of resources. Yesterday we spent eight million bucks. That actually doesn't take fully into account the funds that the Solicitor General requires on a daily basis to do his job. So those dollars are continuing to mount. It's difficult to say, looking ahead, where that figure is going to come in finally. It depends on how successfully the Premier has appealed to the Almighty this morning and what happens with respect to the weather.

I think most people know what interface fires are. They are, put simply, fires that take place in close proximity to populated areas. In an average year we have eight; I think in our worst year we had 14. We've had 37 this year. That, of course, has translated into devastating losses with respect to residences. In an average year, four people find themselves in that horrific position; this year it's over 330 families. But, as the Premier said, it could have been a hell of a lot worse.

On the firefighter front, whether it's the Forest Service, whether it's the contracted agencies, first nations.... It's difficult to single out anyone in this tremendous team effort. The operations camp in Kelowna that the Westbank put together and cooperated with and played a leading role in was absolutely tremendous and made fighting that fire on an ongoing basis that much easier.

That's a story that's repeated right across the province, and it doesn't take into account the volunteers - you know, the people packing lunches for the firefighters, all of the various.... Too numerous to count. The ladies in Okanagan Falls - what a delight. It was almost - almost - fun being there.

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The military. You see 920 there on your screen. In fact, it's somewhat higher than that when you take into account support personnel. In our worst years we've had a couple hundred members of the Canadian forces, and they have been absolutely tremendous. They come in equipped. They accept the fact that before they can get out on the front lines, we give them a couple of days of intensive training so that they can be safe out there, and then they do a hell of a job. They have said to the Premier and myself and the Solicitor General how thrilled they are, actually, to be providing a crucial service right at home for a change. These are the same people that are often on peacekeeping missions in Bosnia and other places, and here they are protecting Canadians right here in Canada. As I say, I think they've done a hell of a job as well.

The last thing I'll say, Premier, is: that's where we're at. You've mentioned the tragedy involved in the loss of three aerial firefighters. It is a reminder of just how dangerous this work is. But I think we can also congratulate those who direct these efforts at the operational level for the fact that in all of the turmoil that goes with one of these events, there has been no loss of life amongst those firefighters on the ground and that safety has been paramount from the get-go. That is reflected in the fact that, with the notable exceptions, there has been no serious injury or loss of life amongst those ground forces.

That's where we're at to this point, Premier and ladies and gentlemen. We're not there yet. The effort will continue. To the people who are accessing our back country - and some of the orders have been lifted - we understand the inconvenience associated with those orders being in place. We are trying to, within the parameters of safety and common sense, lift those orders where possible. But please do your part. Be safe. Be careful. Be responsible when you're out in B.C.'s back country.

Hon. G. Campbell: Thanks, Mike.

Rich.

Hon. R. Coleman: Thank you, Premier.

On August 1, as you all know, the Premier declared a state of emergency in the province of British Columbia for the Thompson-Nicola region of the province. On August 2, as the fires continued to grow and threaten other communities, we made that a provincewide state of emergency, and that started a roller-coaster ride of hopeful thought that we would get weather or breaks in fighting fires for the next six to eight weeks.

We are still in a state of emergency in this province. The provincewide state of emergency has been continued and extended on two other occasions - to September 14 now - which we will review as we go into that stage to see whether we continue to do that.

When we activate a state of emergency, it basically activates completely the provincial emergency program in the province of British Columbia, which responds to disasters. In this case, PEP, as we call it, was involved because the fires threatened communities and lives, and therefore evacuation orders, evacuation notices, evacuation alerts and all the attendant facilities had to be put in place in order to take care of a number of people in this situation.

Through the ministry, PEP manages a disaster financial assistance program, which is a program that provides for accommodation and meals for people that are evacuated from their homes. To the credit of this government and of this Premier, that program has been extended to the fact that we will take care of people who are out of their homes until such time as we can relocate them, rather than having a time frame that is contained in some of the other assistance programs that are dealt with in the province at different times.

Since 9/11, I always believed that our program was one of the best in the country. When I met with the Minister of National Defence, his first comment to me as he walked into the emergency program office in Kamloops was: "I'm actually here to see what I've heard is the best in the

country." In actual fact, after seeing what's gone on in the last number of weeks, I can safely say that we do have the best emergency programming in Canada.

We have a system of trained teams of personnel that are people who work within government - civil servants who are available to move anywhere in the province at any time, to react and coordinate services that need to be set up in communities in the case of emergency. In addition to that are employees from all areas of government and Crown corporations who step up to the plate to help us man phones and give us assistance in the case of emergency - search and rescue teams, police, firefighters and, frankly, thousands of volunteers.

In the month of August and into early September, we've been going through a disaster. But what comes out of a disaster often is the display of humanity. The good here that comes out of this is that in my opinion, having seen what's gone on in B.C. and in these communities in the last six weeks, the whole sense of community and volunteerism has been reinvigorated in the province.

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Like I said, the state of emergency has been extended twice since August 2, and although it appears that things are looking up, we have learned in the last six weeks that that can change in a split second if the wind decides to pick up and move a fire in any direction, moving quickly towards homes and threatening businesses and communities.

During the month of August particularly, more than 50,000 people were evacuated, and 30,000 people were registered and taken care of with our emergency social services at evacuation centres in the province and received assistance from the government of B.C. In Kelowna we conducted what is the largest single evacuation in Canadian history, without any injury. We lost the community of Louis Creek in early August and had the community of Barriere completely threatened.

People have stayed calm, they have shown incredible resilience, and we will be there to help them re-establish their lives in the communities. To date, approximately \$75 million has been spent on the emergency programs in B.C. alone.

The federal government has a role to play in this as well. The first assistance that came from the federal government came in the form of the Canadian armed forces. Gen. Ivan Fenton and his team from the western command have been professional, responsible, disciplined and organized - just what you would expect from Canada's military. The Minister of National Defence, John McCallum, and I have had an open dialogue and will coordinate the disaster financial assistance.

The federal minister has confirmed to me that an order-in-council has been passed to make disaster financial assistance funding available to British Columbia. There is a formula to this. The first \$4.1 million of disaster financial assistance is the responsibility of the province. The next approximately \$16 million is split 50-50 between us and the federal government, and from there it goes to a 90-10 split over \$20 million.

We should understand what those eligible costs are, because as we go through this, there will be other programs in the federal government that we have been told we may be able to access. On emergency financial assistance, basically what it costs... It covers evacuee costs, the costs of running provincial and local emergency centres, and recovery costs to repair infrastructure such as bridges, highways, fencing, etc. Negotiations will take place and are taking place, in addition to these on structural firefighting costs and the costs of relocating fire trucks and personnel in support of threatened communities.

I should say at this point that we did something that's never been done anywhere that we can find in North America during an emergency. We actually created a provincial fire department in August so that we could move structural fire equipment - that being fire trucks and personnel - anywhere in B.C., at any time, under the direction of the emergency program and the fire commissioner's office to have those people available in the communities where the fires were. At the height of this disaster, at the height of the fires, 92 pieces of fire equipment and 350-plus staff from 61 different communities were deployed, at an estimate of \$34 million. Communities responded by sending crews and fire trucks from all over the lower mainland, Vancouver Island and the interior of B.C. to where the problem was, to go on the front line and work with people to fight these fires.

The other cost that has often been paid is watershed restoration where it has been impacted by fires. Firefighting costs by the Ministry of Forests will be brought in whenever it takes place within

municipal jurisdictions. It hasn't been, under the federal disaster relief program, that wildfires outside that do not threaten communities or are in communities have traditionally been covered. We will take those firefighting costs directed to interface fires to the federal government as well, because we feel that not just within the community but the interface itself.... The additional costs that have had to come from those costs could be discussed with the federal government. My understanding is that the federal government will likely waive the cost recovery for provincial use of the military personnel.

The bottom line here is that the federal government is going to work with us for the benefit of British Columbia and its citizens. It has been indicated to us by the Prime Minister, by the Minister of National Defence and other ministers and members of the federal government. We will deal with this disaster and take care of our people, and at the end of the day we'll work out what it costs, and we'll sit down and work out the formulas for the benefit of all those concerned.

Hon. G. Campbell: Thanks, Rich.

Questions? Sindi.

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Hon. S. Hawkins: Premier, if I can just say a few words and share some of my personal experience. I do want to say right from the beginning that it's important to know that there are many communities that are going through this. I think you know that more than anyone else, because I know you've visited many of these communities. Certainly, over the last couple of days it's been troubling to me and a lot of people in Kelowna, as well, when we hear of other communities that feel they're getting left behind. I can tell you that everyone in my community is willing to work with those other communities to provide them with the support they need. We're all in it together, and we're going to get through it together.

I've personally been involved in a couple of fundraisers, and we have made sure that those funds are being donated to funds that work provincewide. In the one that I was personally involved in, we split the money between the Southern Interior Cancer Centre and the Salvation Army Fire Relief Fund, which is working for the whole province. You know, I get troubled when I hear reports from communities that feel they're not getting the attention, but I can tell you that it makes me feel good when you say we're all behind these communities together and we're going to be there for all of them. If there's anything my community can do, we'll certainly step forward and do that.

I just want to mention a couple of things, because I've been through this experience personally. I've been evacuated twice. The fire started on August 16, and it seems like it's been going for months. It's only been three weeks. The firestorm in my community was on August 22. That just happened to be a day that the Premier visited. He saw the conditions that day. It was ugly. It's hard to describe, I guess, unless you've been there and been through it. That night we panicked. There was a lot of mayhem; there was a lot of panic. Rich, I know you said people went through this calmly, and we did. I was so proud of the community. There was a lot of fear, understandably. It was horrific to watch the fire engulf some of our neighbourhoods. You know, we watched homes and communities burn. That was awful. It was terrifying, but I can tell you I've never been so proud of the people that have been working to manage this fire.

When Rich says our provincial emergency program and our people there are the best, I can attest to that. I was one of 30,000 that were evacuated that night. Where do you put 30,000 people? They found room for all of us. Many of us went to friends. Many were diverted as far as Vernon, Merritt, Kamloops. Sorry if I get emotional, but it was quite a night. Our firefighters, our city councillors, our mayor, our chief, our police, our ambulance, our health authority - I can't speak enough for those people. They have come through in spades.

Now that we're going through the rebuilding, I have to say, Murray, that emergency social services and the Ministry of Human Resources have been absolutely incredible - the services your people have provided and helped us with. I could go around the table and mention other ministries. I was talking to Christy. We have 130 children going back to school, who are homeless. We've found homes for them. We have teachers that have lost their homes. We have support staff. We have doctors, nurses, other people in the community that have lost their homes. You know what? They're back at work, and they're helping everybody else.

The community spirit, the growth of the community, the outpouring of support that we've seen have been incredible - from businesses, from the corporate community, from corners around the province. I can't tell you how much it means to get calls from all of you. I'm sorry I haven't been able to personally respond and get back to you, but it means so much. The Premier has visited there twice. The Prime Minister has been there with the Premier. It's not just the rest of the province that is behind us; it's the rest of Canada.

Yes, it's been a horrible time. It's not over. As Mike says, it's not over. I went to the front line yesterday. I saw how close it came to my community. We were evacuated on Wednesday. That fire was 300 yards from a road that is right above my place. That's how close it comes to hitting home. That's frightening. Eighteen thousand of us are back home now, as of Monday, but we're on alert. Yesterday the firefighters on the front line described it as a sleeping dragon. It's far from over.

I see rain here today. At first you wake up and there's rain, and you think: oh, thank God. Then I thought: oh, I'm in Victoria. I'm not in Kelowna. You pray for rain every single day. Who prays for rain in Kelowna in August? We're praying for it. Now it's September, and we're still praying for it.

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The leadership has been exemplary, right from the Premier on down. I have to say that. I can't tell you how much it lifted us to have you there, Premier. People really felt that the province was behind them then. You think you're going through this alone, but I can tell you, when you have the Premier and the Prime Minister there and you have people like Mike de Jong come.... Rich came, and I know many others came through. Rick, all of our colleagues in the valley are so appreciative. I have been working with Rick. John Weisbeck and I have been dealing with our constituents. Bill's been there for me. Tom's called and said: "Anything we can do." Kevin's called. Bill Bennett in Cranbrook and I have been keeping in touch. We know we're not in it alone. All of our communities in the interior and across the province are going through it.

I do want to say that we really, really appreciate the services the ministries are providing. It's very important at this very difficult time. The efforts that go into rebuilding the community are going to be absolutely massive. We've started rebuilding in our community, even though we know it's not over for us. That process is starting. It's going to be a long time.

Again, I have to say the Ministries of Health.... As far as looking after our seniors, the interior health authority has been great. Mental Health - they've come out in spades. The Ambulance Service, again, Rich, the RCMP.... I could go on and on, but I'm not going to, because I know I don't have that much time.

It's been an interesting experience that I don't want to have happen again. I know we're looking at how we can improve and the lessons we're learning from this. I am impressed to say those lessons are being learned right now, and what we've learned is being applied at the front line right now.

The kind of people.... The intelligence that is being fed into managing this fire has been incredible as well. We have the incident commander, Brian Kempf, who has been amazing. We have people I didn't even know we had working on this fire, like Dr. Judy Beck, who is a fire behaviour specialist. She has a doctorate; apparently she's a world-renowned specialist. She's right there in Kelowna. They went into the devastated areas, took the lessons from what happened there that night and are applying it in my own community. I'm watching what they're doing to protect homes because of what they learned there two weeks ago.

So I'm very comfortable that we're doing everything we can. I'm very confident we're doing everything we can. We have the people in place. The people on the front line are thankful that the province is giving all the resources. They're very comfortable. They're getting everything they're asking for. We feel like we're under siege because we've got soldiers there; we've got navy there. We've got over 40 communities with fire trucks and crews there. But we feel very comfortable, and we're comforted by the fact that people are praying for us. Their thoughts are with us, and they're doing everything they can across the province. I do want to thank everyone around this table for everything they're doing - and all my colleagues.

We're there for other communities too. I wanted to make that point, because I know that's sort of what I've been hearing the last couple of days. It's breaking our hearts in Kelowna that that's being said. We're there for everybody else. We know we're going through it together.

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Hon. G. Campbell: Right. For those of us who are not directly touched by this, I think it is important to recognize the emotional strain and the stress and the trauma that people are going through. We all wish we could solve it quickly. We can't solve a lot of this stuff quickly, but we are going to be there and provide the support. I'll just say that when I visited a couple of evacuation centres, I could not believe how strong the people that were directly impacted were. They were totally resilient. They understood we were trying our best. They're looking at how they can get through it and how they can get on to the next part of their life. We're going to be there to back them up on that.

Dick, and then we're going to move to Gary.

Hon. R. Neufeld: Just briefly, Premier. I know there are firefighters and people who have moved from the northeast to the Kelowna area to help with the fires through PEP and those kinds of things, but when we look at the province of the size that we have, totally on the other end of the province we were having exactly the opposite effect...

Hon. G. Campbell: The flood in Fort Nelson - that's right.

Hon. R. Neufeld: ...in Fort Nelson, where in an hour or so they had about three inches of rain that caused colossal floods within the community. Some of the schools just started yesterday, kids going back in. There are some schools that may not open at all ever again, so we're looking for portables in Fort Nelson.

It's totally exactly the opposite. We got rain - way more than what we expected or ever needed. There was a small tornado along with it, which caused huge damage. In a community of 5,000 people, in fact, PEP has estimated that to date there is about \$13 million to \$14 million of damage done in that size of a community. So it's huge but just exactly the opposite. They would have loved to have sent the rain down south also.

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Hon. G. Campbell: We would have loved to have had it.

Hon. R. Neufeld: I just wanted to bring that to people's attention.

Hon. G. Campbell: I've mentioned that before. You do realize how huge the province is when one community is suffering from flood and another is suffering from drought.

Let's get through it - okay? Gary.

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For Information: Fiscal Update

Hon. G. Collins: Thank you, Premier.

I want to give today a regularly scheduled first-quarter update on the fiscal situation. Obviously, this morning has provided a great deal of context for some of the challenges we're facing. I just want to say, as well, that if there's anything where government needs to be there to provide for people, it's this kind of support and this kind of firefighting - the work that Rich's people are doing and other ministries as well. This is what we're there for.

Premier, you made it very clear right at the very beginning that we spare no cost in making sure that we protect people and their homes and businesses from this kind of a fire. We spend whatever it takes to put it out. Certainly, that has been our goal right from the beginning. So while, yes, that's created pressures to our fiscal plan this year, it's important to note that it's a priority. We spend what it takes, and we get the job done.

Unfortunately, Premier, it's not the only pressure that the province has been hit with over the last number of months. There's been a major slowdown in the U.S. economy. As you know, they are our biggest trading partner. More than any other province in the country, British Columbia trades into the U.S. About 70 percent of our exports go into the United States. What happens there has a big impact on British Columbia communities as well.

Certainly, the Canadian economy has been hit as well, and I'll talk a little bit about some of the impacts on other provinces that are experiencing similar pressures. The province of Alberta, while

it has perhaps a greater ability to deal with it, has been hit with a \$500-million-and-some charge for BSE, for fires they've been dealing with and other issues they've been grappling with.

I was just on a conference call yesterday afternoon with Ministers of Finance from across the country. Their first comment was to British Columbia, to us, to tell us they were there with us. They've been watching this. They offered their support and their encouragement to those people that are fighting the fires and the communities that have been damaged. I think Sindi's right. It does say a lot, and you feel better when you know other people are paying attention and are sympathetic. I thank them for their concerns, and I know they're also facing challenges.

Ontario was hit very hard by the SARS outbreak earlier this year. It's had an impact on British Columbia. While not as many people were directly impacted healthwise here in B.C., the impact to tourism was as significant as it was in Toronto in many cases. I'll speak about that in a few moments as well.

Ontario has been hit hard. The higher Canadian dollar - just a phenomenal increase in the value of the Canadian dollar relative to the U.S. dollar - is starting to bite in Ontario. That does have an impact on British Columbia. It's starting to bite, certainly, in the forest sector here in our province, and it's affecting other provinces as well.

We've also had the power blackout in the eastern United States and eastern Canada, which has had an impact on their economies. As a result, we're seeing some significant downgrade of economic forecasts for the province of Ontario, Alberta and Quebec. Other provinces - virtually every province, I think, except for Newfoundland and Saskatchewan - have been ratcheting down their economic forecasts.

Those are the sorts of things we can't do much about. They come at you, and you have to grapple with them. Sometimes the harder things get and the more challenges that are thrown in front of you, the harder you have to work at those things you can control. We've been certainly working hard to do that.

One of the other areas, Premier, which we all became aware of since the budget early in the spring was a challenge in the Children and Family Development ministry for the next fiscal year. That was something which you made clear was a real priority for us: that children at risk were a priority for government and that we needed to do what we could to mitigate whatever pressures were there. Through the budgetary process and some of the savings we've seen by sticking to the plan and by getting our costs under control, we've been able to funnel those back into that ministry. We were able to put about \$122 million into the Ministry of Children and Family Development next year to deal with some of those unforeseen challenges that were there.

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On the forest fire costs. I know that's been the question recently: what is this all going to cost? First of all, I want to say that we don't know. We have our estimates; we have our forecasts. The best estimates we have coming out of the Ministry of Forests and the Ministry of Public Safety and Solicitor General.... But it is incredibly volatile. As we saw last week, it can flare up just as fast as it dies down.

While we have our best forecast based on weather and just the fact that the days are getting shorter and we're getting out of the traditional forest fire season, I think it's fair to say that these numbers are very volatile, as the fires are. We have a pretty conservative forecast coming out of the Ministry of Forests and the Ministry of Solicitor General. We now believe that the total costs for direct firefighting are going to be about \$400 million to \$410 million, and direct costs for the emergency response - those areas that the Solicitor General is responsible for - of approximately \$75 million. That number may change as well.

However, we are getting into the portion of that formula with the federal government where they start to pay 90 percent of the costs and we pay 10 percent. There is limited growth potential there, although there is growth potential if things got much, much worse. There's also the cleanup and remediation - stream protection, drinking water protection, road restoration, those sorts of things - which are going to drive costs as well. The forecast at this point - we locked these numbers down on August 28 - was about \$60 million for cleanup and remediation.

To date - the numbers today - we feel direct forest fire costs are now about \$310 million. They were actual costs on August 28 of about \$210 million, so we've spent about an additional \$100 million in direct forest fire costs since then. As Mike mentioned, the costs are running around \$8 million a day. They've been as low as \$3.5 million and as high as \$10 million at the real height of things. That number goes up and down depending on the winds, depending on the weather.

Emergency response costs. Initially, at August 28 we'd spent about \$40 million. We think we've now spent about \$65 million. We continue to work with those numbers. The new total that we're forecasting - we locked in on August 28, and I think it still stands as a reasonable forecast - is about \$545 million total cost for the fires. That's obviously a big number. It's not something that everybody's happy about, but it is what our estimates are at this point. If the weather continues to be cooler, if we do get some rain and the winds stay moderate, then that number could be lower. It could be a fair bit lower. If, however, we see things flare up above and beyond what some of our conservative estimates are, then those numbers could be higher.

I just want to caution people that we're not out of the woods yet. We still have a ways to go. We won't really know these numbers until the fires are mostly out and we've been able to get in and assess what the damage and what the cleanup costs might be.

As I mentioned, there are some things we can't do much about. What happens to the global economy, the Canadian economy and the U.S. economy is sort of beyond our control. The softwood lumber dispute continues to rage, and it's not something that we alone are able to solve on our own. Some of the other things - SARS, BSE, etc., - are things we can't control, but there are things that we can do as a province when faced with these challenges.

There are things that we continue to do. We want to make sure that all ministries watch their budgets carefully. We're not directing ministries to start looking for other additional ways to cut their budget to pay for the forest fires. That's not expected at all. At this point we can manage those costs within our fiscal plan.

You've heard some of the public sector union leaders - I think inappropriately - out there raising the spectre and saying we're going to have to make additional massive cuts to the public service. That is not the case. We've heard the Leader of the Opposition say similar things. That is not the case. We are on plan. We're on target with the plan we set up over a year ago, a year and a half ago, in our very first three-year plan. I want to reassure people that certainly at this stage, there is no need for any major revisions in those programs or those plans. They're on target. If we stick with the plan that's there to reduce the size of government over time, we will be on target. I want to comfort people to a certain extent that we're not about to issue directives to start looking for additional ways to cut costs in order to pay for the fires.

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I want to say first of all, though, that ministries are always managing pressures. There are always pressures in ministries day to day, quarter to quarter. We still have things we're dealing with in ministries. Some ministries are forecasting coming in under budget at this point, but it's still very early in the year to start calculating those costs and determining them. Certainly, in the last two years despite managing pressures in ministries, all in, the ministries came in under budget. We're going to continue to manage those costs. We're still just in the first quarter.

One area where we've seen some significant savings is lower debt service costs. It's the third-largest ministry of government after health care and Education. It's the interest we pay on the debt that's been built up over the last 100 and so years, most of it in the last ten years. By coming in under budget our first year we were in office, by coming in under budget last year by over a billion dollars, the total debt that the government is servicing at the end of last fiscal year was about \$4.2 billion lower than forecast.

By managing our plan and staying on target, it means that those debt service costs are much lower than forecast. As well, we're expecting this year that the debt, at this point, will come in at about a billion dollars lower than it was forecast in February. That creates a reduction in the amount of interest we have to pay. We're able to do other things with that: pay for forest fires, for example; put those funds back into child protection. Now we have choices on how we're going to manage those costs and what we're going to do with those savings. We've seen about \$125 million this year. We're forecasting that by the end of the year, we will have saved on debt service costs. There's a possibility that number could be higher, but that's our forecast as of this point in time.

There's also been a market response to British Columbia having a plan and sticking to a plan. It's not something that we had a good record for prior to the change in government. In fact, plans changed all the time. Every budget was different, and the market, in lending us money, priced that in. We were paying higher interest charges than we needed to as a province because of that uncertainty, unpredictability and the unreliability of the plans that government was putting forward. I think the previous government brought forward five different fiscal plans in five years. When you start going to the bank and you're not hitting your targets and you want to borrow money, they start to ratchet up the interest rate they're going to charge you for your next loan.

The markets have responded very well to the discipline that the government's shown. For the first time, I think, in 15 or 20 years, British Columbia is paying lower interest rates on the market than any other province in the country. We're now trading at a lower interest rate than the province of Ontario. The only other province that's probably better than us is Alberta, but they don't borrow. They're sort of.... They don't even have any debt, really. But as far as the rest of the country goes, we're doing well.

That's all pretty esoteric stuff. But when the rubber hits the road, what it means is there's money there when the crisis happens, when the forest fires happen and when BSE happens. We've been able to provide some money to ranchers in this province to help support the crisis they're facing from BSE. If it's floods in the Peace, we're there as well. By managing our costs and keeping good control on those things that we can control, we're able to be there when some of these things hit. We've been able to do that now.

We've also been cautious in our forecasting. My economic forecasts and assumptions have been on the conservative side, below what the general consensus has been at budget time. They remain below what the consensus is, and I'll talk about that in a minute. We've also put two buffers in our budgets. One is a contingency fund - that is, where the Legislature actually votes an appropriation or an amount to be spent in the event that we need it.

We also have what's called a forecast allowance, which is a buffer in the overall numbers in case we face something completely out of the ordinary. Certainly, as far as forest fires go - those types of emergencies - the Legislature has what we call statutory approval. We've already passed a law that says when that happens, you can spend what you need to without going back to the Legislature for spending approval.

To date, we are drawing down the contingency fund by about \$50 million. Rather, it's a \$500 million forecast allowance. We're drawing that \$500 million down by about \$50 million. We still have about \$126 million left in the contingency fund, the voted appropriation. For planning purposes, as we go from quarter to quarter, and in the budget, we always make the assumption that we're going to spend the entire contingency budget by the end of the year. We obviously hope we don't. Last year we didn't. The previous year we didn't as well. For planning purposes, we assume that's going to be expended by the end of the year. With the forest fire costs on top of that, we're dipping into the forecast allowance by about 10 percent of that - the \$50 million out of the \$500 million.

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So there's still some room there in case something else comes along, and heaven knows, the way it's been going in the last couple of years, something might. We certainly all hope it doesn't, but we want to be prudent and conservative and make sure that should something happen, we can be there for the people of the province. I just want to give people a sense of that as well.

There have been some upsides to the budget. One thing I've noticed in the last couple of years is that when there's something bad that happens, there's often something good on the other side as an offset. I think that's true in life, and it certainly has been true in the budget process. I could use a bit more of the good stuff and a little less of the bad stuff, but there are some bright areas in the fiscal plan where we've seen some growth.

B.C. Hydro revenues are forecast to be up appreciably. They get most of their runoff in the spring runoff and most of the precipitation in the winter, obviously. When we locked in the budget numbers in February, we were locking in, I think, their December-November snowpack forecast. There's a fair bit of the winter season to go through before that. In the early season of the winter last year they were forecasting lower water levels. That was forecast in the budget. The latter part of the spring and the latter part of the winter were appreciably better than the forecast, and we see an improved forecast for B.C. Hydro as a result of that.

We've also seen a really vigorous housing market in British Columbia. Housing starts are way up. That shows good long-run consumer confidence. People are purchasing houses as well. We've seen, as a result, an increase in revenues from the property transfer tax.

As well, we've seen a real bright light in the oil and gas sector. Premier, I know that earlier this year when we were moving into the budget cycle, you met, we met and Richard met with some people from the petroleum industry and said that we think we have a really good resource here. How do we maximize that? You gave directions to both Richard and myself to go back and be bold in our strategy to boost the oil and gas sector. We did that. We take some risk in doing that, because we're making some tax changes and some regulatory changes and some royalty structures. That has really started to pay off.

I know, Dick, coming from the area and being the minister, you've got some sort of anecdotal stuff that you've seen. I could talk more about the actual numbers in a minute if you want.

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Hon. R. Neufeld: Along with the initiatives with taxation reduction that the Ministry of Finance took shortly after we were elected, the government and my ministry have also looked at other ways we can encourage development of our oil and gas industry in British Columbia. We've done that through a number of things: reduced royalties for activity that takes place in the summertime, between April and November; and reduced royalties for wells that are marginal, which have been shut in and weren't producing anything. We reduced the royalties, and we're actually getting royalties. Some of those wells are coming back on stream. That's good news.

We've also looked at ways of encouraging drilling into the foothills and into the mountains to a degree where there are huge reserves. All those things are beginning to pay off, as the Finance minister talked about. That strategy is starting to pay off, in fact, very well. The activity levels for drilling rigs are up by 100 percent this summer over last summer. That's pretty remarkable. We expect - in fact, we're forecasting - that the activity will be up about 125 percent, so we've still got a way to go to what we projected, but it's coming there.

Winter activity, we're thinking, is in fact going to increase by over 40 percent, so activity in British Columbia.... Our numbers say that we're going to increase activity in the oil and gas industry by over 50 percent in the drilling part of it, which is good news, because along with that come the jobs, the production and all those kinds of things that start paying off for government and for people.

I was just recently - in fact, this last weekend - in Fort Nelson. They're having their best building season ever. They're out there building shops. Companies are moving to British Columbia. They're setting up their businesses in British Columbia. Fort St. John is obviously very busy also. They're feeling the effects of it in the community. There are businesses that are setting up, which are actually moving out of Alberta into British Columbia and creating permanent, long-term jobs in British Columbia. That's what we've wanted.

There are those who say it's just because of the price of the product. Well, the Canadian Association of Petroleum Producers has estimated that we're going to lead western Canada. They say our increase in activity is going to be almost 50 percent. In comparison, Alberta is estimating theirs to be 16 percent, and Saskatchewan 14 percent.

Obviously, the things that we've been able to do as a government - leading forward, trying to encourage the investment that was actually not welcome under the previous administration in the province of British Columbia - are creating wealth for the province and the ensuing jobs that go along with it. That's good news for B.C.

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Hon. G. Collins: Thanks. Some of the things Dick talked about that have started we're hearing from the industry as well. That's encouraging. Eliminating the corporate capital tax made a big change. Some of the PST changes have allowed them to leave their rigs here. They don't have to ship them back to Alberta as soon as they're done, and that means we're getting a lot more maintenance work out of the industry as well. Corporate capital tax coming down from 16.5 to 13.5 percent has helped to encourage that as well.

But there are other things as well. The dereg initiative that Minister Falcon has been working on and driving through government has made a big difference in moving stuff along, and also the transportation infrastructure plan - the resource roads. We've got some P3s, some public-private partnerships, with the private sector building some of this resource road infrastructure, and that's part of that transportation infrastructure plan. That's sending a really good long-term message to those guys that they can come into British Columbia, they can get in and out of the drilling areas in a way that's safe, and they can get their people back and forth safely as well. All of those things combined.... Those are some things we can do, and we're starting to see the benefits kick over as a result of that.

Some of the indicators.... Prices are up, but when you compare us to other jurisdictions in the country, our volumes are up dramatically over and above where they're at. Summer drilling activity is a significant one. We used to almost essentially shut down the industry in the summer because of the thaw that would take place. They have now developed a technology here in B.C. where you use wood from B.C. They make these big wooden mats and lay them in. They're able to get their rigs into position and drill during the summer, something they couldn't do before. That's creating volume, as well, and more activity in the summer and evening out some of the work for those people who work in that sector also.

Just to give you an idea, the number of wells in summer drilling last year was 133; this year there are 300. Last year the number of active rigs in September was 27; we've got 54 this year. The planned winter drilling last year was 408; this year it's 556 wells. Those are some big numbers, and it really starts to impact those communities with new jobs and businesses coming in and also revenue to government. That's been helpful in our plan.

Some of the incremental revenues.... This year natural gas royalties are forecast at \$113 million. Next year they're expected to go up to \$140 million, and in '05-06, \$148 million. There are some things called bonus bids as well, which create revenue streams to government. This year we're forecasting \$77 million, next year \$84 million, and in '05-06, \$79 million. So the total incremental revenues - these are new revenues as a result of the policy - this year are about \$190 million, next year about \$224 million, and in 2005-06, \$227 million. Some of those initiatives that we've put in place are really starting to have an impact, and that's just revenue to government from those direct revenues. When you get the economic activity and the jobs and businesses coming here, those create other incremental revenue as well.

All of those pluses and minuses.... This slide gives you a sense of where we are for this year. There are some costs, obviously. The forest fire costs, over and above what was budgeted, are about \$487 million. Again, that number is volatile. Lower tax and forest revenues - partially from softwood, partially from the Canadian dollar, partially from PST revenues and other revenues - are off in total by about \$157 million. Those are the downside challenges we face.

The higher energy revenues are about \$246 million. Hydro's bottom-line improvement as a result of better snowpack earlier in the year is \$185 million to the better. Interest cost savings at this point, I mentioned - about \$125 million on the plus side. There are some other changes up and down, which net out across ministries and Crowns to about \$38 million to the upside, and then if we take \$50 million from the forecast allowance, that gets us back to our debt target of \$2.3 billion. We still have \$450 million left in the forecast allowance, which we obviously hope we don't need to access, and we also have about \$126 million left in the contingency fund, which we also hope we don't need to access.

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Our plan to balance the budget by 2004-05 - despite what we've heard from some critics, some members of the opposition, some former members of the House - is on track. You can see this chart sort of shows what we started with in 2001-02. We had a deficit forecast of \$1.5 billion. At the end of the year the final number was \$1.285 billion, so we're a little bit under budget there.

Last year the forecast was \$4.4 billion, and we came just over \$1.2 billion under budget at a \$3.1 billion or \$3.2 billion deficit. This year we're on track to hit our \$2.3 billion number. We still have some buffers there, as I mentioned, as well, to deal with unforeseen expectations.

All the pluses and minuses in '04-05 net out to a very slight improvement. It's about \$20 million - really negligible but a very slight improvement in our forecast for 2004-05. In 2005-06 there's been

a slight decline, again almost insignificant given the time distance out and the amounts, from a \$375 million surplus to a \$140 million surplus.

You can see from where we're starting here, the next slide. This is the balanced budget in 2004-05 and in 2005-06. This is just a different way of presenting all those numbers I just showed you on a bar graph. You can see that there are some pluses and some minuses throughout. Some of them spill into other years, as well, on the plus and the minus side.

Suffice it to say that we're on track. We're very, very slightly ahead of schedule, but we're on track, I would say, to balance the budget in 2004-05, and then we start to see surpluses in the out years. Certainly, I'll talk in a minute about the next year that we'll be adding to this, the three-year planning cycle, which is '06-07. We see some very strong improvement in that year.

The next diagram I want to show you is the debt-to-GDP ratio. This is one of the things that drives our interest savings. It's the amount of debt you have relative to the size of your economy. You can compare that to your household. How big are your mortgage and loan payments or credit cards - all those sorts of things that you have in the form of debt - versus how much money you make every year? When you go to the bank to borrow money, they look at both of those things, and the interest rate you're able to negotiate is dependent upon that. This is something that investors look very carefully at in British Columbia.

When we brought in our very first fiscal and economic plan - our first three-year plan - in February of 2002, this chart looked a bit different. It actually capped out at that time. The forecast was to cap out in 2003-04, the year we're in now, at 25 percent. When we updated the budget this year, in February, the revised forecast was 23 percent. We're now forecasting that the debt-to-GDP ratio will come down even further to about 21.9 percent. We're obviously going to watch that carefully, and if there are ways to get it lower by accessing the market in a way that's competitive for the province, then we will do that. That is good news for the province, and it shows that despite some of that rough weather and the seemingly endless series of challenges that are being thrown at us, we've been able to hit our targets and exceed them in some cases and stick to the plan that we set out a little over a year ago.

As I mentioned, there's some bad news on the economic front globally, particularly in North America and Canada as a region. You can see here. These are private sector forecasts for the U.S. economy and the Canadian economy as they've evolved month to month. Forecasters and economists put out revisions all the time. There are groups that take all those, put the consensus together, average them out and say: "What is everybody saying about today on what they think the growth for the entire year will be in the U.S. and in Canada?" It's what we call consensus forecasts.

You can see that at roughly the time of the budget, when we locked in the economic forecasts for our budget - we did that in January - the forecast for Canadian growth was 3.2 percent. The forecast as of August, when we locked in the numbers for this quarterly, had been downgraded to 2.1 percent - so a 1.1 percent reduction in the forecast for Canadian growth this year. The numbers for the United States.... The consensus at the time of the budget was 2.7 percent. Our number in the ministry was a little more conservative than that. We had 2.4 percent. The revision to the forecasts, and the consensus now, is about 2.3 percent.

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We're pretty much on target for the U.S. growth numbers, but the Canadian numbers have come down even more. There's been lots of talk lately about Canada and how it's been hit hard. After sort of leading the G-8 for a long time, it has now fallen appreciably this year because of some of those things that not just have been hitting us but have also been hitting Ontario and other parts of the country. In most provinces, as I said earlier, Ministers of Finance across the country and forecasters across the country have almost universally been lowering their economic forecasts as a result of some of those impacts.

British Columbia is being hit as well. Certainly, because of softwood, we've probably been hit even harder. You can see that the three provinces that have been hit the hardest are Alberta, Ontario and Quebec, with the largest downgrades. Newfoundland has come down a little bit but not very much. They've got lots of oil and gas happening there. You see growth rates of 4 percent. It's a small base to start with, but they've also got good growth in the energy sector. Saskatchewan has got a big jump, which means they've probably sold some potash or something. You can see, certainly, that every province has been faced by some of these challenges.

So far in British Columbia, housing starts are up 16.6 percent. I mentioned that's a really strong area and shows some good long-term consumer confidence. Exports are up 4.6 percent, but if you factor out the increase in natural gas and energy, exports are actually down. That's really being driven by the forest sector, the softwood lumber and now the rapid appreciation in the Canadian dollar relative to the U.S. dollar.

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One of the areas of strength in our economy continues to be job creation. We do very well. We were at or near the top of the pack last year. We're certainly near the top of the pack this year for job growth. Retail sales, while softening, are still up this year. If you look at the impacts of all of those indicators globally and some of the other shock impacts on B.C.'s economy, all of the private sector forecasters we use to help us guide our economic forecast for the province have been downgrading their forecasts in the last couple of months from what they did at the time we locked in the numbers for the budget. We are doing that as well. The Ministry of Finance forecast is coming down from 2.4 percent to 1.5 percent for this year. You saw a little bit of speculation in the newspaper, where people are ruminating about a recession. We don't see that at this point. We're still seeing growth. We're not seeing robust growth, but we're seeing growth in British Columbia. Our numbers continue to be quite conservative and below, certainly, what the pack is for British Columbia, but we want to try and stay conservative on those forecasts if we can.

Some of the shocks we've seen I talked about earlier - the Canadian dollar. We had a forecast for the Canadian dollar shifting upwards this year, as did private sector economists. We and they were completely off the mark. I don't think anybody forecast the kind of rapid rise in the Canadian dollar we've seen on this chart. I think it just gives you a really clear indication of what that hit was. We obviously have a new forecast for the Canadian dollar going forward, as do all the private sector forecasters.

Tourism took a big hit in the spring as a result of the SARS scare. I wanted to draw your attention to this graph, because I think it really illustrates just how big an impact it had on the Asian tourism market. Certainly, our visitors from Asia dropped really remarkably when the SARS scare happened. Anecdotally, you hear from the hotels and the airlines that they saw a huge drop-off in travel and capacity. That's coming back. Some of the airlines are back up at 80 or 85 percent capacity. It took a steep dive, but we are starting to see that come up. Certainly, in the early stages of the tourism season we had a big hit in the number of people from Asia that normally visit us.

Consumer spending has been an area of real strength in British Columbia. Consumer confidence has been very strong. We've seen a bit of a pause in late 2002 and 2003. We don't see the same strong growth - around 2 percent. Primarily what's driving that slowdown in growth - still growth but a slowdown in growth - is automobile sales. There were a lot of pre-sales that people were talking about, with all of the incentives that were out there with automobiles. You can only sell people so many cars, and eventually they're going to take a bit of a pause. We're seeing that now.

Natural gas prices - we've already talked about those. You can see that there was a big number. Just to put it in perspective, if you look at the years the NDP balanced the budget, particularly the 2000 budget, where we saw that huge energy price spike in California - we sold over a billion dollars of incremental electricity to California, a chunk of which we're yet to be paid for - but also high gas prices, etc. That big spike - you can see what happened. We're nowhere near that type of a price spike or electricity price spike, but we have seen a bit of a boost in the early part of 2003. Our forecast for prices is slightly up, but as I mentioned earlier, volumes are up significantly also.

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Interest rates are remaining stable for the foreseeable future. The Bank of Canada dropped its rate. The U.S. bank rate is now 1 percent. That, along with some of the tax reductions we've seen across North America, is continuing to keep the consumer sector relatively strong, and there's growing consensus in the U.S. that the second half of their calendar year will be stronger than people were thinking a little while ago.

Housing starts in B.C., you can see, have been very strong. We had a bit of a dip in the early part of the year, but July and August have been some really high numbers. July in particular took a big boost.

Job creation continues to be an area of strength for British Columbia. So despite all of those challenges, we are doing pretty well in new job creation, and new job creation in full-time jobs as well. You can see these numbers go up and down month to month. Last month we were, I think, the only province in the country to show an increase. We gained about 7,000 jobs. So month to month, these go up and down, but the overall trend lines have been very positive. We seem to have stabilized well above the two million employed people number for the first time in the history of the province. Job creation numbers have been quite strong despite some of the challenges we've faced.

Growth is forecast to improve in 2004. You can see the numbers from the financial institutions for 2004. Their consensus is 2.9; our number is 2.6. We hope that they're right and we're wrong. But we've tried to be conservative in that forecast as well.

We're entering the next phase of the budget consultation. Every year we have a Finance Committee, a standing committee of the Legislature here in British Columbia, which travels the province. They go out and hear what people have to say, bring that back and write a report. That's part of what the Premier and I look at when we're putting together the budget for next year. Last year they came and told us first of all to balance the budget and stick with the plan but, if we had additional revenues, to target those to health care and education. That's what was done. There's new money in last year's budget that went into the education budget for the three-year plan. We have also seen new money coming from the federal government, every penny of which has been directed back into the health care system.

Those are important. I encourage people to get out and make presentations if you can when it comes to your city or your community. If you can't, send us an e-mail or a letter or a submission if you like.

Today as well, when I release the quarterly report, the budget consultation paper will be up on the website and will be released publicly so people can go on the ministry website and look at that. Certainly, if they have some advice, that would be great. We look very carefully at those reports that we get. They form a key part of the budget as we hear what British Columbians are looking for and help us guide some of the choices that we make as their representatives. I encourage people to participate in that.

One of the things about balanced budgets is that it's all sort of technical. I get lots of questions. Why do you have to balance the budget? Why is that important? It's important because when you balance your budget and you get your costs under control, you start to be able to make different choices and better choices and really get a chance as a community, as a province and as a society, to set what your goals are. You're no longer dictated to by financial restrictions to the same extent. You can start to say: what are our priorities? What do we want this province to look like? What are our goals and aspirations for our communities? The budget consultation paper is about that.

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You can see that in 2006-07, the final of the three years, we're forecasting - if there's no additional spending increases in that year - that we've got about a \$1 billion surplus that we can work with. Now, obviously British Columbians are going to have ideas as to where they think the priorities should be. Are they health care? Are they education? Are they other things? Do they think there are other areas where we need to be more competitive on the taxation side? Is there tax relief we can give to lower-income families? Those types of things. I think one of the other options, obviously, is to pay down some of the debt and take the interest savings and apply them. Those are all sorts of choices you get to make.

When you're trying to balance the budget, your choices are somewhat limited. When you're in a surplus world, you have the opportunities to do some good thinking as a community, as a province and as a society on what your priorities are and what you want to achieve. I would encourage people to give that some thought. By 2004-05 we'll have just come over the hill, and then we can start to look forward into the other years where we can make some of those choices. I think it's really important that we engage the public, that they come and tell us what they think and help us set those priorities. That's why you work so hard to balance the budget.

[10:55]

To sum up, Premier, we're still on track despite some pretty incredible pressures this year and indeed in the past years. Spending remains under control. Economic initiatives that we've instigated, some of the things on the tax changes and some of the targeted royalties - items we've

targeted towards oil and gas - are really starting to reap benefits to the province. We continue to have conservative budget forecasting so that we can deal with these pressures and these unforeseen events when they occur. We're heading into the world soon where we can start to make some real choices about the future of this province and what our goals and priorities are. That's our update for the first quarter.

Hon. G. Campbell: Thank you.

Questions? Rick.

Hon. R. Thorpe: Thank you, Premier.

Gary, you talked about the progress you're making on the debt-to-GDP ratio. In dollar terms, what is the debt situation of the province today versus the forecasting?

Hon. G. Collins: As I mentioned last year - you saw the release in the public accounts which we did in June - our debt at the end of last fiscal year, March 31, was about \$4.2 billion lower than it was forecast a year previously. There are a whole bunch of things driving that: coming in under budget, being careful about how we spend capital. Those kinds of things have all helped, as well as the debt service costs coming down. It starts to multiply. It's like compound interest in the reverse way. That \$4.2 billion is \$4.2 billion we didn't have to borrow, and it's there year after year so we don't have to borrow. It starts to hit the plan in a positive way.

This year we're forecasting that we'll be just a little over a billion dollars under the forecast for the debt by the end of this year. We're obviously going to work hard to try and keep that under control. That gives you a sense of where we're at and some of those benefits we're starting to see.

Hon. R. Thorpe: Thank you.

Hon. G. Campbell: Anyone else?

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Okay, the Maa-nulth agreement. Geoff.

For Decision: Maa-nulth Ratification

Hon. G. Plant: Thanks, Premier.

Good morning, everybody. I want to begin by taking this opportunity to welcome some special guests who are here in this room with us, some of whom have travelled a fair distance to be here for the presentation I am about to make and the request I am going to make for a decision from cabinet with respect to an agreement-in-principle with the Maa-nulth first nations.

The people who are here - I haven't actually been able to see if they are all here, but the people I was told would be here - include: from the Huu-ay-aht community, chief councillor Robert Dennis, Chief Tom Happynook and Derek Peters; from Ka:'yu:'k't'h'-Che:k'tles7et'h' - I always get that one very wrong - Chief Christina Cox, Chief Francis Gillette and Peter Hanson; from Toquaht, Chief Burt Mack, Anne Morgan and Archie Thompson; from Uchucklesaht, chief councillor Charlie Cootes Sr., Chief Clifford Charles, Charlie Cootes Jr. and Tom Rush; and from Ucluelet, chief councillor Ed Mack, Vi Mundy, Bob Mundy and Robert Joseph. I think I see in the back, also, MLA Gillian Trumper, who has had a longtime interest in the prospect of achieving reconciliation with the Nuu-chah-nulth peoples through the treaty process, so I'm glad to see her here.

I'm actually here for the second time in just as many months to seek approval for another agreement-in-principle - AIP is the acronym we use - this time with the Maa-nulth first nations of the west coast of Vancouver Island. Before I get into the details of this AIP, I just wanted to take this opportunity to remind us all that we are actually making some significant progress at treaty tables in British Columbia. In doing that, we're delivering on a commitment we made to the people of British Columbia in the election in 2001 to fast-track treaty talks.

In fact, Premier, at this table we're building on and responding in some measure to an initiative that you'll remember. I think it was just about a year ago when Chief Robert Dennis came to Victoria with some of his colleagues to meet with us and present what he called an agenda for action. That agenda for action included a request to fast-track treaty negotiations in his community.

[11:00]

At this time we have what I sometimes call the makings of an agreement-in-principle in three other parts of the province where there are first nations that are in the business of examining the proposed AIP and, I hope, ratifying it. I hope that in the months ahead I'll be back here to seek cabinet approval for more AIPs. Ultimately, of course, our goal is to achieve final treaties that will provide economic certainty over land and resources throughout the province, will improve the lives of aboriginal people in British Columbia and will help stimulate the economy for the benefit of all of us.

I have to remind you all that the thing we call the AIP is stage 4 in a six-step treaty process, as established by the B.C. Treaty Commission. It represents a step along the road. It's a very important step along the road. It's not, of course, the final step. But if cabinet is prepared to approve this AIP today, then our negotiators, along with the negotiators from Canada and the Maa-nulth, can move forward toward achieving a final agreement which I hope can be achieved over the next year and a half or perhaps sooner.

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This is a difficult and complex business. I want to thank all the people, the negotiators for all parties, who have worked hard over the last few months to bring forward the vision and the commitment and the leadership that you need to get to this point, and to acknowledge everybody who's had to make some tough choices. There's give-and-take involved in this process. We wouldn't be here if there wasn't some give-and-take. I want to acknowledge the hard work that's been done and encourage everybody as we move towards what will be, I expect, the most challenging part of this process, which is negotiating a final agreement.

Let me say a little bit now about the Maa-nulth AIP. What you're going to hear is, in some respects, a pretty high-level overview, because the documents, including the actual draft AIP documents, are all available to the public. My ministry, of course, is always willing to try to answer detailed questions. If you've got any here today, I'll certainly try to answer them.

Who are the Maa-nulth? The Maa-nulth first nations represent five of the 15 Nuu-chah-nulth first nations on Vancouver Island. The next slide shows a map which is probably hard to read, but the general thrust of what it shows, I think, is relatively clear. The Nuu-chah-nulth are the aboriginal peoples of the west coast of Vancouver Island. The Maa-nulth first nations represent communities that, broadly speaking, are in and around the towns we know as Kyuquot, Zeballos and Tahsis in the north part of the Island and Ucluelet, Port Alberni and Bamfield in the southern part of the west coast of Vancouver Island.

These five first nations have all formally approved the proposed agreement-in-principle in their own communities in recent months, which is why I'm here now looking for support from you. The Maa-nulth, as part of the Nuu-chah-nulth tribal council, have been at this for a long time. I think they submitted their statement of intent, which is the way you get this process started, as long ago as December of 1993, so it's been a long road for all of them. I hope, as I say, we're going to make a great step forward here today.

The Maa-nulth are active participants in the local economy of the west coast of Vancouver Island. I think it's fair to say they have been active participants in that economy for a very long time, certainly as long as Europeans have been present on the west coast of Vancouver Island. The Nuu-chah-nulth were active contributors to the fur trade and to the whaling industry in the late nineteenth century. They've been participants in forestry. I think all of these communities are active participants in shellfish aquaculture. They work hard to maintain positive relationships with local governments and stakeholders, including participating - at least in an informal way - in the Alberni-Kyuquot regional district.

[11:05]

As you can see from the map, broadly speaking, the accumulation of the statement-of-intent areas of the five first nations represents a pretty good piece of Vancouver Island geography. I think it's about 10 percent of the Island. As I said earlier, a part of it is in the north part of the Island, and there is another important part down in the Ucluelet-Bamfield-Port Alberni area.

In addition to their activity in shellfish aquaculture that I did speak about, I want to acknowledge the work that Mike and his ministry, the Ministry of Forests, have been doing under the direct-award initiative. I think it's the Huu-ay-aht, Che:k'tles7e'h' and Tla-o-qui-aht who have recently been invited to apply for forest tenures. This is part of our continuing effort, collectively, to create

economic opportunities for aboriginal people and in particular the aboriginal people of the west coast of Vancouver Island.

I want to say a little bit more about the geography and demographics of the people that we're talking about. There are just under 2,000 Maa-nulth first nations members. They have 57 existing Indian Act reserves, which comprise a total of about 2,000 hectares. There are about half - perhaps less than half - of the members of these communities who live on reserves in particular at villages on the west coast of Vancouver Island, including Houpsitas, Ittatsoo, Macoah - and I'm going to get this one wrong - Elhlatesse and Anacla.

I think, Premier, it's my chore in life to constantly embarrass myself in attempting to acknowledge the existence on the landscape of other languages that I'm unable to pronounce. But it's okay. I'm prepared to continue to be humbled in that respect - as long as I keep trying. It's usually, actually, an occasion for a good laugh at my expense.

Let me move on to tell you a little bit about the AIP. The approach that's being taken here is similar to the approach that has been taken at a number of other tables where we've made some good progress. The agreement-in-principle provides for the negotiation of two separate agreements - really, perhaps more than two, but two very important agreements. One is the constitutionally protected final agreement, and the other is a self-government agreement that will not be constitutionally entrenched.

The agreement provides for just shy of 21,000 hectares of Crown land, a \$6.25 million transfer to the Ucluelet first nation to enable them to purchase some private land that is being sold by a willing seller and a \$62.5 million capital transfer. Provided for in these agreements will be the full and final settlement of aboriginal rights related to lands and resources. The AIP contemplates that the final agreements will ensure the application of federal and provincial laws, will provide taxation authority over Maa-nulth first nations members on their treaty lands, will also provide for the Maa-nulth to join in the regional districts that are in their areas and to work with them to harmonize land use planning.

I mentioned earlier the Alberni-Clayoquot regional district. We're also talking here about participation in the Comox-Strathcona regional district. Both of those regional districts are implicated in this process.

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There's more. Let me say a little bit about harvesting wildlife and migratory birds. The AIP contains comprehensive provisions to ensure that wildlife and fisheries resources are managed effectively. It will ensure that treaty rights to harvest wildlife and fish will be subject to measures necessary for conservation, public health and safety. There are domestic fish allocations set out in the AIP. They include an average of 12,000 Somass River sockeye salmon and 9,400 Fraser River sockeye salmon. There will also be domestic allocations determined for other species as we continue negotiations.

The Maa-nulth will negotiate commercial fishing opportunities in an agreement that will reside outside the treaty. These negotiations will determine annual allocations of sockeye and chinook and some other fish: herring, halibut, sablefish as well as Dungeness crab. This commercial allocation - I think it's important to emphasize this - will be managed on the same priority as other commercial fisheries. That is, there will only be a fishery for these species under these agreements at a time or in an environment where it is appropriate for conservation and resource management purposes to provide for commercial fishing for all commercial fishermen.

Let me just talk a little bit more about fish, because fish continues to be an important issue at all of these tables. I know it's an important issue in many of our communities. We've worked hard, John van Dongen and I, with the Premier's support, to develop an approach to fish issues that is consistent with what we believe is the right set of provincial public policy objectives. We think the fishery has to be accessible to all British Columbians. We think there have to be equitable fishing arrangements for all participants. We need an overall vision of the fishery that informs the management decisions that need to be made on a day-to-day basis and also a vision that informs our progress at treaty tables. We need, at least as fundamentally as all of that, an integrated and effective management regime across all sectors that will ensure that the resource is sustainable and that the industry that depends upon the resource is viable.

Over the last number of months we've worked hard to bring the federal government into a process where they will recognize their obligations in respect of developing a vision that works in the manner I've outlined. During the summer we announced the formation of a task force that has begun work, a joint federal-provincial task force that is underway to work with the user groups - the commercial recreational sector, aboriginal people - to see if we can chart out a map for what the fish resource will look like in British Columbia in a post-treaty world and how we can ensure that the resource is sustainable, that it's managed in a way that is effective and efficient, and that there's a place for all participants in the development and exploitation of those resources. That work is underway, and you'll obviously hear more about that in the fullness of time.

I wanted to get back, then, to a couple of other elements of this AIP. I recognize this is a pretty high-level overview, as I've said, but it's just touching on some important points. We have made in this agreement a commitment to negotiate revenue-sharing, and as you know, we've done a lot of work as government to advance policy initiatives to ensure that aboriginal people have a chance to share with all British Columbians in the fruits of our exploitation and development of forest resources and other natural resources. We've put a commitment into this AIP that that's work we'll do with the Maa-nulth over the course of the months to come, as we work towards a final agreement.

[11:15]

This agreement. There's a slide up ahead, or I guess it's here now - negotiation principles. We're here, in part, because the people of British Columbia gave us a strong mandate during the referendum campaign of a year or so ago to negotiate treaties that would achieve certainty - finality - that are affordable and that would be consistent with an important set of principles. We have worked at treaty tables around the province in the year and some since the referendum to implement those principles, and I believe this agreement is consistent with those principles. There will be no land expropriated. We will protect leases and licences. We will ensure that there's public access for hunting and fishing and recreation. We will protect and maintain parks and protected areas. Provincial standards will apply for resource management and environmental protection.

We have negotiated what I think represents comparable authorities in areas of similar jurisdiction to local governments. We've negotiated, as I've already talked about, a recognition of a commitment to harmonizing land use planning. We've also negotiated a commitment over time to the removal of the tax exemptions that exist under the Indian Act, in a way that ensures that the Maa-nulth have the opportunity to generate their own revenue to support their own services but also, over time, to become increasingly responsible for the delivery and the financing of those services.

I think this represents a successful implementation of those referendum principles. Why is this all a good thing? Well, as I said earlier, as we make progress at the treaty tables, I think we can build certainty about aboriginal rights. That's not just certainty for our benefit; it's certainty for the benefit of the Maa-nulth. As we get a clearer understanding of our respective rights and responsibilities, I think we increase the opportunity for developing resources and for building a strong relationship that will benefit all of us.

There are some specific benefits in this agreement that create economic development opportunities for the Maa-nulth first nations. I think that as we continue to make progress in these negotiations, we're going to see the continued integration of Maa-nulth people into the regional economy of the west coast of Vancouver Island.

As I've said, I think this agreement shows that we can make progress at the treaty tables in a way that's consistent with the principles that the people of British Columbia told us in the referendum were important for us to work towards on their behalf in the treaty process.

That's the summary of what we have been doing and why I think it's in our interests to move forward. Here the decision I'm hoping to get is that you'll approve the agreement-in-principle and that you'll also approve that we now move to final agreement negotiations at the Maa-nulth table. Thank you, Premier.

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Hon. G. Campbell: Questions?

I want to thank you, Attorney General. I want to also thank the leadership of the Maa-nulth. As you mentioned, they came and said they wanted to be part of trying to move this forward. It is an important step for us and for the Maa-nulth, and we wish you well in proceeding to final

negotiations. I'm sure there'll be days when you wonder why you're doing them, but thank you to all of the leadership of the Maa-nulth for their commitment to finding solutions to this as well.

We will approve this agreement-in-principle and move it on to final negotiations. Thank you very much.

The next issue is just a health update. Colin.

For Information: Health Update

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

I wanted to bring back a report from the health ministers' conference that Sindi and I attended last week in Halifax around some of the retrospective on the SARS crisis, which we certainly felt in this province, as they did in other provinces - lessons learned from that and, really, some initiatives to build on what was learned from that experience. I also want to give a report on progress - or lack of progress, I guess, is more like it - towards a national immunization strategy, and I want to touch on some of the interprovincial initiatives around health care human resources and some of the initiatives that have unfolded in this province towards meeting some of the challenges on that front.

Then, finally, I do want to touch on the impact of the fire situation in the interior on the health care sector. I know it's been mentioned briefly, but I do want to elaborate a little bit on that.

[11:20]

If you look back on the health ministers' meeting that took place last week, there was progress made in a couple of areas that I think are quite important to this province. One of the things agreed to by all federal, provincial and territorial health ministers is that we will make public health a top priority. We have seen a number of circumstances over the last year, including the SARS outbreak and the BSE challenges in the agriculture sector, but as we've gone through some of those challenges.... I guess the other one I should mention is West Nile. While we haven't had any spread of West Nile in British Columbia, certainly other provinces have been facing that challenge, and that threat is very real to us in this province as well and continues to be so.

As we look at some of these public health challenges, the first priority we have to place on those is the health of our citizens and making sure that our health care sector is there to respond quickly, to make sure that solutions are found and that the public is protected in health. We also have to recognize that these public health challenges have a huge, huge impact on our agriculture sector and on our tourism sector. Generally, we've seen the impact these have had on the economy in this province in the case of SARS - in the case of Ontario, a huge economic impact - and we have to find ways of making sure that we manage these situations to, first of all, help protect public health and, second of all, to make sure that other impacts are mitigated as well.

The ability to respond quickly is really most important. We need to make sure that we have resources at the local, regional, provincial, national and, in fact, international levels to allow us to respond quickly when these kinds of public health challenges arise. In recognition of this, health ministers from across Canada agreed to improve the public health infrastructure to improve capacity, but one of the key things for us in British Columbia is that the commitment is there to build on our existing strengths and to build on our successes. I will elaborate on that in just a minute, because B.C. really has a very important role to play.

The areas we will be working on over the months to come are the roles and responsibilities regarding public health threats and the creation of a national network of centres of public health science to strengthen public health human resources and enhance national surveillance and information infrastructure. The key development in achieving those goals will be the building of a national public health agency. Such an agency will allow us to provide a coordinated, focused and effective response to any new challenges that may come up, which are indeed inevitable. If we knew what they were, we could start to mitigate them now, but I guess one of the things, when you look at things like SARS, is that we know challenges like that will happen. We need the capacity to deal with them as they develop.

I mentioned that ministers agreed to build on strengths and successes. One of the really big success stories in this country over this last year around these various public health issues has been the British Columbia Centre for Disease Control. It's through this agency that our regionalized health care system in this province has been able to work in tandem with all of the elements of public health. B.C. has really established itself as a leader. We had rapid response, we had

appropriate response, and some of the best science in the world was being done right here in this province. The B.C. Centre for Disease Control is the only centre of its kind in all of Canada. There is no other centre for disease control. Really, it is a linchpin within our public health system in this province, and it's expertise we believe we can share in helping to build national capacity in this area.

The Centre for Disease Control has built extensive networks of expertise. If you look back on the SARS crisis, our provincial health officer, Dr. Perry Kendall, who is really accepted as one of the national leaders and national experts in the area of public health.... When his office, working with the Centre for Disease Control, came forward to the health sector and said: "This is what needs to be done," they had instant credibility. It wasn't a case of sort of saying: "Well, why?" It was a case of saying: "These are the experts that we trust and that we know and that we have relationships with. They are saying action has to be taken in certain areas." The health sector basically followed those directions, and we were able to manage that crisis very, very effectively in this province.

[11:25]

What the Centre for Disease Control offers in conjunction with the public health office are specialists in the areas of epidemiology, laboratory science, clinical disease control, infection control, virology and vaccinology, biotechnology, environmental health, food safety, emergency response planning and many other areas. It really does create a formidable base of public health knowledge in this province. BCCDC has become a vibrant centre of excellence. It is internationally recognized in the field of infectious disease control and prevention. Quite frankly, we have every reason to be very proud of this demonstrated success of B.C.'s capacity to respond.

We have seen that their work has been absolutely instrumental in the area of SARS - also the cryptococcus outbreak on Vancouver Island that we've seen over the last couple of years. We had an outbreak of listeriosis in local cheese. We also saw the whole planning and management of what we expect will be a West Nile virus spread in this province. We haven't had it this year, but everybody feels it is inevitable at some point. The BCCDC has really been instrumental in developing the planning and the surveillance we need for that.

The time frame that has been followed to put the BCCDC in place has really been remarkably short. They have developed that international reputation in a very short period of time. We believe B.C. can be instrumental in helping to establish an esteemed national centre of excellence for public health.

While the federal and provincial and territorial governments agree on the need for such a centre, what still has to be determined is the structure, the setup and the location of where the various elements of this network should be put in place. But we can play a principal role. B.C. has offered our expertise. In Halifax we had the opportunity to outline for our colleagues in other jurisdictions the real gem we have in this province. I think there were many going into those discussions that thought this national centre really had to be built from scratch. I know there were many who felt that centre should logically be located in central Canada. I think as a result of the information we were able to take to that meeting, the language that was used at the end of the meeting was really quite deliberate - that was, to build on demonstrated success and build on existing organizations that can play a key role. I believe we have an opportunity to move forward in a very positive way.

There is a document that the BCCDC has put together. It is titled Expertise, Infrastructure and Information: Establishing a National Centre for Disease Control in British Columbia. This is a document that is being released today. It's going to be posted on the website. I think that for anybody who wants to get more information about this very invaluable body we have, that information is available. We will be circulating it to other jurisdictions as well.

I want to shift to the whole area of the national immunization strategy.

Hon. G. Campbell: Can we just stop there for a second? Any questions from anybody?

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Greg.

Hon. G. Halsey-Brandt: Colin, I guess some alarm bells went off a little bit when you first started off about this national public health agency. What they may have come around to as a result of these discussions is sort of building on a network of existing institutions that we have, rather than starting a new bureaucracy in Ottawa or Toronto or Montreal. Is that what you're saying?

Hon. C. Hansen: To give credit to the federal Health minister, Anne McLellan, I think right from the start she has seen this as a network of centres of excellence. As a country of 30 million-plus people, we can't afford to build little centres everywhere that do all things. We have to build on our strengths, and we have to make sure we share information across this country. We have the expertise to do that, and we have the technology to do that - to provide a truly national service from different centres. For example, in Winnipeg there is what is referred to as a level 4 lab. It is the most secure microbiology lab in the country. That, obviously, should be a key part to this network of expertise. What came out of Halifax was a commitment to build on that existing expertise rather than to try to replicate it in different centres across Canada.

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

[11:30]

Hon. G. Campbell: I do think sometimes people think: "Well, if it's so good, it should be somewhere else." The fact is it's so good, it's right here, and we want to build on it.

I think that Manitoba also has, as Colin mentions, a national level 4 lab. We want to build on that. Our whole thrust, as we've tried to deal with the Centre for Disease Control and the issue of SARS and how we deal with those things.... I think we all should understand this: SARS is not the last one of these rogue viruses that we're going to run into. I think it was June or May when we announced the collaboration across the country for research for a fast-track means of developing a vaccine for SARS. We think we can help lead that, but you lead it collaboratively. You don't try to say: "It's ours; it's not someone else's." It's a sharing of information, it's a sharing of research, and it's a sharing of expertise. I do think that Minister McLellan is willing to try to find different responses than we've had in the past, and I think this is a real opportunity to do it, where we do gather together the expertise.

As is often the case, the things that we do extremely well we sometimes take for granted. The people at the B.C. Centre for Disease Control really did a phenomenal job through a very difficult summer, not just with the clear challenge that we had with SARS but with the challenge we had in Surrey in the Kinsmen Lodge and with the challenge we've had with BSE. They have really been exemplary, and it's been recognized outside of the province - nationally - and I think it's an opportunity for us to build on that as we go forward.

Colin.

Hon. C. Hansen: I want to move on to the immunization strategy, because one of the real, important and tangible ways that we can strengthen Canada's public health system and prevent the spread of communicable diseases is through appropriate immunization programs. This is an issue that was identified in the Romanow report. It was also part of the first ministers' accord on health care renewal that was agreed to by our Premier and other first ministers in February this year. B.C. and other provinces and territories have been calling on the federal government to implement this very important strategy, and I must say that I think both Sindi and I came back from Halifax a little bit disappointed that there has not been much progress made towards achieving that objective. We had hoped to see federal funding for a national childhood immunization program in the most recent federal budget. That did not materialize, despite the first ministers' agreement.

Clearly, there is more room for the federal government to play a leadership role in this area. In B.C. we have taken a number of steps to enhance our immunization program, in spite of the lack of progress on the national scene. In this province we have one of the best immunization programs in the world, with a very high level of children being immunized. Earlier this year Sindi announced that we were expanding the childhood immunization program to include the meningococcus group C vaccines and also the pneumococcus vaccines. These started to be administered in the spring, and as of this fall there will be school-aged children that will also become part of that immunization program. I can see Linda Reid smiling because I know how important this is to her in her capacity with early childhood development.

The national immunization strategy is something that we will continue to push for because we think it should be a priority for children, not just in this province but coast to coast across this country. Sindi and I will continue to lobby the federal government in this area.

The other area that is of critical importance as we look forward in the challenges in health care is human resource planning. B.C. becomes the lead province for health care issues over the next 12 months, and by that, the health ministers' conference that takes place every year is really organized and coordinated by one of the member jurisdictions. Over this coming year it will be

British Columbia that has that responsibility to try to coordinate federal-provincial relations in the area of health and to really move us forward to another productive meeting of ministers a year from now. There will be, as part of that, an important focus on the area of human resources. We see projected shortages in critical areas. We've certainly heard a lot about the shortage of nursing staff in the last number of years, and during the 1990s there was really not an adequate response to that by governments in terms of providing training. We see the average age of some of our health care professionals will obviously lead to retirements that we have to respond to and make sure that there are young Canadians willing and trained and who have the opportunity for training when it comes to filling those responsibilities in the future.

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In this province we have focused on health care human resources as a priority. Since June 2001 we've put \$5 million into the recruitment, the education and the retention of nurses. We have provided funding for an additional 1,813 nursing seats at our universities and colleges throughout the province. That will mean that by 2006 we will have graduated an additional 4,400 nurses in B.C. alone. In the year 2002 more than 3,000 nurses will receive funding for continuing and special education. These are nurses that have already been in service, on the job, who have been able to go back to get additional training and refresher courses.

There are also, since 2001, more than 500 nurses that have received funding to return to work. These are nurses who have let their licences lapse because of various - perhaps parenting - responsibilities. We have now been able to fund them to get into the refresher courses, so they can be back to helping serve our health care system in this province. In addition, one thing I hear a lot from nurses around the province is the commitment of \$15 million to beds and lifts to reduce workplace injuries, which is something that is making a noticeable difference.

One thing that's interesting in this last year is that 73 percent of the nurses who graduated from B.C. universities and colleges got permanent positions in our health care system, and that is a huge difference from just a couple of years ago. I know that a survey was done by the RNABC of nurse graduates in 1998, when fewer than 20 percent were able to get positions other than casual positions, so that is a big shift, and it's an important one in terms of meeting our future needs.

In terms of physician supply we've also taken some significant steps. A year from now will be the expansion of the medical schools at UBC, with the satellite facilities here at the University of Victoria and also at UNBC in Prince George. That will lead to an increase of first-year medical spaces from 128 to 224 by the year 2005. We have also had some good successes out of Health Match B.C. That's a provincial government agency that helps to find doctors and nurses to serve in parts of the province that have difficulty recruiting. Last year alone they helped place 800 doctors and 85 nurses throughout the province.

As you all know, we added to the budget for physician remuneration last year to the tune of \$392 million. The net result of that is that B.C. is the highest in terms of our per-capita budget for physician services in B.C. We're about 19 percent higher than Ontario, which is the province that has the second-largest per-capita budget for physician services. We're about 43 percent higher than Alberta, our neighbouring province, which we're often compared to when it comes to physician remuneration. In the five-year period from 1997 to 2002, B.C. had the largest in-migration of doctors of any province in Canada: a net increase of 396 doctors, higher than any other province.

Clearly, when it comes to human resource issues, we need national coordination. We need to be able to share information with other provinces. We know how mobile our nurses and doctors and other health professionals are from province to province, and we need to develop national approaches to make sure that those human resource challenges of the future are met not for just British Columbia but, indeed, for all of Canada.

Finally, Premier, I wanted to just comment on the fire situation in the interior. There was a lot said at the outset of this meeting today, but I want to add to that. The interior health authority has clearly been through some huge challenges to try to make sure that health care services are never compromised as we go through that kind of a crisis. We have more than 17,000 employees who work for the interior health authority, and in addition to that we have 1,200 doctors that serve British Columbians in that part of the province. I think every one of those individuals has been profoundly affected by the fire challenges we've had over the last couple of months.

[11:40]

It's not just the actual front-line challenges, the people who are presenting in emergency rooms. We've had to evacuate several long-term care facilities as this fire crisis has evolved. But in addition to that actual direct service, there have been just thousands and thousands of hours put into contingency planning. I remember very well that day when the firestorm hit Kelowna. The winds shifted, and the forecasts were not good when it came to both the speed and also the direction of the winds. Kelowna General Hospital and many long-term care facilities had to go through contingency planning for full evacuation.

I know that you, Sindi, had to live through, on several occasions during that month, the evacuation of your own personal residence. But when it comes to evacuating a hospital, that takes a lot of planning, a lot of coordination. The B.C. Ambulance Service was first class in making sure that they were ready to respond. There were conversations with Alberta health delivery systems, including the STARS air ambulance service, to make sure those plans were in place, should they be needed.

As I mentioned, there were some long-term care facilities that had to be evacuated. Those went orderly, they went without panic, and they were done, really, with the highest degree of professionalism. I think we're very fortunate that the evacuations in health care facilities have not been more serious than that. But it's not over, as was mentioned earlier, I think. Those contingency plans are there, and those staff have done just a fabulous job of trying to make sure that we're ready for all eventualities.

In closing, I just want to give tribute to the health care workers throughout the entire province. I know it's not just interior health. The other health authorities were there, ready to help out in any way. There was good cooperation and good coordination throughout the whole province. While we can hope the worst is behind us, we can't say that with certainty. We have to make sure that those contingency plans are there to make sure that British Columbians, regardless of where they live, can get the kind of health care they need, regardless of what may face us in the weeks and months ahead.

Hon. G. Campbell: Thanks, Colin.

Graham.

Hon. G. Bruce: I want to be clear on what you said in respect to nurses and the number we're training. That was 4,000 nurses by 2004? What was that number you spoke about?

Hon. C. Hansen: That 4,400 new nurses will graduate in this province by 2006.

Hon. G. Bruce: In 2006 there will be 4,400 new nurses in that one year that will have graduated.

Hon. C. Hansen: Between now and then, in that period of time.

Hon. G. Bruce: Okay. Second thing. When you were talking about the compensation for doctors, did I hear you right that we're 43 percent higher? Is that what you said?

Hon. C. Hansen: If you look at the total budget we allocate for physician remuneration in this province, it is 43 percent higher than what Alberta budgets for physician services on a per-capita basis.

Hon. G. Bruce: And to Ontario?

Hon. C. Hansen: We're about 19 percent higher than Ontario, and Ontario is the province that's the next closest to us when it comes to that per-capita cost.

Hon. G. Bruce: With the lift that was last year - I think it was last year - was it \$392 million? Is that an annual ongoing, or was that a one-time...? What did that represent to a physician in British Columbia?

Hon. C. Hansen: It was an increase of \$392 million for the budget, which then gets annualized, so that increases into a one-time lift and then back down again. It's an increase of \$392 million, which is then carried forward as the new platform for physician services.

Hon. G. Bruce: Was that average number about \$50,000 per physician just on straight math - number of physicians in British Columbia divided by that amount of money?

Hon. C. Hansen: If you take the fact that we've got about 7,800 physicians in the province and you divide that into the increase of 392, you come up with a number of about \$50,000. It's hard to

generalize in that respect because, depending on where physicians were already in their fee structures, they may have seen less than that. There are some that may have seen more than that. It's not an across-the-board kind of an increase.

Hon. G. Campbell: Okay. Thank you all. I appreciate it.

We're adjourned.

The cabinet adjourned at 11:45 a.m.

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