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THE HONOURABLE BILL BARISOFF, SPEAKER

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LIEUTENANT-GOVERNOR
His Honour the Honourable Steven L. Point, OBC

SECOND SESSION, 39TH PARLIAMENT

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Honourable Bill Barisoff

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CONTENTS

Wednesday, March 3, 2010
Afternoon Sitting

Page

Routine Business

Introductions by Members.....	3103
Statements (Standing Order 25B)	3103
Amyotrophic lateral sclerosis	
L. Reid	
Morrell Nature Sanctuary	
D. Routley	
North Shore Volunteers for Seniors	
R. Sultan	
Fundraising for CT scanner services in Nelson	
M. Mungall	
World Masters tournament in Kamloops	
T. Lake	
Margaret Prevost	
J. Kwan	
Tabling Documents	3106
<i>Report of the Chief Electoral Officer on the 2009 Provincial Enumeration</i>	
Oral Questions.....	3106
Comments on harmonized sales tax	
C. James	
Hon. C. Hansen	
B. Ralston	
J. Kwan	
A. Dix	
Harmonized sales tax on bicycles	
L. Popham	
Hon. C. Hansen	
Surgical services at Kootenay Boundary Regional Hospital	
K. Conroy	
Hon. K. Falcon	
M. Mungall	
Petitions	3110
H. Bains	
L. Popham	
J. Brar	
S. Hammell	
B. Ralston	

Orders of the Day

Budget Debate (<i>continued</i>).....	3111
B. Ralston	
D. Barnett	
D. Donaldson	
J. Les	
S. Fraser	
R. Howard	
N. Macdonald	
R. Sultan	

WEDNESDAY, MARCH 3, 2010

The House met at 1:34 p.m.

[Mr. Speaker in the chair.]

Routine Business

Prayers.

[1335]

Introductions by Members

L. Popham: I'd like to introduce some guests who are joining me today here in the House who were here for the No HST on Bikes rally. I would like to introduce Kerry David Hayes, Sarah Deyell, Daniel Chowne, Susanna Grimes, Genna Woolston, Jamie Ollivier, Samuel Godfrey and Ben Johnson. Could the House please join me in welcoming them.

Hon. M. Stilwell: I rise to introduce 21 members of the Ministry of Advanced Education and Labour Market Development who are in the gallery today. They all do outstanding work on behalf of the people of British Columbia, and I ask the House to please make them welcome.

J. Brar: I would like to welcome two wonderful teachers from the Surrey school district. We have with us Sandy Collins, who is a speech and language pathologist; and Angèle Thibault, who is a teacher at Fraser Heights School. I would like to ask the House to please make them feel welcome.

J. Rustad: It's a great pleasure today to introduce a couple of young ladies to the House that are down here from UNBC. They came down to see the budget as well as to check out question period and watch how we do things, as they have a keen interest in politics. Would the House please welcome Karen Muir and Serena Lundquist.

N. Simons: It's my pleasure to introduce a constituent of mine from Powell River, Dr. John Silver, who is a former professor of dentistry at the University of British Columbia. He's down to take in a performance of Pacific Opera Victoria's *Capriccio*, which is, I think, on for a couple more nights. Would the House please make him welcome.

S. Hammell: I'd also like to welcome a teacher from the Surrey school district who is here today to not only lobby their MLAs but to enjoy the activities of the House. Would people please make welcome Joya Bereda.

R. Chouhan: It gives me a great deal of pleasure to welcome a good friend, Gordie Larkin, a great labour leader. Please join me to welcome him.

H. Bains: There are two fine people here in the House. Ren Morley is a Surrey elementary school counsellor. He's a part of the delegation that is meeting with all the MLAs trying to educate us about the needs of the Surrey education system. Mike Bruce is the director of communications with the Canadian Office and Professional Employees Union. Please join with me and give them a warm welcome.

J. Horgan: Joining us in the precincts today was David Clark from FOXTEL television network in Sydney, Australia. David had spent the past month in the basement of the convention centre covering the Olympics for FOXTEL. He spent only two days in Victoria, but he was able to pass on to me — and I wanted to share with the House — that as much as he enjoyed the games, of the four that he has covered this was the best. But he said that if he had his druthers, he would live in Juan de Fuca, not in Vancouver. Would the House please make David Clark welcome.

L. Reid: I'd like the House to join me today in acknowledging the birthday of a very special man in my life. My son Will is six years old today, and I just want to wish him a very happy birthday.

B. Ralston: I'd ask members to welcome Julia MacRae. She's a senior English teacher at Fraser Heights and here to lobby MLAs about the needs of the education system in Surrey.

Statements (Standing Order 25B)

AMYOTROPHIC LATERAL SCLEROSIS

L. Reid: Imagine a disease which is all-consuming for both you as the patient and for your family. Know that each week in British Columbia a person is diagnosed with this disease and a person dies from this disease.

Imagine being between the ages of four and 94 and living with this disease. Know that amyotrophic lateral sclerosis, ALS, is a rapid, progressive and fatal motor neuron disease for which there is no known cause or cure, resulting in weakness and wasting in arms, legs, mouth or throat. Typically the person is immobilized or deceased within two to five years of initial diagnosis. This disease is today affecting our friends, our neighbours and our families.

[1340]

It was an enormous privilege for me to tour the ALS Centre and meet with the rare and wonderful human

beings who each week provide hope and support to countless British Columbians and their families. The ALS Centre team is a multidisciplinary outreach provincial team providing comprehensive consultative services to people with ALS. The team is composed of clinicians in social work, nursing, occupational therapy, speech therapy, pathology, dietetics and physiotherapy. In addition, the team has a consulting physician of physical medicine and rehabilitation.

In British Columbia there are approximately 300 people living with ALS at any given time. The sad reality is that this number remains constant. As one person dies, another is diagnosed. Today 92 people with ALS live in the Fraser region, 59 people in the Interior, eight people in the north, 55 people in Vancouver Coastal, and 49 people on Vancouver Island.

The majority of people living with ALS in B.C. are currently being supported at home as a result of the services provided by the ALS Centre and the ALS Society of B.C. The ALS Society was founded 29 years ago by ALS patients through families and health care professionals to meet the physical and emotional needs of people with ALS and their caregivers.

To my colleagues, please join with the ALS Society when they visit Victoria on March 29 and April 20. Your support would be very much appreciated.

MORRELL NATURE SANCTUARY

D. Routley: I'd like to speak to the House today about a wooded wonderland in the city of Nanaimo. That's right: a wooded wonderland in the city of Nanaimo. Less than a kilometre from Vancouver Island University is the Morrell Nature Sanctuary. With conservation on his mind, William Morrell, a local contractor, donated this land in 1973 for the public's enjoyment.

The Morrell sanctuary is 111 hectares of preserved second-growth forest with 11 kilometres of walking trails. The public is free to enjoy the sanctuary year-round from dawn to dusk. Last logged in the 1920s, the sanctuary is owned by the Nature Trust of British Columbia.

It's managed by the Morrell Sanctuary Society for Environmental Education. This non-profit organization, supported by hundreds of volunteers, consists of a group of people who maintain the trails, organize a variety of exciting programs and raise funds for the park's upkeep. To preserve and promote the essential character of the sanctuary's evolving ecosystem is the purpose. It is a model of coexistence and a source of information, inspiration and understanding of the enjoyment of nature.

The Webster dictionary defines "sanctuary" as a place set apart as refuge. The Morrell sanctuary has been set aside, but it's certainly not set apart. Over 3,500 students per year pass through the park, enjoying their

programs of nature and appreciation of the environment. They have in-school programs that they partner with the school districts to provide. They also do seniors walks and park visits for seniors with a disabled-access trail. They have partnered with the Vancouver Island University forestry program as well.

I'd like to invite all the members who find themselves in Nanaimo to enjoy the Morrell nature conservancy. It is a fantastic place. If you're in Nanaimo April 3, there's a family scavenger hunt that I'm sure you'd all enjoy.

NORTH SHORE VOLUNTEERS FOR SENIORS

R. Sultan: Who will look after us when we're old and grey? This is of particular concern in my riding, with one-quarter of the population over 65, not to mention the other half-million in British Columbia.

Will it be the government? The Finance Minister points out certain fiscal realities. Will it be our children? Not when they're chasing careers a thousand miles away. Will it be capable care aides from away? Well, there are hardly enough of them, and they've got their own parents to look after. By elimination, the answer is increasingly clear: it will be mainly seniors who look after seniors.

Trudy Hubbard of the North Shore Volunteers for Seniors offers one outstanding model. About 120 volunteers contribute 700 hours a month looking after 300 clients who are 80 to 98 years old, frail, isolated and living independently. Referrals come from Vancouver Coastal, families and friends.

Living healthy is the key. NSVS answers the call through such activities as Nordic walking, chair exercise, socialization, playing bridge and one-on-one discussions. Transportation and recordkeeping are part of the package. They also help people navigate the health care system and teach families about isolation, diet and exercise.

[1345]

So who's going to look after seniors? Increasingly, it's other seniors. Trudy's North Shore Volunteers for Seniors is the way of the future.

FUNDRAISING FOR CT SCANNER SERVICES IN NELSON

M. Mungall: Nelson and area residents felt a great loss in 2002 when we lost many of our health services at Kootenay Lake Hospital. Since that time, the community hasn't wavered at all in its advocacy to ensure accessible and quality health care in our community. Part of that advocacy included a CT scanner at Kootenay Lake Hospital. This CT scanner, of course, wouldn't just be for residents alone. Nelson is host to many guests throughout the year — mountain bikers, back-country skiers, rock climbers, hikers, whitewater rafters and kayakers and out-of-bounds

snowboarders, not to mention the most extreme sports enthusiasts, the arts and culture connoisseurs.

Nelson and area is a beloved tourist destination attracting people from all over the world, not to mention many people right from this House. But don't get sick or hurt yourself, because without a CT scanner, we can't do our very best to get you better. The good news is that this is about to change. The Kootenay Lake Hospital Foundation has been raising \$1.5 million for a CT scanner since last April. In less than a year, we are at \$815,000 — very, very impressive for a town of 10,000.

The hard work of volunteers and the foundation are reflected in the generous donations from Kootenay residents. But don't be daunted if you live outside of our region, because we will take donations from anyone. So for everyone who enjoys visiting the very super, the very natural and the very incredible Nelson, B.C., you can donate on line at www.kootenaylakehospitalfoundation.com. One more time — www.kootenaylakehospitalfoundation.com.

WORLD MASTERS TOURNAMENT IN KAMLOOPS

T. Lake: Many British Columbians are still basking in the glow of the 2010 Winter Olympics and eagerly anticipating the opening of the 2010 Paralympic Games, but for the people of Kamloops, there is no withdrawal from their fix of high-calibre competitive sport.

This week the fourth World Masters athletic championships is being held at the Tournament Capital Centre, featuring over 1,400 masters athletes from over 30 countries. We don't have to leave our sporting careers once kids, the house and jobs consume our focus. Lifelong athletes from 35 to 90 years of age are competing in Kamloops in the first World Masters athletics competition to be held in North America. That includes 90-year-old Olga Kotelko of North Vancouver, who is entered in the 60-metre dash.

The masters is a perfect fit for Canada's tournament capital, where healthy living through sports and recreation is not only part of many citizens' outlook; it's embedded in the city's strategic plan. The fabulous Tournament Capital Centre is the direct result of the community's vision and began when people like Sandy Watt and Neville Flanagan teamed up with the Kamloops Track and Field Club to put forward a bold plan for an indoor field house.

The idea was embraced by city council and the residents of Kamloops and resulted in over \$50 million of tournament capital infrastructure, making Kamloops the host city for many provincial, national and international events, including this month's Canadian Interuniversity Sport men's volleyball championships.

Like the 2010 Olympics and Paralympics, the World Masters relies on the hard work of many organizers and

volunteers. I would like to recognize event co-chairs Judy Armstrong, whose son Dylan is an Olympic shot putter, and Bob Cowden for their tremendous work over the past two years and the hundreds of volunteers who will make our guests from all over the world welcome during B.C.'s golden season of sport.

Finally, here's to the 1,400 masters athletes who are in Kamloops this week making new friends and enriching their lives through the power of sport.

MARGARET PREVOST

J. Kwan: Margaret Prevost, also known affectionately as Princess Margaret, passed away on February 6, 2010, after a heart attack at the age of 54. A catastrophic car accident left her paralyzed from the waist down when she was only 18. Unfazed by the setback, Margaret became a member of the Canadian national wheelchair basketball team, and in 1992 the team won gold at the Pan American Games.

[1350]

Margaret, also known to her community as the mayor of the Downtown Eastside, was a tireless advocate for the people of the neighbourhood. She went from store to store telling store owners to remove rice wine from their shelves because it was killing people who were drinking it. She lobbied vigorously for wheelchair-accessible ramps to make the city more accessible. She served on the Vancouver Native Health Society board and volunteered at the community policing centre.

Margaret Prevost officially retired from the Carnegie community centre board of directors last year after serving on that board for 20 years, ten of which she was the president. The Carnegie Centre currently celebrated its 30th anniversary. To this day it's the busiest community centre in the city of Vancouver.

Margaret's contributions were immeasurable. She was a steady hand and a rock during these turbulent times. From housing to poverty to addiction to policing, Margaret fought every battle on behalf of the community. She sat in rooms with politicians, bureaucrats, police officers, community workers and the media. When she finished her say, it was impossible not to take her side.

She had the gift of bringing people together when divisions were everywhere. Margaret demonstrated that women in this community can be strong leaders. She mentored dozens of future leaders. Margaret was awarded the Queen's Jubilee medal in recognition of her community service.

I had the pleasure of knowing Margaret for close to 20 years. I will miss her e-mails raising issues that she's passionate about. I will miss her calls just to say hello. I will miss her great hugs. Thank you, Margaret — Princess Margaret.

Tabling Documents

Mr. Speaker: Hon. Members, I have the honour to present the *Report of the Chief Electoral Officer on the 2009 Provincial Enumeration*.

Oral Questions

COMMENTS ON HARMONIZED SALES TAX

C. James: After campaigning on a promise not to do it, after telling British Columbians they wouldn't, the B.C. Liberals brought in the HST. They weren't straight with the public about B.C.'s finances during the election, they brought in the HST to try and cover that up, and now, in a frantic attempt to convince voters, they're saying the HST will pay for health care.

Well, my question is to the Premier. Why is he treating British Columbians with such contempt?

Hon. C. Hansen: We've made our position on the HST very clear. It's what the economists are saying is the single most important thing that this government can do to stimulate....

Interjections.

Mr. Speaker: Minister, just take your seat.
Members. Members.
Continue, Minister.

Hon. C. Hansen: All of the leading economists in Canada are saying that the introduction of the HST is the single most important thing that this government can do to stimulate the economy and create jobs.

We expect next week that there's going to be more evidence about the literally tens and hundreds of thousands of jobs that will be created over the next decade because we are reducing the tax on investment by 41 percent in British Columbia.

We met with business executives from around the world and investors that would actually like to be part of the tremendous business opportunity and job-creating opportunity in British Columbia. In those meetings that we had over the last month this move is something that is very significant. It's caught their attention. They're coming to British Columbia. They want to be part of the future of this province, and they're going to create the jobs for literally tens and hundreds of thousands of British Columbians.

Mr. Speaker: The Leader of the Opposition has a supplemental.

[1355]

C. James: The Finance Minister leaves out the hundreds of thousands of jobs that will be lost with

this regressive tax that hurts businesses in British Columbia. The government's actions are getting more desperate every single day. Instead of a strategy to deal with...

Interjections.

Mr. Speaker: Members.

C. James: ...these tough economic times, the voters yesterday got a gimmick from this government, a gimmick to try and fool them into supporting a tax that they know is bad for them and their family and businesses in British Columbia.

Again, my question is to the Premier. Why can't he just be straightforward about the HST with the people of British Columbia?

Hon. C. Hansen: Actually, I believe that the opposition should be straightforward with the people of British Columbia in terms of their HST policy. We have heard the Leader of the Opposition....

Interjections.

Mr. Speaker: Just take your seat.
Continue, Minister.

Hon. C. Hansen: The Leader of the Opposition has said that if they were ever to form a government in British Columbia, they would actually keep the HST. The Finance critic said exactly the same thing.

We now hear a new policy pronouncement from the official opposition, not coming from the Leader of the Opposition, not coming from the Finance critic. We actually have a new NDP policy on HST coming from the Energy critic when, on February 10, he was speaking on CFAX Radio and said that if they were elected, they would eliminate it completely but that they would jack up other taxes to replace it.

Now, I have a question for, perhaps, the real Leader of the Opposition or the real Finance critic. Perhaps the member for Juan de Fuca can stand up and tell us which taxes he is going to increase.

Interjections.

Mr. Speaker: Members.
Just take your seat for a second, Member.

The Leader of the Opposition has a further supplemental.

C. James: It's very clear. The minister and the rest of the government are continuing to make it up as they go along. This government has absolutely no credibility on the issue of the HST — absolutely none. One day the

government says it's good for the economy. The next day they say they're not going to bring it in. The next day they say it's good for health care. The B.C. Liberals think they can pull the wool over the public's eyes.

Well, British Columbians will not be fooled, not by this government. They know it's a desperate sales job by a government that is caught in a web of deception of its own making.

My question, again, is to the Premier. Will he do the right thing? Will he keep his campaign promise and get rid of the HST now?

Hon. C. Hansen: When it comes to a credibility problem, I think the NDP have to look at themselves. One day we have a Leader of the Opposition saying that they would keep the HST. Another day we have the Finance critic saying they would keep the HST. And then we have the Energy critic, the member for Juan de Fuca, saying that they would eliminate it.

I would be glad to share the transcript of the February 10 Joe Easingwood show with all of the members of the opposition so that they can find the pronouncements that their Energy critic is saying. He says, and I quote directly: "We would have to find revenue to offset that from other taxes."

They need to come clean with the public. Are they going to jack up income tax? Are they going to jack up other taxes? I think that they are the ones that have the credibility problem with British Columbia voters.

[1400]

B. Ralston: Since July the B.C. Liberals have been trying to sell the HST, and one of the claims that's made is that it's revenue-neutral. That clearly wasn't resonating with the public. No one was convinced by that. Now they're saying it will be used to pay for health care.

Clearly, the Minister of Finance is unwilling to defend that assertion, made only yesterday in the budget. So my question is to the Premier. Does he think British Columbians will swallow his attempts to sugar-coat the HST?

Hon. C. Hansen: I have never used the words that HST is revenue-neutral. What I have said from the beginning is that the HST will bring in approximately the same amount of revenue as the PST system is today. That is actually quite a contradiction to what the NDP members have been saying when they've been fear-mongering around British Columbia, saying that this is a huge tax grab on British Columbians. This actually will result....

Interjections.

Hon. C. Hansen: I refer the members to the table that's in the budget documents from yesterday, which sets out

how much money we collect under PST compared to HST. As that table shows, the bottom line is that we actually receive about \$113 million less in an HST world in the coming fiscal year than we would have received had we maintained an archaic, out-of-date provincial sales tax system.

Interjections.

Mr. Speaker: Members.

The member has a supplemental.

B. Ralston: This tax clearly is a tax shift from big business to consumers and small business. The minister can wriggle all he wants, offer different explanations. That is the fact, and British Columbians know that and have clearly demonstrated they understand that in their reaction to this tax over the last eight months.

But the B.C. Liberals have shown incredible contempt for the intelligence of the voters, so my question is again to the Premier. Why should British Columbians accept a single word he says about the HST?

Hon. C. Hansen: The member doesn't have to accept what we say. What the member should do is actually read what some of the leading economists in Canada are saying about the HST. It is what will generate jobs. It is what will bring back a strong economy. That's why 130 countries around the world have adopted this type of value-added tax system.

We know, for example, that in the forest sector alone it will result in about \$140 million of costs coming out of the system. That makes their product more competitive both on the domestic market and on the export market. That creates jobs for British Columbians in forest-dependent communities.

In community after community, in sector after sector, this is an initiative that makes British Columbia more competitive. It allows us to attract the investment dollars we need from around the world to build our economy in the future. It is the single biggest thing that we can do to create jobs for British Columbia families.

[1405]

J. Kwan: Let me get it straight. Before the election, the B.C. Liberals said they will not bring in the HST. After the election, British Columbians are saddled with a \$1.9 billion consumer tax shift known as the HST. Then, the story goes, it's good for the economy. Then it's roughly fiscally neutral. Then: "There's no more revenue under the HST system than we do under the current PST system." Then the story keeps changing, because now supposedly it's good for health care. The deception continues.

To the Premier: when will this government own up to the fact that British Columbians were misled, and it is time for them to tell them the truth about the HST?

Hon. C. Hansen: I can tell the member that what is good for the economy is good for health care in British Columbia. We want to make sure....

Interjections.

Mr. Speaker: Minister, just take your seat.

Excuse me. Member for Vancouver–West End, will you retract that statement, please.

S. Herbert: Yes, Mr. Speaker. I'm not sure what I said, but....

Mr. Speaker: Member, will you unconditionally retract that statement, please.

S. Herbert: Yes, I unconditionally withdraw.

Hon. C. Hansen: It is the responsibility of governments to make sure that we build a strong economy for the future of this province. That is exactly what the shift to the HST will do. That's exactly why 130 countries around the world will do it. When you realize that we are competing on international markets where we are trying to sell increasing amounts — we are selling increasing amounts — of dimensional lumber....

Interjections.

Mr. Speaker: Members.

Minister, just take your seat.

Continue, Minister.

Hon. C. Hansen: You know, Mr. Speaker, we have had great success at opening up new markets in China and selling increasing volumes of dimensional lumber into China. But as we export product into those markets, we are competing with Scandinavian countries, for example, that don't have any embedded consumption tax in their product. British Columbia exporters do. It's like asking them to export and to create jobs for British Columbia with one hand tied behind their back.

This is a move which I think will increasingly be demonstrated as a big job creator for British Columbia. The international investors that came to this province during the Olympics recognized that. That's why they're coming back. That's why they're going to invest in the future of this province and build and create jobs for British Columbia families.

Mr. Speaker: The member has a supplemental.

J. Kwan: I'll tell the minister what's good for British Columbia. The truth — that's what is good for British Columbia. Media spin....

Interjections.

Mr. Speaker: Continue.

J. Kwan: Mr. Speaker, media spin is not an official sport. There is no Olympic gold medal for this. No one buys the spin from government, and taxpayers are not stupid. Will the Premier just admit that British Columbians were misled during the election about this much-hated sales tax?

Hon. C. Hansen: Let's ask the member: what is the spin, and what is the truth? Is the NDP...?

[1410]

Interjections.

Mr. Speaker: Minister, just take your seat.

Continue, Minister.

Hon. C. Hansen: When the Leader of the Opposition said they would keep the HST, was that truth, or was it spin? When the Finance critic said that the NDP would keep the HST, is that the truth, or is that the spin?

Now, when the Energy critic says that they would get rid of the HST and jack up a whole bunch of other taxes, is that the truth, or is that the spin?

I think it's the official opposition that has a credibility problem. British Columbians would like to know where they stand.

A. Dix: Flimflam....

Interjections.

Mr. Speaker: Members.

A. Dix: Flimflam, sleight of hand, a joke, stupid, transparently phony, contemptuous, lame, laughable, silly.

Interjections.

Mr. Speaker: Member, just take your seat for a second.

Members.

Continue, Member.

A. Dix: Those were the reviews of the minister's HST health gimmick yesterday. If anything symbolizes the mountain of disrespect this government feels for the voters after nine years in office, it's this canard. Is there nothing...? Is there no tactic the Liberals won't use to justify their broken promise on the HST?

Hon. C. Hansen: The NDP that we see today is the same NDP that we saw in the 1990s. There is a total disconnect on the part of the members of the official opposition between where revenues to government come from — in taxes — and how they are spent.

We are a government that actually recognizes that those services that the public depends on are important. Health care is obviously one of the top priorities of what the public expects from government.

With this move, we are actually making the connection between how services are funded and how services are delivered. The commitment we have made is that we are going to earmark all of the revenue from the HST, in addition to all of the revenue from MSP, all of the revenue from tobacco tax, all of the revenue from health transfers from the federal government and all of the revenue from the health special account in the lottery funds.

All of those revenues together are earmarked for health care in British Columbia. I think there is nothing more that demonstrates the connection between the need for taxes, as much as people dislike them, and the services that the public depends on.

HARMONIZED SALES TAX ON BICYCLES

L. Popham: Mr. Speaker, I can tell you what's good for health care in B.C. That's more bikes in B.C., not more taxes on bikes in B.C. Cycling is good for our health. It's good for our environment, and it's good for the economy, so 5,000 people signed a petition calling for no HST on bikes in B.C.

Will the Premier listen to the people in B.C. and scrap the HST?

[1415]

Hon. C. Hansen: It's actually surprising that the member would want to get rid of an initiative that's going to eliminate a PST that saps jobs in British Columbia, and would resist the shift to an HST, which is going to be a job creator in British Columbia.

We recognize that there are some things that are going to cost a little bit more at the end of the day under HST. We also recognize that there are a lot of things that are going to cost less at the end of the day in an HST world. But the fact that there are some things, including bikes, that are going to cost a little bit more is exactly why we have put in an HST tax credit — a cheque in the mail that's going to be delivered to 1.1 million British Columbians every three months to help offset those costs.

It's also the reason that we have increased the basic personal exemption on income tax from \$9,373 to \$11,000 so that British Columbians have more money in their pockets to pay for the little bit extra on things like bike purchases.

SURGICAL SERVICES AT KOOTENAY BOUNDARY REGIONAL HOSPITAL

K. Conroy: The doctors at Kootenay Boundary Regional Hospital have passed a motion of non-confidence in the Interior Health Authority. They are appalled by its shortsighted decision to create a health crisis in the Kootenays by cutting the hospital's surgical program. This program took years to build and serves two regions of the province. But now the IHA is deciding to cut surgeries, increase wait times and lay off nurses who were recruited at great expense and effort.

Will the Minister of Health protect health care in the Kootenays today by reversing the cuts that his health authority made?

Hon. K. Falcon: I'm always required to remind the member that in an era of massive increases in the Health budget, only the NDP continues to refer to health care cuts. So I've got to correct the record there; \$2 billion more is actually more money. It is not less.

Now, having said that, the member talks about the reduction in surgical OR time at the Kootenay Boundary Regional Hospital, and that is true. But the member should know that the Wait Time Alliance, which is an alliance made up of doctors from one end of the country to the other, actually looked at wait times for important procedures like cardiac, hips, knees, cataract. They found that British Columbia was the leader in the country. We got an A in every single category.

You'll be happy to know that in categories of surgical procedures taking place at that hospital, they are actually ahead of the provincial average. They are beating the average in British Columbia at Kootenay Regional Hospital.

Mr. Speaker: Member has a supplemental.

K. Conroy: That's little comfort to the people who are waiting two and three years for surgery in the Kootenays and even less comfort to the rest of the province, who are going to have to wait longer if we're doing that much better.

These doctors are taking it upon themselves to fill the vacuum caused by these cuts. They recognize that these cuts waste years of public investment that should be going towards reducing the wait times — big wait times as far as we are concerned.

So they're now contemplating rescuing this surgery program by paying for the nurses themselves, by actually taking the money out of their own pockets and saying: "We want to help the patients in our region, so we're going to pay for these nurses that are being laid off, these nurses that have been recruited, who have cost considerable dollars to recruit. We're going to do that because we

are so appalled by the cuts that the IHA is making under the duress of this Minister of Health."

So to the Minister of Health: will he stand up today and defend the rights of patients in the Kootenays and say no to these cuts in their area?

Hon. K. Falcon: What I will do is remind the member that the wait times at Kootenay Boundary Regional Hospital are actually lower than the provincial average. The wait time for a knee surgery is about 40 percent lower on average than the provincial average. So the adjustment that's being made in OR times will move it up to the provincial average. It will still be better than comparable facilities and hospitals in the region.

[1420]

I'll tell you, Mr. Speaker. That is not to say that we don't still have challenges in the health system. But what is fascinating to me is that in an era when we're adding over \$2 billion to the health care system, the NDP still say: "Don't change a thing. Just throw more money into the system. Don't change a thing. Nothing can change."

No, Mr. Speaker. We are going to change, improve, innovate, do better with the dollars we put into the system. That's what British Columbians demand.

M. Mungall: Well, the negative effects of these OR cuts are hurting real people throughout the Kootenays, and I would like to remind the minister that these are real people. For example, Tracy Mercer has already been waiting a year for surgery to her shoulder. I would doubt that anybody would call that a letter of A in grading. This procedure is not a frill. Tracy needs it just to live her life, and her situation is not unique. At last count over a thousand Kootenay residents have been waiting a year or more for medically necessary surgery. So Minister, take that fact of information.

Will the minister intervene so patients do not have to wait even longer in pain for the surgery that they need?

Hon. K. Falcon: I know the members opposite never like to take my word for it, so I refer the member to the 2009 report by the Wait Time Alliance. That's made up of doctors from one end of the country to the other. They looked at the wait times in British Columbia, compared them with all the other provinces, and British Columbia got an A in every single category.

I pointed out that at Kootenay Boundary Regional Hospital, they are in many cases better than the best in the country already. They are already better.

I understand that the members are opposed to the decisions that Interior Health is making to try and bring that level up to the provincial average. I understand they disagree with that decision. You know, Mr. Speaker, there are challenges in our system as there are across the country, but you never hear any solutions from that side

except to just pour more money into the system. Ask no questions. Just pour more money.

[End of question period.]

H. Bloy: I seek leave to make an introduction.

Mr. Speaker: Proceed.

Introductions by Members

H. Bloy: It's my honour today to introduce the future leadership of British Columbia. We have the privilege of having Westridge Elementary School in our gallery today along with their teacher, Mrs. Janet Pritchard. A few of them have indicated that they want to continue a life in politics, and I hope we encourage them today. If the House would please make them all welcome.

H. Bains: Petition to introduce?

Mr. Speaker: Proceed.

Petitions

H. Bains: I have hundreds of petitions collected by parents and teachers in Surrey asking for additional funding to cover the education needs of the Surrey students.

L. Popham: I rise to present a petition.

Mr. Speaker: Proceed.

L. Popham: I am presenting a petition from 5,000 people in B.C., including bike store owners, cyclists, the pedicab industry and people who believe that there should be no HST on bikes in B.C.

J. Brar: I seek leave to submit a petition.

Mr. Speaker: Proceed.

J. Brar: I have a petition signed by 250 concerned citizens from the school district of Surrey. They're very concerned about the funding cuts and are asking for an increase in funding for public education.

S. Hammell: Hon. Speaker, I also rise to present a petition on behalf of the Surrey residents requesting that funding be increased to the school district of Surrey.

Mr. Speaker: Member for Surrey-Whalley, are you presenting a petition?

[1425]

B. Ralston: Yes, Mr. Speaker. I'm presenting a petition signed by a number of Surrey citizens seeking increased funding for public education in Surrey.

Orders of the Day

Hon. M. de Jong: Mr. Speaker, I call the budget debate.

Budget Debate (continued)

B. Ralston: I rise to continue my remarks and my response to the budget. What many people were expecting and hoping for yesterday from the government was taking advantage of an opportunity to present a vision of British Columbia that arises at this crossroads in the life of the province after the crowds have gone home from the Olympic Games.

[L. Reid in the chair.]

Indeed, just as we planned and marked off on the calendars the date of the Olympic Games, one would have expected that the government similarly would have marked off the date of the budget and made plans to launch a longer-term vision of the province's future.

It's clearly evident at this time in the economy not only of the province but of the country — particularly the North American economy and our largest trading partner, the United States of America — that the economic recovery that is underway is very fragile. Indeed, just today senior banking officials, central banking officials in the United States have expressed concern that the recovery is much weaker than hoped for, and the American economy may begin to move slightly backward.

The jobless numbers in the United States have reached record levels, certainly the highest level of official unemployment in many years. It is the deepest recession, as we know, since the 1930s. So it's a major economic calamity in the American economy.

Traditionally the American economy has come charging back from recessions, and usually the growth in the first, second and third quarters leading out of a recession has been very strong and begins to do all the things that a resurgent economy does, which is see job numbers increase. Employers begin to take on more employees, and slowly but surely the number of unemployed diminishes.

That is not the case thus far in the United States and is a major risk. Indeed, the Ministry of Finance has expressed just that view in its documents supporting the budget, in the section where they talk about key risk indicators for the B.C. economy. Once people speak in the United States and people speak in the Ministry of Finance — officials.... This is not a political view. This is

simply an objective catalogue of the risks to the recovery of a number of just those risks. It is important to bear that in mind when we approach the budget and when we look at the long-term future of the economy here in British Columbia.

There's an opportunity that the government had and has apparently chosen not to take. Realistically, I think what most people will take away and what most people will glean from the budget is that this government is bound and determined to make the HST the centrepiece of their strategy for recovery from the recession here in British Columbia.

[1430]

I will deal a little bit further on in my speech with some of the claims that have been made, particularly by the Minister of Finance on behalf of his party and the government, about the economic benefits, so called, of the HST.

The actual examination of some of the claims that are made is not supported by the experts that the minister refers to. Indeed, the only expert report cited in the budget in the September update was a paper by Mr. Michael Smart. What the minister claims, and I think the latest formulation that I've heard a couple of times was hundreds of thousands of jobs, is just not borne out. There's just no basis for claiming that. The economist cited by the government doesn't even say that in the paper that is cited there in the budget.

One can understand a certain verbal exuberance, a certain rhetorical excess — that sometimes comes with the territory in politics — but this is a serious economic matter. These claims are being made in a kind of argument from authority as: "Well, you may not understand, but these economists understand, and they say this about the HST." And it's just not accurate.

It seems the government has made a decision to hammer away at a deficit number. Later in the speech I'll talk about some of the jiggery-pokery that has gone on in order to achieve a deficit number. Certainly, there's the very creative use of the \$1.6 billion signing bonus, if I could put it that way, transferred from the federal government to the provincial government — although probably it's inaccurate to say it was transferred just yet, or at least that's the latest explanation — and how that was used in September in the budget update to achieve a putative bottom line, and how it's again being used this time out to achieve a bottom line as well.

I think what people are looking for in this climate is not so much a tax cut strategy as they're looking for a job strategy. They're looking for, in this time of unemployment.... B.C. did very, very badly in 2009 — the worst employment record and, since the recession began in July 2008, really devastating job loss here in British Columbia.

We're looking for a job strategy, and this is not a lens that we hear from the government very often. The

only time in the minister's speech.... It was mentioned yesterday three times, two times in very general context and a third in conjunction with the HST. The HST, if that's the job strategy of this government, is a sham. It's just not a strategy that anyone should take seriously.

But I don't really think it is a job strategy, because that's not the focus of this government. The focus of this government — and I'll go through some of the instances of that in this budget — is on a tax cut strategy, and tax cuts which are unexamined. They're not studied in their effect. There's no modelling done in advance, and there's no demonstrable benefit from some of the tax cuts that have been brought in.

I'll give an example that I discussed with the minister in estimates debate in the fall, which is a lifting of the provincial sales tax on machinery and equipment beginning in 2001 and continuing through with some modifications in the 2006 budget to this very day, so approximately \$110 million a year in forgone revenue. That was confirmed.

[1435]

The minister — and I'll deal with it a little bit later on — was not able to point to a single study on its effect, notwithstanding the importance of machinery and equipment in some of the productivity indices and productivity studies.

For that tax cut, what benefit was achieved for British Columbians, other than the loss of tax revenue? The minister wasn't able to point to that, yet he has at his disposal an array of highly skilled economists and officials and the Treasury Board who examine these things if requested, but no study apparently exists. No study is forthcoming. Tax revenue is forgone, and there's no effort to study the effect of it.

I think part of the reason why the government doesn't have a jobs strategy is that in the B.C. Liberal philosophical approach to the economy, labour is merely an input into production. Labour is a factor; labour is a cost.

That probably explains why the Liberals have stubbornly and resolutely refused to raise the minimum wage since the last increase was brought in by the outgoing NDP government. It came into effect in 2001, and over the last eight years the government has not raised the minimum wage. The minimum wage has fallen from the position of being among the highest of the provinces in Canada to now being the lowest. That's a view of the dignity of labour, of those who work, that sees labour as an input, as a cost to do business, as a factor of production and less as a human being.

However ordinary the work may be, it's nonetheless vital. It's essential to the dignity of that person that they be compensated fairly, and there doesn't seem to be any recognition of that. By their actions or, rather, by their failure to act on the minimum wage, it's a summary of the view that is taken of the people who work at jobs. What

flows from that is that a consideration of a jobs strategy is, therefore, a lower priority, if it's a priority at all.

I've never heard a convincing explanation from anyone on the B.C. Liberal side as to why the minimum wage should continue to plummet relative to other provinces, and I gather from the approach that's been taken thus far that we can expect to continue to be eclipsed here in British Columbia by other provinces.

Certainly, this is not an ideological view among Canadian Premiers, because whether it's an NDP Premier in Manitoba, whether it's a Liberal Premier in Ontario or whether it's a Tory Premier in Newfoundland, all of those Premiers have taken steps to increase their minimum wage.

Indeed, the irrepressible Danny Williams, Premier of Newfoundland, has on his home page, on his website, the strategy to combat poverty in Newfoundland. He has taken that as a personal priority, and the minimum wage there is part of a strategy that they've set out — not an NDP government, not a Liberal government, a Tory government — in Newfoundland to combat poverty. They have a number of measures and real targets and an active monitoring of their progress on those targets.

I'm sure that this is not the only reason, but he does enjoy immense popularity in Newfoundland. Obviously, this is not particularly an ideological view across the spectrum in Canadian provinces. This is a view that is unique to British Columbia, unique to the B.C. Liberals and, I suppose, unique to the world view of the Premier and the Minister of Finance and his cabinet colleagues. I sense that there were a few at the table, prior to the election, who had a different view, but they're gone now. Maybe one of the reasons why they're gone is that they didn't share the view on the minimum wage.

[1440]

Certainly, the kind of policy that Premier Williams has in Newfoundland or the anti-poverty strategy, for example, that Premier McGuinty — again, not a New Democrat — has promulgated in Ontario, shows a broader understanding of the challenges that families face, because not everyone is a high-flyer. Not everyone is earning \$100,000 taxable or more.

Indeed, the figures that the minister referred to in talking about the HST dividend.... People receive that dividend — if it's appropriate language to call it a dividend — if they earn less than \$20,000 net taxable if they're single, and earning \$25,000 or less net taxable if it's a family.

When the minister speaks proudly of the number of people who will be receiving that benefit, it's really a measure of the breadth of low income and, arguably, poverty in the province — that there are over one in four citizens whose income falls below that level of taxable income. That is not a lot of money. In some cases, those may be....

The usual example that's thrown out by members of the government, as it is with the minimum wage, is kids

who are young adults living at home with their parents, where they're essentially supported by their parents but have some of their own income. As in the minimum wage that's the minority by a long shot. So this is a widespread measure of just how stratified the province is in its incomes and how broad low income is across the province.

When one considers a budget and an economic strategy, it's important to consider a number of things, and obviously, tax policy is a part of that. But by any of the usual measures that economists use or that people use in making decisions about where to live, the things that they look at are far broader than merely tax policy. The levels of public investment and infrastructure are important. Public services such as health, education and literacy are important.

It's too often forgotten here in Canada, although the United States has been consumed by the health care debate, that the public health care system here in Canada and in British Columbia, challenged though it may be, is a significant business advantage to companies who do business in British Columbia and other Canadian provinces. Indeed, at one point in the health debate I recall citing a quotation from the president of the Toronto Stock Exchange, who said that the public health care system in Canada is a major competitive advantage compared to the United States.

CEOs and corporate boards in the United States spend a lot of their time worrying about the cost of the health care plan that they provide to their employees, probably about the cost of the health care plan that they provide to their senior executives and the cost of health care benefits to the retirees who may be part of the company pension plan. It's a huge concern, a huge competitive pressure, on companies in the United States and consumes a great deal of managerial and entrepreneurial energy simply to manage.

That's a significant business advantage that we have here that's sometimes forgotten when we go to make the kinds of comparisons urged upon us about relative tax rates — and I'll get to that a bit later — because the international activity centre legislation that's proposed does look at some comparative income tax rates and corporate tax rates in a rather startling way.

[1445]

Also, what one considers when one is looking at an economy and an economic strategy — and these are the sorts of things that the opportunity is there to look at as one looks longer term — would be early learning. Those years, the preschool years, the years three to five, are very key years in childhood development — not to minimize the ones that come before and those that go after.

Certainly, the former governor of the Bank of Canada, David Dodge, in a paper a few years ago made the point that in an era when demographic trends show that the number, gradually, of those who are over 65 will be

steadily increasing and the number of those younger and joining the workforce is decreasing proportionately, it's important.

Beyond the justice or the equity for the individual of a proper education, it makes good economic sense, speaking as an economist, to invest in education in the early years. Then you identify the learning disabilities, the physical impairments, the hearing loss that may prevent those children from fully participating in the public education system, from being educated, well-trained and coming out able to take their place in the world of work and contribute to the community and the economy and paying some of the bills that we as a society run up. So one would look for that sort of a strategy.

Again, in taking a broader view of the economy, one would also want to look at the capacity of the economy to innovate, to do research and development, and I'll have a little bit more to say about that later on. But certainly, what is often pointed out is that in Canada over the last ten or 15 years research and development has declined — certainly, spending in the private sector.

Often research and development in Canada is carried by public universities, the great public universities of our country, and not so much by the business sector, particularly those large firms. One of the hallmarks of an effective and vibrant business community is the capacity and the willingness to undertake research and development innovation. This bears on the problem that economists talk about called the issue of productivity, and I'll have a little bit more to say about that.

It's important to look at competition policy, important to look at trade and immigration. The minister, in his remarks here today and yesterday, has talked about increasing trade to China. That is certainly welcome. But when you consider that B.C. exports to every other country other than China have declined.... It is one bright spot, and I suppose the minister can't be blamed for picking out the one bright spot and talking about it.

But overall when, for example, trade in wood products.... According to the B.C. Business Council, from 2004 to 2009 exports of B.C. wood products to the United States have declined 60 percent. That has huge long-term implications for the province, and a shift to China is not something that can be achieved overnight or even in five or ten years.

These are the kinds of concerns that one would hope that the government would have seen fit to look at in more of an analytical way, more of a visionary way, in the budget, in the throne speech, and that wasn't done.

Another concern that people bring to their decision to live somewhere, to stay somewhere, to become a citizen somewhere or perhaps to invest or do business, is also their perception of public safety, of crime and safety, the efficacy and fairness of the justice system and all those broad public concerns that fall into that category.

[1450]

Certainly, while gang warfare appears, fortunately, to have abated, there are continuing broad concerns about the environment in which criminals operate, in which organized crime operates, in which gangs operate and its impact in the long run — its corrosive impact on our community, on our ability to trust one another to live openly in our communities and to make the kinds of investments, the kinds of choices that are necessary when people feel secure and comfortable and confident in their community in the long term.

That wasn't addressed at all. Beyond that, the government does and the minister did speak somewhat of the quality of life, but the quality of life is something that's been analyzed, I think, a little bit more seriously than the rather casual way the term is sometimes used.

I'm thinking here of Richard Florida, who has talked about the kind of communities throughout North America that attract the kind of people that he's called the cultural creatives, although I think he's careful to point out — I did hear him speak publicly at one point — that he views everyone as having the creative spark, and how one expresses one's creativity is different for each person. So it's not a narrow definition; it's a broader definition.

But certainly the level of tolerance in a community, the level of tolerance of different races, of different cultures and of sexual orientation.... That index of tolerance becomes a very important factor in people deciding why they will live in a community, why they will stay there and why they will invest.

The other thing that he does say, interestingly, in light of some of the decisions that this government has made in a very narrow way, I think — and it's been broadly agreed in the arts community — is that many people are.... One of the decisions that they make about living in a place, investing in a place, being in a place, finding a region, a town, a community exciting and vibrant is the degree to which there is cultural activity there. The self-expression that comes with cultural activity, whether as an audience, as a viewer or a participant, becomes very important for people in making that decision.

These are all the kinds of things that go into the consideration that's necessary in developing a bit longer view of where we're going and what we might do here in British Columbia, and those weren't really touched upon in the budget.

So if I might return then to just offer a few specific details about the economic outlook for British Columbia. Certainly British Columbia has been hardest hit among the provinces. Certainly B.C., Alberta and Ontario were the three provinces hardest hit by the recession.

Mr. Finlayson at B.C. Business Council has pointed out that the structure of the B.C. economy is really weighted to consumption and to housing — which is obviously compatible with certain interests. During the boom six of the ten leading industries were housing or

construction or construction-related, and construction has been an important part of the B.C. economy in recent years. Construction alone and housing and consumption, while they certainly attract certain kinds of investment and create certain kinds of jobs, is not a solid basis for a long-term future for the economy here in British Columbia.

When you look at some of the traditional industries and the export orientation, particularly the resource sector.... It has been rocked in recent years, and I quoted earlier the 60 percent decline from 2004 to 2009 in wood product exports.

[1455]

That's been a mainstay of the B.C. economy, and that has really, really dramatically shifted, all under the watch of the B.C. Liberals, all when they have all the levers of policy available to them. They've had it all their own way on policy changes — whether it's ending appurtenancy, whether it's returning private lands to, for example, Western Forest Products. All of those changes have occurred under the watch of the B.C. Liberals.

We see the results — literally tens of thousands of jobs, mill closures throughout the province, a complete downturn in the forest industry of catastrophic proportions — which the B.C. Liberals have presided over.

The exports of British Columbia — all exports — are down in every market, other than China. But those exports to China are dwarfed by the traditional exports and the strength of our two historic major trading partners, the United States of America and Japan.

What Mr. Finlayson, on behalf of the B.C. Business Council, does point out in expressing his concern.... The B.C. Business Council is engaged in an activity about identifying where the future growth and what the future direction of the B.C. economy should be longer term. That's not something the government appears to be preoccupied with, judging by the budget and the Speech from the Throne. But they have expressed that concern.

One of the hallmarks of that concern has been to note in a presentation that he made that B.C. has the weakest export intensity of any province in Canada — that is, as a percentage of GDP, British Columbia's exports both internally to other provinces and externally when combined and compared to all the other provinces is the lowest. That poses real challenges. From that fact, it's easy to see the challenges. It's more difficult to discern a recipe for prosperity as we look out over the next five, ten or 15 years.

Now, obviously B.C. has considerable strengths, resilience. As the GDP growth in the United States and Europe has declined in recent years, particularly rocked by the recession, the Asian economies have continued to grow. Certainly, GDP growth in China last year was 9 percent. There are obviously opportunities there that have to be developed and seized upon.

B.C., relative to other Canadian provinces, is obviously the Pacific province, therefore positioned more closely to trade with the Pacific. That's certainly geographic positioning.

Given some of the skilled immigrants that have joined us here in British Columbia over many generations — and I include myself as, ultimately, a child of immigrants; my grandparents, certainly on my mother's side, were immigrants — that have added to the economic prospects for British Columbia....

We have a skilled workforce here in British Columbia, although there are requirements to meet the kinds of demands of a changing economy in terms of retraining and investments that need to be made that have not been referred to in the budget and seem to be being ignored.

Obviously, there are challenges here: the pine beetle fallout continues, the high cost of housing and sluggish productivity, and what is clearly the need for diversification and new engines of wealth and of growth.

The challenge that the B.C. Business Council puts is.... This is what they're working on, and I think they're really joined by many of the public bodies — certainly the B.C. Federation of Labour, representing organized workers in the province, share this concern. How can B.C., as a small open economy, continue to prosper in a more competitive and increasingly knowledge-based global economy?

[1500]

Rather than austerity, which seems to be the recipe of the government in this budget, the people are looking to the sources of post-Olympic prosperity. They're not evident from this budget at all.

If I might just make reference to some of the more, I suppose, what might be considered or called expert opinion. Mr. Kevin Lynch is a former Clerk of the Privy Council and Secretary to the Cabinet. He wrote a recent opinion piece in the *Globe and Mail* which talked about the challenges that Canadian businesses faced and in his view did not meet.

The problem is that too often, I think, the solution that's offered by the B.C. Liberals is: "Well, business will take care of it." But generally, there's a fairly uncritical view of business and business solutions. Mr. Lynch doesn't seem to have the same inhibitions and certainly has some, I think, wise advice to offer. I'm going to just quote from this opinion piece that he wrote:

"Consider the possible impact of the long decline in the Canadian dollar. A lower dollar paradoxically improves competitiveness but reduces wealth. It encourages business to use more domestic inputs and fewer imported inputs, which the lower dollar makes more expensive.

"Since Canadian business imports much of its machinery and equipment, firms employed more labour and less capital than their competitors. This reduced short-term costs but impaired medium-term productivity, as business used older capital and less innovative technologies.

"This orientation saw Canadian business invest relatively little in home-grown research and development and spend relatively little to license leading-edge technologies developed elsewhere."

He goes on to say:

"A key source of U.S. productivity growth has been the development and production of information- and communication-related goods and subsequently the broad application of these throughout the U.S. economy, particularly in the service sector. Sustained increases in service sector productivity have had a profound effect on the economy; services account for 80 percent of the U.S. economy and 70 percent of ours. Unfortunately, the intensity of the usage of information technologies by Canadian business is only half that of the U.S.

"International comparisons again demonstrate the research gap between Canadian businesses and their competitors. In 2007 Canadian business ranked 14th among OECD countries in research and development expenditures as a percentage of GDP. Canadian business spending on R and D was only 1 percent of GDP, well below the OECD average of 1.6 percent, roughly half of what U.S. business spends as a percentage of GDP and about a third compared to Sweden, Finland and Korea.

"This suggests Canadian business has less capacity to be receptive to innovation and less of a focus on innovation as part of integrated business strategy in Canada."

What he does go on to say.... He does have some comments about.... I don't necessarily endorse all of these, but I think they're useful to consider.

"What will not work are one-off approaches, small fiddles to address a systemic problem and the view that it is someone else's responsibility. In short, a continuation of the status quo will not work. What is needed is behavioural change by Canadian businesses in their long-term strategies and a shared sense of purpose by business, governments and the research community.

"A concerted productivity strategy should encompass innovation, the labour force, markets and attitudes, bearing in mind that there is no single or simple or immediate fix to this structural problem."

He goes on to talk about:

"Canadian business spending on research cannot remain below the... pack of the OECD if we are to spur innovation on the scale needed. Our public research capacity has improved greatly, but we need to focus on building global centres of research excellence, better commercialization of our research efforts to create jobs and wealth, better models of business-university partnerships and better market-based means of financing the application of innovation, particularly a stronger venture capital market...."

Then he goes on to talk about the necessity of excellent public education to train the workforce in a knowledge-based economy:

[1505]

"In a knowledge-based economy, high school completion and rigorous minimum literacy standards should be givens, not aspirations. We have fewer Canadians with university degrees than many of our competitors, fewer still in scientific disciplines, and we have to design new incentives to encourage the education outcomes we need as a nation. Immigration can offset our demographic trends, but its labour effectiveness depends on attracting skilled immigrants."

So that's a challenge that he puts out to Canadian business, and I think that's particularly apt here in British Columbia.

What the B.C. Business Council points out is that there are relatively few of the firms which are here in British Columbia — export-oriented — with the capacity to build the kind of international brands that generate the wealth, generate high-paying jobs and generate the ability to undertake the research and development, to build the innovation that's necessary to move the economy forward.

If anything, there has been a flight and a reduction in head offices here in British Columbia over the last ten years. A lot of that has to do with consolidation in the forest industry, but many of the forest firms now, as in the past and even more so lately with the few exceptions, are not owned by owners in Canada. They're owned outside the country. That's obviously legally permissible but has certain consequences in terms of that willingness to make the kind of investments that will lead to the kind of growth of export-oriented firms of the size and capacity and vision necessary to create the jobs and harness the resources and lead us into the future.

So that's a challenge to Canadian business that Mr. Lynch throws out. He's a former Clerk of the Privy Council, presumably expert in giving advice to the senior level of government, the federal government.

I have another similar piece by Mr. Dezső Horváth, who is the dean, and Tanna Schulich, Chair in Strategic Management of the Schulich School of Business at York University.

He says this. This is, again, written just a few days ago in the *Globe and Mail*. I want to assure members of the media that I don't only read the *Globe and Mail*; I'm a big fan of many other publications, but these two articles caught my eye. He says:

"As Canadians cheer on our athletes in their quest for gold at the Winter Olympics, little focus is being given to an arena where Canadian competitors are falling behind: the global competition for markets, investment opportunities, knowledge industries and job-creating business expansion. The gradual decline in our global competitiveness has been in the making for nearly three decades."

He goes on to talk about how that has come about:

"Dramatic events, of course, were occasioned in recent years by foreign takeovers of big-name Canadian companies with long legacies. They attracted media attention and gave rise to a public debate on the 'hollowing out' of Canada. Little attention was paid, however, to the underlying truth. There is not much left in Canada to be hollowed out, due not so much to foreign takeovers as our chronic failure to create globally competitive corporations."

"One reason for this is that Canadian firms have remained content to stay put at home, venturing at most to ship products to the United States. Some would argue that a relatively small size precludes Canada from creating truly transnational corporations. But some of the world's smallest countries, such as Switzerland, Sweden and the Netherlands, consistently produce many of the world's largest transnationals — companies such as Nestle, Ericsson and Philips."

"By contrast, the number of Canadian transnational corporations among the world's top 100 has fallen to just one by 2007: Thomson Reuters Corporation, which occupied the 100th place from four Canadian firms on the list a decade ago."

"Why? We may complain about aggressive foreign takeovers, but there is no reason why Alcan, Inco, Dofasco and other large Canadian firms could not have been themselves the aggressive buyers of foreign assets and become the hunters instead of the hunted."

"We may point an accusing finger at our history of high tariff barriers and protected home markets, but the success stories of Japanese and South Korean companies vividly demonstrate it is possible to use the cover of a domestic shelter to grow into world leaders. Whatever the argument, it boils down to saying: we are too small to go global."

"This thinking is not going to win us any gold medals in the economic Olympics. In fact, it's a disqualifier to start with. To stop us sliding on a downward trajectory, we need to put our thought process into reverse. We are not too small to go global."

He goes on to talk — speaking, I think, more in his capacity as someone from business school — about what's necessary in terms of encouraging and training business entrepreneurship.

This view of Canadian business is taken by very respected and knowledgeable members intimate with the business community. This is a professor and head of the department of business studies at the Schulich business school. So this is not a rogue view, an errant view. This is a very considered view from the mainstream of Canadian business.

It's interesting that the Minister of Finance says, as part of his defence of the HST, that simply by introducing these measures, Canadian business will make the investment. This is not the view that's taken by Mr. Lynch or Mr. Horváth about the pattern of Canadian business over the last several decades. Indeed, the tendency has been rather the reverse.

For example, one of the hallmarks of challenging productivity is investment in machinery and equipment. Machinery and equipment investment, by the very virtue of acquiring it and deploying it in business, is thought to increase the capacity of the company, its output, its efficiency, and therefore is kind of rolled all up into the description of productivity.

There is an example that I spoke with the minister about in estimates debate back in 2001. The government introduced an amendment to the provincial sales tax act exempting machinery and equipment — not all machinery and equipment, but a fairly broad band of machinery and equipment. It cost about \$110 million a year. That, one would expect, would be something that would be....

Rather than simply doing away with the provincial sales tax, this was a focused, targeted tax reduction on a key element in business strategy and, according to the theory, should have incented some investment in sectors and should have generated the obvious economic effects that one looks for. But when I....

Did the member want to make an introduction?

Deputy Speaker: Thank you. Would you be so kind as to yield the floor?

B. Ralston: Oh, certainly.

Introductions by Members

R. Lee: Thank you to the member for Surrey-Whalley for giving the floor to me.

In the gallery today we have 27 grade 4 and grade 5 students and five parents from Confederation Park Elementary School in North Burnaby led by their teacher,

Geetu Parmar. They are here today to learn about the Legislature, and I would like the House to join me to give them a very warm welcome.

D. Barnett: Today I have a guest in the House, a young gentleman who grew up in the 100 Mile area. His father has been a lawyer there for 40 years and is a good friend of mine. His name is Greg Messner, and I ask this House to welcome him here today.

[1515]

Debate Continued

B. Ralston: I want to continue to focus on that exemption from PST, provincial sales tax, on machinery and equipment purchases, which was brought in, in 2001. What I did ask the minister on November 23 in Committee A.... I asked him to explain or point to any studies that measure the efficacy of that particular tax relief and its effect on productivity. He confirmed that it was \$110 million a year. If you look at that.... Assuming for the moment that the tax would have stayed the same, arguably, that's a billion dollars of forgone revenue, approximately, by 2009.

That's a major change in the tax regime — arguably, forgoing a billion dollars in tax revenue — focused on machinery and equipment. There were some minor revisions to that change in 2006. Had there been any studies? Was there any attempt to analyze the effect of forgoing a billion dollars in tax revenue? Obviously, companies would have to make that investment in machinery and equipment.

The minister said that there were no specific studies that looked at that precise measure. He had some anecdotes. He spoke about the general tax environment, but no studies focused on that particular measure at all.

When the minister says that was a tax change, doubtlessly expected or promised, that it would incent investment, that investment would result.... When the minister says, here in the Legislature or outside in interviews, that this HST is going to encourage investment, I say that given the track record — and I have other examples that I'll give — there's no evidence or reason to expect that that kind of investment will be made.

In fact, Mr. Don Drummond, the chief economist of the TD Bank, said.... This issue of productivity is one that troubles economists and people who think about these things in the long run. It's a concern for the competitiveness of the Canadian economy and the British Columbia economy long-term. He said in a recent speech — I went to hear him in Vancouver; he spoke to the Vancouver Board of Trade — that in 2005 to 2008, Canadian businesses had good balance sheets. The cost of machinery and equipment had actually fallen, and his words were: "Canadian business blew it. They didn't invest."

That probably goes back to some of the more long-term trends that Mr. Lynch or Mr. Horváth talks about — the propensity of Canadian business to remain in a comfort zone, perhaps look at exporting to the United States, not building the kind of export-oriented global firms that even.... The examples of Sweden, Finland, Switzerland, the Netherlands, Korea were given. I suppose one could add in Taiwan as well.

The expectation that somehow by simply cutting the tax in the way that is proposed and shifting it from business onto consumers and small business.... The proposition that's advanced that investment will flow is just not warranted.

Indeed, people who think about these things, people who examine these things.... Mr. Drummond — once again, hardly a New Democrat, but certainly a serious economist, a well-respected national authority on these things — said that Canadian business blew it. They had the opportunity to invest in machinery and equipment, to make those kinds of investments that would increase the productivity of their firms and enhance the overall productivity of the Canadian economy. They didn't do it.

Why should one expect, given this tax measure that the government is introducing, that Canadian business will invest or that international business will invest? There's just no reason to expect that.

[1520]

When one looks at other aspects of the HST, one of the concerns or one of the aspirations of the tax, I suppose on the minister's part, is that forestry firms.... It was mentioned again today that because the forestry firms will be relieved of the PST burden, they will be relieved of some costs. They will make investments, and this will be part of this recipe of hundreds of thousands of jobs.

But what in fact happened here in British Columbia when the softwood lumber money was returned after the settlement? In fact, British Columbia firms didn't reinvest in British Columbia. There's no requirement when the HST.... In theory, should the HST come to pass here and become part of the law of the province, there's no requirement on any of these firms to take the reduction in their costs, relieving them of some of the burden that the former PST may impose on them.... There's no obligation on their part to invest in British Columbia — none whatsoever.

There's no requirement. There's no reciprocal obligation. There's nothing. It's simply what I think some people have described as faith-based economics. There's an assumption that the investment will be made. In the case of Mr. Drummond and the opportunity to invest in machinery and equipment, 2004 and 2008, Canadian business didn't do it.

What did some of the timber barons, timber companies, here in British Columbia do with some of their

money when they had an opportunity? I don't begrudge them this opportunity. I'm just saying that the expectation that the minister talks about, that new investments will be made in the forest sector because of the HST, is just not borne out.

I'll give a couple of examples here. Canfor, in 2006, signed an agreement to acquire all the outstanding shares of New South Companies in a transaction valued at \$205 million U.S. New South is headquartered in Myrtle Beach, South Carolina, and operates three sawmills, two treating plants, a finger-joint plant and a European lumber import business. All operations are located in North and South Carolina.

Interfor announced the completion of a Crown Pacific transaction. This is, again, in 2004. They entered into an agreement with Crown Pacific to acquire the company's three mills in Port Angeles and Marysville, Washington, and Gilchrist, Oregon, along with the shares of Klamath Northern Railroad and 290 railcar leases for \$57.3 million U.S. plus working capital, estimated at \$16 million U.S. — another investment in the United States.

Interfor in the same time period announced that its subsidiary Interfor Pacific had reached an agreement to buy the assets of Floragon Forest Products Molalla, a well-established, successful independent sawmill in the U.S. Pacific Northwest, for \$50 million U.S. plus an amount for inventories. The Floragon operation is located at Molalla, Oregon, approximately 30 miles southeast of Portland. The mill produced 220 million board feet in 2004 and generated total sales of \$91.5 million.

Brookfield Asset Management in the same time period today announced they're entering into a definitive — this was an agreement with Longview Fibre — agreement for Brookfield to acquire all the outstanding shares of Longview for cash at a price of \$24.75 U.S. per share. Total transaction value \$2.15 billion U.S., including assumed debt. With this transaction Brookfield will acquire 588,000 acres of prime freehold timberlands in Washington and Oregon, the heart of the Pacific Northwest.

These are deals. Again, there's nothing wrong with the deal in the legal sense obviously. It's simply that those Canadian-based companies made decisions to take their money and invest it in the United States. So there's no obligation, if there's somehow an additional cash flow brought on by the HST here to the forest sector, for those companies to invest one dollar more in British Columbia.

[1525]

Past indications are that those companies are interested for business reasons in making investments in the United States, and there are a number of other examples over this time period. So the blind faith that's exhibited by the minister, this profession of the imminent arrival of hundreds of thousands of jobs, of investment that's

going to be made, in light of the reality of the business world.... There's an example in the forest sector. There's a concern expressed by Mr. Drummond. It's just not factual. There's no reason to have that expectation.

It might happen, but the declaration that this is the single best thing that can be done economically, that this has to be done, that it's going to lead to new investment, that it's going to create hundreds of thousands of jobs is just balderdash. I'd use a more unparliamentary term, but since I am here in the Legislature, I won't.

There's just no reason to accept that, unless you're desperate to justify the deal, to justify the bringing in of the legislation, desperate to justify breaking the commitment that was made in the election by the party of the members opposite — that commitment was made in writing — and attempt to persuade the public that somehow this will be good for them in the long run because investment will flow.

Indeed, it's just not borne out. Mr. Smart, the author of the paper *Lessons in Harmony*, a paper from the C.D. Howe Institute, footnoted.... This is the authoritative paper referred to by the minister in the document in the budget last year. He did a study of what happened when the HST came into effect in the maritime provinces. He looked at that very closely, and here's what he said.

This is a direct quote from his paper. "It is important to emphasize that the increase in investment caused by the HST reform is a short-run phenomenon, as firms have acted to adjust to the new, higher-capital stock that is desired when taxes are lowered." It goes on to say: "Whereas the investment effect is transitory, the effect on capital stock and labour productivity is presumably long-run and permanent. However, my empirical methodology, discussed below, does not allow these long-run effects to estimate it directly."

[C. Trevena in the chair.]

What he's saying is that basically he doesn't know. There's the short-run effect, and that may be explained simply by investors artificially delaying a decision until the new tax regime comes into effect. Once that short-term effect is dissipated, it returns to the same level as before.

So that's the key intellectual pillar. That's the reasoning on which the government bases.... This is the paper they cite. I didn't choose it; they did. It's in the budget. That's the paper they chose. That's the argument, and that's what the author of the paper says. So there's just no reason to think that the investment that's thought of here and promised and the hundreds of thousands of jobs that the minister does talk about have any basis in fact whatsoever.

I want to give a third example of this same approach that's taken by the government in terms of its tax policy. The government, when Carole Taylor was the Minister

of Finance, introduced legislation to reduce the corporate capital tax on banks. This was to be phased out over three years. We've now heard from the minister that any minimum tax that might be owing — an estimated \$100 million — the banks will not be obliged and financial institutions will not be obliged to pay. They'll be relieved of that obligation, and the legislation that has been tabled proposes to do that.

[1530]

But when the minister was questioned in the House — Carole Taylor, as she then was the Minister of Finance — similarly, I asked her: where is the...? I mean, obviously the Ministry of Finance has the capacity to model this tax change. Where were the studies? Where were the analyses that showed that if this revenue was forgone, economic benefit in the form of investment would result? Nothing. Nothing at all — decisions involving tax revenue of hundreds of millions of dollars.

No responsible person in business would undertake that. I've sat at a boardroom table. I chaired Vancity Savings now with assets of, I think, \$14 billion. No responsible business would undertake that kind of change without a study, without an analysis, without a serious consideration of what that might mean.

Members opposite sometimes like to think of understanding business. No responsible business, no business that wanted to continue to exist, would take measures like this that affected its revenue, without some kind of a study.

The only evidence, the only support the minister, Minister Taylor at the time, could offer to support this tax change was that she had been told anecdotally by the head of the International Financial Centre that this would be a good thing. That conversation wasn't reduced to writing — no exchange of correspondence.

I am acquainted with the person. He's now since retired. He's a very decent and honourable person. I have no doubt that he said that. But surely the obligation when making these kinds of decisions about revenue goes beyond simply accepting a single anecdote or a single word of advice from one source.

So that decision — again made without any study, without any analysis and with the promise, unsupported, that investment would flow... And it hasn't. It hasn't in the way that it was described. There's been no evidence and certainly no evidence at the time that Asian financial institutions were lobbying or interested in establishing offices here in British Columbia in a way that they hadn't been before — nothing to support that.

In all of these cases where one looks at the way the government analyzes legislative changes in the tax environment, there's not any real consideration of the consequences of forgoing that revenue. Yet they persist. And the reason they persist, I suspect, is not because they're particularly troubled by the fact that there are no results to show. They simply believe that it will happen

because they believe. That happens to be their political outlook. That happens to be their political ideology. That happens to be their faith.

But it's contradicted by reality in these cases at every turn. It's a heck of a way to run a government, and it's a heck of a way to make tax policy, but that's what the government appears to want to do.

There is an indication that this thinking about the International Financial Centre.... It was originally conceived back in the 1980s by the then Finance Minister — I think it was Mel Couvelier — as a way of attracting international financial activity to Vancouver. It wasn't terribly successful initially and has really not enjoyed a great deal of success, although some moderate success in attracting some firms.

[1535]

In the budget speech the minister made reference to a proposed amendment to the International Financial Activity Act that was going to bring about some changes. Rather than simply confine the act to international financial activity, it's now proposed to expand it to emerging growth areas of the economy. So not content with the tax environment that has been created for corporations, the minister is now proposing and the government is now proposing to create a super-reduction of tax by expanding the number of activities that can take place inside this international financial activity centre.

The way the centre works is that if you're a designated activity or a designated company, you're forgiven from paying any provincial income tax on your corporate income. Similarly, you can, as part of the program, designate key personnel who will be forgiven the obligation to pay provincial income tax on their personal tax.

The Vancouver International Financial Sector Steering Committee issued a phase 1 report of its recommendations not too long ago. I believe it was last week, although the days tend to blur together at this time of year. What they said was: "Here's what we're looking for." And they gave an example of the combined effect of relieving the company of paying provincial income tax and the reductions in the federal corporate income tax that are proposed. On page 11 of the report they talk about it. They have a little chart, and they talk about the international income tax rate.

For Vancouver, a firm in Vancouver, it would be a combined 16.2 percent. They compare this to Beijing, 25 percent; Hong Kong, 17.5 percent; Seoul, 35 percent; Singapore, 18 percent; New York, 39 percent. So not content with being....

And PricewaterhouseCoopers.... No, I don't think it's.... It's one of the other accounting firms. I think it's KPMG that regularly prepares a report about business costs, the total cost of running a business usually compared to all the American jurisdictions — the continental United States in any event — and other Canadian jurisdictions.

Vancouver, the Lower Mainland in British Columbia, is always very, very competitive and has been for some time. But usually the comparison is made with other Canadian provinces, traditionally with Alberta, and also our neighbours to the south — Washington, Oregon, California.

But now apparently, the measure is to be lower in taxation than Beijing, Hong Kong, Seoul and Singapore. To what effect? What studies have been shown? It's difficult to conceive of why it would be necessary — to attract a company to come to British Columbia — to offer a lower tax rate than Beijing, Hong Kong, Seoul or Singapore. Surely that's not what's required in order to attract a company.

I go back to what I said at the outset of my remarks about the decisions that go into making an investment going somewhat beyond the corporate tax environment.

So this is the mindset of the government, I suggest. If it were proposed that this be narrowly focused on financial activity, that would be one thing. But what is proposed is that, beyond the original purpose of this legislation on this to focus on international financial activity.... It's now proposed to expand it.

Not content with proposing to attract international financial activity without any study, the government is now proposing — I'm just looking for a note that I have on this topic, but I can't find it — to put clean tech, the carbon trading and some of the emerging areas of the economy.... The sole criterion and the principal one seems to have to be that they establish a presence in British Columbia and that they be export-oriented.

[1540]

What the dimensions of that will be, we will doubtlessly explore as we debate the proposed legislation which has already been tabled at first reading, and I don't propose to have that debate here.

This is again, if you then compare, the lack of study — the absence — on the machinery and equipment tax cut in 2001 and the billion dollars of forgone revenue, the decision to end the corporate capital tax. It's an absence of study — no study of any possible benefits.

If you look at the reduction in the incenting to the forest industry and those investments that went to the United States and the expectation that somehow a reduction in costs of forest firms here will result in investment in British Columbia — again, no requirements, no obligations, no studies — it's very clear that the government really simply lives in hope.

It closes its eyes and says: "Oh golly, I guess we're introducing this legislation, and good things are bound to happen because we say they will and we believe they will." That's just not the way to run a tax policy. It's not the way to run an economy. Frankly, people are looking for better than that, and they have every right to.

The long-term problem is that these decisions impact government revenue, and there's no compensating economic activity that generates tax to make up for the

forgone revenue. That is a long-term problem for the economy. It doesn't meet the test that the B.C. Business Council sets out of new engines of wealth that are going to create jobs and hire people, and those people and those firms will pay taxes here in British Columbia, pay for the kinds of things that we want.

Apparently, it seems to be seriously proposed that our obligation now is to meet the tax levels of Beijing, Hong Kong, Seoul and Singapore and to be lower — not just to be competitive but to be substantially lower. In the case of Beijing, 25 percent is the number cited as the corporate income tax there, and to be lower is really a new dimension in tax policy in a Canadian jurisdiction.

One wonders how carefully that's been thought through. What I fear is, given the absence in the three major examples that I've cited, that there's no thought been given to that at all.

What I think needs to be done is a review of tax policy in a more systematic way. A tax commission needs to be struck — I know that the NDP government in Saskatchewan struck one; Jack Vicq was hired, commissioned by the government there, to look at several aspects of the regulatory and tax environment — and talk about that. The HST certainly will not do the kind of things that are talked about.

One of the other aspects of the HST that is sometimes mentioned, although the minister's enthusiasm for this argument seems to fluctuate because sometimes he doesn't mention it at all, is that it will assist export industries. What has been pointed out by commentators is that the biggest single beneficiary, according to the statistics that the government has put forward, will be the construction industry.

The construction industry is not really an export industry. You don't build a building somewhere else and then move it to British Columbia. One of the reasons why construction is so popular in terms of infrastructure spending is that it is local. It requires local labour, local materials for the most part and an end product that obviously, by virtue of the fact that it's a building, resides in the jurisdiction in which it's built. So it's not an export industry.

[1545]

Yet ironically, the biggest single beneficiary of the HST will be the construction industry. I believe that \$880 million is the figure that's derived from the Statistics Canada stuff in 2004 and that the minister talked about in estimates in the fall.

It's not a bad thing to incent the construction industry. In some ways it's probably a better aspect of the HST than some of the other arguments that are made. But the construction industry is really driven by interest rates — certainly the residential side — and by the economy in general, so the kind of incremental advantage that may be achieved by the HST rebates will be slight in comparison to all the other factors.

The home-building industry has viewed the HST as largely negative and has fought for and achieved some exemptions on new home construction, which the government appears to have conceded and will bring forward as part of the whole package.

The argument that the HST is there to benefit globally competitive export industries is somewhat undercut by the fact that a significant minority of the \$1.9 billion that will be shifted — \$880 million — will go to the construction industry.

I want to begin to conclude my remarks about the failed opportunity — the opportunity this budget presented, the opportunity to present a vision, a longer-term view of the economy. Instead, it's something centred on a tax shift that will not have the desired effect that's proposed by the minister. The hundreds of thousands of jobs will not materialize.

There is no doubt that the HST will, for many businesses, be welcomed in the sense that rather than pay tax to two tax collection agencies, they'll pay tax to one. I know, running my own business as a law firm over the years, that the obligation to fill out two sets of forms and send them in was not a major aggravation, but it was an increased burden. It might have taken a little extra half-hour or so to fill out an extra form. Certainly, that will be welcome.

I'm not sure that dealing with Canada Revenue Agency, given what we sometimes hear about from the consumer perspective or the taxpayer perspective, will be easier for business. I guess we'll see that if the legislation comes to pass. But certainly that part of it will be welcome. The province will make some savings.

I think that's probably the only area of the HST policy where reasonable people might concede that there is some marginal advantage to the policy. Other than that, it isn't going to bring about what the minister says, and it really seems remarkable that this is the centrepiece of the economic approach of a government running an economy that's recovering from a deep recession.

The other thing I want to say before I conclude is that there are, one would have hoped, looking at the future, opportunities for real economic growth in British Columbia that have not been given the attention that they deserve — certainly not in this budget particularly.

There are opportunities in agriculture, in food production. The Finance Committee heard over the years from food processors who have talked about and argued for the necessity of innovation in food processing. Alberta has done some work in this area, where food processing and the jobs that it provides could be an important strategy. Closed containment aquaculture has some long-term possibility for generating jobs and food production.

[1550]

The opportunity provided by the Olympics to study and to assist high-performance athletes. Simon Fraser

University, particularly at its Surrey and Burnaby campuses, has a department of kinesiology which has some real possibilities for creating the opportunities in the future for assisting high-performance athletes. There's a whole world of training athletes that could be used as a launching pad from the Olympics, research based in Simon Fraser University in either Surrey — which of course, as a Surrey MLA, I think might be a good idea — or Burnaby.

Those are the universities, as Mr. Horváth and Mr. Lynch have pointed out, that have been the drivers of research and development, and those opportunities in our research capacity in our public universities should be used. In addition, Simon Fraser has a department of cybercrime, which one can well imagine is a growing area, and I think just in the throne speech today the federal government has talked about the need to combat cybercrime.

There is an opportunity in futuristic law enforcement that could be developed, create jobs, law enforcement officers, skilled technicians who can deal with that issue in the long run. Certainly the whole area of the justice system and its complementary institutions, whether their research into addictions and mitigation of addictions and their impact on the justice system.... There's lots of work that could be done there.

SFU has a department of mechatronics, which is an aspect of engineering. There are opportunities there. The digital media, which the government is moving on — but certainly only latterly, just in the recent weeks, largely under pressure from, I think, the member for Vancouver–West End.... He has advocated strongly for recognizing, through a labour tax credit, the growing importance of the digital media industry and its need to create jobs.

These are just a few examples of the kinds of opportunities that could be created by a government that was willing to look at a job strategy, put jobs and people at the centre of the equation, as opposed to what appears to be the default position for the B.C. Liberals, which is a tax strategy and a tax strategy that doesn't yield jobs.

Certainly, the corporate supporters of the government might like it because it benefits them and their companies personally, but it doesn't create the kinds of obligations to invest, to create new jobs, new opportunities here in British Columbia. At a time when unemployment is high, when the recovery is weak, that's what people are looking for. They're looking for a government that's prepared to put jobs at the centre of the strategy in all its aspects and make that the measure by which the budget is a success or not, rather than a tax strategy.

Clearly, this budget doesn't do that. It's a missed opportunity, and it shows the narrowness and the lack of vision of a government that's been too long in office. I don't think we can expect any change in the future. If anything, the capacity of the government to innovate is

diminishing, not expanding. With that, I will conclude my remarks, and I hope I've given a number of clear reasons why I will be voting against this budget.

D. Barnett: I wish to begin with a tribute to my constituents in the Cariboo-Chilcotin. We are communities of hard-working, industrious people who strive to contribute to our economy and our society every day. We work hard, and we play hard in some of the greatest outdoor recreation on offer. We pay our taxes, and we entrust our government to responsibly manage our tax dollars. I am proud to be part of a government that makes fiscal responsibility its top priority.

[1555]

I am honoured to rise and support this government in our efforts to keep British Columbia strong. As a government we have been challenged by unprecedented global economic decline, but we have proven that we are capable, competent and committed to meeting that challenge. That is what British Columbians ask of their government, and that is what we are providing. The people have looked to our government to navigate us through these troubled times. Shirking our responsibility is not an option.

In the 1990s we witnessed what happens when a government loses its vision, loses its soundness and loses its confidence. We are steady, and we are ready. We will not let British Columbians down.

Just as we achieved victory in our hosting of the 2010 Olympics, we will be victorious in overcoming economic adversity. It sets the foundation for decades of renewed economic growth. It protects our vital services such as our treasured health care system and our public schools, which set the stage for our future. We are adding to British Columbia's competitiveness and building on the tremendous momentum of the 2010 Olympics. We are enhancing support for B.C.'s families, are meeting our financial targets and are on track to return to balanced budgets by 2013.

This is about job creation. When I think about job creation, I think about the young people in my riding that want to stay in the community where they grew up, that want to stay near their families, that want to commit to the future growth and development of their communities. This budget invests in our communities, our infrastructure, and it creates jobs that will all contribute to the growth of our provincial economy. But it is important to put this budget in the context of the global economy and the impact that that economy has had on our province's revenues.

Let's think about the setting that led to this budget. As of our last budget in September 2009, provincial revenue had declined \$3.9 billion cumulatively over the three years before \$1.6 billion of federal government HST transition payments. Revenue losses in 2009-2010 comprised over 50 percent of the total three-year cumu-

lative reduction. Before the \$750 million HST transition payment, 2009-2010 revenue was down almost \$2 billion, mainly due to lower taxation and natural resource revenues.

In addition, lower commodity prices and markets resulted in over \$1 billion lost in natural resource revenues. Federal, provincial and state governments across the continent and around the world are facing similar fiscal challenges due to declining revenues.

What does that all mean, Madam Speaker? It means we require sound financial management, and that is what we are delivering. Following two years of declining growth in 2008-2009 and 2009-2010, revenue is now expected to average 4.9 percent annual growth over the next three years. In the time that we have been in government, we've paid down the province's operating debt by more than \$9 billion and built new opportunities that have reinvigorated our province.

That is why international agencies have increased B.C.'s credit rating seven times since 2001. It remains at triple-A, the highest rating possible, despite the challenges that we have encountered.

Our economy is on the mend. We can expect to see higher commodity and lumber prices and increased forest harvest volumes, all of which will contribute to funding our cherished social programs. All you have to do is take a closer look at business and consumer confidence, and you will see that confidence is rising in British Columbia more than anywhere else. In fact, B.C. has amongst the strongest confidence levels in Canada, and we are seen as leading the country in economic growth for the year ahead and beyond.

[1600]

Hosting a highly successful Olympics and reaching a global audience in the process has certainly played a role in our province's economic recovery. Thousands of people visited our province over the past few weeks, and billions watched us from around the world. These are the people that will now help us to attract further dollars into our economy.

We are a province of many strengths, and that includes our people, our resources, our geography and our innovation, all of which are contributing to a stronger future. The corporate income tax rate in B.C. is already amongst the lowest of the world's major industrialized economies. We have excellent infrastructure, a highly-skilled workforce, and a geographic location that makes our province the natural gateway to the Asia-Pacific.

All of those factors make us competitive. We want to ensure that our children receive the best education possible in order to prepare them for the challenges of tomorrow. We want our businesses to have the incentives to invest in higher productivity and newer technology. We want a strengthening and revitalization of our resource industries and the communities that support them, including an increased focus on value-added

products. By broadening our economic base, we will help rural communities, such as Williams Lake and 100 Mile House and throughout B.C., to grow and prosper.

We have the potential. We have a strong foundation. Since 2001 this B.C. government has invested billions of dollars in highways, ports and other infrastructure that open up our Pacific gateway and connect us to global markets; reduced the costs of doing business to amongst the lowest in the world; signed new treaties and forged new relationships with B.C.'s First Nations, creating new certainty for investment and development; and expanded trade and investment partnerships, focusing on emerging economies.

Yes, we are implementing the harmonized sales tax as a major economic recovery tool. Despite the misinformation being spread by the members opposite, the HST is widely regarded by every independent economic expert as the single most important step government can take to strengthen our economy. We are creating a level playing field for business.

Overall, the HST will lower the tax on new investment by 40 percent, helping to create new job opportunities in every region of the province and giving new momentum to our resource industries. That makes a big difference to the people of the Cariboo-Chilcotin — jobs, jobs, jobs.

Mining and forestry are essential to the health of our economy. They are poised for new growth as the world economy continues to recover, and with this budget we are taking steps to support their development. We are extending the B.C. mining flow-through share tax credit for another three years, to 2013. This will provide an added measure of certainty for the industry, and that's important to my constituents who are depending on new jobs in mining to support their families and to create new opportunities.

Equally critical to my constituents is how we manage our forests. In forestry we are making good progress on all 29 recommendations put forward by the working round table, including expanding our commitment to a wood-first policy, showcasing B.C. wood as a climate-friendly building material with unprecedented global exposure prior to and during the Winter Olympics, and setting up a carbon offset credit program for reforestation.

We understand that we are not an economy in isolation, and that is why we have worked tirelessly to expand trade, to expand our markets and to link more consumers from Japan, South Korea, the U.S. and China with B.C. manufacturers of value-added wood products. I am proud of our forest industry, and I know we can meet forestry revenue target increases of more than \$140 million in the year ahead, and we will continue to work with the industry to seek new value-added growth opportunities.

The people of the Cariboo-Chilcotin recognize that natural resources are the heart and soul of B.C. and are the backbone of the B.C. economy. In my role as

Parliamentary Secretary for Pine Beetle Recovery, I have been working with the provincial emergency pine beetle response team and our three local pine beetle coalitions. Much has been accomplished, but there is much to do.

[1605]

This government's commitment to these communities is strong. We will continue to move forward with our federal and community partners. As our global recession has been a focus of federal and provincial governments, our pine beetle recovery plan has not been altered.

As the government committed in the throne speech, in the months ahead we will also redouble our efforts to simplify regulations and permit processes for approvals for our economic sectors.

This budget builds on our government's commitment to stimulate the economy through good policy. We offer among the lowest corporate income taxes anywhere in the industrialized world. We have invested wisely in our infrastructure. We have trained and attracted a highly skilled workforce, and we have promoted ourselves as the Asia-Pacific gateway economy. That is why we are so competitive on the world stage.

Now we continue to move forward together as we continue to build towards a brand-new decade of growth and prosperity, one based on new innovation in such areas as international commerce, communications, clean technology and carbon trading. That is why we are creating new corporate tax incentives under the International Financial Activity Act that will attract more businesses to make B.C. their home and help B.C. companies to expand their operations.

We have also to take care of our people. That is why we are taking steps to protect our vital social services. But that does not prevent us from returning to balanced budgets. We will account for every dollar being spent in ensuring that the focus be on having the most impact on helping people through health care, education and a helping hand when people are in need.

But in order to pay for those services, we need a range of initiatives to stimulate and sustain economic growth, increase our revenues and lead the country in job creation. It is about giving hope to our young people, growing and providing them with a future of renewed prosperity, confidence and boundless opportunity.

We are keeping our province strong by keeping each and every community strong. Hundreds of accelerated infrastructure projects are now underway across B.C. as part of our plan to create jobs while building social housing, hospitals, schools, roads and community facilities.

Since October 2008, \$5.3 billion has been committed to over 850 accelerated capital projects in communities across B.C., generating and protecting approximately 34,000 construction jobs over the life of the projects. These investments will also generate thousands of spinoff jobs, each of which contributes to a family's well-being.

We recognize that government can help families in one major way, and that is through meaningful tax cuts, leaving more money with every paycheque in the pockets of workers and their families. Since 2001 most British Columbians have had their personal income taxes reduced by 37 percent. An additional 325,000 people no longer pay any B.C. income tax, and with this budget we are delivering further targeted tax relief.

I represent rural B.C., and I understand firsthand the struggle that rural families experience. That is why this budget addresses specifically the plight of rural working families.

We are providing a special homeowner benefit planned exclusively for northern and rural British Columbians. Beginning in 2011 they may receive a benefit of up to \$200 over and above the regular homeowner grant. That means rural British Columbians will get up to \$770 a year towards their property taxes. Seniors will do even better, with up to \$1,045. Every bit helps, and I know the hard-working people of our regions will make good use of those savings.

[1610]

We are also helping homeowners with children to defer their property taxes for as long as they live in their homes. Without any loss to municipal revenues, we are ensuring that communities remain strong while helping families also stay strong. We know that families will put their savings back in their local communities by supporting local businesses, and that way, we all benefit.

Working families are also in need of help with child care, and we are delivering more support for low- and middle-income parents. We will invest an additional \$26 million for child care subsidies, which offsets the costs of child care for approximately 28,000 children every month.

Our kids are our most cherished resource. They are the ones that will lead us in the future. We understand that every dollar we spend on young people is an investment in our future, and that is why we are moving forward with our plan to improve education.

Building on the success of our StrongStart early learning centres, we are fulfilling our commitment to provide full-day kindergarten with annual funding that will rise to \$129 million by 2012. Through innovation, we are joining forces with the private sector to open new preschools for three- and four-year-olds in neighbourhoods throughout British Columbia.

We will work with partners in municipal governments, school districts and community organizations to turn more of B.C.'s schools into neighbourhood learning centres where people of all ages can access learning opportunities in buildings that should never sit empty. Yes, we have declining enrolments across the province, but this does not mean there should be declining use of our publicly funded school buildings.

In many communities schools are the central hub, the heart of the community, playing a vital role that needs to be expanded in a way that will make life easier for families, with services all in one location. This helps us achieve our goal of getting the greatest benefit from every one of the billions of dollars invested in public education.

Despite the false claims from the members opposite, we have increased education funding every year since 2001, and this year is no different. Per-pupil funding is increasing to \$8,300, a new record-high level of commitment in our future success as a province. School boards have asked for further funding in their annual facilities grants, and we are delivering with \$110 million.

Like an investment, we are tracking these dollars, and we are ensuring the biggest bang for our dollar. That means ensuring that these funds are targeted to the direct benefit of our children.

We value taking care of our children and youth, and we care deeply for those in need of health care. The vast majority of our public dollars go to ensuring one of the best, most accessible, most affordable health care systems in the world. Despite the challenge of less revenue coming into our coffers, we are still ensuring our investments in health care with an additional \$2 billion into health care over three years.

In addition to \$1.3 billion for front-line services and \$145 million for Pharmacare, \$52 million will support improvements to ambulance and telehealth services. That is something that is of great importance to rural British Columbians.

Beginning in July when the harmonized sales tax takes effect, we will allocate every dollar of revenue from that tax to health care. That means every time we pay HST, we are contributing directly to sustaining our cherished health care, ensuring that it is always there when we need it.

Our social programs are what define us as a people. They are vital to our existence, but they can only be sustainable through a sound economy and responsible fiscal management. We are working towards increasing our revenues to finance our programs, and we are working towards rebalancing our budget to ensure future governments will continue to finance our society's service.

I conclude by reminding British Columbians that we cannot lose sight of our goal. We cannot surrender to an adverse economy. We will overcome every obstacle.

We are the government of skill, we are the government of competence, and most importantly, we are a government with vision.

[1615]

We have our sights on a post-recession British Columbia. We know what it looks like, and we know the best route forward to ensuring that we arrive unharmed. Together we are moving forward. Together we will ar-

rive at our destination. This budget is about caring for our finances, caring for our families and caring for our future.

D. Donaldson: I rise today to respond to the government's budget speech that we heard yesterday.

First, it's important to provide some context for my comments, context based on where I live. In Stikine we have two predominant founding cultures, First Nations — the Gitksan, the Wet'suwet'en, Gitanyow, Tahltan, Tlingit and Kaska — and the settler culture. Both are oral cultures. That places a lot of importance on what you say and meaning what you say.

"You're only as good as your word" is not just a quaint saying from the past. Much business is done without paper agreements, simply on trust. Fundamentally, trust, which depends on the integrity of one's word, is at the basis of commerce and trade in the north.

That is why the budget presented yesterday is a severe disappointment for those of us living in the north. It does nothing to increase trust, and it only adds to mistrust of anything this government has to say. It is full of deceit and misleading claims, and for that alone it is a failure and betrayal for those of us living in the north.

Let's look at a few examples. The HST. The promise in the budget speech is that the HST is being introduced as a strategy to fund health care.

Deputy Speaker: Member, I would just like to caution you on your use of language.

D. Donaldson: Thank you, hon. Speaker. We'll say "misleading," then. It is an absolutely ludicrous claim....

Deputy Speaker: Member, be cautious about how you're framing your remarks. Thank you.

D. Donaldson: All right. Thank you, Madam Speaker. It is absolutely a ludicrous claim. The wording was: "We will allocate every dollar of revenue from that tax to health care." Yet the government said that in the past the HST would be revenue-neutral and compared to the PST would be revenue-neutral. Today they say it will bring in \$113 million less than the PST, so what are we to believe now? An example of words meaning nothing — no credibility.

The HST is a tax shift to consumers. It is a consumer tax. What if people in an effort, for example, to address climate change decide to reduce their consumption? Does that mean fewer dollars in health care? It is beyond belief to claim that the HST is being brought in by this government to increase revenues for health care.

This is the HST that the government said yesterday is "the single most important step government can take to strengthen our economy." Yet before the election the Liberals said in a written statement that they had

no plans to formally engage the federal government in discussions about potential harmonization. What credibility does that display? What trust in words that are spoken?

One reason they said they didn't want to introduce it was that the current system provides flexibility — flexibility to implement policy initiatives like no PST on bicycles. Well, we just had a rally outside the Legislature today, and it was in support of getting rid of the HST that will be on bicycles, a tax on a green transportation initiative.

In just a few months a tax they never considered is now a centrepiece to strengthening the economy. We know the HST is a \$1.9 billion tax shift from the consumer, and those in the tourism and food and restaurant sectors say it'll kill thousands of jobs.

[1620]

That is why we on this side of the House will do everything we can in this chamber to stop HST enabling legislation this government intends to foist upon the people of this province against their will and with no mandate to do so.

Other than the HST, the government yesterday also identified other revenue streams they said would funnel specifically to improve health care funding. One of those was "health transfer revenues from the federal government." Well, that begs the question to this government: where were those dollars being spent before? I'm sure people in rural communities whose health care systems are stretched to the limits would like to know where this government has been spending these dollars up to now.

Is it the Sea to Sky Highway, for instance, that this government chose to fund with that money instead of public health nurses in Smithers, or microbiology lab services in Hazelton? Anyway, it's good to know that health dollars will now be spent on health care by this government. I just hope it's not too late to reverse the damage done.

One way the government intends to increase revenues for health care is to hike the MSP premiums and, in this case, some of the other rebates in the budget. It's a case of giving away with one hand and taking with the other. Our analysis is that in this budget the hand taking away is bigger than the one giving. This budget will mean less money in people's pockets in the end.

I find it worrisome that the government talks in the budget speech about integrated health networks and additional innovations that reward performance. While on the surface these may sound like promising ideas, the reality under this government is that these are code words for the erosion of health care services in the north, especially when economies of scale and the large distances and the small populations that typify our rural community life make performance in health care delivery a very relative term.

I'm not sure if this is what the Minister of Health was getting at in the fall when he came up with the idea of selling operations to out-of-province people to raise dollars for health care. Maybe that is rewarding performance. I can tell you of several people in Smithers who are waiting for months for similar operations to the ones this government is selling to people from Saskatchewan. That is not the model of health care the people of this province expect, but it is one being pushed in this budget.

The budget plan tabled yesterday is very revealing about where new revenues come from that help drive the economy in this province — more than \$3 billion from natural resources revenue per year, projected to rise to almost \$4 billion by 2012.

We know that this revenue originates on the land and waters of rural B.C. This government has been drawing on that resource bank for the last nine years but has not reinvested adequately to keep the cash cow healthy that rural B.C. is looked upon as. This is the seventh anniversary of the B.C. Liberals' heartland budget, long forgotten by this government. Its mention in rural B.C. now elicits a laugh or a cynical "yeah, right."

I would like to stay with the resource bank theme, because it says a lot about how this budget not only fails the rural areas but also how the choices made in this budget actually harm the chances for economic development and jobs in the north. Greg Halseth is a University of Northern B.C. professor who studies northern rural economies. He says:

"By resource bank, we are referring to the practice of using the vast resource wealth of the hinterland for the purposes of either province-building or supporting infrastructure and service spending within the metropolitan core. Increasingly there is a strong sentiment in the north that recent governments and industry are simply drawing down from the resource bank without making adequate investment deposits."

This is the most important part of the quote, I find:

"Continuous withdrawals from the resource bank may be undercutting both present and future prospects for development."

And what are those reinvestments necessary to improve future prospects for economic development? Well, Halseth writes:

"Community development here includes adequate health care facilities; access to quality education; cultural opportunities; recreation facilities; connecting infrastructure such as road, rail, air transportation, and the various forms of communication technologies."

[1625]

Well, the budget ignores the vast majority of those areas in the north and pays little attention to others when viewed from the revenue-versus-reinvestment perspective. It is a shortsighted approach by this government that will further destabilize our northern economies.

Nowhere is this shortsightedness more apparent than in this budget's approach to education. A strong public education system is key to long-term prosperity. We need to invest in K-to-12 and the post-secondary systems to ensure a brighter future. This budget on the

K-to-12 system is a shell game, moving money in but not adequately covering increased costs or programs.

The money allocated by this government underfunds by \$152 million what the secretary-treasurers association of B.C. school districts says is needed to cover costs. What we will be facing in the north are school closures, bigger classes, less support for students and layoffs of front-line staff. In the post-secondary system, student aid was cut.

Adult literacy, one of the great goals of the Premier, seems forgotten. It was the flavour of the month for this government. I can tell you that picking up the ball and dropping it is no way to address adult literacy issues. It's just playing with people's lives for political purposes. "This is not reinvesting in the resource bank," in the words of Professor Halseth. It is not good for our future, and is this government making the wrong choices?

Reinvestment in the rural areas that actually reflects the revenues generated and the strengths of the people who live in northern communities is something that I will push for every day that I sit in this Legislature.

The budget speech also says \$320 million over the next three years will be saved by "rationalizing common activities to refocus spending" in ministries like Forests; Agriculture; and Energy, Mines and Petroleum Resources. Again, these are ominous words for people of the north. We know that rationalizing, to this government, means cutting services and programs that actually set us up to rebound more quickly as the economy recovers. Industry is already saying that the lack of staff in regional offices is a problem when it comes to helping development.

Farmers know that they can expect little support from this government. The Ministry of Agriculture budget dropped again, and none of the recommendations on agriculture unanimously adopted by the Select Standing Committee on Finance were included in this budget speech. For those listening, those were recommendations adopted by both sides of the committee. In fact, agriculture wasn't even mentioned at all in this budget speech.

[H. Bloy in the chair.]

Forestry's budget, on the other hand, was cut by 28 percent. This is not the way to re-establish the sector that built this province and a sector that still plays a significant role. You tell me: what kind of message does that budget hit give to forest-dependent rural communities? Definitely not one that inspires hope or enhances trust.

The Minister of Finance yesterday said in the budget speech that his government has "forged new relationships with B.C.'s First Nations, creating new certainty for investment and development."

Interjection.

D. Donaldson: Well, I see that members on the other side are chirping away at that comment. I'm glad for that, because it means they're listening, and maybe they'll learn as I lead them through this legacy of misleading and deceit.

Again, perhaps the Minister of Finance needs to spend more time in the north before making such inappropriate statements. To me, this is the most troubling aspect of the budget for the north — for social reasons, for economic reasons and for reasons of justice.

[1630]

Uncertainty regarding aboriginal title and rights on traditional First Nations lands in the north has stifled investment, according to industry sources like the B.C. Mining Association, and cost jobs for First Nations and non-First Nations alike.

It has crippled local economies and is a major reason why many First Nations communities in the north continue to live in impoverishment — living under social and economic conditions that compare to indicators for some of the worst and poorest countries in the world. This is a provincial shame. It is something that makes any fair-minded person in this province shake their heads. It is not something that should make us proud.

Essential to creating the new certainty referenced in the budget are adequate resources amongst the front-line ministries charged with carrying out First Nation engagement on land use, developing protocols, coordinating consultation and accommodation. So what does this government do? It cuts by \$6 million the budget for the integrated land management bureau, which has some of the main responsibility for these tasks.

In fact, areas under most government ministries that deal with aboriginal issues — whether it's Forests or Environment or Energy, Mines and Petroleum Resources — were cut. It is a travesty and, for the north, puts a lie to the words in the budget about creating more certainty for investment and development.

I recently met, for instance, with the hereditary chiefs of Gitanyow. They have major concerns about the proposed northern transmission line that could bisect their territory. They have tried to negotiate with the B.C. Transmission Corporation, B.C. Hydro, the Ministry of Forests, the Ministry of Aboriginal Relations and Reconciliation, but all to no avail. This is despite Supreme Court of Canada rulings like *Delgamuukw* of more than ten years ago that described a duty to consult and accommodate on behalf of the province.

At this meeting the chiefs referenced that decision. They asked me: "Can the province just decide to ignore the highest court in the land?" Well, what kind of answer could I give them? How does the behaviour of this government in a case like that improve trust? Simply put, it doesn't.

Interjections.

D. Donaldson: Again, I'm very happy to hear ministers on the other side chirping, because it means they're listening. If they actually listen, there is a hope they will learn. A faint hope, we know, based on the track record, but there is a faint hope they'll learn.

First Nations in the north and all of us living there have concerns that the benefits that large-scale development brings are not at the expense of the environment upon which we depend. We trust that institutions set up by the government tasked with overseeing these issues will be funded to do their job.

We are facing a pending development rush in the northwest. Yet in this budget, the environmental assessment office received a 0.1 percent increase in their budget to deal with the huge increase in workload. That is another slap in the face for northern residents. It makes people wonder about the ability of the EAO to carry out project reviews to the highest standard possible. It also leads to delays in the process that could easily be avoided with proper resourcing by this government — delays that this government claims it is concerned about.

Again, it is shortsighted. Coupled with cuts to budgets for the climate action secretariat, environmental stewardship, and parks and protected areas, it demonstrates the hypocrisy of this government portraying itself as green in any way.

[1635]

To conclude, I want to return to the topic of trust. I quote a well-known author and a globally recognized expert on finance, Jeremy Rifkin, who wrote on this topic. "Only recently, in the wake of the disastrous downturn of the global economy, have some economists begun to turn their attention to the role social trust plays in providing the foundation for commerce and trade."

Rifkin goes on to point out that culture or civil society is where people create the narratives that define their lives and the life of society. As he says: "These narratives serve as the cultural common ground that allows people to create emotional bonds of affection and trust, without which commerce and trade would be impossible."

In this budget, the government chips away and has chipped away for the past nine years at two systems — health and education — that are at the foundation of civil society in this province. They have not been honest or open about that agenda. They say one thing and do another. They are destroying social trust in this province.

This government made those choices. It needs to be held accountable. The choices made are shortsighted. They will hurt rural communities and rural B.C. in the long run, and it erodes our ability to find the common ground amongst all people of B.C. that will lead to a more cohesive, just and prosperous society for all. Cohesive, just and prosperous — that is the province I want to be part of. That is the vision on this side of the House, and today that vision contrasts sharply with the

shortsighted one presented by this government in the budget.

Hon. K. Krueger: More for less.

J. Les: Absolutely.

It's a delight to be able to rise in this House this afternoon to comment on the budget that was presented yesterday by our Minister of Finance, and let me say at the outset that I am very proud of the work that has been done by our Finance Minister.

In arguably the most difficult financial challenges that we have faced in the history of our province, he has remained calm. He has remained steady. He has kept the financial future of this province intact, and I am proud to say that I'm associated with this particular Minister of Finance and the great work that he is doing.

It's a fact that the current economic circumstances in the last year or two have been very difficult, not only here in the province — nationally and internationally as well. We have gone through a major international economic downturn, and we have not been immune from that.

If you look at the economic carnage that that recession has caused and is still causing in Europe today, if you look at the very tenuous financial situation in the United States where more and more they're talking, perhaps, about a double-dip recession, then I think a dispassionate observer would conclude that Canada is faring rather well. Certainly, in the Canadian context, B.C. is doing very well.

That's not to say that we haven't had our challenges, and that's not to say that we aren't continuing to face challenges, but I think we're meeting them very, very successfully. We are on target to return to a balanced budget by 2013 and no later. That is a particular preoccupation.

We are, on this side of the House, very mindful of the fact that every dollar of deficit that we run up today is a mortgage on the future of our children and our grandchildren. So I think we have a moral responsibility to ensure that we return to balanced budgeting as quickly as possible so that we will not unduly burden the future of our children.

I've been listening carefully this afternoon to some of the comments made by members opposite, and I guess I would have to sum it up by saying that I am puzzled when I seem to be hearing arguments that oppose the tax relief that our government has put in place over the last nine years.

[1640]

That tax relief has been very, very significant. But I heard the opposition critic for Finance this afternoon decrying the fact that we reduced the machinery and equipment tax and that we eliminated the corporate capital tax. He says this was all done without studies, it was done recklessly, and there are no results to show for it all.

Well, I am perhaps reminded of the early 1990s when we had no corporate capital tax in British Columbia and the Premier of the day, Mike Harcourt, went to Asia on an economic development trip, purportedly, and reassured folks over there that a corporate capital tax was something he would never do. He promptly came back to British Columbia and imposed a corporate capital tax, and international investment in our province promptly dried up, giving rise to the economic difficulties that we encountered throughout the 1990s.

So, Mr. Speaker, the tax relief that we have put in place. It would appear to me that this is something that the members opposite are opposed to. This is something they disagree with, and frankly, I'm sorry to hear that.

I think we have a fundamental distinction between the philosophy on this side of the House, which would have as many dollars retained in the wallets of people who earned that money for them to dispose of as they see fit.... On the other side of the House, it seems that a high tax regime is the one that they favour — for government to spend that money. For me, I guess that describes a pretty clear delineation between the philosophies on either side of the House.

So as I look at the budget that was presented yesterday, it's pretty clear. Economic commentators across the country are now recognizing that the province of British Columbia is, in fact, going to lead our country out of the economic recession, and I'm particularly pleased to see that.

I've argued for a long time that the economy of our country increasingly is going to be led by the west, that the increasingly stronger economic association we have with the province of Alberta and more recently with the province of Saskatchewan — and the economic might that that unleashes on behalf of this region of the country — is going to make western Canada a significant player in the national and the international context. In that context, British Columbia has a very key role to play as the gateway to the Asia-Pacific.

I was listening to the member for Stikine just a few minutes ago, and I heard....

Interjection.

J. Les: You know, Mr. Speaker, I do try to listen to debate in this House and understand where members on both sides of the House are coming from. I think we all have an obligation to do that.

I heard no acknowledgment from the member opposite that we're putting in place the northwest transmission line right up in his riding, on Highway 37, and the job potential that that's going to open up in his riding. I'm assuming that he will be very appreciative of the mining and other jobs that that will potentially create, but just once I would like to hear an acknowledgment of that kind of thing.

The member for North Coast. I think it was in the fall that he made a two-minute statement acknowledging the great importance of the massive upgrades that have been made to the Prince Rupert port and the container volumes that are now flowing through that port. Again, those are investments made by this government in partnerships with the federal government and others, but again, one of those strategic investments that are going to really unleash economic growth and potential in the north.

The investments that have been made in Prince George — and I'm thinking now, for the purposes of this discussion, about the investments in the airport at Prince George, where more and more international transport aircraft are going to be able to make use of that airport. It's going to be a major intermodal transportation hub. These are very, very significant investments, and for members opposite to just ignore all that and fob it off as being insignificant, I think, is unfortunate.

[1645]

I was almost encouraged for a brief moment yesterday when the Finance Minister, in reading his speech, was describing investments in education that were being made in Revelstoke, and the member for Columbia River–Revelstoke actually was moved to applause. I just wanted to acknowledge that, because it was one of those refreshing bipartisan moments in this House where he acknowledged that the investments that were being made in his riding were indeed bang on, spot on, and were good for kids and others in his community.

I mean, if we had more of those moments of honesty in the House, I suspect we would see more of that. But you know....

Interjection.

J. Les: I mean, members opposite.... I get the fact that their role is to oppose.

Deputy Speaker: Please, Member. Member, please direct your comments through the Chair.

J. Les: I get the fact that members opposite have to oppose. They have to criticize. That is, after all, their role. But you know, a little bit of bipartisanship once in a while is not altogether a bad thing.

When we look at this budget.... As I indicated earlier, it's been a very difficult job for the Minister of Finance to stay the course, but he's indeed done that very, very successfully. He has not raised taxes. He's kept in place all of the tax relief measures that have been put in place over the last nine years, some 120 tax relief measures in that period of time. We have a solid plan in place to get the budget out of deficit by 2013. In the meantime, significant new investments are being made in health care, in education and in other social services.

Let's talk about education just for a moment. The provincial government, through this budget, is picking up the cost of the additional teachers' salary costs in the next three years. We're also picking up the cost of all-day kindergarten. The annual facilities grant is going to be resumed.

Those are major new investments in education, and the per-pupil funding now for all the students in British Columbia has risen to a record high of \$8,300 per student. Now, if you look at that in a slightly different context, in a class of 20 that allocation per student actually means that a class of 20 has an allocation of \$166,000.

It's just another way of looking at it, but I think it's useful sometimes to take a variety of different angles on these things to understand what it really means. When you have a class of 20, which I would suggest is not a big class, and you apply that per-student allocation, there's \$166,000 there to educate those children.

So I think there is significant new funding there for education. Probably, members opposite will say there could or should have been more. Possibly so, but in these very stringent economic circumstances, this is a responsible measure, and I completely support it.

Health care is another area where, obviously, we continue to be challenged, and not only in British Columbia. Right across Canada, in the United States and in many western economies the provision of health care is a significant challenge. We are putting in place an additional \$2 billion of funding over the next three years. That is a significant increase, over 6 percent per year, well ahead of any population increases plus inflationary increases. But that is the reality of health care provision today.

In spite of that, restructuring and being very careful with those dollars is still necessary. We have made huge new investments in health care over the last number of years, in communities like Prince George and Kelowna and Victoria, just to mention a few; in Surrey; and closer to my area in the Fraser Valley, in the Abbotsford Regional Hospital and Cancer Centre. I was just there the other day. That's where my daughter went to have her baby, my granddaughter. A beautiful facility and one that is very much appreciated by the residents of the Fraser Valley.

[1650]

In terms of seniors care, we actually have over 6,000 more spaces for seniors care across the province today. Many of the new facilities that have been built today are first-class. They are a joy to visit, and I know that they are much nicer facilities to reside in for the seniors who stay in those facilities.

So again, we're making very significant progress there. Is there more that needs to be done? Yes, there is. There always will be. We will continue to make a priority of health care because we obviously owe that to people who require health care services, and we certainly owe that to our seniors, as well, so that they can be looked

after decently and in comfort when they arrive in their senior years.

I touched on tax reductions, and specifically I talked briefly about corporate capital tax, and machinery and equipment tax reductions. But there have been very significant personal income tax reductions, as well, over the last several years in British Columbia. It has resulted in the fact that for people earning up to \$118,000, they pay fewer taxes in British Columbia than in any other province in Canada, bar none.

So just a couple of specific examples. If you have an elderly couple who together earn \$40,000 a year, in 2001 — when we had the privilege of becoming government — those people paid \$902 a year in provincial income tax. Today they pay zero.

An individual in 2001 earning only \$20,000 a year paid \$792 of provincial income tax. Today that individual pays \$91.

An individual earning \$50,000 in 2001 paid \$3,660 of provincial income tax. Today that individual pays \$2,200 in provincial income tax — a 39 percent reduction.

A family of four earning \$70,000 in 2001 paid \$4,552 of provincial income tax in 2001, and today that family of four pays \$2,452 of provincial income tax, which is a 46 percent reduction.

To put it a different way, if you compare British Columbia to other provinces — and for this example I'm going to use the example of someone earning \$118,000 — that person in British Columbia would pay provincial income taxes of \$9,804. But in the province of Quebec, that same individual would pay \$17,608 of provincial income tax. That is a huge differential.

I want members opposite to keep that in mind when from time to time they're prone to discussing some of the other ways in which provinces like Quebec and Ontario put their incentives in place. Please do not forget this major incentive, which is also part of the mix. When British Columbia, as compared to some other provinces, has a \$7,000- or \$8,000-per-year income tax advantage, I think that's something that we should not lose sight of.

I've already talked about education and the very significant new funding that's in place there, going from \$6,375 per student in 2001 to over \$8,300 per student in this particular budget.

I should mention, as well, that there are some other areas where there are funding increases: \$22 million more funding, over three years, for full-day kindergarten, which is in addition to the additional funding for that program that was already established previously; additional child care programs of \$26 million; \$30 million for court services; and another \$39 million for policing. Again, what that points out is that even in tough economic times we recognize that some of these areas need some additional funding, and they've got it.

Similarly, there's \$60 million altogether over the next three years for additional funding for sport and the arts. There are more details to come on that, but again, it's a recognition that these are important areas, particularly so coming out of the Olympics. I think it has shown us all the potential that now exists in this province. We've had the most phenomenal marketing opportunity that could ever be imagined.

It's interesting to note that if the Leader of the Opposition had had her way, that opportunity would never have come to British Columbia. She was very clear in saying she was opposed to the Olympics, but I think even the opposition leader has had to agree more recently that we have had a fine performance by British Columbians in hosting the world in this magnificent marketing opportunity that others in the world can only dream about.

We also, Mr. Speaker....

Interjections.

Deputy Speaker: Members. Members.

J. Les: In compiling this budget, there's also recognition that where expenditures can be cut, we are cutting them. There are a number of ministries that have looked for savings that they could put in place. They have done that, and over a period of three years, those six or seven ministries are able to find \$320 million in savings. That is a significant part of the funding that can go to other priorities such as health care, education and other social services.

We also need to recognize that our economy in British Columbia over the last number of years has become much more diversified than it ever has been previously. I think it's particularly important to recognize how much less dependent we have become on the American economy.

When you look at the province of Ontario, its annual share of international goods exported to the United States is something like 82 percent. In Alberta it's 86 percent. In British Columbia it's only 54.8 percent, and that is a very good thing. We are more diverse in terms of our markets, which helps to cushion us in times of economic downturn such as we've recently gone through.

When you look at the rapidly expanding economies of India and China in particular, we are well positioned to take advantage of the growth of those economies, and I think it's another reason for British Columbians to be particularly optimistic about the prospects for our economy here in British Columbia.

I want to spend just a few minutes talking about the HST. I know that members opposite bring this up often, and they apparently are opposed to the HST, when all of the evidence available internationally and otherwise clearly points to the fact that the HST — or, as they refer

to it in other countries, a value-added tax — is indeed a much more efficient way of putting a tax regime in place than a provincial sales tax as we have had it heretofore in our province.

You know, it's not just this government saying that this is the most enlightened way to proceed. I have a number of comments here. I heard the opposition critic talking about the impact on agriculture. Well, Garnet Etsell, who is the chair of the B.C. Agriculture Council, said this about the HST: "This will have a significant and positive impact on agriculture overall. It's pretty important to my riding. I'm not sure if it's of much interest to the member for Columbia River–Revelstoke, but in my riding when a measure like this is good for agriculture, it's good for the people in my riding.

Helmut Pastrick, who's the chief economist with the B.C. Credit Union Central, says: "A value-added tax is indeed the most efficient form of taxation." Michael Smart, who is a professor of economics at the University of Toronto, said: "Of course it's a gutsy move. It's a bold move by the British Columbia government, but I think it's one that's going to be good for the province and for the country as a whole."

[1700]

Rick Jeffery, speaking on behalf of the Coast Forest Products Association....

Interjection.

Deputy Speaker: Excuse me, Member. Member. Will the member for Columbia River–Revelstoke please refrain from making remarks and allow the member that has the floor to make his remarks. Thank you.

Continue, please.

J. Les: I really don't mind if the member for Columbia River–Revelstoke has a few things to interject. At some point, he might do as he did yesterday and break out in applause. You just never know.

Interjection.

Deputy Speaker: Member for Columbia River–Revelstoke.

J. Les: Those are just a couple of examples of commentators who have suggested that the implementation of the HST is actually good for the economy, and when you build a stronger economy, it's actually good for all British Columbians.

I know that members opposite have tended to portray this as a terrible thing. They are uninterested in arguments that suggest that its effect for average British Columbians is going to be very, very minimal.

I was particularly interested.... I think it was about two months ago now. I came across this document, and

it's a document from the Canadian Centre for Policy Alternatives.

This is not normally a think tank that I would quote, because they are the darling of the NDP. As a matter of fact, in 2001 when the NDP was in the process of leaving office, they made a big grant to the Canadian Centre for Policy Alternatives. So clearly, the members of the NDP usually like what the Canadian Centre for Policy Alternatives has to say.

The Canadian Centre for Policy Alternatives did a study of the proposed implementation of HST in Ontario. I'd have to say it's a fairly thorough study. They entitled the thing *Not a Tax Grab After All*. I was.... You know, this is coming from the Canadian Centre for Policy Alternatives. Not a tax grab after all. Imagine.

Just a couple of excerpts from their report. Now, there are going to be some slight differences around the edges in terms of how the HST applies in Ontario and how it's going to apply in British Columbia, but the principles are the same. These are the conclusions that they came to for the province of Ontario. Families in a wide range of incomes, from \$30,000 to \$90,000 per annum, "should be better off on average by less than \$80 or worse off by less than \$65 per year — which, given our assumptions and the limitations of the data, amounts to a wash."

Another finding was: "The negative impact of the HST increases as income rises. Rich people spend more money than do the poor, and as a result, rich Ontarians will pay more sales tax." I would think that that would have been attractive to members opposite.

One final observation they had was: "Poor families, those with incomes below the low-income cutoff... come out ahead by around \$200, while non-poor families will lose only about \$60 per year on average."

I would commend this report to the members opposite if they haven't already read it. I'd be surprised, actually, if they weren't aware of it but kind of disappointed that they haven't taken account of some thoughts and comments from an organization from which they usually draw a considerable amount of their input.

We're clearly on course in British Columbia to lead Canada out of this economic recession that we have been through.

[1705]

I am confident that we will continue to generate record numbers of new jobs in British Columbia because of the policies that have been put in place, the strong economic ties between our province and Alberta and Saskatchewan, and the implementation of the HST, which will foster very strong new investment in our province. Hundreds of thousands of new jobs will be created as a result.

As we go into the future, we will have a very strong economy with the ability to continue to fund those important services to people, such as health care, education and other social services.

I see that my time is almost up, unfortunately, Mr. Speaker, and I will....

Interjections.

J. Les: I know that my colleagues on this side would like me to continue, but the rules of the House forbid my doing that.

S. Fraser: I'll try to keep as entertaining as the member for Chilliwack here. I'm going to just divert from what I was going to say. For the record, we're talking about Budget 2010. I will be speaking in opposition to the budget, and it's not just because I'm an opposition member. I will go through.... It's because this budget brings serious concerns to the people of Alberni–Pacific Rim and, of course, I think, the people of all British Columbia.

Going back to what the member from Chilliwack was talking about, he suggested — he opened with it — that there was a solid plan, or I think he said they're on target for getting back on budget. That was the quote — on target. Yeah. That's good. [Applause.]

I'm glad that the government members are applauding because the target's sort of a moving thing when it comes to the Liberals. So on target and a solid plan. It's actually quite a feeble plan, if you look at it.

We'll go back in history. The target for balanced budgets.... I mean, this is the government that took a record surplus that they inherited. Then they said deficits are evil, essentially evil, and they made legislation, said you can't run a deficit. Then they ran three back-to-back-to-back deficits, the highest in the history of the province. But it was against the law, because they brought in legislation that said you can't do that. So these are the targets we're talking about.

Right up till when the recession was looming, this is a government that said we were basically immune in B.C. to this recession. "Don't worry about it." Then suddenly there was need to go into deficit. So the legislation that they put in place because deficits were evil, even though they ran three back-to-back-to-back deficits, they had to withdraw. They had to change that legislation, bring in new legislation that allowed them to run almost a \$500 million deficit. "Not a penny more." That was the claim made prior to and through the election, hon. Speaker, if you recall.

Then lo and behold, following the election, they were out. The target they were out by, the solid plan for deficit and not being in deficit, was out by 600 percent — almost \$3 billion. It rose from \$460 million — "not a penny more" — to \$3 billion in deficit in weeks. The only key event that happened in those weeks was the election. The before-and-after election predictions and the targets given by this government are moving very, very quickly. So suggesting that this government is on target with any projections based on history is quite a bit of fancy.

I note that the budget speech, as we heard delivered on Tuesday, says on the first line, introduction: "Mr. Speaker, today I present Budget 2010" — this is the Finance Minister I'm quoting — "the next step forward on the road to renewed prosperity for British Columbians." [Applause]

Better than I expected, hon. Speaker — the applause from the government side.

The next step to renewed prosperity. Let's look at the steps that exist so far. We have the lowest minimum wage in the country, bar none. We have the highest child poverty rate in the country — six years going on seven years now, I think. These are the anchor steps that the Liberals are building on and bragging about as an opening statement in the throne speech.

[1710]

I think we came right into this recession leading the country in job loss. I think we're coming in with the highest deficit in history. So we're building on these steps where the bar is very low.

We have the highest tuition fees in the country, I believe, under this government. We have the highest student debt load under this government. These are the steps that the Minister of Finance was referring to that they're building on — the steps to prosperity.

This government's baseline — what they're known for over nine years, as we lead to this next step in Budget 2010 — has been the greatest redistribution of wealth in the history of this province for those that have and those that need. That number, the latter, has grown exponentially under this government.

Essentially, it's about redistributing wealth. It is about cutting up the pie of British Columbia, the legacies for future generations, and giving it away for short-term gain. At a time when we're trying to recover from a worldwide recession — which the government denied was going to happen to B.C. — what we got instead of a budget, instead of innovation, planning....

The cornerstone is tax manipulation — no vision. That's the central plank in the budget, in the budget speech. It's about tax manipulation. It's the largest shift in taxation in the history of the province. So \$1.9 billion shifted onto the backs of British Columbians is the cornerstone of the next step. It's a scary proposition for the people of Alberni–Pacific Rim, for the whole province.

The cornerstone of a budget is based — I have to be careful how I word this, I realize, hon. Speaker — on a promise and assurance made to British Columbians before and during the election that was reversed as soon as the election was finished.

I was in Ontario recently with a friend who was dying, and I got a paper, *Ottawa Citizen*, out in the hallway. They actually quoted a poll that was done in British Columbia. So I learned something while I was in Ontario about what was happening here. I missed the throne speech because of that.

In the poll it was saying.... I can't remember if it was Ipsos or Angus or whoever it was, but it was a recognized polling company. They said they polled Liberal voters in B.C., and the question was regarding the HST.

If they had known, if the Liberals had told them before and during the election that they were going to bring in the HST, as opposed to assuring them that they weren't going to bring in a harmonized sales tax.... If they had known that information, 17 percent of Liberal voters would not have voted Liberal. In other words, this government would not be this government if they had done what they said they were going to do during the election — as an election plank.

That's the grim reality of what we're dealing with here. The follow-through of that is that broken promise. The plank, the cornerstone of the budget is based on a broken promise.

Before the election — the government, the minister, the Premier — no HST, not even on the radar screen. It would be bad for British Columbia. Remember that, because that's sort of a starting point. Then immediately after the election — the single most important thing for the economy. The Minister of Finance used that quote again today in question period.

[1715]

Then the single most important thing for the economy is revenue-neutral. Then the revenue-neutral, single most important thing for the economy — which used to be bad for the economy — is now going to fund health care, but it's good for business. This is a moving target. The truth is a wave.

Then we find today, too, that the minister came forward and said that it's actually going to lose money, revenues for the province. I think he said \$113 million compared to what we have now. I don't know if I understand this. I'm not an accountant. I'm certainly not the Minister of Finance, but every penny, by my calculation, of that \$113 million loss that the treasury will get is going to go towards health care.

I don't know who buys this kind of a shell game. When I was a kid, I remember seeing an act, a magician act. The guy was holding up the hand and he was showing nothing here, but it was all happening back here. That's what we're seeing here with this government and their implementation of a broken promise.

This is the harmonized sales tax. It is the largest tax shift in the history of the province, essentially to benefit several corporate sectors. It's \$1.9 billion to be shifted onto the backs of British Columbians — small business, consumers — on everything from vet bills to funerals to bicycles. It's also a loss of control of our tax system, because all governments, no matter what political stripes, can use the provincial sales tax as a carrot or stick to try to affect public policy in very creative ways.

That's been given up through this broken promise that is the cornerstone of the budget and the budget speech.

This shift.... This is very regressive taxation. The thought is that with the HST these corporate sectors will all benefit. That's the Reaganomics stuff that happened a couple of decades ago — that it will trickle down.

There will be more investments. There will be more jobs — all of these things that we're hearing about — as long as the consumer, the British Columbia taxpayer, pays \$1.9 billion more. That's going to stimulate the economy. I don't see it, and British Columbians don't see it.

The fact is that the corporate entities that will be the beneficiaries of this great, great deal — \$1.9 billion on the backs of British Columbians. Those entities — there is no requirement for them to create one job. There's no obligation. There's been no quid pro quo negotiated here from the government. There's been no requirement for investment. There's no requirement for innovation. This is a gift to a sector, to a small entity. It's part of the shift I talked about before. It's the redistribution of wealth.

This regressive tax that was a broken promise will harm British Columbians. There is not one shred of evidence, no guarantee and no deal that a dime of that will go back to British Columbia in any form of jobs or re-investment or innovation. There is nothing.

I come from a constituency that's already gone through this. This is déjà vu 2003. This government brings in what they called forest revitalization. I hate the term. The idea was that they give the corporate forest industry everything they wanted. Deregulation. Government work to union-bust. Self-regulation. Huge amounts of land taken out of public control and given to companies.

The deal, at least the verbal deal — I don't think there was a handshake on it or certainly nothing in writing — was that if the Liberal government gave all this to that sector, they would create jobs, and they'd invest billions. The complete opposite has happened. Look where we are now. Look at the forests. There was no reinvestment, not in British Columbia.

[1720]

There's been a massive increase in the export of our raw logs and the jobs that go with it, and we've seen the job loss. We lead the country in job loss. So we already know that the assurance that giving a few corporate sectors, making them the beneficiary of the HST at the expense of all the rest of us.... We've already seen that that doesn't work in history, in recent history in this province.

That's why 80 percent of British Columbians don't buy this. That's why 17 percent of Liberal voters in the last election voted Liberal — because the Liberals said they wouldn't bring this in. This wasn't supposed to be part of the deal. That's a broken promise.

It also, I think, leads to a lower turnout at the polls. People get disenfranchised. If they vote for something and they get the polar opposite, it makes a mockery of

democracy, of this House. This budget reflects that, because this budget is about that broken promise.

We've had a lot of job loss in Alberni–Pacific Rim in forestry. Cities like Port Alberni built the economy of this province. There's been no reinvestment. They have been the collateral damage, truly, the people of Port Alberni, of the great land giveaways from TFL 44. So jobs are an issue.

This is a big thing. Everybody's waiting for a budget that's going to address that, and this budget is a job-killer. The HST is a job-killer. While we've got attempts to look and diversify the economy, get a chance to expand into tourism opportunities, that sort of thing, this is a betrayal because it was the tourism industry, the restaurant industry, these groups that got the assurance from this government before the election and during the election that they wouldn't bring in the HST because it would be a job-killer.

The tourism industry and the restaurant industry are responsible for a lot of jobs in this province. I don't know how the Liberal members can have gone.... They essentially acknowledged all this before the election. The Liberal members, this government, suggested before the election, before this budget.... They said that the HST would be bad for the economy. They told industry, told those groups — the tourism groups, the restaurant groups — that there would be no HST.

You've got Mark von Schellwitz, the western Canada vice-president of the Canadian Restaurant and Foodservices Association. This is a quote. "We're very disappointed." This is referring to the budget yesterday, on Tuesday. "The industry gathered more than 200,000 signatures from staff, business owners and customers, and they were ignored. This budget does nothing to protect the restaurant industry from the negative impact of the HST or to protect the thousands of jobs at stake in the industry."

Of course, there are so many quotes from all of those groups and leaders of those groups, the associations associated with tourism who have raised grave concerns about how this will stifle the growth in their sector, how it will kill jobs. If you have to pay more for everything.... This government, these members, talk about.... Standing here today, the member from Chilliwack was talking about, suggesting, that we want to raise taxes.

Well, this government got elected on saying they wouldn't bring in a tax, the largest tax ever — its shift in the history of the province. They're bringing it in, in this House. They haven't brought it in yet. Seven Liberal members can vote against this thing, because their constituents want them to.

[1725]

And 80 percent of British Columbians don't want this tax because they know — they absolutely know — that it's not going to do anything. The Finance Minister can come out with these different versions of how the tax is bad, good. It's going to be revenue-neutral. No, it's going

to be a \$113 million loss for the treasury. No. The latest one: it's going to all go into health care.

That's a ridiculous assertion. Health care is paid for by taxation. It comes out of revenue already. This HST, if it comes in, if it's forced on British Columbians, will be a combination of PST and GST, so it already was coming out of taxation. To suggest that you'd bring in legislation, that every dime of the HST would go towards health care, is ridiculous. It's a ridiculous statement.

If it puts us down \$113 million compared to what we have now with a PST and a GST separately, then every dime of that going into health care means \$113 million out of health care. So it doesn't even make basic mathematical sense, which is of grave concern considering this is being said to prop up this broken promise.

There are, of course, other things in the budget besides the HST. The HST is the cornerstone of it. It was a broken promise. But if we look at and expand this examination of Budget 2010, there are certainly other causes for concern.

I've already mentioned the fact that we're seeing.... Following on the tails of the Olympics, this should be a time to be investing and helping the tourism industry. A tax that the tourism industry and leaders have already said will kill them, will kill thousands of jobs in an industry that's supposed to be poised to take advantage of the Olympics.... It just shows that penny-wise, pound-foolish attitude that we're seeing from government and no long-term thought on this at all.

I note another industry, as I've touched on forestry, important in my constituency. The way I read it in the budget, it's a 28 percent cut to the Ministry of Forests. If you were a cynic, which I'm trying not to be, I would suggest you could look at it a certain way.

Since the Liberal government came in, they have systematically deregulated the forest industry. Essentially, certainly on the coast, they've taken away huge amounts of public control out of tree farm licences that have been in place to protect the public interest when it comes to forests. Every move was made to dismantle the public control. So 500 square miles of land was removed from the tree farm licences and given to companies for free — no compensation back for the consideration they got when the land was put in there.

Now we are at a time where the public control of our forests for the future has been basically dismantled. The Ministry of Forests has been trimmed to the bone already. So the public oversight of that from government, which is mandated to protect the public interest here, has already been rendered almost useless in many ways — no disrespect to the good people that work and try to do their job under amazingly difficult circumstances.

That ministry just got a 28 percent cut. So that's endgame if you are a cynic. You take away all public control of our forests for free, and then you take away the regulations that are in place to protect the public interest and

ensure that forests can provide for jobs for forest communities and for the environment forevermore. You take away those protections, and then endgame. You basically dismantle the ministry responsible for public oversight.

It was a self-fulfilling prophecy, and if you were a cynic, you'd think it was part of a plan. I would think that, but when I look at the herky-jerky way this government makes decisions, financial decisions, I can't believe that they planned that long in advance.

[1730]

But maybe industry planned, maybe some corporate sector planned, and all they did would have to lead these guys on, because the Liberals haven't got anything back in a deal when it's been forest concessions made — nothing for the communities, nothing for the taxpayer. They've actually waived all requirements of forest companies to pay back what they owe to the public, to forest communities like Port Alberni. So another concern — forestry.

Agriculture. Alberni Valley, Coombs, Errington — agricultural areas in my constituency. We already know that statistically, B.C. probably provides the worst level of support for our farmers in the country — another one of those legacies that this government can be proud of, I guess. Well, now we've seen a cut to the Ministry of Agriculture. That doesn't bode well for the farmer or for the 100-mile diet, for that matter.

Health care in my constituency. Thanks to a lot of work done by the communities, we actually have a CAT scan at the West Coast General Hospital. It isn't used all that much, even though it cost a lot of money. It's not being funded. On the Island in general, under VIHA, the Vancouver Island Health Authority, we've seen massive cuts to things like MRIs — that sort of thing — and, of course, the domino effect that happens — cancelled surgeries, all of those things. There's nothing in this budget that's going to address those problems.

In the larger catchment area surrounding and including Parksville and Qualicum, there have been nine years of work by the community to try to get a public, small hospital facility in an area that has a catchment of about 50,000 people. Some of the oldest population in the country per capita in this region, and there's no hospital. It's like 40 minutes in any direction for a public facility.

After years of waiting and work done by the community, what we are seeing is nothing in the budget to provide for that facility. What we're seeing is VIHA letting out a request for proposals to essentially build a walk-in clinic with limited hours — no overnight beds, no palliative care, no urgent care after ten at night. The people of Oceanside deserve a public facility that will address their health care needs, which they've already identified and which have been ignored by this government. There's nothing in this budget that will provide for those needs.

That again is penny-wise, pound-foolish. I've got a letter from a constituent — actually, no longer a constituent. She's from Qualicum Beach, used to be in my constituency. She has had a mother in the Nanaimo hospital, and she was in there for four months. So she had to commute back and forth every day, 40 minutes each way. She said that almost daily the other people in those beds that revolved over four months with her mother, in the same room, came from our area in Oceanside. You know, a 90-year-old woman having to take an \$80 cab ride to stay with her husband while he was in the hospital, because there is no public facility within our area.

We have a budget, a health care budget, that actually won't even maintain the status quo. Not only is there apparently no plan to build that public facility, which was a promise actually made by members of this government back in 2001, but nine years later that promise is not going to be fulfilled.

There's nothing in Budget 2010 for that. At the best, we will get a privately run and managed facility that amounts to a walk-in clinic, with no extra money. There's not a dime extra that I can find in the budget for that facility, for health care. You know, these are, as I said, some of the oldest population in the country per capita in the Parksville-Qualicum area. Those people built our health care system. They deserve urgent care when needed.

Remember "Health care when you need it, where you need it"? It was a slogan by this government. It's a betrayal, again, in this budget. We've been waiting nine years there for this facility, and we're not going to get it from this budget. So I'm very, very disappointed there.

[1735]

Education. The member for Chilliwack who spoke before me talked about all of these issues, so I'm sort of following him on his tales on this. But I'm taking a different take on every one of these issues. Education. This is a time when economic recovery for the long-term thinkers in this room involves investment in education and retraining. Our children, our post-secondary students — they are the future here. This is when the investment should be made. Every progressive jurisdiction in the world knows that.

Here's what we have — a quote from the Canadian Federation of Students chair, Shamus Reid, a very articulate young man. He says that cuts to student aid are misguided, and the government now collects more money from tuition fees than from corporate taxes.

This member before me.... All the Liberal members that have spoken on this, including the minister, are bragging about having corporate taxes that are lower than low.

R. Howard: It is with great pleasure I rise today to respond to the budget. I also want to thank the Finance Minister for the good work here. I had the great pleasure of attending a breakfast this morning, a post-budget

breakfast at the Richmond Chamber of Commerce, and the crowd there expressed great appreciation for the context with which the budget was prepared — the most troubling economic times in memory — and they also expressed great confidence in the minister and really appreciated a calm and steady hand on the tiller of the B.C. economy.

There are a couple of themes I would like to focus on. I'd like to talk about prudent fiscal management. I'd like to talk about partnerships, HST. I'd also like to talk about Canada's Pacific Gateway as a method to grow and diversify our economy, and of course, just a few words on the Olympics and the Olympic legacy.

First, on prudent fiscal management — and this is important, because this is the lens by which many view our province, especially investors.... Job-creating investors will look at the long-term history and long-term practices of the provincial government as they decide where to place their very valuable investment dollars.

For the past decade B.C. has had an excellent record of fiscal management. The province's debt reduction has given B.C. an increased capacity to respond to the current global recession. In 2004 B.C. received its first credit rating upgrade since 1989. Fifteen years and not a single credit upgrade. Fifteen years — not a single upgrade through the '90s. Since 2004 the province has received seven consecutive credit rating upgrades.

Most recently, Dominion Bond Rating Services upgraded B.C.'s credit rating to AA high. In May 2007 Standard and Poor's upgraded B.C. to triple-A. In May 2007 Moody's Investors upgraded B.C. to a triple-A. I know that in October, Minister Hansen and the Ministry of Finance staff met with institutional investors and major investment firms in New York, Montreal, Toronto and Vancouver. The tour's purpose was to broaden B.C.'s investor base, encourage investors to buy B.C. bonds and to update investors on developments within the province.

These measures help maintain the province's low borrowing cost and strengthen the investor confidence in our province. The credit rating upgrades are saving British Columbians tens of millions of dollars each year that would otherwise be spent on interest — which would, of course, reduce the money available to fund programs in this province.

Between 2003-04 and 2008-09 we reduced provincial operating debt from a high of \$15.7 billion to \$6.4 billion, a decrease of almost 60 percent. These reductions have given the province the flexibility it needs to address current economic conditions while keeping the provincial debt affordable.

Although government debt will increase over the next three years, it will still be below the 2001-2002 levels, and it is very worthy of note that British Columbia's debt level remains amongst the lowest in Canada. In 2004-05, the B.C. government had paid down the debt

by \$1.891 billion, the largest single debt paydown in provincial history.

[1740]

Given the measures, given the times, we will also be tightening our own belts over the next three years and expect to achieve \$3.4 billion in savings through reductions. We are the first government in Canada to adopt generally accepted accounting principles, which the Auditor General described as leading the way in budget transparency.

The sum of all these points, and there is a point, is confidence. The rating agencies, which are a great benchmark.... These are international professionals that grade jurisdictions all around the world, and when they express a confidence in British Columbia, investors have a sharp look as well.

We see that investors, as they have confidence in this great province, also move to make investments in Prince George, investments in the north, investments in the Lower Mainland. So it is remarkable, I think, that after going, as I say, 15 years through the entire '90s without a single upgrade, that we have enjoyed seven consecutive upgrades. As I have said, this speaks to the strength of B.C.'s economy, and it speaks to this government's prudent and long-term fiscal management.

[L. Reid in the chair.]

We have created what is viewed as the toughest financial administration act in Canada. We have introduced three-year service planning and reporting. We've also introduced quarterly budget updates so the public can have confidence in the province's fiscal management. B.C. taxpayer-supported debt to GDP, which is a key measure of debt affordability, fell from 20.6 percent in 2001 to 13.3 percent in 2008 and '09.

These things do not happen without a disciplined approach and strong management and strong governance. This government has demonstrated its skill and discipline to accomplish these important benchmarks.

I'd like to speak for a few minutes about partnerships. More and more people and companies realize they need all sorts of different relationships, all sorts of different partnerships, to get their product to market. From mine to factory or from shop floor to store shelf in a timely and predictable manner can be quite a challenge.

During the Olympic Games we met with many multinational companies, airlines, shipping and distribution companies. We heard clearly that they view business in terms of partnerships. Yes, cost and service are extremely important, especially in these challenging times, but just as important was identifying service providers, partners and clients that had the right attitude, the attitude to tackle challenges quickly as they arose.

To these international carriers and distributors who cross oceans, mountains, time zones and borders on a

regular basis, things can get troubling very quickly when one link in the extensive supply chain meets with disruption. So they need confidence. Our Pacific gateway — both corridors, north and south — really understands this, and their multimodal transportation clients appreciate the fact that they do get it.

Our Gateway Council sees the benefit in a seamless, intermodal system and has become recognized worldwide for their success. This is an amazing success story that will help immensely in growing and diversifying our economy as we reach out to Asia-Pacific and beyond. It is so important in these troubled economic times that we have a speedy recovery.

On another level, when we talk about partnerships, we refer to perhaps the more widely known public-private partnerships, P3s, and here we have had many successes also. I talk about partnerships and P3s here because it demonstrates a divide between government and the opposition. Government sees P3s as the way of the future. The opposition does not.

Despite rapidly escalating construction costs and a labour shortage, every P3 project undertaken by the government has been on time and on budget. That potential to save taxpayer dollars and get extra value is why in B.C. every public-funded project worth over \$50 million will be considered as a possible P3. More than 30 projects are being delivered through a form of P3, on time and on budget. They create hundreds of good jobs here in B.C. and are delivering significant benefits to B.C. taxpayers.

These enormous projects are not entirely rested on the shoulders of taxpayers, as a result of the P3 structure, and by partnering with the private sector, we help stimulate jobs and employment. Savings come from private sector efficiencies, experience, innovation — not just financing.

[1745]

In times of economic uncertainty, P3s allow for transfer of risks like cost and schedule to the private sector. We don't pay for them until they are completed.

Partnerships B.C. is an internationally recognized centre of excellence for public-private partnerships — nearly \$10 billion invested in more than 30 projects with \$4 billion in private capital invested. Partnerships B.C. has received more than 20 provincial, national and international project awards.

In my own riding of Richmond Centre, the Canada Line has recently been completed — a phenomenal P3 project. Much question about the validity by the opposition and some of their supporters over whether or not the Canada Line was a viable P3 project. Well, today it's up and running, a tremendous success.

Prior to the Olympics they were moving just shy of 100,000 people a day, which was just short of their three-year projection. During the Olympics they moved over 200,000 people a day. That project alone is estimated to

save taxpayers \$92 million over the life of the project by the structure of the P3.

There are great lists of other projects. Delivered on budget and 108 days ahead of schedule: the \$144 million William R. Bennett Bridge in Kelowna. Phenomenal project estimated to save taxpayers \$25 million over the life of the project.

Another project: the \$95 million Gordon and Leslie Diamond health centre at Vancouver General Hospital, delivered on time and on budget, estimated to save taxpayers \$17 million over the life of the project.

Delivered on time and on budget: the \$29 million Charles Jago Northern Sport Centre.

Delivered on time and on budget: the \$15 million Britannia mine water treatment plant. An estimated \$12 million in savings for taxpayers over the life of the project.

Delivered on time and on budget: the \$355 million Abbotsford Regional Hospital and Cancer Centre, estimated to save taxpayers \$39 million over the life of the project.

Delivered early and on budget: the Park Bridge in the Kicking Horse Canyon, phase 2 project, delivered nearly a year earlier than anticipated.

The \$600 million Sea to Sky improvement project: on time and on budget. This project will provide \$131 million in additional benefits to taxpayers at no additional cost.

There are construction projects underway, health care projects to build new and expanded hospitals in Surrey, Victoria, Kelowna, Vernon and Fort St. John.

This government is very much of the belief that we need to continue to work with industry leaders to ensure that we are able to generate the strongest growth and development. By partnering with various levels of government and industry stakeholders, we are creating projects that will be the most effective and beneficial for our communities.

Public-private partnerships are one of the single greatest endeavours we can undertake. They protect taxpayers of this province and bring jobs and benefits to those same taxpayers. They are the best dollar-for-value approach.

I would like to talk just for a minute about lower taxes. We have made it easy for lower-income families by relieving their taxes to the point where 325,000 British Columbians will pay no income tax at all. Most are people paying between 30 and 75 percent less taxes than in 2001.

We have cut corporate income tax by 39 percent and small business taxes by 44 percent. These cuts are so important in helping to drive our local economies. Most businesses in the province are, in fact, small businesses, and by helping out this sector, we are paving the way for growth.

Since 2001, small businesses in British Columbia have created 172,000 new jobs — 10,800 in 2008 alone. They

account for 34 percent of B.C.'s GDP, which is the highest of all provinces. We cut the small business tax rate from 4½ to 2½ percent, a 44 percent reduction. By 2012 the small business rate will be zero.

Since 2002 your B.C. government has increased the small business tax threshold by 150 percent. Effective January 1, 2010, the small business tax threshold will rise from \$400,000 to \$500,000, making B.C.'s the highest threshold in Canada and saving small business \$20 million a year.

[1750]

I just must take this opportunity to draw the contrast here between this government and opposition, because it's a stark contrast. The opposition wants higher taxes. Every cause we debate in this House, the opposition wants more money. This can only come from higher taxes, and this is a fundamental difference in our approach. They want your money. They want your money so they can redistribute it according to their priorities.

We on the other hand, on the government side, believe in British Columbians. We think we should leave as much money in your pockets as possible and let you make your own decisions on how to spend your hard-earned money. Real disposable income per capita is at its highest two-year growth rate in 20 years, with the average British Columbian earning up to \$22 an hour.

For all of these reasons, British Columbians can be sure that this government will lead them into the future with prosperity and security, because it is the economy that will allow our communities to prosper and remain the greatest place on earth.

I'd like to talk about growing and diversifying our economy and the relationship of Canada's Pacific Gateway to that. With the delivery of the throne speech, we saw renewed commitment to growing and diversifying our economy, and as I have said often, Canada's Pacific Gateway is one of the keys to our future.

We have invested billions in infrastructure — road, rail, port and air. We have established an executive council comprised of many government and industry partners in our gateway, partners such as our major port systems in Vancouver and Prince Rupert, Canada's major railways and Vancouver's international airport.

These business leaders have earned international credit, establishing our Pacific gateway as one of the best in the world. Its integrated and seamless supply chain provides users of our gateway with a time advantage and a predictability advantage. This attracts business, and our investment in this infrastructure is paying dividends.

We met with many business leaders over the course of the Olympics and learned just how well-respected our Pacific gateway is. We learned from many different businesses how favourably they look upon us as a place to do business. I think that our future is bright.

There is, of course, always work to be done. Notably, we must encourage our federal government to move

immediately to an open skies framework. I would say that I am encouraged by the federal throne speech just today, and I quote from it. There's a reference to international air service agreements promising to pursue air service to "achieve more competition, more choice for Canadians and more economic growth." This is good news for our province.

This was also a message we heard clearly. The rest of the world has moved from the post-war practice of nations protecting their national flag carrier, and we can no longer afford to choke our national economy for the sake of doing business just because it's the way we've always done it. Lesser-regulated air service will lead to improved air service and an improved economy. All airlines can benefit from an improved economy.

The recently released economic impact study for Emirates air suggests something very similar. More international flights lead to more domestic flights. Many different studies indicate that fewer flight restrictions and less government intervention lead to more choice for the consumer and lower fares for the consumer as well. Canadian air policy needs to change and change fast.

We met airlines over the course of the Olympics that expressed a keen desire to serve our market, only to be frustrated by our outdated Canadian air policy. We watched as Air China announced an increase in flights to YVR, which is great, but it now places them at their Canadian air policy limit. We listened intently as Emirates air released a study demonstrating the economic benefits to the Canadian economy. We watched with great concern when Singapore Air stopped their three-times-weekly service to YVR because they needed daily service to make it work for their customers. They were denied this increased service because of this same old and outdated Canadian air policy.

[1755]

The Emirates report demonstrated that a daily flight to YVR would result in 312 new direct, full-time jobs — 689 new full-time jobs, including indirect and spinoff impacts. There is an abundance of information pertaining to the benefits of an open sky policy. The bottom line is that it is a low-risk, low-cost, high-reward way to grow and diversify our economy.

One new flight daily: 312 direct jobs, another 377 indirect and spinoff, over \$31 million in new direct economic activity and over \$15 million in new tourism spending. We need to update our federal air policy, and we need to do it now.

I'd like to comment on the upcoming implementation of HST. I would first like to state clearly that this HST policy is an absolutely necessary thing to do. I believe it will not only protect jobs, but also create jobs in the thousands and the tens of thousands.

The HST will result in increased productivity by making business more competitive both nationally and

internationally. B.C. has to send its goods and services to the world to prosper and grow. We compete with 130 different countries and five Canadian provinces, including Ontario, who have all have shifted to using a value-added tax like HST.

It's interesting to note that in 1997 New Brunswick, Nova Scotia and Newfoundland implemented HST, and a report by the C.D. Howe Institute explains that HST led to an increase in capital investment by businesses in these Atlantic provinces.

When comparing New Brunswick, Nova Scotia and Newfoundland to other provinces without HST, particularly Prince Edward Island, consumer prices fell approximately 1 percent in the first year after HST was implemented. This trend continued, and it was found that while Atlantic provinces had traditionally lagged behind other provinces in terms of investment per dollar of economic activity, a few years after introducing HST the Atlantic provinces caught up to the others.

If B.C. did not adopt the HST on the same timeline as Ontario, we would be at a huge disadvantage when it comes to attracting jobs and creating new investment. Eliminating embedded PST cost to business reduces costs.

The savings introduced by HST will allow businesses to reinvest in their own operations, hire more employees and pay higher wages. A report from the TD Bank suggests that in the first year businesses will pass on more than 80 percent of the savings to consumers.

Countries that have not embraced a value-added tax system have higher prices at the domestic consumer level and higher prices at the export level, making their export industries less competitive.

I have a few quotes, the first from the president and CEO of the Canadian Manufacturers and Exporters. "British Columbians benefit because business savings will be directed either to supporting employment or to reducing consumer prices."

Another quote, from the president and CEO of Forest Products Association of Canada: "As markets for forest products rebound and as B.C.'s economy emerges from this recession, a streamlined tax system will reduce input costs, encourage new investment and enhance productivity, all of which will greatly enhance the competitive position of British Columbia's forest products industry and help keep high-skilled, high-paying forest industry jobs in B.C."

We also know that removing administrative duplication while filing taxes will reduce administrative costs for B.C. businesses by approximately \$150 million annually. We have another quote from the president and CEO of the Retail Council of Canada. "Harmonization will result in a simpler and more efficient tax system for B.C. businesses. This will help small retailers in particular, who find administering two separate tax systems difficult and costly."

Another quote from the Canadian Taxpayers Federation: "The HST is a good thing because it simplifies our already very overly complicated tax system, and anything that makes tax simpler and more transparent is a good thing."

B.C. will save approximately \$30 million in administrative costs because the federal government will administer the HST at no cost to the province. This will result in additional funds available for social programs such as health, education and social assistance.

The Finance Minister has referenced an upcoming report which will offer further evidence that the HST will be a job generator in the coming years. The harmonized sales tax will reduce the cost of investing in British Columbia and keep our competitive edge both nationally and internationally.

[1800]

Madam Speaker, I'm a small business person myself, and I can tell you that nothing is more frustrating than having to deal with multiple levels of government over issues, especially when it's issues of handing over your hard-earned money to the government.

I can also tell you that I've got relatives that are electrical contractors, and they're very excited about the HST implementation. They've been very frustrated for years with the myriad of rules that surround PST and what they must charge and how they charge it and how they get to pass it on.

There is, I believe, a real groundswell of support — people stepping forward with real daily stories on how they're looking forward to the implementation of HST. There's no doubt in my mind that this is the right thing to do.

I'd like to just close with a few comments on the Olympics. I would like to comment not on the emotional side or the community-building side or the physical legacy side. I've had the opportunity to speak earlier on those issues in this House. But I do want to just take a quick look at the games by the numbers. Some of them we've heard, and some of them perhaps not.

We had 250,000 people who came; 3.5 billion watched; 50,000 people have been involved in the games workforce; 25,000 volunteers helped us welcome the world. Aboriginal businesses received approximately \$56 million in contracts with VANOC. The Pricewaterhouse report has suggested that between 2003 and 2008 alone, the games have generated between \$684 million and \$884 million in real GDP for B.C., and as much as \$425 million in GDP in 2008 alone.

Up to 20,780 jobs in B.C. and an unemployment rate that was approximately 0.4 percent lower than it would have been without the games. As many as 3,400 new businesses, 10,000 direct and indirect jobs related to venue construction, between \$79½ million and \$104 million in provincial tax revenues. Let there be no doubt that these games came along at just the right time for

this province. Those kinds of economic numbers obviously give us a little lift from what are very troubling economic times globally.

Madam Speaker, you just have to know that of the 250,000 that came and the 3½ billion that watched, many will be enamoured with what they experienced and what they saw. They will return, or they will come for a first time. I suspect they will bring their wallets with them, which of course will assist us in our efforts to harvest the afterglow of the 2010 Olympic and Paralympic Games.

N. Macdonald: As always, it's a privilege to stand and speak and to respond to the budget.

Before I get started, I just want to speak to a group that was at the front of our minds when we left here before Christmas, but really since then I think they have not been as prominent in the public mind as they should be. That's the paramedics. The paramedics continue to be treated in a way that I think is truly unfortunate. They provide an incredibly important service. I know in rural British Columbia the things that were identified in the debate that this side of the House participated in.... When they were ordered back to work, the problems that we identified for rural paramedics were put on the table, and they still haven't been dealt with.

I was just most recently back in Revelstoke talking to paramedics there. The retention issues that we identified are real. They are having difficulty filling the need there for paramedics on one of the most dangerous sections of the Trans-Canada Highway.

One of the things that I would say is for paramedics to hang in there and for this government to deal with its obligation to manage this public safety issue properly and for paramedics to know that even if the government and the minister responsible treat them in a way that I think is contemptible, the wide support that paramedics have with the public is something that needs to be recognized.

[1805]

I want to talk about the budget and how you put together a budget. This seems to be thrown together in a way that I think most people in British Columbia would be surprised. You would think there would be a degree of thought that would go into a budget, but the difficulty with a government that is not completely forthright with the public is that it's not completely forthright with itself. They have needed to throw things together in a way that is pretty disappointing.

There is an expectation that this House, this Legislature, is going to provide the leadership and spend the money that British Columbians provide to government in a way that is wise. There are cuts in ministries that will mean there will have to be dramatic changes to the structure of ministries — ministries like the Ministry of Agriculture, the Ministry of Forests. Large numbers of people will no longer have their employment.

You would think before that announcement was made that there would be some thought as to how that was going to happen. There has been no thought. There is at this very moment a scramble to figure out how ministries are going to adjust to cuts.

What you have very clearly is a government that for the past eight years has had one driving purpose, which is to make life easier for their corporate supporters. Those that have donated the most to get them here drive policy, and you have very little other inclination of what they think about as they put together a budget.

To me what you would frame a budget around are three principles: the principle of social equity, the principle of democracy and due process, and the third principle of protection for the common land.

Now, certainly coming from rural British Columbia, there's an appreciation of the land of the commons. In those three areas what you see with this particular budget is a continuation of the utter failure by this government to meet those responsibilities.

So let's talk for a minute about social equity. A stable society, a society that is fair and just, is going to deal with social equity. Yet in a province that has a unique opportunity to deal with social equity, there has been an utter failure over the past eight years. Let's be clear. For many of those years, international markets, commodity prices and transfers from Ottawa gave this government every opportunity to deal fairly with the social equity issue. Yet year after year British Columbia has become a less fair place — year after year.

It is said very often in this House, and in a way that all British Columbians should be concerned about, that the plight of children in British Columbia has become consistently worse. For six years in a row, child poverty has been highest in British Columbia.

Of all of the provinces where there's the opportunity to deal with child poverty and family poverty in a fair way, of all the provinces that have that opportunity to deal with it, British Columbia is surely the place where it should have been dealt with. Yet year after year and with this budget, the trend continues. Opportunity is taken away from children, and the poor are pushed into greater poverty, while those that are wealthy enjoy more and more wealth. There is something fundamentally wrong with that.

Let's just go through the budget and look at a few of the areas that would contribute to social equity. The first that I would look at is education. Education is one of the great discoveries. If you go back 200 or 300 years, the idea of public education has been the impetus for tremendous changes in society. It gives everyone an equal opportunity, if you have a good public education system.

It has been one of the strengths of Canada from province to province. I think that uniquely in British Columbia, the education system has been very, very

good. But over the past eight years it has been degraded again and again. And there's this assumption that it is indestructible, but what I can say is that you cannot continue to degrade and expect to get the same results that we have had over the years.

[1810]

Yet this government sees fit to continue with the degradation, and it continues with this budget. The amount of money that the government puts towards education will lead inevitably to more cuts.

Now the minister will stand up, and whoever the Minister of Education is.... They read from the same script, somehow hoping that the public will be misled and will be forced and think that things are okay, but that's not the reality.

Anyone who is involved with education, anybody who has children in the system knows there has been a steady degradation which will continue with this budget. If you look at the report from the British Columbia Association of School Business Officials that was done in December, it outlines exactly for the current Minister of Education the cost pressures that school districts are under. It lays it out.

Now, these are secretary-treasurers. I've worked as a principal with secretary-treasurers. They are not given to inaccuracies. They are not given to overstatement. They put the numbers down as clearly as they can with the information that the government has given them. They talk about cost pressures that the government does not fund, and even with this budget, which addresses some of the issues that they identify, there continues to be a massive gap in terms of education funding.

There's no funding for the teacher-pension cost. That's over \$23 million that school districts have to deal with. There's no funding for the carbon offsets. Carbon offsets is an idea that this government had. It's a burden of several million dollars, \$3 million almost. There's no covering of that. Therefore, it has to come from somewhere. There's been no increase in the transportation budget since 2001. There have been MSP premium increases. All British Columbians face that, but for school districts it's an additional \$3 million. The list goes on and on.

B.C. Hydro rates. It's not only ordinary citizens that are going to get gouged with this budget on the "29 percent over three years" increase in hydro rates. It's going to be school districts. Is it funded by this province? No. They download the costs, and they do not provide the funds. Then they stand in this House, whoever the Minister of Education is at the time, and somehow try to deflect the responsibility onto school districts. So you have a steady degradation for eight years in our school system.

What I say to you is that if you cared about social equity, that is not the direction you go. In fact, if you cared about the future of our economy, that is not the

direction you would go. If you look at the economies that are expanding, they expand in China. They expand in India. They were strong first in Great Britain, based on access to education. That is the great equalizer — education.

Here in British Columbia we have a government that does not take it as seriously as it should, and I think that is a tremendous injustice that this government is foisting on the people of British Columbia, especially when the government ran on the fiction — the absolute fiction — that they would protect public education. They had no intention of doing so. They knew the books were a mess. They alone knew that, and they chose to foist and try to win election on that fiction of protecting public education.

Let's talk about the second important piece of social equity, and that's around our collective efforts to look after each other as expressed through our publicly funded health system. There are few things that are as civilized as a society that collectively looks after those that fall ill. We all benefit from it.

There is no person here who does not sit with the possibility of poor health and unforeseen injury just around the corner. Many of us think that it will never strike us. We don't know. When it happens, very often we depend upon the collective wealth, the expertise of others, a system that has been put in place, and we pay into it. Most British Columbians welcome paying into it so that they have a system that is there.

[1815]

This government ran on a promise to protect health care, and yet with this budget again you are having a degradation of the health care system. The fact that you have operations that are going to take longer to get, the fact that you have operating rooms that are closing.... All of these are things that the people of British Columbia don't accept.

Interjection.

N. Macdonald: Now you have somebody from the other side who decides to chirp. The Minister for Mining wants to say something, and he certainly had the opportunity to express himself with the eloquence that he has. But he is also a member that ran on, basically, four promises. That he would protect education. No, it's not happening. That he would protect health care. No, it's not happening. That there would be no HST. No, not happening. That the deficit would be \$495 million maximum.

Well, one strike, two strikes.... You can't even have four strikes, but if you could, Minister for Mining, you would have struck out in all four.

We have seniors that are facing higher residential care rates, a decision by this government and \$56 million more they're going to collect. The fiction this govern-

ment foisted on the people of British Columbia was that that was going to go to increase service. The exact opposite is happening.

In my area, in Invermere we have people that have worked at Columbia House, which is a seniors home, who have been laid off. They have been laid off, and they are going to be hired back. They are going to be hired back for \$5 less an hour, and they're going to have their hours available to help seniors reduced. For this, they're going to pay more.

At the same time you have massive cuts to banks, you have massive cuts in taxation to major industry all over the place, but you don't have cuts for seniors. You have an increase. You have it in the residential care rates. You have it in the B.C. Hydro rates going up. You have it in MSP going up. You have it in the HST coming in, which is going to hit them hard. So it is the inequity, the incredible inequity — the exact opposite of what we should be striving for.

You have it in the degradation of the post-secondary system. This is a government that created all sorts of universities — gave them no more resources but sure splashed the name on a whole bunch of universities. But for students who want to attend, they make it more and more difficult in this budget as well. Tuition is going up. Support is going down year after year.

I think most British Columbians would be surprised to find out that corporate taxes this year are going to collect less and put less into the general coffers of this province than students, post-secondary students, will pay in tuition. Now, isn't it just an absurd thing that TELUS and Teck Cominco and these massive companies will contribute less in corporate tax than 18- and 19-year-olds will pay in tuition? That is absurd, and it is unfair. It is absolutely absurd.

We have ministers that are somehow defending that, ministers who think that's okay. Nail the 19- and 20-year-olds. Take away the opportunities that they had if they went to university, because it wasn't like that when we went to university. We were paid. We were supported in a way that we no longer support young people in this province. We take away opportunity, and in the long run we do damage to the economy that we depend upon.

Let's talk about another piece that should have been here if we believe in social equity. I know that the NDP believes in social equity, and I know that the B.C. Liberals believe in the exact opposite. The minimum wage — the lowest minimum wage in the country. Absolutely absurd. It has not gone up. It has not gone up in the whole term of this government.

There have been wages that have gone up. There have been wages that members on that side have voted to have go up, but it hasn't been for the poorest. It hasn't been for those who are in need. That's for sure.

What about Children and Family? What about that ministry? What about how this government has treated

the children that are most vulnerable in our society, those that the government takes into care? Government has the ability to take children away from families, and if you have that ability, you better be very, very careful that you are doing the job properly.

What we saw with this government was that it has failed consistently, and does again, in choices to cut services there. To cut there — that's the decision they make.

[1820]

Let's talk about the HST for a minute. We have members on that side standing up and making the argument.... I think a value-added tax is a very interesting academic argument that you could have. They choose to take it in isolation and say that many countries have it. Sure, Finland has a value-added tax, but it sits within a whole framework of taxes and programs that need to be understood to lift it out in isolation.

What I would say to members on that side is that any discussion on the HST that you want to have should have been a discussion that took place during the election — absolutely. On the social equity side, this government fails.

But let's move next to the democracy piece, the due process piece that needs to be part of any budget, of any government policy. Maybe let's come back to the HST. Let's come back to the idea, the fiction, of this government actually protecting health care or protecting education. Let's come back to the misrepresentation of the true fiscal state of this province.

When we speak of democracy, surely one of the things that brings us here is that we reflect the popular will of the people we represent. How can you possibly, on the government benches, say that that is the case when the four major parts, major pillars, of your campaign were put forward in a way that simply did not reflect the truth that we have here? This budget does not reflect what this government was elected on. There is a core illegitimacy to this government and what they do — an illegitimacy.

One of the things that you would think would be an absolute core belief of anyone who gets to this privileged position through a process of election would be that you come here with a mandate. Yet this is not the case, and this budget reflects that. There is no mandate for this. Each and every member who stands up to defend the HST is a member who should have done that during the election.

If you believe strongly that it is the way to go, then let's have an election on it. Let's have an election on the HST. You stand up, and you talk about all of the economists that you say support it. Well, the fact is that — what? — 10 percent of British Columbians agree with that.

As a core belief, I think that the wisdom sits with the wider population and that our job is to listen to the people that we represent, bring that wisdom to this House and put public policy in place that reflects that

general will. Instead you have a government that has decided that it has the right to campaign against a tax very clearly and then to change their mind weeks after and still impose it against the wishes of — what? — 70 or 80 percent of British Columbians.

I don't know what happens on that side so that people think that's an okay thing to do. It is fundamentally wrong. If you feel strongly about it, put it to the test. This government has the ability to have an election on it. Have an election on it. Get a mandate. If you don't, abandon it and put it in place when you have the mandate.

There is one part of government that got an increase. Cuts to forestry, cuts to environment, cuts to services in education and health, but there is one part of government that did get an increase. That was the public affairs bureau, this government's propaganda wing — 240 people. Doing what? Keeping track of everything that's said. Writing little notes to ministers. They get an increase, but everyone else out of place.

Interjection.

N. Macdonald: I'm sorry. The minister is going to chirp in. What's the number? How many do you have?

Interjection.

N. Macdonald: It's 196. Barack Obama has 42, but this government needs 196. All right.

Let's look at the system that we have in place. We have open processes.

[1825]

Interjection.

N. Macdonald: The minister would like to participate. The minister wants to participate. Yeah.

The next thing we need to talk about is the openness in terms of how this budget is presented, because it's part of that democracy and due process part. We're in debt up to \$48 billion. I think that is the figure that is put forward — \$48 billion in debt. I know last election the gentleman who ran against me liked to talk about the debt and say: "Well, you know, that's a pretty fair number."

I think what drives much of the P3 activity is this one central thing — that it allows debt to be hidden. And in this budget again it's hidden. There is about \$50 billion in contractual obligations that is exactly the same in debt to those paying for it — to taxpayers — as debt. Yet in this budget they will put it in there and somehow try to pretend that it is actually only \$48 billion when there's an additional \$50 billion in contractual obligations that sit there.

So you have the idea that the public doesn't deserve accurate information about the fiscal state of the province. I mean, this shouldn't be a surprise because this is

a government that came to office promising — what? — \$495 million guaranteed, absolutely, not a penny more. When we get in here, it's — what? — seven or eight times that, and again this time it's seven or eight times that amount.

They run with legislation saying that they won't go into deficit. When they get in, they change it for two years. "Oh, we'll change it for four more." That's great legislation. That, just like so many of the things that this government puts forward, is nothing more than a gimmick — nothing more than a gimmick.

Just in case the public did want to have an idea of what's going on.... Does the public get to see what's going on with TransLink? Is it democratic in any way? No, we passed legislation to make sure that TransLink was in no way democratic.

This government has made sure that freedom of information doesn't work. Anybody who's going to argue that it does, I'd be interested to.... Stand up and explain. Freedom of information, public information, definitely doesn't work — so failures there.

What's the most recent...? What was yesterday's thing on the...? Oh, here's another gem from this government on the HST that somehow tried to link it to health. How did the wider public take that one? You know, it was kind of interesting. Let's read a few of those quotes, because they are interesting. "The new attempt to sell the harmonized sales tax — desperate." "Manifest incompetence." "Stupid." You know, and it goes on and on. Very interesting.

The wider public has made up their mind on that one. A good 80 percent, I'm sure, disagree with that initiative, so I guess people will be back to the books figuring out a new way to sell the HST. Might push it up to 10 percent or 11 percent in favour, if you do a good job.

Let's talk about protection of the commons in the few minutes that I have left. The cuts to Forests and Range — 23 percent cut to operating, 42 percent cut to compliance and enforcement, 29 percent cut to areas that include silviculture, 25 percent cut to market development. Those are the figures that I see.

What you have is the present in forestry; 30,000 good, family-supporting jobs have been lost by this government. So 30,000 — there's a figure. Does the minister contest 30,000 jobs lost? No, he doesn't. Does he contest that — what? — 60 or 71 mills are gone? The present policy — a complete failure.

Interjection.

N. Macdonald: Oh, and the Minister for Mining says: "Hey, it's not my fault. It's not my fault." But when the price of copper goes up, there he is thumping his chest, saying that's somehow his doing.

[1830]

You can't have it both ways. The fact is that there has been a shocking failure in the present, and with these cuts, there is promise of a shocking failure in the future — a shocking failure. The investment in forest health that needs to take place simply isn't. It's not taking place. This government makes the failure of the present the failure of the future.

Let's go to some of the arguments around the HST, some of the arguments around how this tax cut is going to regenerate any business. Have there been any studies? We asked the minister: "Have there been any studies?" No, there haven't been.

Interjection.

N. Macdonald: Oh, the minister says 130 countries, including Zimbabwe. Did you study Zimbabwe? How's it working there? From Albania to Zimbabwe.

Let's just take it out of context. The minister cannot point to one study. It is all faith-based, completely faith-based.

You know, the tax cuts for industry include the PST removed. You have school tax breaks, you have heritage hydro rates, you have the section A lands removed. With each and every one there was a promise of jobs. Did any of it turn out? No. Was there any study to see whether it would turn out? No. It is the mindlessness, the lack of intellectual vigour on the part of this government, these ministers, which is absolutely mind-boggling.

It is incompetence at a colossal level. It's not just the forests, the public lands that have not been looked at. It is the almost criminal giveaway of our rivers, the giveaway of the land surrounding those rivers and the heavy subsidization from B.C. Hydro for the IPPs.

That is a flawed process. That is a flawed project. It is essentially taking public wealth and putting it in a very narrow set of private hands, who coincidentally have connection after connection with the B.C. Liberals — connection after connection.

I also want to take a few minutes to talk about something else that to the people in the area that I represent is important, and that's local food. A few of the things that have just been cut. . . . Something that was actually a good idea was the farmers' market coupon project. That was kind of a cool idea. I don't know if members are aware of it. That was a good idea, and I don't know if the current Minister of Forests brought it in.

It was a good idea. I don't know if the minister knows that it's been cut. This was a project that allowed not only people at food banks, but people who needed a bit of support. . . . They had coupons that they could then take to farmers' markets and get good, fresh food grown in the local area. The mindlessness of cutting that is just breathtaking, but they cut it, just as they have brought in meat regulations in such an awkward, sloppy way that it has caused problem after problem.

Deputy Speaker: Thank you, Member.

N. Macdonald: It's always a pleasure, and I thank you for your attention. I thank the members opposite for their attention as well.

R. Sultan: Earlier the Finance critic of our official opposition, the NDP member for Surrey-Whalley, further elevated the calibre of fine debate in this House by pronouncing on the 2010 budget with a speech which must set new records for the quantity of invective which can be squeezed into one and a half pages, because I actually counted, and with such language as: distortion, betrayal, deception, families in pain, not honest, betrayal — repeating himself — a mess, can't be trusted, shortsighted, nothing, a betrayal — for the third time — mismanagement, broken promises and cover-up. That was just the first page.

Somehow the member overlooked the words treasonous, treacherous and criminal, but perhaps if we'd given him more time, he would have thought of those descriptors as well.

[1835]

I would offer my own descriptors: careful, cautious, conservative and constructive; furthermore, realistic, with the right priorities, with a minimum of rhetoric — and also within limits — innovative but not ideological, and containing a maximum of information. Somehow I wonder if we're even considering the same document, because the disparity in our language certainly illustrates the great philosophical gulf between the MLAs on this side of the House and our friends on the opposite bench.

Three statements of the member for Surrey-Whalley struck me as being particularly nonsensical, and I'd like to cite them in turn. The first statement of special nonsense from the official Finance critic of the party opposite was: "Slashing health care."

Now, if we refer to this wonderful blue book, the estimates book accompanying the budget presentation of the Finance Minister, on page 129, referring to the Ministry of Health Services, it shows actual operating expenses in 2009-2010 as being \$14.1 billion, to round it a little bit, and budgeted operating expenses for 2010-11 at \$14.8 billion, or an increase of approximately \$700 million.

In the planning document which accompanies this voluminous display of everything you ever wanted to know and really didn't about government spending, you can see that the projected increase over three years is \$2 billion. Now, in the face of these skyrocketing numbers, it takes a rather extreme degree of numerical incapacity to describe it as slashing health care.

If we turn the page, on pages 130 to 132 we see that in only 12 months, '09-10 versus 2010-11, regional health sector funding growing by \$400 million, Medical Service

Plan growing by \$200 million, Pharmacare growing by almost \$45 million, health benefits operations growing by \$600,000, emergency and health services growing by \$18 million.

Therefore, for the opposition to characterize the health sector, where spending growth in fact threatens the ability of government to find sufficient resources for all of the other vital things which we are called upon to do, as being slashed is a whopper of truly majestic proportions.

Moving right along, we have statement of special nonsense No. 2: "Cutting education." Again, let us refer to the estimates book, page 85, and on the succeeding pages. Actual operating expenses in '09-10 are \$5.03 billion. Budgeted operating expenses in 2010-11 are \$5.16 billion, increasing about \$130 million in one year.

The projected increase over a longer period of time is from approximately \$6,300 per student budgeted, which prevailed when this government came into office, to approximately \$8,300 per student in the period 2012-13, as projected.

Now, we can all readily appreciate the difficulty of managing a school system with declining enrolment and the felt need of members opposite and their allies to keep all schools fully staffed and operating whether there are any students in there or not. However, the remarkable thing about this government is that despite these disturbing declines in enrolment — it could be the subject of another debate on another day — this government has in fact increased K-to-12 budgets consistently every year in the face of declining enrolments.

I find that remarkable and, in fact, laudable. We should give the ministers, past and present, a pat on the back for putting, as this caucus is frequently reminded by its leadership, education as perhaps the deepest priority of this government — even surpassing, in critical importance, the health system. That's an interesting statement of values.

[1840]

Accordingly, the assertion that the government is cutting education hardly stands up to scrutiny.

Furthermore, as the mix of spending reveals, this government has restored maintenance budgets, which was truly a disturbing perturbation, shall we say, immediately after the election but which has since been remedied, and is launching all-day kindergarten, both of which are strategies which one expects to be greeted with acclaim, not complaint. All-day kindergarten — I mean, this is big stuff, ladies and gentlemen. We should acknowledge it. It's wonderful.

Now, statement of special nonsense No. 3: "Not a nickel for social housing." Again, let's go to the blue book on pages 141 and 143. It's a little bit confusing, because housing and social development are all wrapped in together under one ministry, but the operating expenses go from \$2.68 billion up to \$2.73 billion wrapped together.

While I would concede the majority of that increase is representing the social spending side, as opposed to the housing side, if we go to page 143, we still see housing, voted appropriations last year, \$357 million; this year, \$348 million. Okay, I'll grant you, a very smidgen of decline, but to say we're not spending a nickel.... Well, come on, give me a break.

The Finance Minister says, nevertheless, and makes no apologies, that this is in fact a budget of restraint. It's a budget of belt-tightening appropriate to the times. There's not a lot of loose cash rolling around, and there has in fact been restraint in all directions. It would be fair to ask: has there been too much constraint? Is there too much restraint? Are we underspending, as the NDP seems to be alleging?

Here's an interesting contrast. The NDP would have us believe this is kind of a slash and burn, fire everybody and shut down government services. As one of my colleagues pointed out this morning, on the far right we have outfits like the Fraser Institute and the Canadian Taxpayers Federation berating us for just the opposite, as being out-of-control, reckless spenders. Maybe we're getting something right in the middle.

A more objective assessment would be, in fact, a look at this very interesting report produced by — what else? — the economics department of the Royal Bank of Canada. How about that? It says here: "Program spending in proportion to the economy for all the provinces of Canada, for all the years going back to 1981, is projected into the future to the year 2014 for each of the provinces and for the federal government." The column shown for British Columbia is very interesting. This is program spending in proportion to the economy — okay? In other words, how big is government relative to the economy?

Now, in the year 2000-2001, which was long before this place was taken over by the other team, the percentage was 19.4 percent — program spending in proportion to GDP, 19.4 percent. What was it this fiscal year just ending? It was 20 percent. The government has grown in proportion to the economy under the B.C. Liberals.

That's a striking, although small, gain, but to those who decry the fact that we are shrinking government.... Well, not according to this particular table, although I hasten to add, for those who would attack us on the grounds that we've been too expansionary, that it is projected in the budget to drop to 19.3 percent and back down to 19 percent by 2011-12, more or less back to where it was when the NDP left office.

It certainly does undercut the argument that we have been shrinking government excessively. In fact, up until the end of the fiscal year, which hasn't happened yet, we've been growing the size of government in this province.

[1845]

Let's turn to the other big issue of the day, which is deficits and debt. It's very much in the news. We can't

pick up the popular press, even, without hearing people expressing great concern about what's going on, and we are criticized for being in a deficit position ourselves.

Again, the relevant measure is how big our budget balance is relative to the economy. Again, thanks to our friends in the banking world, who don't have any particular axe to grind — and I'm sure they could hardly be accused of trying to massage the numbers to somebody's advantage — comparing British Columbia to other provinces and Ottawa, the Royal Bank reports our projected deficit next year at minus 0.9 percent of GDP — not quite minus 1 percent.

In that regard, we are projected as performing better than Alberta, which is minus 1.8 percent, a bigger deficit; Ontario, minus 3.6 percent, an even bigger deficit; Quebec, inveterate big spenders, minus 1.5 percent. We're doing better than Quebec next year. We're doing better than all the Atlantic provinces. We're beaten only by Saskatchewan and Manitoba, and I've always maintained we need a budget transparency and accountability act in Manitoba before I really fully believe those numbers. But for the moment, let's give them credit for good management.

So we're doing very well compared to virtually any other government in Canada in terms of our deficit spending. And comparing B.C. to other jurisdictions around the world, well, we're doing a lot better than Canada. The government of Canada is minus 2.8 percent. The United States is about minus 10 percent; Britain, minus 12 percent; China, minus 3 percent. We're beating the Chinese. India, minus 8 percent — we're beating them significantly. Japan, minus 7 percent — we're beating them significantly.

In fact, if you go down the London *Economist* magazine's list of all the countries that they track every week, of the 43 nations and currency areas reported in the latest edition, B.C. does better than all of them but three. We can bemoan the deficits that we are facing. Certainly they are significant and, frankly, nothing to be encouraged, but we are doing a way lot better than all of these other provinces of Canada and other countries around the world.

If we look at the accumulated debt that we've managed to accumulate by running deficits in the past — both ourselves and our friends across the aisle, who are particularly skilful at that — B.C. is at 17 percent of GDP. Ontario is at — wait for it — 36 percent, and Quebec is at 46 percent. Atlantic Canada, 33 to 40 percent. Alberta is a special case. They really don't have any debt at all, so we won't count them in the contest. So we look very good.

You might say: "Well, that's all very interesting, but are deficits and debts really that important?" It's certainly the absence of any mention of them that seems to me to mark the commentary on budgets from the other side of the House. I would argue that they are, in fact, very

important. When we talk about whether school budgets have been cut or the health budget has been maintained, we should also insert into our consideration what, in fact, is happening on the deficit and the debt side.

I would remind you of what you have been reading on the financial pages recently, how out of control it can get, and with unfortunate consequences. I have what I call the terrible ten or terrible 12. My meaning is not ten countries, but they are running deficits at 10 to 12 percent of their GDP. We have such super performers as Greece at 12 percent. The U.K. at 12 percent — what happened there? And the United States, with their \$1.56 trillion announced yesterday — as a plan, at least — at 10 to 11 percent.

Then we have what I'd call the 100 club, the countries whose accumulated debt is now equal to the total size of their economy. It's a 100 percent ratio, so they owe as much as they produce in the whole year — Japan, Italy almost, Greece — and the United States is around 68 percent or so. But if you add 10 percent a year — here's a puzzle for you — how many years will it take to get to 100 percent? Well, at the rate they're going, they'll do it in less than three years, and they will have joined the exalted ranks of Greece and Italy. Let's hope they don't.

[1850]

However, the IMF — the International Monetary Fund — predicts that the average debt-to-GDP ratio of the advanced countries in the G-20 will climb to 118 percent by 2014 from its current level of 78 percent — a chilling forecast.

Well, who cares? What are the consequences of debt being equal to GDP? Well, it has to be serviced. You have to pay interest on it. You pay interest to those dastardly bankers and those rascally bondholders and those capitalists that our friends across the aisle don't particularly appreciate. If you are giving every year — let's assume a low interest rate, a low-inflation environment prevails, which may be a bit optimistic — a perpetual 3- to 4-percent service charge on debt which equals 100 percent of your GDP....

Guess what. You just knocked three or four percentage points off the GDP that could have been spent on health care, better education, lowering tuition fees for our university students or better security and law enforcement, whatever. To knock 3 to 4 percent — let's say, a year's growth in a good year — off the GDP and pay out to some little coupon clipper somewhere else, I think, is unfortunate, regrettable and not to be admired.

Debt matters a great deal. It's a perennial drag on the economy, and countries and provinces such as B.C., which have significant debt — but nothing like all of these other jurisdictions — have to think about it.

To conclude, we have a budget here which preserves the core functions of government. In fact, it even in-

creases the funding for those core functions moderately — health care, education and, in distressed times, looking after those unable to adequately care for themselves on the social side of the ledger.

We have a budget with — let's be candid — a troubling deficit but which stands as a hallmark of fiscal virtue in comparison with most other jurisdictions both in Canada and internationally. In fact, I'd say — in my words here; I get a bit florid at night — a towering example of fiscal rectitude in comparison with the multitude of advanced economies outside of this country.

[Mr. Speaker in the chair.]

Well, I'll stick by that. In that respect, we're admired and praised by those from outside our borders. In a world marked by financial turbulence, insolvency and murky transactions, which no one — least of all sophisticated bankers — can figure out.... What in the heck is going on? All we know is that we've lost all our savings. The banks aren't lending money to get small businesses going. Things are, in fact, a big mess, driven in the first instance by a collapse of the financial system and all those bright MBAs that I helped educate at one point.

We don't want to go there, and we are not there. We are in the almost unique position of having fiscal virtue, and we should cling to fiscal virtue stubbornly because of all of the fringe benefits it brings, even though there are disappointments and some degree of pain along the

way. Believe me. In my opinion, that rather modest discomfort is nothing compared to the difficulties these other countries are facing because they haven't got their books in order.

I disagree with those who trot out the venomous list of adjectives to describe this budget. I don't agree with them. It's a competent budget. It's a budget appropriate to the times. It's a budget which turns away from the reckless temptations of the moment to spend and load those spending appetites onto the shoulders of our children and others yet unborn. I will not hesitate to vote in support of this budget.

R. Sultan moved adjournment of debate.

Motion approved.

[1855]

Hon. P. Bell: With that, I'd wish everyone a good evening. I hope that everyone has a good sleep tonight — both here and those at home — and I hope you feel better in the morning.

Hon. P. Bell moved adjournment of the House.

Mr. Speaker: This House stands adjourned until 10 a.m. tomorrow morning.

The House adjourned at 6:56 p.m.

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