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(HANSARD)

Thursday, November 27, 2003

Morning Sitting

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LIEUTENANT-GOVERNOR
Honourable Iona Campagnolo

4TH SESSION, 37TH PARLIAMENT

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Morning Sitting

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THURSDAY, NOVEMBER 27, 2003

The House met at 10:05 a.m.

Prayers.

Orders of the Day

Hon. G. Collins: I call Motion 105 from the order paper.

Motions on Notice

AMENDMENT TO SESSIONAL ORDER (continued)

Hon. G. Collins: I just wanted to say a few words. Unfortunately, I didn't think I'd be able to speak very well yesterday. I had a bit of a cold, and my voice was disappearing on me rapidly. I just want to say a couple words with regard to this motion.

This is the motion that would have the Legislature sit Monday, Tuesday and Wednesday of next week. I heard some of the comments that were made in the House in response to this motion, and I take them to heart. I understand some of the reasons why people feel the way they do.

Perhaps I just want to put some context around this motion. First of all, it is not my intention or the intention of the government to deviate from our fixed legislative calendar unless there are extreme extenuating circumstances. I think perhaps this is one example where that might be the case. I would argue that it is.

There was an announcement on Tuesday of this week that the government of British Columbia, B.C. Rail and Canadian National Railway, which I think now prefers to be referred to as CN, entered into a partnership arrangement to revitalize the rail sector in British Columbia. The negotiations to reach that partnership agreement extended into.... I think the final pen was put to paper just before 2 o'clock on Monday.

I didn't become aware until later that day that the arrangement had been signed. At that point I presented a motion to the Table to the effect that we see here before us. That appeared in *Votes and Proceedings* the next day and then was eligible for debate on Wednesday, which was yesterday. I tried to do that in such a way that members did have some notice before the motion was brought before the House. That wasn't always common practice in this chamber. Indeed, I suppose I could have waited until Thursday — today — just before 6 p.m. to stand up and try and move a motion, but I felt the proper way would be to put notice on the order paper.

The negotiations were difficult, as you can imagine. They always are in a complex arrangement such as this. Part of the negotiations had to do with the timing and the urgency of the Legislature in order to pass the enabling legislation. At the same time, I didn't feel comfortable putting that legislation through the House — introducing it on Tuesday, second reading on Wednesday and then committee stage on Thursday. I felt that would be inappropriate. As a result, Motion 105 is before us,

which gives the House an additional three full days to clear the business that's before us.

I'm looking at the order paper this morning and note that there are very few pieces of legislation left to pass. One of them that's on the order paper is Bill 91, the Wildfire Act. As you'll know, the minister, when he introduced it, indicated it would not be moving forward this session. It's there as an exposure, to be part of the Filmon review of the forest fires that raged through the province this summer.

[1010]

That leaves us with just a miscellaneous bill, a municipalities enabling bill and a couple of labour bills, really, that need to go through. I think the time that's left to us will more than accommodate the business. There's certainly no obligation on the House to sit through till 9 p.m. on Wednesday if it concludes its business earlier. I thought it was appropriate to provide an additional three full days of debate to clear the calendar and provide for a debate of the B.C. Rail initiative.

With those comments, I move Motion 105.

[1015]

Motion approved on the following division:

YEAS — 49

Falcon	Coell	Hogg
Hawkins	J. Reid	Bruce
van Dongen	Barisoff	Nettleton
Wilson	Thorpe	Hagen
Murray	Plant	Collins
Stephens	Abbott	Neufeld
Chong	Penner	Jarvis
Anderson	Orr	Harris
Nuraney	Belsey	Bell
Long	Chutter	Trumper
Johnston	Bennett	Hayer
Krueger	McMahon	Bray
Les	Locke	Wong
Suffredine	MacKay	Cobb
K. Stewart	Hamilton	Sahota
Hawes	Kerr	Hunter
	Bond	

NAYS — 1

MacPhail

[1020]

Hon. G. Collins: I call second reading of Bill 89.

Second Reading of Bills

BRITISH COLUMBIA RAILWAY (REVITALIZATION) AMENDMENT ACT, 2003 (continued)

P. Bell: I am very, very excited today to be able to stand and support Bill 89. I can tell you that it has been

an incredible amount of hard work getting to where we are today, but the benefits are clearly there for citizens throughout British Columbia. The benefits are clearly there for my constituents in Prince George. The benefits are clearly there for my constituents in Mackenzie and for all of the folks in the central interior.

I want to spend a little bit of time today talking about how this evolved and some of the comments that were made leading up to this very, very positive event. You know, during the last four or five months I was hearing in my community and reading comments from people suggesting that there would be massive job losses in Prince George. I said at the time that I wouldn't support massive job losses in Prince George. Yet they continued to say there were going to be 300 job losses or 400 job losses or 200 job losses in Prince George. I think we've got to come back and look at what actually occurred. Although I said over and over and over again that massive job losses were not on in my community, that I would not support that structure, people continued to say there were going to be 200 or 300 or 400. The reality is 15 involuntary job losses in Prince George over the next three years. You know what? On top of that, there will be many, many more new jobs coming to Prince George. I'll talk about that a little bit later on.

As well, one of the issues that was brought up to me on a regular basis was the need for competition. My constituents were concerned and shippers were concerned that if we went to a new model where one of the proponents, Canadian National, was selected to operate B.C. Railway, that would become a problem for us from a competitive perspective. Well, again, what is the reality, Mr. Speaker? The reality is an average rate reduction of 7 percent for shippers on interline shipments, and what is very, very important to note is that this is actually in contract. It's a very transparent process. There are actually published tariffs. Regardless of whether you are a shipper that moves 1,000 cars a year or 5,000 cars per year or one car per year, you're going to get that same rate from Prince George to Vancouver or from Fort St. John to Vancouver or from Fort St. James to Vancouver or any of the five zones that are identified inside the published rate tariff.

Then the next concern people had was that they said: "Well, yeah, that's fine for the first five years, but what's going to happen after that?" This is actually tied to the North American rail productivity index. What has that North American rail productivity index done over the years? It has done nothing but go down for the last ten years. Shippers are going to get an average rate reduction of 7 percent on interline shipments. On top of that, it will be tied to the North American rail productivity index, which will likely go down again in the future.

[1025]

What we're going to see is more competitive rates. We're going to see more lumber going onto railcars off of the highway, and we're going to be seeing shippers that are, in fact, more competitive as a result of this. You know what? The second-largest cost for our mill-

ing operations in the central interior after the cost of purchased logs is actually shipping. It's actually shipping their product to the North American marketplace. We've been able to shave an average of 7 percent off their cost on that interline shipment on the B.C. Rail component.

We've maintained the interconnectivity through an open-gateway policy. The open-gateway policy, in a nutshell, is very, very simple. What it means is that a shipper can choose to move their product from Prince George or any of the rural communities to Vancouver via the B.C. Rail line on CN cars and then interconnect to any of the other major class 1 railroads — whether it be Union Pacific or Burlington Northern Santa Fe or Canadian Pacific, or even if it stays on with CN.

CN is committed contractually to ensure that their interconnection system maintains the same level of service as it would if they moved it to the CN system, and at the same rates. There is tremendous protection, and this is in contract. We know for a fact that whether it's five years from now, ten years from now, 15 years from now or 20 years from now, rates will likely continue to decrease over time. They've already had a 7 percent reduction initially. They will have a guaranteed interconnection.

On top of that, there's more protection yet for shippers. There's more protection yet. There's actually a dispute resolution mechanism that guarantees that shippers are treated fairly. How do they do that? Well, if they are not being treated fairly at the gateway in Vancouver and they have a concern, there's an arbitration process that takes 22 days. In that 22 days, if they can't come to a successful negotiated agreement at the end of the 22 days, it goes to baseball arbitration — which is even better. Baseball arbitration says the shipper makes an offer, CN makes an offer, and the arbitrator has to pick which one they're going to use. It is ultimately the fairest of systems in arbitration. It ensures that no one is inflating their offers arbitrarily. There's all kinds of protection for shippers in there.

But there's even more good news in this. Shippers have told us very, very clearly that there are not sufficient cars in the B.C. Rail system in order to move their product. The minister has done a very, very effective job in negotiating this deal. CN has committed to the purchase of an additional 600 centre-beam cars. That's \$60 million upfront. That's over and above the billion dollars that CN is investing in this thing from day one — a significant investment of 600 new cars. On top of that, they're going to refurbish 1,500 more cars for a total of 2,100 new cars. B.C. Rail will have access to all of CN's cars throughout the system. B.C. Rail had approximately 9,000 cars to begin with. You add this incremental 2,100 cars, and there will be a sufficient supply of cars for shippers to guarantee the movement of their goods.

On top of that, there's another structured policy that is somewhat more complex: a guaranteed car delivery system. That's very, very good news for shippers as well, because when they need a car, they know they can get it every single time. Competition, I believe, has

been maintained and enhanced, in fact, through this new proposal.

Another key concern that I've heard in Prince George.... I've lived in Prince George, I guess, for 15 years. My wife was born there. My in-laws, Clarence and Charlotte Lapp, have been there since.... Oh boy, it's been a long time, hasn't it? Let me think. They've been there for probably 55 years or so.

The most common theme that I hear over the years is: why is the B.C. Rail office not located in Prince George, the centre of the activity of B.C. Rail, where all of the product virtually originates from throughout the interior? Where was the B.C. Rail office in the past? Right in the heart of North Vancouver. Right where it's absolutely not required, 500 or 600 miles away from where all the shippers are located.

[1030]

What we said to the proponents was that we want to know how you think you should treat this perhaps more equitably. CN has committed to establishing a regional presence — in fact, a regional office in Prince George — and they are actually moving all of their folks that are involved in the lumber movement component of the industry into this office. So they're actually bringing the folks that manage the lumber movement part of their business, and they're going to be right in the centre of the activity — right where the lumber comes from, right where the lumber leaves to go into the major U.S. marketplaces. After almost 90-some or 100 years that B.C. Rail's been around, we will finally have that regional head office that we've been looking for, for so long. So that's very, very good news as well.

On top of that, in Prince George we have two rail yards. We have the CN Rail yard, and we have the B.C. Rail yard. As a result of this consolidation of the two companies, what will make a tremendous amount of sense is that there will be land freed up in the city of Prince George for various uses. I know there are some very, very excited folks about that particular proposal. I have a quote here from Clark Gable, which was in the Prince George *Citizen*. Clark is the head of the Prince George Downtown Business Improvement Association. Pardon me — Kirk Gable. I was thinking of Clark Kent. Sorry, Kirk. I apologize for that. He has a great restaurant: Waddling Duck. I can highly recommend it. No commercials. You should come on and enjoy it.

His quote this morning in the Prince George *Citizen*:

"I am ecstatic," Gable said Wednesday, a day after Premier Gordon Campbell indicated the deal will generate surplus lands at the CN Rail yard on the north side of First Avenue. "There's a wide range of possibilities," said Gable, who would even welcome big box stores depending on how much depth of land would be available. "That would be really exciting for the downtown, because you would have complementary commercial uses adjacent to our commercial core, which would help everybody."

Now, the downtown core of Prince George has been suffering for some time. They've been working very hard to establish a new mechanism to start growing their downtown. Here is a potential asset that will allow them to move forward. On top of that, CN will

be donating a chunk of land to the city to expand the Cottonwood Island Park. Cottonwood Island Park is a beautiful facility. People walk down there all the time. There are tremendous trails; great access to the Nechako River and to the Fraser River — a very pretty spot — and there will be additional land. The surplus land is very good news there as well.

I can tell you I had a chat with some of the city councillors. As you may know, some of the city councillors were not fully supportive of this deal just a few weeks ago, although they appear to be changing their minds, from what I've read in the newspaper now. But one of the key things that was mentioned to me is: what's going to happen to our tax base? That was one of the questions that came from the council. I'll tell you what's going to happen to the tax base in Prince George. The tax base in Prince George is going to increase by about \$825,000 a year in incremental taxes that can be used to build new infrastructure in the city, enhance all the municipal facilities, fill the potholes and fix the lights and all of the things that I know are very, very important to my constituents in Prince George. It's a significant amount of money — \$825,000. It represents the better part of 1 percent of the municipal budget. I know the municipality was looking for a tax rate increase of a little over 1 percent this year. Perhaps, if they so choose, they won't have to increase taxes in Prince George as a result of that this year. So that's very, very good news as well.

One of the things I heard from employees of B.C. Rail.... I spent a tremendous amount of time with a number of employees, and I have to say that throughout this entire process the employees of B.C. Rail were very respectful. They understood that this was a challenging thing. They were not supportive of it initially. I think they're having a second look at this deal now and feeling more comfortable with it.

One of the key concerns that employees came to me with was their pensions. This deal actually protects their pensions. The pensions flow with the employees to the new entity, to the new employer. What they did tell me is that they didn't care whose name was on the cheque when they got the cheque at the end of the month. They wanted to know that their jobs were going to be....

The facts: 15 job losses in Prince George, and there will be plenty of opportunities in the Prince George area for those folks with the new airport expansion, the passenger rail service — all those issues. Fact No. 2: their pensions are protected. The pensions flow with them to the new entity. Fact No. 3: successorship rights are protected. That was the third key issue for them. We have nailed every one of the key issues that the employees were concerned about, and I'm very happy with that.

[1035]

Another one of the key things I heard in my community was concern around passenger rail service. I stood in this House about a year ago — I'm not sure exactly how long — and my heart was really torn because we were in the process of making a decision to eliminate the old *Cariboo Prospector*. When I sat down and actually

took a look at it, the thing that gave me some comfort was the notion that eventually we would be able to bring the private sector into the passenger rail component of the business and that there'd be significant savings for British Columbians as a result of that.

The *Cariboo Prospector* used to cost the people of British Columbia about \$7 million to \$8 million per year in subsidies, which translated into about \$2 for every dollar that a passenger paid for the trip. If the trip was \$250, the government was actually subsidizing that trip by about \$500 per trip. I thought — you know what? — when you look at a company like Rocky Mountaineer, which has had clear success in tourism rail on the old Via route and built their business over a period of ten or 11 years by almost sevenfold, that same success could happen on the run from North Vancouver to Prince George.

Even though it was a challenging decision and it was something that none of us really wanted to do, we understood that the importance of that \$7 million or \$8 million — and having that money available so that you could use it for health care, education or some of the strategic transportation infrastructure that's so important to our economy — made way more sense than continuing to subsidize tourists who wanted to go up and down our line, especially when there were other options out there.

I am very, very pleased with the direction of this new deal in terms of putting out a request for proposal for a combined passenger-tourist rail service. I know we have two proponents already that are very, very keen on this. Rocky Mountaineer has been in Prince George very recently, actually, with one of their railcars and talking to community leaders about how they would see their service moving forward.

We also have Whistler Rail Tours, a new entity which has recently come forward — a group that comes with very, very high credentials. These folks deal with literally millions and millions of cruise ship passengers every year. They have a partnership relationship with WestJet Airlines, and we all know that's a very well-run company. The CruiseShip Centers are involved in that company as well. They have a very unique proposal, and the dynamics of this proposal are staggering in terms of the number of jobs that it can create throughout all of British Columbia, but especially the central interior.

When you think of the opportunities, they're just endless. These folks could hop on a train in North Vancouver, and they could come up to Prince George. They could go from Prince George out to Prince Rupert, if they want, with this new interconnection system we have. They could go out to Jasper; they could take a bus down to Banff; they could go back to Vancouver on the other line. They could go out to Prince Rupert and take a ferry back down the coast or take a cruise ship for a couple of days' cruise down the coast.

There are endless opportunities, and I am confident that instead of the 2,200 or 2,300 passengers that we used to have on the *Cariboo Prospector*, we will be seeing tens of thousands of folks disembarking in Prince

George by 2010, which will be a very unique opportunity — perhaps as early as '06 or '07. I know we hope to have that active in '05.

This deal is, in my view, just endless good news. I have to tell you that after having gone through a very challenging, difficult time in my constituency over the last three or four months, I just feel like someone has removed the handcuffs and I'm allowed to start fighting back. Do you know what we're finding, Mr. Speaker? We don't have to fight back. People stuck with us throughout this entire time.

I am very proud of the open-mindedness of my constituents in being willing to stick with us through this challenging time and actually being open enough, despite all of the rumour-mongering that was going on and all of the mistruths that were out there. I am very proud of my constituents who stuck with us and said: "We actually believe this deal is going to be good for Prince George." Some wavered, but the ones that have wavered are coming back quickly, and they understand the benefits to this.

I haven't even talked about the really key benefits to Prince George. All I've done so far is addressed some of the issues that people brought up through this period of time when we were talking about a new partnership for B.C. Rail and how we could revitalize and move B.C. Rail forward.

[1040]

Before I go to that — because that is very, very significant — I want to just give you an idea of the types of e-mails and letters I've been getting in a little over two days. Well, no. I guess it's not even 48 hours. It's not even 48 hours since we announced this new partnership. I can tell you that the e-mails, letters and phone calls of congratulations that I've been getting have been outweighing the naysayers by 10 to 1.

This is just an example of the number of letters of support and positive comments I'm getting. I want to read a couple into the record, because they're just so relevant. This is the type of thing I'm hearing: "Pat, congratulations on closing the BCR-CN deal. From first reports it looks like Prince George was well represented in the negotiations, and it should be a win-win for both parties. It's comforting to know B.C.'s best interests were in the hands of experienced business people as opposed to the social workers, teachers and union leaders that controlled Victoria for so long."

Another e-mail that came in: "Pat, you and Shirley deserve our unqualified thanks for a deal which is so good for Prince George and the north. You did not back down, and we're proud of you."

Another one: "Congratulations to you and the team who brought about this excellent deal. I see nothing but upsides for our community and area. Your efforts are very much appreciated."

An Hon. Member: "Mom and Dad."

P. Bell: No, not from Mom and Dad. Maybe in-laws.

The next one:

"The new B.C. Rail deal is also a major advantage to the north, as capacity to move containers from rail right through to an expanded Rupert port is now a reality. With one day closer sailing to China and no delays at the port for off-loading or loading, we are now completely ready to handle commercial traffic. The Prince George airport expansion also received \$4 million in additional moneys. This means the commercial expansion for products that we talked about when they arrive is now a reality."

Again very, very good news.

A letter to the editor from someone who used to be a constituent and, interestingly enough, has moved to Ontario but has continued to follow B.C. politics. This is kind of interesting and encouraging:

"Although I now live in Ontario, the Prince George *Citizen* remains on my daily to-read list. As a voice from the past, I want to add my encouragement to Dave Paulson's supportive editorial on the sale to CN of B.C.'s operating rights. The decision will solidify Prince George's role as the distribution centre of the north and expand its potential as an entry into eastern Canada. There will be more vibrant east-west linkage to Prince Rupert, replacing the lost traffic for northeast coal. Needless to say, our beautiful but struggling neighbour on the coast is just receiving a welcome boost" — referring to Prince Rupert, Mr. Speaker.

"Prince George has a new, profitable investor making a major financial commitment to the city. This will begin to balance past capital investments by government, for no city can depend or grow on public projects alone.

"The northern development initiative sounds like an echo from the past. Do I hear 'northern commissioner' in there somewhere? That was an initiative that was a positive contributor to our region."

He's not supportive of the direction that we went previously with the northern commissioner, but he says this is a good move.

"I was delighted by Mr. Paulson's recognition of the economic significance of UNBC as a university that responded to our initial needs by developing our world-class forestry graduates. Perhaps it can now be added to our distribution management lineup for respected programs."

That came from Tom Steadman, who now lives in eastern Canada.

The president of Initiatives Prince George, which is the regional development organization in Prince George — a quote from an article yesterday in the Prince George *Citizen*: "With respect to Prince George, we have done very well under this deal," Offet said. "As I see various things that are going on, I think we actually have a chance to get a net gain in employment here."

A letter to the editor of the Prince George *Citizen* yesterday:

"The public-private partnership of CN and B.C. Rail is one of the single best things to happen in B.C. in the past ten years. When you compare Prince George to Chicago, which is the largest rail hub in North America, you know that something was done right."

That's the comparison.

[1045]

"I am also extremely pleased with revenue-sharing to northern communities, in particular the expansion of the Prince Rupert container port. All the strategic points I

observed in the announcement point to the completion of this port. I wish to thank the steering committee, the northern caucus and MLAs and all concerned for putting a deal together that will make B.C. second to none in world markets. We are no longer a have-not province."

That's from Russell Perry in Prince George.

There are many, many more. I don't want to take the time because I have so much else I want to say, but there are many, many more very good things about this.

I want to address this issue, though, about the northern development initiative and the comment with regard to the northern commissioner's office. The northern development initiative is significantly different than the old northern commissioner's office. The old northern commissioner's office actually reported to someone in Victoria. Ultimately, decisions for the north were not made by people in the north. They were actually made by people in Victoria, who really did not understand the dynamics of what had to be done.

This is completely different. The northern development initiative will be managed by a board of directors appointed by northerners and maintained in the north. The funding for this office is actually an endowment, so government will not be able to access those funds down the road. It will become self-managed. It will be much like an authority model in many ways, similar to the Vancouver airport, where it is removed from the political hands of the people in this particular building and will actually allow northerners to develop their own solutions for moving ahead in society.

On top of that, the northern commissioner's office really had no budget to do anything. It was very nice. It was a nice political appointment they had. It was a great job for a retired mayor in Prince George who happened to be directly involved in the support of an MLA that sat in this Legislature on the other side of the benches under the previous NDP government. But it really wasn't there to accomplish anything. They didn't have any budget to do anything.

This new office will have access to \$110 million, which they can utilize to diversify our economy in the north, to bring new opportunities, to leverage federal government funds and to add new value. I can think of so many things we can do with that money. Do you know what, Mr. Speaker? It's not going to be me who is going to decide what we should do with that money. It's going to be the people that live in the north.

Now we're going to bring these folks together. We've given them the tools they need. That's what they've told us all the way along. I know when I go home to my community, the folks I talk to say: "We know what we have to do. We know how to build a value-added industry. We know there are opportunities around the northeast coal. We know there are opportunities around electrical generation. We know there are opportunities for expanded gold and copper deposits throughout our province. We know there is oil and gas in the Nechako basin. We need to have the

tools to actually open that up." That's what we've done with the \$135 million fund. It's very, very exciting.

It was interesting. I was on the Ben Meisner show perhaps two weeks ago. It was obviously prior to the time that we announced. At one point during the show, Mr. Meisner said to me: "Yeah, but what's going to happen to all this money here? What's going to happen to all of this money you've got as a result of this?" He didn't know how much money was involved. I don't think that for a minute — not for a minute — did Ben guess that over \$171 million from this fund was going to stay in the north. That's just the beginning. There can be more, but \$171 million.... I don't think Ben knew how to respond, to be frank, when he actually saw that, because it was such good news.

I can't think of the last time a government invested that much money in the heartlands of British Columbia and still maintained the infrastructure built on competitiveness, built on jobs, and actually have better access to railcars, a new tourism rail service. All of those components are absolutely integral to our growth in the north. They are very, very exciting.

The northern development office has nothing the same as the northern commissioner's office. People will be hired, recruited and appointed in the north. The boards of directors will be in the north. There will be funding for this office, they will have access to that, and they're going to make the decision. I don't know whether they're going to spend \$110 million in one year or whether it's going to take them ten years or whether it's going to take them 20 years. Maybe they'll just use it as loans to businesses to start up. They can manage that money however they choose. That is very, very exciting stuff.

[1050]

I see my time is getting near to an end, Mr. Speaker. I get so passionate about this that I could probably go on for a good hour, but I know I'm not allowed that much time. I want to just touch on some of the other really significant things.

Prince George international airport — \$4 million, which will allow it to land 747s in Prince George and to become a major cargo operation in Prince George. It is such a natural location. We don't have the issues of nighttime landings and takeoffs because of the location of the airport. We are on the natural route from Asia to the eastern seaboard of the United States. It is a perfect refuelling stop. We actually have an oil refinery that can make jet fuel in Prince George, so it's a natural location for that. There can be literally hundreds and hundreds of jobs as a result of the new Prince George Airport expansion.

The port of Prince Rupert we've talked about. A brand-new wheel shop in Prince George will be bringing all of the wheels from CN's western Canadian operations into Prince George. Instead of going to Winnipeg or Alberta, we're actually bringing them to Prince George. Everyone was saying the work was going to be transferred from Prince George out to these other centres. What actually occurred, Mr. Speaker? They came from the other centres back to Prince George. That's a

result of the hard work on the part of the minister, the Premier and the negotiating team that was involved.

Transfer of locomotive and car repair services into Prince George. Again, everyone was saying we were going to lose those services. The reality? We're actually bringing those services back.

I've talked about the new passenger tourism rail service, the land development and improved access to Chicago markets, but I see my time is done. I could go on for hours on this topic. I am very, very excited about this. I congratulate the minister. I congratulate the Premier. This means a new start for the north.

R. Sultan: I've titled my remarks "The Rail Deal — Good for B.C., Good for the North Shore," for indeed it is. The partnership negotiated by this government, wherein B.C. Rail owns the track and CN runs the trains, is a win-win all around.

In my pimpled youth, I was once a passenger on this line. After a scenic two-and-a-half hour ferry ride on Howe Sound, we disembarked at a sleepy place called Squamish, where grass grew between the tracks. We boarded a wooden passenger car, which had a pot-bellied cast-iron stove for heating; and proceeded at a leisurely trot up past D'Arcy and other centres of civilization. I could have dismounted and kept pace with the steam locomotive, which was carefully picking its way down some wobbly tracks. The train went as far as Quesnel, end of the line. This prompted some to claim that PGE, the acronym for our provincially owned Pacific Great Eastern Railway, actually stood for Prince George Eventually. After I left town, PGE became B.C. Rail. Cottonwood Canyon was bridged and Howe Sound was conquered, to the dismay of my West Vancouver constituents, who had built rose trellises over the right-of-way. Steam engines chugged through our back yards on their way to North Vancouver.

W.A.C. Bennett had territorial ambitions far beyond the conquest of West Vancouver. B.C. Rail would be pushed into the Yukon, a target annexation. Next stop: Fairbanks. Manifest destiny bogged down in the muskeg somewhere north of Fort St. James. Today you might say history is repeating itself. We might scoff at the economics of that quaint railroad running between Squamish and Quesnel, but are we prepared to put on our twenty-first-century spectacles and consider the longer-term prospects of a railroad running from North Vancouver to Takla?

To listen to our earnest opposition, with the B.C. Rail-CN Rail deal, our province is virtually giving away the principal jewel in our Crown — a company with the strongest balance sheet in the industry, a company making huge profits, a company with a large future as long as it's operated by the government.

[1055]

Let's look at the facts. I have in front of me the annual reports of the British Columbia Railway Company, BCRC, a wholly owned subsidiary of the Crown, with operating results totally consolidated into our own public accounts. Their profits are our profits, their losses are our losses, and their debts are our debts.

Let's look at the profits or net income starting in 1993, year by year: \$3 million, \$41 million, \$47 million, \$36 million, \$40 million, \$26 million. That's 1998. Well, things are starting to slip a little bit. Then 1999, and here's a biggie — negative \$582 million. That's over half a billion bucks. Then carrying forward: minus \$6 million, minus \$107 million and last year minus \$84 million. Is this a confidence-inspiring profit record? I think I'll invest my RRSP somewhere elsewhere, thank you. So much for the opposition's paeans of profit.

Next, consider percentage return on equity invested: decade of the 1990s fluctuating between 0.3 percent and 2.3 percent. Wow, that'll knock your socks off. More recent years — 2.8, 5.7, 2.2 and 1.1 percent. Then in one magnificent year on this government's watch, under this Transportation minister, 2002, a 14.8 percent return on equity at long last. Good going, BCRC, and good going, minister, but it took a long time to get there.

Is it sustainable? Well, let's look at the balance sheet strength. Debt-to-equity ratio. In the early nineties, 25 percent; in recent years, 176 percent. Debt growing much faster than equity — not good. Working capital. Always the test of solvency. A big negative number. A negative number — hmm. I don't think the member from Williams Lake would run his retail shop on that basis for very long.

Okay. How are we doing on the marketing side? Total car loadings in 1993: 203,000. Total car loadings ten years later, 2002: 165,000 — down 20 percent. Sales, 1993: \$334 million. Last year: \$313 million — down about \$80 million in real terms. Okay. So it isn't growing much. In fact, it's shrinking. It isn't very profitable. In fact, it's leaking money like steam coming out of the seams on the boiler of that old locomotive taking me to Quesnel.

But it does provide jobs for British Columbians. And isn't that one of our first obligations as government — to provide jobs, particularly in the heartlands? Well, in 1993 BCRC employed 2,500 people. Last year it employed about 1,600. It's my impression from the presentation a couple of days ago that we employ a lot less today. Management tells us that under any status quo strategy, they may have to lay off several hundred more. The reason more layoffs would be inevitable is because the government has told BCRC it would rather pump the \$50 million to \$100 million per year of tax dollars it has taken to keep BCRC solvent into health care and schools. Voters demand it.

[H. Long in the chair.]

Here we have a partnership arrangement with CN, with what some describe as the best-run railroad in North America. To give credit where credit is due, it got that way under the leadership of a previous federal civil servant Paul Tellier. So much for Ralph's Shakespearean speeches about hollow men. It will no doubt continue to be a premier railway operation in North America under E. Hunter Harrison, the master of scheduled railroading.

To quote *Railway Age* magazine:

"Every great railroader can point to a defining moment in his or her career. Harrison, who started out on the St. Louis–San Francisco in 1964 as a carman-oiler, recalls the day in the mid-seventies when as a trainmaster–assistant superintendent, he was standing in a yard tower overlooking the Frisco's massive Memphis, Tennessee, hump yard. He was with Frisco executive vice-president, operations, W.F. Thompson. "The yard was full of cars end to end," Harrison says. "Thompson asked me: 'What do you see?' 'Real good business out there,' I answered. He replied: 'I see a yard full of delayed cars.'"

"Thompson," said Harrison, "made me realize the importance of asset utilization." He set the foundation for what eventually developed into what he calls the scheduled railroad concept.

[1100]

What will scheduled railroading bring to BCRC? Well, for example, travel time from Prince George to Chicago of only 90 hours. Hell, it takes that time, it seems, to get through security at Air Canada. For example, the ability to ship iron ore from the American Midwest into Japan via the port of Prince Rupert competitively — who would have ever thought that possible?

Indeed, my private excitement over this new partnership — and one motivation for my enthusiastic clapping at the rollout on Tuesday — was for the beneficial impact it will have, undoubtedly, on our mining industry. Our caucus mining task force, just winding up its work, has learned that port and transportation charges typically count for one dollar in seven in the operating costs of British Columbia mines, and that doesn't include the miners' assets tied up in concentrate inventory. I think Hunter Harrison's operating style will help B.C. miners expand their operations and increase their margins, and both are much needed.

What will this new partnership do for West Vancouver and North Vancouver? Quite a bit, I would say. Let's get the bad news out of the way first. It's unlikely that the BCR office at the foot of Lonsdale will survive. North Vancouver's loss is Prince George's gain. There are going to be layoffs — almost 200 involuntary and another 230 through attrition and early retirement. These are approximations. A lot of those jobs are on the North Shore. However, looking into the future, under the status quo, as I hope I've persuaded you, many of those jobs were at risk anyway.

Here's the good news for the North Shore: real estate taxes of almost a million dollars for North Vancouver city and North Vancouver district — a 50-fold increase for the city and fourfold for the district. It takes some of the pressure off those harassed municipal councils.

Quieter neighbourhoods. Run-through trains will reduce the need for switching railcars at the North Shore yards. This will improve the quality of life for residents living near the B.C. Rail yards.

Benefits for first nations on the North Shore. A \$15 million first nations trust will be established to support economic development, educational attainment and cultural renewal for the first nations along the B.C. Rail network, including those on the North Shore.

New land for economic development and jobs. This is maybe the most significant thing of all. Land is very precious on the North Shore and very scarce. Just think of all the land that will now be freed up for other purposes. B.C. Rail has substantial land in North Vancouver that will not be required for the railway. The province has committed to negotiating with first nations, communities and tenants to transfer ownership of these properties where appropriate. This land represents a huge potential for North Vancouver for economic, commercial and residential development close to and on the waterfront. This is very, very special land and much coveted. This government is freeing up a big chunk of it.

A new tourism hub. The request for proposal has already gone out for a new passenger rail service from the North Shore — North Vancouver — to Whistler, to Prince George, to Prince Rupert, to Jasper National Park and beyond. A North Vancouver version of the successful *Rocky Mountaineer* may be in the offing soon. As the tourism hub, North Vancouver has much to gain, just as the convention centre in downtown Vancouver has revitalized the downtown core of that city.

Also, the North Shore will be the spinoff beneficiary of the enormous boost to the north which this new partnership will bring. The member for Prince George North has already described a \$135 million northern development fund — money for the expansion of the Prince George airport and a new container facility at Prince Rupert. In fact, \$32 million is going into the Prince Rupert port expansion, which should be a wake-up call for those on the North Shore who assume we have a lock on rail port business in this province. We don't, and competition is healthy.

Finally, let's not overlook the benefits flowing to all taxpayers in British Columbia, whether on the North Shore or anywhere else — lower interest on the provincial debt of \$30 million a year. Over the 90-year life of this partnership, simple arithmetic adds up to an additional \$2.7 billion freed up for health care and education. Even more important is freedom from the dead weight of perpetual subsidy to keep BCRC afloat.

[1105]

In conclusion, this is clearly a good deal for CN — good on them — but it's an even better deal for those of us living on the North Shore. For those of us concerned about our fiscal integrity and our indebtedness, for those of us who would rather see the British Columbia government spend money on health care and education than on railroad subsidies, it is, in short, a truly great deal for British Columbia. Congratulations to the Premier, to the Transportation minister, to B.C. Rail, to CN and to all of those managers, analysts, bargainers, lawyers, operating people and detailers who made it possible. Should we be proud to run for re-election on this deal? You bet we should.

Hon. G. Bruce: I can't say that there's been a time I've had in the House over the years that would be as monumental — to be part of something such as this, such as B.C. Rail is to the development and the expan-

sion of the province. You know, there are defining moments as a country builds and as a province builds. Sometimes you can just let them pass right by, other times you learn about them kind of retrospectively in a historical sense, and other times you can be part of it. That's in fact what we're doing here.

This isn't about a railway. This isn't about B.C. Rail. This is about building a province, re-establishing this province to what it quite frankly ought to be — a leader in this country of Canada and a leader in the world. Why and how is it that B.C. Rail provides all that? If you go back in history, we've had some major times, major leadership that have brought some very significant things to this province. If you take, in W.A.C. Bennett's day, the whole aspect of B.C. Hydro, the dams, the Peace River dams and those that put British Columbia on a very strong footing for energy from back in those days to right now, to the future and beyond....

Of course, you had the transportation network where we built roads and opened this province up to have communities be able to meet with one another and to have transportation of goods and services in an internal market so that this province could grow. You know, we've kind of advanced a little bit further ahead in that, and we had the development of the Coquihalla, which was another major transportation, another defining moment of this province while it again brought communities closer together. Then one very significant defining moment around that time was Expo 86, when we as British Columbians invited the world to this province, as we're going to do for the Olympics in 2010. We told the world what we had. We saw this province build and grow and move ahead.

Now we have B.C. Rail. We have this regional rail network that's been here for a number of years. It's been built, and we have this opportunity that's been presented to us to take that and make it an integrated rail system. As I mentioned, it's not just simply about a rail system. It's about opening this province to the world. It's about being able to allow small communities up and down that rail line to participate in world markets, being able to bring the east to British Columbia. It's being able to bring that huge market, that large economic engine — that consuming engine, if you like, in respect to the United States of America, the largest consuming nation the world has ever seen right next door to us.... We're taking those small communities in British Columbia and affording them the opportunity to go right smack into that marketplace.

B.C. Rail and the transformation that's taken place here, the steps that have brought us to today — they have been gutsy, and they're visionary. But quite frankly, they are really all about strong leadership by the Premier of this province. Sure, the Premier of the province and this government could have said: "Listen, we're not going to do anything with B.C. Rail. What you see is what you get. Just because it doesn't provide the service you need, just because it doesn't provide the opportunity to hit markets — those particular reasons — we're not going to do anything with B.C. Rail. We're just going to leave it as it is."

But this government has shown the type of vision, and this Premier, the type of leadership that says that's not good enough. That's not good enough for the people of British Columbia. That's not good enough for the people of Canada. There's an opportunity here. The time is there, and you have to seize the moment. Premier Campbell has seized that moment. The Premier of this province has seen the opportunity and brought this government along to the point that we now, through the development of this program with B.C. Rail, open the world markets to all British Columbians.

When you think about it, it's really exciting. You know, a railway goes both ways. Here we've got this link now where we can take all of that hub that was there and built around B.C. Rail, link it to the east in Canada, link it throughout the central markets of the United States and link it through to the Far East through the port of Prince Rupert.

[1110]

We shouldn't lose sight of what Prince Rupert means in all of this. Prince Rupert is a port. It's got tremendous opportunity. It's free year-round. It's a day and a half closer to the eastern markets, as we've talked about, but it's not only a port for Canada; it can be the port. It can be the largest port on the western side of North America. It can be that gateway to those two huge emerging markets in India and China.

What an opportunity we have in British Columbia with all the resources we have — be they natural, mineral resources or just the people and the skills development we have which are so important for an emerging economy to be able to access. We've got that right here in British Columbia, and we can link that directly into those markets of China and India.

Then when you look at the aspect of what's there relative to the United States and the opportunity to be major players there, it isn't just a matter of goods passing through. It isn't just that a ship comes from the east and into Prince Rupert, and you off-load the goods and put them on a rail system, and that rail system goes through and links up and goes into the American market. It isn't just that — or the other way. It allows communities like 100 Mile House, Chetwynd — you can go down the list — Clinton, Quesnel, Dawson Creek, Fort St. John, Lillooet.... It allows all of these communities to be players in the development of an economy. Why? Because now they've got direct networks right through to the markets to the east and through to the United States.

Although these communities are going to see great benefits, what are we taking? We're taking Crown grants of \$1.8 million from B.C. Rail in the past. We're going to see taxes increase to those communities, I think, up to about \$8.3 million. But you know, that's not it. That's not it. What it really allows is for those particular communities to be able to develop and encourage industry, small manufacturing operations, to come and locate in their communities. It allows us to change this drag that we've seen, this urbanization of our community of British Columbia. It allows us to rebuild small-town British Columbia to give them

some hope, some future. You can see manufacturing operations and plants and industrial activity now take place along that rail network so they can move their products into the U.S. market and through to the east and India and China.

We talk a lot about small-town British Columbia. In fact, around the world we talk about small towns and how people are leaving small towns and moving to the bigger centres. What we've done here is one of the first major strokes that you need in trying to bring about again the ability for small towns to grow, to keep their people there, to allow families to enjoy a small town.

I'm from a small town. I've been a small-town guy all my life. I understand that when you walk down the street, you know all your neighbours. When you get your car fixed, you know the guy that's fixing the car. You don't lock your doors, because there's nobody on the streets to come in and out of your home except the people that live in your own home and all that sort of stuff. The beauty of a small town is that aspect of building community, of knowing one another and having an interrelationship with the people you live with.

We're allowing that to happen — all because we've seized the initiative, all because there's some vision. There's some gutsiness. There's some strong leadership here by this Premier, this government and the Minister of Transportation to take this opportunity and to build a rail system that allows our small communities to participate in those major marketplaces. What an opportunity.

An Hon. Member: What about E&N?

Hon. G. Bruce: The E&N. There's another discussion. That's another day, though. We can come back to the E&N if you want to, but I don't want to lose that. That's right here on Vancouver Island. If you want me to talk about Vancouver Island and where we can go with Vancouver Island in all this, that's a pretty exciting opportunity as well.

The case in point here is B.C. Rail and what this government has done with this particular initiative in allowing us to move ahead to take this province to the future. It's about building small-town British Columbia. You know, the benefits that are there, the opportunity.... This \$135 million fund that will be set aside, so that the people within the north and the regions affected can have some determination about what's taking place in and around their community, is innovative. It's leadership, but it allows local control and speaks to what this government has been all about: empowerment, the empowerment of people to make decisions in their lives.

[1115]

We go back time and again. We have seen in the past how government seems to think it can do everything for people in the best simple way. It can't. What we're doing here is demonstrating that we're empowering people with the ability to rebuild within their own communities, to take responsibility for their own communities and to seize opportunities that become part of

this greater, bigger matrix — how we can take a rail system and build it into the re-establishment of a province to give it a future not only for the next five or ten years but well into the future 50 or 100 years from now.

To say that I'm excited about B.C. Rail and what we're doing here would be an understatement. I think this is probably, singularly, the biggest thing this government and any government could be doing in the past ten and the next 15 or 20 years as we go about the task of making sure British Columbia is a great place to live today and tomorrow and in the future.

We've taken a situation here where... There has been lots that's gone on about how you develop this process. It's interesting to think back. You only have to go back a few days, but even a week ago, when there was all sorts of speculation about what the deal would look like and why this government was moving in that... You know, it's understandable — because democracy is great — that people want to have opinions and want to comment. I think that's wonderful.

On the other hand, I think there's a certain responsibility for making sure you have the facts. Quickly, people will say: "Well, we couldn't get the facts. We didn't have the facts. You wouldn't share the facts with us." Well, sorry, but let's think about it. You're into a billion-dollar negotiation with a number of corporations. What did you actually expect — that we're going to lay it all out on the table so that each corporation, bidding against each other, can see what the other guy is going to do? Is that what you would want? Is that what you think the taxpayers of British Columbia would want — and how you're going to fashion a deal that can be the best for taxpayers in this province? Absolutely not.

You would think there might be some prudence by some people, perhaps the opposition, in understanding that there is a deal being crafted here, and we're not just going to lay it all out in front of everybody. It's going to take a while, while we negotiate that deal. In due course, as it's put together, that information will come out. But no, we had all sorts of speculation — all sorts of "the sky is falling." There was all sorts of messaging about leaked documents, as though these leaked documents are some great secret, when in fact it was the negotiating team doing its due diligence.

Oh my gosh. Wouldn't it have been a good idea if there had been some due diligence done when we were talking about fast ferries? Wouldn't it have been nice if we hadn't blown \$500 million because due diligence had been done? Well, there was due diligence in those days. They just ignored the due diligence, whereas this particular government has taken that due diligence, understood the criticism, taken that criticism and figured out how to rebuild a better deal as you go through that negotiation.

When you finish up, that information becomes available. People can see that the deal that's been put together is a good deal for people in British Columbia, a good deal for the people in the north and central British Columbia. Here's a billion dollars — a billion dollars, \$500 million. You know, I've heard some people

say, "Well, it's only \$500 million," because there's \$500 million worth of debt. Wait a minute. This company is paying a billion dollars, but the deal is only \$500 million because there's \$500 million of debt. Somebody has to look after that debt. Somebody in this province has got to look after that \$500 million worth of debt.

We've got proceeds of a billion dollars. We're taking that \$500 million responsibly and paying off that debt — the debt that's been there, the accumulated debt that's been written off in years past. When you put it all together, you probably could have done two or three fast ferry deals, never mind the one we just suffered through. Here's another one that was left, which this government is dealing with.

We've got that billion-dollar deal. We've got that \$500 million that can now be used for other aspects of building this province, such as what we've talked about in the north and the \$135 million and other transportation needs in respect to the development and building of roads. I'm sure there will be other great opportunities for us to use those proceeds to better the lives of British Columbians from one part of this province to another.

When you hear that criticism and you hear people go on about it, you would think that they ought to learn that usually if one is doing due diligence, there's good fact behind this and that in fact the government is taking its time and making sure that the deal that is going to be fashioned is good for everybody and is done in a due process so everybody gets fair treatment. That is in fact what's occurred here in this instance.

[1120]

The B.C. Rail situation that we have, this proposal that's before government, is singularly, as I mentioned, the biggest thing we're going to see today and for that future. It allows us the opportunity for British Columbia to once again, as I mentioned, be a leader in this province, in this country and in the world. It opens that world market to us. It's all about building community, and that's what we're doing with this B.C. Rail deal. That's what leadership is all about — looking to the future, not living in the past.

W. Cobb: Well, we've heard a number of the obvious reasons why, in particular, I support this legislation, Bill 89. There's the billions of dollars up front, the \$135 million northern development initiative, 600 new cars and 1,500 refurbished cars, and the list goes on and on. I'm not going to repeat them. There are huge opportunities for the entire northern part of our province. This is for the area that deserves so much of the attention that is being paid here today and that for the past decade has been ignored.

More importantly, I want to talk about, on a smaller scale, a little bit of our history — not as eloquently as the member from West Vancouver has portrayed and not as much into the history. For years when I was at the local level, I was personally less than impressed with the ability of B.C. Rail as a corporation to deal with local governments. We heard time and time again, whether it was at UBCM or at NCMA, the amount of

land that was tied up with B.C. Rail not being utilized for local communities. That's why those organizations pushed, and I was part of that group that pushed so hard to have full property taxes paid on B.C. Rail, because they did tie up those huge tracts of land that were then not available for development. For whatever reason, they didn't seem to be able to get the development happening. And when they did, there was conflict with the communities as far as not wanting to meet our zoning bylaws, not wanting to meet other subdivision bylaws. They simply did what they wanted, and of course there were constant fights.

Well, that's now over. The land will now be made available to our communities on the line, and they can now begin to make those things happen that we were trying to get to happen for so many years. Those taxes received on the land, of course, are important. The tax base for that land will now be on an industrial basis in most parts. But more important is having that land available for industry, and with the industry comes those jobs that make all our rural communities so viable. I think that is probably the biggest part of this bill and what it's going to do for our areas.

As the member from Prince George mentioned, the passenger service.... You'll all recall the debate, and I had some concerns and took a fair amount of flack over the deliberations and the deletion of that service. This partnership will.... Well, it actually has already laid out a proposal to reinstate that passenger service for the people in the northern interior.

We've seen and had presentations on a couple of proposals, expressions of interest of people, industry — people who want to put a passenger service back on that track and are actually bidding on it. This week and next week they're travelling up and down the line, showing those proposals to different mayors and their councils and chambers of commerce, and I think they are excellent proposals.

We in the Cariboo know that we live in the most beautiful part of B.C., and we're willing to share that with our visitors. Those proposals open up a whole new window of opportunity for our area and in particular the tourism industry. We need to now get our heads around those huge opportunities for our tourism industry. Just as an example, yesterday we were talking about what can happen as we develop a plan to protect and expand the attendance at Barkerville. We have a huge asset here, and we can now use.... With the proposal that some of these private industries want to put forward — the passenger service — we can now expand that. We can work with bus tours. They're tying in with the cruise ship industry to get those tourists now to places like Barkerville.

[1125]

The opportunities are endless. As I said, I'm already working with our communities to take advantage of that partnership. I encourage all of the members in this House to support this legislation. I know that for a big part of B.C. and the residents, it's not an issue. B.C. Rail doesn't touch them. It's up in the interior. What we call the spine of the interior is B.C. Rail and that line. I en-

courage every member in this House to support this legislation, because it protects our interests in the interior, and it does it for a very long time.

I. Chong: I seek leave to make an introduction.

Leave granted.

Introductions by Members

I. Chong: One of the pleasant parts of our jobs is the opportunity to go out into our communities and meet with our elementary school classes. I had that opportunity not long ago, when I visited the grade 4-5 class at Monterey Elementary School. I've been there many times, and each and every year that I visit, the children are always keen and interested. Today they're here in the Legislature, and I have just been reading a number of letters they've given to me. They're very encouraging indeed.

They are here today to watch as we debate this particular bill. Downstairs they watched part of it on television and were inquiring about it already. I would like to welcome this class of 26 students, grades 4 and 5. Their teacher, Ms. Barbara Adams, was a recipient of the Queen's Jubilee medal last year in recognition of her hard work, dedication and commitment to promoting the arts in education. As well, eight adults have taken the time to be with these young students and bring them down here to ensure that they see democracy in action. I hope the House would make all of them very, very welcome.

Debate Continued

D. MacKay: Good morning. I also take a great deal of pride in standing up today to speak in support of Bill 89, which was introduced by the Minister of Transportation — also known as the British Columbia Railway (Revitalization) Amendment Act.

In 2001 the B.C. Liberal government was elected because we campaigned on fiscal responsibility, looking after the finances of this province on behalf of the people that live in this province. We wanted to stop the drain on the B.C. taxpayer. One of the first things we did as a new government was a core review of all the Crown corporations and agencies that exist in the province. B.C. Rail was a Crown corporation and was subject to the core review process.

Once the core review process was started with B.C. Rail, they had to look at themselves with the understanding that they were going to have to operate within their own fiscal capabilities. They were no longer going to get a subsidy from the province of British Columbia or the taxpayers to continue to operate in this province. The results of that core review were that B.C. Rail looked at the amount of revenue they generated and their operating costs, and at the end of the day they themselves came up with the conclusion that they could no longer meet the demands of the people

in the north and continue to operate without subsidy from the taxpayers of British Columbia.

In the last 15 years the taxpayers of this province have subsidized B.C. Rail to the tune of \$860 million in write-downs. What we could have done with that money in health care and education, goodness only knows. In the last two years before this agreement was signed, B.C. Rail lost 600 employees. They had to downsize by 600 jobs to try and meet the commitments to continue to operate in this province without subsidy. They were looking at an additional 400 job losses within B.C. Rail to remain viable in the province.

The bottom line was that B.C. Rail could not continue to meet the demands of the shippers and the people that lived along the B.C. Rail line. What did we as a government do? We decided that we had better start looking for someone who knew how to run a rail system and who had the means and the capital to operate B.C. Rail. The people in this province will continue, after this process, to own the railbeds and the right-of-way.

[1130]

It just made so much sense to go out and ask for some people who know how to run a railway and who have the capital. As a result of that request for proposal, we had four people come forward. We had CN, we had CP, we had Omnitrax, and we had RailAmerica come in. They came in because they thought they could make a dollar. Can you imagine — somebody making a dollar off B.C. Rail without the taxpayers having to subsidize it? They put in their proposals as to what they thought they could do for the province and for B.C. Rail.

It's interesting when you get the private sector involved in transportation. I want to talk about transportation for one moment. I travel once a week to and from the constituency in Smithers. I have an option of travelling by Air Canada. I have the option of travelling with Hawkair or Central Mountain Air. When I get on the aircraft or when I buy my ticket, I don't ask myself: "Who owns the airline? Do we as taxpayers own it, or does private industry own it?" I want to know that at the end of the day, the number of takeoffs equals the number of landings. I want a safe, reliable way of getting to and from point A and point B. I want to know it's a reliable source of travel. I want to know it's safe, and I want to know it's economical to travel. I don't ask myself who owns it or if somebody's subsidizing this. I just want to know I can get from point A to point B and get there safely.

The unfortunate part about being in government.... When the RFP went out, some of us in the chamber had access to information that was expounded on so badly by the media and other people out there who were trying to say it was a bad deal for the province. I read in the *Vancouver Sun* last week that it was suggested B.C. Rail would lose 1,200 jobs — 1,200 jobs, and there are only 1,600, I believe, in B.C. Rail in total. The president of CN said he was surprised when he saw that number of 1,200. He said even CN couldn't imagine running a rail line by laying off 1,200 people out of a 1,600-person workforce.

It's unfortunate when these RFPs go out. The Minister of Skills Development and Labour, from Cowichan-Ladysmith, spoke to it so well. When you're talking about a billion-dollar investment and you've got a bunch of companies, you can't go out and make public what the requests for proposals are all about. You can't be tipping the hand. It was so unfortunate. There was so much animosity and anxiety out there over what we were doing as a government to try to put B.C. Rail on a sound footing with some capital and continue to operate that for the benefit of the northern part of this province.

At the end of the day after the request for proposals went out, an evaluation committee looked at the expressions of interest. We'd made a decision that we would not privatize the operational side of B.C. Rail if it were not good for the residents of British Columbia. If it were a bad deal, we wouldn't do it. We would not put at risk the residents and taxpayers in this province if it was a bad deal, so the evaluation committee made a decision based on the best interests of the residents of the province.

The result of that was the signing in B.C. of a long-term lease with CN Rail to run the operational side of B.C. Rail. In case I forget, that's a \$1 billion investment in the province by the private sector. I don't think there's anybody in this chamber — and I would challenge anybody else out there that's listening — who can think of the last time we had a billion-dollar investment into the province by the private sector. I think everybody would be scratching their head. Some of us can't afford to do that because it bleeds very easily. I would suggest there are very few people in this province who could think of a project of that size.

That's \$1 billion that's been taken away from the taxpayers of the province, and \$500 million.... B.C. Rail today has a debt of \$502 million on top of the \$862 million we've paid off over the last 15 years. Today on the table is a debt of \$502 million. Of the revenue that we're going to be receiving for the operational side of B.C. Rail, \$502 million is going to pay down that \$502 million debt. That will free up \$30 million that we have to pay every year in interest payments on that half-billion-dollar debt.

[1135]

What other things are we going to do with that? We're also going to see an operating company with a proven ability and capital to improve the service delivery of B.C. Rail — an operating company with proven ability and capital. The fact that they have agreed to give the province \$1 billion would suggest they do have the capital. If you look at the expansion of CN Rail over the last number of years, they certainly have the track record as well.

In addition to the \$500 million paydown of the B.C. debt, there's also going to be \$135 million for northern communities to spend on a number of economic activities, such as the transportation in the northern part of the province, tourism, mining and small business, and who knows what Olympic opportunities await people out there. This \$135 million is going to be there for the people in the north to decide how to spend that.

Sixty million dollars out of that \$1 billion is going to be given to the four regions in the northwest part of this province — the northwest, the northeast, Prince George and the Cariboo-Chilcotin-Lillooet area. That money will be spent by a board of people who live in the area, making the best decisions on how to spend that money for the people they represent.

There will also be \$50 million there in a general trust for cross-regional investments, and that's also good news. There will be a 7 percent average reduction for shippers on the interline portions of B.C. Rail. That works out to approximately \$7 million in annual savings for the shippers along the rail line. That has to be good news for those people. They've got to be excited about that.

We've heard about how Prince George will become a gateway centre to Chicago. CN Rail has committed, through this signing, to get railcars to Chicago — the hub of the North American continent — two days faster. That's got to be good news for the shippers that live up in our part of the province.

We're also looking at a large improvement to the Prince George Airport, and \$4 million of that money will be spent to help achieve their target to expand Prince George regional airport so that it will be an international airport. That's got to be good news for the people in Prince George. It's got to be good news for the people who live west of Prince George — that they can travel to Prince George and fly internationally from there. I live in Smithers. That's a four-hour drive for me. That's got to be good news for everybody who lives on that west line out of Prince George.

For the first time ever, the shippers along the B.C. Rail line are going to have some protection from rate increases. At the present time, B.C. Rail could have shut down any portion of that line. They could have increased rates — done anything they wanted — and the shippers had no recourse, because B.C. Rail was not covered by the Canada Transportation Act. Those people now have protection under the Canada Transportation Act for rate increases. They have an appeals process available to them, should they feel they've been unjustly dealt with by CN Rail. They never had that before.

In addition, Prince George is going to get a \$1 million wheel shop. Can you imagine the amount of work that will generate? Western Canada and B.C. Rail at the present time use Tacoma, Washington, to have work done on those bogies, on those wheels that run up and down the steel line. That work is now going to come to Prince George. That's going to create jobs — a lot of jobs.

We're also going to spend some of that money at the port of Prince Rupert for the containerization. We've committed to spend over \$17 million to help Prince Rupert with its containerization facility. That's got to be good news for everybody along the line. CN is also going to spend \$15 million upgrading the rail line from Prince George out to Prince Rupert for containerization shipments. I can imagine what they're going to have to do out there, because there are some

tunnels that are going to have to be raised, and the railbed is going to have to be improved. If we start shipping two double-decker cargo containers through to Prince Rupert, everybody along the line is going to benefit from that.

Smithers used to be a divisional point for the CNR. The train crews used to run from Prince George to Smithers. They'd get off at Smithers, and a new crew would take the train through to Prince Rupert. I suspect we will see some more activity along that line as well.

[1140]

We have to also look at the tourism opportunities that are going to be there. Can you imagine getting off a boat in Prince Rupert, getting on a train, travelling to Prince George, getting on a train and travelling down to Vancouver, and getting back on your ship at the port of Vancouver? There are so many opportunities available here.

We've already heard that some of these people who are looking at passenger rail have expressed interest in... Already they're at the door, wanting to get in. We've had a couple of people come and give us some presentations on what they think they can do with the passenger rail system. They're hooked in through the cruise ship industry around the world. The potential is unlimited out there. We have opened that up for the private entrepreneur. That's what government must do. We shouldn't be in the business of providing services like that. We have to create the atmosphere to attract business.

When we look at the taxes that are presently paid in the province — or grants in lieu of taxes.... I'm going to give you a couple of examples of communities along the line that are going to benefit from CN now having to pay taxes to those communities. The first one I'm going to mention is Fort Nelson. Fort Nelson will be receiving approximately \$450,000 annually from CN Rail. That's six times the 2003 assessment rate. Lillooet will be receiving \$68,000. That's five times what they're getting today. Probably the one that really stands out is North Vancouver. They're going to get from CN \$256,000 a year, which is 50 times what they're getting today from B.C. Rail. That's good news for those communities.

There are other communities up that spine, as we call it, that are going to benefit from this new tax that CN will now be paying rather than grants in lieu of. We've got new cars. We've got shippers that live west of Prince George, on the Prince George B.C. Rail line, that can't get railcars to move their product. CN has committed to build 600 new centre-beam cars to move the lumber we extract from up north. That's how we make our living up there. We cut down trees and produce lumber, and we move lumber around the world. We can now move that lumber to Asia one and a half days faster, because we're one and a half days closer to the Asian market than Vancouver is.

As I said, we've already talked about the request for proposal for passenger rail service. People have already come to the Legislature and done presentations

to us. I'm quite excited about some of the ones I'm seeing.

What we've got from this is an operating partner that knows what they're doing and how to do it, and they've taken the risk away from the B.C. taxpayer. That service is still going to be there. It's going to be an improved service at no extra cost to the taxpayer. I don't know how anybody can stand up and not support this bill and all the benefits that will run from this when it's finally completed. We suspect it will be signed off in the first quarter of 2004.

It's good news. It's good news for the province, and I'm pleased to support the bill.

D. Jarvis: I rise today, as well, to speak on Bill 89, the British Columbia Railway (Revitalization) Amendment Act, 2003.

I join all my other colleagues from the north that have been speaking, who are really pleased with the way this bill has found itself on the floor of the House and is being presented to the people of British Columbia. I join with them, too, in the fact that this is going to be good times for British Columbia. BCR, CNR and the government of British Columbia have ostensibly joined together in a partnership. This is going to be a welcome gift to British Columbia, because our B.C. economy has been languishing for some time now.

There are people in opposition to this bill, but that opposition is basically coming from the ideologues or groups that are against any kind of privatization. This isn't really privatization. In a sense, as I said earlier, it's an investment partnership between the government, B.C. Rail and CNR.

[1145]

Although CNR is going to end up with a long lease on this, it's going to be of benefit to all of us in British Columbia — substantial benefit. Basically, we're going to see a billion dollars filter into British Columbia and thousands and thousands of jobs from businesses that are proposed directly because of the railway. Then there will be all these ancillary businesses that will start up. What better way to grow an ailing railway infrastructure than this? Although BCR helped build a strong B.C. economy before, we know that the government prior to us destroyed our economy in this province. Now we have to rebuild it.

B.C. Rail has been sort of less than dependable when it comes to moving our products into the United States and other jurisdictions across the seas, basically because they've had large debt to service. You've heard it before. We have written off, over the past 15 years, over \$860 million of taxpayers' money. It's been taken away and thrown into this railway to make this railway operate.

The railway, because of its debt — which now stands at around \$500 million and has to be serviced every year by a \$30 million interest payment — has not had the money that's needed to grow with the economy and the demand for moving our basic products of British Columbia to the markets. This is where CNR comes in. They've come in and said: "We will pay you

\$1 billion. We will pay off your debts, and we will start building the infrastructure required to move products to Asia and to the United States, down through Chicago." This is what this province needs.

I know the mayors up and down the tracks are all quite happy about this — the majority of them are; the forward-thinking ones are. The companies that produce products and ship them by rail are also more than pleased, because now they can get their products to market faster. The faster they get their product to market, the more money they're going to make. The more money they're going to make, the more people they're going to hire. The whole province will benefit from this.

As I said, BCR has not been competitive. It required an infusion, and it didn't have that infusion. This is where this partnership with CNR is coming in. A lot of people don't realize it, but B.C. Rail, as a Crown corporation, will still be there. It has substantial real estate, mostly in the lower mainland. For example, for my constituents on the North Shore.... That will be where the Vancouver Wharves are — in that area there.

B.C. Rail has not disappeared. It may someday, but at the present time it's still there. They're doing well with this deal that's come up now. We may lose a few jobs. A few people know that B.C. Rail has divested itself of approximately 600 people in latter years.

B. Penner: The last two years.

D. Jarvis: The last two years, I've just been informed by my friend from Chilliwack.

There are going to be approximately 250 voluntary people that are going to be laid off. They'll be left with their pensions and probably some retirement packages. Then they estimate there's going to be — it's only an estimate and probably won't even be that high — about another 180 people, the non-voluntary people, that will be laid off. They'll be looked after. They always are in this province. Those 180 will be amortized up and down the tracks. Probably a good percentage will be on the North Shore. But when you look at the big picture, it's the province we have to govern, and this is going to be good for our whole province.

[1150]

Prince George is going to be revitalized. They have been in the doldrums for some time now due to the forestry markets and things like that. This infusion of money is going to do them well. They're going to have companies going in there to build a wheel factory. They're going to have new infrastructure as far as railcars go. There are approximately 600 new railcars going to be put into the railway now. Also, they're going to refurbish another 1,500 railcars. So we're looking at 2,100 — plus or minus — new cars on the line, ready to ship goods north and south and east and west, which B.C. Rail was unable to do on its own. That is a great boon.

The information given to us states that CN will create a situation with regard to moving product faster through what they call the Chicago express. It will take

two days less to move lumber and everything into the big markets down in the United States.

That's where another benefit is coming. Probably the best one, I personally think, is the fact that they're going to revitalize and this government is going to put money in and build a container facility in Prince Rupert. Now, Prince Rupert is where part of my family has come from over the years. My great-grandfather went there early in the 1800s and started building canneries. They have been in the doldrums for many years now. They have an MLA who is always talking up Prince Rupert. Some would say that when they come from Prince Rupert, they have nothing else to talk about but Prince Rupert.

Nevertheless, Prince Rupert is a town that is deserving of a revitalization in their economy. They have suffered quite a bit with regard to the fishing, forestry and mining. Everything that they normally produced and lived well on has been reduced somewhat due to the economy and due to some philosophies of previous governments. Now Prince Rupert is going to be what I think will be the gateway to Asia, and rightly so. I mean, people don't realize they are basically 500 miles closer to the Orient than we are down here in the lower half of British Columbia and the United States.

If you build big facilities in Prince Rupert, this is going to generate jobs, jobs and jobs, and this is going to be something wonderful for that city. I'm more than pleased to support this bill on that premise alone. In fact, if I was still in the business, I'd be up there right now buying real estate. If you have any extra dollars, I think you should run up to Rupert right now and buy a nice house up there.

North Vancouver, where I'm from.... People have heard this before, but I'm going to repeat it again. We're going to have an advantage in the sense that we're now not seeing a Crown corporation come in and give us grants for the land they occupy that is part of the district of North Vancouver, the city of North Vancouver. We now have a private company coming in, and they pay bigger and better taxes. So the tax increase is going to be substantial. In the city of North Vancouver their revenues will rise by approximately \$256,000, based on the current assessments of the property that the old B.C. Rail, which is now being taken over by CNR, occupies. That's almost 50 times what they received when they were dealing with the Crown corporation of B.C. Rail.

[1155]

Likewise in the district of North Vancouver, on the basis of the estimated assessments, they could pick up

another \$700,000-plus, which would be a fourfold increase over what they received last year. Now, it may not seem like a lot of money to a lot of people, but that's certainly going to help level off our taxes in this area. We pay big taxes in order to support towns like Prince Rupert in this province.

Anyway, I thought I'd get a remark from the member on that quip, but I guess he ignored it, as he ignores me most of the time.

I see the time is waning, so what I want to do is just say why we made this change. Well, we could have sat back and done nothing and let this province continue to languish, but that is not what this government is here for. We are here to work for all British Columbians. This is going to be the best for all of British Columbia.

I will sum up by saying that this is a big billion-dollar investment in British Columbia, and it's investing in our rail system in British Columbia. Though it's named CNR, it will still be a British Columbia railway. It's going to ostensibly be public ownership, as British Columbia still owns the track beds and the rails, etc. We'll have no more public debt on British Columbia Rail. We're going to have 600 new cars and another 1,500 revised or rebuilt old cars. We're going to have lower rates and costs for the shippers and the people using their railway, and we're going to have improved access to all our markets all over North America and into Asia.

It's good for British Columbia. This is going to move British Columbia forward, like it hasn't been doing for the last dozen years. Yesterday when this bill was introduced marked the biggest investment that we've had in British Columbia for many, many years — decades. Let us hope this will continue. That is why I intend to support Bill 89, the British Columbia Railway (Revitalization) Amendment Act, 2003.

Mr. Speaker, on seeing the time there — my time is running out — I will move to adjourn the debate.

D. Jarvis moved adjournment of debate.

Motion approved.

Hon. G. Bruce moved adjournment of the House.

Motion approved.

Deputy Speaker: The House stands adjourned until 2 p.m. today.

The House adjourned at 11:58 a.m.