



5th Session, 37th Parliament

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LEGISLATIVE ASSEMBLY
(HANSARD)

Thursday, May 13, 2004
Afternoon Sitting
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LIEUTENANT-GOVERNOR
Honourable Iona Campagnolo

5TH SESSION, 37TH PARLIAMENT

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Afternoon Sitting

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THURSDAY, MAY 13, 2004

The House met at 2:04 p.m.

Introductions by Members

D. Hayer: I rise today to welcome 185 students from William F. Davidson Elementary School, their teacher Ms. J. Buckham and the dedicated parents who have taken time out of their busy schedules to escort these kids to the Legislature this week.

[1405]

As well, yesterday from my constituency of Tynehead, I missed one class. I would also like to recognize the ten ESL students and their teacher, Mr. Jim Douglas, who visited us from the Pacific Academy yesterday, and thank them for visiting the parliament building to learn about our system of government in British Columbia. Would the House please make them all very welcome.

Hon. M. de Jong: In spite of the efforts of the member for Surrey-Tynehead, students from Bradner Elementary in Abbotsford were able to secure a bus early this morning. I'm pleased to say that those 31 grades 6 and 7 students, their teachers and some parents are here in the precincts. I hope members will make them welcome.

Hon. I. Chong: It is truly a privilege to welcome eight very special guests who are here with us in the gallery today. They have travelled a long distance, some of them all the way from Hong Kong. I had the pleasure of having lunch with them earlier along with a number of my colleagues, and now they've just returned from a tour of Legislature.

Our guests include the Permanent Secretary for Home Affairs for the Hong Kong special administrative region government, Ms. Shelley Lee. I would add that Ms. Lee is the very first Permanent Secretary of Home Affairs and the first woman director for Home Affairs for Hong Kong. Accompanying Ms. Lee are other members of her delegation, also from Hong Kong. They are Mr. Peter Wynn Williams from the Hong Kong Ballet board of governors and Ms. Helen Ng, Hong Kong Ballet chief executive officer.

Also joining us today are people from Toronto: Mr. Bassonio So, the director of Hong Kong Economic and Trade Office in Canada, the chief representative of the Hong Kong special administrative region government in Canada; as well, Mr. John Tam, the chief information officer with the Toronto office. From Vancouver we have three other guests: Mr. Brian Lo, who is the chair of the Hong Kong Ballet Vancouver performance organizing committee and the vice-chair of the Chinese Cultural Centre of greater Vancouver; and Ms. Catherine Yuen, principal consultant, again from the Hong Kong Economic and Trade Office, but the location is in Vancouver. They've brought along a photographer who is recording their trip to the Victoria and Vancou-

ver area, and that's Mr. Roger Chan. Would the House please join me in making them all very welcome here today.

Hon. G. Collins: I want to ask members of the House to help me make welcome today 45 grade 5 students from the Vancouver Talmud Torah School. They're here today with — and I apologize if I don't get all the names right; I'll do my best — Ms. Andrea Millman, Mr. Elizar Rocheff, Ms. Ruthie Axelrod, Ms. Lily Biskila, Fred Cohen and Ms. Florence Lapidis. Would the House please make them welcome.

Hon. L. Reid: Today we are visited by a tiny little girl by the name of Grace Haugen. She was brought down from Duncan for a quick visit today by my dear friend Ms. Lynda Turney. I'd ask the House to make them all very welcome.

Mr. Speaker: Hon. members, earlier this afternoon I had the pleasure of hosting a luncheon for the Canadian information and privacy commissioners who are in Victoria this week for their annual meeting. During the course of their meeting, these national, provincial and territorial commissioners will be exchanging information and examining privacy implications of new technologies. Would the House please join with me and with the members of the Special Committee to Review the Freedom of Information and Protection of Privacy Act to welcome our distinguished guests to Victoria.

Hon. G. Abbott: One of the legislative interns that works very hard in the Legislature here.... I think he labours on behalf of the opposition but, nevertheless, does a great job. He's a Sicamous boy who is carrying on the proud tradition of Sicamous kids coming down here and showing people how to do things in Victoria. He is today joined by his mother, Anita, and stepfather, Oliver Mark, to see how this great assembly works. I'd like you all to join in making them welcome.

[1410]

Introduction and First Reading of Bills

ADMINISTRATIVE TRIBUNALS ACT

Hon. G. Plant presented a message from His Honour the Administrator: a bill intituled Administrative Tribunals Act.

Hon. G. Plant: I move that the bill be introduced and read a first time now.

Motion approved.

Hon. G. Plant: I am pleased to introduce the Administrative Tribunals Act. In keeping with government's commitment to enhance public confidence in British Columbia's administrative justice system, this

is the second and last major piece of legislation emanating from the reform work initiated nearly three years ago through the administrative justice office.

This bill will strengthen British Columbia's position at the forefront of administrative justice reform within common law jurisdictions by establishing a comprehensive approach to statutory powers for the province's administrative tribunals. This bill is a critical step in ensuring that British Columbia has an administrative justice system that is modernized, fair, efficient and citizen-focused.

British Columbia's administrative justice institutions have grown over many decades, one tribunal at a time. The wide and varied array of powers exercised by administrative tribunals have often been developed in the absence of a comprehensive or consistent policy framework. The bill I am tabling today is the product of extensive consultation with individuals interested in administrative justice issues. It subsumes last year's Administrative Tribunals Appointment and Administration Act, which created a merit-based appointment process and clarified the responsibilities of tribunal chairs.

With this bill we will now have one comprehensive piece of legislation that addresses a complete array of administrative tribunal practices, powers and procedures adapted as appropriate for each tribunal. Put simply, this legislation will make British Columbia's administrative justice institutions more like a system, more accountable, more consistent and more relevant. The bill will enhance the right of citizens by making the front line of B.C.'s justice system as accessible and transparent as it can be.

I move that the bill be placed on the orders of the day for second reading at the next sitting of the House after today.

Bill 56 introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

MISCELLANEOUS STATUTES AMENDMENT ACT (No. 2), 2004

Hon. G. Plant presented a message from His Honour the Administrator: a bill intituled Miscellaneous Statutes Amendment Act (No. 2), 2004.

Hon. G. Plant: I move that the bill be introduced and read a first time now.

Motion approved.

Hon. G. Plant: I am pleased to introduce Bill 54, the Miscellaneous Statutes Amendment Act (No. 2), 2004. This bill makes minor housekeeping changes to a number of pieces of legislation and makes some more significant changes in order to deal with a range of issues, including flood and fire emergencies, and to permit the provincial use of the federal register of electors.

In particular, Bill 54 will amend the following statutes: Cremation, Interment and Funeral Services Act; Election Act; Emergency Program Act; Employee Investment Act; Employee Investment Amendment Act, 2002; Gaming Control Act; Health Professions Act; Income Tax Act; Land Title Act; Local Government Act; Miscellaneous Statutes Amendment Act (No. 2), 1999; Motion Picture Act; Municipalities Enabling and Validating Act (No. 3); Probate Fee Act; Public Safety and Solicitor General Statutes Amendment Act, 2002; Railway Act; School Act; Vancouver Charter; Video Games Act.

No doubt, with the full attention of the House, I will elaborate on the nature of these amendments during the second reading of this bill. I move that the bill be placed on the orders of the day for second reading at the next sitting of the House after today.

Bill 54 introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

[1415]

TEACHING PROFESSION AMENDMENT ACT, 2004

Hon. T. Christensen presented a message from His Honour the Administrator: a bill intituled Teaching Profession Amendment Act, 2004.

Hon. T. Christensen: I move that the bill be introduced and read a first time now.

Motion approved.

Hon. T. Christensen: I am pleased to introduce Bill 55, the Teaching Profession Amendment Act, 2004. This act makes a number of changes to the Teaching Profession Act. In doing so, it delivers on government's commitment that a majority of the college council will be democratically elected and that the primary obligation of each council member will be to act independently in upholding the objectives of the college in the public interest.

The Teaching Profession Amendment Act, 2004, amends the Teaching Profession Act to improve the ability of the B.C. College of Teachers to operate in the public interest and enhance the teaching profession, while respecting the wishes of teachers to have majority representation on the college council.

The amendments carry out the following. There will be 12 elected and eight appointed members of the council for the college. Fifteen of the 20 council members will be members of the college. Council members will be required to take an oath of office. The duty to report professional misconduct will be limited to situations of potential harm to a student. The concept of membership and certification will be merged. In addition, there are a number of minor amendments to improve the operation of the college. These legislative changes follow through on advice that we received

from parents, teachers, administrators and trustees to improve the college in a fair and balanced manner.

I move that the bill be placed on the orders of the day for second reading at the next sitting of the House after today.

Bill 55 introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

FINANCIAL INSTITUTIONS STATUTES AMENDMENT ACT, 2004

Hon. G. Collins presented a message from His Honour the Administrator: a bill intituled Financial Institutions Statutes Amendment Act, 2004.

Hon. G. Collins: I move the bill be introduced and read a first time now.

Motion approved.

Hon. G. Collins: I am pleased to introduce the Financial Institutions Statutes Amendment Act, 2004, which amends the Financial Institutions Act as well as the Credit Union Incorporation Act. The amendments to the Financial Institutions Act and the Credit Union Incorporation Act will improve the efficiency and effectiveness of the regulation of the financial services sector in British Columbia.

The amendments will create a streamlined regulatory environment by eliminating outdated and unnecessary regulatory requirements and unreasonable restraints on market activity. At the same time, the amendments will enhance consumer confidence in the financial services sector by allowing regulators to focus on areas of greatest risk and by strengthening the tools available to the regulator to effectively intervene when necessary. These amendments will create a framework for smarter regulation of the financial services sector. This type of regulation and a competitive tax environment are two ways in which the government is contributing to the development of British Columbia's financial services sector — a key part of our economy.

I move the bill be placed on the orders of the day for second reading at the next sitting of the House after today.

Bill 39 introduced, read a first time and ordered to be placed on orders of the day for second reading at the next sitting of the House after today.

Statements (Standing Order 25b)

SERVICES FOR SPECIAL NEEDS CHILDREN

E. Brenzinger: Yesterday's PricewaterhouseCoopers auditors report says that the taxpayers are short-changed by approximately \$2.6 million. I find it de-

plorable that there is this kind of government waste when hard-working taxpayers and their children are left to do without services.

I recently met with Surrey parent group representatives who are shocked by the lack of services for special needs children in our education system. The services to special needs children in education have been slashed while the number of special needs children increases yearly. The ministry implemented a new definition of learning disabilities which does not set functional rules for qualifying children as learning disabled. This definition is vague.

The ministry has said that funding is in the core, yet districts are hard-pressed to find such funds. Severely mentally ill children used to be funded within the chronic health category, but the ministry has explicitly instructed districts to move these children into a new category called intensive behaviour support and/or serious mental illness. In doing so, the funding for these desperately fragile children fell from \$15,000 to \$6,000. Surrey has refused to reduce the services to these children as the potential can be fatal, but funding must come from somewhere.

Autistic children are in a new autistic classification created by the ministry that is so specific that many in the range of autism will end up in an inappropriately funded category which will be insufficient to cover their needs. Fetal alcohol syndrome, or FAS, children don't fit any category and therefore are not funded. These children are not served at all.

[1420]

The cost for supporting these special needs children is about double of what is actually being provided by the Ministry of Education. As the needs of these children overlap ministries, we need a much greater investment of funds from all ministries in special needs and the child resources in our province.

SURREY POLICE AWARDS

D. Hayer: It is with great pride that I rise each year to announce the Surrey Chamber of Commerce Annual Police Awards started eight years ago by my team when I was chamber president in 1996-97 and continued by the new chamber team. These awards recognize the outstanding contribution made to the city of Surrey by those who serve and protect.

Surrey, as you may know, has the largest detachment of RCMP officers in Canada. It has some very outstanding officers within its ranks. The annual awards also recognize the contributions of volunteers, employees and business in assisting Surrey's finest as they carry out their duties in Surrey.

The Police Officer of the Year as nominated by their peers, employees and volunteers of the city of Surrey detachment was chosen from finalists Constables Craig Van Herk, Derek Evanson, Duanne Honeyman and Rudy Etienne, with Constable Etienne receiving the award.

Police Officer of the Year as nominated by the community was a choice between Cpl. Miriam Booth

and Constables Ross Lundie and Tim Shields, with Constable Shields receiving the award.

The Arnold Silzer Community Policing Initiative Award was presented to Const. John Meagher. In the police municipal employee category, the finalists were Amar Gill, Pat Mullen and Cindy Stogren, with Ms. Stogren being selected as the top employee.

Policing volunteer of the year was chosen from auxiliary constables Roger Bodel, Bill Brand and Edith Harper, with Ms. Harper as the winner.

In the police and the business partnership category, the finalists were Paul Orazetti of the Cloverdale Business Improvement Association, Don Carr Chevrolet and S&V Motorcycle World, with Don Carr Chevrolet Oldsmobile receiving the award.

I would ask all members of the House to join me in recognizing all award nominees and winners who were part of the outstanding membership of Surrey's policing community and all individuals and organizations and businesses who help make these awards very successful every year.

LAND TITLE AND SURVEY AUTHORITY

J. Bray: Today the Minister of Sustainable Resource Management announced that a new authority will oversee the land titles and survey functions in British Columbia. This new independent authority will improve and expand the province's land title and survey system. The continuing boom in real estate transactions has pushed service demand up by as much as 30 per cent.

In late 2003 the Law Society of B.C. suggested that government set up a not-for-profit authority as a way of improving service. Government has accepted that suggestion and expanded it to include survey as well as land titles services. Government consulted a wide range of interested groups in developing the plan, including the First Nations Summit, the Law Society, the Canadian Bar Association, the Corporation of Land Surveyors of B.C., the Union of B.C. Municipalities, the B.C. Real Estate Association, the Society of Notaries Public of B.C., the B.C. Association of Professional Registry Agents and the Better Business Bureau of Vancouver Island.

Its headquarters will be located in Victoria, and the Victoria land title office will remain open. All current government employees will be eligible to transfer to the authority with existing union, collective agreement and pension benefits. Of course, this is good news for the Vancouver Island MLAs, including the members for Victoria-Hillside, Oak Bay-Gordon Head, Saanich South and the former minister who represents Courtenay-Comox, who all worked with the minister on behalf of our communities on this issue. This is an excellent example of how MLAs on this side of the House can work with our communities and ministers to find solutions to concerns our constituents raise, which in turn benefit the entire province.

The public benefits of this authority will be improved service to land title and survey general users;

preserves the integrity of British Columbia's Torrens land title system; preserves the high quality of the cadastral survey structure with the eventual ability to guarantee the survey; provides stable, financially self-sufficient title registry and survey functions; introduces technology and management systems to meet demands of digital information and respond to fluctuating market demand.

This is good news for British Columbians, and I congratulate the minister on delivering this innovative solution.

Mr. Speaker: That concludes members' statements.
[1425]

Oral Questions

GOVERNMENT CONTRACTS WITH DOUG WALLS

J. Kwan: Before the last provincial election, Theresa Kieran, an ADM in the Ministry of Children and Family Development, told Doug Walls that the government would provide \$50,000 a year to help subsidize the cost of connecting CareNet's non-profit clients to the Internet. Mr. Walls was demanding \$600,000. In July 2001, Theresa Kieran is let go. She is replaced by Wayne Ironmonger, someone Doug Walls identifies early on as a big CareNet booster. Surprise, surprise. Doug Walls gets everything he wants and much, much more.

Can the Minister of Children and Family Development explain why the B.C. Liberals...

Interjections.

Mr. Speaker: Order, please, hon. members. Let's hear the question.

J. Kwan: ...fired an ADM in the ministry who told Mr. Walls that he could get \$50,000 and no more and then opened up the money taps, handing Mr. Walls over \$1.2 million in taxpayers' money?

Hon. C. Clark: When the member gets an opportunity to read the report, she may come forward with some questions that reflect what it actually says.

I'll point this out to her. The individuals that she's discussing were.... Those personnel decisions would have been made by someone who also used to work for the NDP, someone whose first contracts were given by a government when this government was in power — when the member for Vancouver-Hastings was a member of the government and was Minister of Finance and when that member was sitting in cabinet in charge of cooperatives and volunteers and all the rest of the very big jobs that Glen Clark gave her.

Let's remember this. When that member stands up and makes references to contracts that were originally given with Mr. Walls, she is making reference to con-

tracts that were made under her government and decisions that were made by bureaucrats that were originally hired under the NDP.

Interjections.

Mr. Speaker: Hon. members, let us hear both the questions and the answers, please.

The member for Vancouver–Mount Pleasant has another question.

J. Kwan: Maybe the problem is with the minister. Maybe she has not read the report.

The e-mail trail outlined in the audit makes it very clear. The government fired Theresa Kieran. In May 2001, Doug Walls complained that Theresa Kieran was being tough with him. She's only offering \$50,000 a year, when he wants much more — at least \$20,000 a month.

On July 11, 2001, under this government's authority, Ms. Kieran detailed her troubles with CareNet in a note to file. She reiterated her position that CareNet only get \$50,000 a year. A few days later Ms. Kieran is given the boot by the Liberal government, and the government's position changes. Now Doug Walls gets his money.

Again to the Minister of Children and Family Development. It's a simple question. Why did the government change position? Why did the audit not examine the removal of Ms. Kieran's authority over this file? Why did the government take those actions?

Hon. C. Clark: I know the NDP is disappointed with the results of this report. I know the NDP is disappointed that it was released in its entirety so that there isn't more opportunity for them to speculate. I know, based on the way the member....

Interjections.

Mr. Speaker: Order, please. We'll wait till we have quiet in the chamber so we may hear the answer.

Hon. C. Clark: I know, based on the histrionics of the members opposite yesterday, they will certainly be very underwhelmed with the way this report deals with this. The report has been very, very clear. It says that politicians were not the subject of any undue influence. It also says that politicians didn't have any influence on these decisions.

Clearly, the report says it was Chris Haynes that made these decisions. Again, I should remind the House and remind the opposition that those decisions were being made by Chris Haynes not just when he was working under this government but also when he was working under the previous government.

Mr. Speaker: The member for Vancouver–Mount Pleasant has a further supplementary.

J. Kwan: The minister didn't answer my question. Theresa Kieran was fired by this government. She was hot on the trail, saying that Doug Walls should only get \$50,000.

[1430]

But you know what? Who is really disappointed? It would be the taxpayers who are disappointed with this government's mismanagement. In the report it lists over \$2.3 million in money spent by government and social service agencies to fund Mr. Walls's company, but it did not tell us a thing about how that money was spent — not a single piece of paper, much less service for a child. Here's the list of wasted money identified by the auditor: \$537,000 for the elimination of the Doug Walls debt owed to the ministry; \$590,000 in direct billing from Doug Walls; \$1.2 million from non-profits to CareNet — totalling over \$2.3 million.

To the minister once again: can she explain how \$2.3 million in taxpayers' and non-profit money went to Doug Walls's sinkhole with not one person in this government knowing that this was happening and with absolutely nothing to show for it?

Hon. C. Clark: Well, if the member takes the time to read the audit, she will see that those questions are answered in the audit. It's notable, too, that this government was the group of people who actually ordered the audit. When it came to our attention, it was this government that asked for this audit to be undertaken. We asked for this audit to be undertaken with very broad terms of reference.

When the member says it was a whitewash, I suppose what she's saying is that she doesn't think that Ron Parks does a very good job in his audits. Well, I would say this. She has extensive experience with the work Mr. Parks does. She will know he is a man who turns over every rock and makes sure that the work he does is thorough and well researched. This audit answers all of the questions that the member has put forward, and we have released all of those answers as soon as they became available to government.

RECOMMENDATIONS FROM AUDIT INVOLVING DOUG WALLS

J. MacPhail: It will be interesting for this government to note that prior to June 2001, there wasn't one e-mail between Doug Walls and the Premier's office. Only after they were elected did they start. Before the Liberals took power, Doug Walls was on a short leash, and Theresa Kieran was keeping him on that short leash — \$50,000 per year. After the election, Theresa Kieran was...

Interjections.

Mr. Speaker: Hon. members, let us hear the question.

J. MacPhail: ...fired, and Doug Walls was allowed to run free with direct access to the Premier's office.

Don't tell me it's all the deputy minister's fault. Doug Walls is a Liberal supporter and a personal friend of the Premier's. He had unfettered access to the Premier's office and to a taxpayer-funded charge card that started.... British Columbians have a right to know...

Interjections.

Mr. Speaker: Order, please.

J. MacPhail: ...where the money went. They've seen services for children cut while millions have been flushed down the drain.

Interjections.

Mr. Speaker: Order. Order, hon. members. Let's have order. Time for the question, hon. member.

J. MacPhail: The auditor...

Mr. Speaker: For the question, hon. member.

J. MacPhail: Yes, Mr. Speaker. Thank you.

...recommended that the Finance minister get to the bottom of the scandal by ordering an investigation under the Society Act — the very auditor the minister says is wonderful. To the Minister of Finance: will he take action, as the auditor recommends, and immediately order the investigation to find what, if anything, British Columbians got for their \$2.3 million investment in Mr. Walls? That's what the auditor is asking for.

Hon. C. Clark: The Minister of Finance and the government have been very clear. We intend to act on all of the recommendations of the audit, and in fact, we have already acted on most of the recommendations of the audit.

I take issue with the member's really intentional misrepresentation of what it says in the report. In particular, I would quote her.... She should go look at page 59 where it says: "The Premier was not influenced by Mr. Walls and, in fact, admonished him for his attempt to interfere in the appointment process." It says throughout the report that there was no undue influence exerted as a result. It also says in the report...

Interjections.

Mr. Speaker: Order, please.

Hon. C. Clark: ...that it was the NDP that also awarded \$130,000 worth of untendered contracts to Mr. Walls.

There is no question — absolutely no question — that this report tells us that government needs to be very, very vigilant and very careful in making sure that we are always upholding the highest standards of the rules and the law that are set out for us. I'm delighted

that in the Ministry of Children and Family Development, with a new executive, a new deputy and the outstanding staff we have, we are able to say with some confidence that we are leading government...

Mr. Speaker: Order.

[1435]

Hon. C. Clark: ...in our financial practices and making sure that all of our contracting, all of our grant-ing practices, meet the absolute highest standards.

Mr. Speaker: Thank you very much.

The Leader of the Opposition has another question.

J. MacPhail: Well, here it is on page 4 — the recommendation from the auditor that the Minister of Finance order an investigation into CareNet under the Society Act. That's what he recommended. When is the minister going to do that?

Yesterday the Minister of Children and Family Development said that the \$288,000 severance package for Chris Haynes was obscene. The minister has not told anyone yet, but Mr. Haynes also gets an additional \$240,000 in vacation pay. I wonder if she thinks that's obscene too. Over \$500,000, and nothing to show for it except the designated fall guy for this fiasco. That is on top of the \$2.3 million wasted of tax money. No one in this government can point to any tangible benefit from this expenditure.

Interjections.

Mr. Speaker: Order. Order, please.

J. MacPhail: At least in the sponsorship scandal we got a few overpriced TV ads.

Interjections.

Mr. Speaker: Order, please. Order, please. Time for the question, please.

J. MacPhail: Will the Minister of Finance commit to what the auditor recommends — to calling an investigation under the Society Act so that taxpayers know how badly they were fleeced by this government?

Hon. C. Clark: Yes, the government will be following all of the recommendations that are contained in the report.

Interjections.

Mr. Speaker: Order.

Hon. C. Clark: I know, again, that the opposition is deeply disappointed that this report didn't confirm all of the allegations and all of the misinformation that they've generated about what could possibly be in it.

Certainly, our government worked very hard to make sure that this audit was done. We acted quickly to make sure the information would become public, and I think that is in stark contrast to the behaviour of the previous government.

We can look back at the previous government and say: "What would have happened? What would have happened if the government, as soon as it had been tweaked to the problems that were going on with its massive spending projects, had decided to spark an audit? What if the previous government had decided to have Treasury Board begin to look into some of the really terrible decisions that were being made in their government? What if when they had done an audit, they had made it public?" If all of those things had happened, we might have saved the half a billion dollars that they spent on fast ferries.

Mr. Speaker: Okay. Okay.

Hon. C. Clark: We might have saved some of the other boondoggles that government engaged in.

Mr. Speaker: Thank you. Thank you.

Hon. C. Clark: Clearly, there are things to learn from this report.

Mr. Speaker: Thank you very much.

Hon. C. Clark: We intend to take the recommendations and act on them.

Interjection.

Mr. Speaker: Order, please.

POLITICAL ACTIVITIES BY TEACHERS

W. McMahon: My question is to the Minister of Education. The B.C. teachers union has won the right to hand out political propaganda in schools and use their trusted position as educators to exert political influence. Classrooms should be free from political influence and should remain a place of learning and discovery. It has been less than 24 hours since the ruling, and I have received phone calls and e-mails from parents who are concerned about the politics of their schools. I'm wondering what the minister is doing to protect parents and children from the BCTF propaganda.

Hon. T. Christensen: Let me be clear. Schools should not be used to push the political agenda of the BCTF or anybody else. Parents go to parent-teacher interviews to hear about one thing, and that is how their child is doing in school. It is extremely unprofessional for any teacher to use the limited time of a parent-teacher interview to be pushing the political agenda of the BCTF.

On this side of the House we believe in the role of parents in our public education system. We believe in the importance of parents and teachers having a collaborative relationship that builds on the students' progress. On this side of the House we've taken a number of steps to ensure that parents have effective involvement in our public school system. It's time for Carole James and the NDP to put aside their BCTF buddies and say that it's not appropriate for the BCTF to be using our schools to push their political agenda.

[1440]

REFORMS TO LEGISLATION ON REPRESENTATION AGREEMENTS

R. Lee: The question is to the Attorney General and Minister Responsible for Treaty Negotiations. I have heard from many of my constituents who are concerned that the government will be making changes to the Representation Agreement Act. Speculation has provoked the fears of many of my constituents who believe they will not be able to choose who will represent them in times of incapacity. What is the government's intention with regard to this Representation Agreement Act?

Hon. G. Plant: Over the last couple of years we have done some work to determine whether or not it was time to reform the law with respect to planning instruments in British Columbia. The idea was to try and bring all planning instruments into one statute to create a strong legal framework to ensure that they can be relied upon and to expand the range of instruments available to citizens as they plan for incapacity.

We did hear some support for the idea that reform was timely, but we also heard concerns from a wide variety of citizens that the existing instruments are being used and relied upon and that any reform would not be helpful or necessary. Government has sat down, done its homework and listened to what we've heard, and we have decided to maintain the status quo. Accordingly, we will not be pursuing any further reforms in this area.

[End of question period.]

Point of Order

J. Kwan: I rise to raise a point of order. This morning the member for Cariboo South uttered remarks directed at the House Leader of the Opposition that were offensive not only to her but, I think, to women in general. They also reflected poorly upon the member for Cariboo South. Rather than repeat the words in this House, I've provided a copy of *Hansard* to the member for Cariboo South with the offensive remarks highlighted, with the hope that he might withdraw them now.

Mr. Speaker: The Chair will take it under advisement.

Orders of the Day

Hon. G. Collins: I call second reading of Bill 52.

Second Reading of Bills

ELECTORAL REFORM REFERENDUM ACT

Hon. G. Plant: I move that Bill 52 be now read a second time. I am pleased to speak to the Electoral Reform Referendum Act, which gives legislative direction to a referendum on the province's electoral system should such a referendum be necessary.

As members of the House will recall, just over a year ago the government acted on a new-era commitment by establishing the Citizens' Assembly on Electoral Reform. The Citizens' Assembly, composed of 160 randomly selected voters plus the chair, is charged with examining all possible models for electing members of the Legislature in British Columbia and recommending the best electoral model for the province. The citizens' assembly is expected to release its final report by December 15 of this year.

If the assembly finds that the current system should be retained, then that will end the process, and there will be no referendum. However, if the assembly decides to recommend a new electoral model, the government has consistently made the commitment to place that proposed model before the voters of British Columbia in a provincewide referendum at the time of the next general election — in May of 2005.

[1445]

This bill gives shape to that process. I am introducing the bill now to make the process clear from an early date and to ensure that Elections British Columbia has adequate time and the legislative authority it needs to make administrative arrangements for conducting a referendum on electoral reform if one is required.

This bill makes it clear that the Referendum Act will apply to a referendum on electoral reform, with certain exceptions. The principal difference is that the level of voter approval needed is higher than the simple majority that is required under the Referendum Act. Members will recall that when the Citizens' Assembly was created, the government made it clear that such a fundamental change to the practice of our democracy should happen only if there is clearly a high level of support for it across the province. Accordingly, this bill, if passed, will require a double majority for approval of the referendum. At least 60 percent of votes provincewide must be cast in favour of the new model, and there must be a simple majority in at least 48 of the 79 electoral districts — that is, in at least 60 percent of the electoral districts.

The reason for this double majority requirement, as I've said, is to ensure that there is broad public support for making such a significant change in how we are governed. Also, requiring approval in a minimum

number of electoral districts will help ensure that there is adequate support for the referendum in different regions of the province.

The other main provision of the bill, also consistent with the public commitments of government with respect to the Citizens' Assembly, is to require that the new model, if approved by referendum, must be in place for the May 2009 general election. Again, this is consistent with the commitment made in the *New Era* document. The existing provision in the Referendum Act requires government to introduce legislation after a successful referendum in the next session immediately following the referendum.

As members of the House will appreciate, any work to change our electoral system will require significant amendments to the Election Act, and it would not be practicable to bring in such amendments only a few months after the May referendum vote in 2005. What is proposed here is that the time line that exists and applies for referendums ordinarily be amended to ensure that the successful result of this referendum must be in place in time for the general election in May 2009, making sure that government will have the time necessary to do the work to make the legislative and regulatory changes to conduct an election on the basis of the new rules.

Our experiment with electoral reform here in British Columbia is unique. It is drawing attention not only from other provinces in Canada but from other countries as well. I know that all members of the Citizens' Assembly are taking their duties seriously. We in this House, I'm sure, welcome that commitment on the part of the citizens of British Columbia to the important question of the voting system, which creates the assembly under and by which they're governed. This bill makes clear government's commitment to give British Columbians that direct voice in how they elect the members of this House.

J. MacPhail: I rise to address Bill 52, the Electoral Reform Referendum Act. As the Attorney General has said, this will implement the work of the Citizens' Assembly if the Citizens' Assembly recommends a change in the way elections are conducted. Of course, we do know that the Citizens' Assembly will put forward a referendum only if, indeed, they recommend change. If the Citizens' Assembly recommends the status quo, there will be no referendum.

[1450]

The process of the Citizens' Assembly is fully supported by the New Democratic Party, my colleague the member for Vancouver-Mount Pleasant and myself. At the time that the motion was debated in this chamber, I made reference to the fact that I had written to the Premier as then leader of the NDP, offering our support for a process whereby the people of British Columbia could participate in a non-partisan discussion of electoral reform, and that is occurring.

I also noted that Canada is one of the few liberal democracies continuing to use the first-past-the-post system and that elsewhere the first-past-the-post sys-

tem has been losing ground — certainly in recent years — and that in Canada as a whole, the proportion of Canadians expressing dissatisfaction with the electoral system increased from 39 percent to 49 percent just between the years of 1990 and 2000. That's a big shift by the beginning of this decade. Of course, the biggest shift was registered right here in British Columbia, where the proportion of respondents who find first-past-the-post unacceptable increased from 43 percent to a full 63 percent, the highest level of dissatisfaction of any region. The study that I noted at that time was Howe and Northrup in the year 2000.

Then a survey conducted in early 2001 by the Canada West Foundation found that 71.6 percent of westerners, including 75.9 percent of British Columbians, favour the introduction of an electoral system based on proportional representation. That study was done by the Canada West Foundation in the year 2001.

Mr. Speaker, electoral reform has been championed by non-partisan organizations such as Fair Voting B.C. A former member of this chamber, former MLA Nick Loenen, has been in this chamber to observe the debate around the original motion establishing the Citizens' Assembly. Of course, the electoral reform has also been championed by a national group, Fair Vote Canada.

This legislation implements the resolution that was passed, I believe unanimously, to establish the Citizens' Assembly. I also am the New Democrats' representative on the legislative committee monitoring the work of the Citizens' Assembly. The Citizens' Assembly is under the chairmanship of Jack Blaney, retired president of Simon Fraser University, and it is very worthwhile work that the Citizens' Assembly is performing.

I do note, though, that we have a threshold that will be a very interesting threshold in terms of a referendum. As the Attorney General has noted, it is 60 percent of the ridings who must pass the referendum and support the referendum, and 60 percent of the population in each of those 60 percent of the ridings or constituencies must vote in favour of the referendum. We'll see.

I must say at this point that I am more than willing to see how that view plays amongst British Columbians. I understand the reason why the Attorney General has put that forward in this legislation. I will have questions about his reasoning — just a bit more detail of his reasoning behind the more-than-simple majority and the double majority required in that. However, those are questions for information so that the public can fully understand the reasoning and, therefore, the importance of participating in a referendum.

As I have had time to think about the referendum and the nature of the referendum in that it will only be a question of change that will be put forward, I must say I still haven't changed my view about giving British Columbians at large a chance to comment on the work of the Citizens' Assembly, regardless of their recommendation. What I mean by that is if the Citizens' Assembly comes to the conclusion that the status quo of the first-past-the-post system is what they are recom-

mending, I wish to explore with the Attorney General why that, too, is not put to referendum.

[1455]

I've had lots of discussions with citizens, and there are some cogent arguments on both sides of that question. I will make my argument to the Attorney General on the side of why I think British Columbians in a referendum should have a say on the future of elections, even if the future is to be the same as the past. I will be exploring that with the Attorney General at committee stage as well.

This legislation will also need to address how the question will be written, who writes the question and the role of the chief electoral officer in this whole process. I am very much looking forward to the completion of the work of the Citizens' Assembly. It is a worthy effort upon which they are embarked and one that I hope gains increasing interest amongst all British Columbians.

Mr. Speaker: We are at second reading of Bill 52, and the Attorney General closes debate.

Hon. G. Plant: I listened with interest to the comments of the member opposite, the opposition leader. I look forward to the opportunity to pursue the issues that she has raised in committee stage debate.

I do want to take a moment in closing debate to make two points. One is by way of response or observation in relation to the member's characterization of the majority requirement or the voting requirement for a successful referendum. The way I heard it is not quite the same as the way in which the act is intended to operate. I may have misheard it.

Just for the sake of clarification, there are two thresholds, each of which must be met. The first is that at least 60 percent of the validly cast ballots must vote the same way on the question that is stated for the referendum — that is, if you will, the provincewide requirement. If you take all of the votes that are cast across the province on a referendum, at least 60 percent of them must vote the same way if the referendum result is to be binding on government.

The second requirement is that in at least 48 of the 79 electoral districts, more than 50 percent of the validly cast ballots must vote that same way. As the second threshold, you need to have at least a majority pass or a majority vote — actually, you have to have one more than 50 percent — in at least 60 of the ridings. That is the formula that the bill proposes for a successful referendum.

Secondly, the member has made some comments about the question of whether and how and, in her view, the desirability of citizens being provided an opportunity to comment on the issues here at large. I understand that she may have something to say about that in terms of what should happen in the event that the Citizens' Assembly declines or decides not to put forward a proposal for change. But I don't think I want to let this moment pass without observing that as of this moment, all citizens do have an opportunity to participate in the work of the assembly by either attending public hearings

or providing submissions to the assembly, so they will at least have their voice heard in influencing the deliberations of the assembly before they make their mind up on this important issue.

With those two comments, however, I look forward to continuing the debate on the details when we get to committee stage. Accordingly, once again, I move second reading.

Motion approved.

Hon. G. Plant: I move that the bill be referred to a Committee of the Whole House for consideration at the next sitting after today.

Bill 52, Electoral Reform Referendum Act, read a second time and referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

[1500]

Point of Order

(continued)

W. Cobb: Mr. Speaker, on the point of order brought up earlier by the member from Mount Pleasant, if I have offended anyone, I will withdraw the statements. I'm sorry for it.

Mr. Speaker: Thank you.

Hon. G. Collins: I call second reading of Bill 49.

Debate Continued

MINISTERIAL ACCOUNTABILITY BASES ACT, 2004-2005

Hon. G. Collins: I move that Bill 49 be now read a second time.

Bill 49 increases the base for the Minister of Health Services for the purpose of ministerial accountability under the Balanced Budget and Ministerial Accountability Act by the amount referred to in the supplemental estimate tabled and passed in this House on May 12, 2004 — that being yesterday.

The additional \$147.986 million reflects the additional federal funding for health care from both the first ministers' accord on health care renewal announced on January 30, 2004, and the new 2004 public health immunization trust announced on March 23, 2004.

I move second reading.

Motion approved.

Hon. G. Collins: I move the bill be referred to a Committee of the Whole House for consideration at the next sitting of the House after today.

Bill 49, Ministerial Accountability Bases Act, 2004-2005, read a second time and referred to a Committee

of the Whole House for consideration at the next sitting of the House after today.

Hon. G. Collins: I call committee stage debate of Bill 41.

Committee of the Whole House

REAL ESTATE SERVICES ACT

The House in Committee of the Whole (Section B) on Bill 41; J. Weisbeck in the chair.

The committee met at 3:03 p.m.

On section 1.

J. MacPhail: I am under "Definitions," section 1. I read Bill 42, which is accompanying legislation. I am curious, under "brokerage," as to the definition of brokers, brokerage and associated broker. Is this equivalent to a realtor?

I can have this debate under the amendment. Sorry, my apologies.

[1505]

D. Jarvis: In the definitions, under the strata management services section. I was wondering if the minister could relate to me.... I'm having difficulty, going through the bill, finding that part of the bill that pertains to the strata management services. If his staff could give me that information....

Hon. G. Collins: As I mentioned in second reading, this bill will also regulate strata managers and how they do their work, and I think that's something they're pleased to have. I think it is something that's actually good public policy.

The act applies to them in sort of a broad way in that... If you go across the page to section 2 of the act, you will see section 2(1). It says: "This act applies to every person who provides real estate services to or on behalf of another..." It's providing real estate services. Then if you go back a page to page 7 of the bill in the definitions section, about halfway down you can see "real estate services." That means a couple of things, and (b) is strata management services. That gives you a sense of who the act applies to. Through sort of a backwards way, it applies to real estate services and people that are licensed. That comes up over and over again. Here you define them and put them in a package, and then they end up being in various places throughout the act as being part of somebody who plies real estate services and is licensed to do that.

I think what the member is looking for in particular will be: what will be the rules and guidelines and the policy around how strata managers have to do their job? If the member goes all the way to page 48 in the act — towards the end, section 86(e), about a third of the way down the page — it talks about the role of the Real Estate Council. The Real Estate Council in subsec-

tion (e) can establish or adopt standards of conduct and business practice standards for licensees, and that would include strata managers.

This is designed to be much more of a self-regulatory body now. The Real Estate Council will have rule-making powers. They will sit down with strata managers. Other strata managers will be on the council. There's a section here that talks about who is on the council. They will be part of that process, and they will draft and put in place rules and policies that will guide the activities and the business practices of strata managers.

It doesn't stare you right in the face in one or two sections. It really applies throughout the act and then particularly here in the rule-making powers. Because we have made the Real Estate Council a self-governing body, we're giving them the powers to go and put in place those rules, and the strata managers will be part of making that happen.

[1510]

D. Jarvis: I assume the opposition leader will have some questions on this, so I will not ask all these questions on the application of the act, and I will try to pick it up as we're going through. I have quite a few questions as to penalties and the reasons why, etc., on the strata act, so thank you.

L. Mayencourt: Still on the definitions under "real estate services," it includes rental property, management services, strata management and trading services. Leaseholds are a form of rental. How does this affect people that are in long-term leasehold arrangements?

Hon. G. Collins: The act is pretty comprehensive, so just in this section 1, I can give you two examples. On page 8, under "trading services" at the bottom, one can see: "...any of the following services...on behalf of the party to..." Oh, sorry. "Trade in real estate" just above it: "a transaction for the purchase or sale of real estate, for the leasing of real estate or for any other form of acquisition or disposition of real estate...." So that would be included there.

If the member goes back a page and looks at "rental property management services" — and this one is at the bottom of the page — one can see again that refers to rental of real estate. I think there are rentals as well, so that would include leases, etc. It's embedded in the act throughout, so those kinds of transactions would also be dealt with by the act.

L. Mayencourt: This act is about self-regulation of stratas and also of leaseholds, then?

Hon. G. Collins: What it does is describe the rules and put in place rules and guidelines through the act, then, to the Real Estate Council, of which the managers would be a part. It provides rules, guidelines and procedures for regulating those people who provide those management services, strata management services or real estate management services. So it regulates the

people; it doesn't regulate the strata corporations themselves.

There is a strata corporations act that the ministry is also responsible for, which I know everybody is dreading. But at some point we're actually going to have to get in there and try and deal with that one, too, and bring it up to speed. It will be a challenge when that finally comes because lots of controversies do arise with how stratas work and the politics within stratas. The management of the stratas themselves is in a different piece of legislation. This would deal with those people who put themselves out as strata managers or managers of rental properties, etc.

L. Mayencourt: I'm clear that it's not about the strata councils. Rather, it is about the people that would be strata managers. I guess in relation to that, I'm also wondering about those individuals that put themselves out as leasehold managers, where they're a professional organization managing a leasehold building. Is that correct?

Hon. G. Collins: They would apply under "rental property management services," for which you can see the definition on page 7. Those are all included in that. Whatever you want to call yourself, it fits within that category. It's not so much what people call themselves; it's what they actually do and what their activities are.

B. Suffredine: In the definitions, the definition of "rental property management services" says it means any of the following: "...trading services in relation to rental of the real estate, collecting rents or security deposits for the use of the real estate, managing the real estate on behalf of the owner by making payments...negotiating or entering contracts..." It's pretty detailed.

[1515]

What it makes me wonder is how.... Does that have application to the individual transaction where someone might have one or two properties and wants to send someone out to collect the rents on a periodic basis? Maybe it's a single unit. You live in a rural area like I do, and you might have one rental with one tenant in another town. Hiring somebody on a monthly basis to go collect the rent for you rather than having a licensed person to do that if it's just an agent collecting the rent.... Does that offend the act, or is it exempted in some way under some other provision?

Hon. G. Collins: Currently, they would be required, as well, and would fall under the act. What we're trying to do here, obviously, is amend this, bring it up to date. There is the provision at the very bottom that somebody can be exempted by regulation, so maybe there should be a materiality test there.

Maybe having one property off somewhere.... You know, you used to live in it. You've had to move somewhere, and you've got your cousin or brother or sister going and collecting the rent for you once a month and just keeping an eye on the house. That

might not be something we want to immerse in this regulation. There would be a provision, I suppose, to put a materiality clause in there.

It's not something I've personally thought of, but it's something we certainly can, as we draft the regulations that will go with the act. Maybe that's an appropriate measure. Maybe once somebody has two or three properties, it starts to become a bit more of an operation, as opposed to just an individual renting their home while they're away. They've got two homes, or their parent passes away and they'd like to retain the family home, but they don't live in the community. Maybe there are some things we can do around that, and if the member has suggestions I'd would love to hear them.

D. Jarvis: Where does it spell out about a strata manager versus a management company and where the liability lies? Does it lie with the management company itself, or can they bring in managers that have not passed the B.C. real estate licensing?

Hon. G. Collins: I'll try and get this as accurate as I can, but I'm sure the member knows more about this than I do, given his years in the industry.

In the older terminology there was an agent. There could be a nominee, and there could be an "agent 9.15" — which was a regulation that he probably knows — and then a salesperson. In the new terminology, what used to be the old "agent" is now referred to as a brokerage. The nominee is now referred to as a managing broker. The agent 9.15 is referred to under the new legislation as an associate broker, and the salesperson is now referred to as a representative. We're trying to clean up that old language and get some different language.

[1520]

Now, under the act, depending on whatever the work was or the duties were of the person involved, they would need to be licensed on that tier. There will be a number of tiers of licensing. We won't do that. The Real Estate Council will do that and put that in place. Once you're licensed, then obviously the company and the individual are liable for their actions for which they're licensed.

L. Mayencourt: Maybe I could just take advantage of the fact that you have the staff here. I could tell you what my problem is with leaseholds, and then you could point to somewhere in the act where it would maybe be covered.

I have a number of buildings in my neighbourhood that are leaseholds. Typically, one individual owns 51 percent of those leasehold suites, and the remainder are sold out to other individuals. As I've said, I've got a number of these buildings. Many of these people come to me on a fairly regular basis saying: "We don't have any way of controlling or having anything to do with the management of our building." It always seems to be that the relationship is tilted in favour of the one that has the 51 percent. That may seem fair enough, but for

someone who has invested in a home, it's a little bit of a problem if they don't think that it's being maintained properly.

Will this act deal with creating some sort of a framework for that 49 percent to be able to have some impact on the management of that building, on the decisions related to contracts that are let through that building and on the services that might be rented out of that building?

Hon. G. Collins: An interesting question, actually. Essentially, there's an array of models that are out there. There's an old model that pre-exists stratas, before the strata legislation came in. Maybe that's the one the member is talking about. They are called apartment corporations.

[1525]

Essentially, what you do is buy a share in that company. Somebody, theoretically, could own 51 percent of the shares in that company, and then they've got the votes — right? We all know how that works. The person who didn't have the 51.... The group, the 49 percent — they'd have minority rights, but they don't have the ability even to get together and override the 51 percent. It's an old existing structure. They're not created anymore, but they're there. I think they were grandfathered probably when the strata corporation first came in.

There's another model, and I want to make sure that this isn't what the member is talking about. There is something that could be called a leasehold strata, where you don't actually have.... It's not like you own the right to that unit. You would have a leasehold right to that unit in part of a strata. That would fall under the strata corporation act, and all those rules would apply. I think the member is probably referring to the former, but we can check and get that information.

If he wants to try and set up a briefing, we could talk about that and get more detailed information. I'm not sure what the specific problem is, and I don't know how many times it's been a problem for the member. But we can certainly look at it and at least find out what it is that we're all referring to and know what the rules are and brief the member and his constituency assistant, who probably gets these questions as well, so that they're up to speed on what the rules are and what the law is so they can pass that information on to constituents who may come and ask. If there's a big public policy issue about that, then perhaps it's something that needs to be reviewed. I don't know what it is exactly, but I'm certainly happy to meet with the member and hear about it.

L. Mayencourt: Very briefly, I suspect that it may be the older version, but it seems to be a fairly large problem in my riding and in ridings in Surrey and Coquitlam and, I think, even in the Okanagan. I've received e-mails on it. I said, "Well, I'll meet with you folks," and 150 of them showed up, so I got that it's a really important problem and am trying to find some way to resolve it.

Basically, I guess their issue that they come to me with is, "We are a minority shareholder in this building, and the head leaseholder hires his contractors at his prices and passes the cost on to us and doesn't maintain the building in a way we would like it to be maintained," because that creates costs for them further down the road. I think really what they're looking for is a more respectful relationship between the management company and them as independent leaseholders, even though there's someone that owns more than them. That's really the problem. It's a fairly large issue in my riding, but it seems to be throughout the lower mainland at least.

Hon. G. Collins: I'm certainly prepared to try and set up something so we can get a fact base. I'm glad to get some of the e-mails or the comments the member has from his constituents and look at them and see, if there's a problem that exists, if there's anything that can be done. There are longstanding rights there. There's probably a reason why they were grandfathered when the strata corporation act came in. I'm not guaranteeing that we'll be able to find a quick solution to it, if ever, but I'm certainly happy to look at it. If there is a compelling public policy reason to deal with it, which there may well be, then we'll see if there's something that can be done. I'm glad to sit down with the member and do that.

P. Sahota: I have a question on the definitions, under "deceptive dealing," the subsection on intentional misrepresentation. I was wondering if intentional misrepresentation would include omitting key information on property, such as building defects, leaky roofs or grow-op use — if that would be encompassed in that definition.

Hon. G. Collins: Yes, this is actually wording that was in the current bonding regulations, and we're taking that out and putting it right into the act as a definition. But yeah, that's exactly the kind of stuff that it's designed to catch. Disclosure needs to be complete. They have to be clear and frank and truthful with the people they're dealing with, and they need to.... It's intentional misrepresentation. If you're intending to give a false impression, those sorts of things are captured by it. I think all of the examples mentioned by the member would have been included under this.

[1530]

D. Jarvis: I just want to say that I have looked through most of this bill, and I haven't found anything that's really glaringly out of line. I have talked to a lot of realtors out there and even the realtors that were in town here a couple of weeks ago. None of them is really upset or finds anything that's too out of line. There is always room for improvement, but nevertheless it is a pretty good change in the act. Also, the fact that you have consulted with them — quite a bit, I understand.... They're pleased with that.

My concern is under the strata. Ostensibly, there's the strata act itself. We've got a real problem in this province as far as I'm concerned. We have close to a million strata and some 20,000 or 25,000 strata corporations. The people of the province that are buying the stratas go into them, as you know, with the premise that everything's fine now, that they don't have to worry about things. They move in, life is great, and all the rest of it. They fail to realize that it is ostensibly a house, but there is still the maintenance they have to do. The people that have been in charge of these stratas have done an abysmal job over the years. I don't want to get into the major problems that have been occurring, but there has been no one there to protect them.

I feel it is essential here that we should make it law and come down pretty hard on them. Anyone managing a strata should know what the potential problems are, and people buying a strata.... It should be in the strata corporation that the maintenance fees should be relative to what is required and that they should all have.... There are so many dollars, and then in five years they will have billed enough. It's all in there, so they know the roof has to be replaced or whatever it may be.

Salesmen — heaven forbid. They're wonderful people, but they have always sold strata corporations on the premise that: "Hey, the maintenance is really low. This one's got a real low maintenance." People get in there and think that they're buying into something, paying \$125 a month, and that it's the greatest thing for them for the rest of their life — failing to realize it is ostensibly going to cost thousands of dollars down the line. I think it is incumbent on us to protect them on that basis through legislation.

I was wondering. Of course, it is not in here, because this is more or less pertaining to the selling and the management. It is not the management end of it. The licence requirements for strata management should be so tight, and they'll be faced with so many requirements to learn and know about construction that.... I think it is just a mandatory thing. I assume this should really be discussed under the Strata Property Act, but I would like the minister's comments if he has any intentions down the line to maybe change it so that we can see these problems rectified.

Hon. G. Collins: There are two levels to what the member is talking about. If he is asking if we are going to start to put in place rules, guidelines, regulations, legislation, etc., to deal with the people that are managing stratas on behalf of the strata itself, the answer is yes. That's in fact what we're doing in this act. It lays out, as I described earlier, how those people sort of fall into these various components.

Then the Real Estate Council, on which the strata managers out there have the right to put some people on the council, will start to draft the rules and regulations around what they need to do and can't do, etc. So yes, this is designed to make sure that those people who are managing those strata corporations on behalf of strata owners actually have rules and guidelines and

are licensed and that there is a process. I think that is in everybody's best interest.

[1535]

However, the other issue the member talks about.... Sorry; I should say first of all, however, that if owners of a strata corporation want to manage it themselves, that's up to them. They don't need to hire somebody to manage their strata corporation. They could choose to do it themselves. If there are six or seven units in a strata or even.... I suppose it could be large — 100. It starts to get to be a pretty onerous job for somebody to volunteer to do on a strata corporation if you start to get a larger number, but if it were a small strata, it would probably make sense that owners, rather than pay somebody to manage it, would choose to do it themselves. They can do it. They can make that work however they want to. You know, we aren't stepping in and telling them what to do.

The second issue the member raised is really the state of strata corporations, particularly with regard to ongoing maintenance, the fees that would fund that ongoing maintenance, etc. Certainly, under the Strata Property Act you as a purchaser are entitled to get, I think, two years of minutes, financial documents, etc., from the strata corporation before you purchase. I would certainly encourage everybody to do that before they make that purchase, if they don't already. I'm sure realtors would advise purchasers to do that. It would certainly be wise.

The setting of rates for the fees is something that's set in the annual budget process for the strata corporation. The manager would present a budget, or they would present a budget to their fellow owners themselves. The budget would lay out what their expenditures are for the year and what fees would be required in order to meet those expenditures and perhaps build up a reserve, etc.

I live in a strata now. I've lived in a couple of them over the years, probably for about 15 years or so, and that's normally how that goes. You get a budget, you see what needs to be done, and you try and maintain the place in a way that ensures it will be in good repair for all the time you're living there as well as when you go to sell it. But it's really up to the members of the strata corporation to vote on that budget.

You know, it's buyer beware if you're moving into a strata — either a new one or an older one — and the fees look really low. You might want to ask questions about why they're low. That might be a really good signal to you that perhaps the strata isn't being managed and the repairs aren't being done in a way you would be comfortable with. There are indications of that, but as far as us forcing that measure, that's really not what this act is about. This act is about licensing those people who might manage stratas on behalf of owners, not owners managing them on behalf of themselves or how much they would have to put into fees or how they would need to maintain their property.

L. Mayencourt: I seek leave to make an introduction.

Leave granted.

Introductions by Members

L. Mayencourt: In the gallery up here there are some young people peering over the railings, and I would like to have the House welcome them. They're a group of elementary students from Belmont Elementary. They are here with their teachers. They have come here to learn about provincial politics. The member for Langley, who could not be here, wanted me to make sure they were introduced. So welcome.

Debate Continued

D. Jarvis: On section 1. I appreciate the fact that this bill is ostensibly not one on strata title or strata corporations. It's on licensing of salesmen and representatives and that. They take a course, and what they learn in this is real estate and a lot of law, etc. It doesn't teach them how to sell. It doesn't teach them all the problems that may arise when someone's buying a house or a strata. In fact, I would venture to say a good many of the salesmen are pretty.... They lack that information, I should say.

Hon. G. Collins: Good lawyers and bad salesmen.

D. Jarvis: Just about as bad as that, but not quite. You say the responsibility of a salesman — which is true — is that when he comes in and sells them a piece of property, he has to tell them: "Well, we want to see the minutes for the previous year or two years." Most people aren't interested in that, really. A few are, but the public are not really wise as to what's happening. They're anxious. They like something, and they tend to jump. Their emotions are in there, and a good salesman usually goes with emotions to make a dollar here and there.

[1540]

What I think is incumbent on us is that we have to tighten up the situations and make sure that when we get to the strata act, maybe this fall or next spring, we do something to protect the buyers out there. The caveat emptor aspect of it is not.... Salesmen have good intentions on doing it, and I imagine the strata managers have good intentions, but they don't know all the ramifications that are coming down, especially when you get into a situation with the leaky-condo situation we've had in the past.

It's such a large problem that I don't think any government could even possibly hope to make any kind of a settlement or relieve them of their problems, because we're into the billions now. I know that with these highrises, the next wave that is coming is the highrise problem. Just having a salesman that's able to pass a little bit of law isn't going to help the problems we would possibly face in this province in view of our climatic conditions and the way we build things. Whether you want to answer anything on that, I don't know.

Hon. G. Collins: Certainly, our role here with licensees is to make sure they understand what their rules are under the law and to make sure the public is protected. That's what we feel we have a public policy responsibility to do as government. Whether they're good salespeople or not is really between them and their pocketbook, I suppose, and them and the people they work with. They will, I'm assuming, develop those skills as necessary.

I do hear the caution that the member raises. I don't know that there is a role for government in that part of it, in that... Right now is a good example. As we sit here, in Vancouver and other places around British Columbia — but Vancouver is where I'm from and where it's happening a lot, because I see it — properties are on the market in the afternoon and they're sold that night. Sometimes there are 12 bidders trying to bid. I know they haven't had time to go through two years of strata minutes and all the budgets, etc., and probably get the place inspected. I can almost guarantee they haven't. That's unfortunate, because they should, but people take those risks. They'll bear the pain if it is an unfortunate risk, or they might get by without having any problems as a result.

There's not a lot government can do about that. People will make those decisions. What we try and do is put in place the requirement that the people be trained who are providing the real estate services and that they're licensed. As far as people making bad choices, you know, there's not much government can do in legislation to stop people from making dumb choices or bad decisions. I don't know what more we can do on that front.

The Strata Property Act is a much bigger task and will come at some point. It is not coming this fall, I can tell the member. It could be sometime in the near future, but we certainly have not had the ability in the ministry to put a lot of energy into it given all the other legislative changes that have been underway in the last couple of years. But I take the member's advice.

P. Sahota: I'm not sure if this question was previously asked under the definitions. Under section 2, I was wondering: does the act apply to lawyers who provide...?

Interjections.

P. Sahota: Are we still on section 1?

Interjection.

P. Sahota: Sorry. Okay.

Section 1 approved.

On section 2.

Hon. G. Collins: I would like to move an amendment to section 2 standing in my name. Sorry, it's not standing on the order paper, but it is in the hands of

the Chair as well as the opposition. If other members want a copy of it, I can provide them with that as well.

There are a series of amendments that are coming to sections 2, 3 and 4 together, so perhaps I can speak to it in general terms. Then if people have specific questions in those sections, we can do that. I will move the amendment standing in my name to section 2.

[SECTION 2, by deleting the proposed subsection (2) (c) and substituting the following:

(c) would otherwise be exempted by this Act or the regulations from the requirement to be licensed in relation to the provision of those real estate services.]

On the amendment.

Hon. G. Collins: I will take this opportunity to talk in general terms about what we're trying to accomplish with this amendment and the amendments to section 3 and section 4.

[1545]

Previously in the act there were two tiers of exemptions, because the act says nobody can engage in the practice of real estate, as we talked about earlier, unless they qualify under this act. Then there are a bunch of exemptions for people who do need to engage in it but really don't need to be regulated under this act. There is an array of them. There are lawyers, for example, who in their normal practice would be selling real estate. Accountants, auctioneers, a financial institution or a trust company, notaries, etc. — there is an array of them. Previously some of those exemptions were actually written right into the act in a section like this. Others were dealt with in regulation, because at the end of that list of statutory exemptions there was a section that said "or others as prescribed in regulation." So there are really two sets.

What we tried to do in putting this act together — and we've done that in other legislation as well, the Securities Act and others — is avoid using those two tiers if we can and put in place exemptions prescribed by regulation. Then one is more adaptable and can deal with changes that happen in the industry.

Securities is a good example of where that industry has changed dramatically in the last decade or so. To keep the exemptions up to speed, you want to be able to deal with them without coming back to the Legislature each and every time. The Legislature may not be sitting. It may be a heavy legislative agenda and doesn't get put up on the priority list. Certainly, the fact that this act has not been amended — in any complete rewrite, anyway — for I think 45 years is a good indication of how difficult that can be.

What we tried to do was take all of those exemptions out of the statute and put them in a regulation. That raised the ire of those people who were previously in the statute. The nervousness that they express is, "We have an exemption. It's in the statute. We like the fact that it's difficult for government to change that regulation or exemption, because we have a fear that government now or sometime in the future — over the next 45 years — may step in and remove that exemp-

tion and make it more difficult for us to do our business" — whoever that person might be.

There were also people who wanted to be moved up from the regulation into the statute. There were people who didn't really care where they were. Then there are notaries, for example, who don't have a statutory exemption or an exemption at all and want that to be dealt with.

There is an array of issues here, an array of interests. Government had hoped to try and resolve that by dealing with it in a consultative process that would have arisen around how we draft the regulation. People have expressed their dissatisfaction with that. So we've looked at it to try and see if there's a way to resolve this in everybody's interest.

I think it's fair to say that the legal profession feels very strongly that they'd like to remain in legislation for reasons they feel very strongly about. I don't feel those concerns are valid to a great extent, but it's not up to me to legitimize their concerns or not. They have them, and they feel strongly about it. Government is trying to put in place a piece of legislation that makes as many people comfortable as we can.

As a result, the amendment we're bringing forward today — which really is in section 3, but we'll get to that — reinstates a number of statutory exemptions as well as having the provision that allows for further exemptions by regulation. However, in particular around the lawyers, that exemption is narrowed somewhat from what was there before.

That change to the legal exemption arises out of a concern that was raised by the realtors and a debate that took place between realtors and lawyers. Lawyers were starting to move into the sale of real estate as a business, not just as an incident to their practice, and in some cases would put up a sign on the front lawn just like a realtor would. The lawyers themselves wouldn't be engaged in that transaction directly. They would have staff in the office who would do that.

Realtors were concerned, and I think legitimately so, that that was getting around the licensing requirement and could put the interests of the consumer at risk — potentially. But the lawyers felt very strongly that they should have the right to sell real estate if they wanted to or needed to. They have a wide array of skills, they're well trained, and they also have a pretty comprehensive insurance program through the Law Society and the fees they pay. They have professional requirements, etc., and the consumer really isn't at risk if a lawyer were to go out and sell a home. I agree that that's the case there. They wouldn't be put at risk.

[1550]

What we tried to do was bring those together. We asked the Law Society and the Canadian Bar Association and the realtors to go away and try to come up with a compromise that would work and that would be in the interests of the public. They came back to us with a recommendation that reduced the scope of the legal exemption to apply only to lawyers and no longer to their staff. That was amenable to both parties, and that was what would have been put into regulation.

However, given the strong concern raised by some of those players, particularly the legal profession, what we are doing with this amendment is putting that reduced scope back into the statute along with other exemptions. There will be statutory exemptions. There will be, as I mentioned, a reduced scope to the legal profession.

We are not able at this time to include notaries in this statutory amendment. We will continue to work with the notaries to try and determine what insurance, etc., is available to them. We haven't done the work in government yet to determine what would have been the appropriate regulations around a notary's exemption. That would have continued as we developed the regulation. Because we're not able to know what that will result in, we're uncomfortable putting their exemption in the act. I know they won't be pleased about that, but as I told them, we can't please everybody. We're trying to please as many people as we can.

We will continue to work with them to try and identify what the scope of that exemption might be. Certainly, we will reach a conclusion on that which I'm sure will be amenable to them as well to the government and all the other players under this act. If they still feel very strongly that that should be included in the legislation as opposed to the regulation, we would be more than happy to examine that at a future date. But as I told all of the parties, this legislation is not likely to come up for re-examination every year. It's not that type of legislation. While I commit to them to make sure there is an exemption in place that works for them and works for the public, I can't guarantee that it will be in the statute in the near future, although if that continues to be their request, then we'll try and see if that can work.

With that, I'm pleased to move the amendment in my name to section 2.

If members wish — if it's the will of the Chair and the will of the House and they're more comfortable — I have no problem discussing all three sections at the same time, because they are sort of tied together. In that case, I won't move each amendment. We can have the discussion. I think members have copies of the amendment, and then I'll move them when we come to those particular sections.

J. MacPhail: This is the area I wanted to discuss, and I thank the Minister of Finance for that explanation. It's a fulsome explanation and answers my questions from the point of view of who is exempted.

The only other issue I wish to explore is on behalf of the consumer who purchases services from the people who are exempted. What protection applies to the purchaser? What consumer protection is there in either this bill or Bill 42?

Hon. G. Collins: There is an array of people here that would be qualified. If we can move to the amendment that will be introduced in section 3, I'll just give a general overview of what those exemptions might be. The first one would be a person acting under the au-

thority of the court. So there are provisions there. Obviously, the court, you would think, would do the right thing and not put somebody in a difficult spot. Trustee and bankruptcy — there's legislation that deals with that. An executor or administrator of an estate — there's legislation that deals with that. A financial institution would be under the Financial Institutions Act. Certainly, lawyers, which is the sixth exemption, would have their own rules under the Legal Profession Act and the Law Society.

Each would have a different set of regulations or legislation that would prescribe professional behaviour on behalf of those people, and certainly notaries.... That's why they're not in here. We haven't been able to evaluate whether or not their insurance plan, etc., is sufficient to guarantee the safety of the public.

We'll continue to do that as we evaluate notaries, for example, and others. Auctioneers.... There is a bunch of other people that we'll be dealing with in the regulations. Again, the number one priority here is not to get in a fight with these people about their market share but to try and do what's in the interest of the 4.2 million British Columbians to make sure their interests are protected.

[1555]

B. Suffredine: The concern I have over this is probably the reverse of what the minister might expect. I practised law for many years. I'm not here to defend the turf of lawyers. In fact, the issue about lawyers wanting to practise in real estate tended to be with lawyers who weren't really able to make a living in smaller communities looking for additional areas of practice, in part because other areas of legal practice were being encroached on by other professionals.

The area that creates the most concern.... Some years ago a lawyer in my region started selling real estate and started actually listing and offering real estate for sale. The problems that tended to result weren't in the part of the selling, but they did appear or manifest themselves if, when a buyer was finally found and the sale put together, that lawyer tried to remain in any way involved in the transaction that resulted. There was a real tendency to want to get the whole transaction — to do the conveyance, the mortgage and sometimes the sale of commercial property. This created huge conflict problems.

Is that being addressed in a way that will ensure that not only the lawyer who might engage in the occasional sale but his firm, his partners and people in the same office aren't handling the mortgage and conveying side of it if another lawyer in the same firm has been selling? It may work once in a while, or it may work often. But when it doesn't work, it creates huge problems for lawyers in general and for the public, who are not served well when those circumstances arise.

Hon. G. Collins: Personally, I have similar.... I think those are legitimate concerns; let me put it that way. I feel that if somebody wants to practise law, they

can practise law. If they want to practise real estate and they want it to be what they do, they should probably go get a realtor's licence. There are lawyers who don't think they would need to do that. I don't know whether it's beneath them or they just feel that they're more trained. That's legitimate too. It's a point that they make. I'm not going to argue that with them. I don't always put my personal viewpoints in everything that appears before the House.

Again, I don't think it's a big issue either way. The Law Society is responsible for its members. Lawyers, as professionals, have conduct that they're required to follow — conflict guidelines. There's all that stuff in place. It's a very heavily self-governed profession. Certainly, there should be the provision for them to manage that. Those are issues that the Law Society will have to deal with. How do you resolve those conflicts?

The member makes a good point. In a small community where there may be one person practising law, they probably would like to be at both ends of the transaction and maybe in the middle too. I don't know. There are issues there that the Law Society needs to be responsible for.

In the past, I think there have been examples where lawyers have done things that aren't up to snuff, which have caused lawsuits and required assessments for lawyers to go up in order to pay for that. I'm sure the Law Society will be cautious in this and will look at this and try to develop guidelines for their members to make sure that the profession itself doesn't fall into disrepute because of errors, deliberate or otherwise, by members of the profession — or just the issues of conflict that the member raised. Whether anything negative actually transpires, there is potential there for those conflicts. Certainly, the profession will need to do that. They deal with that type of thing all the time in the practice of law. As in any profession, there will be good lawyers and not-so-good lawyers. That's what the Law Society is responsible for.

I hope and I'm sure that they will take this exemption seriously. I'm sure they will put in place the parameters and guidelines that will guide their members and ensure that the public interest is protected.

I'm not naïve enough to think there will never be a problem. There will be a problem with probably every one of these exemptions at some point because somebody has done something wrong either deliberately or just by error. That's why there's legislation and procedures that govern the various parties. I would hope that the Law Society takes that exemption very seriously, and I'm sure they will.

[1600]

B. Suffredine: Just for clarity, the way it was always historically done with lawyers using the lawyers' exemption was that it was an ancillary item to practise. For example, a lawyer probating an estate might act as the selling agent for the estate of the property — the principal asset of the estate. Is that what we're back to? Is that the intention of the section now, or are we going to see listing signs on street corners with lawyers'

names on them where they're basically running real estate firms and they're required to be the salesmen?

Hon. G. Collins: Really, what this comes down to, I suppose, is an interpretation of that subsection of the amendment, which is subsection (f) — which we haven't actually moved yet, but which we're debating — "a practising lawyer as defined in section 1 of the Legal Profession Act, in respect of real estate services provided in the course of the person's practice."

It's "in the course of the person's practice" that caused the issue before between lawyers and realtors as to what that means and how broadly or narrowly that's interpreted. That's why we sent the lawyers and the realtors away to try and come to some consensus.

Previously that amendment didn't just apply to the lawyers, but it also applied to their employees. There was a concern there that that was too broad as far as the people doing it, but I think it's fair to say there's still some interpretation around what that exemption means in the course of a person's practice. That's something that the Law Society is going to have to deal with.

I expect that at some point in the future it's feasible or possible that somebody may try and challenge the scope of that to more narrowly or more broadly define it, depending on which side the attack comes from. Who knows? The law is interpreted all the time. The judges do the rulings, and they make their course. Government may at some time have to step in and deal with that, but I don't foresee a huge problem here.

I think 99.9 percent — probably even more than that — of the legal transactions that are done by lawyers are lawyers doing something else, and they just have to sell a piece of real estate as part of that practice. There will be some, possibly, who get out there and try and create a bigger practice within their business of selling real estate. That's something that the Law Society will have to keep an eye on and make sure that it's done properly. This doesn't prohibit them from expanding that part of their business.

L. Mayencourt: I seek leave to make an introduction.

Leave granted.

Introductions by Members

L. Mayencourt: We're very blessed today with school children. I note that the Valleyview Secondary School has brought 40 grades 10 and 11 students along with their teachers, Ms. Corine Lebourdais and Mr. Dan McColman. They're here to watch the proceedings today. If we could all give them a warm welcome, that would be great.

One thing I forgot to say was: I believe you had the chance to meet with your MLA, the MLA for Kamloops-North Thompson, and he sends his greetings as well.

Debate Continued

B. Suffredine: Just taking that last line of discussion a little further, we know what we're getting with respect to the legal profession and where they're going on this, more or less. Can the minister give us a bit of the flavour? We haven't been able to please the notaries. I certainly think I know why. It becomes much more difficult for me conceptually about why a notary needs to sell real estate as ancillary to a notary practice.

Can the minister give us some sort of flavour of where we think we might get with notaries and how we're going to handle the same kinds of problems that would arise in legal practices if notaries get to sell real estate and then do the conveyancing?

[1605]

Hon. G. Collins: The definition in here of real estate services is very broad. I think the concern from notaries is that they would be captured by that prohibition in what they would normally do as a notary. Not having been one, I don't know exactly everything they do, but the concern would be that their normal practice would be impinged upon and that they would be unable to complete certain transactions. We will try and put in place an exemption under the regulations that deal with that.

We may have to determine, because of the level of insurance.... Again, we've just started that process, so I don't want to preview where we may end up, because I don't know where we're going to end up for sure. We may find that that exemption exists but is narrowly defined, or it may be more broadly defined. We'll have to have that discussion with notaries as well as with the other players here. Indeed, if one looks through the array of the statutory exemptions that we're going to put through with an amendment, one can see that each of those has different restrictions. There is legislation around each of those exemptions on its own, and they're probably all different.

What we'll try and do is review the possible regulations, talk to the notaries about that, talk to others and, over the next number of months, try and determine what's an appropriate regulation to describe that exemption. I really can't give the member examples of how it might work or not, because we really have just started that process. He may have better examples for me than I for him.

Amendment approved.

Section 2 as amended approved.

On section 3.

Hon. G. Collins: I move the amendment standing in my name with the Table and in the hands of the opposition as well as other members of the House. It is the amendment which we've just been discussing, and that is to put in place the statutory exemptions for that array of practitioners to do as we've been discussing.

[SECTION 3,

(a) in the proposed subsection (1) (b) by deleting "exempted by the regulations" and substituting "exempted by subsection (3) or the regulations", and

(b) by adding the following subsection:

(3) In addition to any exemption provided by regulation, the following are exempt from the requirement to be licensed under this Part:

(a) a person acting under the authority of a court;

(b) a trustee in bankruptcy, custodian, receiver, receiver manager or liquidator who is appointed under a provincial or federal enactment, in respect of real estate services undertaken by the person in that capacity;

(c) an executor or administrator of an estate, in respect of real estate services provided in relation to real estate owned or held by the estate;

(d) a trustee, in respect of real estate services provided under the terms of a will, marriage settlement or deed of trust;

(e) a financial institution that has a trust business authorization under the Financial Institutions Act, in respect of real estate services provided in relation to real estate that it owns, holds or administers;

(f) a practising lawyer as defined in section 1 of the Legal Profession Act, in respect of real estate services provided in the course of the person's practice.]

On the amendment.

R. Sultan: If I may ask, does the thrust of these amendments mean that the legal profession in all practical terms can engage in most of the activities that real estate agents, as defined in this act, can engage in? Is there any distinction about...? Is there any ground upon which they may not tread? Or is it pretty much a free field?

Hon. G. Collins: It's a fairly broad exemption for lawyers. It says: "...a practising lawyer as defined in section 1 of the Legal Profession Act, in respect of real estate services provided in the course of the person's practice." As I commented earlier, that phrase, "in the course of the person's practice," is something the Law Society will have to deal with, because these are people that are regulated under the Legal Profession Act. It really is up to their interpretation.

As I mentioned earlier, it's conceivable that while this exemption is narrower in that it removes employees from the same exemption — it just applies to lawyers themselves — others may feel that the interpretation the Law Society puts in place is too broad. Lawyers may come to the feeling — individual lawyers — that the interpretation is too narrow.

We put legislation in place, and we all think it's written in concrete or etched in stone the way the Romans used to do it. What we find over time is that through courts and through actions of other bodies, etc., the interpretation of that legislation can be broader or narrower. This is virtually the same wording as what was there before, except we've taken out the employee portion. It exists as it existed previously and currently exists as well. It'll be up to the Law Society to

interpret that, and it'll be up to others to comment. I expect that interpretation may evolve over time.

[1610]

R. Sultan: As we are all aware, there's been an intense degree of lobbying on this issue directed toward MLAs and, as I understand it, also to the minister and, one might presume, officials. I don't know if this is a proper question, but as I understand also, there was some tentative understanding between these two professional groups — namely, the real estate representatives and the lawyers. If it is a proper question to ask — and I'm not sure it is — could the minister give us a bit of a sketch as to how this amendment would affect the understanding that I understand those two groups had reached at one time?

Hon. G. Collins: As I mentioned at the very beginning of the debate, there was a disagreement between the lawyers and the realtors as to who would be able to do what. That was part of what spawned the discussion. That debate was raging. That's what triggered the e-mails, letters, cards, postcards and phone calls in the middle of the night that the member would have received as MLAs.

They came to see us individually. They came to see us together. We said: "Look. Go away like big people and find something that works here for both of you. Come back to us with a joint recommendation. Otherwise, government will have to make a decision, and one or the other of you or both may not like the result." We sent them away. It took them some time. They negotiated back and forth, and the decision that was arrived upon, or the consensus that was arrived at amongst the parties, is what we see here verbatim in this amendment.

We had initially intended to put that in the regulations and talked to them about all the other regulations and exemptions that will come into place. As I mentioned, it's in the statute instead. This reflects that wording exactly, so I expect neither party — the realtors or the lawyers — will probably be entirely pleased with where it ends up. At least it reflects the consensus that they were not entirely pleased to arrive at but arrived at anyway. It does reflect that consensus and the agreement that those two parties came to.

R. Sultan: Given that understanding, I think the minister was wise to put the understanding back into the law from whence, I understand, for a period of time it was to be omitted and handled in the regulations. It seems to me that these two important professional organizations apparently worked very hard to reach a consensus. Since the law does reflect the consensus, I think we're all gainers in the end.

Hon. G. Collins: Indeed, the law and, as part of it, the regulations would have reflected that consensus exactly as well. The issue before us with this amendment is: should it be in the regulations or in the act? As I said earlier, I think there are some strong opinions, if I

can put it that way, amongst the legal profession that they want it in the act. I hear what they say. I disagree. I don't agree with their fears. However, if it works and can still work.... It's really the interests of the public at heart, so if this is a mechanism that works.... It's perhaps not as clean, but if that works for the parties, then I'm happy to do it.

Mr. Chairman, I might ask if perhaps the House could stand adjourned for about five minutes.

The Chair: We'll take a five-minute recess.

The committee recessed from 4:13 p.m. to 4:23 p.m.

[H. Long in the chair.]

B. Suffredine: This is fairly similar to a question I asked earlier about isolated transactions. Is consideration being given in this section as far as the inability to do a transaction without a licence? It seems to me there could easily be cases where a person might do a transaction and pay a fee, but the person acting as the agent wouldn't be doing that for a living normally. To pick an example, one person might come to another and say: "I can introduce you to a buyer of a piece of real estate, but I'd like a finder's fee if I do that."

I put together the deal. I'm not in the business. I'm not doing it on more than a single-time basis. It's an isolated opportunity. Is any consideration being given to whether or not a person would run afoul of the act, be unable to recover compensation under a contract like that, if it was indeed an isolated transaction?

[1625]

Hon. G. Collins: If it were just an isolated incident, then I think there may be an argument there, and we would certainly consider that as we draw up the regulations for exemptions. I guess the thing you'd want to caution against is if after having done one, somebody thought it was a pretty good deal and started to do two, three, four, five and ten, and pretty soon they've got an office and they've got a shingle out. That's always the challenge — to not overregulate things you really don't want to regulate, but make sure you capture those people who really do this on an ongoing basis as part of how they make a living. That's a challenge.

I remember that years ago in opposition, I think the previous government was bringing in some changes to the Employment Standards Act. I can't remember if it was regulations or the statute, but the way it was drafted, the Employment Standards Act was going to apply to babysitters. It took about three hours, I think, for people to realize that wasn't a very good idea, and it was changed. There's always a line there. Again, if somebody's a nanny, you want to have some provisions there. It's an example of where government has to be careful that it doesn't come in too heavy-handed and deal with things that aren't really problematic.

Again, we'll look at those types of things as we try and draft up the regulations for exemptions. If the

member has some suggestions on that, I'd be more than happy to hear them and take that into consideration. Certainly, if any of the various players here who have these exemptions, or previously by regulation, have thoughts on that as well — they probably experience it on a more ongoing basis than I would — I'd be very happy to hear their comments to see if there's a way of managing that.

Amendment approved.

Section 3 as amended approved.

On section 4.

Hon. G. Collins: I move the amendment to section 4 that is in the hands of the Clerk as well as the opposition and other members, which continues to implement the topic that we've been dealing with. It says:

[SECTION 4, in the proposed subsection (1) (b) by deleting "exempted by the regulations" and substituting "exempted by this Act or the regulations".]

On the amendment.

Hon. G. Collins: That just closes the loop on the three amendments — now this third one that we've been discussing and the issue that we've been addressing.

Amendment approved.

Section 4 as amended approved.

On section 5.

B. Suffredine: Is the terminology in section 5 simply a restructuring of what the Real Estate Act used to describe as an agent? Could the minister describe generally what the various categories of brokerage, managing broker, associate broker and representative would be under the new act and what they can do?

Hon. G. Collins: Section 5(1) does really update the names or — how do I put it? — the description and the labels by which these various people are considered. As I mentioned previously, where we have sub-subsection (a), which is brokerage, that is what used to be known as an agent in the old legislation. The description of what that person does is in the act. I don't believe that's changed, but I'll stand corrected if it has changed much.

Sub-subsection (b) has managing broker and is what used to be referred to as a nominee. The associate broker in sub-subsection (c) is what used to be referred to as an agent under 9.15 of the regulations.

What is now, under section 5(1)(d), described as a representative is what used to be referred to in the old act as a salesperson. What was agent is now brokerage. What was nominee is now managing broker. What was an agent under 9.15 of the regulations is now an associ-

ate broker, and what was a salesperson is now termed a representative.

L. Mayencourt: I seek leave to make another introduction.

Leave granted.

[1630]

Introductions by Members

L. Mayencourt: I really appreciate the indulgence of the House.

On behalf of the member for Kamloops-North Thompson, I'd like to make the House aware that we have some grades 7 through 9 students from Tsay Keh Dene School in the chamber today. They are joined by Mr. Dev Bradley, Bob Dahler and Deanna Poole. Would the House please make them feel very welcome.

Debate Continued

Sections 5 to 32 inclusive approved.

On section 33.

B. Suffredine: I wonder if the minister could consider.... I presume this is just a rewrite of the Real Estate Act as it was and that this section hasn't in any material way changed from that. The section contains a provision that in order to pay money into court where there's a dispute, an adverse claim over brokerage commissions or things like that.... It's quite a complicated procedure to get the money. First, you've got to get an order to get it into court. Then you've got to get an order to get it out of court. It's a procedure, for example, that could be achieved by having the section just make it a matter of right that if there's a dispute between two parties and a real estate firm is holding money in trust that's being claimed by more than one person, there is a provision under the Supreme Court rules where one can pay money into court on a procedure called a precipe. Trying to get a judge to hear an application simply to let the money be paid into court seems complex and archaic.

I wonder if the minister could comment on whether or not any consideration was given to making this a procedure where the only time one needed an actual order was on a judge determining who was entitled to the money. It would make it simpler for people involved in these disputes to hand the money in to a judge and let the judge decide.

The Chair: Members, to be clear, we have cleared sections 21 through 32. We're on 33.

Hon. G. Collins: This is what's in the current legislation. It's been moved into this legislation. There's no big change, if any. It's a process that has worked well in the past. Certainly, during probably a good two years

of consultation on this, there was never a concern raised with regard to this section. It seems to work well. It seems to function properly. However, should there be an issue that arises in the future, I hope people would bring it to our attention. They can consider it 45 years from now, the next time the legislation experiences a major rewrite, or prior to that if it needs an additional amendment.

B. Suffredine: I don't really want to engage in a debate with the minister about that. It does seem to me fairly logical, though, that once a section is in place, coming to the Legislature with suggestions on improving the procedure under the section is not something the average person does. They grumble about it on a daily basis that they actually have to pay a lawyer to go down to court and pay money into court, when that's a pretty routine application.

[1635]

I don't think that in this case you could even do it into Provincial Court. The jurisdiction of the Provincial Court is up to \$10,000. It does seem to me that the minister might want to give some consideration to whether or not this could be done in the small claims jurisdiction, where the amount of money is less than \$10,000, and to enable a procedure that doesn't require an application to a judge to consider the merits where really all that's being said is that a trustee is standing in the middle of two parties who claim the same money.

I get what the minister is saying, but it does seem to me — although it might seem out of place at this moment, in terms of the number of complaints they've likely had — that it's not really to be expected that those comments or complaints would be coming in.

Hon. G. Collins: As I mentioned earlier, this legislation and these drafts were out for discussion for an extensive period of time, back and forth from the various practitioners. I'm trying to think of anybody who didn't offer their opinion on it at various stages. It just didn't come up, to my knowledge, as an issue. The member may make a valid point. I'm glad to go back and look at it and see if it's something that requires attention. But as I said, I think it's been out there for a long time, and we didn't receive any specific representation about it to my knowledge at all.

Maybe there is an issue that people just didn't come forward with. If the member's got some concerns about that, I'd be glad to hear them. Perhaps we can see if something requires attention. I thank him for his comment.

B. Suffredine: Thank you to the minister. Those are my questions.

Sections 33 to 149 inclusive approved.

Title approved.

Hon. G. Collins: I move the committee rise and report the bill complete with amendments.

Motion approved.

The committee rose at 4:38 p.m.

The House resumed; J. Weisbeck in the chair.

Reporting of Bills

Bill 41, Real Estate Services Act, reported complete with amendments.

Third Reading of Bills

Deputy Speaker: When shall the bill be reported as read?

Hon. G. Collins: By leave, now.

Leave granted.

Bill 41, Real Estate Services Act, read a third time and passed.

Hon. G. Collins: I call second reading of Bill 53.

Second Reading of Bills

INTERNATIONAL FINANCIAL ACTIVITY ACT

Hon. G. Collins: I move that Bill 53 now be read for a second time.

Bill 53 implements the International Financial Activity Act and repeals the existing International Financial Business (Tax Refund) Act as well as the International Financial Business Act, effective September 4 of this year, 2004.

Bill 53 represents another step in the government's drive to improve British Columbia's competitiveness and help revitalize our economy. The existing legislation was introduced in the late 1980s in the hope that it would create the foundation for Vancouver to develop into a major international financial centre. There have been some successes, with approximately 30 financial institutions registered in the program.

However, I think it's fair to say that the initiative had not accomplished what people had initially hoped it would. Over time it became increasingly clear that British Columbia needed more progressive legislation to effectively compete with other financial centres and to promote British Columbia's exceptional advantages as a location for international financial transactions. This view was confirmed by an independent review of the international financial business program that was undertaken in 2002.

[1640]

The new legislation meets those objectives by expanding the types of corporations that are eligible to

register for tax refunds so that most corporations will be able to register as long as they are carrying on eligible international financial activities. It expands the list of financial activities that qualify for refunds to include six new activities, including the distribution of film and television rights outside of Canada. It also eliminates the restriction that currently allows only corporations located in the greater Vancouver regional district to register and, by doing that, allows businesses across British Columbia, from one end to the other, to participate in the benefits of this program. It also allows related party transactions for certain types of international financial business activities.

The list of new financial activities that will qualify for a refund under the International Financial Activity Act, effective September 1, 2004, includes the following: distribution of film and television rights outside of Canada, including ancillary rights such as games or toys associated with the production; certain treasury functions on behalf of non-residents, which means managing or conducting international financial transactions within a corporation or a group of corporations; back-office operations, which means providing behind-the-scenes administrative services that are directly related to the financial activities of non-resident businesses; backup office operations on behalf of non-residents, including business continuation services such as the use of equipment and premises in the event that the primary equipment or premises of a non-resident business becomes temporarily unusable; the expansion of the range of eligible foreign exchange activities to include transactions performed by corporations that are non-financial institutions but whose primary business is dealing with foreign exchange on an arm's-length basis only; and finally, import letters of credit which finance the purchase of foreign goods, with the Canadian purchaser incurring the liability to pay once the goods are received. The current legislation is limited just to export letters of credit.

The tax refund will continue to be available for non-resident financial specialists that come to British Columbia to work in eligible activities. To better reflect the time that specialists usually stay, the period for which a person can be registered as a specialist will be extended to five years from two years. The maximum refund amount will be reduced, however, to 75 percent of the B.C. income tax payable.

Effective January 1, 2005, the employee refund under the international financial business program will be eliminated. The change is being made because British Columbia's personal income tax rates are now competitive with other jurisdictions, and as a result, international financial businesses no longer need this incentive to attract and retain employees to British Columbia.

[H. Long in the chair.]

Bill 53 will make British Columbia more competitive on the financial world stage. By modernizing the legislation and expanding the list of financial activities that qualify for corporate tax refunds, we're setting the

stage for renewed growth in British Columbia's international financial business sector. The changes will encourage the development of new international financial activities such as film and television and will create new employment opportunities and well-paid, highly skilled jobs.

In addition to enhancing British Columbia's international financial business program, Bill 53 also implements several administrative changes. The calculation of tax refund has been changed to ensure that it more accurately reflects the income tax paid on income earned from international financial activities. To the extent possible, administrative provisions such as those relating to assets, interest, penalties, appeals, enforcement and collections have been made consistent with the Income Tax Act and other provincial taxation statutes.

The bill also includes provisions to ensure a smooth transition to the new legislative framework for those firms that are currently receiving refunds under the existing program. This legislation will go a long way to help securing British Columbia's future as a vital, growing international financial sector and will help to grow the economy and create good jobs right here in British Columbia.

I move second reading of Bill 53.

[1645]

K. Whittred: It's my pleasure to rise and support Bill 53, the International Financial Activity Act. I wish to congratulate the Finance minister for bringing this bill forward, for it adds yet one more brick in the foundation that we are building to rejuvenate jobs and competitiveness in British Columbia. The International Financial Activity Act will cut personal and corporate income tax. It adds to that, I should say. It is one more thing to go along with the elimination of the corporate capital tax. We have, in addition to this, introduced modern corporation securities and real estate legislation, and we've removed thousands of needless regulations. This bill goes a long way to making B.C. a really very attractive place for people to come and invest.

I mentioned that it's one more brick in building the foundation that will create jobs in British Columbia. The Finance minister has summarized the various industries that are affected. There's one that I particularly want to comment on, though, because it is of so much value in my community, and that is around the distribution of film and television rights outside of Canada. A major industry and employer in my community is Lions Gate studios. They are a subsidiary of a company called Lions Gate Entertainment, which is one of these very huge companies that does in fact distribute film.

You may not know, but perhaps I can just fill you in on the importance of the film industry in my community. Did you know that in British Columbia the film industry grosses revenue of close to \$1 billion annually? This is a huge contribution to the economy of British Columbia. It employs about 50,000 people — 35,000 directly and 15,000 indirectly. It's one of the fastest-growing industries in British Columbia. It's highly

export-oriented, primarily with the export of services to the United States, and I think this bill will help in the competitiveness of that particular aspect of the industry. Another thing about the film industry is that it is in fact one of the most high-tech industries and has many computer design systems, and so on, that put it at the very leading edge of a number of jurisdictions.

Specific to the North Shore and Lions Gate studios, I wish that all members of the House could join my colleague from West Van—Capilano and my colleague from North Van—Seymour. We've had many opportunities to visit Lions Gate studios. They have a wonderful array of sound studios. It's always a huge pleasure for me to see the amazing things they can do. Do you know that they can take a very small object on a table, on a stage that looks, when you see it, very small, and when this is actually put through all the technical processes and using the skills and filming that they have, it looks like it's out in the woods somewhere? It's quite amazing, the things that I have seen there.

The other thing that's really neat about Lions Gate studios and which I gather makes it a real feature for people to come from all over the world to make their films there — in fact, another aspect of their business is, of course, commercial production — is the façades that they have on their buildings. You can wander through the studio lot, and you can see an old colonial house, and you can see a farmhouse, and you can see an office building. These are all the different façades, of course, that are there for them to use in their film process.

I talked earlier about how the International Financial Activity Act is going to improve the situation for this industry. On the North Shore the film industry brings nearly \$97 million. That is just the income from the people that work not even in the spinoff industries but just directly for the film employment industry. That is a huge amount of money and illustrates the importance.

[1650]

There are a total of 4,514 employees that live in North Vancouver. I have roughly calculated how many are in my riding. In just my riding alone, there are about 1,600 employees. I venture to say that that makes the film industry probably the biggest employer in my community.

The importance of this industry to North Vancouver cannot be underestimated, and that is why I really wanted to rise and speak to this bill. When we speak about those numbers, this does not even include the sort of spinoff effect of this industry. In addition to the people that work in production at a place like Lions Gate studios, you also have places like Sharpe Sound, West Media and E.P. Canada. There's a whole bunch of other industries that are part of my community. In fact, I actually live very close to where most of these industries are located.

This is a visionary piece of legislation, and I welcome it. I welcome it because it is going to create jobs in British Columbia. I welcome it because it's once again making us competitive on the international stage and is going to, as I said in my introductory remarks, add one

more brick to that foundation of rebuilding and rejuvenating the economy in this province.

B. Suffredine: I was interested to hear the comments of the previous member about films, because the film business has actually been important to the Kootenays. When I first moved to Nelson.... Shortly after that, my father moved out. He'd been running a studio in Toronto called Studio Centre, where they produced an old serial that used to run on TV here in Canada and the U.S. called *Police Surgeon*. That business became active in Canada because of efforts made in Canada to encourage the film business to be produced not just in Hollywood.

Now, as those efforts progressed, my father's experience in the film business led to him explaining a number of things to local people in Nelson. Eventually we got the movie *Roxanne* produced in Nelson. *Roxanne* was a bit of a spiritual experience for a lot of us, because most of us had never seen a film produced.

We were pretty proud of the way Nelson appeared on film. When it turned up in magazines and was described as "surrealistic" and things like that, it really helped to develop pride in the community. The spirit of cooperation that had to go into shutting down whole streets while they were turned into movie sets and people going down in the evening to watch.... It became the evening entertainment to go down and sit on the street and have a cup of coffee at one of the local restaurants, watch them do a scene over and over again, and realize how tedious the work can occasionally be when you're in the movies.

It brought huge dollars into Nelson. That business was very active for a while and has dropped back. I would, among other things, certainly welcome the interest again in the Kootenays for similar sorts of projects.

Interjection.

B. Suffredine: I'll make a scene for free?

The international financial transaction is something that I don't think is well understood by many people. I went to a briefing and met a number of people who were advocating this some time ago. I was interested to learn that if we don't take the step that's being taken now, what happens is that we just miss the opportunity. There are people who will locate wherever they need to locate in order to carry on a business in the international financial community. If we tax them for doing that work in British Columbia, well, they'll exist and live wherever they need to live to do that.

[1655]

The truth is that because we now have the advent of the Internet, they can virtually live anywhere. One of the interesting things, when they explained it to me well, was that the firms or the offices that might be the substantial base of international transactions might be located in places like Vancouver if the incentives were right. What they also explained to me was that there might be the odd member of their staff who really didn't

need to live in the big city if he didn't want to. He might even have the opportunity to live in a place like Nelson and go skiing during the daytime and work at night, because the work they do is often around the world and in different time zones. By creating the right conditions for that work to happen and that person to live in a place like Nelson, all of the work that he could do could actually be done right from his home, connected to the Internet and living in a place that I enjoy.

We all think international transactions have nothing to do with small communities. In fact, creating the opportunity for international businesses to locate in Vancouver or on the lower mainland may actually create the conditions that will result in a number of people that live in rural areas like mine and like many of the other members from around this House.... I congratulate the minister for bringing this forward, and I intend to vote in support of it.

Hon. I. Chong: I, too, would like to speak on this piece of legislation for just a moment, because not too often do we have an opportunity to rise in support of such a wonderful piece of legislation. I wanted to do so because it had started at a time before I was appointed to this position. It was a time when I was a private member and worked with so many of my colleagues who have encouraged the minister to look at international finance corporation activities here in British Columbia.

I want to, before I begin, pay specific tribute to one of our members who has worked so hard. That is the member for West Vancouver-Capilano who, I believe, had spoken to so many interest groups about international business here, who had gone to see the minister on a number of occasions and had really spoken to all of us at our caucus and encouraged us to look deeply at an opportunity that would be available for us here in British Columbia.

This legislation is all about encouraging further business and investor confidence. This legislation is about attracting new international financial business to British Columbia. This legislation, in essence, is about the economy. It is about jobs; it's about opportunities. It's about a potential that has never been tapped into, and I really want to say I applaud the minister and I applaud the member for having the foresight to see this come to fruition now.

I've spoken to members of the investment industry. In particular, we all know of the Investment Dealers Association of Canada, who have chapters or have people right across Canada who speak to international investors on a fairly frequent basis and assess provinces that look like good places to do business and then share with us what investor intentions are. At a time when I was in opposition, when the NDP were in power, I can tell you we were the last place in terms of investor intention. Now we are the third intention place for investment. That is a good sign for this province as we're heading into this twenty-first century and looking at new ways of doing business and attracting new kinds of business. That's what's important for this province.

I just want to say very briefly, too, that all the feedback I've received so far has been nothing but positive because of the potential we have. What I also know is that already we're seeing results of this legislation. Well, perhaps not the legislation, because it's being brought in, but the spirit of the intention of this legislation coming in when it was first talked about, when the Minister of Finance brought it about in his budget speech....

Here in Victoria in particular — and I know I have a colleague who will also rise to speak on this — the Custom House Exchange is already looking at expanding its business. To be quite honest, they were looking at taking their business elsewhere because there was a more competitive market elsewhere, but with the introduction in the budget speech and now this legislation that is brought forward to us today, that has changed. That has changed the attitude of that one business. If we were to change that attitude across the province, it would mean.... Again, the potential would be enormous.

[1700]

In fact, we are seeing that. I've spoken to a number of people in Vancouver already, and they will say that because we've expanded the opportunities for this to occur throughout the province — and not be isolated to just Victoria and Vancouver — it means every region of our province can stand to benefit from this. It means every region of this province will have opportunities for jobs. It means that every region can reach the potential it can and that children, the next generation and their grandchildren can be assured that we have an economy that's going to be strong, that's going to do well, and that opportunities will persist further along.

I just wanted to rise, give my perspective and offer my support as well as my thanks with deep gratitude to the member opposite, the member for West Vancouver-Capilano, for having worked so hard on this initiative. I wholeheartedly support this legislation.

J. Bray: I, too, rise in support of this legislation. Of course, as we know and as we've heard from other speakers, the history of the International Financial Centre always talked about Vancouver. In fact, this piece of legislation actually heralds a very positive impact right in my community of Victoria.

We have an entrepreneur in our community who started a small exchange office, essentially, many years ago for some of our tourists who liked to be able to exchange their funds into Canadian dollars to happily spend in my community. That particular business, started by that entrepreneur, has grown into a major international business that deals in currency exchange on a large scale as well as providing retail currency exchange for tourists.

Now, this is somebody who is a strong supporter of our community in philanthropic activities, charitable activities. He's a strong supporter of the University of Victoria and, of course, provides employment for about 75 highly paid, well-educated individuals. He's some-

body who really believed in the community of Victoria and wanted to continue to have his business thrive and provide opportunities for our young graduates with commerce degrees and accounting designation, etc.

The problem was that his accountants were telling him that he was really losing out on the tax credits that were available if he moved his business to Vancouver or even Seattle. So this particular individual came to me and said: "You know, we really need to look at what we're trying to achieve with our international financial activities and the tax credits, and what the goal actually is." This individual said: "I don't want to leave this community. Our company's roots are here, our employees are here, and the benefits that our entrepreneurial activities have generated flow back into our community. But I also have to make decisions that make good business sense." It was a very tough quandary for him.

What this legislation means in practical terms in my community is that 75 high-paying jobs for 75 Victorians get to stay in Victoria. That translates into 75 families who have their roots in this community that get to stay here. That's 75 families who contribute through participating in soccer programs and Boys and Girls Clubs and through volunteering in seniors homes — and all the activities that we all partake in our community — that get to stay here.

But it also means something else. It means a signal for the world that cities across this province can be havens for people who are involved in international financial activities. For Victoria, our proximity to Seattle, Everett, Redmond, Portland, San Jose, San Francisco, Los Angeles and San Diego — that \$1 trillion high-tech corridor.... It's another piece in the puzzle that allows the city of Victoria and our high-tech sector and our entrepreneurs another feather in the cap to attract some of that investment to come across the 49th parallel. It allows our community one more positive attribute to attract high-paying jobs and new opportunities for people in our community.

[1705]

To me that's exactly what this government's been trying to do and is achieving. It's providing opportunities for families to live, to work and to play in their communities — be they foresters who want to stay in their communities and be stewards of the land and earn a living off the land base; whether it be nurses and doctors who now get to train in rural and remote medicine in the University of Northern British Columbia, who get the opportunity to actually apply their practice in their own home communities; or whether, in this case, it's somebody involved in international finance who is facing a difficult business decision and a difficult personal decision, who now gets the opportunity and is delighted to be able to stay in his community where his family is and where his employees' families are.

That's what we try to do every day in the government side in this Legislature — provide those opportunities for working families. We don't tell them what to do. We provide the opportunities for them and allow families to choose.

Now, the members of the opposition continually stand up in this House to suggest: "No, no, no. Government needs to make those decisions for families." In fact, Carole James spends much of her time — quoting her — going church basement to church basement identifying all the jobs that she identifies are not positive for communities. She'll go up to Terrace and suggest that those forestry jobs right now are not appropriate. She may even say in this home community here that international finance isn't really positive for Victoria.

Hon. I. Chong: Shameful.

J. Bray: It is shameful; I agree. What we are saying is that families need to have the opportunities to live and grow in their communities and to live and raise their families by making decent livings with the assets this province has — the assets on the land base, the assets we have in our universities, the assets we have in our children.

Our people are our greatest asset, but during the decade of the nineties, where did some of those assets go? Calgary, Alberta, Toronto, Seattle, San Jose, Hong Kong. We lost so many people simply because the government of the day was trying to decide what opportunities should be available rather than creating the climate for those opportunities to exist and allowing people to choose.

By bringing international finance to British Columbia and expanding it throughout the province, recognizing forestry opportunities, recognizing film opportunities, recognizing exchange opportunities and financial currency exchange, we are telling British Columbians — whether you live in Vancouver or Victoria or Abbotsford–Mount Lehman or Prince George — that if you want to be involved in international finance, if you want to go to university and work hard and get your bachelor of commerce, if you want to go and get your master's of business administration, if you want to work hard and get your certified general accountancy certification, and you want to ply your trade in your home community but be involved in international finance, British Columbia wants you. British Columbia is going to make the welcome mat available for you and provide the framework for you to build your dreams in your community.

That's what we're doing in this government, and this is one more bill that provides another avenue for our best and brightest to move forward in this province. I congratulate the Minister of Finance for bringing that forward. I congratulate the member for West Vancouver–Capilano who is such a strong advocate for this sector of our economy. I appreciate the opportunity to be able to speak.

R. Sultan: I thank the member for his kind words. This is a historic set of bills, and it is one of a set of bills, as has been alluded to this afternoon. As I've described them previously, it is a trio of legislation brought in by this Finance minister, commencing with

the limited liability partnership bill which not only provides liability protection in these libellous times or liability-prone times — well, it's libellous too — but also, for professions, allows this innovative corporate structure which will facilitate business arrangements in their own right, quite apart from the professions.

[1710]

Secondly, the Securities Act was introduced the other day and is now law — a remarkable piece of legislation, I don't think the significance of which has really sunk home in the minds of average British Columbians. Who can really fall in love with the Securities Act? What's this all about? It connotes bankers with pinstriped suits and top hats. It's far removed from the world of the average British Columbian. But it is the means by which the financial capital that drives the forest industry, the many thousands of firms — I see the Minister of Forests acknowledging and nodding his somewhat sparse head — the venture capital industry, the mining industry, the biotech industry.... These all depend on capital. The B.C. Securities Act will help mobilize that capital on their behalf, providing jobs, employment and futures for so many of our citizens.

Finally, the third leg of this trio, the international financial.... Let's see. We no longer call it the international financial centres. It is the International Financial Activity Act. Very good. That is, in fact, a good name. This is a bill encompassing activity in a wide spectrum of areas in the financial sector.

Just to repeat some history here, if the House will forgive me. I have cited this little story before. By accident and having lived so long, I happened to be present at the birth of the phenomenon of international financial centres over 20 years ago. I won't say how much longer.

The separatist government of Quebec effectively drove many of the leading financial institutions out of town in Montreal to Toronto, where they took up residence. Once all the jobs, all the economic life, the retailers, the restaurant people, the people who service that service sector realized, "Gosh, there's a big hole in the middle of our economy all of a sudden," the government changed course and said: "We've got to do something to win back the financial sector from Toronto to Montreal." As is typical of la belle province, they said: "We will go out and have a little chat with our friends in Ottawa. What we need is a tax break, and we will create a community here which operates tax-exempt in Montreal, unlike those people in Toronto who have stolen many of our head offices."

The proposal was received with great sympathy in Ottawa because of how business is done back east. We're all familiar with that. But of course, when this idea was floated outward to the people in Toronto, they were horrified. They said: "Why on earth should you give a tax break to Montreal and not to Toronto?"

The deal that was finally struck was a typical Canadian compromise. One other major city was granted the tax exemption, but it wouldn't be Toronto, because of course to do so would have taken away the rationale for their effort in the first place. So they thought: "What

community is so distant it would be quite meaningless in terms of impacting our lives in Montreal?" They said: "There's a place out there on the west coast called Vancouver. We've never actually visited there, but it is in Canada. We will also let them have this tax-exempt status." So in a very unusual way, two communities — Montreal and Vancouver — were singled out for this special tax exemption.

Being very entrepreneurial and having come up with the idea in the first place, Montreal, after a bit of a slow start, really put resources, imagination, creativity and their innate entrepreneurial ability into it and have built the international financial centres based in Quebec, and Montreal specifically, into something which is important and gives them a great advantage over the rest of Canada.

[1715]

In Vancouver it took a while for us to realize the tax gift we received. Perhaps because life was good and the problems that have befallen the resource sector were not so obvious in those early days, we didn't really pay much attention to taking advantage of the tax privilege bestowed upon us, courtesy of our friends in Quebec. So the International Financial Centre activity in Vancouver was even slower to get off the ground and never in the past equalled the vigour of the Montreal scene.

With this new legislation, we are now injecting new vigour into the arrangements by expanding the range of activities which will be encompassed, expanding the geographic coverage of the International Financial Centre scope and liberalizing the law in many respects. Under the leadership of the new CEO of the International Financial Centre, Robert Fairweather, we are seeing a great leap forward in anticipation of the legislation that the Minister of Finance has brought forward.

Here's our opportunity to catch up with what the people in Quebec did so many years ago. It is, as I've said before, an opportunity for Vancouver to recapture some of the financial vitality we lost to our neighbours in Calgary in what the member for Maple Ridge-Mission called the decade of pain and decay under the NDP. Many of the financial companies that might have benefited from the IFC legislation decided that all and all, things are more attractive in Calgary.

It is indeed, as Les Leyne of the *Victoria Times Colonist* wrote a couple of days ago, not too far a stretch to say there are some parallels between the Montreal-Toronto competition and the....

Interjections.

R. Sultan: Not too big a stretch between Montreal and Toronto and the Vancouver situation vis-à-vis Calgary.

I have heard some people say: "So what? Who needs these head offices?" Bankers are not the most loved people, I have discovered. When I was running for office, they suggested: "Don't mention the Royal Bank, Ralph. That won't get you many votes." Perhaps that is still true.

I would like to speak up on behalf of life in financial institutions. It's dry, there's no heavy lifting, and life can be very interesting on the deal side. The deal side is something that I think is going to be stimulated by the IFC rejuvenation here in Vancouver.

It also employs thousands and thousands of people who have to do all the recordkeeping, run the back offices and engage in the less exotic tasks of keeping the books, keeping the customer relations secure, running call centres and so on. A financial institution, even with all the automation one has today and the computerization of this industry, is still really very labour-intensive. These jobs are created up and down the line. They're not all just for the comparatively very well-off at the top.

Who qualifies for this new designation? The Minister of Provincial Revenue has issued a bulletin explaining that a corporation will qualify for registration under the IFA program if the corporation was incorporated in Canada and since incorporation has not been continued outside of Canada; has a permanent establishment in British Columbia; is not exempt from income tax under the Income Tax Act; establishes and carries on an international financial business within 90 days of registration — the key phrase is "international financial business"; establishes and maintains a membership in the IFC International Financial Centre Society, which is Robert Fairweather's shop; keeps its books and records in British Columbia; and pays an application fee of \$5,000. That is not an onerous test for someone who wishes to set up shop as an IFC.

[1720]

What international business activities will be stimulated by this new law? Treasury functions, the investing of money. Every corporation of any substance has a treasury activity, which basically manages the cash in and the cash out. An international corporation could locate that function here in British Columbia and carry on, on behalf of the non-residents around the world who are funnelling those transactions through Vancouver on a very tax-preferred basis.

Back-office operations, such as accounting and bookkeeping on behalf of non-residents. Canadians have a reputation for being very, very good accountants and bookkeepers. Here we have not only our basic skill and competence in that field.... We train people in that area very well, and I think we're much better at it than our cousins to the south, which is noticeable when one does business down there. We could conceivably become the accountants and bookkeepers to the world.

Backup operations such as maintaining databases for out-of-country operations. Here we are talking about computers, about call centres, about data — which is in itself an enormous economic activity. As my colleague from North Vancouver-Lonsdale has already spoken of at some length, the film distribution and film rights businesses outside of Canada, which is a natural adjunct to the thriving film industry we already have in this province....

Foreign exchange transactions. I was astonished when I was at the Royal Bank. The foreign exchange

department was a funky little place down the hall with about ten or 15 people and some phones. Nobody gave them much respect. They didn't dress very well. They sort of ate by themselves. They certainly didn't spend a lot of time up in the executive dining room, drinking Scotch with the big guys. I was rather astonished to find out that this little group accounted for 40 percent of the entire bank profits. I don't think things have changed very much. In fact, I suspect it's even more so today.

All this lending and branch office stuff and flying around the world and setting up offices to do this and that, including some where I played a part — in the oil and gas business, for example..... It was a lot of activity for not much profit. These people just traded their Canadian dollars all day long. We can do that globally right here in Vancouver on a tax-preferred basis.

Finally, import letters of credit. Even having spent a decade at the Royal Bank, I never really did understand what letters of credit were. Somebody once said: "Well, anything you can do on the loan side, you can do with the letters of credit." It just struck me as being another form of IOU, but bankers always like to use that jargon. It does have a role in the financing of exports and imports, which is, of course, another natural fit with what we do for a living here in Vancouver.

To quote Bob Fairweather: "This is one of the most visionary pieces of financial legislation in British Columbia in years." It does pave the way for us to compete more vigorously not just with Montreal but also with places like Singapore, Hong Kong and Amsterdam.

To close, one final point is the fact that through the heartlands strategy of this government, the benefits of IFC legislation have extended to all communities in British Columbia, and it is not just confined in its provincial aspects to Vancouver. I think this is farsighted. It means that all of these features of various financial transactions could, in fact, be headquartered in Terrace, Prince George, Cranbrook or Whistler. I mean, there's a whole range of locations here. It is not pinned down to the office towers in Vancouver, and I think we will see companies taking advantage of that.

So good on you, Finance minister. We are offering these tax arrangements to all of British Columbia. I have no doubt that with this type of legislation, the continued acceleration of the British Columbia economy, which is now so evident that the Canadian Centre for Policy Alternatives is now saying that it's not because of us; it's all the other good things happening in the world.... Baloney. It's primarily because of the policies of this government which have rejuvenated and restored confidence to the British Columbia economy, and this new act is just one further building block in the new era.

[1725]

L. Mayencourt: I am also rising to speak in favour of this International Financial Activity Act. I must do so because I have had the pleasure of spending some time with the IFC, International Financial Centre, people. Bob Fairweather has been talking to me for at least

two or three years about all of the opportunities that lie ahead for British Columbians if we could just get it through our thick skulls that we have to take the....

This is a tool. This is an opportunity to bring investment to British Columbia, to make things happen here. It seems to me, when I listen to the member for West Vancouver–Capilano.... He describes the way Montreal took this opportunity and seized it and made something of it and what that has done for them as a city and as a province. It brought them back from the brink.

You know, it's been a long time since I've been able to see such positive economic indicators here in the province. The previous members that have spoken are bang on. I don't want to repeat all of what they have to say. You know, when you have the tools in front of you, you should use them. This is a very good tool that the federal government has granted to British Columbia. It is a gift. We should use it to make the very best of what we can with our economics here.

We talked about, in the throne speech, bringing out the best in B.C. Well, the IFC has been here a long time, and it hasn't really had the opportunity to succeed and to thrive and have that vigour that was spoken about just a few minutes ago. You know what? Bob Fairweather and Eric Glanville and all the folks that are members of the IFC have that determination and all of that inside of them. They want to make it happen, and I think they're going to work very closely with us to ensure that we make a big success out of this and maybe do as well as Montreal with the international financial centres.

The member from North Vancouver was speaking a little bit about the film industry. You know, the film industry in British Columbia is a billion-dollar baby, and we've got to treat it right. We've got to make sure that they get some opportunities to succeed. When this was brought forward by the Finance minister, I was delighted to see that one of the activities to qualify under the international financial centre business was the ability to deal with the distribution of film and television rights outside of Canada. That's another opportunity for another industry.

All we are doing here today is opening up this wonderful present that was given to us many, many years ago and saying: "Let's put it to work. Let's make it better for British Columbia." I'm voting in favour of this, because it really does bring out the best in B.C. I salute the Finance minister for all that he has done on this bill, and I wish a speedy passage.

Motion approved.

Hon. G. Collins: I was hoping it was going more speedily than perhaps it is.

Mr. Speaker, I move that the bill be placed on the orders of the day for consideration by a Committee of the Whole House at the first sitting of the House after today.

Bill 53, International Financial Activity Act, read a second time and referred to a Committee of the Whole

House for consideration at the next sitting of the House after today.

Deputy Speaker: If the members would hold their seats, the Administrator is in the precincts.

[1730]

Royal Assent to Bills

His Honour the Administrator entered the chamber and took his place in the chair.

Clerk Assistant:

Cremation, Interment and Funeral Services Act
College and Institute Amendment Act, 2004
Agricultural Land Commission Amendment Act, 2004
Passenger Transportation Act
Forests Statutes Amendment Act, 2004
Provincial Revenue Statutes Amendment Act, 2004
Partnership Amendment Act, 2004
Community, Aboriginal and Women's Services Statutes Amendment Act, 2004

Securities Act
Real Estate Services Act
Real Estate Development Marketing Act
Highway (Industrial) Amendment Act, 2004
Transportation Act

[1735]

Clerk Assistant: In Her Majesty's name, His Honour the Administrator doth assent to these acts.

His Honour the Administrator retired from the chamber.

[H. Long in the chair.]

Hon. M. de Jong moved adjournment of the House.

Motion approved.

Deputy Speaker: The House stands adjourned until 10 a.m. Monday.

The House adjourned at 5:37 p.m.