



6th Session, 37th Parliament

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LEGISLATIVE ASSEMBLY  
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LIEUTENANT-GOVERNOR  
Her Honour the Honourable Iona V. Campagnolo, CM, OBC

**6TH SESSION, 37TH PARLIAMENT**

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Afternoon Sitting

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MONDAY, FEBRUARY 21, 2005

**Introductions by Members**

The House met at 2:04 p.m.

**Introductions by Members**

**Hon. S. Brice:** Visiting us in the gallery are two of my constituents, Luka and Jade Kapac. They're in the House today visiting their daughter Martina, who is executive assistant to the Minister of State for Intergovernmental Relations, and their son Dom, who is a caucus communications assistant. It's a special day for the Kapacs as today marks the celebration of their thirty-second wedding anniversary. I ask the House to please make them welcome.

**R. Visser:** In the House are Jim and Arlene Harris, friends of mine from Campbell River. They're doing what all grandparents do best. They're down looking after their grandchildren. I know that as a parent I count on my daughter's grandparents day in and day out to get me through busy days. I wish the House would make them welcome.

[1405]

**J. Bray:** Joining us in the gallery today is someone I've had the pleasure of introducing several times: Terry Colburn, who is a mental health advocate here in the Victoria area and who also goes by his native Navajo name of Iskaital. I ask the House to make Terry very welcome.

**K. Krueger:** The members of the government caucus who have to liaise with the government caucus Whip's office have a lot to do with my executive assistant, Erin Darling, and they know that she is named by nature — a wonderful person. In the House today is the woman responsible for the way she turned out, in large part. That's her mother, Barbara Darling, and I'd like the House to make her very welcome.

**Tributes**

GIANI SANT SINGH MASKEEN

**J. Brar:** Last week, on February 18, 2005, Giani Sant Singh Maskeen, a great thinker of our time and a dedicated Sikh missionary, passed away, leaving behind a great void for the Sikh community worldwide. A spiritual leader of great stature, Giani Maskeen inspired many for nearly five decades. He was a man of inexhaustible knowledge and repute.

I ask the House to join me in sending condolences to the Sikh community in this time of great loss. I hope everyone can find comfort in the thought that long after Giani Sant Singh Maskeen's departure he will be remembered as a rare visionary and a leader whose life was a true gift to humanity.

**B. Penner:** I have the happy opportunity today to make a number of introductions. First of all, I am pleased to welcome back to the Legislature a mayor who is a real pleasure to work with, Mayor Sylvia Pranger from the district of Kent. She's joined by councillor Mel Jorgensen as well as Bev Kennedy, director of the Fraser Heritage Society, and Marion Robinson from the Fraser Basin Council, who will be meeting with the Minister of Small Business and Economic Development later today.

Also in the gallery are 36 visiting Washington State legislative interns, accompanied by their program coordinators, Judi Best from the senate as well as Joan Elgee from the statehouse. They're accompanied by Dr. Nancy Taylor, from Evergreen State University, and her husband, retired professor Dr. Fritz Taylor. This year the Washington State interns are celebrating their program's fiftieth anniversary. I ask the House make those people welcome.

In addition, and carrying on in the cross-border theme, today the Pacific NorthWest Economic Region has been holding a number of meetings in the capital. That's led by Matt Morrison, the executive director of the Pacific Northwest Economic Region; and the PNWER president, Rob Renner, an MLA from Medicine Hat, Alberta, and Alberta's Minister of Municipal Affairs. I ask the House please make all these people welcome.

**Statements  
(Standing Order 25b)**

CHRISTINE DICKINSON

**D. MacKay:** Today I'm standing up to honour an outstanding and inspirational member of Bulkley Valley-Stikine's educational community. Smithers Senior Secondary principal Christine Dickinson was recently named as one of Canada's outstanding principals by the national Learning Partnership and the Canadian Association of Principals. She was one of only four principals in British Columbia to receive this recognition, and it's well deserved. Christine has formed strong links with our local aboriginal community, and that community has, in turn, become more engaged in helping the high school identify ways to encourage young native students to become more successful in school and in life.

Her hard work, as well as that of other educators, has certainly paid off. High school completion rates for the native students in Bulkley Valley school district were up an amazing 11 percent in 2004 compared to the year before and 14 percent higher than they were in 2001. This is an impressive accomplishment and one that Christine and the teachers and students should be proud of. They had a vision for what those youths could accomplish, and they put their hearts and souls into making it happen.

This government recognizes that our youth are the future of this province. Some political opponents try to

spread information to the contrary, but the proof is there for anyone to see. We put students first by increasing per-student funding by the highest level ever: an extra \$863 for every student in British Columbia. We have helped school districts pioneer innovative new programs; have provided funds for textbooks, computers and technology upgrades; and have committed to adding another \$150 in funding this year. In the coming years we will continue to make education a priority, with more resources and programs to encourage healthy living and violence-free classrooms.

[1410]

Without people like Christine we would just be throwing money and resources away. It is dedicated educators like her who take these resources and then turn them into something that fires the imagination of the students and inspires them to reach their academic life goals. I'm happy to see this dedicated education professional receive national recognition, and I look forward to seeing the good work she accomplishes with continued support from our government.

#### PACIFIC NORTHWEST ECONOMIC REGION

**B. Penner:** As already noted, we have a number of visitors here today from Washington State, including almost 40 legislative interns. In speaking with them this morning, I was reminded of my own experience as a B.C. legislative intern way back in 1989. I know our Minister of Sustainable Resource Management also has fond memories of that experience.

Interjection.

**B. Penner:** It was prior to 1989. I think it was a different decade altogether.

One of the best parts of the program was getting to know a little bit about how the U.S. legislative system operates. While many of the outward trappings are the same — big, fancy building with a large dome and marble columns, and some guy who calls himself "the Speaker" — I was amazed at how different the two systems are in practice. Canadians are quick to criticize our American cousins for not knowing much about Canada or our political system, but we are often guilty of the very same thing. That's one reason the Pacific Northwest Economic Region is such a useful organization.

Established in 1991 by five states, two provinces and the Yukon, PNWER is a private-public partnership that focuses on the many things we have in common and what we can do to maintain and improve our quality of life in this part of the world. With the support of the Premier, British Columbia has worked to reclaim its leadership role in PNWER since 2001. This was based on the understanding that we can't afford to be insular in our thinking. There is a big world out there just beyond our borders, with plenty of opportunities as well as challenges.

PNWER has been a vehicle for engaging state legislators on issues such as softwood lumber, BSE and border security. While we haven't reached unanimity

on all these issues, B.C. has picked up support from individual legislators and, in the case of BSE, from the state of Alaska.

I'm as frustrated as anyone with the apparent unwillingness by the U.S. federal government to comply with the WTO and NAFTA rulings, especially when you consider that it was the U.S. that played a major role in shaping those very same agreements. However, the Canada-U.S. relationship is too important for us to withdraw into an insular world of our own. We need to engage our neighbours and remind them that Canada remains their single biggest trading partner and stands ready to play a constructive role in the future when it comes to North American security.

#### SAFE SCHOOL PROGRAMS

**L. Mayencourt:** It's a pleasure to rise in the House today and talk about something I'm very passionate about — of course, safe schools. I want to share with this House some of the examples of very terrific programs I've run across in British Columbia.

Recently I was on Saltspring Island, and I was there with the Saltspring Women Opposed to Violence association. They run a program led by the students in a couple of the high schools there that is really great. They teach kids to talk about and discuss the issues around bullying and harassment. They give students the opportunity to express how they feel and to empathize with others. I think it's a very powerful example of what young people can contribute to the education system in British Columbia.

When I was on the safe schools task force, we had the pleasure of visiting Lakes District Secondary in Burns Lake, where a young lady and a group of her students put on a play to deal with some of the issues confronting the kids in that school, dealing with racism and other issues that were very important to them. I visited a school in Nanaimo where students have a leadership class. There's a group of 15 kids that are actually making a difference by being mentors to kids in the school system to end discrimination, bullying and harassment.

I mention these because I think that part of the answer to dealing with bullying and harassment in our school system is to use these young people as examples to lead the way and show us how we can address these issues effectively. That's why I am moving forward with the safe schools act, which I hope to introduce in the coming days.

It's also the reason I am proposing we set aside a fund of money for student-led initiatives against bullying. Students in schools in Nanaimo, Qualicum and any other place in this province who have a way of addressing bullying and harassment in their own communities could apply for money, and we would provide them with some resources. They might produce a video, or they might produce a play. What's important is that we are empowering young people in this province to end the problems they've inherited from many generations.

[1415]

**Mr. Speaker:** That concludes members' statements.

### Oral Questions

#### LEASE OF B.C. RAIL TO CN RAIL AND COMMENTS BY LIBERAL MLA

**J. MacPhail:** Mr. Speaker, one thing you can say for the B.C. Liberal caucus: when they're told to say that black is white, up is down, day is actually night and that a sale is a lease, they stick to the message no matter how foolish they look. But every now and then a crack appears.

Does the Minister of Transportation agree with his colleague the member for Peace River South that the Premier broke the B.C. Rail promise, plain and simple?

**Hon. K. Falcon:** You know, this is the same issue this member constantly brings up, Mr. Speaker. What I will remind the member is that there is a distinction between a sale and a lease. A sale was what the NDP planned under Operation Roundhouse. That's a sale. A lease is when the government maintains Crown ownership over a railbed and right-of-way and — listen carefully — sells the operational assets to an operator that knows how to run a railway.

**Mr. Speaker:** The Leader of the Opposition has a supplementary question.

**J. MacPhail:** Well, I doubt that that Minister of Transportation actually knows how foolish he looks in denying the obvious, so let me put the question just a little more simply: can the Deputy Premier tell us if the government agrees that the member for Peace River South was telling the truth? Was he telling the truth when he told his constituents that the B.C. Liberals broke their B.C. Rail promise — yes or no?

**Hon. K. Falcon:** I actually canvassed this issue extensively with this member during estimates, and I was very clear with this member. Perhaps I need to restate it again.

Interjection.

**Hon. K. Falcon:** Well, actually, my comments will echo those of the member for Peace River South. We sold the operational rolling stock of B.C. Rail; we maintained public ownership of the railbed tracks and rights-of-way.

What the member needs to understand is that a sale like she is talking about would be a sale similar to what the NDP had planned under Operation Roundhouse. Ours was a lease arrangement, where we sold operational assets and maintained public ownership of the railbed tracks and right-of-way. That's called a lease.

**Mr. Speaker:** The Leader of the Opposition has a further supplementary.

**J. MacPhail:** The Minister of Transportation says he echoes the comments from the member for Peace River South. Well, here's what the Liberal member for Peace River South said on B.C. Rail: "Did we break that promise? Yes, we did, plain and simple."

This is important, because British Columbians need to know if this government will keep its new election promises. To the Deputy Premier, the woman in charge: if the member for Peace River South is wrong.... If he's wrong and has attacked the integrity of the Premier unfairly, will you please demand a retraction from him in this House?

**Hon. K. Falcon:** Let me just say this: I will put our government's record of keeping its commitment against that NDP record of broken promises for a decade, any day of the week. The fact of the matter is that we actually had a plan for the province of British Columbia.

Interjections.

**Mr. Speaker:** Order, please.

**Hon. K. Falcon:** We can't wait for the election, Mr. Speaker. We can't wait for this election.

Interjections.

**Mr. Speaker:** Order, please. Order, please, hon. members on both sides of the House. Let us hear the answer.

**Hon. K. Falcon:** I would remind this member that we actually had a plan, a plan with 201 specific commitments, of which we have kept 97 percent. I can't wait to put that up against their record of disastrous economic management any day of the week.

[1420]

#### GENERAL ELECTION AND LENGTH OF LEGISLATIVE SESSION

**J. Kwan:** Clearly, the member for Peace River South doesn't agree with the minister. Maybe he should have a conversation with him about who's telling the truth.

The fact is that the Premier doesn't want to be held accountable for what Liberal backbenchers say in their communities. Now the Premier wants to send all of them — all the Liberal MLAs — on a taxpayer-financed campaign holiday by shutting down the Legislature early. Can the Deputy Premier tell us how much...?

Interjections.

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

**J. Kwan:** Can the Deputy Premier tell us how much money taxpayers will be spending so Liberal MLAs can hit the campaign trail instead of being held accountable for their broken promises in this Legislature?

**Hon. G. Bruce:** It must be frustrating for the opposition when you have a situation where you have a budget that's got so much good news that the people of British Columbia want to hear it. We want to make sure that they understand all of the facts of the budget and are able to go through the process they have to listen to what the budget is about, the plan that we have in place, where we've worked our plan through.

You can see the economy turning. You can see more jobs happening in British Columbia. You can see good news in every region of the province. You and the members of the opposition ought to be supporting this budget in every way, shape and form.

**J. Kwan:** Well, what is the government afraid of, then? Every MLA is supposed to be in Victoria representing their constituents until the election is called. There is more than enough work to do. Instead, the Liberals are going to take an early leave and hit the campaign trail — all on the taxpayer's nickel. Rather than spending millions of taxpayers' dollars to help B.C. Liberals get elected....

Interjections.

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

**J. Kwan:** Will the Deputy Premier tell her Premier to do the right thing and call the election the minute the House is shut down?

Interjections.

**Mr. Speaker:** Order, please, hon. members. The Minister of Labour has the floor.

**Hon. G. Bruce:** We as a government put in place a fixed election date. You all know when it is — in May.

Interjections.

**Hon. G. Bruce:** Now, I'm getting advice from both of you here as to whether or not members should be in the House. I look around, and in fact, all the members are here in the House, ready to do the business of government. The election has been called.

Interjections.

**Mr. Speaker:** Order, please.

**Hon. G. Bruce:** I know you're anxious to get to the polls, as are we, so that the people of British Columbia can once again return good government to British Columbia by re-electing this side of the House.

Interjection.

**Mr. Speaker:** Order, please.

## ACUTE CARE SERVICES AT SURREY MEMORIAL HOSPITAL

**J. Brar:** Last week I brought forward the case of a Surrey man who died in Surrey Memorial Hospital. Members of the government said it was all about politics. Now a B.C. Liberal MLA is calling for an inquiry.

I don't care how it gets done and who gets the credit, but we need a thorough review of this case. Will the Solicitor General listen to his own member and call for an inquiry into the tragic death of Baljit Bains?

**Hon. R. Coleman:** First of all, I invite the member to take the opportunity to read the Coroners Act to understand how coroner's investigations are conducted and how coroner's inquests come about. At this point in time there is an investigation taking place by the coroner's office, which I won't interfere with and neither will the members opposite. That investigation will cover everything from medical history to tapes that may be with regards to dispatches of ambulance, witness, toxicology, autopsy reports, etc.

At that time, the coroner responsible for the file will make the decision whether there should be an inquiry or an inquest. Not until such time and at no time will I interfere with that investigation.

[1425]

**Mr. Speaker:** The member for Surrey-Panorama Ridge has a supplementary question.

**J. Brar:** The circumstances surrounding the death of Mr. Bains are a concern to every resident of Surrey. A review completed last December by D.D. Cochrane recommended new guidelines to reduce wait times in emergency rooms. Nothing has been done yet to follow up on that recommendation. Can the Minister of Health assure my constituents that she will take immediate steps to implement the recommendations of the Cochrane report on conditions at Surrey Memorial Hospital?

**Hon. S. Bond:** First and foremost, we want to extend heartfelt condolences to the family on the loss.

Interjections.

**Hon. S. Bond:** To repeat, we extend heartfelt condolences to the family, and certainly, that has been expressed by this government. In fact, when the Cochrane report was released, we made a commitment to ensure that the Fraser health authority did indeed implement the recommendations. I have asked my deputy minister to spend time with the Fraser health authority on Friday. I have asked them to bring back an update on the recommendations from the Cochrane report and also have asked to see any recommendations that come from the internal investigation being done by the health authority.

**Mr. Speaker:** The member for Surrey-Panorama Ridge has a short supplementary.

**J. Brar:** I have the list of recommendations. There are a number of recommendations made for the emergency room. I would like to have a copy of those policies recommended by the Cochrane report from the minister, if she can supply it to me.

**Some Hon. Members:** Name one recommendation that you've implemented.

**J. Brar:** Yeah. You can name one recommendation which has been implemented, and we would like to have a copy of the policy which was recommended in this report.

**Hon. S. Bond:** The Cochrane report is public. I actually presented it in a technical briefing in Surrey. In fact...

Interjections.

**Mr. Speaker:** Order, please.

**Hon. S. Bond:** ...the Fraser health authority...

**Mr. Speaker:** Order. Let us hear the answer. Order, please.

**Hon. S. Bond:** ...is in the process of implementing the recommendations, and I will be receiving an update in terms of the Cochrane report recommendations by the end of the month.

RELEASE OF COMPTROLLER GENERAL  
REPORT ON COLUMBIA BASIN TRUST  
CONTRACTS

**E. Brenzinger:** Scandal after scandal after scandal — no wonder this government wants to shut down this House early yet again.

**K. Krueger:** You know about scandal.

**E. Brenzinger:** Yeah, you should know too, Mr. Whip.

**Mr. Speaker:** Order, please.

**E. Brenzinger:** My question is to the Minister of Energy.

Interjections.

**Mr. Speaker:** Order, please.

Interjections.

**Mr. Speaker:** Order, hon. members.

**E. Brenzinger:** Last Wednesday the minister confirmed that the office of the comptroller general is investigating Ken Epp, who is the chief executive of Co-

lumbia Basin Trust Energy and a consultant with ZE PowerGroup. Over half of Columbia Basin Trust Energy's annual budget flows into ZE PowerGroup. This flow of money has continued despite the now seven months-long investigation of the OCG.

Can the minister confirm whether or not Ken Epp's wife also owns shares in ZE Power? And can the minister please explain to this House why Ken Epp has been allowed to continue funnelling millions of dollars into ZE Power and, presumably, his own pocket?

Interjections.

**Mr. Speaker:** Order, please, hon. members.

**Hon. R. Neufeld:** Interesting accusations. I guess the member is leaning on the fact that she can say almost anything she wants to in here, but she should be careful what she says out in the hallway.

I said last week, to the same question, to the same member, that as soon as that report is ready, we will release that report. It will be public. It will be on the website. ZE Power was hired by Columbia Basin Trust to look after their interests, and we're waiting for that report — the same as I think she is, if she basically understands it.

[1430]

VANCOUVER AGREEMENT

**V. Anderson:** The Vancouver agreement has highlighted a unique and very successful partnership among the city of Vancouver, the federal government and our own provincial government. The current agreement is set to expire in March of this year. I am asking the minister responsible: will the government continue this partnership with the city of Vancouver and the federal government and renew the Vancouver agreement?

**Hon. M. Coell:** Yes, we will. The province is in negotiations with the city and the federal government now to renew that agreement. It has been tremendously successful....

Interjection.

**Hon. M. Coell:** I can't hear for the noise on the other side.

The province put in \$10 million after we were elected. We put in another \$3.5 million, and we're actually going to do more than just fund the Vancouver agreement. We're going to extend it to the city of Victoria. We're negotiating with the city of Victoria. It's a tremendous agreement — three levels of government — and it will be very successful.

[End of question period.]

Reports from Committees

**J. Kwan:** I have the honour to present the report of the Select Standing Committee on Public Accounts for

the fifth session of the thirty-seventh parliament entitled *Annual Review of Auditor General Reports*.

I move that the report be taken as read and received.

Motion approved.

**J. Kwan:** I ask leave of the House to permit the moving of a motion to adopt the report.

Leave granted.

**J. Kwan:** I move the report be adopted.

I would also like to note that this report addresses the work and resulting recommendations of the committee regarding the following reports: the auditor general report No. 4, 2003-04, *Alternative Payments to Physicians: A Program in Need of Change*.

I should also note that subsequent to this discussion, the committee received a number of letters from physicians who dispute some of the dialogue that took place with the Deputy Minister of Health. Subsequently, the committee has asked the deputy of the Ministry of Health to respond to that correspondence accordingly.

We also dealt with auditor general report No. 5, 2003-04, *Monitoring the Government's Finances*; auditor general report No. 6, 2003-04, *Audit of the Government's Review of Eligibility for Disability Assistance*; auditor general report No. 2, 2004-05, *In Sickness and in Health: Healthy Workplaces for B.C.'s Health Care Workers*; auditor general report No. 3, 2004-05, *Preventing and Managing Diabetes in British Columbia*; auditor general report No. 4, 2004-05, *Internal Audit in Health Authorities: A Status Report*; auditor general report No. 5, 2004-05, *Salmon Forever: An Assessment of the Provincial Role in Sustaining Wild Salmon*; and finally, auditor general report, November 2004, *Financial Statement Audit Coverage Plan for Fiscal Years 2005-06 to 2007-08*.

I appreciate this opportunity to move the adoption of the committee's report.

Motion approved.

### Tabling Documents

**Hon. B. Barisoff:** I beg leave to present the 2003-04 annual report from the Environmental Appeal Board.

[1435]

### Orders of the Day

#### Supplementary Estimates

Hon. C. Hansen presented a message from Her Honour the Lieutenant-Governor: supplementary estimates (No. 2) for the fiscal year ending March 31, 2005.

Hon. C. Hansen moved that the said message and the estimates accompanying the same be referred to Committee of Supply.

Motion approved.

### Committee of Supply

The House in Committee of Supply; J. Weisbeck in the chair.

The committee met at 2:38 p.m.

#### SUPPLEMENTARY ESTIMATES: MINISTRY OF FORESTS

On vote 24(S): ministry operations, \$112,500,000.

**J. MacPhail:** Just for the information of the public who may be watching us, these are supplementary estimates related to the 2004-05 budget, the budget that is ten and a half months old and for which the spending will be finished March 31, 2005. Let's not get confused that the government is somehow allowing debate on the election budget. That ain't going to happen. They're not going to let us debate that line by line.

What we are doing here today is debating spending that this government didn't get passed during the estimates debate for the '04-05 budget last year. This is a government that said: "We're going to make sure everybody has their budgets at the beginning of the year. We're going to debate it, and that's it." It was the NDP law that came in that required any extra budget spending to come in and be debated. That was a law brought in by the then Finance minister, Paul Ramsey, in the year 2000.

Here we are, Mr. Chair. We're debating spending by the government, not for the election budget — don't worry; nobody is going to get a chance to talk about that — but for the current budget year.

Interjection.

**J. MacPhail:** I look forward to the bellowing member for Kamloops-North Thompson raising his questions in a way that actually is on mike rather than the surround sound of the Legislature. It's very effective surround sound, but perhaps he should actually go on the record for once.

[1440]

Here is what we are debating here. It's \$112 million for the Ministry of Forests. As I understand it, there will be \$50 million for the commitment the Premier made to increase the forestry revitalization trust from \$75 million to \$125 million. There will be \$50 million towards compensation for improvements by companies impacted by timber reallocation as part of the forestry revitalization plan. That will increase the total compensation for companies to, now, \$250 million. There will be \$12 million for reforestation.

Is that a fair summary?

**Hon. M. de Jong:** Knowing as I do the extent to which the member values the efficient use of time in this chamber, I'll address my comments to the last part of her statement, which I believe represents an accurate summation of what the stated \$112,500,000 relates to.

I should take a moment, however, and alert the member and others to the fact that we have to my left, from the Forests ministry, Henry Benskin. To my right is the Deputy Minister of Forests, Mr. Doug Konkin. Deputy chief forester is Mr. Benskin's official title, Mr. Chair.

**J. MacPhail:** I just want to review a bit of the legislative history around these matters. On March 26, 2003....

**The Chair:** Hon. member, I caution you to keep the questions relevant to the section, please.

**J. MacPhail:** I thought you were actually going to call to order the bellowing member from Kamloops-North Thompson. But actually, I look forward to competing with that member in terms of voice quality. I look forward to that competition.

On March 26, 2003, the government introduced Bill 28, which was the Forestry Revitalization Act. The act had the goals of "creating new forest sector opportunities, opening up markets for B.C. forest products and ensuring sustainable forest practices." That bill passed on March 31, 2003.

Those opportunities I just listed were to be created by "reallocating 20 percent of logging rights from the major licensees." And I continue to quote: "One-time funding of \$275 million has been set aside for the transition from the old to the new. Forest companies will be fairly compensated for the legal harvesting rights removed from their allowable cuts — \$200 million has been allocated for this purpose. Forest workers and contractors will have access to a \$75 million trust fund for transition assistance." There shouldn't be any disagreement there, because I'm quoting from a press release from the Ministry of Forests.

In March 2003 a supplementary estimate was used to establish these two funds so that this one-time funding could be taken from the '02-03 fiscal year. Today this supplementary estimate is boosting both of those funds.

What my information shows, just to date, is that two agreements have been signed to compensate companies for the takeback of tenure. One is with Weyerhaeuser. That was done in September of last year, September 2004. Weyerhaeuser received \$32.1 million to compensate them for a reallocation of 980,000 cubic metres on the coast and 220,000 cubic metres in the interior. In January 2005, Western Forest Products received \$16.5 million in compensation for tenure loss on the Queen Charlottes and the Mid-Coast.

There are 25 tenure holders still in discussions with the government, which are expected to be resolved by March 2006. It is also my understanding that no workers have yet been compensated. That's the basis upon which I'll be asking my questions. I'm happy for the minister to correct me, if I've been wrong in any area.

[1445]

My question is this. At the Truck Loggers Association convention last month, the Premier announced

what the minister said in January 2004. So we had a January 2004 announcement by the minister at the truck loggers convention, then the Premier rode in on his white horse in January 2005 and made the same announcement. He basically said there was not enough money in the trust to compensate all those to be affected by the takeback. So did it take the Premier a year to hear what the Minister of Forests said in January 2004, or is the Minister of Forests without influence? I can't believe that.

My question to the Minister of Forests is: what happened between April 1, 2003, and January of 2004 for the minister to come to the conclusion in January 2004 that there was not enough money in the trust fund?

**Hon. M. de Jong:** I think the recitation of the chronology the member prefaced her question with was essentially correct. I should point out to her, however, that one other licensee has settled pursuant to the compensation fund, and that is the company Teal Jones. There is a third company, and I can confirm the amount for the member momentarily, if she requires that information.

It is — and I suspect it will be the essence of the exchange we have in the House today — a fair question to ask what has prompted the decision to add \$50 million to the mitigation trust and \$50 million to the compensation fund and what has prompted the decision to seek authority from this Legislature to spend an additional \$100 million.

My own recollection of the events as they relate to the truck loggers conventions in '04 and '05 are slightly different than the member's. In January '04, there was certainly an announcement around the introduction of the market pricing system. The question, and this may be where the member derives her impression from.... There were certainly questions put at that time and suspicions on the part of the Truck Loggers Association that there were insufficient funds in the mitigation trust to achieve the government's objective of fair and equitable mitigation for those impacted by the 20 percent tenure reallocation.

What I can say to the member specifically, though, about how that turned from a general commitment into a more specific announcement by the Premier in '05, relates to the work that the trustee, Mr. Eric van Soren, along with his advisory panel — the advisers to the trust, comprising representatives from the licensees, from what was then the IWA and is now steelworkers union and the truck loggers....

Here's what took place, roughly in this order. The first order of business for that group was to take the trust deed, which established the trust, and establish a set of recommendations or guidelines that Mr. van Soren could apply to the task of payment out — broadly speaking, two areas: contractors who are impacted and employees who are contracted. Those three groups, via their representatives, sat down and came up with a set of guidelines.

I apologize to the member. I meant to send this over to her previously and didn't. I have for the mem-

ber those mitigation.... If someone could get those over to the member opposite.

[1450]

The first task was for that group to agree on what those guidelines would be. I should say to the member that following the conclusion of their work, there was a degree of discussion back and forth with government, because the trustee was then confronted with the need to take those guidelines and assess as best he could the cost of their application. As it turns out, the trustee came to the conclusion that if those guidelines were used and formed the basis for payment out to the two groups I've mentioned, there would be insufficient moneys in the mitigation trust.

There was some ongoing discussion to try to quantify what that difference would be, and at the end of the day, by fall, the trustee, who I hope we all recognize and who I think the member has some familiarity with: Mr. van Soren.... He seems to enjoy a healthy degree of credibility and trust on the part of all the players here. He came up with what he thought was his best guess, based on the information he had from licensees and others about the amount of money that would be required to give effect to the guidelines that all three parties had agreed upon.

That was presented to government, to myself, and what followed pursuant to the announcement and the subsequent debate we're having today relates to giving effect to the decision the government made to accept Mr. van Soren's tabulation or quantification of what he thought the cost was going to be. That's where the \$50 million figure comes from. All of the parties, I can advise the member, do agree that this amount is sufficient to fund the guidelines that will guide payment out of the moneys.

**J. MacPhail:** This document is dated January 21, 2005. It's labelled as final. Can the minister tell us how long Mr. van Soren was working on this and with whom and how much this cost?

**Hon. M. de Jong:** I'm thinking about the various meetings that I was aware of, certainly, through the summer and the fall, and I can advise the member that.... I can't give her a price tag as it relates to the overall cost of that, but I do know this: in his estimates relating to the administrative costs associated with the trust, I think my recollection is correct that \$5 million was originally budgeted for that amount over the life of the trust.

Mr. van Soren is proceeding on the basis, I believe, that those costs can actually be reduced to \$2 million. I realize that's a large ballpark and doesn't answer the second part of the question, but it does give some indication of the administrative costs associated with the management of the trust.

**J. MacPhail:** We have an allocation in the '02-03 budget of \$75 million for transition assistance for workers — both workers in the woods and contractors as well, the direct employees and the contractors. So

'02-03. It is now '04-05. At the end of '04-05 — January 21, '05 — we get a set of guidelines, and all of a sudden there is 50 million more bucks to be added to the pot, but not one dime has been spent out of the pot yet — not one dime.

Can the minister tell me: what in here scared him so much that he had to increase the pot from \$75 million to \$125 million when not one dime has been spent yet? When is the deluge going to come that would require all of this extra money being spent now?

**Hon. M. de Jong:** The member speaks to an issue that actually caused me some frustration as well. It relates to this fact: the trustee, under the terms of the trust deed and pursuant to the fiduciary responsibilities he has to the trust itself, made it abundantly clear that before he was capable of paying out any moneys on any basis, he had to be guided by a set of rules and that in the application of those rules, he could be reasonably satisfied he would have sufficient moneys on hand to pay out to all qualified individuals or contractors.

[1455]

The argument from Mr. van Soren, essentially, was this: "I have a set of guidelines that the three parties have signed off on and that the government has indicated it is now comfortable with, but I don't have enough money. I am not prepared to be paying out to a certain set of workers who are now entitled unless I can be certain I have enough money at the end of the process." They will undoubtedly be workers involved in the interior, just by virtue of the chronology of how this is going to play out. "So you, government, need to satisfy me that in following these guidelines, I won't be left high and dry towards the end of the process."

The passage of these supplementary estimates — assuming they do — will provide Mr. van Soren with the comfort he requires to pay out immediately, and there is, actually, a group of workers who have been impacted and who are now awaiting payment out. That's the group in Sproat Lake in Port Alberni. Having received sufficient funding, he will be in a position to begin paying out immediately.

**J. MacPhail:** My question was: what in here clarified the amount of money that would be required? Can the minister point to these new guidelines that I've just received a copy of...? I thank the minister for that. What enhanced guidelines in here required an additional \$50 million for the workers? He can take his time. These are very complex guidelines. I appreciate them.

Receiving them at this late date, it is hard for me to ask any questions on them, but perhaps the minister could assist me by showing me where these guidelines led to the conclusion that \$50 million more was needed.

**Hon. M. de Jong:** It's a fair question, and I hope I am able to provide information that satisfies the member.

The guidelines are finalized, and Mr. van Soren begins the process of quantifying what they mean in terms of the application. I can give the member an example of the kind of methodology he employs. He first draws out information from the licensees and asks the question that says: "Based on how the 20 percent take-back is proceeding, can you summarize for me what you believe the impacts are going to be on various workers, and where?"

He then has to calculate, using the guidelines, what those entitlements will be. He has to look at how long the average worker has been on task and what their entitlements would be as individual workers, based on the formula. There is, within the guidelines, a set of criteria that defines what an individual worker — you can use that example — would be entitled to. He then has to plug in the data he receives from individual licensees and start to do some math about what it's going to work out to over the life of the trust and as the 20 percent takeback plays out across the province.

He did that and, in the case of contractor mitigation, came to a figure in the \$60 million range and, in the case of workers, came to a figure in the \$70 million range. That of course told him that even with reduced administration costs and even with accumulated interest — because, as the member's pointed out, the fund has been in place now for a year and a half or two years — there was still insufficient money.

That's where the analysis comes from. I will endeavour as best I can, if there are specific areas or assumptions that the member has an interest in, to pass the information along that formed the basis of Mr. van Soren's calculation. As best as I can, I'll do that.

**J. MacPhail:** I need further clarification. Who drafted these guidelines, the B.C. forestry revitalization trust replaceable contractor mitigation guidelines dated January 21, 2005? The minister just said that Mr. van Soren didn't draft these. He's just applying them. So who drafted them, and why did it take a year and a half?

[1500]

**Hon. M. de Jong:** I apologize to the member for being unclear on that point. They were, in fact, drafted by the advisory board to the trust and to the trustee. The licensees have representation. The then IWA — now Steelworkers — have a representative or two. There are two from the Steelworkers. The truck loggers have representation, and the government has representation on that board.

Yes, they had a pretty healthy debate about what the guidelines should look like. It was very much a product of the debate that emerged, I believe, in the fall of last year. Mr. van Soren came to the minister and said: "Here's what's emerged. Here's what the advisory panel is recommending. Now, are you as government prepared to accept it? If you are, I will do some work relating to what I think the costs are going to be to implement it. If you aren't, you need to advise the advisory board that these guidelines are unacceptable to government."

**J. MacPhail:** I assume that if the government has fully costed the implementation of these guidelines, the government knows how many jobs are now going to be lost. These guidelines are about compensating workers, contractors, for the loss of their work in terms of the 20 percent tenure takeback.

I mean, we're coming here with a very precise number. The minister has just explained that it took them a long time to figure out just who was going to be affected by this and how much. Mr. van Soren has been spending months on it. How many jobs are going to be lost? How many are jobs of forest companies, and how many are contractors?

**Hon. M. de Jong:** First of all, I'm going to make this distinction, and I believe it is a valid one. What we are trying to deal with here is the acknowledgment of disruption. There are already circumstances where workers have been affected by the tenure reallocation process but have emerged with continuing employment elsewhere in short order, if not immediately.

This is a mitigation trust designed to recognize that there can be impacts when government involves itself in the degree that we have with the 20 percent tenure reallocation. That's the first point I would make.

The timber isn't going anywhere. The mechanism by which it finds its way to market and processing facilities may be different. We recognize that that may have an impact on some workers. Some older workers — this is where Mr. van Soren had to engage in some detailed analysis — may in fact find themselves in a position where they are not finding alternative employment. Part of his analysis was designed to recognize that and quantify it.

The numbers that I can provide to the member immediately are the monetary figures that I provided — the approximately \$60 million for contractors and \$70 million for workers' compensation. I can endeavour to be a little bit more specific than that if the member wants to provide me with the opportunity to do so.

**J. MacPhail:** Mr. Chair, I'll just read you some of the titles on this document. It's on disruption where it leads to unemployment, and it's called: "Guidelines for Major Licensees and Contractors with Respect to Severance of Employees as a Direct Result of Forestry Revitalization Act Timber Reallocation."

They're losing their jobs, and they're being compensated for that. Then there's another section that tells what happens if someone's going to retire within two years of that severance date. This is about people losing their jobs as a result of the government's market reforms. If there's going to be \$60 million given as compensation to the contractors, how many contractors are affected by that?

[1505]

**Hon. M. de Jong:** I have numbers for the member, so I'll answer the first part of the question as best I can and then try to get more specific numbers for her.

There was a debate amongst the members of the advisory trust, and it goes to the heart of something the member mentioned a few moments ago. Is there a difference between mitigation and transitional assistance versus a model built around the notion of severance? There is some severance here. We shouldn't kid ourselves about that.

The argument advanced by, for example, the Steelworkers or the IWA was that if these guidelines need to capture people who are impacted as a result of tenure reallocation and that impact needs to be measured on the basis of severance.... Quite frankly, the initial view that the government took was that in a case where someone is impacted — severed from a position — in one location but ends up moving to another operation in the span of a week or two, a different set of rules or a different approach should be taken. This became quite a heated issue in terms of the discussion.

The guidelines are built around the notion of severance compensation, if you will, and that added significantly to the cost of payout. That's reflected in the work that Mr. van Soren did. By way of a preamble to recognize for the member that there was a discussion about who should be covered and the decision around whether it should be on a severance model or not, that led to a certain set of decisions which increased the cost. I have some numbers, but I'm going to take a moment to have a look at them.

[1510]

Let me start on the coast. Just to review, we talked about the guidelines and how the trustee took those guidelines and then tried to quantify based on information he gets from various parties about what the impacts are going to be. Then he multiplies that out to come up with what he thinks the costs are going to be.

Let's talk about company employees on the coast and in the interior. Mr. van Soren, based on the information he has, believes that up to 400 individuals on the coast could be impacted when the tenure reallocation is completed — so through the course of that process, up to 400 company employees. In the interior.... I should say to the member.... Well, let me give the number first, and then I'll offer my additional remarks.

The equivalent figure for the interior at the company level is 178. Everyone's having difficulty dealing with the interior. Over the next few years the reality is that there's a hell of a lot of work out there, based on the beetle uplift. There is some suspicion that the interior figures may be on the high side, and I won't pretend to have done the risk analysis of that. We are relying at the end of the day on the numbers Mr. van Soren put together.

**J. MacPhail:** So that's dealing with the \$70 million going to what looks like 578 employees. I'm just going to divide that and see how much the....

Interjection.

**J. MacPhail:** Yes, but the minister said that \$70 million was going for workers' compensation and \$60 mil-

lion for contractors' compensation. So far, we've got 578 individuals accessing \$70 million. Perhaps he could give me the same figures for the contractors who will be severed.

**Hon. M. de Jong:** The equivalent number is, for the contractors on the coast, 560, and in the interior, 407. Again, I offer the caution....

**J. MacPhail:** It's 407? So 560 and 407.

**Hon. M. de Jong:** And 407. Again, the caution is as it relates particularly to the interior figure.

I should say this as well. In the case of the contractors, those contractors are already demonstrating they are in a position to bid on the additional timber that has come available, but Mr. van Soren has identified those numbers of employees as potentially being impacted by the reallocation.

**J. MacPhail:** So for the employees impacted, the 578 who will be sharing in \$70 million, that's about \$121,000 per employee in severance. What is that compensation for?

**Hon. M. de Jong:** If I could, I'll read a note I have from Mr. van Soren relating to the numbers we're talking about. I'll just read the note to the member. He says here: "The above numbers are likely too high. There will likely be fewer contractor-employee severances, because alternate work will be found. Also, the seniority numbers are likely too high." And he has built seniority numbers into entitlements as he worked through this.

[1515]

The Coast Sustainability Trust, which he was of course intimately involved in, paid only an average of \$16,120 per employee. Even going from seven to ten days should only boost that average to \$23,000. Some employees will be entitled to considerably more than that amount, but that is the note he attaches to these various figures.

**J. MacPhail:** I'm using a calculator, but I could be wrong. It is possible. I punched in \$70 million, which is what the minister told me was compensation for the employees' compensation. That's why we're back here asking for more money. There are 578 affected by that — 400 on the coast and 170 in the interior. By all accounts, Mr. van Soren is saying those are generous. Well, \$70 million divided by 578 is \$121,000.

Mr. Chair, please don't in any way interpret my questions as suggesting that somehow these workers are not valuable and shouldn't be properly compensated, but there's a hell of a lot of difference between the minister saying they're getting \$21,000 and \$121,000. That's why we're here.

**Hon. M. de Jong:** I think we have some information that may be of assistance to the member. The number she has to divide the \$70 million by is not 585, because

that neglects the other group of employees. It's actually a figure of 1,767 when you consider the coast and the interior. When divided into the \$70 million, the average payment — and this jives with the figure Mr. van Soren has on his page — would be \$39,000, almost \$40,000.

**J. MacPhail:** The minister told me that there were — how many employees impacted by this — 400 individuals on the coast, 178 individuals in the interior. Those are employees. So 400 plus 178 is 578 divided into \$70 million. Then there's another \$60 million for the 967 contractors.

**Hon. M. de Jong:** Sorry. I neglected to do this. The contractors, in addition to the compensation they are entitled to for their loss of cutting rights, have employees. Those numbers are as follows: 407 in the interior and 560 on the coast. I didn't give the member those numbers. That's why she had the figures she did.

[1520]

**J. MacPhail:** We're still dealing with the contractors' employees, of which there are 967 throughout the province, accessing the same compensation fund as the direct company employees, of whom there are 578. So the \$70 million fund is divided amongst almost 1,600 employees — whatever. It's 967 plus 578. Who gets access to the \$60 million fund for contractors only? How many are there, and how much are they getting?

**Hon. M. de Jong:** Right. The remaining amount would be used to provide mitigation to the contractors for the loss of the cutting rights. That figure, Mr. van Soren estimates, could be as high as \$57 million.

**J. MacPhail:** Yes, I know. I'm asking: how did that calculation occur? How many contractors are affected, and what value was placed on cutting rights? Is it per thousand cubic metres, or is it a historical rolling average?

**Hon. M. de Jong:** Here's the breakdown of interior versus coast for the contractors, and this is for the contractors as corporate entities: in the interior, \$30 million; on the coast, \$27 million.

Again, the calculation that Mr. van Soren has employed is as follows. First of all, contractor mitigation is available only to replaceable contractors. This is often referred to as "Bill 13 entitlements" and is based on the contractor mitigation guidelines, which the member now has as part of the package. That calculation of cost is based on the following caps: \$16 per cubic metre on the coast, \$10 per cubic metre in the interior and \$30,000 per kilometre of road impacted.

**J. MacPhail:** All of the contractors who will be compensated are what we used to call Bill 13 contractors?

**Hon. M. de Jong:** That is generally the case. In the interior we have discovered that there are contractors who technically were not entitled to what they call Bill

13 protection, but they had been operating on the basis of being replaceable contracts. There, the impacts that are being felt have been calculated into this. Generally speaking, however, what the member said is accurate.

**J. MacPhail:** Now, the government outlawed, repealed, Bill 13. This government did. The minister is saying no. Perhaps he could explain.

**Hon. M. de Jong:** Thanks. We can tell the member we thought about it. What we did do is change fairly significantly the arbitration process, and we actually provided a couple of options. All of the parties seemed to be concerned about the length of time it was taking to arbitrate some of the differences, but the essence of Bill 13 remains in place.

[1525]

**G. Trumper:** Thank you to the Leader of the Opposition for those questions.

Obviously, the minister knows that this specific area we're talking about affects my community very much. I would just like to make the comment that a lot of the people who were affected by this have found other employment. In fact, one of our local major contractors said the other day that he's having difficulty finding employees and is now actually having to do some in-house training.

The question that I have been asked countless times by the employees, particularly the Sproat Lake division, is: when are they going to see some cheques, Mr. Minister?

**Hon. M. de Jong:** It's a fair question. A mitigation fund that isn't actually being paid out doesn't do people much good. Passage of these supplementary estimates by this House, if that occurs — and I hope it does — will provide the trustee, Mr. van Soren, with the authority he requires and that he has stated he requires to begin the process of paying out. That process can begin immediately, as I understand it.

Some of the applications from the group that has already been identified — and I believe it's in the neighbourhood of 50 or 60 employees — have begun. It is merely now a matter of Mr. van Soren satisfying himself that he has the spending authority required to pay out those cheques. I hope this House is able to give him that authority quickly.

**J. MacPhail:** I'm just trying to figure out what the delay has been here. If the rules are still there, according to Bill 13 contractors.... That's been ever thus. I'm not quite sure what the complexities were in determining who gets compensated if those guidelines remained in place as the basis for which people were getting compensated. I'm not quite sure why the negotiations for what figures to apply took so long. I'm not sure what the complexity was to figure out who it should apply to.

Yet here we are, a full year and a half later from the original announcement. Actually, it's more. What was

it — March 2003 — that we adjusted this minister's budget at the eleventh hour, well into the night? It's almost two years that we're now coming around, and the minister is saying: "Oh, well, we're using the same rules that have always existed for contractors under Bill 13."

Perhaps the minister could tell me just the nub of the complexity for this delay.

**Hon. M. de Jong:** Well, I'm not sure there is a complexity involved. What the member may not be aware of is that following the introduction of the legislation, there was a time line involved in that. For the period between the formal instrument giving rise to the take-back and where we are today, we actually lent — that would be the legal term — the fibre back to the licensee. So people have continued to operate, and that's why the actual impacts haven't visited on people.

There's an exception, and that is the situation in Sproat Lake. The Crown hasn't actually taken formal possession, if you will, of those specific tenured areas. The member asked me what the complicated nature was. Well, you've got three parties and government sitting down deciding what the basis is going to be for payment out. There are some philosophical questions that need to be answered there and some technical information that needs to be gathered. Through the summer and fall of last year both the technicians and the representatives of the various groups sat down to hammer that out.

Remember, a lot of this was depending on which licences were going to be impacted. They had to get that information, which they got from government, and they started to work through this.

The concern has always been that the money be there when people are actually told this area is no longer available to a contractor or a licensee to do work. That's what happened in Sproat Lake. That decision was made. In fact, it was made, I think, three months ago. So those workers are actually waiting. They know they're not going back to work in that area. That is not the case elsewhere. What we want to do is ensure that everything is ready for when those impacts start to be felt.

[1530]

It will happen first on the coast. It will happen later in the interior. There is a legislated time line for that to occur, a deadline by which it has to be completed, so there will be impacts. I've said to the member before that in the interior, based on what's happening with the uplifts, it is more difficult to quantify, and it's possible — in fact, one hopes — that all of the moneys now in the process of being allocated to the trust won't be required.

I'm not sure it's a case of delay. There was some significant work that needed to occur. There was a pretty healthy debate amongst the participants to the advisory board about what the guidelines should be. They're now set. They've been funded. There's a first initial group of employees who are waiting. They've waited too long. I agree with that, because it's been

three months, but we don't want any more employees to have to wait.

**J. MacPhail:** Let me explain what I mean by "delay." The 20 percent tenure takeback is part of the market pricing reform that this government is bringing in. That was supposed to be the great answer to making our system work better. It was supposed to deal with some of the allegations of subsidization that the Americans made against us, and it was the great new way that the Liberals were going to manage our forest base, land base.

We saw just last week that there was legislation passed to delay, by one full year, the implementation of the Forest and Range Practices Act. Now, that was the great new deregulation, a more efficient regulatory approach that the government was going to take to managing our forests because the big, bad nineties were so awful, and now that's been delayed for a full year. As I said at that time, anywhere else, that would be front-page news, but not in this province — no. No, that's not front-page news.

We're two years after this fund was first set up, and the fund was set up to allow for the transition toward a 20 percent tenure takeback that would assist in a transition to a market pricing system. So where are we at in the 20 percent tenure takeback and the transition to the market pricing system if, indeed, we're not delayed in this area?

**Hon. M. de Jong:** Well, look, the member has asked for — and is, I think, legitimately entitled to — some of the numbers that relate to this. I probably have a significantly different take on the progress. It's always a challenge to move through these things. We did decide we wanted to do it right and minimize, as best we could, the disruption that results from changes that are occurring on this magnitude.

You know, we did make the shift to MPS on the coast, and it was — well, one risks overstating — almost universally hailed as the right thing to do. The results are there for this member and others to assess. For the first time in a long, long time the coastal industry has actually cut the AAC. That's a good start.

[1535]

Now to the specifics of the question. On the coast there are 2.7 million cubic metres subject to takeback and reallocation. We have, pursuant to the agreements that have been signed, accounted for two million cubic metres of that volume, and the B.C. timber sales program is in the process of moving that volume, to which it will receive access. There are the first nations agreements that have been signed and, of course, some of the community forest agreements. So of the total 2.7 million on the coast, two million have been identified and signed off on, pursuant to those agreements. There are another 700,000 cubic metres that need to happen.

It was always our intention to move first on the coast, given the gravity of the situation there. We are very nearly complete, although the process of moving that wood out to market will obviously continue in the

months ahead. And there's a big chunk of work to be done in the interior.

**J. MacPhail:** I'm going to ask for the figure. Has any reallocation takeback taken place in the interior?

**Hon. M. de Jong:** Very little. There are about 500,000 of what are approximately five million total cubic metres that are impacted, and I suspect those relate to licensees. We call them single-licence licensees. It was apparent at the time the legislation passed which licence would be affected — because they only had one — and what the volumes would be on those licences. That's probably the bulk of the 500,000 cubic metres in the interior.

**J. MacPhail:** So of 7.7 million cubic metres subject to takeback across the province, 2.5 million are done so far. That leaves about 5.2 million still left to take back and reallocate — not a sterling record.

Yes, the government said the coast was going to be done first. The reason why the coast should have been and was done first was because prices were such that it made sense to go to a market-based pricing system with very, very little disruption. I mean, the odds were great that it would only succeed, and that made sense.

But the test is in the interior. Of course, I was on the prebudget consultation tour, where forest company after forest company came before us and said, "Don't go to the market-based pricing system," and clearly, the government hasn't. They haven't done their takeback, and yet here we are planning a big fund for companies, workers and contractors based on them still going to a market-based pricing system and doing the 20 percent takeback.

Let's just look at the coast, where there's 25 percent still to take back of the 2.7 million cubic metres. There have been three companies compensated for their takeback: Weyerhaeuser and Western Forest Products, and the minister told me today that Teal Jones has been compensated.

I listed the figures for the cubic metres for the two companies, so how many cubic metres was Jones compensated for in takeback?

**Hon. M. de Jong:** The information I have for the member is 216,000 cubic metres.

I may be anticipating her next question, but the amount payable was \$5.1 million.

**J. MacPhail:** We're nowhere in ensuring the implementation of 20 percent tenure takeback in the interior. We're way, way.... We're still 90 percent off the mark. Only 10 percent has been taken back in the interior.

[1540]

On the coast 75 percent of the 2.7 million takeback has occurred, and the government has spent about \$54 million. Yet here we are adding another \$50 million to the \$250 million set aside two years ago for compensation for the companies. Why?

**Hon. M. de Jong:** Sorry. I want to make sure I understood the question correctly. Is the member asking why we are adding funds to the \$200 million specifically allocated for the companies?

Interjection.

**Hon. M. de Jong:** I see her indicating that that is her question.

It is for the following reason. We are basing the compensation entitlement on a certain figure per cubic metre, which is \$23 to \$24 per cubic metre. That's an average number. It's higher and lower, as the case may be. But if the member — and hopefully, my math is correct — applies that number to the amount of timber impacted, you get to \$200 million.

Her question might well be: "Well, you should have enough." What we have discovered is that in addition.... I should say, then, that we have signed a number of deals based on that figure, and we've mentioned them to the member. You extrapolate that number, and by the time you get to the end of the total impacted volume — which I believe is 8.2 million cubic metres — you've exhausted the \$200 million entirely.

[K. Stewart in the chair.]

What we are also having to purchase.... We're doing this, again, to try and ease the transition, because we want to get this fibre out there as quickly as possible as we're purchasing improvements on the land base. We're going into areas where licensees have built bridges and put in road infrastructure. That's not a particularly complicated discussion, because I'm told by the experts they're relatively easy to value. You know how much you spent on the bridge or how much you spent on the road. We have estimated that in order to purchase those improvements, it is going to cost, beyond the moneys we are paying per cubic metre, an additional \$50 million. That's money designed to purchase those improvements.

The urgency, if I can use that term, is that the quicker we can do this, the more readily that timber will be available. What we are interested in, what B.C. timber sales is interested in, is getting at areas that are charted and laid out so that those sales can go up as quickly as possible. Similarly, a community forest or a first nation would like to be in a position to begin work sooner rather than later.

We're not going to be able to accommodate everyone, but with an additional \$50 million, we're in a better position to go to some of these licensees and say: "Look, these are the areas that we're interested in. And yes, we recognize that you've got some improvements in those areas, but we're prepared to purchase those improvements from you."

**J. MacPhail:** The minister is speaking as if he'd already achieved the 20 percent takeback of 8.2 million cubic metres, which is simply not true. He has only

achieved two million cubic metres of takeback out of the 8.2 million.

The interior forest companies are saying over and over again: "Don't go to the market-based pricing system, and don't do the 20 percent takeback." Perhaps the minister could explain to me — before he starts compensating companies for bridges and roads, before I even get into that — how he is so optimistic that the 20 percent takeback is going to go smoothly in the next 12 months, for which he needs this money so urgently now?

**Hon. M. de Jong:** Look, there's part of this that maybe the member doesn't understand because I haven't expressed it clearly enough, and if that's the case, then I apologize. We do approach this, perhaps differently than other governments, by trying to assess in advance what we believe the costs are going to be.

[1545]

I can tell the member this. We are still dealing with compensation claims relevant to events that took place seven years ago. Part of the reason for that is that no one actually sat down and tried to price out what this is going to cost. Now we're trying to do that.

You know what? It's an imperfect science. The fact that we're here today is testament to that fact, because we had made an initial assessment. We have discovered, with the assistance of some of the stakeholders and the trustee, that the initial assessment was incorrect. It was on the low side.

We are moving through this. We are moving ahead with the takeback in the interior. We have certainly decided to move more quickly. We've started on the coast. We're moving ahead in the interior. We intend to make progress. We intend to do it in a responsible way and to minimize the disruption and, where there is disruption, to ensure that there is compensation available and moneys in the trust account to mitigate the impact for those affected.

The member says: "You're 20 or 25 percent of the way through." Yes. On the coast we're further ahead. In the interior we've said all along that it was going to take slightly more time. I don't underestimate the complicated nature of this by virtue of the pine beetle — the significant uplifts. In a sense, in the short term that's actually easing the transition, because there's lots of work out there for people and lots of harvesting going on.

We're proceeding. I say to the member: we are signing agreements with first nations, who now have 12 million cubic metres of timber in those agreements, on the basis of advancing this. They know that. They know that some of those volumes that are spoken to in those agreements are part and parcel of this reallocation, so we feel an obligation — we have an obligation — to move ahead, and we are. It's costing money in the process.

**J. MacPhail:** Somehow the government wants credit for planning ahead and properly funding what the forest companies may or may not get. Would they

be so careful with long-term care beds, I ask? Absolutely not, Mr. Chair. They make the promises to seniors and don't fund anything, don't build anything, but with forest companies it's: "Oh boy, we've got to have that pot full to brimming, even though we don't even need the money."

Here we have a situation where it now turns out that the 50 million bucks that the government is asking for, for the companies is something that was to compensate them for roads and bridges and infrastructure. Could the minister point out to me, in his original announcement, where that was anticipated?

**Hon. M. de Jong:** The document I'm about to read from is the document that was released as part of the forest revitalization plan. It's in the section dealing with tenure reallocation, and it speaks precisely to the issue we are canvassing. It says right in the document: "Licensees have, over time, invested money and taken risks to develop tenures. For example, they have invested in planning, roads, bridges and so on. Licensees will be fairly compensated." It talks about the tenures.

I wonder if there's a bit of a disconnect — maybe purposeful, maybe not. The government's interest, first of all, in having these funds available is very much driven by the desire to get timber on the market.

[1550]

We talk about the new opportunities. The new opportunities emerge when that timber is on the market or in the hands of another licensee. It doesn't do any good sitting on some ledger in the Forest ministry's office or in a district office. So yes, we are endeavouring to acquire the wherewithal, where it makes sense, to get that fibre out there and be in a position to say: "All right. This is the area we'd like. Yes, you have a bridge there. Yes, you have a road. You had some costs associated with that, so we're prepared to compensate you for your timber-cutting rights. We're also prepared to acknowledge costs associated with the infrastructure we're taking back." That is not something I'm at all shy about. It does require an investment of some additional moneys.

The member tries to draw distinctions between treatment for the companies and others. That's what gives rise to the request to this Legislature for workers. We set an amount. We put some people to work or asked some people to go to work to assess the basis upon which that money would be paid out, and they said: "You don't have enough money." So we took steps via this supplementary estimate to acquire the money.

I am not an economist, and I would not pretend to be an expert on some of the issues relating to generally accepted accounting principles. But I can tell the member this: from what I have seen over the last four years, they profoundly impact how government finances. The member does have some professional training in this field.

When the liability is acknowledged, it must be accounted for. We don't have the luxury of pretending to put that off for another day. If we acknowledge the liability with one licensee, one contractor or one em-

ployee, we have to calculate how that liability accrues for anyone that might be in similar circumstances.

That's why we have placed ourselves — happily, I suppose — in that kind of a straitjacket which obliges us to come to the House and say: "Based on this set of rules, this is what we think it's going to cost." Hopefully, it won't. Hopefully, we can do better. Hopefully, the mitigation trust won't have to expend all of the money, but we do need to know it's there, and the trustee needs to know it's there.

**J. MacPhail:** That's all very well and good, but this is a self-imposed liability, with this government's reforms. In this circumstance I'm not taking issue with the nature of the reforms. We've debated that at length. This is self-imposed. Taxpayers deserve a cost-benefit analysis of self-imposed liabilities. That's what we're talking about right here.

This is the second time this minister has come back for more money. It turns out that the roads and the bridges are going to cost an extra 50 million bucks to the taxpayers — \$50 million. He just said that. The full \$200 million will be taken up by compensation on a per-cubic-metre basis. Well, gee, that's what you call negotiating to the ceiling, isn't it? I know previous colleagues of mine used to negotiate to the ceiling.

You've got 200 million bucks. You've got 8.2 million cubic metres of takeback. I guess the companies would just divide the two and go: "Gee, that's what our costs are." That's a brilliant strategy on the part of the government — brilliant. It turns out that the companies came up with the exact figure of per-cubic-metre compensation that totals \$200 million. Then they come and say: "Oh, we also need roads and bridges." Who's looking after the taxpayer? Who's determining compensation for infrastructure? How is that working?

**Hon. M. de Jong:** My apologies to the member. Was the question how are we quantifying the additional \$50 million or how are we quantifying the \$23, \$24 figure?

[1555]

**J. MacPhail:** I want to know who's looking after the taxpayer in doling out the extra 50 million bucks that the minister said we now need to compensate the companies for infrastructure. Who's looking after that? Who's negotiating that, and upon what basis are the rules applied about compensation for infrastructure?

**Hon. M. de Jong:** Well, first of all, who is doing it? There's a team in place that is dealing with the reallocation as it relates to the discussions around compensation payments. There is a team as well. I can tell you that the deputy minister, who obviously is here today, has been intimately involved in the three negotiations and agreements that have been signed off on thus far. Perhaps more importantly for the member, there is a set of guidelines that govern those discussions, and I just asked the deputy.... It may be helpful for the member to have those guidelines so she can under-

stand what government negotiators are taking into those discussions.

**J. MacPhail:** Well, where are the guidelines? When can I get them? Are they public?

**Hon. M. de Jong:** I don't know that it would be fair to characterize them as being public, but I can certainly endeavour to get them for the member as quickly as possible.

**J. MacPhail:** That's what we're actually debating today: an expenditure of \$50 million to compensate forest companies for their infrastructure that they put into areas that are now going to be part of the 20 percent tenure takeback. I would have thought that we would have that information here. I mean, it does seem to be the basis upon which we're supposed to be deciding whether this is a good expenditure or not, so I'm a little bit taken aback that that's not here.

I'd like the names of the negotiating team as well. Who's negotiating on the other side? Who's negotiating for the companies?

**Hon. M. de Jong:** You know, hon. Chair, I have always endeavoured to ensure that the member has material that will assist her through these debates. I apologize for the fact that a document that I'm happy to provide to her isn't here. But insofar as negotiating on the other side of the ledger, these negotiations don't.... This isn't some big group session that goes on. The discussions take place between the licensee and the government, and each licensee appoints someone within their organization to take the lead. With the remaining licensees, I'm not sure, off the top of my head, who is representing each licensee, but they appoint from within their organization who they want to have dealing with government.

**J. MacPhail:** There must have been someone from each of the licensees saying: "Here's our inventory of infrastructure for which we want compensation." Then the government negotiator said: "Oh well, here's the value of it, and it reaches \$50 million." That's what we're discussing here — \$50 million for infrastructure. Was it pulled out of the air? Where's the inventory? Where's the list of items that should be compensated?

[1600]

**Hon. M. de Jong:** We have had these discussions and these negotiations with the licensees. Three of them have led to agreements. Look, we would have been happy to try and push that \$23 or \$24 figure lower.

The member may want to look back on some other agreements that have been signed and may find interesting the amounts that were assigned there. We got to \$23 or \$24. We are relatively certain, as we look ahead, that other licensees are going to look at those agreements and say: "We want at least that amount for our cutting rights." We extrapolated that figure and discov-

ered that by the time you dealt with 8.2 million cubic metres, it doesn't leave anything for the improvements we think we are going to need and want to purchase to get on with the task of the transition and making sure people are continuing to work.

You look at what happened with Weyerhaeuser, with Western and with Teal Jones. There are improvement costs there. We really get into a drainage-by-drainage assessment, and there is an averaging process. The average.... I can't remember how many cubic metres were involved in the Weyerhaeuser takeback — a significant amount. We look at that, and in addition to that, there are improvements. We try to come up with an averaging figure on a per-cubic-metre basis. You apply that across the overall \$8.2 million, and it takes you to \$50 million.

**J. MacPhail:** There are all sorts of areas in this government where they do no planning whatsoever, even when they make promises, and they don't allocate any money. Long-term care would be one. But here we have it where — oh my gosh, the forest industry — we've got to make sure they know they can get every nickel possible that is deserving.

Well, I have the figures here. Weyerhaeuser had a takeback of 980,000 cubic metres, and they got \$32.1 million. What portion of that was for compensation for infrastructure, and can the minister tell me for what infrastructure?

[1605]

[J. Weisbeck in the chair.]

**Hon. M. de Jong:** In the case of Weyerhaeuser, our best recollection of the agreement that was signed is that of the \$31 million, somewhere in the neighbourhood of \$24 million would have been applicable to the per-metre cost of the lost cutting rights, leaving the balance to be applied to such things as fixed costs and structural improvements.

**J. MacPhail:** I actually figured that out myself based on previous information. I'm asking: what were the fixed costs? What were the improvements for which Weyerhaeuser was compensated? The minister said that was the basis upon which they extrapolated up to \$50 million, and that's why we're voting 50 million bucks now. I just want some detail. Was it for a bridge? Was it for a tractor? Was it for a road? What?

**Hon. M. de Jong:** Broadly speaking, of course, bridges, roads. We're talking about the Weyerhaeuser deal in particular. We tried to identify some developed cutting blocks, the idea being that they could then be on the market. As we speak, I am endeavouring to obtain a more detailed listing of what some of that infrastructure would have been. I can pass it on to the member.

**J. MacPhail:** I sure hope the minister can provide these details. One company gets \$8 million for com-

penensation for things, and the government can't tell me what it's for. It's not for trees. They've already been compensated \$24 million for the trees. Fully \$8 million more to one company, and the minister can't tell me what it's for. Well, whoa. I'm sure the taxpayers won't be that thrilled about that, let alone the communities who will be ill-affected by this.

Anyway, I have promised to be efficient in this Legislature, but of course efficiency and competency require double participation here. I can't get my answers, so I'm going to move on. But believe you me, the minute I get that information about.... Here is what I want, Mr. Chair. Specifically, I want an inventory of items for which Weyerhaeuser, Teal Jones and Western Forest Products were compensated for infrastructure — not for loss of cutting rights, but for infrastructure. That's what this 50 million bucks we're approving today is for — \$50 million of taxpayer money.

I'm going to move on to the revitalization trust. The revitalization trust is set up to manage the moneys which will then be awarded to workers as severance for loss of their jobs in the takeback of timber. The mitigation guidelines in the revitalization trust — I've read them — say: "The province specifically denies any legal obligation to provide compensation to workers and contractors affected by the Forestry Revitalization Act timber reallocation provisions." The trust then goes on to state that the trust is a matter of policy, and it does not limit further actions by government to address the impacts of the takeback.

[1610]

Given that information I've just read, does that mean that the government is considering policies or compensation for those who are indirectly affected by the takeback?

**Hon. M. de Jong:** The fund has been created. There are defined groups who are entitled, and they are set out.... There is a definition within the trust deed instrument, and then the guidelines further guide who may be entitled. To the extent that there may be other people who would argue an impact, I can give the member an example.

There have been arguments from contractors in the interior, fairly strenuous arguments. Contractors with non-replaceable cutting rights — that is, they have a fixed-term contract — are arguing that at the conclusion of that contract, the reallocation may impact their ability to renew it. They have argued that they should qualify. We have said no. The fund is not there, and we haven't funded any additional assistance beyond what is there.

**J. MacPhail:** I was curious as to why the trust says that it doesn't limit future actions by government to address the impacts of the takeback. I was wondering: is there consideration to compensate communities that have been adversely affected?

**Hon. M. de Jong:** Not in the sense that I think the member is referring to, though I would argue that one

of the benefits of proceeding with the reallocation relates to our ability to create a record number of new community forests. Whether that fits within the definition of compensation or not.... I don't think it does in the way that the member is referring to it.

**J. MacPhail:** Well, no. I don't think community forest licences are awarding that as part of the trust. Sorry. Did I misunderstand?

**Hon. M. de Jong:** No, and it wasn't my intention to leave that impression. It is obviously a result or a part and parcel of the reallocation. But no, it is not contemplated specifically within the terms and provisions of the trust.

**J. MacPhail:** The advisory board as listed in the trust right now, section 501, has a whole bunch of different descriptions for nominees. For instance, there should be a nominee from the southern interior forest region, from the northern interior forest region. Are all of those positions filled on the advisory board?

**Hon. M. de Jong:** All of the positions were filled. I'm advised by the deputy that there have been some changes. For example, one of the licensee's representatives has changed. At the time the guidelines were finalized, all of the positions were filled, but there has been some change in the makeup in terms of individuals.

[1615]

**J. MacPhail:** The minister referred earlier to the administration account of the trust and that the trust actually allocates \$5 million for administration. The minister has suggested that that may not all be needed. I would like an accounting to date of expenditures on administration of the forestry revitalization trust.

My last area of exploration with this minister is on reforestation. Can the minister refresh my memory on how much is being allocated for reforestation out of this supplementary estimate?

**Hon. M. de Jong:** The answer is \$11.2 million.

**J. MacPhail:** The minister is allocating just a little bit more than \$11 million of this year's money to reforestation. It's called "silviculture." It's the word people use for planting trees. We have had forest fires and pine beetle, and this government is now allocating \$11 million for reforestation.

Last month the B.C. silviculture association told us of the dramatic decrease in government moneys going into reforestation. In fact, I think there has been about a \$100 million reduction in reforestation invested by this government. Some would say this money is welcome but is a temporary measure. What's the new commitment in the budget of '05-06 for silviculture in addition to this?

**Hon. M. de Jong:** First, the figure for the coming year and ahead: \$86.2 million in each of the subsequent

three years. But the member said something which I need to acknowledge. That's not enough, with the combination of the forest fires and particularly the pine beetle, and I think the member knows this.

It's not really a case of concern around where the accelerated harvesting is taking place, because the licensees sign on and acquire that obligation, but there are a lot of areas where you have dead stands of timber. In fact, the latest estimate.... I saw a figure printed of six million hectares. The number I have from the chief forester's office is actually seven million.

[1620]

The problem is that there are areas where harvesting is not viable. Commercially, it's not viable, and we do have an objective of getting those areas replanted. We've quantified that. I'm not sure how widely known this is, but we are in the process of negotiations with the federal government aimed at obtaining a sizable chunk of money. I believe we have estimated costs relating to the pine beetle in the neighbourhood of \$800 million to \$1.5 billion over the next ten years, and a big whack of that relates to silviculture.

There are all the reasons for accelerating that silviculture, trying to shorten the gap for the downward spiral and available timber in the out years. There are forest health reasons; there are environmental reasons. We are trying to work with the federal government to bolster that figure. It's no secret out there that there are some pretty significant tracts of land that are going to require funding because they won't be replanted by licensees, because licensees won't be working there.

**J. MacPhail:** Is this \$11 million being rolled into the '05-06 base budget for silviculture, for reforestation?

**Hon. M. de Jong:** I have to correct a pretty fundamental point, in jeopardy of misleading the member. We had an amount that was spent on silviculture work this year. This part of the supplementary estimate was for an additional \$12.5 million. Over the next three years the amount is due to increase \$86.2 million. That would be \$86.2 million above what was being spent this year and in past years, but it is to be spent over three years, not in each of the three years, as I think I suggested to the member a few moments ago.

**J. MacPhail:** Maybe the minister could help all of us and tell us what the '04-05 budget was for reforestation silviculture prior to this supplementary estimate, then with this supplementary estimate and then what the budget is for '05-06, '06-07, '07-08.

[1625]

**Hon. M. de Jong:** The amount for this year was \$3 million, so the additional \$12.5 million would be on top of that. It works out over the next three years, as I said, to an additional \$86.2 million, but the initial figure was \$3 million.

**J. MacPhail:** I don't know why it's so hard to just name numbers.

The original figure was \$3 million for silviculture in the '04-05 budget. We're adding about \$12 million now, so we're up to around \$15 million at the end of '04-05. Is the budget for '05-06, \$15 million plus \$86 million?

**Hon. M. de Jong:** It's \$26 million for '05-06.

**J. MacPhail:** Okay. I'm so glad I ask questions, because, boy....

So now it's not \$86 million; it's \$26 million in '05-06. Maybe by '07-08 we'll have.... I don't know; who knows what it will be up to? Maybe \$30 million, but that means that over those three years it was a total of 86 million bucks. Who knows? Anyway, it ain't a lot of money for replanting trees.

What's the backlog of needed reforestation?

**Hon. M. de Jong:** Some of the numbers I'm referring to do appear in the service plan. The way this is measured, I have learned, is on a ratio — trees planted for trees cut. What one strives for is 1 to 1.

As I go through what is taking place, I want to emphasize that licensees are still obliged to fulfil their obligation. So it is in those areas where there are no licensees — where the Crown has responsibility and where the Crown doesn't do it; no one does — that this is relevant. This year that ratio has dropped to 0.82 to 1. Unless we find some significant resources in three or four years, it will go down to 0.6.

That's what we're staring at. It goes to the member's point about the extent of the problem and the requirement for resources.

**J. MacPhail:** Indeed, even with this investment going from \$3 million to \$15 million to \$26 million, there is still a declining return in terms of reforestation.

I would recommend to the minister that this would be a very good area in which to invest very quickly. Clearly, we're not investing in this upcoming budget. There is not enough money in the upcoming budget, this election budget, to have anything but a declining reforestation rate.

[1630]

This is extremely serious, given that the province still has a resource-based economy. This government has done nothing to diversify the economy, and now a declining ratio of reforestation is going to be very harmful to the economy. Where is this money going to be spent? What are the priority areas?

**Hon. M. de Jong:** In general terms, we'll focus in on the higher-productivity sites — those areas where we don't actually have licensees located at the moment to assume that obligation, but where the return for the money spent will be greatest and quickest. The second broad category would be environmentally sensitive areas that have been impacted either by fire or by the pine beetle.

**J. MacPhail:** I will reserve the rest of my questions for the upcoming estimates budget debate for '05-06 on forestry.

Vote 24(S) approved.

**Hon. M. de Jong:** I move that the committee rise and report resolution.

Motion approved.

The committee rose at 4:32 p.m.

The House resumed; Mr. Speaker in the chair.

Committee of Supply reported resolution.

**Mr. Speaker:** When shall the report be considered?

**Hon. C. Hansen:** Forthwith. I move that the report of resolution from the Committee of Supply on February 21, 2005, be now received, taken as read and agreed to.

Motion approved.

**Hon. C. Hansen:** I move that there be granted from and out of the consolidated revenue fund the sum of \$112.5 million. This sum is in addition to that authorized to be paid under section 1 of the Supply Act, 2004-2005, and is granted by Her Majesty towards defraying the charges and expenses of the public service of the province for the fiscal year ending March 31, 2005.

Motion approved.

### Introduction and First Reading of Bills

SUPPLY ACT, 2004-2005  
(SUPPLEMENTARY ESTIMATES No. 2)

Hon. C. Hansen presented a message from Her Honour the Lieutenant-Governor: a bill intituled Supply Act, 2004-2005 (Supplementary Estimates No. 2).

**Hon. C. Hansen:** I move that the bill be introduced and read a first time now.

Motion approved.

**Hon. C. Hansen:** The use of supplementary estimates is consistent with the spirit of the Budget Transparency and Accountability Act. This supply bill is introduced to provide supply for the operation of government programs for the 2004-05 fiscal year, as outlined in the supplementary estimates (No. 2) tabled earlier.

[1635]

The bill will provide the additional funds required to defray the charges and expenses of the public service

of the province for the fiscal year ending March 31, 2005. In accordance with established practice, the government seeks to move this bill through all stages this day.

**Mr. Speaker:** Hon. members, in keeping with the practice of this House, the bill will be permitted to advance through all stage in one sitting.

Bill 9 introduced, read a first time and ordered to proceed to second reading forthwith.

### Second Reading of Bills

SUPPLY ACT, 2004-2005  
(SUPPLEMENTARY ESTIMATES No. 2)

**Hon. C. Hansen:** I move Bill 9 be now read a second time.

Motion approved.

**Hon. C. Hansen:** I move the bill be now referred to a Committee of the Whole House for consideration forthwith.

Bill 9, Supply Act, 2004-2005 (Supplementary Estimates No. 2), read a second time and referred to a Committee of the Whole House for consideration forthwith.

### Committee of the Whole House

SUPPLY ACT, 2004-2005  
(SUPPLEMENTARY ESTIMATES No. 2)

The House in Committee of the Whole on Bill 9; J. Weisbeck in the chair.

**The Chair:** Hon. members, we're going to have a brief recess while the bill gets distributed throughout the chamber.

The committee recessed from 4:36 p.m. to 4:38 p.m.

[J. Weisbeck in the chair.]

Sections 1 and 2 approved.

Schedule approved.

Preamble approved.

Title approved.

**Hon. C. Hansen:** Mr. Chair, I move that the committee rise and report the bill complete without amendment.

Motion approved.

The committee rose at 4:39 p.m.

The House resumed; Mr. Speaker in the chair.

### Report and Third Reading of Bills

Bill 9, Supply Act, 2004-2005 (Supplementary Estimates No. 2), reported complete without amendment, read a third time and passed.

[1640]

### Supplementary Estimates

Hon. C. Hansen presented a message from Her Honour the Lieutenant-Governor: supplementary estimates (No. 3) for the fiscal year ending March 31, 2005.

Hon. C. Hansen moved that the said message and the estimates accompanying the same be referred to Committee of Supply.

Motion approved.

### Committee of Supply

The House in Committee of Supply; J. Weisbeck in the chair.

The committee met at 4:42 p.m.

SUPPLEMENTARY ESTIMATES:  
MINISTRY OF AGRICULTURE,  
FOOD AND FISHERIES

On vote 10(S): ministry operations, \$27,200,000.

**J. MacPhail:** I'm going to start by reading aloud an open cabinet update, an agricultural update, from September 29, 2004. My questions will flow from that update and will be relevant to this supplementary estimate. The hon. Minister of Agriculture, Food and Fisheries is speaking as I quote:

"Thank you, Premier. I'm pleased to give cabinet an update on the two major issues that we've been facing in agriculture. If I was to characterize the current status, I would say that farmers and ranchers have certainly been through tough times, but they're weathering the storm. I think collectively, with our two senior levels of government, that agriculture is turning things around and moving ahead."

I continue, Mr. Chair.

"If we look at the two major industries affected, the cattle industry and poultry industry, we see that a significant part of our agricultural economy was impacted. A \$318 million industry was affected by the May 20 announcement of BSE found in Canada, and that's the cattle industry. A \$350 million poultry industry was very directly impacted by the high-path avian influenza virus turning up in our province.

"These two commodities represent over 30 percent of all B.C. agriculture, so they are very significant players in our economy."

That's the end of the quote. That was an agricultural update given on the open cabinet meeting of September 29, 2004, by the current minister. So my questions flow from that.

Although the situation is still ongoing in terms of assessment and final solution — i.e., opening the U.S. border — we're weeks away from that, a couple of weeks away from that as I understand it. Can the minister comment on what the total impact of these two issues was on the industries and the economy?

[1645]

**Hon. J. van Dongen:** The economic impact to the industry at the farm-gate level in a one-year period in the poultry industry was approximately \$65 million in terms of margin decline for the industry at the farm gate. The figure we have for the beef industry is that the gross revenues decline from about \$320 million per year to \$215 million in 2003. That gives the member some estimate of income and margin decline in those two industries.

**J. MacPhail:** So, a loss of about \$65 million per year in poultry and a loss of about \$105 million per year in the cattle section. What in today's supplementary estimates reflects the government funding to help mitigate the damage that was done to the industries and the economy?

**Hon. J. van Dongen:** The dollars in these supplementary estimates that relate to the beef and poultry industry are two amounts — one, \$7.2 million, and the other, \$4.5 million. Those two figures represent the uplift to the CAIS program that is part of the \$14.7 million that's shown in the supplementary estimates document under "Risk Management."

**J. MacPhail:** I hope, for the minister's sake, that he will explain what CAIS management and all of that is, because of course the public doesn't understand this. And did I hear the figures \$1.7 million and \$4.5 million? I may have misheard them. Also, could the minister explain what that help is?

**Hon. J. van Dongen:** The first number was \$7.2 million for the CAIS program, and then \$4.5 million.

[1650]

The support that the provincial and federal governments gave to the beef industry is a combination of the existing federal-provincial program which is called CAIS — Canadian agricultural income stabilization program.... This is a program that is designed to measure and provide some share of income loss, where governments support producers carrying some share of the risk of income loss from events such as BSE, AI, disastrous world markets and weather events. That program was utilized significantly to help provide some support to the beef industry.

There were a number of modifications made to the program to expedite the availability of funds under that program. There were also some additional federal-

provincial and sometimes provincial programs done in addition to that. The dollars that are part of this discussion form a small part of the total dollars that were available to producers, particularly in the BSE event, which has now gone on for about 22 months. Similarly, in the poultry industry, the income loss that producers suffered.... They will vary a lot depending on which poultry commodity was involved, but the poultry commodities are eligible for the CAIS program — at least the disaster component.

The program has two components: what's called a disaster component, where there is a very major income loss; and a stabilization component, where there is a more moderate income loss. For producers under regulated marketing, they have that CAIS program available to them. Those are calculated at year-end based on income tax returns.

The major compensation to the poultry producers is the Health of Animals Act payment made by the federal government, because this is a federally regulated and federally listed disease. The major compensation comes when there is notice given to the producers that those birds need to be depopulated. That's where the major recovery comes. The subsequent backup support comes from the federal and provincial governments through the Canadian agricultural income stabilization program.

**J. MacPhail:** Okay, so that's income stabilization. I notice that there's money being given in this supplementary estimate for industry competitiveness — \$9.1 million. Where is that money flowing to? What has the minister done in that area?

**Hon. J. van Dongen:** The three categories of expenditure in the industry competitiveness core business area include \$3.5 million for the science and innovation fund. This fund will provide B.C. agriculture, food, beverage and agro-biotechnology sectors with the opportunity to move innovative ideas through research and the commercialization process, resulting in economic growth to the province.

Secondly, there is \$1 million earmarked for the 2010 industry opportunities fund. Its purpose is to promote B.C. food and beverage products and agriculture and cuisine tourism initiatives in connection with the federal, provincial and industry 2010 marketing initiatives.

Finally, there is \$4.65 million earmarked for the orchard replant program for transitional funding to enable the B.C. tree fruit industry to develop and implement a grower-financed orchard replant program to convert traditional low-density orchards to improved tree fruit varieties planted at higher densities. Those are the three expenditures in the core business area that the member referred to.

**J. MacPhail:** So there's no money for either the poultry industry or the cattle industry to enhance industry competitiveness. What was the effect of BSE and avian flu on, respectively, the cattle industry and the poultry industry competitiveness? Was there no effect?

[1655]

**Hon. J. van Dongen:** We have allocated certain funds from other parts of the ministry budget, particularly from contingency funds, for the poultry industry and the beef industry in terms of providing additional resources to overcome some of the effects of AI and BSE. In particular, we have earmarked \$3 million for the poultry industry to do a number of things, including improved biosecurity for the future, improving genetics and rebuilding genetics for the specialty poultry industry, and support for what is an industry-driven biosecurity protocol committee.

We have also earmarked \$5 million for dealing with a range of needs and impacts on the cattle industry, particularly the impacts on waste disposal. Where the ruminant waste material historically was an economic value-added product, it is now a cost and a disposal issue. Our ministry has earmarked \$5 million to work with the industry, to work with the Canadian Food Inspection Agency, to deal with some of those impacts on the industry as a result of BSE and to have a long-term proactive approach to helping the industry cope with those changes.

**J. MacPhail:** To what contingency fund is the minister referring?

**Hon. J. van Dongen:** The contingency fund which is managed by the Ministry of Finance on behalf of the government.

**J. MacPhail:** On this industry competitiveness fund of \$9.1 million, which doesn't have anything to do with the two major areas of concern in terms of competition.... We have one fund for science innovation, one fund for 2010 industry opportunities and \$4.6 million for tree replanting, orchard replanting.

I note that this fund for industry competitiveness decreases in the '05-06 budget. Then again in the '06-07 budget, it decreases substantially. Why is that? Are these not ongoing needs for competitiveness?

**Hon. J. van Dongen:** I don't have numbers for subsequent fiscal years here. We came prepared to speak about the supplementary estimates for '04-05. I could certainly try and get those numbers, but we were here to deal with supplementary estimates.

**J. MacPhail:** Yes, I'm sure you were. God forbid that you look at anything else.

My question is about supplementary estimates for competitiveness, though. It's \$9.1 million this year. Next year it falls to \$6.416 million and the year after that to \$5.916 million. Why is it that just prior to an election it's so high? What's the need that disappears after the election?

[1700]

**Hon. J. van Dongen:** The \$9.1 million for '04-05 are one-time dollars. Those dollars were budgeted because they were available due to the surplus this fiscal year.

**J. MacPhail:** So they are election goodies. Well, that's terrific. Very interesting. What are the performance measures that you've established for these election goodies?

**Hon. J. van Dongen:** All of these investments are sound investments on behalf of the industry. They were intended to increase capacity within the industry to deal with future events. They're intended to improve capacity in the area of biotechnology, particularly in plant biotechnology. With respect to the tree fruit replant program, there were a number of acres from the previous program that were not funded. This will give an opportunity for all of those applications to be funded.

**J. MacPhail:** Oh, those are very specific. This is a 20 percent increase in this minister's budget. I want to know what the performance measures are. Let's just look at the \$4.6 million for orchard replanting. What's the performance measure? Who's getting that money? What's the expected outcome? Is that ongoing money for '05-06, '06-07?

**Hon. J. van Dongen:** The orchard replant program is a very progressive program that has stood the test of time. Our ministry, despite a 27 percent reduction in the overall budget three years ago, maintained every dollar in that program. It is a program that has been proven to significantly improve the competitiveness of the industry. It has allowed the industry to overcome some of the very high upfront costs of investing in new varieties, in new planting systems, in systems that are environmentally friendlier, in systems that are easier to operate from a labour point of view and in new varieties that are able to develop exclusive positions in markets.

This program has proven its effectiveness through successive governments. I might note that the previous government did reduce the funding for the program and recognized the error of that decision. Our government had maintained all of these funds, and we have provided these additional funds to help meet the original commitments of the program. The funds will be turned over to Investment Agriculture, who will work with the industry to manage and get the best value for this money.

[1705]

**J. MacPhail:** This government didn't have any commitment to it. It's coming in, in a supplementary estimate, just before the election, and it's not being carried on in the following year. There are no performance measures attached to it.

What the minister just said is just his view. How much is the government getting — demanding — in terms of plantings per acre, for instance? What is each orchardist getting in terms of conversion to a particular grape? Is there a particular grape that's being promoted? You didn't answer any of those questions.

Okay, what about the Olympic fund there? What's that for — the industry opportunity fund? Perhaps the

minister could outline some of the opportunities that would be available.

**Hon. J. van Dongen:** These dollars are intended to assist in the planning for a range of agricultural and agri-food products, including agritourism. It would include things like agritourism, cuisine tourism, garden-inspired tourism, wine tourism and sport fishing tourism.

All of these products, whether it's tourist-oriented products or actual agrifood products.... The planning for that needs to start early. It is less than five years to the Olympics, and these dollars will provide assistance to plan and gear up for the provision of agri-food products to the Olympics. They will include promotional informational materials for international markets; media campaigns in Europe, Asia and the U.S.; market research; and consumer demand, tracking and response.

[H. Long in the chair.]

**J. MacPhail:** Who gets the million bucks? Who's doing all of this work?

**Hon. J. van Dongen:** These dollars will be vested with the Investment Agriculture Foundation, and there will be matching dollars from industry in terms of.... They will take applications for qualifying projects. There will have to be matching dollars from industry to trigger any of these dollars. Investment Agriculture has a very good record of managing these types of funds, and there has to be a major commitment from industry to trigger some of these incentive dollars.

**J. MacPhail:** Investment Agriculture Foundation reports when? Has it issued an annual report? When can we expect an annual report? Is it subject to FOI?

**Hon. J. van Dongen:** Investment Agriculture is a society that reports on an annual basis. Its fiscal year ends December 31. Its report will be out sometime in early April. Those reports are available. It gives a full accounting of the funds that they are managing and the provisions that are followed in terms of release of those funds.

**J. MacPhail:** Yes, this was set up by the Liberals, Mr. Chair. So it will be very interesting to see what the accounting of it is.

[1710]

Interjection.

**J. MacPhail:** No, it wasn't? Perhaps you could explain who it is, then, that's getting this million bucks.

**Hon. J. van Dongen:** Investment Agriculture is a society, as I said, that was set up in 1996-97 with the support of both the federal and provincial governments of the day. The board of directors is composed of a variety of representatives from the agrifood industry,

including some processor representation. It also includes non-voting representation from both the federal and provincial governments through people with the ministries of Agriculture. As I said, they do publish the release of funds.

The member asked: where do the funds go? They go, generally, to industry commodity organizations that develop programs and projects on behalf of their overall industry.

**J. MacPhail:** Sorry, Mr. Chair; I'm completely unaware of this program. Give me an example of what they'll do with this million bucks, and also tell me what the formal commitment is from industry for industry-matching dollars. Where can I find that?

**Hon. J. van Dongen:** The funding for industry-driven projects is generally more than 2 to 1 industry dollars to trigger some government dollars. As I said, the board is controlled by a variety of agricultural industry and agrifood industry representation.

The process involves commodity organizations developing applications for projects based on a rigorous set of criteria. The projects have to be beneficial to the overall industry, and all the research and information have to be available to the overall industry. The reporting on the projects is in the annual report of Investment Agriculture, and I would be pleased to provide copies of past reports to the member.

**J. MacPhail:** I want to continue on with the minister's report to cabinet on September 29, 2004. I'm going to quote the minister directly from his open cabinet update. Let me continue:

"The last time I reported on the avian influenza situation, I indicated to cabinet that it looked like things were turning around. I can certainly confirm today that things are turning around. They're looking much better. We know the high pathogenicity of the AI virus we had.... We believe we have beaten that virus, and things are gradually getting back to normal.

"The disease was found originally in February on a farm in Abbotsford, and then we got a number of additional cases in April. In early April, on April 5, the decision was made by the Canadian Food Inspection Agency to take down the whole poultry industry in the Fraser Valley. That decision was supported by the industry and our government, and we worked together to accomplish that. By August the depopulation was fully completed, and the cleaning and disinfection were fully completed. Farmers were putting birds back into their barns. The current situation is that there have been no new instances, and we are confident that the avian influenza virus that existed has been dealt with."

[1715]

In September '04 the minister stated that he was confident the avian influenza virus that existed had been dealt with. What lessons did the ministry learn from the avian influenza outbreak, and what steps have been taken to mitigate similar outbreaks in the future?

**Hon. J. van Dongen:** It needs to be stated first off that the Canadian Food Inspection Agency and the

federal government had the main jurisdiction in dealing with the disease. We cooperated with them and assisted them, particularly with respect to the provision of lab services, through our modern lab in Abbotsford — our animal health and plant health lab. We also worked with them in terms of bringing in assistance from the provincial emergency program to assist in executing the depopulation.

Some of the lessons learned were discussed on October 26 and 27, when we had a conference that was co-sponsored by the federal government, the provincial government, our ministry and the industry. It was an open dialogue with all of the industry players — everyone that had been involved in the process — and also included some outside speakers. There were 15 recommendations that came out of that two-day conference that are in various stages of being implemented now by both federal and provincial agencies.

One of the key things we believe we need to do is update the emergency agreements, the foreign animal agreements we have for dealing with foreign animal disease. We also need to have better protocols with all of the various agencies when an event like this happens. We also believe that there needs to be a review of the valuation, particularly of specialty birds, under the Health of Animals Act, which is a federal act. As I said, there are a number of specific recommendations that came out of the process that we are working on in terms of implementation.

**J. MacPhail:** I'm trying to figure out what part of today's supplementary estimates reflects what the minister has just said. Could he tell me? Where is all this work being done, and is it reflected in these supplementary estimates?

**Hon. J. van Dongen:** As I mentioned previously to the member, our ministry has allocated \$3 million in terms of our participation in improving biosecurity measures for the future and other pieces of research that we are involved in. The main responsibility lies with the federal government, in particular the Canadian Food Inspection Agency, to develop better planning for the future for these types of events.

**J. MacPhail:** The \$3.5 million that was listed as science and technology innovation is for biosecurity measures. What \$3 million was the minister referring to?

[1720]

**Hon. J. van Dongen:** I referred earlier to \$3 million of additional funds under the contingency fund that is earmarked for work in the poultry sector. There are no specific dollars in these supplementary estimates for work in the poultry sector. There are dollars to supplement farmers under the CAIS program, the Canadian agricultural income stabilization program, for the poultry industry. That is in the supplementary estimates.

**J. MacPhail:** I guess I'll have to wait for the estimates of the Minister of Finance to find out about contingency spending in this area. I look forward to that.

The minister said there's \$11.7 million for CAIS funding, which is income supplement funding. What does he anticipate the budget will be for income supplement funding for '05-06?

**Hon. J. van Dongen:** We have a standard base budget of \$10.5 million for the CAIS program and crop insurance. Those are the two risk management programs that we participate in with the federal government. Those dollars represent our base estimate for our 40 percent of the dollars that go under that program. Those program dollars are all shared 60 percent federal and 40 percent provincial.

**J. MacPhail:** Yes, but the minister is adding 11.7 million provincial dollars to CAIS funding. That's what he said earlier on. Now in '05-06 there's only \$10.5 million for both crop insurance and income supplement funding for poultry and cattle farmers. I gather, then, that the budget for income supplement funding for cattle ranchers and poultry farmers is declining substantially in '05-06.

**Hon. J. van Dongen:** The AI event, which happened exactly a year ago, and the BSE event, which started 22 months ago, were one-time, historic events in both those industries. There has never been a precedent in Canada's history for a disease-based disaster of this scale in either one of those sectors. So the member is right that we do expect to pay out, based on all of our ability to forecast, significantly fewer dollars in future years to these two industries.

**J. MacPhail:** Perhaps the minister could describe the nature of his optimism. Let's just start with the cattle industry, the BSE crisis. The border is going to open when.... Why has he such optimism that the need for income supplement funding for cattle ranchers will substantially decline in '05-06?

**Hon. J. van Dongen:** The \$10.5 million that's estimated and budgeted is based on our experience using long-term averages and long-term statistics for the types of hazards or issues that are covered by the program.

The poultry industry, if I deal with that first, started to ramp up in about July of 2004. Most farms are back in production. There are some farms that are in long-cycle production, such as layers and hatching eggs, where all of the farms are not yet back in production. But the big percentage of them is.

In the beef industry there has been a certain amount of improvement and consolidation. The border partially opened initially on August 8, 2003, two and a half months after the initial event. That got us to about 40 percent of the traditional volume of product that went into the United States. That 40 percent was made up of muscle cuts of beef, the better-quality beef from

animals under 30 months. Certainly, the processing plants in Canada have been very active in moving Canadian meat products under that opening to the United States and Mexico.

[1725]

In terms of the proposed rules for March 7, we have been working very actively with other provinces and the federal minister, and we were in Washington, D.C., about two weeks ago, where we had the opportunity to meet with a number of elected representatives. I believe that the political will is certainly there in the person of Mike Johans, the new Secretary of Agriculture for the United States, to move ahead with that proposed rule.

The day that we were there, the federal Minister of Agriculture for Canada and the Secretary of Agriculture for the United States made a joint announcement that they were working together to move ahead on these rules. The secretary for the U.S. did say that they were going to drop one component of that proposed rule for March 7, but it appears that all the rest of it, including live cattle under 30 months, will go ahead on March 7 — possibly subject to some litigation and possibly subject to certain political action that we believe has been substantially resolved.

The markets are reflecting increased optimism in terms of prices for all classes of cattle, and as I said, my belief is that the United States recognizes the very serious economic impact the loss of live Canadian cattle is having on their processing sector. They have a number of processing plants that historically depended on Canadian cattle for their input. These plants are now partially operating as opposed to fully operational, and there's recognition now that some of those plants will not survive if they don't get those live Canadian cattle moving.

At the same time that the Secretary of Agriculture for the United States made a modification in the March 7 proposal, he also announced they would be starting immediately to work on another rule that would facilitate the movement of both meat and live cattle over 30 months, which was good news from our point of view.

It's not just my opinion. The markets are reflecting an increased belief that the U.S. has finally realized the economic damage to their industry, particularly their packing industry, and they are moving ahead accordingly.

**J. MacPhail:** Well, I heard a very similar tone of optimism from this minister last fall and prior to that last spring, when he made trips down to Washington, D.C., none of which came about. His optimism was unwarranted, and I certainly hope he's correct this time. I would suggest that if his optimism is unwarranted, then there will still be a need for funding for income supplement payments to cattle ranchers.

Perhaps the minister could tell us what the overall '04-05 budget for CAIS will be after we pass this supplementary estimate and what it will be for '05-06 — just CAIS.

[1730]

**Hon. J. van Dongen:** I'll try to explain it this way. There's always a lag time in terms of when the dollars are expended, because the CAIS program is based on income tax returns. But we expect to pay out for the calendar year 2004 — and this would be out of the '05-06 budget — somewhere between 25 million and 30 million of provincial dollars. That would trigger approximately 50 million of federal dollars.

For 2005, out of the '06-07 budget, we expect to pay out provincial dollars of something in the order of \$15 million to \$17 million that fiscal year. These are the estimated payouts for that year.

I should also mention to the member that in terms of reconciling these figures with the \$10.5 million per year we've estimated as our annual need, we do have some accumulated funds from previous years in a trust fund that we draw on to draw these additional dollars.

**J. MacPhail:** Okay. You know, Mr. Chair, this is all the more reason why we need a fulsome debate of the '05-06 budget — because this government's pre-funding, post-funding, new-funding programs.... That's just a perfect example of the crossover of funding between budget years. Unless I get a chance to ask questions about the upcoming budget year, it's all incomprehensible and meaningless, and the government can't be held accountable for it. I guess that's why they don't want to debate the upcoming budget line by line.

The government — both the minister and the Premier — went on at length at the September 29 open cabinet meeting about specialty flocks in the poultry sector and how some of those were going to be harder hit than others. I'm not going to read the transcript into the record. Some of it's.... Well, I'm just not going to. But the minister was talking about.... He said: "We have a number of specialty flocks of many different species that will not be in full production until 2005-06. They have actually had the most difficulty in ramping up. We're providing whatever assistance we can."

Can the minister tell me what kind of assistance was given to the producers of specialty flocks — how much and when that money was paid out?

[1735]

**Hon. J. van Dongen:** The member is correct that at that meeting we did talk about the additional assistance required by specialty poultry producers. We worked with those producers and aggressively pursued the federal government under the Health of Animals Act to make support payments for flocks that were depopulated and that we felt more fairly and more accurately reflected market value.

Through both the efforts of the producers themselves and our active support in that, the federal minister did come through with additional.... They did reconsider their position and came through with additional support such that the expectation that we might have to provide provincial assistance was mitigated. We did not provide any additional support dollars to

those specialty producers, because the fair market value was paid through the CFIA.

**J. MacPhail:** What about organic farmers? Does that include organic farmers?

**Hon. J. van Dongen:** My understanding is that any specialty flocks that were depopulated under order from the CFIA would have qualified for the kind of support I just talked about, as a specialty flock. There were specialty flocks under marketing board legislation and specialty flocks — ducks, for example — that were not under regulated marketing. They were also compensated.

**J. MacPhail:** I didn't get an answer about whether organic farmers are included in that group. My office has been contacted by a woman named Virginia Jacobsen. She's an organic chicken farmer. She's actually been in touch with your office — has talked to the minister's office, Mr. Chair — and spoken with the minister's ministerial assistant. She is in a desperate situation. She's having problems with the Chicken Marketing Board.

I wonder if the minister is familiar with her case and whether he has had a chance to look into her situation as an organic chicken farmer affected by all of this very negatively, without any solution yet.

**Hon. J. van Dongen:** I am aware of her case. I'm not conversant with the specific details of her case. She has the opportunity to appeal any decisions by the Chicken Marketing Board that she feels are unfair. She has the opportunity to pursue those with the Farm Industry Review Board, and I believe she is doing that. My office has talked to her and encouraged her to pursue her appeal through the appeal board that has been set up for that purpose.

**J. MacPhail:** Well, she was going to watch these debates today, so we'll see whether the minister's recollection is accurate or not.

Last spring the opposition caucus met with a group of poultry farmers. We asked specifically about the impact of the avian flu outbreak. Several of them were very concerned about their ability to pay property taxes and other expenses after their flocks were destroyed. They said they had asked the government to consider a temporary tax exemption to help them get back on their feet more quickly. Did the minister look into this as an idea, as a potential way to help? And what happened?

**Hon. J. van Dongen:** I know there were a number of issues like that discussed. I can't particularly, specifically, recall whether or not.... Well, I can't recall the outcome of those discussions.

[1740]

I do believe that through the B.C. assessment authority and through the local taxation provisions there is an opportunity for farmers to apply for a certain de-

ferral. That is routinely available. I don't know if it was applicable in this particular type of situation.

**J. MacPhail:** This is just a quote from the minister during his September 29 open cabinet meeting, and again, this is about the avian influenza outbreak: "Some job protection measures were done. There was a lot of work-sharing done. As I said, we imported birds from other provinces and the United States to keep about two-thirds of our processor jobs actually in place. Our staff have done an impact analysis on the situation, to try and estimate what possible further costs we may have through our income stabilization program."

My question is: what were the results of the ministry's impact analysis? How are those results represented in today's supplementary estimates?

**Hon. J. van Dongen:** The economic analysis that the member referred to was done on the whole industry, including not just the farm level but the processing and distribution levels as well. These supplementary estimates reflect a figure of \$7.2 million that is directed to supplement dollars under the CAIS program that go specifically to the farm level.

The programs that I referred to in the open cabinet meeting the member talked about were partially funded through federal programming through employment insurance and were worked out between employees and employers in industries such as the feed industry or the processing industry. Some of the processing operations were able to maintain a significant portion of their previous operation using product from other parts of Canada or from the United States.

**J. MacPhail:** Mr. Chair, I'm wondering whether I could ask the minister for a copy of that impact analysis. Can he make it available to me as quickly as possible?

**Hon. J. van Dongen:** Yes. I'd be pleased to provide that report.

**J. MacPhail:** The minister also referred in his discussions.... He was going to bring all the parties together. I think he referred to a subsequent conference where all of the parties came together and that there were.... I think up to 15 recommendations, he said, were made. Has the minister got those recommendations available with a reaction, an implementation reply, from his ministry? If so, could I please have that?

**Hon. J. van Dongen:** The report summarizing the October 26 and 27, '04, conference is available, and I will get the member a copy of that. The Canadian Food Inspection Agency response is available, and I presume we can get a copy of that. Our staff are completing their response on behalf of our ministry. When that is completed, I'd be pleased to provide that to the member as well.

[1745]

**J. MacPhail:** I just have another couple of questions about the minister's trip to Washington D.C. recently on the issue of opening the border to our cattle. In terms of legislation required in the American Congress, is there legislation required? If so, what is the timetable for passing that legislation to reopen the border?

**Hon. J. van Dongen:** The proposed rule to allow further movement of beef and cattle across the border, as drafted by the USDA, the U.S. Department of Agriculture, and their member agencies.... My understanding is that Congress has a certain amount of time in which to consider that. Historically, there is only one previous occasion — I think it occurred in the year 2000 — where such a proposed rule was turned down by Congress. We believe that Congress will support the amended rule as it was presented in the joint statement by ministers when we were in Washington D.C.

I believe that the rule can move forward, subject to Congress support, without any further legislative work by the U.S. government.

**J. MacPhail:** When is the rule to go before Congress?

**Hon. J. van Dongen:** It was under discussion and in front of the committee, as I recall, at the time that we were there two or three weeks ago. I'm not aware of the current status of that rule, but we can certainly find out.

**J. MacPhail:** I'm moving on to questions about food safety and quality. Today's supplementary estimates include an extra \$3.4 million for food safety and quality. What is that being spent on?

**Hon. J. van Dongen:** The core business area of food safety and quality is a broad category that includes plant and animal health. These additional dollars, \$2.35 million, are going to improve control of invasive species, otherwise known as noxious weeds. Those are additional dollars to deal with that issue. The other \$1 million is to go to the sterile insect release program in the Okanagan, which is a program that has been in place for a number of years now. It is considered to be a very progressive and environmentally friendly way to deal with the codling moth in the Okanagan and to provide good control. It's a joint program that includes participation by orchardists and by regional, provincial and federal governments.

**J. MacPhail:** So the budget, as I see it, for food safety and quality for '04-05, with this supplemental estimate, will end up being \$7.254 million. Now, next year that goes down. In '05-06 that plummets to \$4 million. Why?

[1750]

**Hon. J. van Dongen:** Both of these expenditures that total \$3.4 million are one-time expenditures. Most of the money for the weed control program will be

going into two pilot projects that will be spread over three years, and the base budget for actual food safety and quality remains stable from year to year. The actual expenditure that we as a provincial ministry make for the purposes of food safety and quality per se remains stable from year to year.

**J. MacPhail:** Where is the pilot project for the elimination of noxious weeds going to take place?

**Hon. J. van Dongen:** There are two projects. One is in the northwest of British Columbia, and the other is in the East Kootenays. These are both areas where we have active local interest in doing a regional program where we bring together all of the different agencies involved — such as the Ministry of Forests; the Ministry of Transportation; the regional district; the Ministry of Agriculture, Food and Fisheries; the Ministry of Water, Land and Air Protection — and do an overall, regionally managed program.

**J. MacPhail:** Mr. Chair, my last area of questions revolves around a couple more on risk management. There's \$14.7 million in this supplementary estimate going into risk management. The minister has accounted for, I think, \$11.7 million of that going into the Canadian agricultural income stabilization program, CAIS. Where is the rest of the money going?

**Hon. J. van Dongen:** The remaining \$3 million is going into the crop insurance program.

**J. MacPhail:** And for what is it needed?

**Hon. J. van Dongen:** The additional \$3 million was required this year because the claims that were made exceeded premium revenue for this year, mainly due to the early snowfalls in the Peace River and claims in the tree fruit industry.

Vote 10(S) approved.

**Hon. J. van Dongen:** I move that the committee rise and report resolution.

Motion approved.

The committee rose at 5:53 p.m.

The House resumed; Mr. Speaker in the chair.

Committee of Supply reported resolution.

**Mr. Speaker:** When shall the report be considered?

**Hon. C. Hansen:** Forthwith. I move that the report of resolution from the Committee of Supply on February 21, 2005, be now received, taken as read and agreed to.

Motion approved.

[1755]

**Hon. C. Hansen:** I move that there be granted from and out of the consolidated revenue fund the sum of \$27.2 million. This sum is in addition to that authorized to be paid under section 1 of the Supply Act, 2004-2005, and is granted to Her Majesty towards defraying the charges and expenses of the public service of the province for the fiscal year ending March 31, 2005.

Motion approved.

### Introduction and First Reading of Bills

SUPPLY ACT, 2004-2005  
(SUPPLEMENTARY ESTIMATES No. 3)

Hon. C. Hansen presented a message from Her Honour the Lieutenant-Governor: a bill intituled Supply Act, 2004-2005 (Supplementary Estimates No. 3).

**Hon. C. Hansen:** I move that the bill be introduced and read a first time now.

Motion approved.

**Hon. C. Hansen:** Mr. Speaker, the use of supplementary estimates is consistent with the spirit of the Budget Transparency and Accountability Act. This supply bill is introduced to provide supply for the operations of government programs for the 2004-05 fiscal year, as outlined in the supplementary estimates (No. 3) tabled earlier. The bill will provide the additional funds required to defray the charges and expenses of the public service of the province for the fiscal year ending March 31, 2005. In accordance with established practice, the government seeks to move the bill through all stages this day.

**Mr. Speaker:** Hon. members, in keeping with the practice of this House, the bill will be permitted to advance through all stages in one sitting.

Bill 10 introduced, read a first time and ordered to proceed to second reading forthwith.

### Second Reading of Bills

SUPPLY ACT, 2004-2005  
(SUPPLEMENTARY ESTIMATES No. 3)

**Hon. C. Hansen:** I move that Bill 10 be now read a second time.

Motion approved.

**Hon. C. Hansen:** I move that the bill be now referred to a Committee of the Whole House for consideration forthwith.

Bill 10, Supply Act, 2004-2005 (Supplementary Estimates No. 3), read a second time and referred to a Committee of the Whole House for consideration forthwith.

### Committee of the Whole House

SUPPLY ACT, 2004-2005  
(SUPPLEMENTARY ESTIMATES No. 3)

The House in Committee of the Whole on Bill 10; H. Long in the chair.

The committee met at 5:57 p.m.

Sections 1 and 2 approved.

Schedule approved.

Preamble approved.

Title approved.

**Hon. C. Hansen:** I move that the committee rise and report the bill complete without amendment.

Motion approved.

The committee rose at 5:58 p.m.

The House resumed; Mr. Speaker in the chair.

### Report and Third Reading of Bills

Bill 10, Supply Act, 2004-2005 (Supplementary Estimates No. 3), reported complete without amendment, read a third time and passed.

Hon. G. Bruce moved adjournment of the House.

Motion approved.

**Mr. Speaker:** The House stands adjourned, hon. members, till 10 a.m. tomorrow.

The House adjourned at 5:59 p.m.